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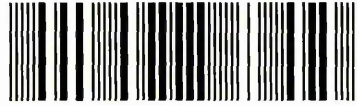
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**SMALL TOURISM ACCOMMODATION
BUSINESSES IN GHANA: A BARRIER TO
STRATEGIC TOURISM DEVELOPMENT?**

MENSAH-ANSAH JOSEPH

A thesis submitted in partial fulfilment of the requirements of
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for the degree of Doctor of Philosophy

07 November 2011

ABSTRACT

Lifestyle motivations of small tourism accommodation business (STAB) owners and cultural practices in Ghana are integral to the strategic development of Ghana's tourism industry. This thesis seeks to develop rich insights into the development of the small tourism accommodation sector in Ghana. The overall aim is to enhance understanding of cultural and lifestyle practices that affect the development of small tourism accommodation businesses in Ghana by making theoretical and pragmatic contributions to existing knowledge on small tourism accommodation businesses.

To achieve this, the thesis draws from a range of literature including that on small businesses, small tourism businesses, entrepreneurship and family business as well as literature on Ghana's political, economic, history and cultural context to seek a better understanding of the development of small tourism accommodation businesses in Ghana and whether they are a barrier to strategic tourism development.

In addition to the above, the research, which is exploratory in nature, follows a pragmatic approach and thus uses mixed methods to explore small tourism accommodation businesses in Ghana. Empirical data for the research was gathered through interviews with six small tourism accommodation providers, survey questionnaires with 625 independent hotel owners' and seven officials of key stakeholders in tourism development (Ministry of Tourism and financial institutions) on the development of the tourism accommodation sector in Ghana.

The contributory value of the thesis lies in exploring new perspectives to the understanding of the development of small tourism accommodation businesses and their role in the development of the tourism industry in Ghana. The thesis argues that, cultural practices in Ghana play an important role in shaping the motivations and objectives of small tourism accommodation business owners and the quantitative and qualitative characteristics of their facilities. Culture is a key determinant of entrepreneurial orientation and disposition and determines the relationship between external environmental factors of politics and the economy and the entrepreneurial disposition/orientation of STAB owners and the internal environmental factors of management, staffing, legal status and financing that affect the development of STABs in Ghana. Though financial and non-financial motives of small accommodation business owners reinforce each other, the non-pecuniary lifestyle motives dominate and give a social perspective to the development of small tourism accommodation businesses. The social perspectives to the development of small tourism accommodation businesses are not wholly in accord with Ghana's tourism development policies which are structured on conventional economic development models.

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CHAPTER ONE

1.1 INTRODUCTION

Tourism is the fastest growing sector in Ghana. The tourism accommodation sector is the most prominent sector of the industry and governments' attention on developing the industry is focused on this sector. The tourism accommodation sector is characterised by many small businesses that are privately owned (GTB, 2009). Over the years various attempts have been made by the government through policy to develop the tourism sector especially the accommodation sector. However, to date, it seems no real progress has been made though there has been an increase in the number of small tourism accommodation businesses.

Since the 1990s the researcher has been working in the hotel sector in Ghana and has had dealings with the Ministry of Tourism and has been aware of the efforts made by various governments to promote the sector. From the work experience of the researcher, it appears that there are certain peculiar characteristics of the small tourism accommodation sector, which is inherent in owners of small tourism accommodation businesses that have not been helpful to the total development of the tourism industry. Data from the Ghana Tourist Board shows that small accommodation businesses in Ghana have low performance levels yet year on year more of such facilities are being established. It is this phenomenon that fascinates the researcher to undertake this study to find out what factors are driving the owners of small tourism accommodation business to set up such businesses when performance levels in the sector is low.

In order to place the research in context and incorporate the researchers' values and positionality, a brief description of his background is given. Since 1990, the researcher has lived and worked in the hotel industry in the central, greater Accra, Ashanti, Eastern, Volta, Northern, Upper East and Upper West regions of Ghana. (See map of Ghana on page 20). Thus even though the researcher is of the Akan ethnic origin (the dominant ethnic group in Ghana) he has lived and worked in regions that have different cultural and ethnic orientations. This gives the researcher a fairly good understanding of the

cultural and business practices in the various regions and how it affects the development of small businesses.

The researcher has worked in several hotels of varied sizes and ownership structures and also had the opportunity to work with the Ministry of Tourism on various tourism development projects, facilitating and participating in training programmes, seminars/conferences organised by the Ministry. Reflecting on these experiences, the importance of tourism development in Ghana and issues relating to the development of small tourism accommodation businesses and the strategic development of tourism in Ghana has always been appreciated by the Ministry of Tourism since the country's independence in 1957. However, to date, a clear understanding of the relationship between the development of small tourism accommodation businesses and the strategic development of tourism remains a challenge and very little attention has have been given to this area by researchers.

The researchers' experiences from working in the hotel industry especially with small tourism accommodation businesses generated his interest in the development and operations of these businesses. Thus undertaking this research is partly to satisfy this interest, as well as provide insights into the development of small tourism accommodation businesses and the strategic development of tourism in Ghana to enhance understanding in the area. The researcher's social and professional experiences and interest in the hotel sector influenced the selection of the research topic.

The positionality of a researcher has great influence on a research (Biott, 1993). The values and thus the positionality of the researcher influenced the topic selection, aims, objectives, research design, data collection and interpretation and how use is made of the research findings (May, 2001). The positionality of the researcher tends to control the research process by determining the research topic, the setting of the questions and the interpretations of the findings (Scott & Usher, 1999). Thus in order to enhance the quality of the research, the researchers' values and experiences gained from working in the hotel sector are brought to bear on how the research was conducted. This is reflected in the selection of the research topic and methodological approach to the research which is discussed in Chapter 6.

The researchers' values which have developed from his lived social and professional experiences are of significance and reflect how he undertook the research. The values of the researcher are also influenced by his educational experience. The experience gained in the study of MA programme in Research Methods at Sheffield Hallam University prior to the start of this research gave the researcher a good understanding of research philosophy and design and equipped him with the ability and confidence to undertake this research using both quantitative and qualitative approaches. A researcher's competency, personal and social values are important to the research process and the ontological and epistemological position adopted by the researcher is influenced by his competency and personal values (Greenbank, 2003). The paradigmatic stance of the researcher and its effect on the research process is discussed in detail in Chapter 6.

This chapter seeks to establish the significance of this research and gives reasons for the researchers' interest in the topic. It discusses the rational for researching into the topic, sets out the background for the research and outlines the justification for the research. It further outlines the aims and objectives of the research and identifies the research questions. In addition, the research methods used and the structure of the thesis are introduced.

1.2 CONTEXT OF RESEARCH

Ghana, a developing country in West Africa, has designated its tourism industry as one of the new growth sectors for economic development, employment generation and poverty reduction in its development framework document (*Growth and Poverty Reduction Strategy*, -GPRS II, 2005). This development framework recognizes the tourism industry in Ghana as a growing, vibrant and dynamic one with a great potential for job creation.

Ghana, like many sub-Saharan countries, has primarily an agrarian economy and produces few exportable services. Tourism has been identified as one area that can bring improvements in the services sector of the economy. The government of Ghana is determined to strategically develop Ghana into an internationally competitive tourist destination (Ghana Vision, 2020). The current government policy seeks to create awareness among the private sector and

government agencies involved in the development of tourism of the importance of the industry. Ghana's tourism policy provides broad guidelines to serve as the basis for tourism development and implementation of projects and programmes by the key stakeholders, namely, government agencies and ministries, departments and authorities (MDAs), local authorities, the private sector, civil society organizations as well as communities and traditional leaders (National Tourism Policy, 2008).

The interest of various governments over the years to develop the tourism industry and the rapid growth in the number of independent hotels in Ghana from 420 in 1986 to 1510 in 2008 (GTB, 2009) and their role in the promotion of tourism makes it imperative to understand the drivers (quantitative and qualitative) in the sector. The quantitative and qualitative characteristics of the supply of tourism accommodation services influence the type of tourism and tourists attracted to a destination (Sharpley, 2000). The hotel sector in Ghana is 100 percent private ownership and it is characterised by many small independent facilities. The total number of registered hotels in Ghana as at 2008 was 1,510 and only 3 percent of these hotels have more than 50 rooms with 69 percent having less than 15 rooms (GTB, 2009). In view of the fact that hotels contributed 44 percent of employment in the tourism sector in 2008 (GTB, 2009) and considering that unemployment is a major issue in Ghana, the concern of government is how to motivate and incentivise small tourism accommodation business owners to effectively contribute to job creation, employment, and thus national development (See GPRS II, 2005). The provision of tourism accommodation services and the extent to which it is balanced with the strategic development of tourism at a destination is an important element in the overall attraction of the destination. Thus the success of a tourism destination is largely dependent upon the appropriate development of its accommodation sector (Sharpley, 2000). Based on these arguments, the research seeks to develop enriched insights into the development of small tourism accommodation businesses in Ghana to facilitate understanding of their development and contribution to strategic tourism development.

The role of small tourism firms rather than large enterprises in promoting economic objectives of increased earnings, foreign exchange, investment, job

opportunities has been recognised by developing countries (Dahles and Kuene, 2002). Despite this, most of existing research on small tourism firms relates to developed rather than developing countries. Though there is a surge of research on small tourism firms, comparatively research in the developed economies far outweighs that in developing economies (Rogerson, 2004a). This view is reinforced by (Ateljevic and Doorne, 2004: 6) that existing analysis on the development of tourism activities is "very much concentrated in western European countries, particularly the UK". Some useful contributions have been made to the limited research on small tourism firms in developing countries with notable works shown in Table 1.1 below.

Table 1. 1 Research on Small Tourism Firms in Developing Countries

Country	Researcher	Theme/Area
Ghana	Gartner 1999, 2004; Chu, Benzing and Mcgee 2007	Characteristics and motivations of small business owners
India	Kokkranikal and Morrison 2002	Entrepreneurship and sustainable tourism
Malaysia	Hamzah 1997	Problems, opportunities and implications for sustainability
Indonesia	Dahles and Bras 1999b; Dahles 2000, 2001; Hampton 2003	Development, national policy and entrepreneurial culture
Melanesia	Douglas 1997	Role of small tourism firms
Namibia	Shackley 1993	Guest farms as an emerging accommodation sector
Kenya	Mayaka and King, 2002	Education And training needs
Latin America and the Caribbean	Dahles and Kuene (2002)	Tourism entrepreneurship and small tourism enterprises

Source: Nemasetoni and Rogerson (2005)

Though these contributions are valuable and enhance understanding of small tourism businesses in developing countries, it is argued that researchers need to guard against context myopia and expand knowledge about the differences rather than concentrating on the similarities (Joynt and Warner, 1996 cited in Morrison, Carlsen and Weber, 2009). There have been few empirical studies on small businesses in general in developing and transition economies (Siu, 2000). Tsiu-Auch (2003) supports this view and notes that while numerous ideas, theories and perspectives pertaining to understanding and knowledge of small businesses have been developed over the previous three decades they reflect developed economic contexts and are predominately Western and North American bias(cited in Zhang, 2007). Literature relating to small firms and small

tourism firms in developing countries is examined in Chapter 4 and draws out some similarities and difference between developed and developing countries.

Given the importance of tourism development to developing countries and considering the limited research into small tourism firms in Ghana, this research aims to contribute to understanding of small tourism accommodation businesses in Ghana through the examination of the nature of strategic and operational drivers that affect their development. First, the effective development of the tourism accommodation sector is seen by the government as essential to the economic growth of the national economy (GPRS II, 2005). Second, small accommodation businesses are run by Ghanaian nationals who perform entrepreneurial, managerial, and operational functions that provide jobs which are vital for the economy of a developing country such as Ghana. Third, the study of small accommodation businesses in Ghana presents an opportunity to the researcher to examine and understand the complexities of the dynamics of development of such businesses.

1.3 RESEARCH PROBLEM

The government of Ghana recognises the importance of tourism and the role of small tourism accommodation businesses to the economic development of Ghana. Despite many small tourism accommodation businesses having low operational levels, local entrepreneurs are increasingly investing in these businesses and at locations that are not economically viable or desired by the government. This raises the question of why small tourism accommodation businesses are attractive to local entrepreneurs and why government efforts at developing the sector is not yielding the desired results in the strategic development of the tourism industry.

The main problem that arises in relation to the development of tourism in Ghana can thus be stated as follows:

Is the development of small tourism accommodation businesses in Ghana a barrier to strategic tourism development?

Finding answers to this question is what led the researcher to be interested in this research.

1.4 RESEARCH AIMS AND OBJECTIVES

Finding answers to the above research problem needs a better understanding of the drivers that affect the development of small tourism businesses in Ghana in order to make theoretical and pragmatic contributions to existing knowledge. Such knowledge will inform the understanding of researchers, policy makers, financial institutions and small tourism accommodation business operators. The research seeks to contribute to existing knowledge that will facilitate the maximisation of the economic and social potentials of small tourism accommodation businesses in Ghana and help improve their competitiveness and strategic contribution to national tourism development.

The main aim of the research is to:

Offer insights on the development of small tourism accommodation businesses in Ghana and whether they are a barrier to strategic tourism development.

In order to achieve this, the following objectives were set:

1. To critically examine the nature of tourism development in Ghana in terms of identifying historical, political and economic drivers that influence tourism development in Ghana.
2. To critically examine the nature of small tourism accommodation businesses in Ghana terms of their legal/ownership structure, occupancy rates, financing structure and management styles.
3. To critically examine the characteristics of small tourism accommodation business owners in Ghana in terms of their demographics, industry experience, entrepreneur type and motivational drivers.
4. To critically examine how the government and financial institutions perceive the development of small tourism accommodation business.

The aims and objectives of this research will be achieved by critically examining and evaluating existing literature on small businesses, small tourism businesses and entrepreneurship in small businesses in order to understand the development of small tourism accommodation businesses in Ghana. Key drivers identified in literature that affect the development of small tourism accommodation businesses will be examined through pragmatic primary research.

1.6 RESEARCH QUESTIONS

The contributory value of this thesis is dependent on the achievement of the research aims and objectives examined through appropriate research questions.

A critical element in the design of any social research is the specification of the questions which the research is intended to answer since these questions provide a direction for the research (Blaikie, 1995). From the initial review of existing literature, it was realised that limited research has been done on contextual, firm characteristics and entrepreneurial factors that affect the development of small tourism accommodation businesses in Ghana. Also from the researchers work experience in small tourism accommodation businesses, it was realised that small tourism accommodation business owners in Ghana have peculiar characteristics that need to be understood.

Thus to get a better insight into the development and operations of small tourism accommodation businesses in Ghana, the main questions to be explored by this research are:

1. How has the historical and political development of Ghana contributed to the development of the tourism industry? The answers to this question will throw light on the first research objective and provide some understanding of how cultural, historical, political and economic development in Ghana has influenced the development of the tourism industry.
2. What are the characteristics of small tourism accommodation businesses in Ghana that affect their development? The answers to this question will help achieve the second research objective which is to examine the nature of small tourism accommodation businesses in Ghana.
3. What entrepreneurial characteristics influence the development of small tourism accommodation businesses in Ghana? The answers to this question will reflect on the entrepreneurial nature of small tourism accommodation business owners in Ghana and help shed light on the third research objective which is to examine the characteristics of small tourism accommodation business owners in Ghana.

4. How do stakeholders perceive the development of small tourism accommodation businesses in Ghana? This research question seeks to provide information on role of the main tourism stakeholders to the development of tourism in Ghana.

Answers to the above research questions will help understanding of how small tourism accommodation businesses in Ghana have developed and whether they are a barrier to strategic tourism development. The research questions are used as the frame of reference for the research. They form the general framework of both the survey questionnaire with the small tourism accommodation business owners and interviews with official of the Ministry of Tourism and managers of financial institutions.

Finding answers to the research questions will promote understanding of how macro and micro drivers affect the development of small tourism accommodation businesses in Ghana and thus contribute to the achievement of the research aim of enhancing understanding on small tourism business development and strategic tourism development in Ghana.

1.7 SIGNIFICANCE OF RESEARCH

The extent to which tourism can actually promote business activity in developing countries has not received much attention (Lea 1988 cited in Rogerson, 2004) though the contribution of tourism to the economic development of African countries is well acknowledged (Mazimhaka, 2006). Yet issues of entrepreneurship and small firm development in most developing countries in African have seen little research (Rogerson, 2004).

This research aims at contributing to literature on small firms, small tourism firms and entrepreneurship by investigating the subtle drivers of development of small tourism accommodation businesses in Ghana and hopefully this will fill in some of the existing gaps in literature on the extent to which small tourism businesses can promote or be a barrier to strategic tourism development.

Existing literature and empirical evidence on small business development drivers explaining the effects of drivers of development of small businesses in Ghana is limited. Steel and Webster (1992); Nissanke and Aryeetey (2006) confirms this by noting that the small and medium enterprises sector in Ghana

has had very few survey-based studies highlighting development issues it faces. This is more remarkable in the small tourism accommodation sector. It is this gap in literature which this research attempts to fill. The research therefore critically explores the drivers that affect the development of small tourism accommodation businesses in Ghana with the aim of progressing understanding of the complex phenomenon and how it affects the strategic development of tourism in general and provide pragmatic insights for researchers, policy makers and industry practitioners.

1.8 JUSTIFICATION ON THEORETICAL GROUNDS

In general, research into the accommodation sector of the tourism industry has focused mainly on the development and dynamics of the small tourism businesses in developed countries. Most research has highlighted the importance of lifestyle or non-economic factors of entrepreneurs involved in small tourism firms in developed countries (Morrison, Carlsen and Weber, 2008). "The themes of entrepreneurship and small enterprise development in tourism could be described variously as *"terra incognita"* for researchers in developing countries in Africa (Page *et al.*, 1999) or "a research lacuna that warrants further examination" (Loannides 2003, p.43 cited in Nemasetoni and Rogerson 2005, P. 196). Review of literature on small firms in both developed and developing countries in Chapter 4 shows that research on small firms in general has focused mostly on objective economic rational factors. Much still needs to be known on non-economic factors that affect small businesses in Africa. There is the need for more studies in this area of tourism research. This research on small tourism accommodation businesses in Ghana aims at providing insights that will aid understanding of rational economic and non-economic factors that affect the development of tourism in developing countries such as Ghana.

There is a growing interest by researchers in hospitality and tourism over the past years that cannot be ignored. This is reflected in the number of articles which has been published in 11 topmost refereed journals for the years 2002 to 2006 (Severt, Tesone, Bottorff and Carpenter, 2008). Table 1.2 shows that in spite of the increase in the number of journals on tourism and hospitality, the African region contributed a mere 1.6 percent of all the articles published in 11 of the topmost tourism and hospitality related journals between 2002 and 2006.

This indicates that there has been limited research that explores factors that affect tourism and hospitality firms in Africa. This lack of research gives credence to the need for this research.

Table 1. 2 Contributions of World Regions (2002-2006)

Region	Journal											Total	
	ANNALS	CHRAQ	FIUHR	IJCHM	IJHM	JHLM	JHTE	JHTR	JTR	JTMM	TM	No	%
Africa	2	-	-	3	1	-	-	-	1	2	7	35	1.6
Asia	29	14	6	28	40	12	8	38	22	30	107	324	14.84
Australia	30	5	4	19	15	8	3	8	31	18	73	214	9.80
Europe	96	12	5	120	49	23	6	12	34	41	122	520	23.81
L. America	2	--	-	13	-	-	-	-	1	-	-	16	0.73
Mid east	7	2	1	5	6	3	-	2	5	2	7	40	1.83
N. America	80	155	60	82	80	93	103	103	80	101	90	1027	47.02
S. America	2	-	-	3	-	1	-	-	1	1	-	8	0.37
Total	257	188	76	273	191	140	120	163	175	195	406	2184	

Source: Severt, Tesone, Bottorff, Carpenter 2008)

1.9 JUSTIFICATION ON PRACTICAL AND POLICY GROUNDS

Given that hospitality and tourism industries are interdependent, their contribution to the Ghanaian economy and their importance as service providers are reasons why various governments in Ghana since 1957 (when Ghana attained political independence from Britain) have continued to focus on their development (National Budget Statement, 2009). Currently, this is evident in the national tourism development plan 2006 to 2010, which specifies the key initiatives of the government on how it plans to promote hospitality and tourism. Governments world over acknowledge the value of small firms to their economies (Acs, Carlsson and Karlsson, 1999) and have focused on providing various support programmes such as financial incentives (Bergin-seers and Bergin-seers, 2002).

In view of the interest of the government of Ghana to develop small hospitality and tourism firms to generate foreign exchange and create jobs and the insufficient research activities with regards to the tourism and hospitality industry, this research will contribute to existing knowledge that will assist in providing a platform for the development of the industry. The research will benefit government agencies, industry practitioners and academics by providing information that will aid better understanding of the main drivers of development

of small tourism accommodation businesses in Ghana. Given that such businesses are an important part of the tourism and hospitality industry, the limited research in the area highlights a knowledge gap. The research aims to address this gap and in doing so generate interest for further research. Hopefully, it will inspire similar research in other developing countries in Africa that have comparable tourism and hospitality developmental issues.

1.10 RESEARCH PROCESS

The details of the research process are discussed in Chapter 6 but this section gives the reader a brief insight into how this research was undertaken. The objectives of the research were achieved by means of a two-stage research approach. First, an understanding of the context of development of small tourism accommodation businesses relating it to entrepreneurial and small firm development was sought through the review of existing relevant literature in the area and semi structured interviews with six small tourism accommodation owners. Second, empirical research was undertaken using both deductive and inductive approaches to gather data on the drivers of development of small tourism accommodation facilities in Ghana. These stages are summarised below.

Stage 1: The objective of the first stage of the research was to inform the researchers' understanding of drivers that affect the development of small tourism and hospitality businesses as identified in existing literature. This included the review of literature on the history, political, economic and cultural issues in Ghana and literature on small firms, small tourism firms, family business and entrepreneurship. The review of literature in these areas is discussed in Chapters 2, 3, 4 and 5. The exploratory nature of the research favoured a methodological approach that was inductive in nature at this stage of the research. Consequently, a qualitative interview-based approach was adopted and owners of six small tourism accommodation facilities, selected from three regions of Ghana, were interviewed on how they have developed their hotels. The interviews lasted 20 minutes to 30 minutes and were semi-structured in nature. This stage of the research informed the research design and determined the boundaries of the research as discussed in Chapter 6.

Stage 2: Based on the results of the exploratory interviews, a draft questionnaire was developed and piloted among a small sample of 45 small tourism accommodation businesses in three regions of Ghana. The piloting of the questionnaire was particularly important in order to ask the right questions in the main questionnaire to help achieve the aims of the research and also to help develop an appropriate methodological approach to the research. In the second phase of the research, a questionnaire survey was used to collect data from a sample of 625 small tourism accommodation businesses drawn from a database provided by the Ghana Tourist Board. (See Chapter 6 for details on sample size determination).

Semi-structured interviews with directors/managers of five financial institutions and two directors of the Ministry of Tourism were also conducted to seek an understanding of the drivers of development of small tourism accommodation businesses from the perspective of these two key stakeholders.

SPSS version 17 (statistical package for social scientists) software was utilised in the analysis of data collected by questionnaire in a descriptive, bivariate and multivariate ways, whilst NVivo 8 software was used to manage the data from interviews conducted with officials of the Ministry of Tourism and the financial institutions. The research process and the methods used are fully discussed in Chapter 6.

1.11 CONTRIBUTION TO KNOWLEDGE

The outcome of this research is aimed at contributing to existing knowledge on the understanding of development of small tourism businesses in Ghana. The contributory value of this thesis is the development of a deeper understanding of the development of small tourism businesses in Ghana which brings together elements of Ghana's history, culture and economy with the theoretical concepts of entrepreneurship and small firms. These issues are discussed in detail in the concluding chapter, together with some recommendations on strategies for the development of the tourism industry in Ghana.

It is anticipated that this research may lead to the generation of further research that can fill identifiable gaps in literature. The outcome of this research will

inform academics, entrepreneurs and tourism policy formulators about macro and micro drivers and how they interact to shape tourism development in Ghana. In this way researchers, policy makers and implementers and entrepreneurs will have a better understanding of the drivers of development of small tourism businesses in Ghana, how to enhance its prospects and guard against challenges in their development.

1.12 STRUCTURE OF RESEARCH

The research is structured into nine chapters. Chapter 1 introduces the thesis. It gives the background of the research, its aims and objectives and discusses the research questions, significance and justification for the research. Chapter 2 gives an overview of historical, political and economic trends in Ghana. The chapter explores the contribution of culture and how it has shaped the political and economic development of Ghana.

Chapter 3 outlines how tourism has evolved from colonial era gold coast to the present Ghana. The objective of this chapter is to provide insights into the development of tourism in general and the small tourism accommodation sector in particular. It examines the influences of Ghanaian culture, political history and economic develop on tourism development, especially the demand and supply trends in the tourism accommodation sector. The chapter also explores the contribution of the tourism industry to the Ghanaian economy and the importance successive governments since the colonial era have attached to tourism development.

Chapter 4 presents a review of existing literature on small firms with emphasis on small tourism and hospitality firms. It focuses on characteristics, challenges and prospects of small firms. The chapter explores definitional debates on small firms in general and in relation to small tourism and hospitality firms. It examines the characteristics of small tourism and hospitality firms and also gives an overview of how small firms have developed in Ghana. The chapter examines similarities and differences on small firms in developing and developed economies.

Chapter 5 draws upon existing knowledge of entrepreneurship and critically examines definitional debates, entrepreneurial perspectives, entrepreneurial typologies, entrepreneurial characteristics and the relationship between culture and entrepreneurship within the context of small hospitality and tourism firms.

The sixth chapter evaluates methodological debates in small hospitality firm research and the methodological approach taken in this research. It discusses the research process and the rationale for the research design. It examines the need to identify and use an appropriate research philosophy that aptly addresses the research aims of this thesis. The chapter evaluates the appropriateness of the use of inductive and deductive methodologies in this research (mixed-methods approach) and the strategies used in the collection of primary data. Details of how the research population was identified, including research sample determination procedures and the development of the survey instruments used. Issues of reliability and validity as well as the challenges and ethical dilemmas encountered during the research process are also examined.

Chapter 7 gives an overview of the approach to the data analysis, including data reduction and data display to explain how the analysis of the data was undertaken. It focuses on presenting the main findings on data gathered in the primary research. In particular, the emphasis of this chapter is on the presentation of the findings and their relevance to the research questions as stated in section 1.5 above. The analysis and presentation of the quantitative data is undertaken in the following phases (descriptive analysis, correlation analysis and factorial analysis). A cross-case approach is used to analyse the qualitative data from interviews.

Chapter 8 discusses the findings presented in Chapter 7 in relation of existing literature. It discusses key themes identified by the research such as the characteristics of small tourism businesses and the characteristics of owners of such businesses that affect the strategic development of tourism in Ghana.

Chapter 9 is the final chapter of this thesis and draws together information from the various chapters to provide conclusions, implications and recommendations

on how the research contributes to knowledge on the development of small tourism businesses and its effect on strategic tourism development in Ghana. The chapter also presents the limitations of the research and identifies areas for further research.

1.13 CHAPTER SUMMARY

The accommodation sector is the most prominent sector of the tourism industry in Ghana and governments' attention on developing the industry is focused on this sector. Various attempts have been made by various governments through policy to strategically develop the tourism sector especially the accommodation sector. However to date it seems no real progress has been made and none of the policies developed have been fully implemented. It appears there are certain peculiar characteristics of the small tourism accommodation sector which are inherent in the owners that have not facilitated the strategic development of the sector. Data from the GTB shows that small tourism accommodation businesses in Ghana have low operational levels, yet year on year more of such facilities are being established. It is this phenomenon and also the challenges faced by government to implement tourism development plans that fascinate the researcher to undertake this study. This chapter introduced the aims and objectives of the research on small tourism businesses in Ghana. It outlined the context of the research and the importance of small tourism accommodation businesses to the strategic development of tourism in Ghana. It highlighted the limited research on small firms in developing countries despite their contribution to economic development. The chapter outlined the theoretical framework that will guide the conduct of the research and set out research questions and justification for the research as well as the structure of the research.

The next chapter examines the nature of tourism development in Ghana in terms of the Ghana's culture, history, political and economic development. To achieve this research objective, the chapter examines historical political and economic drivers that challenge or enhance strategic tourism development in Ghana.

CHAPTER TWO

GHANA: CULTURAL, HISTORICAL, POLITICAL AND ECONOMIC DEVELOPMENT

2.1 INTRODUCTION

The objective of this chapter is to provide the context of the research and a basis for discussion on the development of small tourism businesses in Ghana. The chapter provides an overview of historical, political and economic trends from colonial era Gold Coast to the present Ghana. The influences of these trends on tourism development with emphasis on the small tourism accommodation sector are examined further in Chapter 3. The chapter also explores the contribution of Ghanaian culture and how it shapes the political and economic development of Ghana.

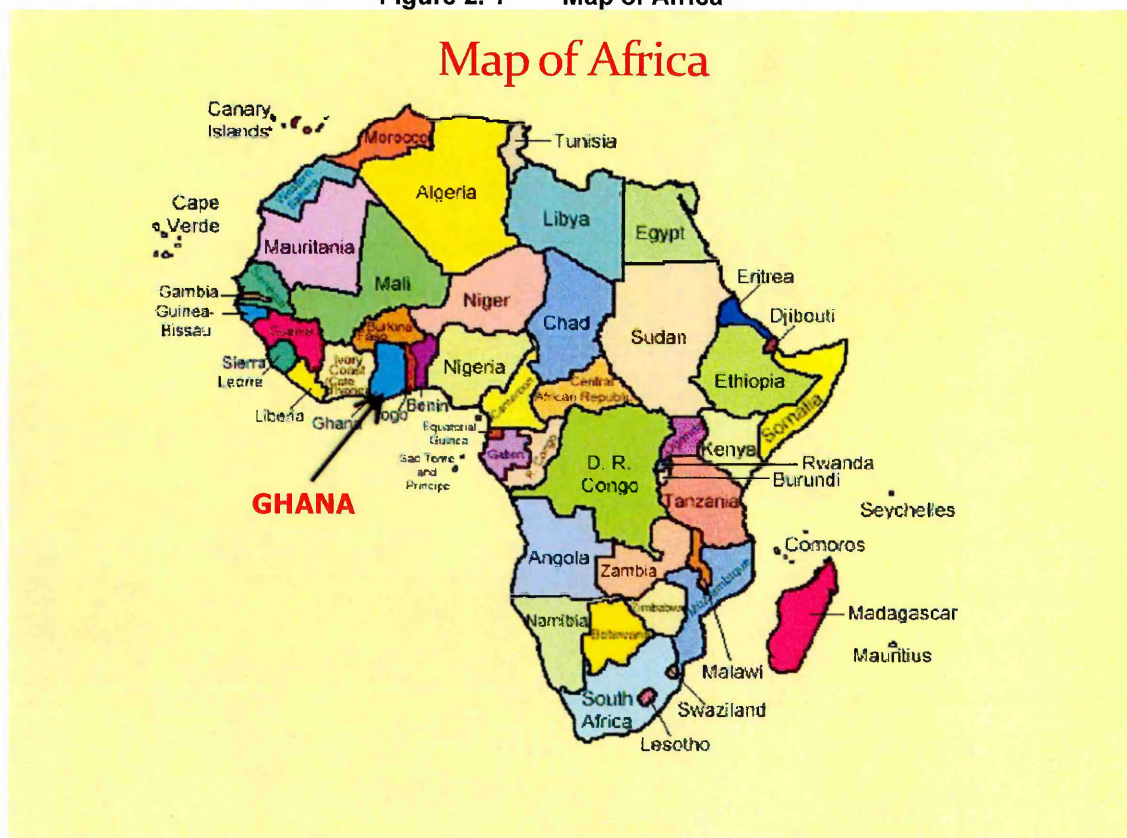
To achieve these objectives, the chapter is structured into five sections. Section 2.2 gives an overview of the location and socio-demographics of Ghana. Section 2.3 discusses Ghana's culture and how it impacts on its development. Section 2.4 describes the political history of Ghana and Section 2.5 examines the economic development of Ghana. The last section of this chapter, Section 2.6, gives an overview of development policies adopted from 1957 to date. Ghana achieved its political independence on 6th of March 1957, thus 1957 is used as a reference point for developmental activities in the tourism industry before and after independence.

2.2 GHANA: LOCATION AND SOCIO-DEMOGRAPHIC OVERVIEW

Ghana, originally known as the Gold Coast, is located on the West Coast of Africa. It shares 2,093 kilometres of land borders with the three French-speaking nations of Burkina Faso (548 km) to the north, Côte d'Ivoire (668 km) to the West, and Togo (877 km) to the East and on the South by the Gulf of Guinea and the Atlantic Ocean (Ghana Statistical Service, 2008). Figure 2.1 below shows the location of Ghana on the map of Africa. Ghana is centrally located in West Africa and is an English speaking country. It has a coastline of about 540 kilometres. Europeans first made contact with West Africa on this coastline. Evidence of this still exists in the form of trade posts such as the

Elmina Castle (Fort George Castle under British rule) and Cape Coast Castle as the two most prominent among the twenty six forts and castles dotted along the coastline of Ghana. Elmina Castle and the Cape Coast Castle are listed as world heritage historical buildings and are sources of tourist attraction (Ghana Statistical Service, 2008).

Figure 2.1 Map of Africa



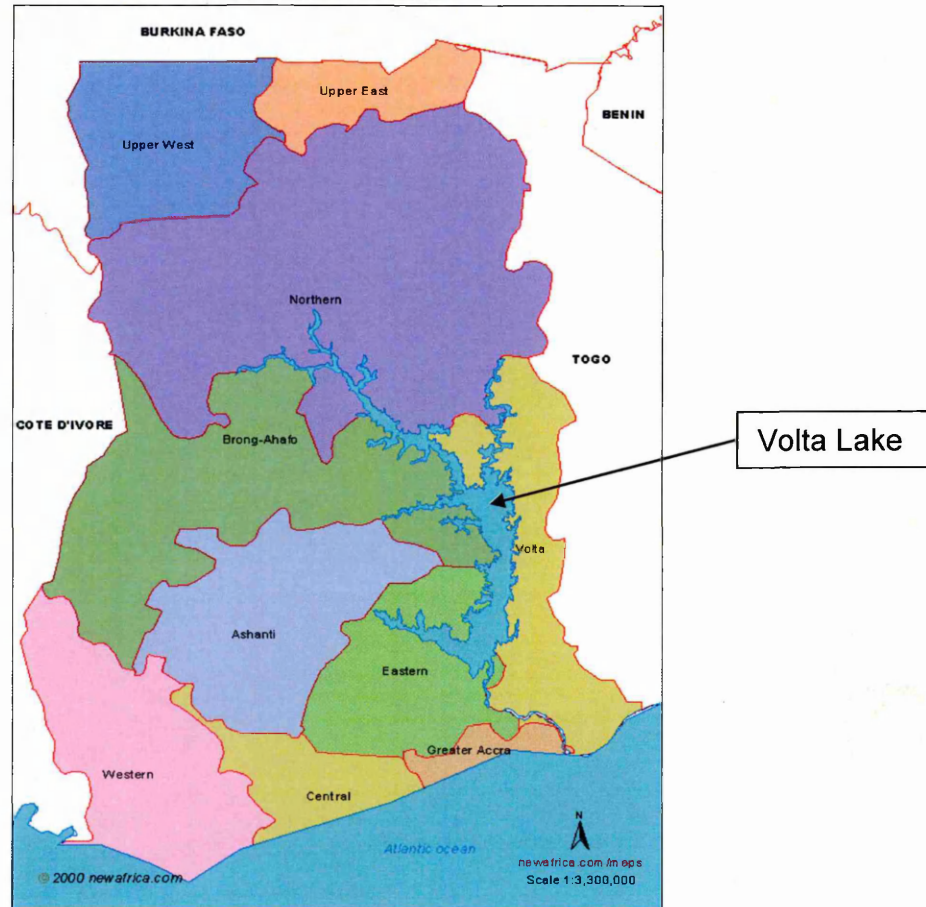
Source: Ghana Statistical Service (2008)

The land size of Ghana is 238,533 square kilometres and is similar to the size of United Kingdom (244,820 km²) (Ghana Statistical Service, 2008). The distance from Ghana to the United Kingdom is about six hour's direct flight time. The Greenwich Meridian, which passes through London, also traverses the eastern part of Ghana at Tema (Ghana Statistical Service, 2008). Compared to other African countries such as Mali, Mauritania, Algeria, Sudan and Nigeria, Ghana is a medium sized country.

Ghana is a tropical country with most of its landscape being generally low lying with noticeable range of hills that lie on the eastern border. Mountain Afadjato, which is the highest point in the country (about 884 meters above sea level), is

to the west of the Volta Lake in the Volta Region. Both the Volta Lake and Mountain Afadjato are sources of tourist attraction (Ghana Statistical Service, 2008). Figure 2.2 below shows the location of the Volta Lake and the ten administrative regions of Ghana.

Figure 2.2 Map of Ghana
GHANA ADMINISTRATIVE MAP

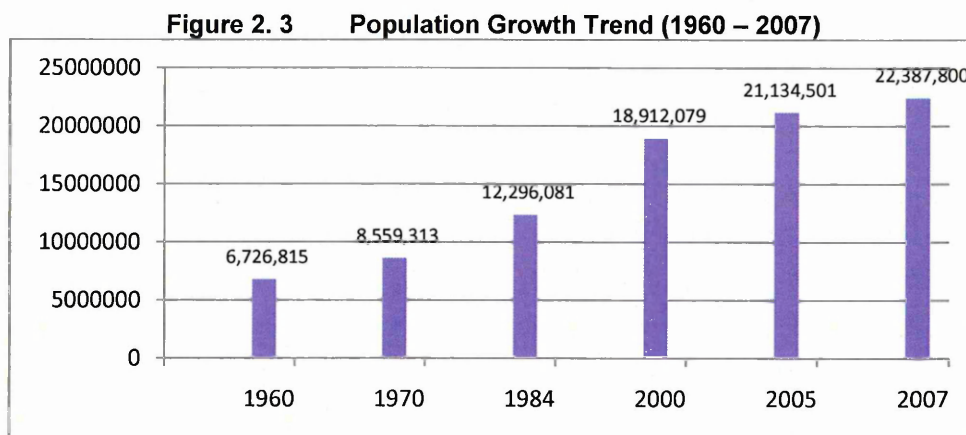


Source: Ghana Statistical Service, 2008

The vegetation of Ghana varies from tropical rain forest in the south west of the country to short grasses and savannah plains in the mid and northern sections. The country has several rivers and lakes, with the Volta Lake being the largest and covering about five percent of the country's land size. The Volta Lake which is one of the largest artificial lakes in the world was created as a result of a hydroelectric dam in the Eastern region of the country (Ghana Statistical Service 2008).

Ghana is a tropical country with two main rainfall seasons. The main season is from March to July and the minor season from September to October. These seasons fluctuate considerably from year to year. However, in the Northern regions, (Northern, Upper East and Upper West regions), the rainy season begins around March and lasts until September. The average annual rainfall ranges from about 40 inches in the north to about 80 inches in the southwest. Annually, a dry desert wind (the Harmattan) blows across the country from the northeast of the country between December and March. This lowers the humidity and creates very warm days and cool nights in the northern parts of the country. The average monthly temperature is about 25 degrees Celsius (79⁰ F). The temperatures and rainfall vary by distance from the coast and the elevation of the land (Ghana Statistical Service, 2008).

Ghana's first population census conducted in 1960 showed a population of 6,7million. By the next census in 1970, the population had increased by 27 percent to 8.5 million people. The next census in 1984 recorded a figure of 12.3 million - almost double the 1960 figure. This increased to 18.9 million in 2000 and was estimated to be 22,387,800 as at 2007 (Ghana Statistical Service, 2008). The population growth trend is shown in the Figure 2.3 below.



Source: Ghana Statistical Service 2008

Ghana's population growth rate was 2.4 in 1960, 2.6 in 1984 and in 2000 were 2.7 per annum (Ghana Statistical Service 2008). The ten administrative regions in Ghana with their area size and population as at 2007 is show in Table 2.1 below.

Table 2. 1 Area Size of Regions and Population distribution as at 2007

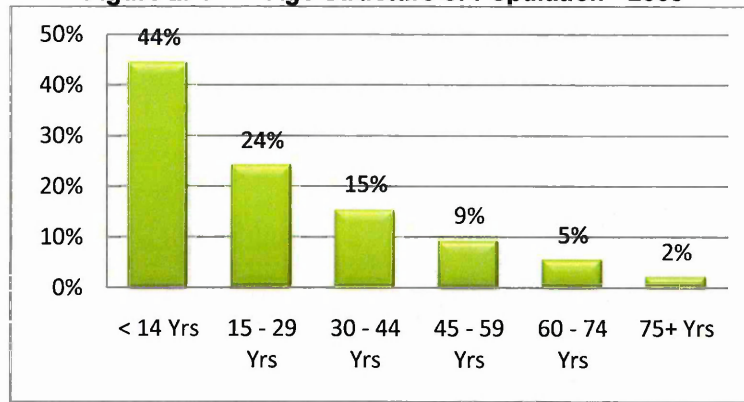
	Region	Capital	Area size (km²)	Population as at 2007 (est.)
1	Greater Accra	Accra	3,245	3 ,903.6
2	Ashanti	Kumasi	24,389	4,459.4
3	Eastern	Koforidua	19,323	2,251.2
4	Western	Takoradi	23,921	2 ,358.8
5	Central	Cape-Coast	9,826	1,777.3
6	Brong-Ahafo	Sunyani	39,557	2 ,120.9
7	Volta	Ho	20,570	1,798.2
8	Northern	Tamale	70,384	2,121.6
9	Upper East	Bolgatanga	8,842	978.1
10	Upper West	Wa	18,476	61 8.7
Total			238,533	22,387,800

Source: Ghana Statistical Service 2008

The Greater Accra region, where the national capital is located is 1.36 percent of the total land area of the country but accounts for 17.4 percent of the population. This makes the Greater Accra region the most populated region in the country. The country's population is projected to surpass 35 million by 2025 (Berry, 1994; Ghana Statistical Service, 2008).

The fertility rate in Ghana averages about five children per adult female hence the population projection of 35 million in 2025 is credible. A number of factors, including improved vaccination against common diseases and nutritional education through village and community health-care systems, contributed to the expanding population (Berry 1994). Ghana has a young population, with more than 44 percent of the people below 15 years of age in 2003. This has fluctuated from 47 percent in 1970, to 45 percent in 1984 and 41 percent in 2000. As at 2003, 24 percent of the population were in the 15-29 year bracket and 44 percent were less than 14 years. Those over 60 years and less than 75 years constitute only 5 percent of the population with 2% of the population being over 75 years. Life expectancy is estimated at 57 years overall, with 56 and 58 years for men and women, respectively (Ghana Statistical Service, 2006). Figure 2.4 below shows the age structure of the population of Ghana as at 2003.

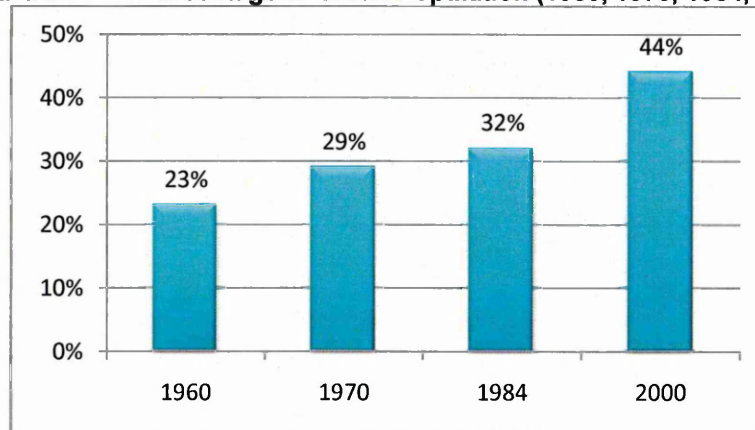
Figure 2. 4 Age Structure of Population - 2003



Ghana Statistical Service (2006)

The social, political, and economic implications of the youthful nature of the population are important for policy development. This may explain why the government of Ghana aims at creating more jobs through tourism development. In Ghana, localities with 5,000 persons and above have been classified as urban since 1960 (Ghana Statistical Service, 2006). The population is skewed in favour of the urban areas with an estimated urban population of 44% as at 2000. There has been rapid growth in urbanisation from 1960 to 2000 as Figure 2.5 below shows.

Figure 2. 5 Percentage of Urban Population (1960, 1970, 1984, 2000)



Source: Computed from 1960, 1970, 1984 and 2000 Population and Housing Censuses, GSS

The average growth rate in urbanisation from 1960 to 2000 was about 25 percent. The rate of urbanization varies from one administrative region to another. In the national census in 1984, the Greater Accra region, which has the national capital, showed an 83 percent urban residency while the Ashanti

region matched the national average of 32 percent. The Upper West region of the country recorded only 10 percent of its population in urban centres that year.

The growth of urban population notwithstanding, Ghana is a nation of rural communities. The 1984 census showed that six of the country's ten regions had rural populations of 5 percent or more above the national average of 32 percent. Rural residency was estimated to be 56 percent of the population in 2000. Though there is a trend toward urban residency, majority of the nation's population live in rural areas (Ghana Statistical Service 2008). Urbanisation has influenced the development of small tourist accommodation in terms of their geographical location since the more urbanised regions have more hotels (Ghana Tourist Board, 2009).

The gender structure of the population of Ghana as at 2003 was almost at par (Male: 48.5%; females 51.5%). The population has a sex ratio of 94 males to every 100 females. The female to male ratio was 0.98 in 1960, 1.01 in 1970, 1.03 in 1984 and was 1.02 as at 2003 (Ghana Statistical Service, GLSS 5 2008). The decrease in the proportion of males to females is partly attributed to the fact that men leave the country in pursuit of better economic prospects.

Ghana spends 4 percent of GDP on education. The real GDP (at 1993 prices) estimated for 2009 was GH¢827.72 million (GB£ 376.24 million) (Ghana Statistical Service, 2009). As at 2006, about 51 percent of adults in Ghana can read and write in English or a local language. However, there are substantial differences between the sexes. A little over 6 out of every 10 men, but only 4 out of every 10 women are literate. Disparities also exist between urban and rural areas. Almost 70 percent of adults in urban areas are literate whilst about 40 percent of adults in rural areas are literate (Ghana Statistical Service, GLSS 5, 2008).

2.3 CULTURE OF GHANA.

An understanding of the cultural values and practices in the Ghanaian society is important to appreciate its effects on national development activities including tourism. Griffin and Pustay (2003) defined culture as a collection of values,

beliefs, behaviours, customs and attitudes that distinguish and define a society. Others such as Hofstede (1980), Olie (1995) believe that the values of a given nation are formed through its history, the people in the society and their institutions, i.e. family, education, religion, government, law, work etc. and are transmitted through generations.

The cultural values and practices of Ghana are a fine blend of dynamic associations between the past and the present, the traditional and modern practices. It is a vibrant culture that reflects an attempt to incorporate its rich traditions and customs with political, economic and social demands of the modern world (Falola, 2002). Social customs in Ghana include ceremonies celebrating family life and rites of passage and numerous festivals including spiritual ones that bring people of the community together and strengthen common ethnic and spiritual bonds. Ghana's culture is transitional with a mixture of both traditional and modern cultural traits. It is polyethnic but highly cohesive (Adu-Febiri, 1990).

Ghana's first census in 1960 recorded 100 linguistic and cultural groups many of which are related to one another. English is the official language, with the other main languages being Akan, Moshi-Dagomba, Ewe, and Ga. Ghana's culture has a high collective ethic which is seen in the extended family and ethnic cohesion in all the ethnic groups (Ghana Statistical Service 2005).

These ethnic groups occupy various locations across Ghana. The five main ethnic groups classified on the basis of language and culture by historical geographers and cultural anthropologists in a decreasing order of size are the Akan (48%), Mole-Dagbani (17%), Guan (14%), Ewe (13%) and Ga-Adangbe (8%). Apart for the Guans who can be located throughout the country, the rest of the ethnic groups can be associated with particular areas. The Akans are mostly locate in the south and south west of the country, the Ewes in the East, Ga-Adangbe in the south east and Mole- Dagbani in the northern sections of the country (Ghana Statistical Service, 2005).

Internal migration from the rural areas to the urban areas has made the cities have a mixture of ethnic groups and languages. The urban centres of the country are thus ethnically homogenous. The ethnic groups in the rural areas

have largely maintained their cultural identities and tend to reflect more traditional population distributions (Ghana Statistical Service, 2005).

Each ethnic group has subdivisions. These subdivisions share a common cultural heritage, history, language, and origin. These shared attributes were among the variables that contributed to ethnic state formation in the pre-colonial period. In the pre-colonial era, the ethnic groups contested among themselves to acquire land for cultivation, to control trade routes, or to form coalitions for protection. This promoted group solidarity and ethnic state formation (Adu-Febiri, 1990). Sections 2.3 and 2.4 throw more light on culture and Ghana's political and economic history.

Table 2.2 below shows regional distribution of Ghana's dominant ethnic groups as at 2007.

Table 2.2 Regional distribution of dominant ethnic groups

	Region	Dominant ethnic group
1	Greater Accra	Ga-Adangbe
2	Ashanti	Akan
3	Eastern	Akan
4	Western	Akan/Guan
5	Central	Akan
6	Brong-Ahafo	Akan/Guan
7	Volta	Ewe/Guan
8	Northern	Mole-Dagbani
9	Upper East	Mole-Dagbani
10	Upper West	Mole-Dagbani

Source: Ghana Statistical Service, (2008)

An important characteristic of the Ghanaian social system is its dual (rural/urban) but interrelated nature. Even though the majority of the population 56 percent as at 2000 still live almost entirely in rural areas and observe traditional customs and practices, the process of modernization associated with urban life has, nonetheless, affected the social behaviour and values of all Ghanaians. Expectations, goods and services flow constantly between urban

and rural areas, blurring the difference between so-called traditional and modern life (Ghana Statistical Service, 2005).

Relationships within traditional Ghanaian societies are determined by ethnic affiliations and ancestral beliefs (Berry, 1994). In contemporary Ghana, in addition to the above, relationships are determined by achieved material status, formal education achievement and membership of associations. Contemporary society, however, has its origins in traditional customs and practices and although traditional social relationships have been to some extent transformed to fit the needs of modern life, they continue to endure. The result is that, even those who live mainly in the modern urban areas are still bound to the status structure of traditional society and ancestral beliefs and are held to traditional responsibilities such as caring for the extended family and ethnic group that such associations entail (Adu-Febiri, 1990).

Characteristically the country's ethnic groups around the coast have long been influenced by traditional entrepreneurial activities, Western education and Christianity due to the interaction with early European traders. For example, the Fante's were the first to have contacts with Europeans in 1482 and because of this long association with the Europeans, especially the British, these ethnic groups portray aspects of British culture. It became customary among these people to use British names as family names and they were the most educated ethnic group. However, ethnic groups in the north, who had less interaction with the Europeans, have come under Islamic influence due to long standing trading activities with the northern African countries. These influences are not pervasive nor are they entirely restricted to specific ethnic groups (Adu-Febiri, 1990). A major distinguishing trait among ethnic groups is the principle of inheritance. The Akans, with the exception of some sections of Fantes, inherit matrilineal with all the other ethnic groups practicing patriliney. Even though inter ethnic marriages are encouraged, local identity and individual status, inheritance, succession to wealth and to political offices, and even basic relations within the village community are determined through the matrimonial system (Berry, 1994).

Despite the matrilineal system of Akan societies, most traditional leadership positions are held by men and are determined by relationship to mothers and sisters. Consequently, a man's valuable property is passed on not to his own

children, but to his sister's son. Men are expected to support the children of a maternal relative, whether these relatives are deceased or alive. These expectations may conflict with the interests of one's own children (Adu-Febiri, 1990).

Matrilineal succession to property has been the cause of much litigation and in 1986, the government passed a number of laws that sought to bring the traditions of inheritance in line with changes that had occurred in the society. These laws, which included the Intestate Succession Law, the Customary Marriage and Divorce (Registration) Law, the Administration of Estate (Amendment) Law, and the Head of Family (Accountability) Law, recognized the nuclear family as the prime economic unit. Provision was made, however, for the identification of collective properties that belonged to the extended family (Berry, 1994). This is worth mentioning because it has implications on how businesses are passed on or managed within families

The various ethnic groups, before colonisation in 1874, existed independently and used tribal wars as a means of expand their territory and to control trade routes. When the Gold Coast was colonised by Britain, the various ethnic groups were brought under one centralised state and administration. Though this minimised the tribal wars, it brought about ethnic mistrust and tensions, which was fuelled by the strategy of divide and rule adopted by Britain to administer the colony (Adu-Febiri, 1990). Price (1984, p. 188) explains that "though Ghana emerged from the colonial era as a multi-ethnic state, its ethnic groups were not really part of a single national political community". This is the underlining cause of political unrests in Ghana. To date, ethnic mistrust and tensions tend to undermine political stability in Ghana (Price, 1984).

Though Ghana has had long interactions with the western individualist culture before and during colonisation, the collectivistic ethic and the extended family system is still very strong in contemporary Ghanaian society. Little (1965) observes that these characteristics of the Ghanaian culture are seen in cultural activities, numerous ethnic and cultural associations and welfare groups. The collectivistic family orientation of the Ghanaian society is based on the fact that mutual assistance and collective responsibility is a reflection of a strong ethic

spirit (Adu-Febiri, 1994). Ghanaians value interpersonal interactions and the needs of a group are valued over those of the individual. Failure to offer assistance to family members or members of your ethnic group usually results in loss of respect and social status (Adu-Febiri, 1994).

The collectivist ethic culture ensures the contribution to the welfare of underprivileged relations and ethnic members. In effect, family members who are perceived by extended relatives to be well-placed in society but fail to assist them are not respected in the family. Family members with businesses are expected to employ from within the extended family. The employment of relatives irrespective of their skills adversely affects the development of small firms and influences the managerial styles of the entrepreneurs as well as the quality of services offered. In spite of this many Ghanaians small businesses would employ relations to satisfy societal expectations (Berry, 1994).

There may be social rewards in employing extended relatives in small businesses, such as meeting the cultural obligation of helping relatives; natural loyalty because of kinship ties and vital source of low cost labour. However, the issue of employment of relatives in hotels have been noted by Adu-Febiri (1994) to have negative effects on discipline of workers, efficiency of management and quality of service. Many of such relatives do not have the requisite training or qualifications to work in a hotel and thus affect the efficiency of operations. Also since such employees know that the hotel owners are culturally obliged to assist them through employment and that they cannot be easily dismissed without the intervention of the extended family, they are not motivated to give off their best. Such employees also believe that the business belongs to the family and therefore do not tend to work well with professional managers who are not family members creating disciplinary problems. In the past hotel owners who engaged family members had experienced some of the problems enumerated above and this is not encouraging the engagement of family members in hotels. The influence of culture in relation to employment of family members on traditional entrepreneurial and managerial styles of Ghanaian hotel owners has long be recognised as problematic affecting the widespread low standard of quality of services in hotels as constantly echoed by the Ghana Tourist Board (Ghana Tourist Board, 1987).

The lifestyle of the Ghanaian has many dimensions, including respect, social status, material wealth and recognition. Presently, lifestyle patterns in Ghana reflect the growing influences of foreign cultural stimuli, changing economic conditions and increased education levels (Falola, 2002). However, Ghana has its own peculiar societal patterns of behaviour that helps to organize social relations and determine acceptable and unacceptable actions in particular situations. Apart from some urban centres where a greater degree of outside influences have affected the indigenous culture of the people, the general principles of social interactions and cultural expectations remain the same throughout the country and is determined by factors such as respect, recognition and material wealth (Falola, 2002).

Culturally, attributes such as status or recognition of a person is equated with his wealth. Currently, the worth of a person is measured with several attributes such as number of wives and children, size and number of farms, education level of family members, property ownership and number of types of businesses. Miescher (1997) notes that material wealth such as property ownership commands great respect. Property ownership is therefore the ambition of most Ghanaians. Culturally in Ghana, it is believed that the amount of money a person owns is not seen or known to society, but society will see a person's property and will forever associate it with their name. Names are seen as part of a person's personality that has to be maintained, respected and publicized (Miescher, 1997). This is exemplified in the high percentage of hotels in Ghana that bear the names of their owners. Table 2.3 below shows percentage of hotels in Ghana that are named after their owners.

Table 2. 3 Number of Hotels with Personal Names

	Region	# of Hotels	# with Personal Names	%
1	Gr. Acc	683	493	72%
2	Ashanti	224	180	80%
3	Eastern	136	114	84%
4	Volta	75	69	92%
5	Northern	47	39	83%
6	U east	35	24	69%
7	U. West	13	10	77%
8	B/a	68	61	90%
9	Western	105	84	80%
10	Central	124	102	82%
	Total	1,510	1,176	Average:78%

Compiled from Ghana Tourist Board, 2008 list of licensed hotels by Author

Indeed, some houses have the names of their owners (family or individual) inscribed on them to give an indication of the owner. There is a popular proverb that "people ask for your house or property not your money" and therefore if you have your house or property named after you, it is easier for people to associate you with it. In Ghana, physical property is a concretisation of the owners' achievements (Miescher, 1997).

Table 2.4 below shows some example of hotels with personal names in each region.

Table 2. 4 Examples ofHotels With Personal Names

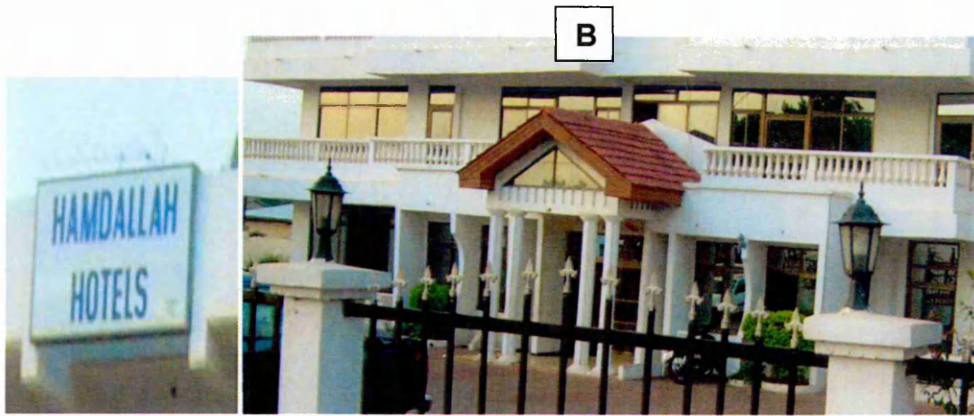
	Region	Name of hotel	Name of hotel	Name of hotel
1	Gr. Acc	Hotel Georgia	Hotel Wangara	Joy Family Lodge
2	Ashanti	Adu Bofo Lodge	Bennyvee Lodge	Lord Cecils Lodge
3	Eastern	Awo Gyaa Hotel	Mac Dic Hotel	Nketia Hotel
4	Volta	Lorneh Lodge	Chances Hotel	Catherine's Lodge
5	Northern	Mariam Hotel	Gariba Lodge	Alhassan Hotel
6	U East	Samata Guesthouse	Yahaya Iddi Memorial Lodge	Hotel Mayaga
7	U. West	Lambert Hotel	Pet Vero Guesthouse	Zenuo Garden Motel
8	B/A	Eusbett Hotel	Glamossey Hotel	Agyeiwaa Memorial Hotel
9	Western	Hotel De Hilda	Akroma Plaza Hotel	Maggi Hotel Ltd
10	Central	Naatoa Hotel	Alberta's Palace Beach Resort	Dawson's Lodge

Compiled from Ghana Tourist Board, 2008 list of licensed hotels by Author

Figure 2.6 (A, B, C, D, E, F) below are pictorial examples of hotels with personal or family names. The photographs were taken by the researcher with permission from the management of the hotels.

Figure 2. 6 Photographs of Some Hotels with Personal Names





In Ghana, the possession of a landed property (building) is a sign of success, thus owning a house is regarded as a status and a power symbol. It is seen as the ability to turn success into a social good since such buildings serve the collective good of the family and society as a whole. (Most houses have many rooms which can be used by family members or rented out to members of the public and if the building can be of commercial use, the better). Society thus attaches some of the most cherished virtues of culture (status, respect, recognition, power) to ownership of property (Van Der Geest, 1998).

People who own properties such as house(s) (private or commercial) are held in high esteem by society and are respected even after death and the quality of their funeral depends on the quality and number of their houses and other material wealth that they left behind (Van Der Geest, 1998). It is a mandatory cultural practice in Ghana for people to be honoured by a funeral after their death. These ceremonies are held preferably in the house of the deceased in his/her hometown or the ancestral family home. This puts societal expectations on Ghanaians to either put up a house in his/her home town or contribute to the maintenance of the extended family house. It does not matter if the body is disposed off immediately or kept in cold storage; a funeral date is decided by the extended family and announced for some time before the event by posters, newspaper adverts or television adverts or a combination of these depending on the social status and wealth of the dead person. These posters and adverts will indicate the date of the funeral, the venue (very important) of the funeral and a short biography of the deceased indicating the number of wives (for men), children, education level and the number of businesses he/she acquired and operated. It is expected that anyone who had dealings with the deceased, his wife(s), children, school, village or business(s) would attend or send a representative. Since it involves people travelling from afar to attend prolonged (usually three day) funerals, the house(s) of the deceased is used as accommodation for the attendees (Van Der Geest, 1995). Majority of the guests however check into hotels for lack of accommodation in the family home. Hence, traditionally most hotels record good occupancy levels during funeral celebrations (Ministry of Trade and Tourism 1991).

The influence of urbanisation on cultural norms has been growing. Since independence in 1957, the cultural status and worth of Ghanaians which has been measured in material terms and equated with the number of houses owned, number of wives, children, and level of education is changing, albeit slowly. Presently status symbols are linked to the number of properties, fewer children who are better education, quality cars, number of businesses and education level of owner. Even though education is the most desirable of these values, the acquisition of buildings and other material wealth such as quality cars seems more preferable because it is deemed to have more visibility and social value. Owning a property or a business that can be enjoyed by the owner (enhance his recognition, status and respect) whilst offering support for the family and ethnic group members is therefore the ambition of most Ghanaians. Ghana's culture has become more enterprising (over the past 53 years) since the country's independence in 1957 due to economic developments. Business opportunities have increased and there has been increasing opportunities for growth in the tourism industry. The current growth of tourism in Ghana is a result of the political stability, as well as social, economic and technological changes that have taken place in the country since 1957. These are discussed in the following sections.

2.4 POLITICAL HISTORY

Europeans have been trading in Ghana since 1482 but it was not until 1874 when Ghana was colonized by the British who claimed a strip of land extending less than fifty kilometres inland from the coast and named it Gold Coast. (*It was named Gold Coast because of the abundance of gold, which could even be picked up after heavy rains wash away some top soil*). Between 1902 and 1919, the British annexed the Northern parts consisting of Ashanti, Brong-Ahafo, Northern, Upper East and West and the Eastern part of Ghana. These regions made up the Gold Coast and were under British rule until 1957. On 6th of March 1957, the Gold Coast gained political independence from British rule and was named Ghana. Ghana was the first sub-Saharan African country to earn its independence from European colonialism. It became a Republic and a member of the Commonwealth of Nations on 1st July 1960 (Ministry of Tourism, 2009).

Since political independence in 1957, Ghana's political history has been unstable. Ghana has experienced both military and civilian governments, with some regimes lasting as short as five months. There have been six civilian governments interspersed with five military regimes, and many abortive coup d'états (Acheampong, 2007). Table 2.5 below shows the types of regimes from 1957 to 2009.

Table 2.5 Regime Type (1957- 2009)

	Type of Regime	Period	Name of Regime
1	Civilian	1957 - 1966	Convention Peoples Party (CPP)
2	Military And Police	1966 - 1969	National Liberation Council (NLC)
3	Civilian	1969 - 1972	Progress Party (PP)
4	Military	1972 - 1978	National Redemption Council/ Supreme Military Council I (SMC I)
5	Military	1978 - 1979	Supreme Military Council II (SMC II)
6	Military	June To Sept. 1979	Armed Forces Revolutionary Council (AFRC)
7	Civilian	1979 - 1981	Peoples National Party (PNP)
8	Military	1981 - 1992	Provisional National Defence Council (PNDC)
9	Civilian	1993 - 2001	New Democratic Congress (NDC)
10	Civilian	2001 - 2008	New Patriotic Party (NPP)
11	Civilian	2009 -	New Democratic Congress(NDC)

Source: Oquaye, 1980; Ray, 1986; Mikell, 1989, Rimmer, 1992

Acheampong (2007) notes that between 1957, when Ghana gained political independence and 1964, the country was governed by a unitary (one house) and multiparty government based on a voting system by adults of 18 years and above. Currently the voting age has been reduced to 15 years. To facilitate the implementation of the socialist approach to development adopted by the first post colonial government led by the Convention Peoples Party, Ghana was declared a one party state in 1965. Among other factors, this did not go down well with some ethnic groups different from that of the then president and on February 24th, 1966, the first civilian government was overthrown in a military and police coup by the National Liberation Council. This marked the beginning of continued interference by the military in state governance which resulted in the deterioration of the economy for the next fifteen years. Despite consequent

political upheavals, the National Liberation Council remained in power until October 1969 when a civilian government was elected into office.

The civilian government led by the Progress Party, ruled for three years and was removed from power on 13th January 1972 by a military regime. This regime, National Redemption Council changed its name to Supreme Military Council I, and ruled Ghana until July 1978 when they were overthrown by a military administration (Supreme Military Council II). This administration was short lived and on 4th June 1979, the Armed Forces Revolutionary Council in a military coup removed them from office. The administration of the country was restored to a civilian government in September 1979. Twenty-seven months into the administration of this government, they were overthrown in a revolution on 31st December 1981. The country was restored once again to a civilian rule on January 7th 1993 through an election. Since then the political scene has remained under civilian rule. 2010 marked the 53rd anniversary of Ghana's independence and the military have ruled the country for 21years (40% of the 53 years after independence). The present constitution was promulgated in 1992 and currently, Ghana operates a constitutional democracy with a multi party democratic presidential system of government. The executive president is elected every four years for a maximum of two terms (Oquaye, 1980; Ray, 1986; Mikell, 1989, Rimmer, 1992 cited in Acheampong 2007).

Ray (1986) and Mikell (1989) were of the view that the political administrative changes experienced by the country especially from 1966 to 1981 were ethnically oriented. For example, it is alleged that the Provisional National Defence Council regime which was led by an Ewe, forcibly retired most military and police officers who were of the Akan and other ethnic groups and replaced them with Ewe officers (Herbst, 1991). It is also alleged that during the Peoples National Party regime, which was led by a Northner (Mole-Dagbani ethnicity), it offered strong governmental support to rice farmers to the detriment of Ghana's cocoa industry, which is the bedrock of the economy. Rice farming is undertaken mostly by people of the northern ethnic group whilst cocoa farming is undertaken mostly by Akans (Mikell, 1989). Wylie (1986) reinforces the view of Ray (1986) and notes that the political instability which has negatively impacted on the economy of Ghana has been caused by ethnic power

struggles. The consequences of these political changes is that "the loci of tensions shift in correspondence to the particular ethnic groups at the centre of power and resentment builds up about nepotism and economic favouritism which goes to the particular region" (Mikell, 1989, p 254). To date the voting of members to political office is done on ethnic lines. Political party leaders win all seats in their ethnic areas (Election reports, 1969, 1979, 2004, 2008, Rimmer, 1992). Such block voting (Adu-Febiri, 1994) contributes to political instability. Table 2.6 below shows the ethnic backgrounds of coup leaders and the Heads of states they have been overthrown from 1966 to 1981.

Table 2. 6 Ethnicity of heads of state and coup leaders (1966 – 1981).

	Government	Period in Government	Ethnicity of Leader	Year of Coup	Ethnicity of Coup Leader
1	CPP	9 Years	Akan- Nzima	1966	Ewe
2	PP	3 Years	Akan -Brong	1972	Akan- Ashanti
3	NRC/SMC I	6 Years	Akan - Ashanti	1978	Akan - Akwapim
4	SMC II	1 Year	Akan - Akwapim	1979	Ewe
5	PNP	3 Years	Mole-Dagbani	1981	Ewe.

Source: compiled by Author

The ethnic and family group consciousness has greatly contributed to the political instability of the country since various ethnic groups vie for the control of political power in order to give assistance to their members (Rimmer, 1992). Relating politics and tourism development in Ghana, Teye (1988) concludes that the stunted growth of the tourism industry is a direct consequence of Ghana's political instability especially between 1966 and 1981. The political instability caused by coup d'état limits the flow of foreign capital as well as conventional tourist. It creates discontinuities in national tourism development and frustrates tourism planning and policy making which are crucial to tourism development (Teye, 1988). Presently, the political environment has stabilised and some economic advancement has been attained. However, the fluctuating pricing of the country's main export products, gold and cocoa, the two primary foreign exchange earners, and economic challenges continue to hamper the development of the country. The next section gives some insights into the economy of Ghana.

2.5 ECONOMY OF GHANA

Commercial activities in Ghana started in pre-colonial era (about the 12th century) with the establishment of trade links with Northern African countries through the trans-Saharan trade in the commoditization of unprocessed minerals (gold), ivory, spices, kola nuts and humans (Ward 1948; Kimble 1963 cited in Acheampong 2007). The trans-Saharan trade, one of the most wide-ranging trading networks of pre-modern times, involved an exchange of European, North African, and Saharan commodities in exchange for the products of sub-Saharan Africa. Ghana, noted for its abundance of gold (thus named Gold Coast by the British merchants) was an important source of gold across the Sahara. Prior to this, economic activities such as production of food, agricultural tools, and weapons were for the maintenance of the subsistence economic system mainly through barter trade. Ghana's location (situated between the trans-Saharan trade routes and coastline route used by European merchants) and its rich endowment with gold and other resources, made it attractive as a trade centre (Kimble, 1963 cited in Acheampong, 2007).

In order to establish a hold on the colony, the Portuguese who were the first Europeans to set foot on the Ghanaian coast, built a fortified trading post in 1482 at Elmina and began purchasing gold, ivory, and pepper from African coastal merchants. The introduction of the trans-Atlantic slave trade in Ghana changed the nature of the trans-Saharan trade. The attention of trade commodities shifted mainly to slaves. Slaves were traded for liquor, textiles, fire-arms and gun-powder. These items were used by various ethnic groups to capture more slaves and, more importantly, to gain and preserve ethnic political power. The slave trade thus fuelled inter-ethnic wars disrupting agricultural and artisanal development (Acheampong, 2007).

In 1874, when the British colonised the Gold Coast, it abolished slave trading in the colony. Forty forts and castles had been established by the time of the abolishment of the slave trade in the Gold Coast. These were used as trade posts by Europeans (Portuguese, Dutch, Danes, Swedes, French, Germans and English) and are evidence of the millions of slaves who were processed through them on their way to the Americas or Europe. Currently twenty six of these forts and castles are dotted along the coast of Ghana. The slave trade led to the export of significant youthful population of Ghana and this had a toll

on the country's productive and entrepreneurial capacity (STDP, 2006-2010). Fage (1959) observes that the slave trade is one of the most important economic and socio-cultural events in the development of Ghana.

With the abolishing of the slave trade in the Gold Coast in 1874, the British maintained their interest in the colony throughout the nineteenth century and promoted the production of palm oil and timber as well as the continuation of gold production. The first two colonial development plans (Seven-Year plan (1919-1926) and Development and Welfare Plan (1946-1956) of the colony reflected this agenda by concentrating on the construction of infrastructure to facilitate the production and export of commodities and enhance retail trade of goods from Britain in exchange (STDP, 2006-2010). Industrial activities were not actively promoted and as Awoonor (1990, p. 173) note, "the then vibrant textile industry was deliberately stifled to minimize competition to imported textiles from Britain". Emmanuel (1972) described trade between colonial Ghana and Britain as an "Unequal exchange" which led to the exploitation of the colony.

Major mining (gold, bauxite, manganese) and timber producing areas of the colony were connected with railways and roads to facilitate its exportation. This was fuelled by high demand created by the industrial revolution in Britain for the colony (Ghana) to export products such as rubber, palm oil, minerals, timber and coffee in their raw state (Wallerstein, 1979 cited in Acheampong 2007). Thus the development of industries to process these commodities was not a priority of the colonial government.

In 1878 cocoa trees were introduced into Ghana from the Fernadopo (Equatorial Guinea). The trees thrived and cocoa beans soon became the colony's major export and by the 1920s, Ghana produced more than half the world yield (Fitch and Oppenheimer 1966). Cocoa cultivation spread throughout large areas of southern Ghana and contributed much to the foreign exchange earnings of the country. This made Ghana a model colony of the British Empire. The country's economic prosperity was boosted by the world cocoa boom, which helped finance infrastructural development. However, in the 1930s, the global depression and the disruption of exports during the

Second World War slowed Ghana's economic progress. In spite of this, "after World War II, between the years of 1945 and 1957, the Gold Coast, was one of the biggest holders of reserves in the Sterling Area system, and in 1957, had assets worth about 250 million British Pounds sterling foreign exchange reserve" (Fitch and Oppenheimer 1966: 93). By African standards, Ghana had a promising economy, each inhabitant, on the average, receiving an income of approximately US\$580 at 1975 prices (Acheampong, 2007).

Danquah (2006) notes that at the time of independence in 1957, the Ghanaian economy was quite well endowed in respect of natural resources, human resources skills and finance. With a productive agriculture sector, not only feeding the population but also providing substantial volumes of cocoa for export, the Ghanaian economy had a solid base from which to advance. Agricultural output value-added was nearly 20 per cent of GDP in 1957. This was however not to last. Soon after the attainment of independence in 1957, income from the cocoa trade started to dwindle and the effects of depending on a single export commodity (cocoa) on the economy had started to show by 1966 due to the collapsed of the price of cocoa in the mid-1960s. This resulted in the decline in cocoa production, which fell by half between the mid-1960s and the late 1970s, drastically reducing Ghana's share of the world market from about one-third in the early 1970s to only one-eighth in 1982-83. The collapse of the price of cocoa in the mid-1960s affected the fundamental stability of the economy, slowing down development plans. Social standards began to fall and corruption became pervasive. This and other factors such as ethnic affinities culminated in the first coup d'état in Ghana in 1966 (cited in Acheampong, 2007).

The change in the political administration in Ghana in 1966 did not improve economic fortunes and Berry (1994), records that in the 70s and early 80s, average mineral production fell by 32 percent; (gold production declined by 47 percent, diamonds by 67 percent, manganese by 43 percent, and bauxite by 46 percent). Inflation averaged more than 50 percent a year between 1976 and 1981, reaching 116.5 percent in 1981. Real minimum wages dropped from an index of 75 in 1975 to 15.4 in 1981. Tax revenue fell from 17 percent of GDP in 1973 to only 5 percent in 1983, and actual imports by volume in 1982 were only

43 percent of average 1975-76 levels. The standard of living, productivity and the government's resources had plunged considerably.

Ghana's economy, which is mainly a primary one, depending on cocoa, gold, bauxite, manganese, and timber have been in the swing since then, depending on fluctuations in the commodities market of the three primary commodities (cocoa, timber and gold) as the main sources of foreign exchange. The declined contribution of mining (gold, bauxite and manganese), timber and cocoa to Ghana's GDP in the 70s is attributed to the country's political instability within the late 60s and 80s which led to foreign exchange shortages, making it difficult for industries to replace machinery and import raw materials (Darkor, 1977). For example, in 1960, the combined contribution of agriculture and timber to GDP was 54.8 percent and this fell to 36.4 percent by 1976 (Rimmer, 1983). The timber industry which constituted significant export earnings till the mid 1970s, declined due to lack of foreign exchange to import the necessary equipment and the deterioration of transportation networks in the 70s and 80s (Bequele, 1983). Though the manufacturing and assembling of consumer goods began in Ghana in the 1960s, the contribution of the sector to the economy was not significant. Majority of the manufacturing industries operated under capacity due to lack of resources (Rimmer, 1983).

The first estimate of Ghana's GDP undertaken in 1965 was 4.64 billion Cedis, measured in constant prices of 1975. Sixteen years later, in 1981, GDP per capita had fallen from US\$ 580 in 1957 to US\$ 489 (at 1975 prices). Agriculture and industry had suffered greatly from political instability between 1966 and 1981. Their share of the total national output falling from 19 per cent in 1965 to 9 per cent in 1981. Overall, the growth of Ghana's economy has been irregular since 1966 when the first elected civilian government was overthrown in a coup d'état. Economic growth has been unstable during much of the period after the 1966 and only began to stabilise after 1984. In 1966, 1972, 1975-1976, 1979, 1980-1983, the GDP growth rate was negative (GSS 2005). It is interesting to note that the years in which negative growth were experienced generally coincided with changes in government (Danquah, 2006).

By the end of 1981, the economy was in chaos and Ghana experienced yet another military takeover of government in December 1981. The precarious economic situation compelled the government to seek assistance from international financial agencies. Thus in 1983, Ghana embarked upon a programme of Economic Structural Adjustment, with its first loan from the World Bank (Rothchild, 1991). The economy has since then shown some signs of growth with GDP growth rates increasing from negative 4.5 in 1981 to 7.2 in 2008 (Ghana Statistical Service, 2009).

The structure of Ghana's economy has not changed much since the colonial era. Agriculture, mining, timber and retail trade are still the leading sectors of the economy. Cocoa, gold and timber are the leading exports of the country but lately the economy has diversified to include non-traditional export commodities such as pineapples, bananas, yams, black pepper and cashew nuts. Other sectors of the economy such as tourism have been growing. Tourism is currently the fourth largest foreign exchange earner after cocoa, gold and foreign remittances (Ghana Statistical Service, 2009).

The economy of Ghana is categorised into two main sectors, public and private. The public sector has semi-public or para-statal as a subsector and the private sector has formal and informal as its sub-sectors. At independence, the colonial administration invested in the production of minerals such as gold, bauxite and manganese for export. This created the need for infrastructure development and the establishment of public works. These government-operated enterprises formed the public sector of the colonial economy and were characterised with the engagement of salaried/waged workers. Interestingly the production of agricultural products such as cocoa and the importation of consumer goods were left to the local individuals who were either self employed or hired under traditional informal arrangements (private informal sub-sector) (Ghana Statistical Services, 2008).

The private informal sector is characterised by unregistered ventures dominated by one person, with the owner/manager taking all major decisions. Such enterprises are run generally on low-level local technology, utilizing local inputs, with minimal start-up capital combined with indigenous entrepreneurial and

management techniques (Afrane, 1990). Most of Ghana's population are engaged in a wide range of small scale, labour intensive ventures, which produce goods and services for local consumption. Majority of the rural population are engaged in the private informal sector, mainly in agricultural activities, producing major staples such as cassava, yams, cocoyams, plantains, maize, sorghum, rice and millet as well as livestock on small scale basis. The informal sector is dominated by women (Ghana Statistical Services, 2008).

On the other hand, the private formal sector has a typical profile as follows: It is predominately made up of self-employed persons (mainly male). The enterprises in this sector are registered with adequate capital, dominated by one person, with the owner/manager taking all major decisions. Majority of owners of such enterprises in the private formal sector possess some formal education, have access to and use of new technologies, market information, though access to credit from the formal banking sector is severely limited due to market conditions and lack of adequate management skills in running the enterprise. Examples of enterprises in this sector are the distribution agencies, transport services, hotels, restaurants, construction firms, small manufacturing and service firms (Ghana Statistical Services, 2008).

In terms of employment numbers, the private informal sector is the fastest growing sector of Ghana's economy and like many other African countries it engages about 80% of the labour forces (Ghana Statistical Services, 2008). Table 2.7 below shows employment percentages by sector in 2008.

Table 2.7 Sector of Employment (2008)		
	SECTOR	EMPLOYMENT %
1	Public	5.9%
2	Semi-public / Para-statal:	2.9%
3	Private formal:	7.8%
4	Private informal:	80.4%
5	Others:	3.0%

Source: Ghana Statistical Service 2008

2.6 GHANA'S DEVELOPMENT POLICIES

The colonial development policies of Ghana, called Gold Coast in the colonial era (1874 -1957), focused on the creation of large-scale oil palm, sugar cane

and rubber plantations and mineral (gold, bauxite, manganese) extraction operations. Most of the produce from these activities were exported to Britain. The first postcolonial development plan (1959–1964) was aimed at diversifying the economy from commodity dependence as well as creating inter-sectorial links in the economy. This policy of economic diversification which led to adoption of import substitution industrialization of many sectors of the economy including agriculture was again stressed in the second seven year development plan of Ghana (1963-1970). The many state farms and industries established during this era were reflective of the 1959-1970 development plans (Killick, 1978).

In the period after independence in 1957, Ghana like many African countries adopted modern industrial structure of development and investment in large-scale industries. The State took the lead for lack of a strong indigenous entrepreneurial class and to avoid total dependence on foreign investors. But inadequate attention to economic viability and market prospects for these industries resulted in substantial excess capacity, with many large firms unable to survive without heavy protection or subsidies (Steel and Webster, 1992).

The second development plan (1963-1970) was disrupted in 1966 by a military coup. However, in spite of the different ideologies of successive governments (military and civilian) from 1966 to 1983 as shown in Table 2.5 above, the import substitution industrialisation strategy was sustained. This is reflected in the following development plans and policies (The Medium Term Economic Plan, 1972-1976; Five-Year Development Plan, 1975-1978/80; Investment Code, 1984; and all the Economic Recovery Programmes from 1983 to date). The adoption of import substitution industrialisation strategy for Ghana's development after independence required the importation of industrial technology and expertise for the capital-intensive projects. This led to the depletion of the 250 million British Pounds foreign reserves (as at 1957), leaving a foreign debt of over 600 million British Pounds by 1966 (Fitch and Oppenheimer, 1966; Darkoh, 1977 cited in Adu-Febiri 1994). By 1957, Ghana's foreign exchange reserves (250 million British Pounds) gave it a first ranking in sub-Saharan Africa (Fitch and Oppenheimer, 1966; Morwetz, 1977 cited in Adu-Febiri, 1994). Ghana also ranked very high among the Least Developed

Countries such as Hong Kong, South Korea, Taiwan and Malaysia (Nafziger, 1988). However, "by mid 1960s, Ghana's reserves had depleted and it was struggling to service its balance of payment deficits" (Fitch and Oppenheimer, 1966, p93, 123). The lack of local expertise to support the operation of the factories coupled with the shortage of foreign exchange, led to the poor implementation of the import substitution industrialization strategy (Five-Year Development Plan, 1975-1978/80)

As Ghana's economy declined, foreign exchange scarcities curtailed production in its large import-substitution industries, which depended heavily on imported inputs. Industrial capacity utilization fell from 40 percent in 1978 to 21 percent in 1982. Although public policy prevented employment from falling in state-owned enterprises, large private firms reduced employment by a third during this period (Steel and Webster, 1992). By the 1970s and early 1980s, Ghana was experiencing severe economic difficulties. This is reflected in the financial indicators (Gross Domestic Product, Gross Domestic Investment, Export Volume and Agricultural Production) as shown in Table 2.8 below.

Table 2. 8 State of Ghana's economy (1970 – 1979)

Item	% Change (1970-1979)
Gross Domestic Product	-3.0%
Gross Domestic Investment	-7.9%
Export Volume	-7.2%
Agricultural Production	-1.5%

Sources: World Bank, Accelerated Development in Sub-Saharan Africa' 1981; U.S. Department of Agriculture, Food Problems and Prospects in Sub-Saharan Africa, 1981: 3.

The Gross National Product (GNP) figures shown in Table 2.9 below, also depicts the gloom economic situation between 1975 and 1982

Table 2. 9 Gross National Product (1975 to 1982)

	GNP at 1975 prices	Per Capita GNP at 1975 prices
Year	% Change	% Change
1975	-	-
1976	-3.7	-6.2
1977	+2.7	N.A
1978	+8.6	+6.0
1979	-2.6	-5.1
1980	+0.6	-2.0
1981	-3.5	-5.8
1982	-6.0	-8.5

Source: Economic survey, 1982, p.4

Darkoh (1977) notes that while between 1981 and 1982 the average decline in most of the economic sectors was 6.0 percent, the industrial sector declined by 20.5 percent due to its heavy reliance on imported inputs which were unavailable. The active involvement of the state in the development of the economy has been cited as the reason for the country's inability to achieve sustained economic development. However, since other countries such as Japan, Hong Kong, South Korea, Singapore and Taiwan have recorded impressive economic growth with active involvement of the state, the above cited reason for Ghana's economic failure cannot be justified. Other reasons have been mentioned. For example, the weak nature of the state caused by the conservative ethnic groups has been cited as a contributory factor to its political instability as witnessed in the numerous coup d'états since its independence which has led to the country's poor economic performance. Hutchful (1979, p. 42) observes that "unlike the South-East Asian countries, political and bureaucratic leaders in Ghana are greatly influenced by kinship and ethnic demands in their management of state resources". Nafziger (1988) concludes that political leaders in Ghana often do not perform as economic entrepreneurs, designing economic strategies aimed at redirecting resources to high growth sectors and choosing technologies based on economic criteria but are concerned with ethnic and familial interests.

Price (1984, p.186) notes that "unlike other countries that have developed with active state participation, the weak nature of the state of Ghana has been caused by ethnic and familial interests". He concludes that "political decisions based on ethnic and family interests, rather than economic prudence has been the determining factors limiting the harnessing and allocation of economic resources since independence in 1957 and this has not augured well for the country's development". Ley (1975) observes that the lack of any single dominant ethnic group in Ghana creates a weak state promoting political instability, which has held back continuous implementation of development policies. The political instability between 1966 and 1983 hindered efforts to attract foreign investment in the absence of adequate domestic capital and requisite skills needed for the implementation of the Western-style development strategy adopted since independence (Teye, 1988).

After years of erratic growth in Ghana's economy until early 1980s, Ghana has since maintained a healthy GDP growth. Table 2.10 below shows the GDP growth rate from 2005 to 2009.

Table 2. 10 Growth Rates of Real Gross Domestic Product (2006 – 2009)

2005	2006	2007	2008	2009 (est)
5.4	5.9	5.7	7.2	4.1

Ghana Statistical Service (2009)

While two-thirds of Ghana's exports remain gold and Cocoa based, the improved economic climate has attracted growth in other sectors of the economy including tourism. Current development policies have made Ghana's economy to become increasingly enterprising, creating more scope for development activities in most sectors. The government has been encouraging the development of entrepreneurial activity with the setting up of agencies such as National Board for Small Scale Industries to promote small-scale entrepreneurship. The phenomenal growth in tourist arrivals from 1985 has encouraged more local entrepreneurs to invest in small tourism businesses.

2.7 CHAPTER SUMMARY

The chapter examined historical and political factors that affect the development of small businesses and the economic and social development of Ghana. Through this examination, culture was identified as a key driving factor. The analysis highlights that whilst successive governments have set out development plans for tourism, the implementation of these plans has stalled and the policies developed have not been fully implemented.

The chapter explored cultural factors that affect the political and economic development of Ghana and describes how ethnic group diversity and cultural expectations in Ghana shaped the political landscape and resulted in political upheavals which hampered the economic development of the country. It explains how ethnic culture and the importance of social respect and recognition have served as motivating factors to the acquisition and ownership of property. The chapter also identifies and highlights the role and importance of culture in the political and economic development of Ghana and how this affects the development of entrepreneurship.

The chapter shows that urbanisation has influenced the development of small tourism accommodation businesses in terms of their location since the more urbanised regions have more hotels (Ghana Tourist Board 2009). The social, political, and economic implications of the youthful nature of the population are important factors for policy development and need consideration. An understanding of the cultural values and practices in the Ghanaian society is necessary to appreciate its effects on national development activities including tourism.

The chapter shows that cultural values and practices of Ghanaians have many dimensions, including respect, social status, material wealth, power and recognition and society attaches some of these most cherished virtues of culture to ownership of property (Van Der Geest, 1998). These societal expectations encourage the development of small businesses and properties. The acquisition of physical property is seen as an ultimate of the owners' achievements and owning a physical property is regarded as a status symbol (Berry, 1994). Relationships within traditional Ghanaian societies are based on ethnic affiliation and status.

Colonisation in 1874 by the British brought the various ethnic groups under one centralised state and though this reduced ethnic wars, it brought about ethnic mistrust and tensions that has caused political instability in Ghana till 1983 and adversely affected its economic development (Rimmer, 1992). Political instability, especially between 1966 and 1981, contributed to the stunted growth of the tourism industry (Teye, 1988). This emphasises the relationship between ethnicity, political and economic development in Ghana.

Ghana's economic development plans from 1919-1956 concentrated on the development of infrastructure that facilitates the production and export of commodities and did not promote growth in the services sector of the economy, including tourism (Awoonor, 1990). Currently, the improved economic climate has attracted growth in other sectors of the economy including tourism which has been recognised by the government as a growth sector (GPRS II). This requires a better understanding of drivers in the sector through research.

The key themes of this chapter which are Ghana's culture, history, political and economic development policies will be used to provide insights on how the tourism industry and the tourism accommodation sector has evolved from colonial era Gold Coast to the present Ghana in the next chapter.

A summary of historical, political, economic and cultural events from pre-colonial to post colonial era is shown in Table 2.11 & 2.12 below.

Table 2. 11 Summary of historical, political, economic and cultural events

DATE	HISTORICAL	POLITICAL	ECONOMIC	CULTURAL
PRE-COLONIAL PERIOD		Independent ethnic states; Used tribal wars to expand territory and to control trade routes; Formed ethnic alliances for protection	Trade links with Northern African countries in the 12 th century; Europeans established trade links in 1482 Traded unprocessed minerals(gold), ivory, spices, kola nuts and humans in exchange for liquor, textiles, fire-arms, gun-powder Establishment of forts and castles as trade posts; Production of food, agricultural tools, and weapons were for the maintenance of the subsistence economic system mainly through barter trade	Five main ethnic groups classified on the basis of language and culture: Akans (49%), Mole-Dagbani (17%), Guan (14%), Ewe (13%) and Ga-Adangbe (8%). ; A high collective ethic which is seen in the extended family and ethnic cohesion in all the ethnic groups; Christian religion introduced by Europeans and Islam religion by north African traders ; Status equated to material wealth
DATE COLONIAL PERIOD 1874 - 1957	HISTORICAL Colonized in 1874	POLITICAL Various ethnic groups brought under one centralised state and administration. Colony was named Gold Coast	ECONOMIC First development plan 1919-1926 and Second development plan 1946-1956 promoted large scale production of palm oil, cocoa timber coffee, rubber gold bauxite, manganese (commodities)	CULTURAL Reduced tribal wars, ethnic mistrust and tensions; Social Status equated to material wealth
DATE POST COLONIAL (1957 -	HISTORICAL Gained independence on 6 th of March 1957, became a republic and a member of the Commonwealth of Nations on 1 st July 1960	POLITICAL Numerous political interventions by the military; Six civilian governments interspersed with five military regimes Presently Ghana has a Multi party government with executive President	ECONOMIC The first postcolonial development plan (1959-1964) aimed at diversifying the economy from commodity to import substitution industrialization. Socialist approach to development (1957 -1966); Stunted growth(1966-1985) Primary economy depending on cocoa, gold, bauxite, manganese, and timber Economic development through industrialization policies aimed at wealth creation Promotion of other economic sectors such as tourism	CULTURAL Reduced tribal wars, ethnic mistrust and tensions leading to political upheavals Status equated to material wealth with changing emphasis on smaller family size, education and property ownership

CHAPTER THREE

TOURISM AND HOTEL DEVELOPMENT IN GHANA

3.1 INTRODUCTION

The previous chapter examined the effects of cultural factors on political and economic development of Ghana and described how ethnic group diversity and cultural expectations in Ghana shaped the political landscape and resulted in political upheavals which hampered the economic development of the country. It emphasized the importance of values such as ethnicity, acquisition of property and social respect and recognition in Ghana.

This chapter draws on the key themes of cultural, historical, political and economic context of Ghana examined in Chapter 2 and relate it to the evolution of tourism and the hotel industry in Ghana. The chapter will examine:

- the evolution of tourism in Ghana
- tourism administration and the sources of tourism demand in Ghana
- growth trends in the tourism accommodation sector
- the contribution of tourism to the Ghanaian economy.

The examination of these themes will help provide answers to research question on how cultural, historical political and economic development of Ghana contributed to the development of the tourism industry.

3.2 EVOLUTION OF THE TOURISM INDUSTRY IN GHANA

In the pre-colonial period, before Ghana was colonised in 1874, people travelled within and out of Ghana for economic / non-economic reasons or a combination of these reasons. Adu-Febiri (1994), records that migration, warfare and trade were the main drivers of movement of people in the country in the pre-colonial and colonial era. Early travellers from North Africa and Europe to Ghana were more of traders than tourists. These travellers depended on the traditional hospitality of the Ghanaian culture for accommodation and meals since there were virtually no commercial facilities to cater for the demand for services created by the travellers. Services provided were not measured in monetary value but seen as a social contribution and a way of life (Adu-Febiri, 1988).

The Portuguese were the first Europeans to arrive in Ghana in 1482 and were followed by the French, English, Dutch, Swedes and the Danes. These

Europeans travelled to Ghana for trade (including slave trade) and evangelism. Turner and Ash (1975) explains that conventional development of tourism (adventure, education, health and religious) could not develop in the Gold Coast mainly because of the insecurity related with the slave wars. For example, there were several inter-ethnic wars among people from the middle sections and coastal sections of the Gold Coast in an effort to control the profitable trade routes and expansion of ethnic territories (Boahene, 1975). These inter-ethnic wars caused widespread movement (travelling) of the ethnic groups across Gold Coast though not for the purpose of tourism.

As a result, there was very little tourism activities in colonial Ghana (1874 – 1957). Tourism was not of any significance to the colonial economy. This was reflected in the first colonial development plan for Ghana (The Guggisberg Seven-Year Development Programme (1919 -1926). The plan focused on the development of basic physical and social infrastructure to aid the extraction of primary resources such as gold, bauxite and manganese from the country. The next colonial development plan, Ten Year Plan of Development and Welfare of the Gold-Coast 1946 – 1956, aimed at consolidating the achievements of the first plan. Thus, both colonial development plans drawn between 1919 and 1956 (thirty-seven years) did not intend to develop Ghana's tourism (Acheampong, 2007).

After independence in 1957, the role of tourism in national development was recognised by the government and tourism was given attention in the first postcolonial development plan of Ghana-1959-1964. The plan recognised that the “possibilities of developing the tourist industry in Ghana are immense” (p.24). Some efforts were made to implement the tourism goals expressed in this plan with the establishment of the National Tourism Organisation (NTO) to see to the planned development of tourism. Acheampong (2007) state that the next Development Plan (1965-1970) did not give much recognition to tourism as the first plan. The governments' attention shifted to the industrialisation of agriculture and the setting up of import substitution industries as the focus for economic development. The justification for this as stated in the Development Plan (1965-1970) was “in all advanced economies, the manufacturing sector tends to be the most dynamic sector in the economy” (p.9). Thus governments'

attention focused on the setting up of industries to the neglect of tourism development

This objective could not be realized as a coup d'état in 1966 disrupted the implementation of the second post-colonial development plan which was for the period 1965-1970. The development of tourism did not receive much government attention after the coup. However, "the military government which was in power from 1966-1969 soon recognised the importance of tourism in national development and reinstated the National Tourism Organisation formed by the previous government and which it had dissolved earlier after the coup" (Ghana Year Book, 1977, p. 248). In 1972, the civilian government led by the Progress Party which succeeded the military government in 1969 passed an Act to re-organise the National Tourism Organisation (Act 349, p.2) and appointed a committee of experts (Obuam Committee) to take inventory of Ghana's tourism resources and make recommendations to develop the industry (Obuam Committee, 1972).

The Progress Party (PP) was ousted from power in 1972 by a military coup led by the National Redemption Council (NRC). The military NRC regime also acknowledged the importance of tourism and issued a white paper on tourism in 1973 emphasising that "government would allocate tourist development funds on a programmed basis and the long-term development of tourism will be regarded as part of the overall national economic development plan" (Ghana Year Book, 1977, p. 11).

The recommendations of the Obuam Committee were accepted by the NRC regime and incorporated in the National Development Plan and in 1974 a team of tourism consultants from Denmark (Hoff and Overgaard consultants) were appointed to formulate the first Master Tourism Plan (1975-1990) for Ghana. However, this plan could not be fully implemented due to lack of funds. In spite of this, between 1972 and 1978, a number of studies were carried out on some key aspects of Ghana's tourism as shown in the Table 3.1 below.

Table 3.1 Some Key Studies On Ghana's Tourism (1973-1978)

Year	Study Area	Author/Organization/Committee
1973	Tourism planning and development, and a review of human , resource requirements for the , tourism sector	(United Nations Development Programme,
1973	Identification Of requirements for a comprehensive tourism development strategy by the United States Agency for International Development	United States Agency for International Development
1973	Tourism impact assessment- foreign exchange earnings	Ghosh and Kotey
1973	Developing the Tourism Industry in Ghana, Accra, Ghana :	Steward W/ United States Agency for International Development
1975	Tourism impact assessment- tourism multiplier effects	Ayithey, G
1975	Tourism impact assessment- socio-cultural impacts	Addo <i>at al.</i>
1975.	The effective resource utilisation for tourism development	United States International Executive Service Corps
1975.	Tourism in Ghana: Utilizing Present Resources: A Report Prepared for the Ghana Tourist Control Board, Accra, Ghana: Volunteer International Executive Service Corps (Project Number G433).	Egan, E./ Volunteer International Executive Service Corps
1978	Manpower and Training Requirements of the Tourist Industry	Singh, K. / United Nations Development Programme.

Source: Compiled by Author

The next civilian government (Peoples National Party-PNP) that was in power from 1979-1981 continued to recognise the importance of tourism development and drew plans to develop the industry from a national cultural perspective (Economic Survey, 1982). The PNP government was overthrown in 1981 but in 1985, the military government (Provisional National Defence Council) which was in power from 1981-1992, rated tourism with the same priority as agriculture, construction and manufacturing. This is reflected in the Ghana investment code of 1985 that offered incentives for investors in these sectors. The government in 1987 adopted a tourism policy proposal by the Ghana Tourist Board and in 1991 gave legal support to a Medium Term Tourism Development Plan for the period 1992-1994 (NTDP, 1996-2010)

The above narration shows how tourism has been recognised as important to national development by various governments in Ghana since 1957. Teye (1988, p. 337) argue that “in spite of numerous and frequent changes in governments in Ghana since 1957, they all endorsed the importance of tourism in the national development agenda”. This is evidenced in Table 3.2 below

which outlines the role various governments have played in the development of tourism in Ghana since 1957.

Table 3. 2 Role of Governments Tourism Development

	Government	Year	Role
1	CPP	1957-1966	Incorporate tourism in the first national development plan; created and funded National Tourism Organisation (NTO); built and funded state hotels
2	NLC	1966-1969	Dissolved NTO in 1966 but restored it in 1968; Funded NTO and state hotels
3	PP	1969-1972	Re-organised NTO; Appointed Obuam Committee
4	NRC/SMC I	1972-1978	Adopted report of Obuam Committee, Incorporated tourism in the Medium Term development Plan; Established the Ghana Tourist Board and the Ghana tourist Development company; Appointed Hoff and Overgaard consultants; Adopted Tourism Master Plan; Funded various tourism studies; Funded state hotels.
5	SMC II	1978-1979	Funded NTO, Ghana Tourism Development Corporation (GTDC) and state hotels
6	AFRC	June-Sept 1979	Interrupted funding of NTO, GTDC and state hotels
7	PNP	1979-1981	Gave Tourism a Ministerial status but attached it to that of culture and Information. Funded NTO, GTDC and state hotels
8	PNDC	1981-1993	Tourism continued to have ministerial status; Adopted tourism policy proposals and the Medium Term National Tourism Development Plan; Funded NTO, GTDC but divested the state hotels
9	NDC	1993-2000	Created a separate Ministry of Tourism, Funded GTDC, divested the state hotels
10	NPP	2001-2008	Funded and adopted the 15 year tourism development plan 1996-2010, Ceded national Tourism Training school (HOTCATT) to Ghana Institute of Management and Public Administration (GIMPA)
11	NDC	2009- ?	Adopted the national tourism marketing plan

Sources: Second Development Plan (1959-1965); Ghana Year Book (1977); Investment Code (1985); Teye (1988); Medium Term National Tourism Development Plan for Ghana 1992-1994 (1991).

Acheampong (2007) notes that as early as 1957 the government's strategy for hospitality development was to provide first class accommodation and restaurant facilities. This was in line with the national development strategy of the then CPP government, which adopted the large scale, capitalist approach to development. This strategic approach to hotel development was highlighted in the Master Tourism Plan 1975-1990, which "recommended the renovation and expansion of government hotels, which has been established between 1957 and the 1970s, to international standards. It also recommended the "development of large scale mass beach oriented tourism involving charter operations" (p.13). This is re-emphasised in tourism policy measures (1987, p.9) that "for tourism to take off in Ghana, the country needs holiday resorts for

beach tourism; luxury hotels for conferences and business tourism and hostels for domestic tourism". This strategic approach to hotel development was again expressed in the Medium Term National Tourism Development Plan 1992-1994 (1991, p. 18) that "the two main types of tourism to be promoted will be leisure travel and business travel. Conference and convention tourism will be vigorously promoted under business tourism. The plan also indicated how hotel projects will be developed. "Ghana would attract new investments in the hotel sector at international standards in each tourist circuit" (p. 49).

Interestingly these plans could not fully materialise due to economic challenges discussed in Chapter 2, as well as unskilled tourism personnel and traditional entrepreneurial, management and cultural practices that prevailed in the country (National Tourism Development Plan, 1996-2010, Adu-Febiri, 1994).

This however did not discourage the pursuit of the agenda of tourism development. A 15-year National Tourism Development Plan (1996 - 2010) was drawn up in 1995 by the government. The objectives of this plan were to achieve a tourism-led private sector economic growth by improving the capacity, quality and performance of the tourism industry, and ultimately the tourism experience in Ghana. This will be done through (a) Product development and marketing; (b) Institution Capacity Development; (c) Human Resources Development (HRD) and (d) Tourism Management Information Systems (NTDP, 1996-2010). To facilitate the implementation of this plan, a five-year tourism strategic plan (2002 - 2007) was developed with the assistance of United States Agency for International Development (Tourism Strategic Plan, 2002 - 2007).

From the foregoing, the role of the state in the development of tourism since 1957 has been fairly consistent. Various governments, both military and civilian, have been involved in the formulation and implementation of tourism plans and policies. Jenkins and Henry (1982) note that it is crucial for governments in developing countries, where the private sector often lacks the resources or the enthusiasm to bear the responsibility, to be involved in tourism development. They are of the view that the outcome of such government

involvement is determined by the nature of the state, its development orientation and available economic and cultural resources.

Currently, tourism is perceived in Ghana as the most promising sector of the national economy. It is currently the number four foreign exchange earner after gold and cocoa and remittances and it is expected to contribute substantially to foreign exchange earnings for the country by the year 2020 due to the ever-increasing rate of international arrivals (NTDP, 1996-2010). (See Figure 3.1 for international arrival figures). Ghana Poverty Reduction Strategy II (GPRS II, 2006-2009) notes that Government intends to develop Ghana into an internationally competitive tourist destination through the 1996-2010 National Tourism Development Plan (NTDP). The NTDP seeks to draw the attention of the private sector and government agencies involved in the development of infrastructure for tourism to the importance of the sector towards the nation's development agenda. The government intends to improve skills in the hospitality industry, and identify opportunities and plan developments necessary for the sector. Key policies for the development of tourism to be pursued over the period as outlined in the National Tourism Development Plan are summarised in Table 3.3 below:

Table 3.3 NTDP Key Policies

1	Promote tourism as a major source of international/national revenue
2	Modernise the capital city to attract investment and tourism
3	Promote domestic tourism to foster national cohesion as well as redistribution of income
4	Promote sustainable and responsible tourism in such a way to preserve historical, cultural and natural heritage
5	Enhance capacity and strengthen the legal and institutional framework to support the tourism industry

Source: NTDP (1996 – 2010)

So far, these policies are being pursued and data from the Ghana Tourist Board indicates that the National Tourism Development Plan (NTDP) has helped to promote domestic tourism in general and the development of historical, cultural and natural heritage sites in particular (GTB 2009).

Ghana's long-term vision is to use its favourable geographical position, as discussed in Chapter 2, and international reputation to facilitate tourism promotion. GHANA-VISION 2020 (Ghana's Long-Term Development Objectives) seeks to establish Ghana as a major venue for international tourism and increase foreign exchange earnings from tourism; by establishing Ghana as a major centre for cultural tourism (National Development Policy Framework (NDPF), 1996-2020). GHANA-VISION 2020, which provides a basis for establishing tourism development policy and growth targets, specifically identifies tourism as providing an important opportunity for economic development based on natural, historic and cultural resources of the country. To realize the full benefits of the tourism industry, the government of Ghana with funding support from United Nations Development Programme (UNDP) and World Tourism Organization (WTO) has developed several documents and project reports including:

1. The national tourism development plan 2006 to 2010
2. Five year tourism development action plan 2001 – 2006
3. Five year tourism development financial plan 2001 – 2006
4. Ten regional Tourism plans
5. Prefeasibility study for selected tourism projects
6. Tourism marketing plan 2009-2014
7. Tourism awareness programme and tourism behaviour code
8. Review and recommendations on improvements to hotel and restaurant licensing requirements and classification standards
9. Review and recommendations on improvements to tour and travel agency licensing requirements
10. Technical and financial assistance for major improvement of the hotel catering and tourism training centre

Currently, tourism infrastructure is not well developed. There are only few first class hotels and tourist-related services. The broad policy thrust of government is to tap into the potentials of the sector by making Ghana a competitive and quality tourism destination whilst preserving the country's cultural, historical and environmental heritage (NTDP, 1996-2010). The preparations of the above documents are to facilitate the realisation of this goal. The National Tourism Development Plan (NTDP, 1996-2010) notes that there are major constraints to

overcome, including Ghana's lack of adequate infrastructure, inappropriate marketing strategies, inadequate health and safety-related services and others that are important for tourists, such as tourist police and loss-recovery facilities.

From the foregoing, even though strategic tourism development has been on the agenda of successive governments in Ghana since 1957, the industry's development has been sporadic due to frequent changes in government and is still in its early stages of development. The Ministry of Tourism recognises that the implementation of previous tourism development plans has been fraught by challenges be they economic, political and cultural. The Ministry is of the view that the underlining drivers that has hampered the development of tourism in general and the hotel sector in particular needs to be identified and incorporated into existing plans to make them feasible (Ministry of Tourism, 2009).

3.3 TOURISM ADMINISTRATION IN GHANA

To facilitate implementing the tourism agenda in the first post-colonial development plan (1959–1964), the National Tourism Organisation (NTO) was established in 1959 and incorporated on 28th April 1960 by Executive Instrument 121. Under the auspices of the NTO, the State Hotels and Tourist Corporation (SHTC) was set up in 1963 by Executive Instrument Number 7. The SHTC was mandated to oversee the provision of tourist accommodation and related facilities as part of the national agenda of tourism promotion (Ghana Year Book, 1977).

In 1965, to give emphasis to the development of tourism and in particular hotels, the State Hotels and Tourist Corporation (SHTC) was separated into two organisations, namely the Ghana Tourist Corporation (GTC) and the State Hotels Corporation (SHC) by Legislative Instrument Legislative Instrument 466. This was to allow the SHC to manage the growing number of state hotels. The mandate of SHC was to undertake all or any of the businesses of proprietors and keepers of hotels, restaurants, cafes, motels, Rest houses, beer-houses and refreshments rooms and to provide a sufficient number of hotels and similar places of lodging in all important centres in the Republic (Ghana Year Book, 1977).

The Ghana Tourist Corporation was dissolved in 1966 after one year of operation by the military government and replaced with a committee, which later recommended the need to re-establish the Ghana Tourist Corporation (Ghana Year Book, 1977). Thus the Ghana Tourist Corporation (GTC) was re-established on October 2, 1968 by a decree, NLCD 310 which was enacted on January 12, 1971 by The Ghana Tourist Corporation Act, 1970, Act 349.

In 1973, the Ghana Tourist Corporation (GTC) was separated into two organisations namely, the Ghana Tourist Control Board (GTCB) and the Ghana Tourist Development Company Limited (GTDCL) in order to make it more efficient (NRC Decree 224). The GTCB was to exercise regulatory control in the industry while the GTDCL was to handle the commercial aspects of government tourism facilities (Hotels, guesthouses, casinos and travel Agencies). The State Hotels Corporation (SHC) thus became an arm of the GTDCL (Ghana Legislative Instrument 116).

In 1977, the Ghana Tourist Board (GTB) was established to replace (GTCB) under SMC Decree 80 to oversee tourism development and promotion in all the regions of Ghana. Both the GTB and the GTDCL have remained to date. However, the functions of the GTDCL have been amended to include the mobilisation of investment resources, including financial and technical assistance for small scale tourism enterprises (GTB, 1993). The State Hotels Corporation has however been divested and its assets sold to the private sector (Divestiture Implementation Committee, 1993).

Though various organisations have been established to oversee tourism development in Ghana since 1957, it was not until 1974, that the first tourism policy paper, based on the Hoff and Overgaard Report (1974), "Tourism in Ghana", was issued by the government. This policy paper was never implemented or updated due to the unfavourable and unstable economic and political environment that prevailed in the country. In 1987, new policy proposals developed by the Ghana Tourist Board were adopted to help develop the industry but lack of funds has unduly hampered its implementation (NTDP, 1996-2010).

Between 1959 and 1975, there were more than eight changes on the name, status and mandate of the National Tourism Organisation and its organs. These changes were usually accompanied by changes in its leadership. These frequent changes associated with leadership changes of the NTO and its organs contributed to its weakness to formulate and implement comprehensive tourism policies (Teye, 1988). It is not surprising that in spite of various governments' recognition of tourism since 1957, it was not until 1974 that a tourism policy paper on Ghana was adopted and a tourism policy developed in 1987(Teye, 1988).

Political stability since 1981 has had positive impacts on many sectors of the Ghanaian economy including tourism. Thus in 1981, a separate Ministry was created to enhance tourism development in Ghana. This Ministry currently called the Ministry of tourism, which has the responsibility for the development of the tourism industry in Ghana, has gone through several political/administrative transformations since its inception. The Ministry was initially coupled with the Ministry of culture and was thus named Ministry of Culture and Tourism, charged with promoting Ghana's cultural heritage. It was disassociated from the Ministry of Culture and attached to the Ministry of Trade as Ministry of Trade and Tourism (Ministry of Tourism, 2009).

In 1993, the government realizing the immense contribution the tourism industry was making to the Ghanaian economy, wanted to give it the desired attention and separated it from the Ministry of Trade and established an independent Ministry of Tourism. Like many other countries, the capital city of Ghana plays an important role in the development of tourism. Ghana's only international airport for example is located in the capital city, Accra and most international tourists arriving in Ghana by air, by default, arrive and spend some days in the capital city. Thus in accordance with the objectives of the National Tourism Development Plan - NTDP (1996-2010), government decided to modernize the capital city to make it more attractive to tourists arriving into the country. This responsibility was placed under the Ministry of Tourism and thus in 2003, the name of the Ministry was once again, changed to Ministry of Tourism and Modernisation of the Capital City. This title lasted for only three years. The name of the Ministry was again changed in 2006 to the Ministry of Tourism and

Diaspora Relations in order to give emphasis to attracting Africans in the Diaspora to visit Ghana as a means of promoting the country's cultural heritage which is one of the key policies in the NTDP (1996-2010). Indeed this paid off with the number of visitors from the Diaspora increasing by about 20% per annum (GTB, 2008). However, after three years, in 2009, the name of the Ministry was again changed to Ministry of Tourism and has remained so to date. The significance of these changes, though well intended does not auger well for effective long term planning and affects the sustained development of the tourism industry (NTDP, 1996-2010).

Among its functions, the Ministry through its implementation agency, the Ghana Tourist Board (GTB), is to keep a register of hotels and other types of accommodation, classified as suitable for tourists through a quality assurance programme. The administration of tourism and hotels since 1957 has brought great improvement in the industry. Recently (August 2010), the government of Ghana approved the first ever Tourism Bill which spells out the government's vision and direction for the development and utilisation of the tourism industry to enhance national socio-economic transformation. The bill seeks to empower the Ministry of Tourism and its agencies to manage the sector effectively and profitably to meet international standards. It will also enable the Ministry to regulate the sector to meet international standards and make it the leading foreign exchange earner for the economy (www.ghana.gov.gh).

3.4 DEMANDS FOR TOURIST ACCOMMODATION

The Handbook of Commerce and Industry (Ministry of commerce and Industry, 1951, 1957) indicates that around the time of Ghana's independence in 1957, there were only six licensed hotels in Ghana. This was attributed to the fact that there was no effective demand for commercial tourism accommodation and domestic tourism was not popular and also traditional culture did encourage the few who did travel to spend the night with relatives or friends. Government officials and the few expatriates and business people who had some discretionary income to travel had access to government bungalows and private facilities. Thus nationwide the demand for tourist accommodation was limited and was mainly generated by seafarers (merchants) and people departing for or

arriving from Europe in the coastal towns with seaports (Acheampong, 2007). Some entrepreneurs recognised this opportunity and invested in basic tourism accommodation facilities. The first known private commercial accommodation (Sea View Hotel) was established in the 1930s (exact date unknown) on the coast of Accra, the capital city of Ghana. Demand from business travellers and not holidaymakers triggered the initial investment in commercial accommodation in Ghana. Most of these initial commercial accommodations were not purpose built. They were the private homes of the entrepreneurs that were turned into hotels (Acheampong, 2007).

The supply of tourist accommodation is related to demand for accommodation by tourist, supporting facilities, available tourist attractions and economic activities in a country. The demand for tourist accommodation in Ghana can be classified into two (domestic and foreign). Domestic demand is the demand created by Ghanaians living in Ghana. Like most developing countries, this type of demand is affected by general economic conditions in the country (low disposable income) as well as cultural norms which encourage Ghanaians to stay with relatives when they travel. The extended family system which is an attribute of national culture, contributes to this custom. This has not changed much and at present people still put up with relatives when they travel. Thus in the period before the country's independence in 1957, demand from Ghanaians for tourism accommodation was almost negligible (Acheampong, 2007).

On the other hand, the foreign community in Ghana before 1957, made up of colonial administrators and merchants from Europe were accustomed to leisure travel. The foreign community had discretionary income for leisure purposes but due to the limited tourism accommodation across the country, the foreign community, the government and the merchant companies built private guesthouses for their private use at tourist locations. Some of these facilities can still be found at some attractions in some regions (Acheampong, 2007).

Thus before independence in 1957, the economic environment coupled with cultural practices combined to create negligible demand and did not encourage the large-scale investment in commercial accommodation. Acheampong (2007) notes that the situation started to change after independence with the returning

home of the colonial officials and merchants who spread news about Ghana. Thus the Danes, Dutch and Germans who were once involved in the slave trade in Ghana in addition to tourists from Britain formed the core of the first international (outside Africa) tourist traffic to Ghana.

In recent times, the demand for tourist accommodation by domestic tourist has improved due to the growing number of the middle class who own businesses or work for the government. This has been created by the favourable economic achievements due to economic recovery and structural adjustment programmes pursued by the country during the 1980s and Acheampong (2007) observes that Ghanaian business executives and public officials make up a substantial part of clients who patronize commercial accommodation.

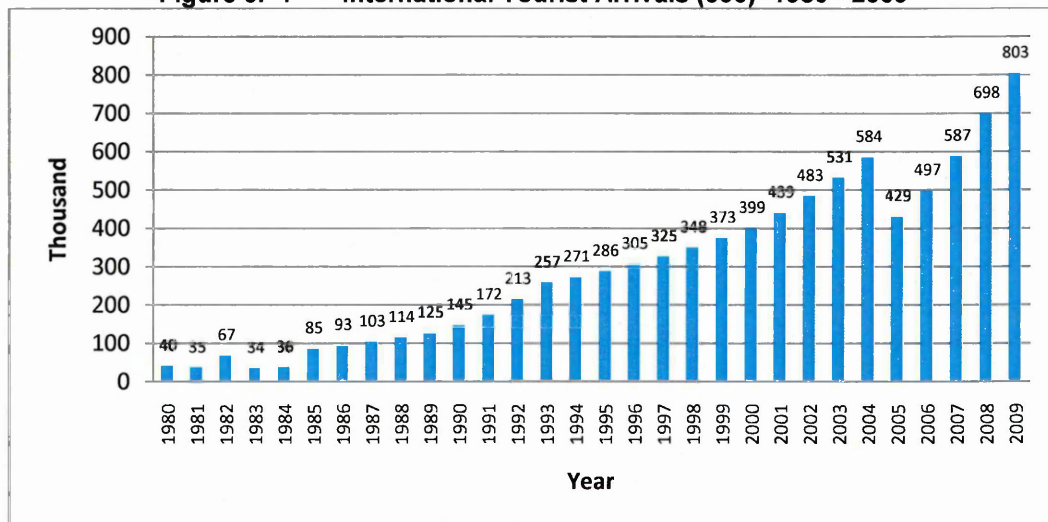
Ghanaians' do not travel necessarily for leisure purposes but the motivation for leisure travel for Ghanaians can be categorized into three (customary imperatives, peer imperatives and escapism) (Acheampong, 1996). Customary imperatives are those that compel Ghanaians to travel to partake in occasions such as marriages, traditional festivals and funerals. These are cultural exigencies imposed by extended family systems and traditions. Demand for accommodation during such occasions exceeds the supply from family homes and thus most Ghanaians who travel for such occasions use commercial accommodation. This creates demand for commercial accommodation and Ghanaians are putting up structures or turning their houses into hotels to meet this demand (Acheampong, 1996).

At the International level, tourist arrivals to Ghana have shown steady and positive growth trends and this was given a boost with the prioritization of the tourism sector by the government in 1985. Whilst the growth is typical of world trends, features such as the political instability within the country and in the West African region affect the trend. For example, fluctuations in arrival figures between 1980 and 1985 reflect the effects of coups which characterized the era. Arrival figures fell from 40,000 in 1980 to 35,000 in 1981 and again from 67,000 in 1982 to 34,000 in 1983 (GTB, 2008). The current political stability has contributed to the phenomenal growth trends as shown in Figure 3.1 below. The fall in arrival figures in 2005 is attributed to the introduction of a new

accounting system by the government (GTB, 2008). The general increase in tourist arrivals has created the demand for the supply of commercial accommodation in Ghana.

Analysis of available data on arrivals shows that Ghanaians who were returning home from overseas for varied reasons form a greater part of the international arrival figures. (See Figure 3.2 below for a comparison of Ghanaian tourist and total tourist arrivals). Even though these Ghanaians are visiting the country of their birth they were classified as tourist in accordance with the WTO definition of a tourist (persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes.) Ghana along with a few other countries such as Greece and Turkey count its nationals arriving from overseas as international tourists (Acheampong, 2007)

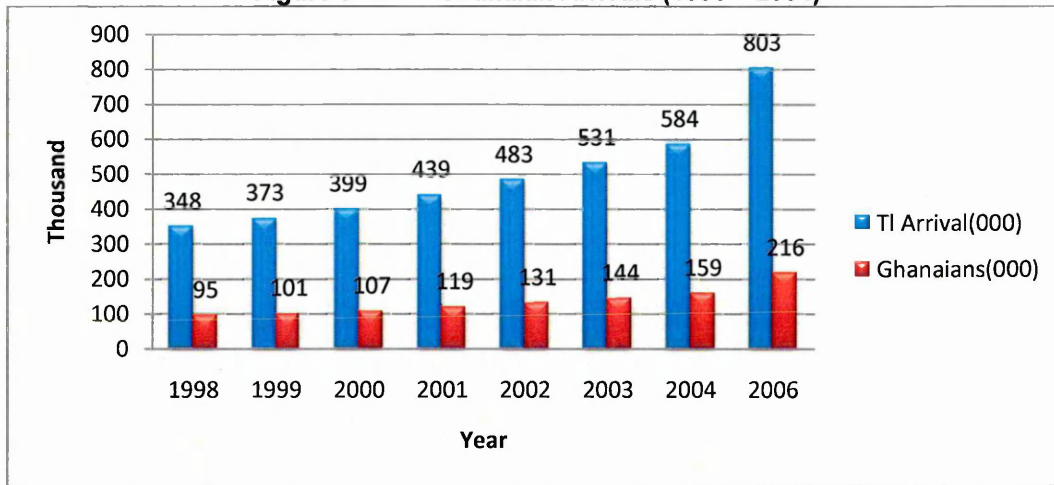
Figure 3. 1 International Tourist Arrivals (000) -1980 - 2009



Source: GTB 2009

On the average, Ghanaians form about 27% of international arrivals to Ghana. The predominance of Ghanaians in the international tourist arrivals has implications for the commercial accommodation sector since their cultural practices, expenditure patterns; length of stay is distinctly different from those of non-Ghanaian tourists. These Ghanaians usually put up with friends and relatives and spend less on commercial tourist services.

Figure 3. 2 Ghanaian Arrivals (1998 – 2004)



Source: GTB 2009

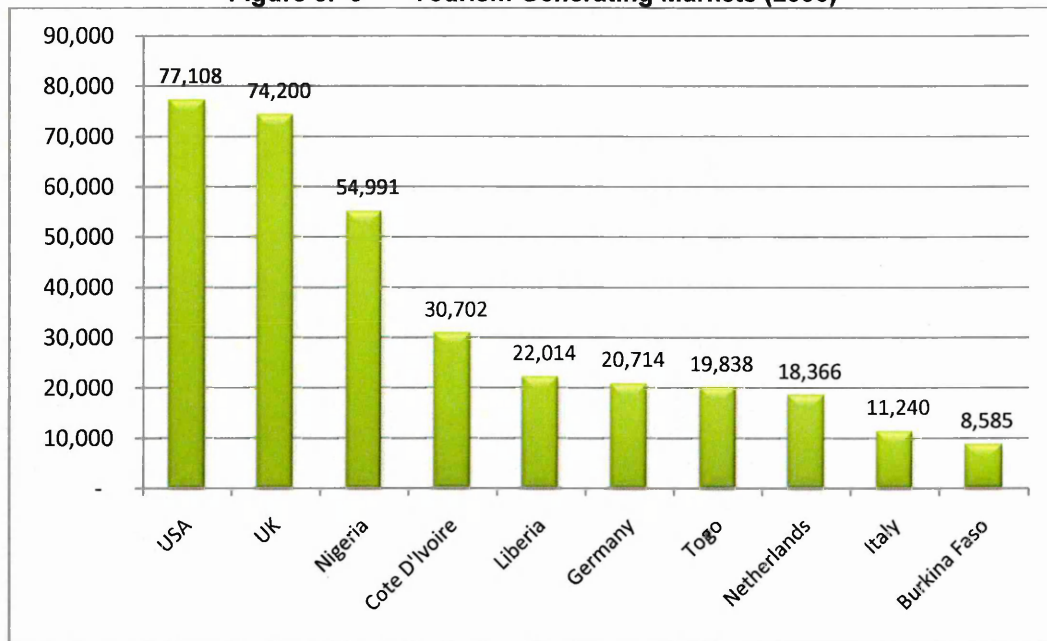
Figure 3.2 above only represent the period 1998 to 2006 but it represents a pattern in which Ghanaians returning home constitute a sizeable share of international arrivals to the country. (Current data is not accessible).

3.5 TOURISM GENERATING MARKETS- (SOURCES OF DEMAND)

Tourist arrivals to Ghana over the years have been generated from ten main countries. The 2006 figures, which are the most current, from the Ghana Tourist Board are typical of trends over the years. The arrival figures from the ten main tourist-generating markets are depicted in Figure 3.3 below.

A critical examination of the demand markets shows that demand from the five top non-African foreign tourist markets to Ghana, contributed 41% of the total arrivals of 497,129 in 2006. These were arrivals from the UK (15%), USA (16%), Germany (4%), Netherlands (4%) and Italy (2%). The UK and the USA are the leading sources of non-African international tourist arrivals because of colonial and cultural ties between Ghana and the two countries (GTB, 2009).

Figure 3. 3 Tourism Generating Markets (2006)



Source: GTB 2009

Further analysis of the international tourist arrival figures indicates that tourist arrivals from the ECOWAS (Economic committee of West African States) sub-region accounted for the 41 per cent (inclusive of overseas Ghanaians). Of this, the three highest contributing countries were Ghana contributing (13%), Nigeria (11%), Cote D'Ivoire (6%) Liberia (4%), Togo (4%) and Burkina Faso (2%). The above percentages highlight the importance of regional tourism to the development of Ghana's tourism.

The importance of African sources of demand implies that policies towards improving the rate of tourist arrivals must give attention to the promotion of Regional Corporation and the facilitation of travel among the nationals of African countries. The high arrival figures from African states indicate the regional nature of international tourism which shows that most foreign visitors to every country are from its neighbour countries.

Some efforts are being made in the Economic Community of West African States (ECOWAS) sub region to promote Regional Corporation through the effective implementation of the ECOWAS treaty. The treaty seeks to create a regional market of 210 million consumers, within which persons and goods can enjoy unimpeded movement between States, without discrimination. The

ECOWAS Treaty is aimed at regional integration and envisages the creation of an economic and monetary union among 15 West African states. The treaty is based on:

- Removal of duties and equivalent taxes
- Establishment of a common external tariff; and
- Harmonization of economic and sector policies.

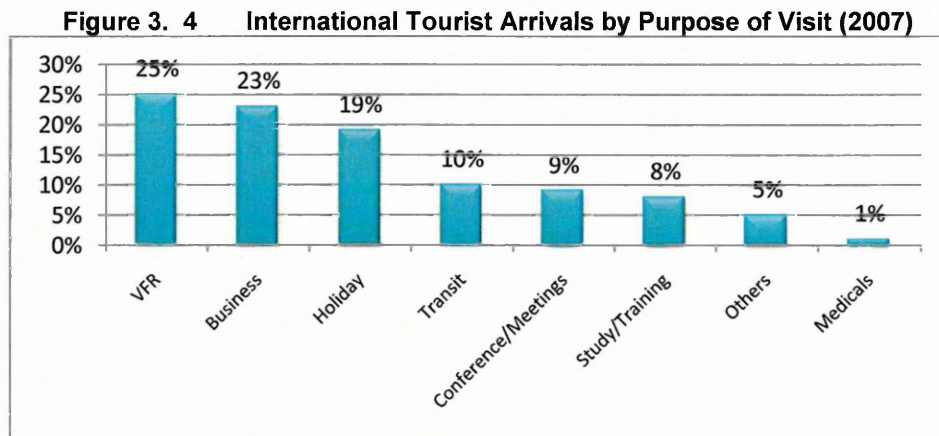
In reality, several constraints need to be addressed if this aim is to be realised. The abolition of visa requirement among member countries has not spared citizens of the community administrative harassment and extortion at border posts. Security check points also abound all along international roads within the West African sub region creating situations for corrupt practices which impact negatively on the promotion of tourism (<http://www.comm.ecowas.int/sec/index.php?id=treaty&lang=en>). The Ministry of Tourism proposes that a solution to this continuing problem would be for all ECOWAS member States to adopt a single official travel document, to represent community citizenship of the holders (MoT, 2008). Another challenge is that sixty percent of the 15 countries in the sub-region are Francophone whilst the rest are Anglophone countries. The issue of language needs special consideration if the promotion of regional tourism is to make any meaningful contribution to the economic and socio-cultural activities of member states. Ghana for example, is bordered on all sides by Francophone countries, in the north by Burkina Faso, on the east by Togo and on the west by Cote D'voire. Surprisingly not many Ghanaians are at ease with the French language and likewise many of the Francophone countries are not doing any better with the English language. The promotion of the learning of the English and French languages among the member countries will help facilitate communication which will encourage free movement among member states and hence the promotion of tourist activities(NTDP, 1996-2010).

3.6 PURPOSE OF TOURIST VISIT

From 1972 (when categorization of tourists began in Ghana) to 1992, the Ghana Tourist Board categorized the purpose of visit of tourist to Ghana into three as Business, Holiday/vacation and study. However, since 1993, the

categorization of purpose of visit has been expanded to include visiting friends and family, Transit, conference/meetings, medicals and others.

Existing records from Ghana Tourist Board (GTB, 2009) indicates that the purpose of international tourist arrivals to Ghana in 2007 was categorized into eight with those Visiting Friends and Family (VFR) making up the highest bulk of 25%. The other categories are as indicated in the Figure 3.4 below. (The 2007 figures are the latest available GTB)



Source: GTB 2009

According to the Ghana Tourist Board, the trend is representative of the purpose of arrivals since the 1980s (GTB, 2009).

The VFR category of tourists is made up of mainly Ghanaians and as indicated earlier they tend to live with friends and relations and do not make much use of commercial accommodation facilities because of cultural traditions which compel them to live with friends and family members. This trend is changing and most Ghanaians living overseas are putting up holiday homes, which they can live in whilst on holidays in Ghana, and lease it out during their absence for commercial purposes. The demand for and supply of commercial accommodation will in the long-term be affected by this evolving phenomenon.

The importance of the business category forming the second largest group (23%) is interesting to note since business travellers have the greatest tendency to use commercial accommodation instead of putting up with a friend or relative. It is worth noting that tourists classified into the other groups are equally likely to use commercial accommodation, creating demand and thus fuelling the supply

of such facilities. The next section discusses how the supply of tourist accommodation has been met from 1957 to present.

3.7 EVOLUTION OF THE ACCOMMODATION SECTOR

The supply of tourist accommodation is influenced by the political and investment climate created by prevailing government policies, demand conditions as well as the culture and attitude of the host population. These issues were discussed in Chapter 2.

The recorded history of hotel development in Ghana dates no farther back than 1930s (Guide to Ashanti Hotels and Restaurants, 1986). As noted earlier, before independence in 1957, cultural practices and economic conditions of the local population did not encourage the development of the tourism accommodation sector. Going on a holiday was not part of the culture of Ghanaians and if people travel, they were expected to stay with relations. Thus, demand for tourist accommodation by Ghanaians in the era before independence in 1957 was insignificant. The level of demand was no different in international tourist arrivals into the country since at the time, Ghana did not possess any developed tourist attractions such as the national parks in Kenya or the historical pyramids of Egypt (Acheampong, 2007).

Acheampong (2007) notes that the provision of tourist accommodation before and in the immediate years after Ghana's independence in 1957 was a private sector activity and the facilities were owned and operated by individual local entrepreneurs. These facilities catered for the limited source of demand generated by the passengers and crew of merchant steamships docking in the seas at the capital city of Ghana, Accra. Accommodation facilities such as the 1) Sea view Hotel, 2) Aams Hotel, 3) Avenida Hotel, 4) Trocadero Hotel, 5) Accra Hotel and 6) Ringway Hotel were established in the capital city of Ghana, Accra, by private local entrepreneurs around the 1930s to meet this demand. According to the handbook of commerce and Industry, and the Ministry of commerce and Industry published in May 1951 & 1957, the six hotels mentioned above were the only licensed hotels in Accra at the time of independence in 1957. There are no records indicating that other hotels existed in other regions of the country around 1957.

At independence in 1957, the government decided to promote tourism and also present Ghana to the outside world. This led to the “adoption of tourism as a development tool” in the development plan of 1959 (Development Plan 1959-1964, p 24). After independence in 1957, the government provided general infrastructure and funded the National Tourism Organisation, which was set up in 1959 to coordinate the development of tourism.

In pursuit of this strategy and as part of its national investment acceleration policy, the government established and managed the two first-ever state owned hotels- Ambassador Hotel (1957) and Continental hotel (1959) in Accra. The initial patronage of these state owned hotels, encourage the government to put up hotels in the other regions of the country. In all the government established eleven hotels and guesthouses of international standards in accordance with its development philosophy. (Table 3.4 below shows the list of hotels and guest houses and the regions where the state developed and managed tourist accommodation facilities). The state thus became very active in the development and operations of hotels between the 1957 and 1980s. In 1965, the State hotels Corporation, a government agency, was set up to manage the state owned commercial accommodation which included six hotels and five guesthouses (Acheampong, 2007).

Table 3. 4 Hotels Operated by the State as at 1966

	Region	Hotel	Guest House
1	Greater Accra- Accra	Ambassador	-
2	Greater Accra- Accra	Continental	-
3	Greater Accra- Accra	Star	-
4	Greater Accra- Tema	Meridian	-
5	Ashanti - Kumasi	City	-
6	Western - Takoradi	Atlantic	
7	Central - Cape Coast	-	Catering Rest House
8	Ashanti - Kumasi	-	Catering Rest House
9	Brong-Ahafo - Sunyani	-	Catering Rest House
10	Northern - Tamale	-	Catering Rest House
11	Upper East - Bolgatanga	-	Catering Rest House

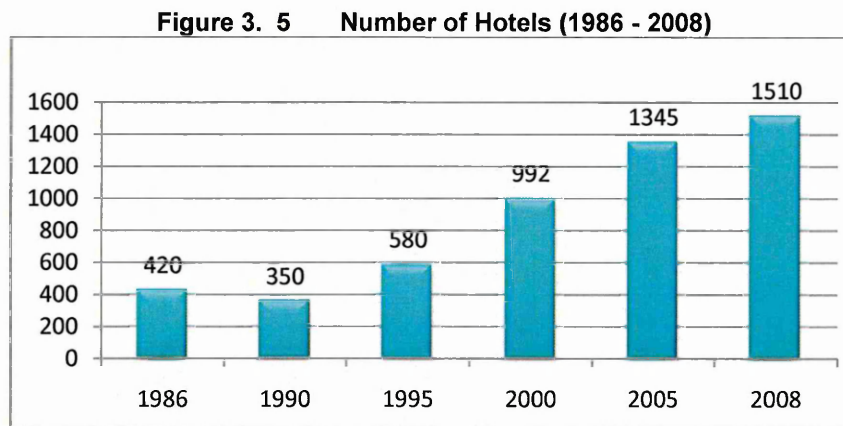
Source: Second Development Plan 1959-1964 (1959); Ghana Year Book (1977)

By the 1980s, “the governments heavy investments in state enterprises as the main vehicle of structural and economic transformation had failed to yield the desired results” (Lall *et al* 1994, p. xii–xiii). The investments in the state hotels were no exception. The state hotels and guesthouses, though had operated successfully till the mid 1980s, were not sustainable due mainly to political instability and declining economy. Hence, in the early 1990s, the Government relinquished its interest in these properties and privatized them. Since then, government has shifted its focus from ownership of tourist accommodation facilities to one where it encourages local entrepreneurs, through the creation of an enabling investment environment, to invest in the sector (Acheampong, 2007). The tourism accommodation sector in Ghana has therefore gone a full circle from being private led investment activity in the period before independence in 1957 to government driven from 1957 to the early 1990s and back to a private sector led currently. The hotel sector is now dependent on the private sector for its development. Some successes have been achieved with the sector experiencing considerable growth from the late 1980s to date. Between the period 1986 and 2008, the number of hotels and hotel rooms increased from 420 to 1,510 (260%) and 2, 321 to 24,410 (952%) respectively (Ghana Tourist Board, 2009). These growth trends are discussed in the next section.

3.8 HOTEL GROWTH TRENDS

Since 1985 when a separate Ministry was established to oversee the development of tourism, there have been significant quantitative and qualitative improvements in the supply of tourist accommodation in Ghana. Since the government divested its interest in hotel ownership and management in 1990s, the hotel sector has been experiencing an average annual growth rate of about 10 per cent due mainly to private sector investments. The highest growth rates in the provision of tourist accommodation facilities were achieved in 1992, 1996 and 2000, averaging about 20.5% for these years. Remarkably 1992, 1996 and 2000 were years that new governments were elected into power and the political climate may have boosted investor confidence. The trend did not however continue in 2004 and 2008 which were also election years. The number of hotels grew at a rate of 5% in these years. Further research is required to explore how political activities in election years impacts on the

growth rate of hotels. Data on the number of hotels in Ghana before 1986 was not available at the time of this research. However, Figure 3.5 below shows the growth in the number of hotels for selected years from 1986-2008. (See Appendix 1 for the annual growth figures on the number of hotels from 1986 to 2008).

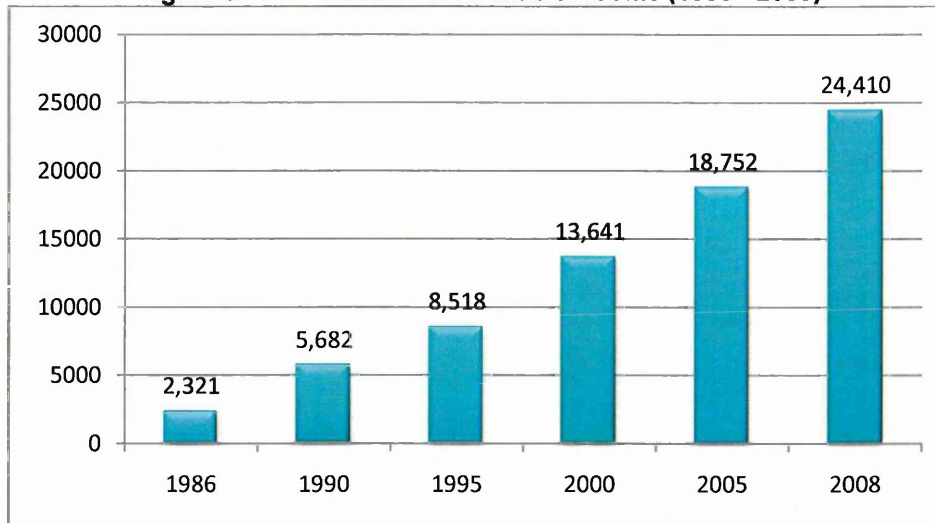


Source GTB 2009

The Ghana Tourist Board attributes the decrease in the number of hotels from 420 in 1986 to 350 in 1990 to strict enforcement of licensing rules (GTB, 2009). The general growth in the number of hotels especially from 1986 is linked with the political and economic stability of the country as discussed in Chapter 2. An investment code that was passed in 1994 by the government in accordance with its policy of providing a favourable atmosphere to promote the development of tourism, also contributed to the growth in the hotel sector. The code contained special concessions for the hotel sector. The two most significant concessions were a tax reduction from 35 percent to 25 percent of net profits from hotel operations and a duty-free tax on importation of hotel equipment and furnishings such as refrigerators, air conditioners, soft furnishing and service tools (Ghana Investment Promotion Centre Act, 1994).

Within the period 1986 and 2008, the number of hotel rooms also increased by over 950% from 2,321 in 1986 to 24,410 in 2008 (GTB, 2009). Figure 3.6 below shows the growth in the number of rooms from 1986 to 2008.

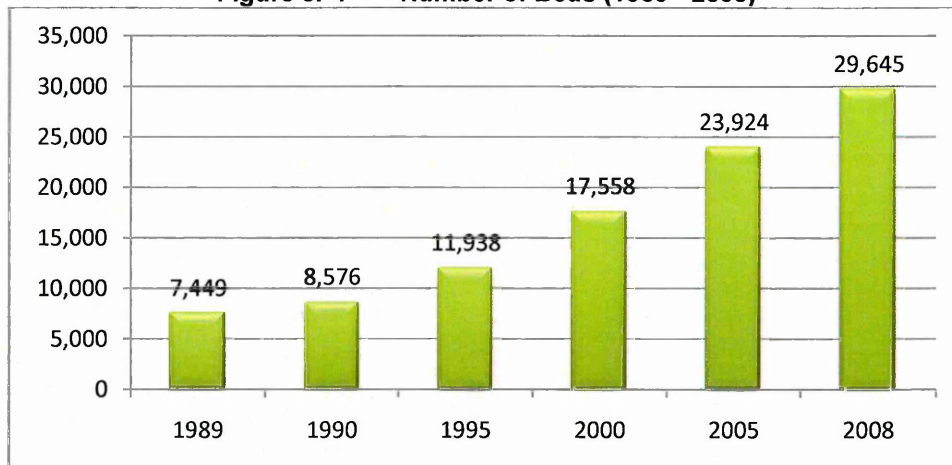
Figure 3. 6 Number of Available Rooms (1986 - 2008)



Source: GTB 2009

The growth in the number of hotels and hotel rooms consequently brought about increase in the number of beds in the tourist accommodation sector. The number of beds in the tourist accommodation sector increased by over 298% from 7,449 in 1989 to 23,924 in 2008. (Figures for 1986 were not available). Figure 3.7 below shows the growth in the number of beds from 1989 to 2008.

Figure 3. 7 Number of Beds (1989 - 2008)



Source: GTB 2009 (*Figures before 1989 are not available.*)

It is interesting to note that whilst between 1990 and 1999, Ghana's average Gross Domestic Product grew at 2%, the number of hotels and international tourist arrivals grew at 12% respectively. The average hotel growth rate was higher by three percentage points above the average room growth rate and 5 percentage points above the average bed growth rate. Table 3.5 below is a

summary of growth rates of GDP, hotels, rooms, beds and arrivals from 1990 to 2008.

Table 3. 5 Summary of Growth Rates

	Year	Average Hotel Growth Rate	Average Room Growth Rate	Average Bed Growth Rate	Average Arrival Growth Rate	Average GDP Growth Rate
1	1990 - 1999	12%	9%	7%	12%	2%
2	2000 - 2008	7%	10%	8%	8%	4%

Source: GTB, 2009.

Compared to the period between 2000 and 2008 where the GDP recorded an average growth rate of 4%, the average growth rate of hotels had declined from 12% to 7% with the average room growth rate increasing from 9% to 10%. This is attributed to the fact that within this period even though few hotels have been built, these were large hotels with many more rooms. The average international arrival growth rate has however declined from 12% to 8% in spite of the increase in the number of rooms, a situation which may lead to oversupply of rooms.

Unlike some African countries such as Gambia (Esh and Rosenblum, 1975; Farver, 1984); Kenya (Jommo, 1987; Dieke, 1991; Sinclair et al., 1992) and Mexico (Chant, 1992) cited in Acheampong, 2007), Ghana's hotel industry is not dominated by foreign ownership. The role of local entrepreneurs in the hotel industry in Ghana is not a conscious effort to prevent foreign investors participating in the sector. This is seen in the efforts of successive governments since 1957 to attract investment into the tourism sector. For example the government introduced the capital Investment Decree (NRCD 141) in 1973, offering incentives to interested investors (local and foreign) in tourism. These included company income tax exemption, accelerated capital allowance, employment tax credit, customs import duty exemption on all goods needed for the establishment and operation of tourism related projects, deferment of payment of registration fees and stamp duty on capital, privilege to repatriate 30 per cent of net after-Tax profit. National Redemption Council Decree 201 of 1973 also exempted tourism related projects from the payment of tax under the Selective Alien Employment Tax Decree. Again the recommendations made by

the Hoff and Overgaard committee which were incorporated in the Master Tourism Plan of 1975 -1990 emphasised on attracting both local and foreign investors into the industry(Acheampong, 2007).

Interestingly, these concessions failed to attract any meaningful foreign investment into the tourism sector and Teye (1988) attributed this to the fact that investors were not sure of guaranteed political stability that would make their projects viable. Another contributing factor is that Ghana's tourism is at the pre-development stage of Butler (1980) cycle of area evolution (Acheampong, 2007). Ghana's tourism industry is dominated by local operators and according to Butler, in addition to the volume of arrivals, it is the extent of local compared to foreign involvement in the operations of the tourism sector that constitutes the main determinates of each of the six stages (exploratory, involvement, development, consolidation, stagnation and decline) of the cycle of area evolution model. Countries are able to attract foreign investment into tourism when their tourism industry is at the development stage of Butlers' cycle of area evolution model (Butler, 1980).

The Government of Ghana continued with its efforts to attract foreign investment into the hotel sector and with improvements in the economy in the mid 1980s and the introduction of new investment supplementary laws such as PNDC Law 116 of 1985, which sought to encourage multinational companies to invest in the hotel sector with incentives such as exemption from customs import duties on plant, machinery, equipment and accessories, depreciation or capital allowance, exemption from taxes and rates levied on buildings and investment allowance of seven and half per cent per annum , some successes have been achieved. Novotel (a four star facility) of the Accor group was the first of multinational hotels to be commissioned in 1988. This was followed by Golden Tulip hotel (four star) and La beach Hotel (five star) some five years later. The number of multinational hotels is expanding with many of them currently under construction. These facilities are large (each has over 150 guestrooms) compared to the current average number of guestrooms per hotel which stands at 15 (GTB, 2009). As at 2008, with the exception of Golden Tulip hotel Kumasi branch, all other multi-national affiliated hotels are located in Accra. In total, these chain hotels have 680 rooms, which is 2.78% of the

national stock of hotel rooms and provide 1029 beds which is 3.47% of the national stock of beds (GTB, 2009). Thus independent small hotels dominate the hotel industry in Ghana by providing the bulk of rooms and bed spaces. A better understanding of the drivers for the development of these small hotels is therefore important for the advancement of the tourism industry. It is worth noting that the involvement of foreign chain hotels in the hotel industry in Africa has its own advantages (rapid development of the industry providing employment, training and competition) and disadvantages (Capital flight) (Sharpley, 2000). The Cyprus tourist industry provides a good example where between 1980 and 1998, the tourism industry was a major factor in the maintenance of low levels of unemployment, 3.1 percent in 1996; with over 25 percent of the working population employed directly or indirectly in tourism. However tourism also challenged the economic prosperity of Cyprus in that the relatively high levels of employment combined with the rapid economic growth fuelled a growth in earnings and the island had to rely heavily on imports to meet its raw material needs for development and to satisfy the demands of an increasing prosperous population (Sharpley, 2000).

3.9 CLASSIFICATION AND REGIONAL DISTRIBUTION OF HOTELS

Mandated by a legislative instrument, the Ghana Tourist Board which is the implementing arm of the Ministry of Tourism classifies a hotel as an accommodation enterprise with at least four rentable rooms (LI 1205 of 1979). This means that the varied types of tourist accommodation can be classified as hotels. The Ghana Tourist Board uses the Automobile Association (AA) star rating system to categorize the varied accommodation facilities in Ghana. Accommodation facilities in Ghana are categorized as hotels, lodges, resorts, inns, motels, guesthouses and hostels. The various categorizations depend on location, level of furnishing and development theme of the facility and all hotels in Ghana are required by law to be licensed by the Ghana Tourist Board (LI 1205 of 1979). The Ghana Tourist Board, does licensing of hotels annually after an inspection of the premises to assess the level of quality of facilities and services offered. This has helped to improve the quality of hotel products and services over the years. Acheampong (2007) notes that before independence in 1957, the quality of tourist accommodation was very low for lack of regulation.

An important characteristic of the development of tourist accommodation in Ghana is its spatial concentration in the Greater Accra region. The distribution of licensed hotels per region has over the years been skewed in favour of the national capital, Accra, in the Greater Accra region (GTB, 2006). For example on the average, between 1995 and 2004, Accra accounted for 41% of the total national hotel stock. Table 3.6 below shows the trend in the regional distribution of licensed accommodation establishments between 1995 and 2004.

Table 3.6 Distribution of Accommodation Establishments, 1995 - 2004

Region	Number of hotels						Market share (%)					
	95	98	01	02	03	04	95	98	01	02	03	04
G/Accra	215	328	411	484	531	558	37.1	44.9	39.0	41.65	42.48	42.5
Ashanti	94	130	148	176	184	172	16.21	17.8	14.10	15.15	14.72	13.10
Western	65	60	101	100	94	103	11.21	8.22	9.59	8.61	7.52	7.84
Central	43	51	85	87	77	111	7.41	6.98	8.07	7.49	6.16	8.45
Volta	26	46	56	61	70	72	4.48	6.30	5.32	5.25	5.60	5.48
Eastern	59	43	81	93	118	121	10.17	5.89	7.69	8.00	9.44	9.22
B/Ahafo	49	33	105	96	97	90	8.45	4.52	9.97	8.26	7.76	6.85
Northern	12	17	34	29	35	43	2.07	2.33	3.23	2.49	2.80	3.27
U E Region	9	9	15	18	26	28	1.55	1.23	1.42	1.55	2.08	2.13
U W Region	8	13	17	18	18	15	1.35	1.83	1.61	1.55	1.44	1.16
Total	580	730	1053	1,162	1,250	1,313	100	100	100	100	100	100

Source: GTB 2006

As at 2008, the Greater Accra Region accounted for 45% of the hotel population in Ghana. The Ashanti region accounted for 15%, whilst Eastern, Central and Western regions accounted for 9%, 8% and 7% respectively. These five regions together have 84% of the hotel stock in Ghana with the other five remaining northern regions having 16% of the hotel population. The five regions that account for 84% of the hotel population are the most economically developed regions in Ghana (GTB, 2009). Table 3.7 below depicts the classification of hotels per region in 2008.

In 2008, whilst there were only few hotels (2 percent or 31 units) at the high end of the classification scale (3 to 5 star), majority 98 percent (1479) of the classified tourist accommodation were below the 2 star categories (GTB, 2009). Research shows that majority the users of the 3 to 5 star rated hotels are

business or conference tourists whilst the other classes of hotels are usually used by holiday tourists (Mensah-Ansah, 2006)

Table 3. 7 Regional Classification of Hotels (2008)
CLASSIFICATION OF HOTELS(2008)

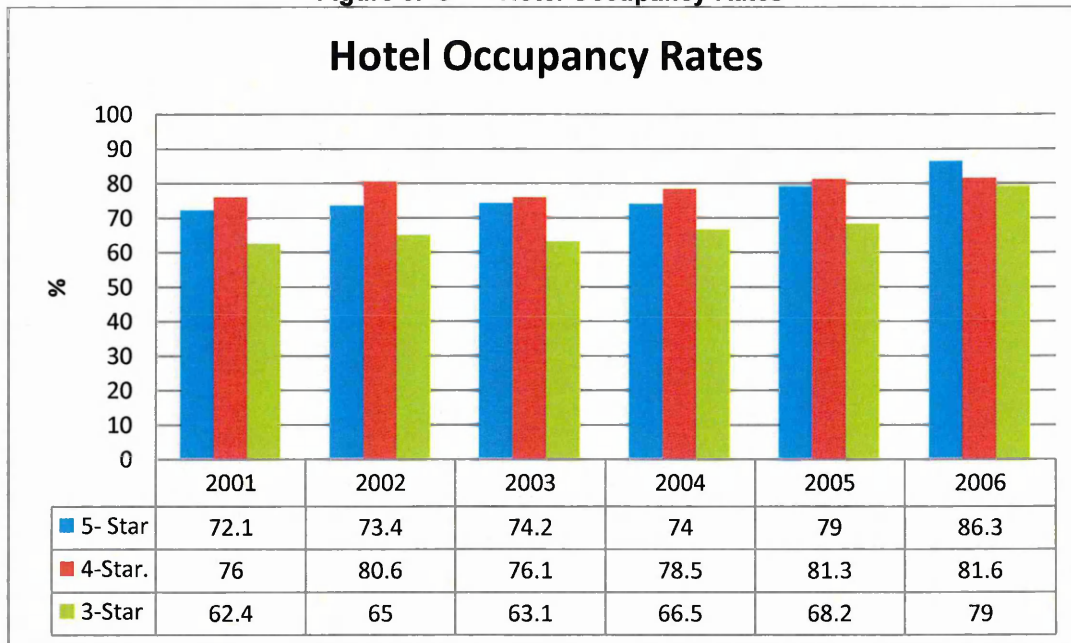
	Region	5*	4*	3*	2*	1*	Guest houses	Budget	Total	% share
1	GR.ACC	1	4	12	74	89	71	432	683	45%
2	ASHANTI	Nil	Nil	3	27	35	15	144	224	15%
3	EASTERN	Nil	Nil	1	8	14	3	110	136	9%
4	CENTRAL	Nil	Nil	5	7	10	8	94	124	8%
5	WESTERN	Nil	Nil	3	14	21	8	59	105	7%
6	VOLTA	Nil	Nil	1	2	8	2	62	75	5%
7	B/A	Nil	Nil	1	Nil	4	Nil	63	68	5%
8	NORTHERN	Nil	Nil	Nil	6	3	4	34	47	3%
9	U EAST	Nil	Nil	Nil	Nil	2	1	32	35	2%
10	U. WEST	Nil	Nil	Nil	1	Nil	Nil	12	13	1%
	TOTAL	1	4	26	139	186	112	1042	1510	

Source: GTB 2009

The phenomenon where Accra accounts for majority of hotels, hotel rooms and hotel beds is fuelled by factors such as Accra being the seat of government, with all the diplomatic missions, headquarters of most big companies and Ghana's only international airport, which accounts for 80% in and out-bound travel (GTB, 2008).

The government is of the opinion that, in the short to medium term, the supply of tourist accommodation in the major cities is satisfactory but the quality of the stock need to be upgraded (National Tourism Development Plan, 1996 – 2010). This opinion has been influence by the low occupancy levels that most hotels with the exception of the top grade ones experience. For example four star hotels have average occupancy rates of 79 percent. Figure 3.8 below depicts the occupancy rates of 3 to 5 star hotels between 2001 and 2006 (GTB, 2009). On the other hand, most hotels in the one star and below categories operate under 50% occupancy levels (Mensah-Ansah, 2006).

Figure 3. 8 Hotel Occupancy Rates



Source: GTB 2009

In the long term, however, government intends to spread the supply of tourist accommodation throughout the country by providing incentives to the private sector to encourage them to set up tourist accommodation facilities outside the two major cities as well as improve on the quality of existing ones (National Tourism Development Plan, 1996 – 2010). Given the dramatic increase in size of the accommodation sector since 1986, the important question is the extent to which this has been in accordance with government policy. This issue will be discussed in Chapters 8 and 9.

3.10 CONTRIBUTION OF TOURISM TO THE GHANAIAN ECONOMY

Various countries develop tourism for a variety of reasons. Primarily, it is considered to be an effective vehicle for economic and social development (Roche, 1992). The tourism industry contributes considerably to Ghana's economy and demonstrates its potential as a key driver of economic growth. Receipts from tourism increased from \$118.0 million (1.8% of GDP) in 1991 to \$1,403.0 million (6.7% of GDP) in 2008. A comparison of foreign exchange receipts from tourism with other sources such as remittances and merchandise exports shows that income from the tourism sector is about half of total remittances and a third of foreign exchange receipts from merchandise trade

(GTB, 2009). Table 3.8 below shows the steady and positive growth trends in international tourist arrivals and receipts since 1991.

Table 3.8 International Tourist Arrivals and Receipts

Year	Arrivals (’000)	Annual Change %	Receipts (US\$ Million)	Annual Change %
1991	172	18	118	46
1992	213	24	167	42
1993	257	21	206	23
1994	271	5	228	11
1995	286	6	233	2
1996	305	7	249	7
1997	325	7	266	7
1998	348	7	284	7
1999	373	7	304	7
2000	399	7	386	27
2001	439	10	448	16
2002	483	10	520	16
2003	531	10	603	16
2004	584	10	649	8
2005	429	- 27	836	29
2006	497	16	987	18
2007	587	18	1,178	19
2008	698	19	1,403	
2009	803	15	Not available	

Source: GTB 2009

The needs of tourists at a destination are mainly accommodation, food, transportation facilities and entertainment services. The provision of these facilities has positive effects on the economy. The use of such goods and services by tourists increases local production and income as well as employment. The contribution of the tourist accommodation sector in Ghana to total tourism receipts over the years has been around 30 percent. In 2000 receipts from tourist accommodation was 31 percent of US\$386.0 Million and 28 percent of US\$1,403 Million in 2008 (GTB, 2009). Table 3.9 below shows the contribution of tourist accommodation sector to tourism receipts.

The accommodation sector serves as a catalyst and facilitates the generation of income by other sectors of the tourism industry such as local transportation, food and beverage, entertainment and recreation. Data from the Ministry of Tourism indicates that the average amount that tourists spend whilst in Ghana has been increasing. In 2002, the average tourist expenditure was US\$1,125 and this has increased to US\$2,010 in 2008. According to figures from the Ghana Tourist Board, the average length of stay increased from about 10 days

in 2000 to about 11 days in 2005 and this had a positive effect on tourist expenditure (GTB, 2009).

Table 3. 9 Breakdown of Tourist Expenditure (2000-2008), GTB 2009

YEAR	2000	2001	2002	2003	2004	2005	2006	2007	2008	
CATEGORY										
Local Transportation	9%	9%	9%	8%	8%	10%	7%	7%	9%	
Shopping (Formal Market)	10%	10%	10%	10%	10%	12%	9%	10%	11%	
Shopping (Informal Market)	9%	9%	9%	10%	10%	12%	10%	11%	12%	
Food and Beverage	15%	15%	15%	16%	16%	12%	15%	14%	13%	
Accommodation	31%	32%	32%	31%	32%	27%	32%	30%	28%	
Entertainment and Recreation	18%	17%	17%	16%	16%	9%	9%	9%	9%	
Other Expenditure	8%	8%	8%	8%	8%	18%	17%	19%	18%	
Total Receipts	386	448	520	603	649	836	987	1,172	1,403	

Source: GTB 2009

The Bank of Ghana notes that tourism in Ghana has become a major socio-economic activity and one of the most important and fastest growing sectors of the economy. The overall prospects of the tourism industry and its socio-cultural, political and economic values to the economy of Ghana are very encouraging (BoG, 2007). Table 3.10 below shows the contribution of tourism to Ghana's GDP from 2002 to 2008.

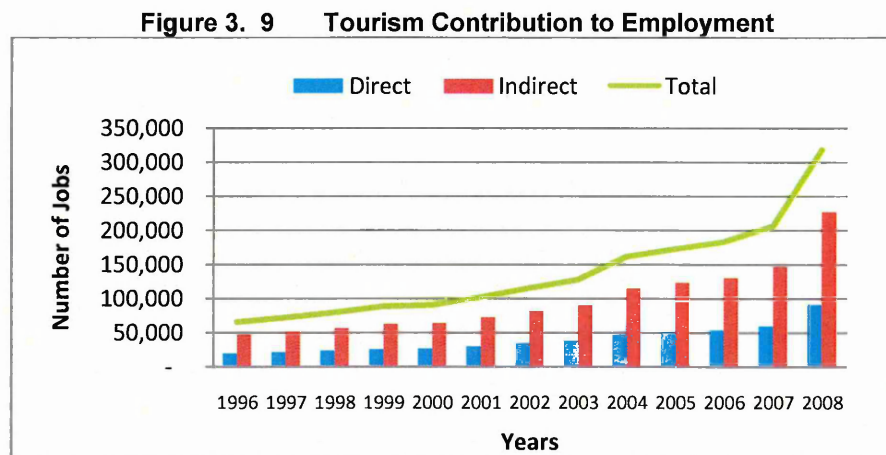
Table 3. 10 Contribution of tourism to the GDP (2002 – 2008)

GDP%	Year						
	2002	2003	2004	2005	2006	2007	2008
	4.4	4.7	4.9	5.7	5.8	6.3	6.7

Source: GTB 2009

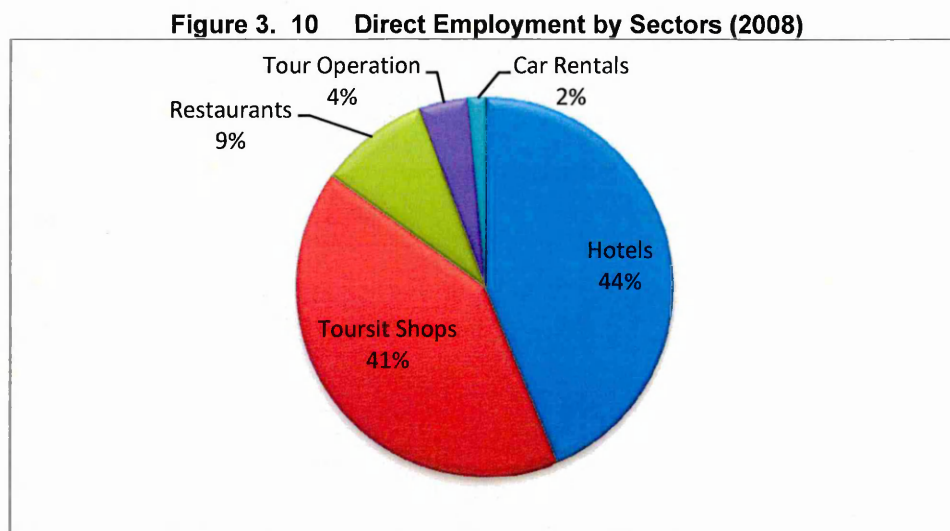
Tourism like any other service sector is highly labour dependent. The popularity of tourism as a developmental agent is attributed to its ability as a significant employment generator (BoG, 2007). The tourism industry in Ghana has been providing employment in both direct and indirect ways to a considerable number of Ghanaians. For example, figures obtained from the Ghana Tourist Board indicate that tourism provided about 19,000 direct jobs and 46,000 indirect jobs in 1996. These figures increased to about 47,000 direct jobs and 115,000

indirect jobs in 2004. These indicators imply that tourism related jobs have more than doubled in less than a decade and is on the increase. However, majority of these jobs are in the lower ranks of the industry (BoG, 2007). Figure 3.9 below shows tourisms' contribution to employment from 1996 to 2008.



Source: GTB, 2009

In 2008, the total direct employment generated by the tourism industry reached 90,372 (GTB, 2009). The contribution of the various sectors of the tourism industry is as indicated in Figure 3.10 below.



Source GTB 2009

The tourism industry is one of the industries with significant upward and downward linkages encompassing transportation, accommodation, food, shopping, entertainment, etc. The impact of tourism on Ghana's economy includes the knock-on effects of tourism-related demand on other sectors of the

economy, that is, all the macroeconomic consequences of tourism-related demand at a local or national level, from a demand-side perspective. The tourism industry generates economic effects from activities linked to tourism such as goods and services supplied directly to visitors, accommodation and transport from a supply-side perspective (Tourism Satellite Account, World Travel & Tourism Council, 2004). The multiplier effect of tourism is phenomenal and filters through the economy, stimulating other sectors. For example many small scale vegetable farmers produce to meet the needs of the hotel sector (BoG, 2007).

The tourism industry over the years has established its ability to contribute immensely towards national economic development especially in the areas of employment generation, wealth creation and poverty reduction within communities and at the national level. The development of tourism has helped in increasing the country's foreign exchange earnings, stabilized inflation, appreciated the national currency (the Cedi) and increased economic growth, thereby contributing to reducing poverty in the country (GSS, 2008). Furthermore, the promotion of domestic tourism in general and the development of historical, cultural and natural heritage sites in particular have made tourism a major source of domestic income for majority of Ghanaians, thus improving the living conditions of many Ghanaians residing in the countryside where many of these sites are located (GTB, 2009). In Ghana where the average unemployment rate was 11.2 percent in 2008 (GSS, 2008), the tourism industry if given the right stimulus may bring improvement in the rate. On the domestic front, efforts to enhance the standard of facilities offered in terms of comfort and service, safety and security, and environmental sensitivity is ongoing (GTB, 2009). The aim of the government is to position Ghana as a prime African destination with excellent historical, cultural and natural attractions. Government hopes that these efforts will promote tourism and have cascading effects on employment generation and poverty alleviation as well as generate more foreign exchange (GPRS II).

3.11 CHAPTER SUMMARY

The chapter gives an overview of how tourism has evolved since colonial era Gold Coast to the present Ghana and provides insights into the evolution of tourism in general and the hotel sector in particular. It highlights the influences of Ghanaian culture, political history and economic policies on tourism development, especially the demand and supply trends in the tourism accommodation sector. The chapter also examined the contribution of the tourism industry to the Ghanaian economy and the importance successive governments, since the colonial era, have attached to tourism development which is expressed in development policies.

Since independence in 1957, tourism has been recognised as a major contributor to the Ghanaian economy and this has been reflected in all national development plans to date. These plans have facilitated the growth of many small tourism accommodation businesses which characterise the tourism accommodation sector in Ghana. The review highlights that tourism was not a key feature of economic development in the colonial era and national development plans drawn between 1919 and 1956 (thirty-seven years) reflects this. This has currently changed and tourism is now a key focus of national development. Also, the review shows that political administrators in the country after independence in 1957 recognised tourism and this has been reflected in all national development plans to date. This notwithstanding, plans aimed at developing tourism were fraught with challenges, especially between 1966 and 1981, because of political instability experienced by the country which were fuelled by cultural (ethnic) aspirations.

The review shows that the earlier involvement by the state to kick-start tourism in 1957 with the provision and management of international rated accommodation and restaurant facilities came to a hedge because of economic challenges that resulted from political upheavals that had cultural undertones as discussed in Chapter 2. Thus, even though strategic tourism development has been on the agenda of successive governments in Ghana since 1957, the industry's development has been sporadic due to political instability, especially between 1966 and 1981, and tourism is still in its early stages of development (Ministry of Tourism, 2009). The implementation of tourism development plans

has been fraught by culturally related challenges that manifest in political instability and stunted economic growth.

Political stability since 1981 has contributed to the general increase in tourist arrivals and has created the demand for the supply of tourism accommodation from 6 hotels in 1957 to 1510 hotels in 2008 (Handbook of commerce and Industry, and the Ministry of commerce and Industry 1951 & 1957; GTB, 2009). Even though the State is no longer involved in direct development and management of hotels and restaurants, the current wholly private owned hotel sector has been growing with most (97 percent) of the hotels being small in size (National average of 15 rooms) (GTB, 2009).

Several policies have been developed for the enhancement of the tourism industry in Ghana since 1957. However, their implementation has been erratic due to fluctuating political and economic conditions that prevailed in the country. Efforts by various governments to attract foreign investment into the tourism sector have not been very successful till 1988 when the first multinational hotel opened in Accra.

Tourism in Ghana contributes enormously to the generation and redistribution of employment and income and facilitates the improvement in infrastructure and serves as a source of government revenue. This demonstrates its potential as a key driver of economic growth in terms of employment and foreign exchange generation (GTB, 2009).

Cultural influences have impacted on how small accommodation businesses have developed and attempts by various government to guide tourism development to achieve economic objectives seems not to be working. To better appreciate the characteristics and role of small tourism accommodation businesses in the development of the tourism industry in Ghana, a review of literature on the nature of small firms in general and small tourism firms in particular in the next chapter will aid understanding of the development of small tourism accommodation businesses in Ghana and help answer the research question of whether they are a barrier to strategic tourism development.

CHAPTER FOUR

SMALL FIRMS

4.1 INTRODUCTION

The tourism and hospitality industry are dominated by small enterprises (Bastakis et al., 2004). The structure of the hospitality industry in Ghana is no different. The majority of hotels in Ghana are small in terms of the number of rooms they operate and the number of their employees (GTB, 2009). There has been a growing interest in developing countries in formulating initiatives specific to the development of their tourism industries. The extent to which these industry-specific policy interventions have been informed by an understanding of small businesses in the tourism industry is questionable (Thomas, 2000). The objective of this chapter is to examine factors that affect the development of small enterprises. There are numerous definitions of small firms and Section 4.2 examines definitional debates on small firms in general and in relation to small tourism and hospitality firms. Section 4.3 examines the characteristics of small tourism and hospitality firms in terms ownership and organisational structure, the closeness of the owner to the business and the uniqueness in size of such business. Section 4.4 examines some similarities and differences of SMEs in developing and developed countries and how this affects their operations. Section 4.5 gives an overview of SME development in Ghana from the colonial era to date.

4.2 DEFINITIONAL DISCUSSION OF SMALL FIRMS AND TOURISM FIRMS

Though the debates on definitions of small businesses have been on for some time, it is reviewed here to help with defining the context and sample of this research. Existing literature does not have a common definition for small firms. Storey (1994) argues that because of their diverse characteristics and global spread "there is no single, uniformly acceptable definition of a small firm" (p8). Curran *et al.* (1986, p.3) note that a "great deal of agonising over the issue of definition by small business theorists and researchers, such as Bolton (1971); Binks and Coyne (1983); and Curran and Stanworth (1984), from which no satisfactory solutions have emerged". The failure of most research to sufficiently identify the characteristics of small firms has lead to a variety of

definitions being used in different research contexts and various definitions have been used that relate to a particular sector, geographic or other contexts in which the small firm operate (Storey, 1994). Thus, the term small business has many different meanings in different contexts (Crawford and Freedman, 2008)

The diversity of sizes and the numerous sectors (in which small firms operate) has contributed to the existence of various definitions. Definitions at sector level using variables such as size, number of employees, sales turnover, profitability and net worth, may imply that in some sectors all firms may be regarded as small, while in other sectors there are possibly no firms which are small (Hill, 2001). The use of the above quantitative variables is not wholly appropriate in defining small firms since it does not allow for a meaningful comparison between sectors (Burrows and Curran, 1989; Curran et al., 1993).

This notwithstanding, the African Development Bank (ADB) and the International Finance Corporation (IFC), define a small enterprise in terms of employment size as a firm with less than 50 employees. Thomas et al. (1997, p. 9) is of the same definitional opinion as ADB and IFC in using employment size, and defines a small enterprise as "one which employs fewer than 50 people". The Commission of the European Communities, CEC, (1996), similarly states that 'micro or very small enterprises' employ fewer than 10 people, 'small enterprises' employ between 10 and 49 people, 'medium-sized enterprises' employ more than 50 but fewer than 250.

Morrison and Conway (2007) argue for the incorporation of the specific nature and context of respective industrial sectors into definitions of small firms to make them meaningful (p. 50). In view of the differing definitions of small firms, (Thomas (2000, p. 351) concludes that "although it may not be possible to provide a precise definition of a small firm that will be accepted universally, the essential features such as independence, particular kind of service focus, managed by the owner in a holistic manner are apparent")

Decker, Schiefer and Bulander (2006) in contributing to the definitional debate on small firms argue that qualitative variables such as ownership structure, the

role of the firm's owner, their position on the market, the organisational structure or economic and legal autonomy can be used in addition to quantitative variables. Various researchers and organisations have used various key features to define small firms. Table 4.1 below is a sample of contributors highlighting a range of definitions of small firms and their key features.

Table 4. 1 Summary of a Selection of Small Firm Definitions

	Author	Definition	Key definition features
1.	Bolton committee report, (1971)	Firms with small market share; managed in a personalised way by its owners; Independent from external control; Employee and turnover thresholds.	Market share; personalised management; independence; employees and turnover.
2.	World Bank, 1976	Firms with fixed assets (excluding land) less than US\$ 250,000 in value	Fixed assets
3.	Grindle et al (1989)	Small scale enterprises are firms with less than or equal to 25 permanent members and with fixed assets (excluding land) worth up to US\$ 50,000.	Fixed assets and employees
4.	USAID, 1990	Firms with less than 50 employees	Employees
5.	UNIDO's Definition for Developing Countries.	Medium - firms with 20 - 99 workers Small - " " 5 - 19 workers Micro - " " less than 5 workers	Employees
6.	Morrison (1996, 1998)	Financed by one individual or small group of people; directly managed by its owner(s), in a personalised manner and not through the medium of a formalised management structure. It is perceived as small, in terms of physical facilities, production/service capacity, market share and number of employees	Finance; personalised management, physical facilities; capacity; market share and employees
7.	Cressy and Cowling (1996)	No power to control prices of the products/services it buys and sells and the credit it gives and receives. The business is managed by its owners who also control the business. Most likely be a sole trader or a partnership but may also be a limited company. It will typically have fewer than twenty employees, but may have as few as one (the owner-manager) or as many as 500.	Price controls; independence; Incorporation structure; employees.
8.	Thomas et al. (1997)	One which employs fewer than 50 people	Employees.
9.	European Commission (1996)	Very small (or micro) enterprises having fewer than 10 employees and small enterprises having between 10 and 49 employees.	Employees.
10.	Thomas (2000)	Although it may not be possible to provide a precise definition of a small firm that will be accepted universally, the essential features of independence, particular kind of service focus, managed by the owner in a holistic manner are apparent	Independence; personalised management.
11.	Peacock (1993)	Small restaurants employ up to 30 employees, whereas small hotels employ up to 80 people	Employees
12.	Hales et al (1996)	Fewer than 50 employees	Employees

13.	Radiven and Lucas (1997)	Fewer than 25 employees	Employees
14.	Horobin and Long(1996)	Fewer than 10 employees (micro enterprises)	Employees
15.	Ozer (1996)	Bed and Breakfast accommodation units	Units
16.	Ball (1996)	Independent single unit businesses	Legal structure

Compiled by Author

The Ghana Enterprise Development Commission (GEDC) using financial capacity of firms, defines small firms as those with 10 million Cedis upper limit definition for plant and machinery. The challenge with this definition is that the varied approaches of valuing fixed assets poses a problem. Secondly, the continuous fluctuations in the exchange rate often makes such definitions out-dated (Kayanula and Quartey, 2000). The varied definitions of small firms in Ghana used by researchers and government agencies alike, stresses Storey (1994) view that there is no consensus on how to define a small firm.

Multiplicity of definitions of small firms that are justified by researchers on the basis of their value to particular projects can be found in literature (Beaver, 2002). Bridge et al. (2003) acknowledge this view by recognising that different definitions of small firms exist for different purposes, such as policy-making, taxation, legislation, and research projects.

From the foregoing, there is no agreement on the definitions for small firms including those in the tourism and hospitality sectors. In spite of this, Morrison, Carlsen & Weber (2010)note that the work of some early researchers as shown in Table 4.2 below has influenced research on small tourism businesses

Table 4. 2 Some Early Research on Tourism Industry

Year	Researcher(s)	Area of Research
1971	Pickering et al.	Committee of Inquiry on the small firm in the hotel and catering industry in UK
1979	Kibedi	development of tourism entrepreneurs in Canada
1980	Stallibras	profile of the small tourism business migrant to the coastal resort of Scarborough in the United Kingdom
1980	Rodenberg	Economic significance of small tourism businesses in developing countries
1989	Williams et al.	Small firm formation and operating characteristics in the Cornish tourism industry
1989	Cohen	Entrepreneurial behaviours of self-employed jungle guides involved in trekking tourism in Thailand.

Compiled from Morrison, Carlsen & Weber (2010)

Burns (2001, p. 8) note that "being a small firm is not just about size defined in simple statistical terms and that small firms also have important defining characteristics" and Curran & Storey (1993) argue for the importance of emphasizing the main features of tourism and hospitality firms when adopting definitions that relate to small firms in general. It is argued that service firms are better understood if their distinctiveness from other firms is recognized (Voss et al., 1988). Beaver (2002) supports this view and states that small firm definitions may need to integrate the specific nature and context of the specific sectors if they are to be meaningful.

In defining small tourism and hospitality businesses, the main challenge is how to distinguish them sufficiently from other enterprises. It is important that the definition be both comparable to other industries, while at the same time reflecting the distinctive features of the tourism and hospitality industry (Morrison and Conway, 2007).

In spite of the difficulty in defining a small business, Morrison (1996) describes a small tourism business as one financed by an individual or small group of people and is directly managed by its owner(s), in a personalised manner and not through the medium of a formalised management structure.

In contributing to the literature on definition of small tourism and hospitality businesses, Peacock (1993) advocates for the use of grounded definitions based on specific features of the sector and constructed a 'grounded' definition of small hotels and restaurants. He notes that "the tripartite distinction between small, medium and large enterprises is unhelpful in the context of hotels and restaurants and argues that there is greater utility in using small and large dichotomy to define firms in the sector" (p.31). Although he considers levels of turnover and number of employees as appropriate in defining small tourism and hospitality firms, Peacock (1993) concludes that a definition that centre on numbers of employees is a more acceptable approach because because hospitality enterprises were more comfortable with such a definition. He argues that small hotels should be defined using employment limit of up to 80 employees. Though this definition may be applicable in developed economies since the definition was based on a research conducted in London, it may not

be appropriate in the Ghanaian context, since hotels with up to 80 employees will be classified as medium-sized enterprises (See NBSSI 2008 definition of small firm).

There are many definitions of a small hotel. The World Tourism Organisation (2000) defines small hotels as those that typically supply less than 50 rooms, employ less than ten people, and operate in the lower ends of the market (Morrison and Conway, 2007). Although defining small tourism and hospitality firms along measurable factors such as number of rooms and employees are important, the intangible and qualitative features inherent in small firm ownership and management in general and at sector levels also needs to be incorporated if a meaningful definition is to be derived (Burns, 2001). Such “intangible and qualitative features include lifestyle business motivations that have been identified in relation to micro and small-scale tourism firms” (Morrison and Conway, 2007, p, 49). Definitions of small tourism firms may prioritise qualitative social rewards over those of a quantitatively defined economic nature (Peltonen et al., 2004). Thus, Morrison and Conway (2007) argue that any meaningful definition of small tourism and hospitality firms need the recognition, justification and combination of the associated quantifiable and qualifiable features as summarised in Table 4.3 below.

Table 4. 3 Features of Small Tourism and Hospitality Firm Definitions

Quantifiable features	Qualifiable features
Number of employees	Business orientation and motivation
Physical facilities and services provided	Management style and structure
Financial investment and statistics	Ownership configuration
Market share and level of operation	Service orientation and commitment
Economic rewards	Social rewards

Source: Morrison and Conway (2007)

Though the definition of small tourism and hospitality firms characterised in quantitative and qualitative terms is appropriate, these will vary from country to country and will depend on the context of research. Hence, a grounded definitional approach that draws on the various economic, social and tourism

industry worlds in which owner-operators dwell is proposed by Morrison, Carlsen and Weber (2010). They note that appropriate definitions can be derived for any given context to reflect the most accurate combination of essential features that define an individual small tourism business (Morrison, Carlsen and Weber, 2010, p.740).

In recognition of the multiplicity of small tourism business that exist under the banner of the tourism industry, a grounded definitional approach guided the conduct of this research based on a range of definitional anchors identified as appropriate to the research aim of examining small tourism accommodation businesses in Ghana. Thus for the purposes of this research, the definition of a small tourism and hospitality firm as stated by Morrison (1996) is adapted using the number of bedrooms as the main anchor. A small hotel in Ghana is thus defined as a hotel that has up to 50 bedrooms, employs family and non-family labour and is managed and/or controlled by its owner. It may have a restaurant or a dining room and a bar, and sometimes offer few other guest facilities and services. It will typically have fewer than fifty paid employees.

Other researchers have used similar criteria (number of bedrooms) in defining small hotels. For example, Hankinson (1990) use 25 bed spaces and Glancey and Pettigrew (1997), use 40 bed spaces in defining a small hotel. The assumption is that the number of bed spaces can be equated to the number of bedrooms in a hotel. Buick, Halco and Lynch (1998) using bed spaces to anchor their definition of small hotels, identified small Scottish hotels as having 15 bedrooms or less. In their work on marketing in small hotels Moriarty et al., (2008), define small hotels located in North Wales as having 3-30 employees and 10-60 rooms. Sungaard et al. (1998) define small hotels as having fewer than 25 rooms. Morrison and Teixeira (2004) describe their sample of a small hotel as typically supplying less than 50 rooms and operating in the lower reaches of the market. Other researchers define small hotels as offering less than 50 rooms, and employing fewer than ten people (See for example, Buhalis, 1995; Moutinho, 1990; Wong, 1991). From the foregoing, the use of a context definition for small hotels in Ghana as having less than 50 bedrooms as used in this research is justifiable.

From the above definitional discussions, even though there different definitions of small tourism and hospitality firms, the key quantitative and qualitative characteristics and context in which small tourism and hospitality firms operate should be considered to enhance understanding. It is argued that “whatever definition is adopted, the most commonly found hospitality enterprise is small” (Morrison and Thomas, 1999, p. 148) and Ateljevic (2007, p .307) notes that “despite the large number of such businesses, it is only in recent years that small hospitality firms have started to attract attention from researchers on the characteristics and needs of the sector”.

4.3 CHARACTERISTICS OF SMALL FIRMS

Small enterprises characterise the tourism and hospitality industry (Peters and Buhalis, 2004) and there has been suggestions that this is due to relatively low barriers to entry including modest start up costs, marginal economies of scale and chance to establish lifestyle firms (Haber and Reichel, 2005). “The vast majority of accommodation establishments worldwide are small or medium sized, belong to local entrepreneurs, are family run and predominantly employ members of the host society” (Buhalis and Main, 1998 p.198). Within the tourism and hospitality sector, many of the businesses belong to the host population and their physical smallness, number of employees and market size is a deliberate preference by owner-managers (Getz and Carlsen, 2000). Furthermore, these small businesses are not characterised with high levels of entrepreneurial behaviour and many remaining small in size (Lynch, 1999).

For example, Morrison and Teixeira (2002) argue that small tourism providers are emotionally attached to their facilities and this coupled with the personal ownership constrains their growth. They conclude that small tourism accommodation providers are concerned that growth may mean a resultant loss of the unique distinguishing features associated with smallness and that though the managerial capacity of the owners is sufficient to cope with existing size, they were concerned that growth would bring with it the need to employ from outside the family circle which is perceived as undesirable. It has been recognised that “other than ownership, organisational structure also manifests itself through the characteristic of smallness, which can be regarded

as either an asset or a constraint depending on one's perspective" (Morrison, 2006, p.200).

Dewhurst and Burns (1993) observe that small firms will operate in a unique manner as a result of their not having specialist managers for the various functional activities of the firm. They further note that in small firms, where the organizational structure is limited, there are usually few managers, and ownership and control are often concentrated in the hands of the owner/manager. As a result the attitudes and values of the owner/manager will have a profound impact on the enterprise's organizational framework, policies, and social relations (Boer et al., 1997).

The level of performance of small businesses is primarily attributed to the education, experience, skills and the personal entrepreneurial characteristics of the owners (Lerner and Haber, 2000). Boer et al., (1997), note that entrepreneurs generally value their independence and exhibit psychological characteristics, which result in a managerial style that is typically dictatorial, egoistic and unpredictable. As a result, management practices vary highly among small businesses and are often determined by the multiple goals of the small business owner (Brand and Bax, 2002).

Given the closeness of the owner to the business, the potential for internal conflict between shareholders and managers is removed (Thomas, 2000) and small firms are thus more likely to display greater internal consistency in terms of their actions and motivations than their larger counterparts. Carter et al. (2002) explains that the majority of small tourism firms take the form of partnership shared among spouses and immediate and extended family members. "Family members are active in the businesses, taking on roles such as general management, supervision, accounting, cleaning and catering. In some cases, it is a husband and wife team (copreneurs) that take all decisions and deal with most of the work assisted by very few staff, many of whom are part-time" (Morrison, 2006, p.200).

Dewhurst and Burns (1993) further note that small tourist accommodation businesses are financial deficient and while raising funds for the initial

development is relatively easy, raising extra funds for expansion is difficult (Morrison and Teixeira, 2002). Burns (1996) points out that the financial challenges of small businesses imply that their strategic options are constrained by the availability of capital.

Storey (1994) note that there is a key difference between small and large firms and explains that small firms are likely to face greater uncertainty in terms of the market in which they operate as a result of a limited customer base. Peacock (1993) and Storey (1994) are of the view that small firms are not likely to invest in research, although they are more likely to respond to niche markets.

Schaper and Volery (2004), note that there are three main characteristics of small firms. 1) physical -small size of facility, 2) human -few employees, one or two owners who are often family members with uncertain entrepreneurial aspirations and motives, and 3) financial -financed by owners, relatives and friends; operate in limited and uncertain markets, inability to influence prices. These characteristics combine to restrain growth and protect the status quo of smallness. Thus few small firms grow (Kirchoff. 1994) and majority of them stay small or fail (Loveman and Sengenberger, 1990). In contributing to the discussion, Cressy (2006, p. 113) note that "most small firms die young without ever having seen any expansion in terms of employment numbers and output".

The objectives pursued by small business owners (Glancey and Pettigrew, 1997) could be differentiated into two broad groups: personal objectives – providing a livelihood, maintaining quality of life or lifestyle and business objectives – building a profitable enterprise, growth. Lifestyle business entry motivation (Buick et al., 2000) characterise small tourism businesses. Small tourism business owners have lifestyle entrepreneurial motivations which include an objective to operate a commercial concern as well as pursue an aspired lifestyle (Andrews, Baum and Morrison, 2001).

Shaper and Volery (2004) argue that owners of small businesses exhibit short-term planning, limited knowledge of the business environment and owner-managed structure influence the way they operate. Hence the management of small businesses depends upon owner characteristics such as attitudes, personal qualities and experience rather than formal business plans and many

small businesses see the preparation of business plans as peripheral to the management of their business. Burns (2001) concludes that entrepreneurial decisions in small businesses are essentially informal. Shaw and Williams (1990) argue that few tourism businesses have formal business strategies and the high incidence of personal sources of capital that are used by the small firms implies that most of them are likely to have little knowledge of business planning. They note that those SMEs that have business plans prepare them as a requirement for seeking funding from the financial institutions and not as a business operating tool.

In contributing to the debate on the nature of management in SMEs, Gatto, (1996) notes that the intuition, personal experience and perceptions of small business owners results in the short term operational strategies they adopt. Furthermore, SMEs prefer using their own resources (human and financial) and do not exhibit collaborative attitude. They further state that SMEs generally do not have formal operating procedures and some of their business functions such as marketing are not well developed. They rely on their peers for business information instead of utilising public support systems and are often simply unaware of such support systems or have little confidence in them because they consider such services irrelevant to their operations.

Even though this study is on small tourism accommodation businesses, it is appropriate to note the management differences as described by Carter (1996), between small and large firms in order to better understand how small firms are managed. These differences are summarised in Table 4.4 below.

Table 4. 4 Management Differences between Small and Large Firms

Small firms	Large firms
Short-term planning horizon	Long-term planning horizon
React to the environment	Develop environmental strategy
Limited knowledge of Environment	Environmental assessments
Personalized company objectives	Corporate strategy
Informal communication	Formal and structured communication
Informal control systems	Formalized control systems
Loose and informal tasks	Structure Job descriptions
Wide range of management skills need	High specialist/technical skills demanded
Income directly at risk in decision Making	Income derived from wider performance base
Personal motivations directly affect company performance	Broader based company performance

Source: Carter (1996).

One key feature of small firms is that they are not able to exploit economies of scale at the same order of magnitude as large enterprises can do (Audretsch, 1999) though they have the advantage of flat hierarchies and thus being very flexible. Audretsch (1999) further note that small firms can concentrate and achieve long-term strategies since they do not change their managers as often as large enterprises and often have high-specialized know-how in a certain area which could be utilized, but they have limited resources and cannot afford to employ highly specialized employees. Though most of the characteristics of SMEs discussed above apply cross-nationally, specific regional and national context influence how SMEs develop and operate. SMEs play an invaluable role in the economies of both developing and developed countries and the next section examines this.

4.4 SMEs IN DEVELOPING AND DEVELOPED COUNTRIES

Importance

In spite of the lack of agreement on definition of SMEs and their numerous characteristics which makes it difficult to compare data among countries, they are becoming increasingly important to the economic and social development of both developed and developing countries (Economic Commission for Africa, 2000). The Commission further notes that SMEs play an important role in generating employment, stimulating growth and creating social cohesion

The importance of SMEs to the economic growth of developing nations is hardly an issue that can be contested (Acs et. al., 1999). SMEs represent over 95% of enterprises in most Organisation for Economic Cooperation and Development (OECD) member countries and generate over half of private sector employment (Savlovski and Robu, 2011). They form the backbone of developing economies and can be essential tools of development by serving as a base for innovation (Parker et al., 1995). In spite of this, in much of the developing world, SMEs are under-represented, stifled by perverse regulatory environments and poor access to inputs (de Ferranti and Ody, 2007).

In 2006, Ghana's private sector contributed to the bulk of economic activities with an employment generating capacity of close to 70 percent of the Ghanaian

labour force. This has increased to 88 percent by 2008 (Ghana Statistical Service, 2008). Most of the jobs are created by SMEs, thereby making SMEs have the capacity to inject more capital into the economy, improving on key economic fundamentals such as inflation, exchange rates, and interest rates. Thus SMEs perform useful roles in ensuring income stability, growth and employment (Ghana Statistical Service, 2008).

Developing countries such as South Africa recognise the importance of small firms in the tourism sector in terms of its potential of being employment intensive (Rogerson, 2004a). The dominance of small firms in developing countries is similar to what is encountered in developed countries and the role of small firms and small tourism firms are affected by development conditions under which they operate (Gartner, 2004).

In contributing to the debate on the importance of SMEs, Mponji, (2009) notes that in developing countries SMEs generate significant employment because they tend to use more labour intensive production processes than large enterprises and they provide livelihood opportunities through simple, value adding processing activities and nurture entrepreneurship. He further notes that SMEs in developing countries support the building up of systematic productive capacities and the creation of resilient economy through linkages between small and large enterprises. Also, Rogerson (2004a) is of the view that developing countries promote the development of SMEs from the economic perspective of increasing foreign exchange earnings and job opportunities. Despite this recognition Kirsten and Rogerson (2002) are of the view that not much attention has been paid to SME development in developing countries.

From the foregoing, the importance of SMEs to the economic growth of developing nations is very much acknowledged. Similarly, Storey (1994) notes that SMEs contribute significantly to the economies of developed countries. SMEs are growing in importance and role in the development of national economies in both developed and developing countries and they play a critical role in providing job opportunities, enhancing the quality of human resources, nurturing a culture of entrepreneurship, fostering creativity and opening up new business opportunities (McKee and Dietrich, 2003).

Table 4.5 below shows the different variables used by some developing countries to identify the level of SME activities. It shows that SMEs are dominant in developing nations and they need to be supported if they are to make meaningful economic and social contribution to national economies (Garikai, 2011).

Table 4.5 Level of SME activities in some African countries

Country	Level of SME activities
Congo	2100 firms in the formal and 10,000 in the informal sector. Nearly 80 per cent of firms have fewer than five workers.
Benin	666 SMEs in 1997, half were in commerce and the rest were mostly in construction, pharmacies and restaurants. Only 17 per cent were in manufacturing.
Kenya	SMEs employed some 3.2 million people in 2003 and accounted for 18 per cent of national GDP.
Senegal	SMEs contribute about 20 per cent of national value-added.
Nigerian	SMEs account for some 95 per cent of formal manufacturing activity and 70 per cent of industrial jobs.
Morocco	93 per cent of all industrial firms are SMEs and account for 38 per cent of production, 33 per cent of investment, 30 per cent of exports and 46 per cent of all jobs
South Africa	SMEs provided more than 55 per cent of total employment and 22 per cent of GDP in 2003; accounted for 16 per cent of both jobs and 26 per cent of jobs and 62 per cent of production.

Source: Garikai 2011

SMEs can contribute significantly to the development of economies especially in developing countries if they are given the required attention by governments through support interventions (Ashley et al., 2001).

Enabling Environment

It is recognized that the labour intensity of SMEs lowers capital costs associated with job creation (Schmitz, 1995). Starting a new business and/or owning and managing an independent business are an important career option for many people (Dyer, 1994). To encourage innovativeness, competitiveness, wealth creation, job generation and local and regional development (Reynolds et al., 1992), governments in both developed and developing countries have introduced programs and initiatives (De Koning and Snijders, 1992) to increase the willingness and/ or opportunity for individuals to become self-employed or establish small businesses (Van Praag and Van Ophem, 1995).

SMEs out-number large enterprises in both developing and developed countries but they are hindered in their growth and functionality by the large enterprises

(Ashley et al, 2001). Literature on SMEs in tourism in developing countries highlight the many constraints they face as a result of the dominance of large enterprises and governments are making interventions through policy to remedy the situation (Rogerson, 2004a). The rationale for such interventions lies in the role SMEs play in the economies of countries (Thomas, 2004). SMEs in tourism are dominated by business owners with motivations that encompass commercial goals and lifestyle intentions (Hornaday, 1990). Berry et al., (2002) note that promoting the development of SMEs to achieve national objectives of economic growth through employment generation and income redistribution needs increased interventions by governments to create enabling environments through appropriate policies.

Shaw and Williams (1994, p. 99 & 100) stated that "Worldwide, the tourism and leisure industries tend to be characterised by a few large businesses operating alongside a large number of small independent ones" yet "tourism research has failed to acknowledge that the vast majority of entrepreneurs are small scale". They further note that as such, the small business structure, organisation and management of these enterprises are taken for granted. This is changing but in spite of the general acknowledgement of the role of SMEs in developing economies, developing nations including Ghana, continue to focus their tourism development policies especially in the hotel sector on attracting foreign direct investment in favour of large and luxury properties to the detriment of financing the small tourism and hospitality businesses that create the bulk of employment in the sector (See, NTDP 1996-2010; Sharma, Sneed and Ravichandran, 2007). It is a good policy for nations to support large scale projects and large companies but it is not enough for the maximum development of nations (Bonga, 2010).

Gartner (2004) argues that factors such as population growth and technology affect trends in the development of SMEs. The world's population is growing though age is unequally distribution between developed and developing countries. He further notes that while birth rates are low in developed countries, birth rates in developing countries are high. Also the percentage of people above 55 years is increasing in developed countries compared to people below 25 years. He states that the opposite is found in developing countries and the

inequality between population and age distribution have led to major economic differences between developed and developing countries and this has prompted governments to devise specific policies to promote SMEs to achieve economic and social objectives. Gartner (2004) concludes that SMEs in developed and developing countries operate in different conditions and even though there is a general population increase in the world, small tourism firms in developing countries depend on the developed world for their supply market. Small tourism firms in developing countries play a crucial role in achieving economic and social objectives though they find themselves at the mercy of external forces that they cannot control and that affect their operations (Rogerson, 2004a).

The Economic Commission for Africa (2000) acknowledges that there have been some improvements in the policy and regulatory environment in many African countries but there is still room for improvement for such interventions to be considered enabling and supporting to SMEs. For example, the tax systems in many developing countries discriminate against SMEs and affect their competitiveness.

Constraints to Growth

Several factors constrain the growth of SMEs in developing and developed countries. For example, Jun and Lijun (2007) and Garikai (2011) note that factors such as the strategic thinking of entrepreneurs, their social responsibility and objectives affect enterprise growth.

Infrastructure

Developing countries lack the optimal physical infrastructure such as stable power supply, adequate and stable water supply and an extensive telecommunication network and a good and maintained information technology (IT) infrastructure that are vital for the effective functioning of SMEs to enhance their economic performance and competitiveness (Economic Commission for Africa, 2000). IT can be used to the advantage of SMEs in both developed and developing countries since it provides effective tools for management and operations of such firms (Buhalis, 2000). SMEs in developed countries have a greater advantage because of better developed IT infrastructure and are better placed to benefit from its use (Rogerson, 2004a).

If SMEs in Africa are to contribute effectively to the economic and social development of African countries and play a more significant role, it is important that deficiencies in the area of technology and the tendency not to give IT priority need to be addressed (Economic Commission for Africa, 2000). Also “most SMEs in Africa use outdated or rudimentary technology which severely affects their performance and competitiveness” (Economic Commission for Africa, 2000, p. 36). Information, communication and technology (ICT) can enhance the efficiency of SMEs in developing countries and despite the numerous constraints such as: lack of proper orientation on ICT use even by those who can afford to have it; lack of technical skills and problem of infrastructure in many developing countries does not encourage the use of ICT (Garikai, 2011).

Garikai (2011) further argues that SMEs in developing countries use cheap technology which is usually not top of the range resulting in high costs of production and low competitiveness. The high ICT acquisition and operation cost to SMEs in developing countries makes it difficult for many SMEs to have good records for their business activities. Hence they are not able to forecast and plan ahead efficiently to compete with large enterprises. Garikai (2011) further notes that this may not be the case in developed countries where market opportunities and environmental enabling factors makes it is easier to use ICT to enhance efficiency in small and large firms.

Staffing/Managerial Skills

Enterprise specific capabilities such as entrepreneurial ability, management skills and the institutional environment in which they operate affect SMEs (Masakure, Henson and Cranfield, 2009). This implies that environmental factors affect staffing of SMEs in both developed and developing countries. For example, in Ghana cultural obligations require small firms to hire relatives and friends who may be uneducated and unskilled (Adu-Febiri, 1994). Also, it is argued that weak management skills affect the operations of SMEs in developing countries more than those in developed countries (Rogerson, 2004a). SMEs in developing countries are having the difficulty of competing and surviving in the current globalised environment because of limited skilled human resource and in many African countries (Masakure, Henson and

Cranfield, 2009). The Economic Commission for Africa (2000) argues that in spite of the fact that women entrepreneurs constitute the majority of small entrepreneurs they do not enjoyed much support. The commission further notes that in addition to the problems women entrepreneurs share with their male counterparts they also have special problems that are culture related and need to be addressed if they are to be made effective contributors to the development of SMEs

Masakure, Henson and Cranfield (2009) argue that managerial skills in the form of operational managerial requirements are an important constraint faced by small businesses and Garikai, (2011) argues that some SME owners have difficulty distinguishing between their entrepreneurial skills and managerial skills. Hamilton and Harper (1994) argued for a distinction in the skills of entrepreneurs and notes that entrepreneurship is beyond management and not all entrepreneurs are managers. The lack of managerial know-how in some SME sectors in Ghana place significant constraints on SME development (Osei et al., 1993). SMEs may depend on a number of key individuals and this contributes to an incomplete management team, which can lack financial, management and marketing skills (Cressy and Cowling, 1996). For example, in Ghana the management function in most SMEs is confined to one person or a few key individuals (Osei et al., 1993).

In his work on SME financing schemes in Ghana, Mensah (2004) notes that where entrepreneurs are motivated by non financial factors, they find it difficult to appreciate the use of management support services to complement their skills even when these are available. He further argues that SME entrepreneurs in Ghana perceive such services as costly and do not always offer appropriate cost effective management solutions. For example, some government institutions in Ghana provide such services for a subsidized fee but patronage has not been encouraging and there is still a skills gap among SME entrepreneurs (Mensah, 2004).

Ordinarily, the labour market in developing countries may seem a less important constraint to SME development since most SMEs generally use simple technology, which does not require highly skilled workers. Also, most

developing countries have high unemployment or underemployment rates. However an insufficient supply of requisite skilled labour can limit the specialisation opportunities, raise costs, and reduce flexibility in managing operations (Aryeetey et al., 1994).

The above challenges notwithstanding, SMEs in developing countries are much easier to set up than their counterparts in developed countries due to less public involvement, though this advantage may be eroded due to corrupt practices and higher risks faced by SME in developing countries (Rogerson, 2004a). It is important to understand the contexts in which SMEs operate, whether they are in developed or developing countries in order to provide solution to the challenges they face so that they can contribute meaningfully to economic and social development (Rogerson, 2004a).

Financing

A range of issues constantly characterise the challenges faced by small enterprises (Cressy and Cowling, 1996) of which small tourism firms are no exception. World Business Environment Survey by the World Bank in 2004, in which more than 10,000 firms in 80 countries were surveyed, it was found that SMEs worldwide on average named financing constraints as the second most severe obstacle to their growth and SMEs in Africa were most likely to cite finance as their most severe constraint (World Business Environment Survey, 2004). This is worsened by the absence of well developed financial markets in the developing countries (Garikai, 2011).

World Business Environment Survey (2004) states that small business owners often have a major portion of their wealth invested in the firm and this makes them emotionally attached to the firm. Also, SMEs are subject to a number of internal and external constraints on borrowing and equity participation by outsiders. Researchers have identified a variety of constraints such as the difficulty of absorbing large fixed costs, the absence of economies of scale, scope in key factors of production and the higher unit costs of providing services that affects the development of SMEs (Kayanula and Quartey, 2000). Most common constraints of SMEs in Ghana are associated with poor cash flows which results in the high cost of obtaining local raw materials as well as employing quality staff (Parker et al., 1995).

Kayanula and Quartey, (2000) note that access to finance remains a dominant constraint to small-scale enterprises in Ghana. This stems from the fact that SMEs have limited access to capital markets, locally and internationally, partly because of the perception of higher risk, information barriers, and the higher costs of intermediation for smaller firms. As a result, SMEs often cannot obtain long-term finance in the form of formal debt and equity (Kayanula and Quartey, 2000).

In contributing to literature on SME financing, the Economic Commission for Africa (2000) notes that a major constraint to SME growth in many developing countries is access to equity and finance. The Commission argues that the policies of commercial banks are conservative and consider lending to SMEs risky and unattractive due to a range of factors including information asymmetries, high transaction costs, collateral requirement and financial products not meeting SME needs. Internationally, most SMEs are financed by personal savings and funds from friends and family (Economic Commission for Africa, 2000) and according to Minniti et al., (2006) less than 0.01percent of nascent SME entrepreneurs launch new ventures with formal venture capital or business angel investments despite the amount of attention they receive by policy makers.

The development of many SMEs in developing countries has depended to a large extent on unpredictable and varied sources of finance as SMEs have less access to the capital markets than big corporations (Economic Commission for Africa, 2000) and Adei (2003) blamed commercial banks in Ghana for over concentrating on the big corporate clients to the detriment of the SMEs. This situation is due to a very wide variety of factors, ranging from a certain degree of informality on the part of SMEs, poor accounting and project documentation to the nature and size of the guarantees demanded by finance institutions to cover the risks of such operations (Economic Commission for Africa, 2000). Thus SME owners mostly finance their investment processes with their own savings. Formal long-term bank finance has been very scarce and expensive in many developing countries because of the macroeconomic situations (Masakure et al., 2009).

For many SMEs in developing countries, lack of credit is often a binding constraint to growth (Fafchamps, 2003), with enterprises trying to overcome credit constraints by taking loans from diverse and often informal credit sources (Akoten et al., 2006). However, access to formal credit seems to have no clear impact on enterprise performance relative to informal credit (Akotan *et al.*, 2006). Though lack of credit is often a constraint to business growth Fafchamps (2003), credit can also negatively affect profitability and survival if firms are captive borrowers or operate under poor economic conditions and high interest rates (Steel and Andah, 2004). Critics of use of formal credit point to its constraints and negative consequences, which include the urban bias of banks (ISSER 1999; Chandavarkar, 1992), high transaction costs (Steel, 1994), and market failure due to informational imperfections (Stiglitz, 2002). These lead to an over reliance by banks on collateral for lending to SMEs (Mambula, 2002). Mukherjee (1992) is of the view that financial institutions seem to place heavy reliance on wealth of the small firms rather than on their repayment capabilities. Berger and Udell (1998) for example argue that banks place a heavy weight on production levels and substantial business assets that might be pledged as collateral. Adei (2003) proposed a win-win situation for SMEs in Ghana where innovative approaches such as replacing high-value collaterals with assets of businesses with third-party personal guarantees instead of immovable assets of collaterals demanded by traditional banks.

SMEs sequence their sources for funding in a pecking order. This approach notes that, in raising finance, owner/managers follow a pecking order in which internal funds are preferred, followed by debt (Binks and Ennew, 1996). The pecking order approach to financing SMEs (Myers, 1984) does not rely on the existence of a target debt–equity ratio. Rather, a firm’s actual debt–equity ratio varies over time, depending on its need for external finance. In many instances, owner/managers make decisions that take into account a conglomeration of competing personal, economic, market, and industry considerations (Romano et al., 2000).

Since most small firms do not have to respond to market scrutiny, the motivations and objectives of owner-managers in these firms take on significance in capital structure decisions (Romano et al., 2000). A firm's

capital structure is affected by the goals of its owners (Matthews et al., 1994). This view is supported by Chaganti, DeCarolis, and Deeds (1995) who suggest that the amount of debt sought by an SME is determined, to a large extent, by entrepreneurs' goals. Hutchinson (1995) argues that factors limiting demand for finance in owner-managed firms "have often been neglected by an over-reliance on arguments which attempt to explain small firm financing problems solely in terms of a lack of access to the supply of equity and debt" (p. 238), and that explanations of capital structure processes should be sought by understanding the impact of owner-managers' personal goals, motivation and values and of the firm characteristics (Romano et al., 2000).

Mensah, (2004) drew attention to the fact that SME owners in Ghana are reluctant to be transparent about their businesses toward capital providers thus creating information asymmetry. This he argues indicates their lack of understanding of their obligations and responsibilities. Small firms have traditionally encountered problems when approaching providers of finance for funds to support fixed capital investment and to provide working capital for the firm's operations (Lean and Tucker, 2001). They further note that the challenges faced by SMEs in securing formal finance are attributed to their disadvantaged position in the finance market and they argue that the fundamental cause of this is the information asymmetry that exists between the banks and SME owners.

In spite of the market challenges, where SMEs demonstrate creditworthiness and project viability, they have access to credit (Fischer, 1995). However, because of poor accounting practices and record keeping, which increases the risks and transaction costs of lending to SMEs, many SMEs in developing countries are unable to seek bank credit (Tagoe, Nyarko and Anuwa-Amarh, 2005)

What emerges from review of the literature on SME financing is that the capital structure of SMEs is influenced by the impact of owner-managers' personal preferences and values and of the firm characteristics (Hutchinson, 1995).

In many developing countries access to finance poses a serious impediment to the effective operation of SMEs but the problem is not so much about availability of credit but rather one of accessibility as SMEs are considered by

financial institutions as risky businesses (Economic Commission for Africa 2000). “Even in the rare event that banks are favourably disposed towards them, SMEs are often unable to tap the good will because of their inability to present a credible business plan” (Economic Commission for Africa 2000, p. 32). This is also aided by poorly defined property rights in developing nations (Garikai, 2011).

Marketing

Issues of marketing affect the growth of SMEs (Thomas, 1998b). SMEs in developing countries need effective support services to improve the quality of their products and market them effectively if they are to be successful. However, such support services in developing countries is often uncoordinated resulting in duplication and waste of resources (Economic Commission for Africa, 2000). Even when the products/services of SMEs stand a good chance of penetrating the market, they lack visibility, market intelligence and skills to successfully market them. The above pose serious challenges to the competitiveness of SMEs in developing countries and need the intervention of governments (Economic Commission for Africa 2000).

SMEs in developing and developed countries agree that poor marketing such as untimely advertisements or no advertisements and sales efforts influence their chances to grow (Garikai, 2011). The fragmentation of African markets both physically and culturally is another marketing challenge for SMEs and Garikai, (2011) notes that in developed countries, the commonality of culture and language minimizes this challenge, implying that language barriers affect SMEs in the developing world more. In most developed OECD countries, SMEs derive their strength and comparative advantage either from specializing in niche markets or from linking up with large, often transnational corporations through integration into their supply chain. On the other hand, in many developing countries (less so, however, in South East Asia), SMEs compete head-on with large companies in the same markets with the same type of products (OECD, 1982). Some similarities and differences between SMEs in developed and developing countries are summarised in Appendix 11.

Given the role and importance of SMEs in the Ghanaian economy, section 4.5 below gives an overview of the sector in Ghana.

4.5 OVERVIEW OF SME DEVELOPMENT IN GHANA

Before Ghana's political independence in 1957, entrepreneurship was not effectively promoted by the colonial government and in the early post independence years (1960s), small-scale enterprises were perceived as threats by the political leadership (Aryeetey and Ahene, 2005). Thus instead of promoting the development of small-scale industries, several large import-substituting industries were set up by the then government as an approach to modernise the economy. These industries, together with the numerous government departments and agencies employed most of the labour force. The industries depended heavily on imported raw materials, intermediate goods and foreign expertise (Ghana Development Plan, 1959- 1964).

In the late 1970's when Ghana's economy began to decline due to internal political and external factors, as discussed in Chapter 3, the viability of these industries were seriously affected. Ghana faced an economic decline in terms of trade due to weak market conditions for its key export commodities such as gold and cocoa besides the increases in import prices. The fluctuations in the price of oil, cocoa and gold in the 70's and 80's reduced the foreign exchange earning capacity of Ghana and reduced the import capacity of many industries (Kayanula and Quartey, 2000).

The large import-substituting industries began to scale down their operations and shed off some of its labour force. Majority of the laid off labour, used their redundancy benefits to set up various small firms. Most of these small firms were in the commercial passenger and cargo transport, retail trading, agriculture and small scale manufacturing sectors of the economy (Aryeetey et al., 1994). The declining economic conditions in the 1980s, led to the adoption of monetary and fiscal economic programmes such as the Structural Adjustment Programme (SAP) and the Economic Recovery Programme (ERP I & II). These programmes resulted in the liberalization of the economy, reduction of subsidies to public enterprises and the broadening of the base of the tax system. Aryeetey et al., (1994) and Riedel et al. (1988) note that that these measures which were aimed at reducing public spending and the amount of money in circulation together with the trade liberalisation policies exposed

many SMEs that have been established in the 70s and 80s to greater external competition resulting in the collapse of many of them.

Despite the economic conditions, Steel and Webster (1991) observe that small scale businesses and self-employment grew by 2.9 percent per annum in the 1980s, but their activities accounted for only a third of the value added. They argue that increases in employment in SMEs are not always linked with increases in productivity. Presently, though it is estimated that approximately 90 percent of all business units in Ghana are small and medium scale enterprises (SME's) employing 88 percent of the national workforce, SMEs contribution to gross domestic product of the country which is (6 percent) is relatively insignificant. This disparity stems from primarily two major factors- lack of financial support and inadequate business management capacity (GSS, 2008).

SMEs in Ghana face many obstacles in their development and this is often linked to the absence of a clear vision on the part of government of the role of SMEs in national development and the lack of a realistic policy framework and interventions to promote their growth (World Bank Industry Series Paper, No.33). The problems of SMEs in Ghana are either the results of specific public policies or structural related. The problem of financing has been cited as a constraint to SME development (Poku, and Atta Frimpong, 2009). SMEs have unattractive credit and financial history in Ghana, only five percent of small enterprises approach the banks for start-up capital and only ten percent of them turn to banks for assistance for operational capital. Other constraints frequently cited by small firm owners are the lack of access to appropriate technology, the existence of inappropriate laws, regulations and rules, weak institutional capacity and lack of management skills and training. These constraints combine to impede the development of SMEs in Ghana (World Bank Industry Series Paper, No.33).

There is high start-up cost for small firms, including licensing and registration requirements, which impose excessive and unnecessary burdens on SMEs. The cumbersome procedure for registering and commencing business are key issues often cited in surveys (Bank of Ghana, 2007). For example to register a

hotel in Ghana, one requires licences from nine different government departments (Registrar General, Town and Country Planning, Police, Fire Service, Environmental Agency, Ministry of Health, Internal revenue, VAT office and the Ghana Tourist Board). These departments work independently and each may take several months to process an application (Bank of Ghana, 2007). Lall and Pietrobelli (2002) note that potential investors still spend significant time fulfilling bureaucratic requirements.

Other constraints to SME development in Ghana include the lack of protection for property rights which limits SME access to appropriate foreign technologies, access to land, utility installation and services. The high cost of settling legal claims and excessive delays in court proceedings adversely affect SME operations. Many of the constraints faced by Ghanaian SMEs are directly related to their small size, which limits their ability to reap economies of scale and internalize a variety of important support functions (Aryeetey et al., 1994).

To overcome some of these challenges, the government have over the years set up institutions such as National Board for Small-Scale Industries (NBSSI), Ghana Regional Appropriate Technology and Industrial Service (GRATIS), EMPRETEC (a United Nations programme established by United Nations Centre for Trade and Development to promote the creation of sustainable SMEs), National Vocational and Training Institute (NVTI), Opportunity Industrialization Centres' (OICs) to oversee the development of SMEs. These institutions are achieving some successes but their regulatory roles are not clarified. For example, the (NBSSI) promotes the development of small firms but does not have the legal mandate to control SME activities. The diverse and dynamic nature of SME present challenges to policy makers in putting in place an enabling environment for their development (Poku, and Atta Frimpong, 2009).

The development of SMEs in Ghana is also hampered by many non-financial constraints. GTZ (2001) report that entrepreneurs perceive management and support services to be costly and does not add value to their operations. Thus, SMEs in Ghana do not take full advantage of Government-sponsored business support services provided by National Board for Small Scale Industries (NBSSI)

and the Ghana Regional Appropriate Technology and Industrial Service (GRATIS) and other government agencies.

Mensah (2004) sums up a typical profile of small enterprises in Ghana by stating that small firms are dominated by one person, with the owner/manager taking all major decisions. The entrepreneur in most of such enterprises have limited access to and use of new technologies, market information and access to credit from the banking sector. SME entrepreneurs also have weak management skills thus inhibiting the development of strategic plans for sustainable growth. He further notes that while entrepreneurs of small enterprises experience extreme working capital volatility, their lack of technical know-how and non preparedness to acquire new skills impede their growth opportunities.

4.6 CHAPTER SUMMARY

This chapter highlights definitional issues of small firms in general as well as small tourism and hospitality firms and note that though there is no commonly accepted definition of a small firm, they do not have the same characteristics and analyzing them by sector categories will be more beneficial. Although a variety of definitions of what represent a small tourism and hospitality business are currently used, these are not a major concern so long as stakeholders (researchers and policy makers) recognise the distinctiveness of these businesses and their characteristics in relation to their context.

The chapter also shows the importance of small tourism accommodation businesses in terms of employment generation capacity and as a significant component of the tourism and hospitality industry. The role of SMEs in the development of national economies as well as the numerous external challenges (political, social, economic and technological) and internal challenges (staffing, management and owner characteristics) they encounter. Factors affecting the development of SMEs such as lack of managerial know-how and operational cost can be attributed to the characteristics and motivations of the owners. Financial and regulatory issues also affect the development of small businesses. In spite of these, SMEs play an important role in both developed and developing countries in providing job opportunities,

improving the quality of human resources and encouraging entrepreneurship. The review of literature on SMEs shows some common similarities and differences in SMEs in both developed and developing countries and highlights how the environment in which SMEs operate affect their development.

The chapter highlights the importance of small tourism accommodation businesses in terms of employment and foreign exchange generation in both developed and developing countries and the influence of entrepreneurship on the development of small businesses. In the next chapter, the role of the small business owner, their disposition and orientation and how these impacts on their entrepreneurial activities will be examined to enhance understanding of how these factors affect the development of small tourism accommodation businesses in Ghana.

CHAPTER FIVE

ENTREPRENEURSHIP AND THE DEVELOPMENT OF SMALL TOURISM BUSINESSES

5.1 INTRODUCTION

The purpose of this chapter is to draw upon existing knowledge of entrepreneurship and relate it to the development of small tourism businesses. The contribution of small businesses in the tourism and hospitality industry in many countries has led to the acknowledgment of the importance of entrepreneurship in such businesses (Shaw and Williams, 2004). Small business entrepreneurs in the tourism industry exhibit entrepreneurial cultures which does not fully incorporate formal ideas of entrepreneurship compared to general small businesses (Goffee and Scase, 1983). Such entrepreneurial cultures include non-economic motivations and aspirations which makes it difficult to apply rational economic models of small businesses within the tourism industry (Dewhurst and Horobin, 1998). Entrepreneurship is not a new concept. It is used to describe someone who bore risk, made plans, organised and owned factors of production such as land, labour and capital (Coulter, 2001).

The concept and definition of the entrepreneur is far more complicated from the perspective of tourism and hospitality and requires the adoption of different perspectives if it is to be fully understood (Swedburg, 2000). Such perspectives include sociological and psychological views related to the knowledge and characteristics of the entrepreneur. For example, the relationship between tourism consumption and production is a major characteristic of small tourism firm entrepreneurs which differentiate them from other sectors of the small firm economy (Shaw and Williams, 2002). Ateljevic (2000) explains that such relationship revolve around "interest, infrastructure, and social relations of production and consumption forces" (p. 377).

To enhance understanding of small tourism accommodation businesses in Ghana, the sections of this chapter critically examines economic, psychological and sociological perspectives of entrepreneurship; entrepreneurial typologies;

culture and entrepreneurship; characteristics of the small firm entrepreneur and the relationship between family business, small business and entrepreneurship.

5.2 ENTREPRENEURIAL PERSPECTIVES

This section focuses on definition debates and discusses entrepreneurship from three main perspectives of economics, psychology and sociology. The definition of entrepreneurship has been examined among researchers and policy makers ever since the concept was first established in the 1700s. Yet Tiejun and Jin (2006) note that a precise definition for entrepreneurship is still evolving.

Similar to other academic areas of study, there is little consensus on a generally accepted definition of entrepreneur or the entrepreneurial process (Morrison, 2006). Some anchors such as type of person, the environment in which he operates and his role in society has been used to define entrepreneurship (Westhead, 2003).

Carton, Hofer & Meeks (1998, p. 5) stated that “the essence of entrepreneurship is the pursuit of discontinuous opportunity involving the creation of an organization with the expectation of value creation to the participants”. In the view of Low and MacMillan (1988) “clearly stated and agreed-upon definitions of entrepreneurship make it easier for researchers to build on each other's work and for practitioners to decide whether research findings are applicable to their situation” (p.11). In the pursuit of such a definition, economists, psychologists, sociologists and other social science researchers have all developed multiple perspectives on entrepreneurship, “each using culture, logic and methodology established to varying degrees in their own fields” (Filion 1997, p. 6). These varied perspectives have contributed to the numerous definitions of entrepreneurship in the literature (Shane and Verkataraman, 2000). Yeung (2002) acknowledges the varied sources of these definitions and concludes that definitions of entrepreneurship originate from several academic disciplines including economics, psychological and sociology. For the purposes of this research, these three perspectives on entrepreneurs are examined below to help give a better understanding of entrepreneurship in small tourism accommodation businesses in Ghana.

Economic Perspectives

This perspective seeks an understanding of the impact of entrepreneurial behaviour upon an economy. Cantillon defined an entrepreneur as one who buys at certain prices and sells at uncertain prices, thereby undertaking a risk in exchange for a potential profit (Praag, 1999). The economic perspective identifies an entrepreneur by an economic function rather than by personality type or social status (Hebert and Link, 1989). Fillion (1997) in contributing to the debate on the economic perspective of entrepreneurship notes that entrepreneurship is about exploiting new business opportunities and using national resources in innovative ways.

Researchers have varied views on entrepreneurship from the economic perspective and they associate it with the function of uncertainty-bearing, coordination of productive resources, introduction of innovation and the provision of capital (Burnett and Danson, 2004). Given the above, "an entrepreneur is defined 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 necessary resources to capitalise on them" (Zimmerer and Scarborough, 2005, p.3).

These economic perspectives to entrepreneurship do not consider the personality type or social factors which have been identified as important in the tourism and hospitality industry. The psychological perspective which is examined below is imperative for a better understanding of the entrepreneur.

Psychological Perspectives

Psychological perspectives to entrepreneurship focus on personality type and character traits of entrepreneurs (Mathews, 2008). These traits include need for achievement, locus of control, risk taking, values and age. This notwithstanding, it has been argued that the wide variations in traits among entrepreneurs hinders understanding the phenomenon of entrepreneurship (Gartner, 1989).

Thus defining the entrepreneur from the psychological perspective have been challenged by several researchers including Hampson (1982), Chell and Haworth (1988, 1992), Chell et al., (1991) on the grounds that there are

difficulties in the identification of personality characteristics and that “defining entrepreneurship from the traits perspective may not be a good approach” (Stanworth and Gray, 1991, p.158). The psychological perspectives to entrepreneurship is better appreciated if in addition to personality traits, a set of socially oriented cognitive constructs that enable a person to comprehend, orientate themselves and make sense of their world is incorporated (Chell, 2007). These arguments led researchers to the use of sociological perspectives to get a better understanding of the entrepreneur.

Sociological Perspectives

Sociological perspectives view entrepreneurship as a function of social forces and structures than individual personality traits and is aimed at understanding the characteristics of entrepreneurs (Woo et al, 1988). The social perspective approach was used by Reynolds (1991) to differentiate between different types of business owners. Such an approach focused on understanding the individual entrepreneur rather than attempting to categorise him. Critical to understanding of small firms is the motivation of a business owner in establishing a business (Goss, 2005).

Entrepreneurship could be defined by societal expectations such as role expectations of individuals and the individual's personal aspirations (Smelser and Swedberg, 1994). Muller and Thomas (2001) in contributing to literature on sociological perspectives to entrepreneurship explain the phenomenon from a national culture perspective.

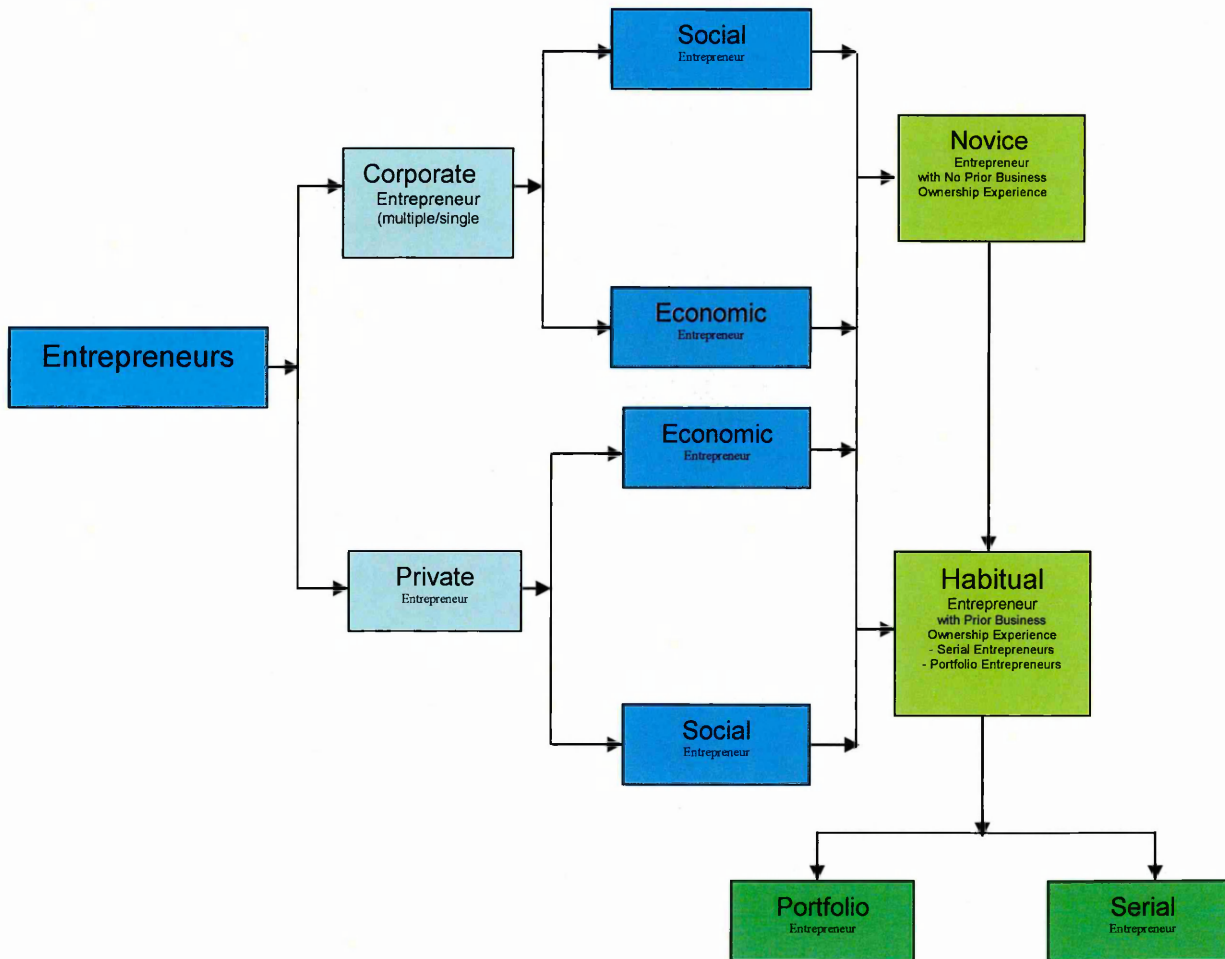
From the above discussion, defining entrepreneurship from either economic, psychology or social perspective may not be appropriate as it has been suggested that what constitutes an entrepreneur and entrepreneurship should be more broadly perceived (Siropolis, 1990). Bridge et al. (2003) are of a similar view, noting that “there are no fixed perspectives of what represents entrepreneurial activity; enterprise and entrepreneurship is about entrepreneurial attitudes and skills, i.e. innovating to create change and opportunity, in whatever sphere of life” (p.32).

From the foregoing, “there is still no standard universally accepted definition of entrepreneurship” (Chell, Haworth and Brealey, 1991, p.1) and “there is no agreed definition of what constitutes entrepreneurship” (Kirby 2000, p.10). The existence of the variety of definitions represents a multi-dimensional approach to understanding entrepreneurship from economic and non-economic perspectives of small firm development (Morrison, 2006). The non economic perspectives include cultural and psychological factors that offer opportunities to pursue lifestyle preferences (Morrison, 2006).

5.3 ENTREPRENEURIAL TYPOLOGY

Researchers including Stevenson and Sahlman (1986) have attempted to build small firm entrepreneurial typologies and the main focus for this classification is the business owner's motivation or intentions (Chell et al., 1991). An examination of entrepreneurial typology will give a better understanding of the nature of small tourism accommodation business owners in Ghana and help explain their actions or inactions. Entrepreneurs have diverse characteristics and research suggests that different types of entrepreneurs exist (See, Birley and Westhead 1993; Kolvereid and Bullvåg 1993). Westhead and Wright (1998a) identified differences between novice, serial, and portfolio entrepreneurs. Block and MacMillan (1993) also described entrepreneurship along two broad dimensions - private or corporate. Katz (1994) suggested that these two broad groupings can be categorised into social and economic entrepreneurs. Social entrepreneurs may tend to emphasize on other factors rather than financial achievement when starting a business. Shaw et al., (2002) and Smallbone et al., (2001) are of the view that social entrepreneurs combine economic with social goals and objectives. From the foregoing, entrepreneurs in either the economic or social sectors can be a novice, serial, habitual or portfolio entrepreneurs. The typologies described above are depicted in Figure 5.1 below.

Figure 5.1 Entrepreneurial Typology



Source: Guth and Ginsberg (1990); Block and MacMillan (1993); Katz (1994); Westhead and Wright (1998a)

Novice entrepreneurs are individuals with no prior private business ownership experience and generally limit the size of the business and grow it to a psychologically comfortable level (Westhead et al., 2005). Such a strategy allows the business to be personally managed and controlled (Westhead and Wright, 1998).

Westhead and Wright (1999, p.66) note that "as yet, there is no generally accepted definition of a habitual entrepreneur". Donckels et al., (1987, p.48) likened habitual and multiple entrepreneurs and note "multiple business starters are entrepreneurs who, after having started a first company, set up or participate in the start-up of (an) other firm(s)." Birley and Westhead (1994a,

p.40) suggest that "habitual founders had established at least one other business prior to the start-up of the current new independent venture. Habitual entrepreneurs may thus be classified as serial or portfolio entrepreneurs.

Kolvereid and Bullvåg (1993) found that habitual entrepreneurs were more likely to have obtained higher education qualifications. Birley and Westhead (1998) in contributing to the debate on factors that affect entrepreneurial typology, note that habitual founders started their first business at a younger age than novice founders. It has been noted that a significant proportion of business founders are habitual entrepreneurs who have had prior experience of business ownership (Birley and Westhead, 1998).

Portfolio entrepreneurs on the other hand retain their original business and set up another business(es). The "development of a portfolio of businesses suggests a need for greater managerial skills than might be expected in the case of novice and serial entrepreneurs" (Birley and Westhead, 1998, p.66). Donckels et al., (1987) were of a similar view and note that portfolio entrepreneurs are more likely to have had a managerial experience.

While independence is a strong motivation for starting a first business, a range of other more materialistic reasons come to the fore when a founder establishes another business (Westhead and Wright, 1998).

Serial entrepreneurs on the other hand are those who sell their original business but at a later date inherit, establish, and/or purchase another business (Westhead, Ucbasaran and Wright, 2005). Serial entrepreneurs generally place greater emphasis on achieving a particular goal and receiving recognition for it, which is crystallized through the act of disposal (Westhead and Wright, 1998). Given the various economic and non economic factors that affect the differing typologies of entrepreneurship, this research will explore the entrepreneurial typology of small tourism accommodation business owners in Ghana. Table 5.1 below is a summary of the profile of entrepreneurial typology.

Table 5. 1 Profile of Entrepreneurial Typology

NOVICE	PORTFOLIO	HABITUAL	SERIAL
Have no prior entrepreneurial experience as a founder, an inheritor, or a purchaser of a business	Retain their original business and inherit, establish, and/or purchase another business.	Had established at least one other business prior to the start-up of the current new independent venture. Have had previous experience of business ownership and that many own more than one firm	They sell their original business but at a later date inherit, establish, and/or purchase another business.
They generally limit the size of the business and grow it to a psychologically comfortable level.	May have greater managerial skills than might be expected in the case of novice and serial entrepreneurs	More likely to have obtained higher education qualifications.	Generally place greater emphasis on achieving a particular goal.
They ensure that the venture can be personally managed and controlled.	More materialistic reasons for establishing other businesses	May have started their first business at a younger age than novice founders	

Source: (Westhead et al. 2003a, Westhead, Ucbasaran, and Wright 2003b; Katz 1994; Birley and Westhead, 1993, 1994a; Kolvereid and Bullvåg 1993; Birley and Westhead 1993); Oxenfeldt, 1943; Donckels et al., 1987; Gray 1993; Hall 1995; Beresford 1996, Westhead, Ucbasaran, and Wright 2005

5.4 CULTURE, LIFESTYLE AND ENTREPRENEURSHIP

Entrepreneurs are shaped by the environment (economic and social systems) in which they operate (Morrison 2006). In their work on cross-cultural overview of women in management, Omar and Davidson (2001) argue that systems are largely influenced by the culture of society and that national cultural values impact on entrepreneurship. There are varied definitions of culture and many researchers use definitions that fit the context of their research (Straub et al., 2002). Researchers such as (Morrison 2006) note that culture represents a shared and collective way that groups of people understand and interpret their world.

Tayeb (1988, p. 42) defined culture as “a set of historically evolved learned values, attitudes and meanings shared by the members of a given community that influence their material and non-material way of life. Morrison (2006) is of the view that culture is learned through institutions, such as family, religion, formal education and society as a whole. National culture is reflected in the

cultural values held by a society (Hofstede, 1980) and the institutions that are part of that culture (Kreiser, Marino, Dickson and Weaver, 2010). Differences in shared meanings which are an attribute of their environment distinguish societies from each other (Hofstede, 1991) and "societies vary in their ability to create and sustain entrepreneurial activity (Kreiser, Marino, Dickson and Weaver, 2010, p.959). Having an understanding of the cultural environment in which entrepreneurs operate and its impact on their values, motivations and aspirations is essential to enhancing knowledge on the behaviour of entrepreneurs (Morrison 2006). Interpretation of what represents entrepreneurship is likely to vary across nations and societies according to their cultural systems. Various explanations have been offered to account for these societal differences and cultural attributes has been identified as one of the primary determinants of a nation's level of entrepreneurial development (Kreiser, Marino, Dickson and Weaver, 2010, p.959). Innovativeness, risk taking, and proactiveness are the three primary dimensions of entrepreneurial orientation (Kreiser et al., 2010). Morrison (2006), contributing to research in the area of culture and entrepreneurship notes that entrepreneurial culture develops in response to competition and uncertainty with the support of the society though there are differences in the level of support at societal levels. A successful entrepreneur usually commands a high social status and this may be a pull factor for the lifestyle business entry motivation which is reflected in small tourism businesses (Buick et al., 2000). This assertion is supported by Morrison (2006) that for many entrepreneurs the "maintenance and protection of a certain lifestyle will be prioritized over commercial focus on profit-maximisation" (p. 200).

The influence of culture and its impact on the aspirations of the entrepreneur are likely to influence the development of a business (Basu, 2004). However, where individual values and aspirations and entrepreneurship overlap, there is a potential conflict (Morrison and Teixeira, 2002). The dynamic and multidimensional nature of culture impacts on the environment and actions of individuals to be entrepreneurial (Morrison, 2006) and that the national cultural environment may determine the level of support the society offers entrepreneurs (Kreiser et al., 2010).

Researchers have differing views on the direct impact of national culture on entrepreneurial orientation. These range from suggestions that entrepreneurs share a common set of values regardless of culture to those that suggest that national culture will influence entrepreneurial orientation (Marino, 2002). In spite of this, Hayton et al., (2002) acknowledge the impact national cultural values and social institutions have on entrepreneurial outcomes and suggest that entrepreneurial behaviour is facilitated by cultures that are high in individualism, low in uncertainty avoidance, and low in power distance and high in masculinity. In contributing to the debate on national culture and entrepreneurship, Morrison discusses how culture influences perceptions and encourages individuals to be entrepreneurial. She notes the complementarity between cultural, institutional and economic environment in which entrepreneurs develop (Morrison, 2006)

From the above discussion, an individual's assessment of how society values entrepreneurial activity is influenced by cultural values, economic factors, and the relationship between the entrepreneur and their host environment (Jones 2000). Entrepreneurs seek economic and social gain, the extent of which depends on their individual motivations and values (Pearce, 1980). While "every person has the potential and free choice to pursue a career as an entrepreneur" (Kuratko and Hodgetts (1998, p. 97), the complex relationship between the individual, society and economy should be critically examined (Naffziger et al., 1994).

Entrepreneurs are not driven solely by economic factors but are also influenced by their desire to pursue personal goals (Morrison, 2006).

Entrepreneurs in the hospitality and tourism industry have behaviour drivers associated with lifestyle entrepreneurial motivations which include an objective to pursue economic goals while still maintaining an aspired lifestyle with the potential for psychological gratification (Andrews, Baum and Morrison, 2001). Societal expectations also act as factors that push individuals to become entrepreneurs. The opportunity of increasing personal wealth and to be own boss and enhance status are factors that pull individuals into entrepreneurship (Lee-Ross and Lashley, 2009).

In general, entrepreneurial activities are complex and several researchers have commented on the variety of necessity and opportunity or push and pull motivating factors as noted by Morrison, Carlsen and Weber (2008) and summarised in Table 5.2 below.

Table 5. 2 Summary of Lifestyle Entrepreneurial Motivating Factors

LIFESTYLE ENTREPRENEURIAL MOTIVATING FACTORS	
NECESSITY/ PUSH FACTORS	
Description	Author
Need to make a living/ no alternative	Kokkranikal and Morrison (2002); Hampton (2003); Rogerson (2005)
Need to overcome labour market disadvantages	Hampton (2003); Wilson (2006); Dahles (2004)
Need to subsidise reducing income	Sharpley (2001); McGehee and Kim (200a); Vaugeois and Rollins (2007), Buckely et al, (2006)
Provide financial bridge between employment and retirement	Ioannides and Petersen (2003); Rogerson (2005); Weber (2006)
Fulfilling socio-cultural obligations of care for family	Getz and Carlsen (2000); Ateljevic and Doorne (2003)
Need to realise tax advantages and generate retirement income from rural land holdings	Murphy and Murphy (2001), Walmsley (2003), Buckely et al (in Moss 2006)
OPPORTUNITY/PULL FACTORS	
Opportunity for escape from urban environment / live in high quality amenity environment	Thomas (2000); McGehee and Kim (2004); Getz and Carlsen (2005), Dredge and Jenkins (2007)
Rejection of corporate employment / career transition	Smith (2000); Ateljevic and Doorne (2001) Morrison (2006)
Freedom to work on own terms	Dahles and Bras (1999); Wilson (2006); Lashley and Rowson (2005)
Balance work/life and family quality time	Getz et al. (2000; Massey et al. (2000; Morrison (2006)
Opportunity to experience 'otherness' of a different place and activity, and associations of escapism from social conventions	Irvine and Anderson (2004); Shaw and Williams (2004)
Relatively comfortable climate and familial/familiar links to the destination	Lardies (1999), Eaton (1995), Valero Escandell (1992) and Jurdao and Sanchez (1990), Williams et al (1989)

Source: Morrison, Carlsen and Weber (2008)

It has been noted that lifestyle motives which characterise the small scale entrepreneur in tourism differentiate them from those in other economic sectors (Shaw and Williams 2004, Morrison, Carlsen and Weber, 2008). The lifestyle of small tourism business owners is difficult to define and is dependent on the values and expectations of the owners (Morrison and Teixeira, 2004). Thomas (2004) acknowledges this difficulty and state that the use of the label lifestyle

should incorporate features of the sub-sector, location and national circumstances. Spence and Rutherford (2001) explain further by stating that meanings and values associated with the term lifestyle are context dependent. Morrison and Teixeira (2004) in their work on small tourism businesses in the City of Glasgow, Morrison and Teixeira discusses the subjective nature of the values and expectations of small business owner-managers and how this relates to their lifestyle. They note that many small tourism business owners adopt a certain lifestyle that will be prioritised over a commercial aspiration.

Contributing to the debate on literature on lifestyle entrepreneurship, Morrison, Carlsen and Weber (2008) note that most research relating to lifestyle entrepreneurship in tourism has been conducted in developed economies and researchers have assigned different meaning to the term lifestyle and these include that which signifies non economic goals such as value of life, work/life balance, family values and socio-political ideology. In addition, they state that meanings assigned to the term lifestyle in developing countries are more economically oriented and suggest activities that will improve the economic status of the owners.

Given the foregoing, the cultural environment influences entrepreneurial activities and having an understanding of culture, values, motivations, and aspirations of small tourism accommodation business owners and their characteristics will increase the knowledge base about entrepreneurial behavioural factors and how they contribute to the development of strategic tourism in Ghana.

5.5 CHARACTERISTICS OF THE SMALL FIRM ENTREPRENEUR

The discussion in Chapter 4 on small firms suggests that many tourism and hospitality firms are small and the role of the owners in the setting up these enterprises makes it expedient to explore further their characteristics especially within the tourism and hospitality context. Small firm business owners combine personal traits and characteristics (skills, personality, aspirations, experience) and environmental enablers (political, Economic, social, technology) to achieve their goals (Lee-Ross and Lashley, 2009).

The personal characteristics of an individual (Stanworth and Gray, 1991) and the host environment (Goss, 1991) influence the decision to create a new business (Burns and Dewhurst, 1989). These traits serve to shape the motivations of small firm owners and reflect in their characteristics (Dewhurst and Horobin, 1988). The motivations of the business owner play an important role in this entrepreneurial process (Thomas 1998). While it is acknowledged that customer oriented goals, investor-oriented goals and society-oriented goals reflect the personal motivations of the small firm owner, it is the owners own goals which is of dominant importance since it reflects his/her aspirations (Carson et al., 1995).

An understanding of what motivates an individual to become a small business owner is essential to understanding the development small businesses. A number of drivers that are of economic, social/psychological nature are identified in literature. For example Foley and Green (1989) cite financial considerations, independence and job satisfaction as motivations for small firm owners. Others such as Carland et al., (1984) identified economic and personal goals as key drivers. Thomas (1998) suggests that small firm owners have their own aspirations and will prioritise their motivations. Dewhurst (1996) categorise the motivations of small business owners into economic and lifestyle.

Morrison (2006) in her research on contextualisation of entrepreneurship summarised the characteristics of small tourism businesses as follows: "Small tourism businesses are characterized by relatively low professional skills and financial barriers to entry that readily accommodates a lifestyle business model. They are perceived as an attractive activity mode for those individuals seeking life change. Though the commercial pursuit of enterprise goals are necessary, it is subordinated to the pursuit of socially driven lifestyle aspirations (p.204)." The location decisions of many small tourism business entrepreneurs can be classified as social and are influenced by personal preferences rather than rational economic assessment Morrison (2006). In contributing to this debate, Urtasun and Gutie'rrez (2006) note that the geographic location of tourism businesses is a critical consideration and depends on the goals of the owner and it affects the ability to draw customers. It is important that the location of the facility is visible, accessible, convenient and attractive to the market. Aesthetics

of the area, price, service and safety are other factors that need to be considered in relation to the geographic location of a tourism business. Other characteristics such as "limited career ambition, a merging of family and business, quality of life aspirations, and low motivation for commercial pursuit other than lifestyle sustenance converge to conspire against growth, innovation and intense entrepreneurial behaviour in small tourism businesses (Morrison 2006, p.204). She concludes that small tourism businesses broadly exhibit entrepreneurship attributes as defined by economic theory but also offers an alternative interpretation of entrepreneurship. Such businesses prioritise the personal goals of the owners over those of economic optimisation associated with risk acceptance, new market creation, growth and profit motivations (Morrison, 2006).

Giunipero et al., (2005) in contributing to literature on characteristics of entrepreneurs note that entrepreneurs have a high need for achievement, set challenging goals, have commitment and determination and an internal motivation to excel. Furthermore, other individual demographic and cultural backgrounds that affects the chances of a person becoming an entrepreneur are (1) being an offspring of self-employed parents; (2) being fired from more than one job; (3) being an immigrant or a child of immigrants; (4) previous employment in a firm with more than 100 people; (5) being the oldest child in the family and (6) being a college graduate (Bianchi, 1993).

Entrepreneurs are commonly associated with certain behavioural traits and characteristics such as initiative, imagination, creativity and flexibility and they perceive change as an opportunity. Many do not have formal management training and use pragmatic styles to achieve their goals (Thompson, 1999). Literature on family business is intrinsically linked to small business and entrepreneurship literature (Neubauer and Lank, 1988). This linkage is examined in the next section.

5.6 FAMILY BUSINESS, SMALL BUSINESS AND ENTREPRENEURSHIP

Small, owner operated businesses with family dimensions dominate the hospitality and tourism industries. There are some similarities between family

business and small business in terms of size. However, ownership makes a significant difference between them as many family businesses are small for very personal reasons and family related issues are significant in determining their operating strategies (Gertz, Carlsen and Morrison, 2004).

Researchers have defined family businesses differently (Chua et al., 1999) and as yet there is no commonly agreed definition of a family business in literature (Gertz, Carlsen and Morrison, 2004) and researchers and policy makers use operational definitions that fit their purpose. Researchers such as Barry (1975) defined a family business as an enterprise which in practice is controlled by members of a single family. This definition is challenged because many family businesses have non-family members involved in their operations. To overcome this challenge, Westhead and Cowling, (1998) defined family business to incorporate both ownership and management. However, Gertz, Carlsen and Morrison (2004, p.5) defined a family business as "any business venture owned and/or operated by an individual, couple(s) or family". Such a definition recognises the involvement of any individual, couple or family in owning and operating a business. Going by the above definition of Gertz, Carlsen and Morrison, (2004), the small tourism accommodation businesses which form 97 percent of hotels in Ghana can be classified as family businesses. However as Chua et al., (1999) argue, the vision, intentions and behaviour of the dominant owner(s) are what should be used to distinguish family business from all others.

The essence of family business which sets them apart from other enterprises is that, the needs and preferences of the owners and their families are paramount to growth, profit maximization and even performance (Getz et al, 2004). The characteristics of family business have been described as elusive (Commonwealth of Australia, 1997), but has elements such as ownership remaining within the family; employment of family members and shared management responsibilities among family members.

A family business is unique "because the pattern of ownership, governance, management, and succession materially influences the firm's goals, strategies, structure, and the manner in which each is formulated, designed, and implemented " (Chua et al., 1999, p. 22). They further note that the family

element determines the role of family members and family dynamics affect how decisions are made and implemented (Chua et al., 1999). They believe that the purpose of a family business is to pursue the vision of its dominant family members which must be to use the business as a vehicle to provide a better future for the family.

Birley (2001) notes that family businesses can be better understood and described through the characteristics of the owner/manager rather than equity or managerial control. He concludes that the motivations, aspirations and behaviour of the family business owner differentiate it from that of a non-family business and from businesses in which family involvement makes no difference to its operations.

The concept of vision in family businesses is about what the business stands for with respect to the family and its future involvement in the business and Chua et al., (1999) argue that if a family business is a matter of behaviour of the people who own and/or govern and/or manage the firm, then they must behave as they do to serve a purpose that shapes the pursuance of the vision of one or a few family members who control the business. They associated a family business with one governed and/or managed with the intention to shape and pursue the vision of the business held and controlled by members of the same family or a small number of family members in a manner that allows it to last through generations of the family or families.

This definition incorporates definitions that emphasize the family's influence on the strategic direction of the firm. For example, Pratt (1986) defined the family business as "one in which two or more extended family members influence the direction of the business through the exercise of kinship ties, management roles or ownership rights." but does subsume the role particular family members to whom the vision belongs, the owners or the managing group as subset that make the pursuit of the vision possible. Though the vision of the firm may change, the key family members should be in charge and the vision of the business should be to operate as a vehicle for the achievement of a desired future state for the family. Chua et al., (1999) definition of the family firm does

not suggest that the vision to achieve a desired future state for the family should be shared by all or even a majority of the members of the family group.

Neither does it stipulate that this vision must serve only the interests of the family because the desired future may be partly concerned with society in general. What is important, however, is the power on the part of the holders of the vision to put it into practice (Chua et al., (1999). The review of literature shows that family business, small business and entrepreneurship have common features such as ownership, vision, management, motivations/aspiration and strategies structure but they are different in the approach in which each is developed and achieved.

5.7 CHAPTER SUMMARY

The chapter shows that entrepreneurship plays an important role in the development of small tourism and hospitality businesses. However, defining entrepreneurship in the context of tourism and hospitality industry is far more complicated. It is defined from several perspectives such as economics, sociology and psychology. Thus as yet, there is no commonly agreed definition of entrepreneurship.

The chapter highlights the varied motivations of entrepreneurs and these are used to categorise them into either novice, serial, habitual and portfolio entrepreneurs. This implies that acknowledging differences among entrepreneurs will enhance understanding of their motivations and help in identifying the type of entrepreneurs operating small tourism and hospitality businesses. The chapter shows that the environment in which entrepreneurs operates influence their behavior. Such environment includes the social system which is influenced by the culture of the society. Since there are many definitions of culture, it means that its impact on the activities of entrepreneurs is varied across nations and societies according to their cultural systems. This implies that cultural systems can motivate individuals to become entrepreneurs. Motivation factors can either be of an economic or non-economic nature and may relate to lifestyle (including potential for psychological gratification and attainment of social status) and societal expectation. The motivation of the entrepreneur on the economic and non-economic scale depends on his own aspirations and societal expectation which are influenced by cultural values,

economic and political factors which form the environment in which the entrepreneur operates. The different cultural values and systems of different countries mean that non economic motivation factors such as lifestyle will have different meanings in different national contexts.

The review shows that the role of the entrepreneur in the development of a small business implies that such businesses are affected by the characteristics of the entrepreneurs (skills, personality, aspirations, experience) as well as environmental factors (political, Economic, social). From the foregoing, understanding the entrepreneurial process in the development of small tourism businesses in Ghana is best served by reference to the cultural and industry setting within which entrepreneurs operate. The cultural and industry setting combine to determine the motivations and behaviours of entrepreneurs as to the potential to achieve their aspired economic and/or social aspirations.

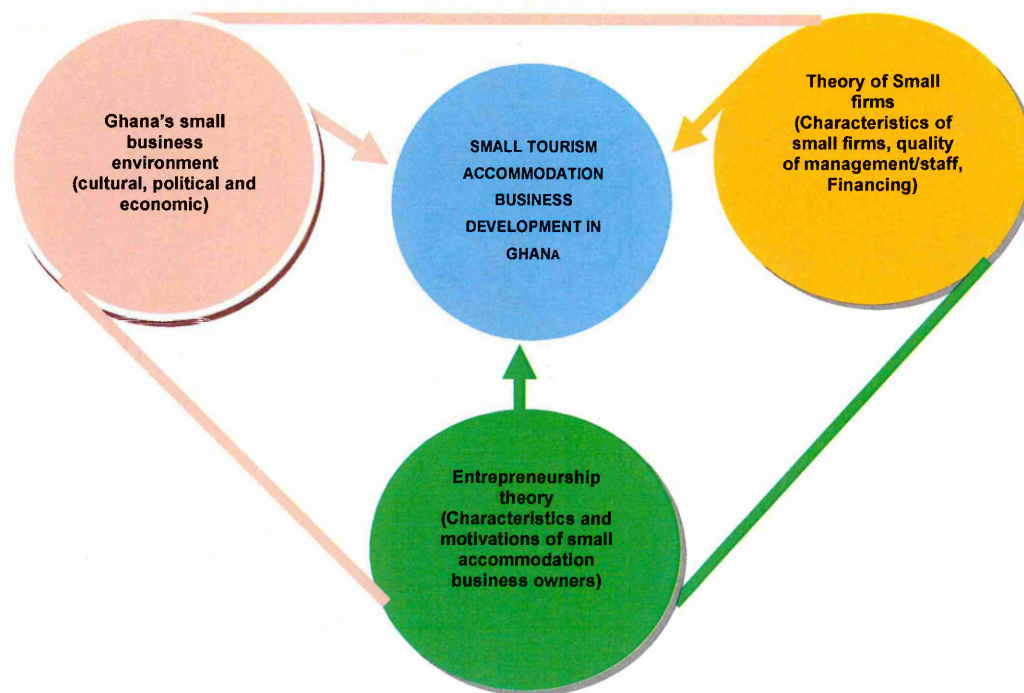
The entrepreneur is part of the family system which is influenced by the cultural context. The role of the entrepreneur in small businesses will be similar to that of family businesses. However, it was noted that ownership and the pursuance of a vision to use the business as a vehicle to provide a desired state for the family is the key difference between other small businesses and small family businesses.

The chapter highlights the need for a holistic understanding of entrepreneurs, their values and attitudes and behaviours in a cultural context. This understanding will be examined by the research and utilised in the discussion chapter to explore the nature of entrepreneurs in small tourism accommodation businesses in Ghana.

To guide the conduct of the research, literature on Ghana's small business environment (cultural, political and economic), small firms, small tourism businesses and entrepreneurship has been examined. These reviews, which are presented in detail in Chapters 2, 3, 4 and 5 underpins the research on small tourism accommodation businesses in Ghana and provides the conceptual framework for the research on development of small tourism accommodation businesses in Ghana and the essential background context for the discussion of the findings.

The key concepts, as shown in Figure 5.2 below, which were derived from literature that underpinned the research and guided the development of the research instruments.

Figure 5. 2 Conceptual Framework for Development of Small Tourism Accommodation Businesses in Ghana



The next chapter discusses the methodology used to research the features that affect the development of small tourism accommodation businesses in Ghana. Among the issues discussed are the research ontological and epistemological position of the researcher, justification for choice of research methods and the research process including questionnaire design, sample selection, data collection and analysis.

CHAPTER SIX

METHODOLOGY

6.1 INTRODUCTION

It was proposed in Chapter 1 that, to achieve the aim of this research, a pragmatic inquiry method is more appropriate in view of the fact that very little research has been done in the area. Taking such an epistemological stance required the use of both inductive and deductive research methods, enabling a more holistic and deeper exploratory research, for a complete understanding of the development of small tourism businesses in Ghana.

This Chapter evaluates the methodological debates in tourism and hospitality firms' research as well as the methodological approach taken in this research. It discusses the research process and the rationale for the research design. It examines the need to identify and use an appropriate research philosophy that aptly addresses the research aims of this thesis. It evaluates the appropriateness of the use of inductive and deductive methodologies in this research (mixed-methods approach) and the strategies used in the collection of primary data. Details of how the research population was selected are discussed including sample determination procedures and the development of the survey instrument used. The issues of reliability and validity of the research methods used as well as the challenges and ethical dilemmas encountered during the research process are also examined.

6.2 METHODOLOGICAL DEBATE

(This section discusses methodological issues in tourism and hospitality firms' research, identifies current methodological trends and explains why a mixed method approach was adopted for this research.)

Wortman (1987) identifies major shifts in the nature and scope of small business and entrepreneurship research design, and methodology. In his assessment of empirical research in small businesses, he notes that sample sizes ranged from very small to very large, data were collected primarily through interviews and questionnaires, few new measurement instruments were

developed, and statistical methods for analyzing data were primarily unsophisticated, such as correlations and t-tests.

Low and MacMillan (1988) cited in Mullen, Budeva, and Doney (2009, p 288) “evaluated entrepreneurship research in terms of purpose, theoretical perspective, focus, level of analysis, time frame and methodology”. They urge that “researchers should employ multi-level analysis, strive for longer time frames and address issues of causality”. Commenting on the level of analysis in small firm and entrepreneurship research, Davidsson and Wiklund (2001) affirmed that most research in the area failed to explore multiple levels of analysis. Chandler and Lyon (2001) also note that research in small firms and entrepreneurship mostly uses only descriptive statistics in their analysis.

A critique of research methodologies used by small business and entrepreneurship researchers in 665 articles published between 2001 and February of 2008 in the Journal of Small Business Management (JSBM), Journal of Business Venturing (JBV), and Entrepreneurship Theory and Practice (ET&P) by Mullen, Budeva, and Doney (2009) show that 478 articles are empirical, and 187 articles are conceptual. Of the 478 empirical papers, 10.5 percent (50) are qualitative (case studies, interviews, and observations) with 89.5 percent (428) of all the studies being quantitative. Thus a greater percentage of empirical studies in small business and entrepreneurship are quantitative in nature.

Historically, a positivism paradigm has underpinned the techniques used by organisational and management researchers (Tashakkori and Teddlie, 2003). However, in recent times studies have been undertaken where both positivism and interpretivism paradigms (mixed methods) have been used in the same research (Kaynak, 2003). These studies show that business research does not lie in the area of one particular paradigm. Instead it is the philosophical view of the researcher and the specific aim of the study that usually lead to the selection of the research approach used.

More recently, social science researchers have exhibited a growing recognition for the benefits of a mixed methods approach to research, especially as new

approaches such as postmodernism have emerged in addition to positivism (Ramchander, 2004). Also, "while in the past policy makers have tended to display a preference for quantitative research, they have gradually begun to demonstrate a heightened awareness of the role of qualitative research in informing policy formulation (Decrop, 1999)" cited in Ramchander, (2004). Bowen (2003) argues that a combination of quantitative and qualitative approaches should be viewed as an acceptable methodological approach for research occupying a variety of epistemological positions and concerning a wide range of substantive research areas such as in tourism. Mixed methods approach represents a poly-vocal approach to research and utilizing a range of methodological strategies means that the researcher does not necessarily advantage one particular view of the social world over another (Massey 2003). The foregoing discussion shows that social science researchers are increasingly rejecting the automatic association of particular methodologies with particular epistemologies and selecting the method or methods most appropriate to their particular research. Researchers such as Green and Preston (2005) and Sammons et al., (2005) recommend the use of mixed methods to study complex social phenomena. From the above, the research on development of small tourism accommodation businesses in Ghana can be undertaken from more than one approach. Recently, Morrison, Carlsen and Weber (2010), note that over the years, contributions to small tourism business research have changed and evolved in approaches, perspectives and thoughts. The above discussion on choice of research approaches used in small tourism business research informed the choice of appropriate research methods for this research as discussed in Section 6.4 below.

6.3 RESEARCHERS' POSITIONALITY

Gaining an understanding of a research context requires the researcher to immerse himself within the research context (Roberts, 2001), although social science researchers are increasingly cautious of conducting objective and value-free research (England, 1994). Researchers have value systems consisting of a cluster of moral, competency, personal and social values that influence their attitudes and behaviour (Greenbank, 2003).

Rokeach (1973) classified these into 'instrumental values' which include moral values (what a person feels is the 'right' thing to do); competency values (what

an individual believes is the most effective way to go about doing something) 'terminal values', which include personal values (what a person hopes to achieve for themselves) and social values (how they wish society to operate).

The ontological and epistemological position and the choice of research method(s) adopted by researchers are influenced by their values and reflect their positionality (Greenbank, 2003). Thus it is important to understand the positionality of the researcher as this shapes the methodology and interpretations for their study. May (1997) note that the values of a researcher may facilitate his understanding of the research context, sharpening his awareness and providing the motivation to undertake the research.

Positionality theory advances standpoint theory, which tended to look at one aspect of a person's values and experiences and acknowledge that people have multiple overlapping value experiences. Thus, people make meaning from various aspects of their values and experiences including social and professional experiences (Longino, 1993 cited in Kezar, 2002). The positionality of a researcher is dynamic and affected by historical and social changes and reality is not fixed, but constructed (Kezar, 2002).

Research is a process that involves reflecting on, and learning from past professional and social experiences to gain insights into issues that interest the researcher (England, 1994). Thus the researcher sees this research as an inter subjective activity between his past professional and social experiences and it is from this perspective that the researcher sets out to examine the development of small tourism accommodation businesses in Ghana and how they promote or challenge the strategic development of Ghana's tourism industry.

This research, which is exploratory in nature, follows the tradition of the pragmatist philosophy and uses quantitative and qualitative methodologies. Johnson and Duberley, (2000, p. vii) are of the view that "management research can never be isolated from philosophical commitments, the diversity of which leads to different possible ways of approaching and engaging with any substantive research area". As alluded to earlier in section 1.6, the way research questions are answered is "influenced by the researcher's

philosophical approach which subsequently informs the research strategy, choice of data collection techniques and analysis procedures" (Saunders, Lewis and Thornhill, 2009, p.136). The identification and use of an appropriate research philosophy is therefore important in investigating the development of the small tourism accommodation businesses in Ghana.

Healy and Perry (2000); Carson et al., (2001) are of the view that research philosophy is based on the concepts of ontology, epistemology and methodology. In addition, Burrell and Morgan (1979) argue that "it is convenient to conceptualise social science research in terms of ontological and epistemological assumptions" (p.2-3). There are different philosophies and researchers differ on the nature of reality (ontology) and how knowledge can be acquired of that reality and hence what counts as valid knowledge (epistemology) (Hart, 1998). Hart argues that there are two main research protagonists, realist (functionalist) and anti-realist (Interpretivist). Realist take the positivist line that there is a world to be investigated which exists independent of human believe, perceptions, culture and language: reality and truth are therefore to be uncovered or discovered. Anti-realist believe that the world exists, but its character and the ways we understand it are constructed and shaped by the language we use to describe it. "What we take as reality is, according to anti-realist, not something that is universal but plural; there are many or multiple realities, each separate and based on different assumptions of understanding" (Hart, 1998, p 85).

The author has had many years of experience working at managerial levels in star rated hotels, beach and lake resorts as well as teaching hospitality/tourism management and managing hospitality facilities at a University in Ghana. Thus the choice of research topic and the authors understanding of the development of small tourism accommodation businesses in Ghana and how sense is made of the data collected for this research is influenced by the researcher's professional and social experiences and his philosophical commitments.

"The pure objectivity posture as in the positivist paradigm is an illusion and that the posture of perspectives may be more appropriate in social science research in that it accepts that any one phenomenon can be viewed from multiple perspectives" (Schwartz and Ogilvy 1979, p.16). The author is of a similar view

and recognises that the phenomenon of development of small tourism accommodation businesses in Ghana is complex and that if a holistic understanding is to be gained, an exploratory study using a pragmatic approach is more appropriate. Thus the author uses a pragmatic research approach combining methods of the positivist paradigm (questionnaire survey) with that of the naturalist paradigm (semi-structured interviews) to achieve the stated aim and objectives of this research. Such an approach offers a greater possibility for a more complete understanding of the development drivers of small tourism accommodation business in Ghana.

Methodological considerations frequently determine which theoretical problems are addressed, and indeed which solutions are discovered (Hardy and Clegg, 1997). The mixed methods approach used in this research offers the best prospect of answering the research questions of this thesis. Considering the limited research in the area, the rationale for using a mixed methods approach for this research was to allow the researcher to collect multiple data using different strategies and methods in such a way that the resulting mixture or combination is likely to result in complementary strengths and non-overlapping weaknesses (See, Brewer & Hunter, 1989). The researcher used a combination of interviews and questionnaire to collect data from three main stakeholders in the small tourism accommodation sector in Ghana. These are the hotel owners, officials of the Ministry of Tourism and financial institutions. The mixed methods approach was used because it is more likely to produce a more complete picture on the research topic by combining information from complementary kinds of sources.

Russell and Faulkner (2004: 557) argue that in research on small tourism businesses "simplifying assumptions such as the premise that all things remain equal, needs to be cast aside and the reductionist model should be replaced by more holistic approaches". The use of mixed methods allowed the research to explore the subtle issues that affect the development of small tourism accommodation facilities in Ghana.

The management of the research was facilitated by the researchers' work experience gained from working in both small and large hotels/resorts and the relationships developed over the years with key stakeholders of the tourism

industry in Ghana. This was important in getting access to the respondents. As Gummesson (2004) notes, society is a network of relationships within which we interact; and so is research and that nothing happens in isolation. The social and professional experiences of the researcher which he has used to develop relationships within the tourism industry in Ghana were brought to bear in the conduct of the research.

Reflecting on literature on positionality, the researcher has become aware of how his experiences can affect his views on the research subject and influence the conduct of the research. The review of literature on the positionality of a researcher was useful in bringing to the fore awareness of good research practices such as the need to take an objective stance in order to critically analyse and interpret the research data.

6.4 RESEARCH METHODOLOGY

"The whole discussion as to whether deduction or induction is the proper method to use in the social sciences is, of course, juvenile; it is as though we were to debate whether it were better to hop on the right foot or on the left. Sensible men with two feet know they are likely to make better progress if they walk on both" (Ashton 1971, p. 177).

Generally, particular epistemologies are associated with distinctive methodologies (Decrop, 1999). Positivism has traditionally been associated with quantitative methods, whilst epistemological perspectives such as Interpretivism have been associated with qualitative methods (Creswell, 1994). However, "Many new research paradigms have emerged over the years and few researchers now adopt the pure forms of the main philosophical paradigms in their work" (Collis and Hussey 2009, p. 57).

"Although many research procedures or methods typically have been linked to certain paradigms, this linkage between research paradigm and research methods is neither sacrosanct nor necessary" (Howe, 1988, 1992 cited in Johnson and Onwuegbuzie, 2004, p 15). The conduct of fully objective and

value-free research is a myth, even though the regulatory ideal of objectivity can be a useful one (Denscombe, 2008). Hart (1998, p. 86) argues that "methodological assumptions orient researchers towards certain ways of thinking about a subject matter and help them to make a decision on how to undertake the research".

To achieve the aims and objectives of this research, an appropriate methodology has to be selected and suitable tools for data collection (and analysis) chosen. Researchers have challenges when it comes to selection of methods and any attempt to settle on the merits of a particular method runs into the problems of relativism. Similarly, an integration of methods to find some common grounds is not easily possible given the different paradigmatic principles, for by accepting one set of assumptions we may deny others (Churchman, 1971; Feyerabend, 1975; Mason and Mitroff, 1981 cited in Gill and Johnson 1991). McGrath (1982) sums it up by stating that there are no ideal solutions to the choice of methodology; only a series of compromises. There is the view that there is no optimal way of undertaking research but, rather, it depends on its practical utility and that the choice of a methodology is judged by its usefulness (Gill and Johnson, 1991). From the foregoing, no research method is considered to have an advantaged status in terms of providing answers to research questions. "Any debate over which methods enable us better to observe and capture reality becomes pointless" (Richardson, 1998, cited in Johnson and Duberley, 2000 p.105) and according to Nobel Laureate, Werner Heisenberg: "What we observe is not nature itself, but nature exposed to our method of inquiring" (Capra, 1997, p. 40).

The three main methodological approaches to social research are the quantitative, qualitative and mixed methods approaches (Tashakkori and Teddlie, 2003a; Creswell and Clark, 2007) and using the right methodological approach to research a topic helps to prevent some of their challenges and manage others. These methodologies in the social sciences are governed by specific paradigms (Burrell and Morgan, 1979 cited in Gill & Johnson, 2002).

(Whereas quantitative methods focus on measuring phenomena, qualitative methods focus on exploring the complexities of the phenomena with a view of gaining interpretive understanding (Gill & Johnson, 2002).)

One of the key differences between the inductive (qualitative) and deductive (quantitative) methods of research is the loci of the researcher (Axiological assumptions) (McAuley, 1985). The deductive method of research requires the researcher to adopt an objective stance and distance himself from the research subject. On the other hand, the inductive method of research requires the researcher to be part of the research (Gill & Johnson, 2002).

Faced with the quantitative-qualitative dichotomy, researchers have often been limited to choose one paradigm over the other. However, more recently as discussed in Section 6.2 above, social science researchers are recognising the benefits of a mixed methods approach to research (Blaikie, 1991; Bowen, 2003; Massey, 2003). Combining qualitative and quantitative methods in a research can provide particularly rich and robust inquiries. "This approach assumes that both types of data will result in a better understanding of the research problem than one data type alone could produce" (Creswell and Clark, 2007, p.168). This research made use of both the inductive (qualitative) and deductive (quantitative) methods to answer the research questions effectively. Morrison, Carlsen and Weber, (2010) note that "in considering appropriate research methodologies, it is apparent that quantitative, reductionist types of approaches do not obviously lend themselves to revealing aspects, such as values, meanings, attitudes that condition behaviours, for example, associated with lifestyle and this moves attention to qualitative methodologies"(p.747). They further note that "the profiles of small tourism businesses are complex and multi-faceted" and "multiple research dimensions are of importance in making a contribution to a deeper and more holistic multi-dimensional understanding of the small tourism business sector" (p. 742). The decision to combine quantitative and qualitative methods in this research is discussed in the next Section 6.5.

6.5 MIXED METHODS APPROACH

Mixed methods approach to research is defined as where the researcher mixes or combines quantitative and qualitative research techniques in a single study (Johnson and Onwuegbuzie, 2004). "Philosophically, mixed methods research makes use of the pragmatic philosophy. Its logic of inquiry includes the use of induction (or discovery of patterns), deduction (testing of theories and

hypotheses), and abduction (uncovering and relying on the best of a set of explanations for understanding one's results" (Johnson and Onwuegbuzie, 2004, p.17).

Pragmatism provides a set of assumptions about knowledge and investigation (that underpins the mixed methods approach) and sets it apart from purely quantitative approaches that are based on a philosophy of (post)positivism and from purely qualitative approaches (that are based on a philosophy of Interpretivism or constructivism) (Johnson & Onwuegbuzie, 2004). The use of the pragmatist philosophy, (which provides a basis for mixed methods approach,) is supported by Johnson et al., (2007); Tashakkori & Creswell, (2007b) who note that neither quantitative nor qualitative research alone provide adequate findings for a research.

The researcher supports the above epistemological stance and is of the view that there is no optimal way of undertaking research but rather, it depends on its practical utility and that the choice of a methodology is judged by its usefulness (See, Gill and Johnson, 1991). Taking this stance, mixed methods approach is adopted in this research to get a better and deeper holistic understanding of the underlining drivers of development of small tourism businesses in Ghana. In effect, the pragmatic research philosophy adopted for this research helps shed light on how research approaches can be mixed in ways that offer the best opportunities for answering research questions (Hoshmand, 2003).

Kaynak (2003) recognise that business research does not lie in the domain of one particular research paradigm. The philosophical view of the researcher and the specific aim of the study usually inspire the selection of the research approach used. The use of mixed-methods helps give a holistic view (Easterby-Smith et al., 1991) of the phenomenon being researched. This is because mixed-methods make it possible to explore research results from more than one viewpoint (Massey, 2003).

Decrop (1999) argue in support of this view that notwithstanding the fact that quantitative and qualitative methods are often presented as a dichotomy, they are not mutually exclusive and they do indeed share common grounds. Bowen

also supports this view stating that, in all research we move from ideas to data to ideas - in other words, researchers continually move between research questions and evidence, regardless of the methods adopted to carry out the research (Bowen, 2003). The choice of the methodological approach for this research is influenced by the fit between the research questions and the aims of the research. The researcher is of the epistemological assumption that there are no neutral grounds for knowledge since all observations are value and theory-laden (See Johnson and Duberley, 2000).

Johnson and Clark (2006) argue that “the important issue is not so much whether research should be philosophically informed, but it is how well the researcher is able to reflect upon his philosophical choices and defend them in relation to the alternatives he could have adopted. Thus no one research philosophy is better than the other, they are better at doing different things. Their appropriateness depends on the research questions to be answered” (cited in Saunders, Lewis and Thornhill, 2009, p 109).

(Taking a mixed methods approach to this research allows the researcher to select research design components that offers the best chance of answering the research questions of this thesis. The researcher is of the view that the distinction between the notions of quantitative and qualitative is not watertight and that any simple quantitative–qualitative distinction hardly does justice to the variety of epistemological and ontological assumptions that underpin the terms (Denscombe, 2008). Even if one accepts the Guba and Lincoln (1994, p 105) argument that “questions of choice of methods are secondary to questions of epistemology, ontology and axiology, there is the view that choosing between one position and the other is somewhat unrealistic in practice” (Saunders, Lewis and Thornhill 2009, p 109).

Debates on the best paradigm for social research has persisted over the years, however there is an appreciation of an approach that combines both paradigms (Tashakkori and Teddlie, 2003). This research draws on the values of both qualitative and quantitative approaches in investigating the development of small tourism businesses in a Ghana. The rational for using mixed-method approach for this research is discussed in the next Section, 6.5.

In effect rather than just using quantitative method for this research, an interpretivist method that seeks to describe, translate and otherwise come to terms with the meaning, not the frequency of occurring phenomena in the development of small tourism businesses in Ghana was also adopted (See, Al-Busaidi, 2008). Thus, certain recurring themes brought out by initial interviews with small hotel owners, such as financing of hotels, government policy issues and stakeholder perspectives were explored further by means of interviews with officials of financial institutions and Directors at the Ministry of Tourism. The purpose for adopting this approach in exploring these themes was to get a richer insight into the research problem.

6.6 RATIONALE FOR USE OF MIXED-METHODS APPROACH

This research made use of both quantitative and qualitative approaches to answer the research questions. Whiles the quantitative design (survey questionnaires) used in this research strive to control for bias so that facts can be understood in an objective way, the qualitative approach strive to understand them from the perspective of stakeholders (See, Van Maanen, 1983). The quantitative method used was aimed at accumulation of facts on the development of small-tourism accommodation businesses in Ghana, whereas the qualitative method address the concerns and meaning that stakeholders have on the dynamic nature of the development of small tourism accommodation businesses. In undertaking this research, there was the need to identify common characteristics as well as to explore how and why owners pursue particular activities and how they relate to the external environment on the development of the tourism industry. Under such circumstances, the use of only one methodological approach will be limiting. For this reason a mixed-methods approach that combines qualitative and quantitative methods was used. Such an approach to research is supported by Carson, Gilmore et al., (2001) and Tashakkori and Teddlie (2003).

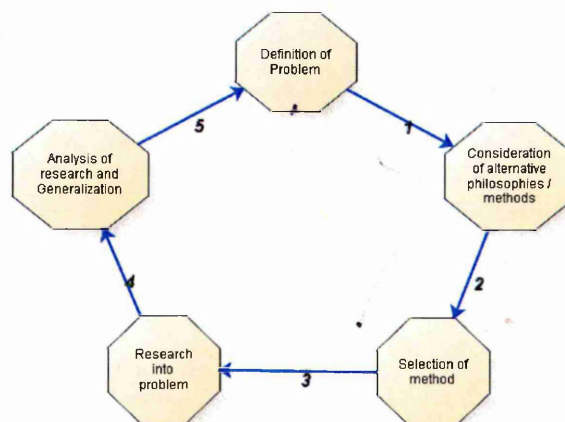
The use of mixed-methods for data collection was not to search for corroboration of research strategies but rather to expand understanding on the research topic (Onwuegbuzie & Leech, 2004b). Again the mixed-methods

approach was used because it is more likely to produce a more complete picture on the research topic by combining information from complementary kinds of sources (Collins et al., 2006). The *raison d'être* for conducting this research using mixed-methods research approach was to seek elaboration, enhancement, and clarification of the results from one method with results from the other method (complementarity). This research approach was chosen with the conviction that not only is it allowable to mix methods from different paradigms of research but it is also desirable to do so because good social research will almost inevitably require the use of both quantitative and qualitative research to provide a satisfactory investigation (Denscombe, 2008). The believe that paradigms cannot be mixed is a historical perspective that established an adversarial relationship between quantitative and qualitative research (Guba and Lincoln, 1988) and Rossman and Wilson (1985) described it as a 'purist' stance. The advantages of combining research methods is that it complements each other, making a stronger research design that yields a more valid and reliable findings (Decrop, 1999). These advantages have been emphasised by Blaikie (1991), Easterby-Smith et al., (1991), Creswell, (1994), Decrop, (1999) and Bowen, (2003). The next section describes how both quantitative and qualitative research methods were used in this research

6.7 RESEARCH PROCESS

To undertake this research, a simple research process model as shown in Figure 6.1 below was used.

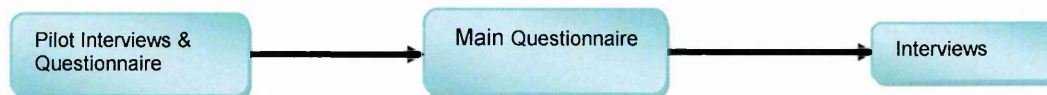
Figure 6.1 Research process



The research started with the selection of the research topic and identification of the research problem. The rationale for choice of topic and review of literature on the topic are covered in Chapters 1, 2, 3, 4 and 5. At the next stage of the research, alternative research philosophies were considered, followed by the selection of research method(s) and data collection was undertaken. These processes are discussed in detail in the sections of this chapter. Next, analysis and discussion of the findings are covered in Chapters 7 and 8 with conclusions drawn and recommendations made in Chapter 9.

Initial scanning of literature on small firms in general and small tourism and hospitality firms as well as entrepreneurship in small firms did not give a clear insight of the drivers for the development of small tourism accommodation businesses in Ghana. This is because most of the literature in the area is Anglo-American focused and did not throw much light on the phenomenon as it relates to Ghana. A research approach that will enhance the gathering of adequate and relevant information was needed if this research was to be meaningful. A sequential exploratory design approach was considered appropriate for this research. This is characterised by an initial phase of qualitative data collection and analysis that informed the quantitative phase of data collection and analysis. The approach started with an exploratory collection and analysis of qualitative data followed by the collection and analyses of quantitative data on a pilot sample of independent hotels. This was followed by collection and analysis of main quantitative and qualitative data on the development of small tourism accommodation businesses in Ghana. The data collection process is depicted in Figure 6.2 below.

Figure 6. 2 Data Collection Process



The overall goal of using this approach to gather data was to get the most useful information from respondents in the most realistic fashion considering the topic under investigation. The approach made it possible to gather the needed data to address the research questions as stated in Chapter 1 and to ensure

that the aims and objectives of the research are successfully met. The purpose was to get a more complete understanding from all stakeholders involved in the development of small tourism accommodation businesses in Ghana.

6.8 DATA COLLECTION STRATEGIES

The rationale for the data collection strategies used in this research is based on two principles. These are that the research should be:

1. Broadly based: covering a wide range of drivers perceived to affect the development of small tourism accommodation businesses in Ghana.
2. Extensive: allowing data to be collected on the sample in all the ten regions of Ghana as well as key stakeholders.

To achieve these objectives, data was collected in three phases from three main stakeholders of the hotel industry in Ghana as shown in Figure 6.2 above. These stakeholders are the small tourism accommodation business owners from all the ten regions of Ghana, tourism policy makers and financial institutions. Phase one involved an initial qualitative exploratory research through semi-structured interviews with owners of small tourism accommodation businesses. Details of this are discussed next under Section 6.9. The second phase involved the use of a questionnaire to collect data on small tourism accommodation businesses across all the ten regions of Ghana. Details of this are discussed under Section 6.14. In the third phase of the research, semi-structured interviews are conducted with managers of financial institutions and Directors of the Ministry of Tourism. Details of this are discussed under Section 6.15. The data collection strategy chosen allowed the researcher to explore small tourism business developmental drivers as identified in literature.

6.9 EXPLORATORY INTERVIEWS

As stated in Chapter 1, very little research has been done on small tourism accommodation businesses in Ghana. An exploratory qualitative research to examine whether the factors affecting the development of small tourism firms identified in general literature (access to finance, entrepreneurial disposition and orientation, government policy, management capability and skilled worker

availability (See for example, Mitra and Matlay, 2000; Shaw and Conway, 2000; Storey, 1994) are applicable to the Ghanaian environment was needed to set a direction for the research. The aim of these exploratory interviews was to generate data from which research themes could be developed. This facilitated the establishment of boundaries for the research from the small tourism accommodation business owners' perspective rather than only through those identified in literature.

To achieve this, face-to-face semi structured interviews were conducted with six small tourism accommodation business owners in two regions of Ghana (Greater Accra and Ashanti Regions). Three interviews were conducted in each region. Both the respondents and the regions were conveniently selected but based on the criteria that the hotels are independent and have less than 50 operational rooms (criteria used in defining the sample for this research). The hotels were selected from the published list of licensed hotels in Ghana as at 2007 by the Ghana Tourist Board. The two regions were selected for the fact that they are the regions with the most number of hotels (Refer Table 3.7 on number of hotels in Ghana per region). The owners of the six selected hotels were contacted by telephone to ascertain their willingness to participate in a face-to-face interview. All six hotels owners contacted first time, agreed to take part in the research and the interviews were conducted in December 2007.

During the initial telephone contact, the purpose and importance of the research were explained to the interviewees and a request for an appointment to conduct a face-to-face interview was made. Interviews lasting between 20 to 30 minutes were conducted with each participant. The interviews covered the following areas (education background, cultural and family background, sources of start-up funds, number of businesses owned, motives and objectives for establishing a hotel, hotel beginnings and evolution and their experiences in running the hotels).

These interviews provided a rich insight into the background of small tourism accommodation businesses in Ghana. Notes were taken by the researcher instead of audio recording the proceedings. The reason of adopting this approach to data capturing is that most local entrepreneurs do not like to be

audio recorded during interviews since they are sceptical that what they say might be used against them or their business despite the assurances of confidentiality and anonymity offered by the researcher.

Some factors such as access to management/staffing and entrepreneurial characteristics are similar to those identified in the review of literature in Chapters 4 and 5 of this thesis. However, to get a better insight as to whether these factors identified by the interviews apply to all small tourism accommodation businesses in Ghana, a questionnaire was developed to further examine the factors in a quantitative manner. Prior to this, the questionnaire was piloted to identify methodological issues that may crop up. The approach to the pilot survey is discussed in the next Section, 6.10.

6.10 PILOT QUESTIONNAIRE SURVEY

This stage of the research was necessary to determine the clarity of questions that will be used in the main survey, ease of responding and appropriate questions needed to achieve the research aims. This is essential because the outcome of the pilot survey will inform the development the main questionnaire instrument that will be used in a national cross-sectional research. The aim of carrying out the pilot survey was to refine the data collection plans with respect to the procedures to be followed in the main quantitative research. Naoum, (1998) described a pilot study as getting the bugs out of the questionnaire so that respondents in the main study will not experience difficulties in completing it. It also helped to carry out a preliminary analysis of data collected to see whether the wording and format of the questions will present any difficulties when the main data is collected and analyzed.

The questionnaire instrument for this stage of the research had six main sections as shown in Table 6.1 below.

The questions in the pilot instrument were predominantly closed questions using tick boxes and rating scales. For ethical reasons, consideration was given to the sensitive sections such as bio-data, where the questions were carefully constructed to avoid triggering emotions. Again, for emotional reasons the section on bio-data was not placed at the first section of the questionnaire.

The pilot questionnaire was administered to forty-two small tourism accommodation business owners in the Greater Accra, Eastern and Ashanti regions of Ghana in June 2008. The three regions were selected for this initial study because combined; they have the greatest number (70%) of the hotel population in Ghana (GTB, 2007). Thus undertaking the survey in these regions gives a fair representation of hotels. The questionnaires were administered by the researcher and were completed in his presence. However, on a five occasions the questionnaire was dropped and picked up later at the request of the respondents. At the start of each survey, the purpose of the research and issues about confidentiality were explained verbally to respondents even though they were stated on the cover page of the questionnaire. The purpose was to reassure the respondents of their confidentiality as well as gain their commitment. The questionnaire was developed in English since it is the official language in Ghana. 32 or (76%) of the 42 respondents sampled returned useable questionnaires.

Table 6. 1 Main Sections of Pilot Instrument

SECTION	FOCUS	DETAILS
1	General information on hotel	Ownership structure, hotel age, facilities offered, size of hotel, occupancy levels, income levels, success factors, stage of growth of the hotel.
2	Owner/manager and cultural influences	Characteristics of the entrepreneur- gender, age, industry experience, educational qualification, motivation and objectives
3	Financing,	Sources of finance, hotel development and operations financing, effectiveness of financing strategy and ease of obtaining external finance
4	Human resources	Management partner(s), family members and their role in the hotel operations, number of staff (part-time and full time), number and types of employees, educational levels
5	Management skills	Skill needs of owner managers
6	Policy	Constraints and knowledge of government policies to promote the hotel sector, availability of necessary infrastructure

Conducting the pilot survey allowed the researcher to ask participants for suggestive feedback on the survey instrument. At the end of each session, the opinion of respondents on the questionnaire was sought by asking the following questions:

1. Was the layout of the questionnaire clear and attractive?
2. Were the instructions clear?
3. Were any of the questions unclear or ambiguous? If so, which and why?
4. Did you object to answering any of the questions?
5. In your opinion, has any major issue been omitted?
6. Do you have any other comments?

The responses to the above six questions which were manually recorded are summarised in Table 6.2 below.

QUESTION	YES	NO	COMMENT
1	100%	-	-
2	100%	-	-
3	2%	98%	Unclear questions
4	20%	80%	Low response rates to questions on occupancy rates and revenue levels over a three year period.
5	-	100%	
6	20%	80%	Comments given centred on the role of government and the non-availability of skilled staff.

The responses to the above questions and the various suggestions made by the respondents in terms of the phrasing of questions were incorporated into the design of the final questionnaire. It helped in revising the survey instrument by changing wordings of questions and formatting them to make them easy to answer. Changes to the pilot instrument as well as methodological issues unearthed in the pilot survey are discussed in Section 6.11 and 6.12 below.

6.11 REFLECTIONS FROM PILOT QUESTIONNAIRE SURVEY

A key and interesting finding from the pilot questionnaire survey was that 80% of the respondents did not answer questions on their occupancy rates and revenues levels over a three year period. The pilot study also identified challenges that would have had implications for the main research. These are discussed below:

1. Spread of hotels in various regions.

The spatial distribution of the hotels meant that proper planning is needed to do an extensive research covering all ten regions of Ghana. Again, in each region apart from the fact that a greater percentage of hotels are located within 30 kilometres of the city centres, a few are located on the outskirts which may pose accessibility challenges. This meant that resources in terms of research assistants will be needed if a representative sample is to be surveyed. To overcome this challenge, the support of the Ministry of Tourism for research assistants was sought to carry out the national survey. The rationale for the involvement of the Ministry of Tourism (MoT) was also to facilitate access and cooperation of the hotel owners since the Ministry was the industry regulator and have regional representation which will facilitate the administration of questionnaires in the regions. However, soliciting the assistance of the Ministry of Tourism in the distribution of questionnaires has ethical implications which are discussed under Section 6.18.

2. Questionnaire Distribution and Collection

The pilot survey revealed some challenges in the distribution and collection of the questionnaires. First, it was difficult to meet the owners at their hotels. This necessitated the undertaking of more than one trip to the same hotel to meet the owner and get the questionnaire filled out. During the pilot survey, a maximum of four hotel owners were contacted each day by the researcher. (Two in the morning and two in the evening). The respondents operate other businesses and were at their hotel in the early mornings and late evenings. This is very useful and informing the planning of distribution of questionnaires in the main research and helped achieve a good response rate.

Again, the questionnaires that were dropped to be picked up later were not duly completed by the respondents. To avoid making multiple trips to a hotel to get a questionnaire filled out, prior appointments will be made with the hotel owners and a face-to-face approach of questionnaires distribution and collection will be adopted in the main study in order to achieve a good response rate.

3. Cover Letters

The cover letter of the pilot questionnaire was either printed on a headed paper with the identity of Sheffield Hallam University (SHU) or Ghana Institute of

Management and Public Administration (GIMPA), a premier business University in Ghana where the researcher is a staff. It was realised that respondents were not comfortable with questionnaires with SHU headed cover letters and asked for clarity whether the research was being sponsored by a foreign University and despite the assurance of confidentiality they indicated that they did not want their data to be used in a foreign research. The researcher had two options; either to use GIMPA headed cover letters or non-headed cover letters. It was decided that only GIMPA headed sheets will be used for the cover letters in the main research instrument in order to avoid non essential questions and achieve good response rate.

6.12 DEVELOPMENT OF MAIN SURVEY QUESTIONNAIRE

The methodological issues and findings from the exploratory interviews and the pilot survey fed into the design of the main research questionnaire. Leedy and Ormrod (2001) state that “research is a viable approach to a problem only when there is data to support it” (p. 94). With the aim of this research being to contribute to literature on small tourism accommodation businesses and strategic tourism development in Ghana, the main survey instrument should aid the collection of a cross sectional nationwide data that will help answer the research questions as well as to make generalisations (See, Davis, 1985; Cited in Johnson and Duberley, 2000, p. 41).

The results and lessons from the analyses of the pilot interviews and survey guided the development of the questionnaire used in the main survey. This helped to focus the questions on the research objectives and eliminated non related and repetitive questions. For example the section on general information which had 10 questions in the pilot instrument was reduced to 7 questions in the main survey questionnaire. Questions such as “What facilities does your hotel offer?”; “What was your occupancy rate for the following years (2005, 2006, 2007)?” and what was your hotel's total revenue in the following years (2005, 2006, 2007)?, were removed from the main questionnaire. The aim was to get the maximum amount of relevant data from respondents whilst sustaining their interest and attention. Second, the format and number of questions especially those used in the Likert scale were reviewed to make them

clearer. For example, question A8 in the pilot instrument which is replicated below as Table 6.3, was rearranged as shown below in Table 6.4 below and removed from the 'general information' section in the pilot instrument and placed in the 'government policy and development section' of the main questionnaire instrument as question F3.

A8: How would you rate the importance of government support programs to the development of your Hotel?

Table 6. 3 Sample question in pilot survey instrument

	Extremely important	Very important	Somewhat important	Not very important	Not at all important
Tax Incentives					
Management training					
Tax holidays					
Skills training					

Source: Pilot Survey instrument

F3: Rate the following in terms of importance to the ongoing success of your hotel.

Table 6. 4 Sample question in main survey instrument

	Not at all important	Not very important	Somewhat important	Very important	Extremely important
A: Effective hospitality training programs for staff					
B: Enforcement of licensing rules					
C: Access Roads					
D: Simplification of Tax system					
F: Availability of Skilled workers					
Other:					

Source: Main Survey Instrument

Veal (2006) argues that the reliability of responses provided to a questionnaire depends on information from respondents which may rely fundamentally on the format of the questions. "There is always a gap between what people say and what they actually do and no research can afford to take what people say at face value, especially when the answers are contained in the questions" (Clark and Critcher, 1985, p.27). These issues and the comments made by the

respondents were incorporated in the development of the questions, guarding against poor questionnaire design.

6.13 SAMPLE SIZE DETERMINATION FOR MAIN SURVEY

Sampling has implications for the way data is collected, analysed and interpreted (Veal, 2006). Nesbary (2000) defines survey research as “the process of collecting data on a representative sample derived from a larger population and using the sample data to infer attributes of the population” (p. 10). Using the comprehensive list of hotel establishments in Ghana compiled by the Ghana tourist board in 2008 as the research population, a research sample was identified based on hotels with 50 or less bedrooms. These hotels are independently owned and operated by Ghanaians and not part of a corporate group.

The 2008 database of hotels was used because it was the most current compilation of hotels in Ghana as at the time of the research. Hotels with a maximum of 50 rooms form 97 percent of the database and are thus a fair representation of hotels in Ghana. (Refer Table 6.5 & 6.6 below for an analysis of hotels by number of rooms). There is a popular misconception that the size of a sample should be decided on the basis of its relationship to the size of the population; however, what is important is the absolute sample size that is representative of the population if proper sampling procedures are followed (Veal, 2006). It has also been suggested that the larger the sample size, the greater the probability that the sample will reflect the general population but Nesbary (2000) argues that sample size alone does not determine the ability of a researcher to generalize from a sample population and that the representativeness of the sample is an important factor to consider in sample size determination. A sample size of 42 percent (620) out of the total of 1459 of hotels with less than 50 bedrooms as at 2008 in Ghana was used in this research. Table 6.5 & 6.6 below shows the regional analysis of hotel by number of rooms in Ghana as at 2008.

Table 6. 5 Analysis of the Accommodation Sector (A)

	Region	Tl. # of Hotels	Tl Rooms	Av # of Rooms	<5 Rooms	%	>6 <10 Rms	%	>10 <15 rms	%
1	GRACC	683	10,152	15	37	5%	239	35%	186	27%
2	ASHANTI	224	3,263	15	4	2%	68	30%	65	29%
3	EASTERN	136	1,890	14	10	7%	42	31%	41	30%
4	VOLTA	75	1,062	14	3	4%	37	49%	14	19%
5	NORTHERN	47	739	16	1	2%	19	40%	8	17%
6	U EAST	35	339	10	4	11%	13	37%	8	23%
7	U. WEST	13	223	17	2	15%	3	23%	3	23%
8	B/A	68	972	15	2	3%	28	41%	16	24%
9	WESTERN	105	1,780	17	0	0%	21	20%	34	32%
10	CENTRAL	124	2,016	16	4	3%	39	31%	38	31%
Total		1,510	22,436	16	67	4%	509	34%	413	27%
Cumulative Av. %						4%		38%		65%

Source: Ghana tourist Board, 2009

Table 6. 6 Analysis of the Accommodation Sector (B)

	Region	Tl. # of Hotels	>15 <25 Rms	%	>25<35 Rms	%	>35<45 Rms	%	>45< 50 Rms	%
1	GRACC	683	154	23%	29	4%	13	2%	2	0.3%
2	ASHANTI	224	58	26%	17	8%	3	1%	2	0.9%
3	EASTERN	136	23	17%	9	7%	5	4%	1	0.7%
4	VOLTA	75	9	12%	8	11%	2	3%	0	0.0%
5	NORTHERN	47	12	26%	4	9%	2	4%	0	0.0%
6	U EAST	35	6	17%	1	3%	0	0%	0	0.0%
7	U. WEST	13	1	8%	1	8%	3	23%	0	0.0%
8	B/A	68	11	16%	7	10%	2	3%	0	0.0%
9	WESTERN	105	35	33%	9	9%	1	1%	3	2.9%
10	CENTRAL	124	24	19%	11	9%	2	2%	0	0.0%
TOTAL		1,510	333	22%	96	6%	33	2%	8	0.5%
Cumulative Av. %				88%		94%		96%		97%

Source: Ghana tourist Board, 2009

A cluster sampling approach was used to collect data after the population had been stratified by regions since random sampling was not feasible given the large spread of the total hotel population in each region. The aim was to obtain a robust sample from which inferences about the population could be drawn (See, Gummesson, 1991). The sample of this research was taken from all the ten regions in Ghana since the research aimed at collecting data nationally.

The determination of the sample size for this research was informed by the following:

1. *The level of detail in the proposed analysis:* The sample size selected was to allow for detailed level of analysis that will facilitate generalisations.
2. *The required level of precision in the results:* One of the aims of the research is to provide information to assist policy makers, financial institutions and entrepreneurs in their decision making. Thus the

research aimed for a sample size that will allow the findings to reflect the population from which it was drawn.

Patten (2005) argues that research samples should be carefully selected so that the quality of research generalizations is not affected by the quality of the sample. Veal (2006, p. 284) is of the view that “obtaining an unbiased sample is a major determinant when evaluating the adequacy of a sample and defines an unbiased sample as one in which every member of a population has an equal opportunity of being selected in the sample”. To achieve this, the hotels were first stratified by regions and then classified by number of rooms. This meant that the sample will have a regional representation of the ten regions of Ghana and all hotels in each region with less than 50 rooms will be adequately represented.

6.14 QUANTITATIVE DATA COLLECTION PROCESS

Before the distribution of the questionnaires, the Ministry of Tourism (MoT) and the Ghana Tourist Board (GTB) were officially informed of the intended research and their assistance was solicited in the administration of the questionnaires. (See Appendix 3 for copy of request to MoT). The Ministry of Tourism responded positively through the Ghana Tourist Board and wrote letters to all the ten regional Tourist Board Managers requesting them to offer support in the administration of the questionnaire.

The researcher followed up on these letters with telephone calls to all ten Regional Tourist Board Managers and discussed when and how the research will be conducted in their region. Each Regional Tourist Board office offered a minimum of three research assistants for the project. All the research assistants nominated were Diploma or BSc. holders in Hospitality or Tourism Management who were on internship with the Board.

The research started in the Greater Accra region on the 5th of January 2009 with a participative briefing session with the research assistants by the researcher. The aims and objectives of the research, the structure of the questionnaire and the expectations of the researcher were discussed. Some of the challenges they were likely to face during the administration of the

questionnaire were also discussed drawing on experiences from the pilot survey. The briefing session with the research assistants was carried out in each of the ten regions. Each briefing session lasted about one hour. The researcher was in each region for the briefing sessions and to organise the start of the questionnaire distribution. A copy of the main Questionnaire is attached as Appendix 4. Table 6.7 below shows an analysis of the regional distribution of questionnaires and the number of questionnaires returned.

Table 6.7 Analysis of the Questionnaire Distribution

	REGION	# Hotels As at 2008	Hotels <=50 Rms	QTD DIST.	% SAMPLED	QTY RTD	% RTNED
1	GR. ACCRA	683	660	200	30%	168	84%
2	EASTERN	136	131	50	38%	29	58%
3	VOLTA	75	73	55	75%	49	89%
4	CENTRAL	124	118	55	47%	49	89%
5	ASHANTI	224	217	85	39%	81	95%
6	B. AHAFO	68	66	55	83%	36	65%
7	NORTHERN	47	46	36	78%	33	92%
8	UPPER EAST	35	32	25	78%	15	60%
9	UPPER WEST	13	13	9	69%	9	100%
10	WESTERN	105	103	50	49%	36	72%
	Summations	1510	1459	620	42%	505	81%

Source: GTB, 2008 & field work

Based on the reflections from the pilot survey as discussed in Section 6.9, the respondents were directly handed the questionnaire by a research assistants. This was to avoid the traditionally low response rate associated with postal questionnaire surveys. However, this required that the research assistants had to make prior appointment with the respondents. The approach was to ensure that the research assistants meet the respondents and the questionnaire filled in their presence. This gave a human face to the project and removed the anonymity that surrounds postal/email questionnaire surveys. The regional Tourist Board Managers offered to act as coordinators for the research and they were contacted every other day after the start of the distribution of the questionnaires in their region. This was to ensure that any challenges experienced by the research assistants were resolved promptly. The research was conducted in each region for a maximum period of four weeks. After this

period, the Regional Tourist Board Managers delivered the research returns to the researcher by registered mail.

The involvement of the Regional Tourist Boards in the distribution of the questionnaires may be a contributory factor to the 81% response rate achieved as shown in Table 6.7 above. The Ghana Tourist Board is the regulatory body for hotels in Ghana and a research carried out with their assistance will attract high patronage from the hotels. The researcher notes that the involvement of the Ghana Tourist Board in the distribution of questionnaire has some ethical research issues and these are discussed under Section 6.18. The regional surveys which started in January 2009, ended in May 2009.

6.15 INTERVIEWS WITH STAKEHOLDERS

With the aim of this research being to get a better understanding of the development of small tourism accommodation businesses in Ghana, the views of key stakeholders on the phenomenon was sought through semi structured interviews. (See Appendix 5, 6 and 7 for copies of letters requesting for interviews)

To get a better insight into the role played by the Ministry of Tourism (a key stakeholder) in the area of policy formulation and implementation and its effects on the development of small tourism businesses, a purposive sampling approach was adopted and interviews conducted with two Directors of the Ministry of Tourism and the Ghana Tourist Board. A copy of the interview schedule is attached as Appendix 8

The logic of purposive sampling argues that one can only learn about the issues of central importance to the purpose of a research if one samples units of research that are rich in information (Veal, 2006). In the interviews with the key stakeholders (Ministry of Tourism, Ghana Tourist Board and the Banks), it was important to select individuals who were knowledgeable in the research topic. Thus in the case of Ministry of Tourism and Ghana Tourist Board, the Chief Directors were interviewed whilst with the Banks, the Directors or Managers in charge of SMEs were interviewed. These interviews were conducted in April 2009. In all, seven semi-structured face to face interviews were conducted (one each with Directors of Ministry of Tourism, Ghana Tourist Board and five with

head office Directors/managers of financial institutions). The financial institutions were conveniently selected and were all located in the national capital, Accra. All the interviews were audio recorded and transcribed. Each interview lasted approximately 20 to 30 minutes. The interview schedule for the financial institutions is attached as Appendix 9 and a sample interview transcript is attached as Appendix 10.

The purpose of conducting these interviews was to get a narrative of how small tourism accommodation businesses have developed in Ghana from the perspective of the Ministry of Tourism and also the views of the banks on how they contribute to the development of small tourism accommodation businesses in Ghana. Furthermore the conduct of the interviews was to expand the breadth and range of this research by using different methods for different inquiry components (See, Greene et al., 1989) since it is more likely to produce a more complete picture on the research topic by combining information from complementary sources (Johnson and Onwuegbuzie, 2004). The next Section, 6.16, discusses the approaches used to analysis the data from the questionnaire and the interviews.

6.16 APPROACHES TO DATA ANALYSIS

An Economic and Social Research Council (ESRC) report (Cassell et al., 2005) highlighted that general management research literature “places great emphasis upon the methods used to go out and collect or generate data, but less emphasis upon the analytical techniques that can be used to interpret these data” (p.30–31). For a research to be effective both data collection and analysis need to be tailored to fit the research problem, and the type of problem and how it is researched and analysed is inevitably closely linked to the epistemology of the researcher (Jupp and Norris, 1993). Particular techniques of analysis may be more appropriate to different types of research. Robson (1993, p. 305) suggests that “the process and product of analysis provide the bases for interpretation”. Miles and Huberman (1994, p. 9) note that “analytic practices’ could be summarized as: coding data, reflecting on data, sorting data, identifying patterns in data, moving towards generalizations and developing theories/conceptualizing”. Hampton (1999) also breaks down the analytical process into a variety of stages, which does include all of Miles and Huberman’s

(1994) tasks of analysis stated above. Miles and Huberman (1994) argue that data analysis consists of a combination of three elements (data reduction, data display and conclusion drawing/verification), thus incorporating interpretation within the umbrella of analysis. This approach is supported by Stake's (1995) that "analysis as a matter of giving meaning to first impressions as well as to final compilations" (p. 71). The mixed methods approach used in this research generated two types of data (quantitative data from the survey questionnaire, and qualitative data from the interviews) and this determined the way the data was analysed.

6.16.1 ANALYSIS OF QUESTIONNAIRE

The questionnaires received from the fieldwork were first coded and the responses input into Statistical Package for Social Sciences (SPSS) version 17 for statistical analysis. Descriptive statistics and data relationships were computed using bivariate techniques. Principal component analysis techniques were also used in the analysis of the Likert Scale questions on motivations and objectives of the respondents as well as operational variables affecting the development of small tourism accommodation businesses. These are discussed in detailed in Chapter 7. Appendix 12 shows codes used in analysing the quantitative data in SPSS.

6.16.2 ANALYSIS OF INTERVIEWS

Veal (1992); Titchen and McIntyre (1993); Hampton (1999) note that there is limited discussion of analytical approaches and techniques suitable for qualitative studies in the hospitality research literature (cited in Sandiford and Seymour, 2007). The situation for qualitative researchers is further complicated by a lack of explicit and easy to follow analytic procedures. While qualitative researchers have a number of language-based analytical techniques available to them, unlike statistical analysis, there are few fixed formulas or cookbook recipes to guide the novice. Because of this, researchers describing qualitative projects often seem to ignore or oversimplify the analytical techniques used (Yin, 1989). Whatever the type of analysis, a common problem is the sheer volume of data that can be accumulated during a qualitative study. Qualitative researchers are often confronted with extensive notes, transcripts, audio recordings and even personal impressions/memories. "Reducing and coding qualitative data without losing its richness is problematic for the qualitative

researcher” (Bresnen, 1988, p. 48). It requires careful familiarization and selection of data, which inevitably rests on the subjective judgment of the researcher (Sandiford and Seymour, 2007). The audio recorded interviews conducted with officials of financial institutions, Ministry of Tourism and the Ghana Tourist Board were transcribed. As with many qualitative researches, unreduced data in the form of transcripts overwhelms most researchers (Bazeley, 2007). To make sense of the transcribed data and facilitate the analytical process, use was made of NVivo 8 software. Analysis of the transcribed interviews was undertaken using apriori codes. These codes were based upon the themes around which the interviews were conducted. Appendix 13 shows codes used in managing the qualitative data.

The use of NVivo 8 software was not intended to supplement the time-honoured ways of learning from data but to increase the effectiveness and efficiency of such learning and to ensure a more complete set of data for interpretation than might occur when working manually (See, Bazeley 2007). NVivo was useful because of its flexibility in handling multiple transcripts of interview (Rath, 2011)

The NVivo 8 software was most helpful in the following two ways:

1. **Management of data:** the software enabled the author to organize, store and keep track of the transcripts.
2. **Management of ideas:** it helped in the display of data by allowing it to be coded and retrieved with ease. It also allowed the transcripts to be examined by key words and phrases whilst at the same time it offered ready access to the context from which the data have come.

The use of NVivo 8 software thus made the transcribed interviews much more accessible and easier to manage, facilitating the analytical process and conclusion drawing. NVivo allowed the researcher to not only code the data but also to link it to develop emerging themes and ideas (See, Bazeley & Richards 2003). By utilising NVivo, validity of analysis is supported through an audit trail which shows how the data was managed (Rath, 2011).

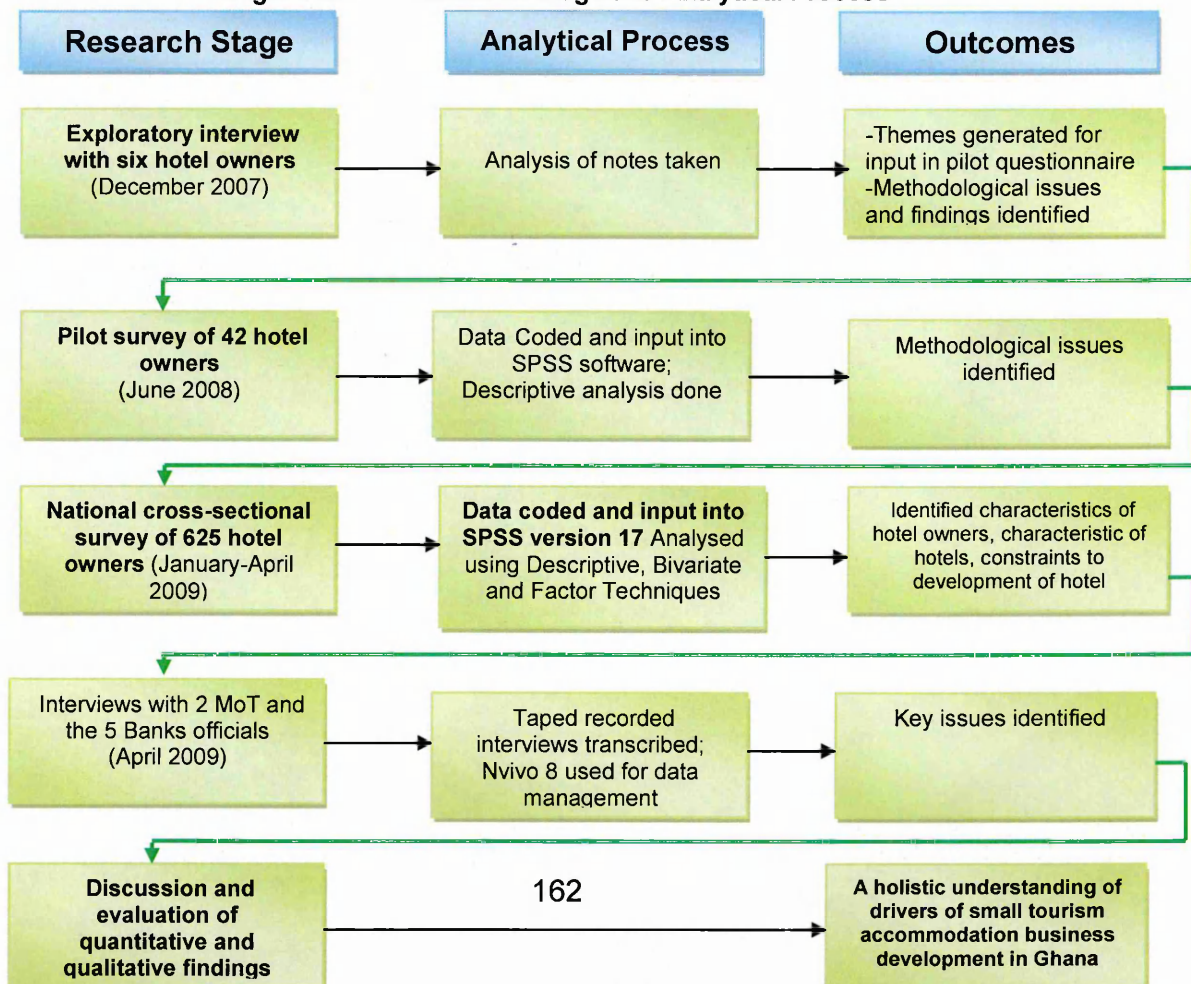
Despite the above advantages, it has been suggested that software packages such as NVivo 8 lead the researcher towards data reductionism and constrain analysis of qualitative data (Richards, 1997). Buston (1997) also criticized the

use of software packages in the analysis of qualitative data in that it forces the researcher to adopt set procedures and so result in the computer controlling the analytical process. The use of computer packages is claimed to distance the analyst from the data (Murphy et al., 1998). The researcher had to learn the computer programme, which added to the time and effort needed to spend on the research project. From the authors' point of view, the use of NVivo software facilitated the management of the data much more effectively. To the researcher, NVivo software was used as a data management tool rather than a data analysis system. Though the use of software packages has been criticised, researchers such as Lee and Fielding (1996), recognize their usefulness in the way such packages facilitate the management and display of qualitative data. The analysis of the interviews is presented in Chapter 7.

For this research to be meaningful and yield consistent findings allowing generalisations that will contribute to literature on small tourism accommodation business development, small business entrepreneurship, culture and small business development, lifestyle entrepreneurship, the methods used in collecting data should be reliable and valid.

The data analysis process described above is illustrated in Figure 6.3 below.

Figure 6.3 Research Stage and Analytical Process



6.17 RELIABILITY AND VALIDITY ISSUES

“Reliability and validity are tools of an essentially positivist epistemology” (Winter, 2000, p. 7), however they are now considered in qualitative research to reflect the multiple ways of establishing truth (Golafshani, 2003). The definitions of reliability and validity in quantitative research show that: firstly, with regards to reliability, whether the result is replicable; secondly, with regards to validity, whether the means of measurement are accurate and whether they are actually measuring what they are intended to measure. However, the concepts of reliability and validity are viewed differently by qualitative researchers who consider these concepts in terms of precision (Winter 2000), credibility, and transferability (Hoepf, 1997). The concept of reliability and validity as used in the mixed methods approach of this research was to aid the “purpose of explaining” and “generating understanding” on the development of small tourism accommodation businesses in Ghana. In this regard, the concept of reliability and validity as used in the two research approaches are essentially different (See, Kuhn, 1970) but reflect the multiple ways of establishing truth on the development of small tourism accommodation businesses in Ghana (See, Golafshani, 2003).

Reliability

Reliability relates to the consistency of the data collected (Wallen & Fraenkel, 2001). Joppe (2000) defines reliability in quantitative research as: “the extent to which results are consistent over time and an accurate representation of the total population under study and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable” (p. 1). The term ‘Reliability’ is a concept used for testing or evaluating quantitative research. On the other hand, the concept can be used as the most important test of any qualitative study if the idea is to elicit quality information (Golafshani, 2003). A good quality qualitative study can help us “understand a situation that would otherwise be enigmatic or confusing” (Eisner, 1991, p. 58). Thus reliability relates to the concept of good quality research and evaluates quality in quantitative study with a “purpose of explaining” while in qualitative study it has the purpose of “generating understanding” (Stenbacka, 2001, p.

551). The difference in purposes of evaluating the quality of quantitative and quantitative research is one of the reasons why the concept of reliability should be given adequate consideration in research. Healy and Perry (2000) assert that the quality of a study in each paradigm should be judged by its own paradigm's terms. For example, while the terms Reliability and Validity are essential criterion for quality in quantitative paradigms, in qualitative paradigms the terms credibility, neutrality or confirmability, consistency or dependability and applicability or transferability are to be the essential criteria for quality (Lincoln & Guba, 1985). Researches such as Lincoln and Guba (1985), Clont (1992) and Seale (1999) use the notion of "dependability" in qualitative research to correspond to the notion of "reliability" in quantitative research. Lincoln and Guba (1985) further emphasize "inquiry audit" (p. 317) as one measure which might enhance the dependability of qualitative research (Golafshani, 2003).

The consistency of qualitative data will be achieved when the steps of a research are verified through examination of such items as raw data, data reduction products, and process notes (Campbell, 1996). Research is said to be reliable if it yields consistent results (Patten, 2004) and allows other researchers the ability to follow the methods used. This determines how far findings from the results can be generalised. Sampling designs play a pivotal role in determining the type of generalisations that are justifiable. In particular, whereas large samples, such as the one used in the main questionnaire survey of this research, tend to allow statistical generalizations (i.e. making generalizations or inferences on data extracted from a representative sample to a wider population), small and purposive samples, such as the samples used in the interviews, tend to facilitate analytical generalizations (i.e. applying findings to wider theory on the basis of how selected cases 'fit' with general constructs (Curtis et al. 2000). The ability to make appropriate generalizations from this research was given careful consideration at the design stage and the sampling approaches used in this research as discussed in Section 6.13 was to facilitate reliable generalizations both to the population and to theory (See for example, Maxwell 1992; Hood, 2006; Onwuegbuzie & Leech 2005a).

Validity

Joppe (2000) explains that validity in quantitative research determines whether

the research truly measures that which it was intended to measure or how truthful the research results are. In other words, "does the research instrument allow you to hit "the bull's eye" of your research object?" (p. 1). On the other hand the concept of validity in qualitative studies is not a single, fixed or universal concept, but "rather a contingent construct, inescapably grounded in the processes and intentions of particular research methodologies and projects" (Winter, 2000, p.1).

Creswell & Miller (2000) note that validity is affected by the researcher's perception and his/her choice of paradigm. "As a result many researchers have developed their own concepts of validity and have often generated or adopted what they consider to be more appropriate terms, such as, quality, rigor and trustworthiness" (Golafshani, 2003, p.602).

Validity in mixed methods research can take the forms typically associated with quantitative and qualitative research but there is the need to assess validity in terms of the overall design of the research (Creswell and Clark 2007). Validity involves the appropriateness, meaningfulness and usefulness of inferences made by the researcher on the basis of the data collected and can therefore be considered as judgmental (Wallen & Fraenkel, 2001). Patten (2004) emphasize that validity is a matter of degree and discussions should focus on how valid a test is, not whether it is valid or not, since no research instrument is perfectly valid. A research instrument is valid if it measures what it is intended to measure and accurately achieves the purpose for which it was designed (Patten 2004). Thus, "when evaluating research instruments, it must be reasonably valid and reasonably reliable" (Patten 2004, p.72).

From the foregoing, both quantitative and qualitative research seeks reliable and valid results. The development of small tourism accommodation businesses in Ghana requires the collaborative efforts of government, non-profit and commercial organisations and entrepreneurs who rely on quality, holistic information provided by researchers for significant aspects of their decision making. The combination of quantitative and qualitative research methods as was used in this research was an ideal means of providing such holistic, valid and reliable information. While absolute objectivity in research is impossible,

the data collection methods (quantitative and qualitative) used in this research provides a verifiable trail of research procedures, thus improving the reliability of the research (See Tashakkori and Teddlie, 2003).

The concepts of reliability and validity were carefully considered in this research and the results can be generalised to businesses in the small tourism accommodation sector. It also allows for generalisation to tourism development theories and can be applicable to general theories of small firms, and entrepreneurship. The research management strategies and the methods used make it appropriate to generalise the results to other developing countries in Africa in similar state of tourism development. However, this should be done with caution since environmental differences between countries abound.

6.18 ETHICAL CONCERNS

McNamara (1994) identifies five ethical concerns to be considered when conducting research. These concerns centre on voluntary participation, no harm to respondents, anonymity and confidentiality, identifying purpose and sponsor, and analysis and reporting. The researcher was aware of these concerns in this research and tried to manage them.

First, the researcher ensured that participation in this research was completely voluntary. However, voluntary participation can sometimes conflict with the need to have a high response rate. The use of multiple contacts employed as a strategy was not to coerce participants but to encourage a high response rate (see, Dillman, 2000). The purpose of encouraging high response rate was to minimise response bias (McNamara 1994) and also ensure high reliability.

As explained earlier, a minimum of two contacts were made per potential respondent. The first was a telephone contact made a few days preceding the survey to verify the availability of the respondent and solicit their participation, but also to inform them of the aims and objectives for the study. The second contact was during the delivery of the questionnaire. By filling out the questionnaire, the participants signify agreement to participate in the research.

Whilst the assistance of the Ministry of Tourism and Ghana Tourist Board were sought in the distribution of the questionnaires, the respondents were made to understand that the research was not being conducted by the Ministry of Tourism or Ghana Tourist Board and that they could opt out whenever they felt like. This was to ensure the voluntary participation of the respondents.

The researcher paid close attention to ethical considerations in the conduct of the interviews with officials of the Ministry of Tourism, Ghana Tourist Board and the financial institutions. Guided by the suggestion of Winter (1996), the author ensured that the relevant persons and authorities have been consulted and permissions obtained before making interviews and that the principles guiding this research are accepted in advance by the respondents and the wishes of those who will not participate was respected.

McNamara's (1994) second ethical concern is to avoid possible harm to respondents. This could include when participants feel embarrassed or uncomfortable about research questions. The pilot studies helped to identify sensitive questions that could cause embarrassment or uncomfortable feelings among respondents (e.g. questions on revenue levels). The confidentiality of the identity of the respondents both during data analysis and reporting was ensured so that no harm to the participants could arise.

This leads to the third ethical concern which aims to protect a respondent's identity. This was accomplished by exercising anonymity and confidentiality of all respondents. A survey is anonymous when a respondent cannot be identified on the basis of a response whilst a survey is confidential when a response can be identified with a subject, but the researcher promises not to disclose the individual's identity (McNamara, 1994). The cover letter to the questionnaires clearly stated that the survey was confidential with regards to responses and the reporting of results. The officials interviewed were also assured of anonymity and confidentiality.

The fourth ethical guideline is to let all prospective respondents know the purpose of the survey and who is sponsoring it (McNamara, 1994). The purpose of this research was stated in the cover letter explaining that the study

would be used in a dissertation as partial fulfilment for a Doctoral degree. This was also explained to the interviewees.

Researchers are to ensure that they report the results, problems and weaknesses experienced in a research with honesty and openness (McNamara 1994). This ethical concern of accurately reporting both the methods and the results of survey to professional colleagues in the educational community to advance knowledge will be done through the defence of this thesis and journal publications of the research.

6.19 RESEARCH LIMITATIONS

A research such as this could not have been completed without some challenges. Some of the challenges encountered are discussed below.

The spread of small hotels in all the ten regions of Ghana necessitated that the researcher travels to all the regions. In all, the researcher travelled over 2,800 kilometres between January and May 2009 to undertake this research. This is exclusive of the distances covered by the research assistants to get to the respondents. Associated with these travels is the issue of safety and cost. Again getting more respondents to participate in the survey would have been desirable but will have meant stretching the use of the limited research resources (human and financial).

The booking of appointments for interviews with the Directors of the Ministry of Tourism, the Ghana Tourist Board and Directors/Managers of financial institutions was quite a challenge. Several telephone calls had to be made and appointment dates were rescheduled several times by the respondents before access was gained to interview them. There were times that, even with confirmed appointments, the researcher had to wait long hours before interviewing a respondent.

To fully comprehend the drivers that affect the development of small tourism accommodation businesses in Ghana, it will have been interesting to undertake the whole research through the qualitative research tradition. This is on the basis that qualitative research facilitates deeper analysis of more subtle variables, such as the owner-manager's orientation to business, their

management capabilities, personal qualities and cultural values. Thus, while the main approach used in this research is quantitative which enabled a comprehensive national survey work to be carried out, the findings can be limited in their communicative capacity in comparison to qualitative exploration (See, Gibb, 1997; Shaw and Conway, 2000). It should be noted that though a wholly qualitative approach to this research will have generated rich data, it would have had the limitation of not being able to cover a large sample size in the time available to undertake this research. Thus the use of the pragmatic approach to this research was most appropriate.

6.20 CHAPTER SUMMARY

The research is of an exploratory nature and used a pragmatic approach to gather data qualitatively and quantitatively. The chapter evaluated the research design and methodological approach of the thesis. It discussed issues of the philosophical stance of the researcher, choice of method(s), data collection strategies and their derivation from primary and secondary sources. The chapter also detailed the approach used and conditions under which the research was carried out; from the initial contacts, pilot interviews, pilot survey, the choice of the sample frame and size, design and administration of the questionnaire and data analysis techniques using SPSS and NVivo software. It further discussed how issues of validity and reliability were addressed. Ethical concerns bordering on voluntary participation, no harm to respondents, anonymity and confidentiality, identifying purpose and sponsor, analysis and reporting and the limitations of the research were also discussed. The use of replicable data collection techniques in this research and the careful attention given to sample selection were to ensure generalizable propositions that will enhance understanding of the development of small tourism accommodation businesses in Ghana.

The next Chapter, 7, presents the findings of the data collected from the fieldwork and these are discussed in Chapter 8.

CHAPTER SEVEN

FINDINGS

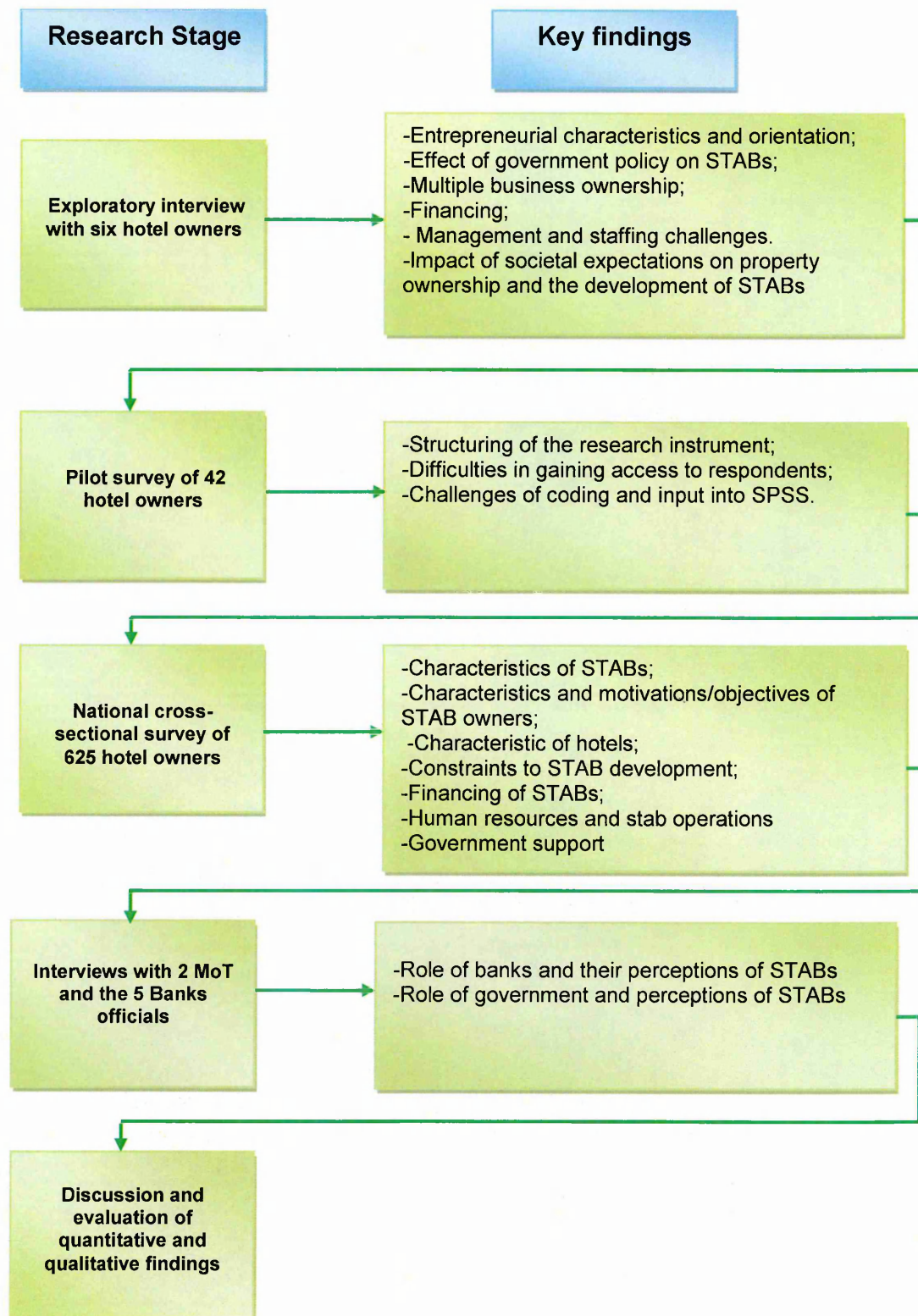
7.1 INTRODUCTION

This chapter focuses on presenting the main findings on data gathered in the primary research on development of independent small hotels in Ghana. The findings of the pilot interviews conducted with six Small tourism accommodation business owners are first presented. This is followed by the presentation of findings based on 505 usable returned questionnaires (out of 625 questionnaires distributed) and the seven interviews with the Directors of the Ministry of Tourism, Ghana Tourist Board and the Banks. The analysis of the quantitative data is undertaken using SPSS version 17 software. Descriptive, correlation and factorial analysis was undertaken on the quantitative data. The presentation and analysis of the quantitative data (questionnaire) is done under eight main sections as follows; characteristics of hotels, characteristics of hotel owners, hotel financing, human resources and factors needed for successful development of hotels in Ghana. NVivo version 8 software is used to manage the qualitative data from the interviews.

Section 7.2 presents findings from the exploratory interviews which served as the basis for the development of the main survey instrument. Section 7.3 presents the findings of the quantitative data on the characteristics of STABs in Ghana. In section 7.4, descriptive and correlation analysis of the quantitative data is done on the characteristics of STAB owners. Section 7.5 presents findings on financing of STABs and section 7.6 examines of human resources factors that affect the development of STABs in Ghana. Section 7.7 presents analysis of data on environmental factors that affect the development of STABs in Ghana. In Section 7.8, exploratory factor analysis technique is used to examine the motivations, objectives and the challenges of STAB owners. Section 7.9 presents the analysis of the interviews with officials of the Ministry of Tourism and the Banks.

A schema that shows the structure of the findings based on each of the research procedures is illustrated in Figure 7.1 below.

Figure 7. 1 Research Stage and Key Findings



7.2 FINDINGS- EXPLORATORY INTERVIEWS

The contents of the notes taken during the exploratory interviews were systematically analysed. The key findings are presented below.

All the respondents were male and were aged 45 to 65 years old. Three of the respondents had University education, two had Diploma qualifications and one had high school education. In addition to their hotel, all the respondents had other businesses and did not establish the hotel as their first business. Their other businesses were in the transport, real estate, education and trading sectors.

The development of the STABs were financed with personal funds of the owners and five out of the six respondents had no prior hotel industry experience when they established their STAB. The respondents have operated their STAB for a minimum of five years. On day to day basis, five of the respondents stated that their STABs were managed by hired managers; whilst one was managed by the spouse of the owner. The engagement of family members as staff was limited and none of the STABs engaged part-time staff.

Whilst income supplementation, having a second business or another property to maintain standard of living and support family members were cited as drivers for the establishment of STABs, the respondents indicated that their key motivations for establishing a STAB was to enhance their status in the family and society and have a property that they can be associated with to enhance their reputation. The respondents cited issues of inadequate infrastructure (roads, power/water supply), cumbersome tax system and inadequate government support as factors that hinder their operations, they were all of the view that their key challenge is the difficulty in recruiting skilled and dedicated staff

The exploratory interviews identified entrepreneurial characteristics and orientation, government policy, financing, management/staffing and government support as factors that affect the development of STABs. The interviews also show that societal expectations on property ownership impact on the

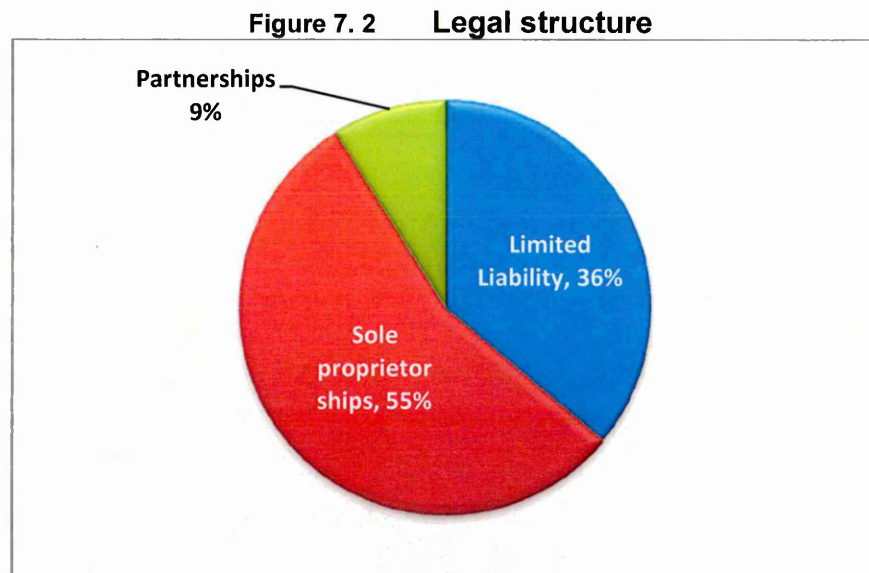
development of STABs. A summary of findings from the exploratory interviews is attached as Appendix 2.

7.3 CHARACTERISTICS OF STABS

This section presents the main characteristics of the STABs surveyed. It analyzes the characteristics of the STABs in terms of their legal status, size, years of operation (firm age), occupancy and turnover.

7.3.1 LEGAL STATUS

Figure 7.1 below illustrates details of the legal form of STABs surveyed. The largest proportion (55 percent) of STABs are registered as sole proprietorships. More than a third (36 percent) are registered as limited liability companies and a further 9 percent as partnerships.

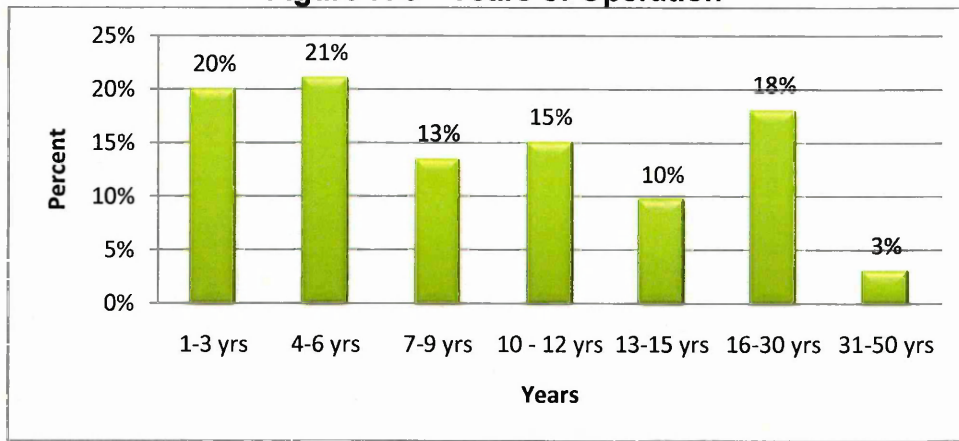


Source: Quantitative Survey Data (n=505)

7.3.2 YEARS OF OPERATION

The results show that 46 percent of the STABs have operated for over than 10 years and a fifth (20 percent) of the hotels have been in business for 1-3 years. Figure 7.2 below shows that 25 percent of hotels have operated between 10 to 15 years, 18 percent have operated between 16 to 30 years and 3 percent have operated between 31 to 50 years.

Figure 7. 3 Years of Operation

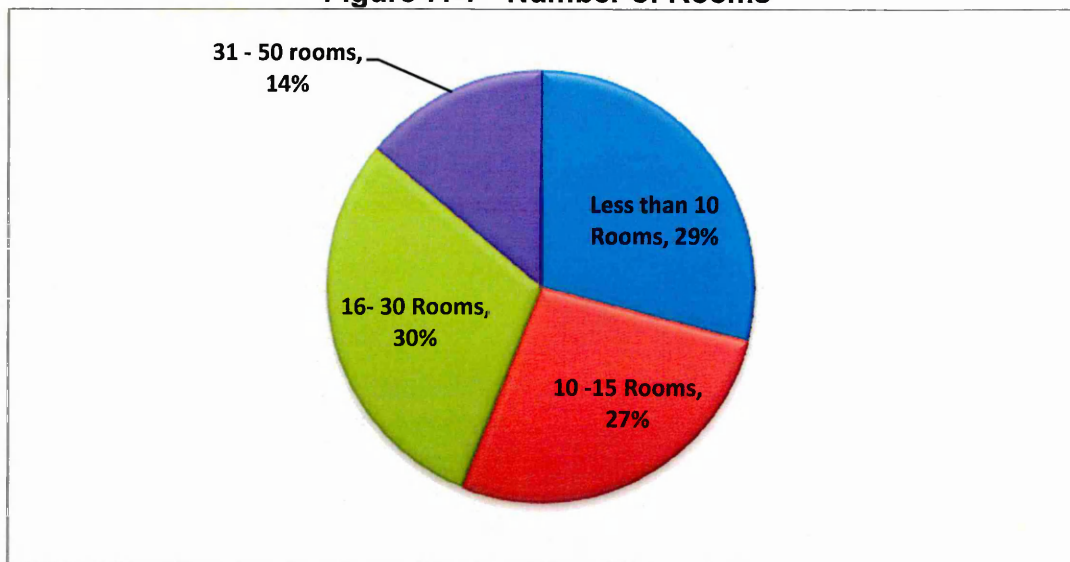


Source: Quantitative Survey Data (n=505)

7.3.3 NUMBER OF OPERATIONAL GUESTROOMS

Majority (56 percent) of the hotels surveyed operate up to 15 rooms. 29 percent of the hotels operate less than 10 rooms and 27 percent operated 10 to 15 rooms. About a third of the surveyed hotels (30 percent) operate 16 to 30 rooms whilst 14 percent operate 31 -50 rooms. Figure 7.3 below shows the sizes of hotels as per number of operational guestrooms.

Figure 7. 4 Number of Rooms



Source: Quantitative Survey Data (n=505)

7.3.4 OCCUPANCY RATES

The analysis indicates that majority of the hotels (84 percent) operate under 50 percent occupancy level. 44 percent of the hotels had occupancy rates of less than 25 percent and 40 percent of the hotels had occupancy rates of above 25

percent but less than 50 percent. 8 percent of the sampled hotels had occupancy rates between 50 and 75 percent. Only one percent of hotels had occupancy rates above 75 percent and 7 percent of the respondents did not indicate their occupancy rates. It is interesting to note that in spite of the fact that majority of the hotels (84 percent) operate under 50 percent occupancy levels, 46 percent of hotels have operated for over ten years and more.

Table 7.1 2008 Occupancy rates

		Frequency	Valid Percent
Valid	Don't Know	31	7
	Less than / or =25%	207	44
	More than 25% but < 50%	193	40
	More than 50% but < 75%	39	8
	More than 75%	7	1
	Total	477	100.0
Missing	-99.00	28	
Total		505	

Source: Quantitative Survey Data

Table 7.1 above shows details of occupancy rates of the sampled hotels for the year 2008.

7.3.5 2008 REVENUES LEVELS

Table 7.2 2008 Revenues

		Frequency	Valid Percent
Valid	Don't Know	131	31
	¢50,000 to ¢100,000	148	35
	¢101,000 to ¢150,000	73	17
	¢151,000 to ¢200,000	42	10
	¢201,000 and above	28	7
	Total	422	100.0
Missing	-99.00	83	
Total		505	

Source: Quantitative Survey Data

Table 7.2 above shows that slightly less than a third of the respondents (31 percent) did not give details on their revenue levels (indicated don't know). However, 35 percent of the respondents indicated that they earned between 50,000 and 100,000 Cedis (£22,727-£45,455); 17 percent indicated that they

earned between 101,000 and 150,000; whilst 10 percent noted they earned between 151,000 and above 200,000 Cedis. 7 percent earned above 201,000 Ghana Cedis annually. At the time of the research, the exchange rate of the Cedi to the Dollar was 1:1.1 (1,000Cedis =909 US\$ or 1,000 Cedis=455 British Pounds) (BoG 2009).

7.3.6 BIVARIATE ANALYSIS

Hotel Size and Total Revenue

Further evaluation of the research data as shown in Table 7.3 below indicates that 42 percent of the hotels with 4 to 9 rooms earned between 50,000 and 100,000 Cedis in 2008 whilst another 42 percent of hotels with 4 to 9 rooms did not disclose their revenue earnings for 2008. Hotels with more rooms (31 and above) were more willing to disclose their earnings compared to hotels with fewer rooms (10-30 rooms).

Table 7. 3 Hotel Size and Total Revenue-2008

Statistics=% within SIZE OF HOTEL

SIZE OF HOTEL	TOTAL REVENUE(2008)					Total
	Don't Know	¢50,000 to ¢100,000	¢101,000 to ¢150,000	¢151,000 to ¢200,000	¢201,000 and above	
4-9 ROOMS	42.3%	41.5%	8.9%	5.7%	1.6%	100.0%
10-20 ROOMS	27.1%	33.7%	22.1%	8.3%	8.8%	100.0%
21-30 ROOMS	32.3%	29.0%	21.0%	12.9%	4.8%	100.0%
31-40 ROOMS	18.2%	33.3%	18.2%	18.2%	12.1%	100.0%
41-50 ROOMS	17.4%	30.4%	13.0%	26.1%	13.0%	100.0%

Source: Quantitative Survey Data (n=505)

Size of Hotel and Years of Operation

Table 7.4 below shows that hotels with fewer rooms have been in operation for relatively fewer years. 75 percent of hotels with 4 to 9 rooms have been in operation for 1 to 9 years compared with 50 percent and 49 percent of hotels with 10 to 20 rooms and 21 -30 rooms respectively. A greater proportion (16 percent) of hotels with more rooms (41-50) have been in operations longer (30 years and above) compared with smaller sized hotels.

Table 7. 4 Size of Hotel and Years of Operation

Statistics=% within SIZE OF HOTEL

SIZE OF HOTEL	YEARS OF OPERATION				Total
	1-9 YEARS	10-21 YEARS	22-30 YEARS	30 + YEARS	
4-9 ROOMS	74.6%	21.8%	2.8%	.7%	100.0%
10-20 ROOMS	49.8%	38.8%	9.0%	2.5%	100.0%
21-30 ROOMS	48.7%	39.7%	6.4%	5.1%	100.0%
31-40 ROOMS	34.2%	50.0%	10.5%	5.3%	100.0%
41-50 ROOMS	41.9%	32.3%	9.7%	16.1%	100.0%

Source: Quantitative Survey Data (n=505)

Hotel Size and Occupancy Rates

More hotels (94 percent) with 4-9 rooms had occupancy rates of less than 50 percent and more hotels (16 percent) with 21 to 30 rooms recorded occupancy rates of more than 50 percent. Details of the relationship between size of hotels and occupancy rates are shown in Table 7.5 below.

Table 7. 5 Hotel size and Occupancy rates (2008)

Statistics=% within SIZE OF HOTEL

SIZE OF HOTEL	OCCUPANCY RATES		Total
	LESS THAN 50%	MORE THAN 50%	
4-9 ROOMS	94.4%	5.6%	100.0%
10-20 ROOMS	88.6%	11.4%	100.0%
21-30 ROOMS	84.3%	15.7%	100.0%
31-40 ROOMS	88.9%	11.1%	100.0%
41-50 ROOMS	89.7%	10.3%	100.0%

Source: Quantitative Survey Data (n=505)

Size of hotel and Legal Ownership

Hotels with higher number of rooms are more likely to be registered as limited liability companies whilst hotels with fewer rooms are more likely to be registered as sole proprietorships. Table 7.6 below shows that more than 46 percent of hotels with more than 21 rooms are registered as limited liability companies. On the other hand more than 71 percent of hotels with less than 10 rooms and 55 percent of hotels with 10 -20 rooms are registered as sole proprietorships.

Table 7. 6 Size of hotel and Legal Ownership

Statistics=% within SIZE OF HOTEL

SIZE OF HOTEL	LEGAL OWNERSHIP			Total
	Sole proprietorship	Partnership	Limited company	
4-9 ROOMS	71.3%	8.4%	20.3%	100.0%
10-20 ROOMS	55.4%	8.8%	35.8%	100.0%
21-30 ROOMS	43.0%	11.4%	45.6%	100.0%
31-40 ROOMS	44.7%	5.3%	50.0%	100.0%
41-50 ROOMS	26.7%	6.7%	66.7%	100.0%

Source: Quantitative Survey Data (n=505)

Occupancy Rates and Legal Structure of Hotels

As shown in Table 7.7 below, hotels registered as partnerships have higher occupancy rates than those registered as sole proprietorships and limited liability companies. Hotels registered as partnerships are 4 percentage points more likely to achieve higher occupancy rates than facilities registered as limited companies and 10 percentage points more likely to achieve higher occupancy rates than facilities registered as sole proprietorships.

Table 7. 7 Occupancy rates and legal structure of hotels

Legal Ownership * OCCUPANCY RATES Crosstabulation

Statistics=% within Legal Ownership				
		OCCUPANCY RATES		
		LESS THAN 50%	MORE THAN 50%	Total
Legal Ownership	Sole proprietorship	92.9%	7.1%	100.0%
	Partnership	82.9%	17.1%	100.0%
	Limited company	86.8%	13.2%	100.0%
	Total	89.8%	10.2%	100.0%

7.3.7 SUMMARY- CHARACTERISTICS OF HOTELS

- More than half, 55 percent, of hotels are registered as sole proprietorships.
- More than 71 percent of hotels with less than 10 rooms are registered as sole proprietorships.
- 46 percent of the hotels have operated for over than 10 years

- Majority (56 percent) of the hotels surveyed operate up to 15 rooms.
- A greater proportion (75 percent) of hotels with smaller number of rooms (4 to 9 rooms) has been in operation for 1 to 9 years.
- Majority of the hotels (84 percent) operated under 50 percent occupancy level in 2008.
- More (94 percent) of hotels with fewer rooms (4-9) recorded occupancy rates of less than 50 percent in 2008.
- 35 percent of the respondents indicated that they earned between 50,000 and 100,000 Cedis. (i.e. about (£22,727-£45,455))
- 42 percent of smaller hotels with 4 to 9 rooms did not disclose their revenue earnings for 2008

7.4 CHARACTERISTICS OF STAB OWNERS

7.4.1 GENDER

Women hotel owners are a minority. An analysis of the gender of the respondents indicates that greater proportions (78 percent) of the hotel owners are male with 22 percent being female.

7.4.2 ENTREPRENEURIAL AGE

Table 7.8 below presents details of the age of respondents highlighting a mature age profile. A greater proportion of respondents (61 percent) are in the 45 - 54 years age group, while 28 percent are aged over 55 years and 9 percent of the respondents were between the ages of 35 and 44 years. Only 2 percent of respondents are in the youngest age range of 25 and 34 years when they established their hotel.

Table 7.8		Entrepreneurial Age	
		Frequency	Valid Percent
Valid	25-34	10	2
	35-44	41	9
	45-54	296	61
	55+	136	28
	Total	483	100.0
Missing	-99.00	22	
Total		505	

Source: Quantitative Survey Data

7.4.3 EDUCATION ACHIEVEMENT

Table 7.9 below shows that education achievement of respondents is relatively high on the average.

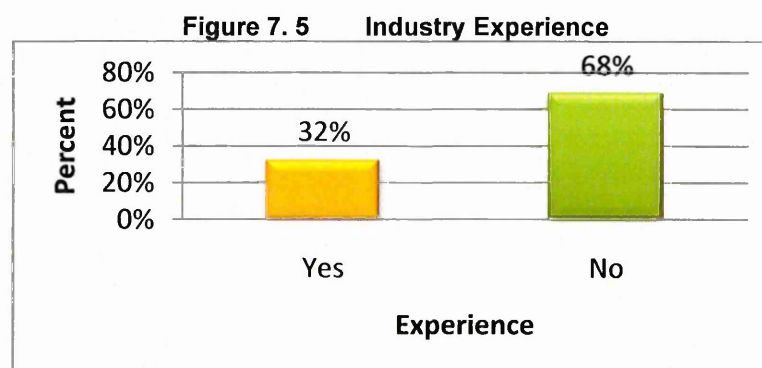
		Frequency	Valid Percent
Valid	Middle sch.	62	13
	Secondary	89	19
	Voc/Technical	62	13
	Polytechnic	75	16
	University	173	36
	None	17	3
	Total	478	100.0
Missing	-99.00	27	
Total		505	

Source: Quantitative Survey Data

More than one out of three, 36 percent of the respondents have University education; 16 percent have polytechnic education; 32 percent have secondary and or vocational/technical education whilst 13 percent have basic education (Middle school). However about 3 percent have no formal education.

7.4.4 PRIOR HOSPITALITY INDUSTRY EXPERIENCE

Figure 7.4 below shows that prior to establishing their hotel, 68 percent of respondents had no hospitality industry experience. On the other hand, 32 percent of respondents have had some hospitality industry experience prior to setting up their hotel. The nature of such experience will however need further research.



Source: Quantitative Survey Data (n=505)

7.4.5 ENTREPRENEUR TYPE

Table 7.10 below shows that only 4 percent of the respondents were novice owners (that is, individuals with no prior private business ownership experience), whilst 96 percent of hotels were owned by experienced business owners (portfolio, habitual or serial owners). This finding has any implication for tourism development in Ghana.

Table 7. 10 Entrepreneur Type

		Frequency	Valid Percent
Valid	Novice	20	4
	Portfolio/Habitual/Serial	461	96
	Total	481	100.0
Missing	-99.00	24	.
	Total	505	

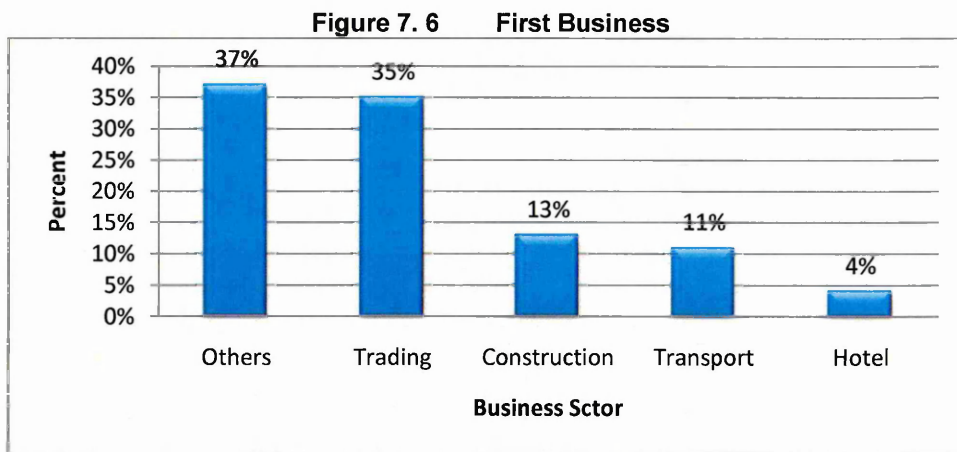
Source: Quantitative Survey Data

Further analysis of hotel owners who are portfolio/habitual/serial business owners shows that 79 percent of them are male and 21 percent female. Majority of them 90 percent are age above 45 years and 8 percent are age 35-44 years with only 2 percent age 25-34 years when they established their hotels.

Furthermore, 35 percent of hotel owners who are portfolio/habitual/serial business owners have University education, 19 percent secondary, 16 percent polytechnic, 13 percent Vocational/Technical and Basic and 4 percent have no formal education.

7.4.6 FIRST BUSINESS

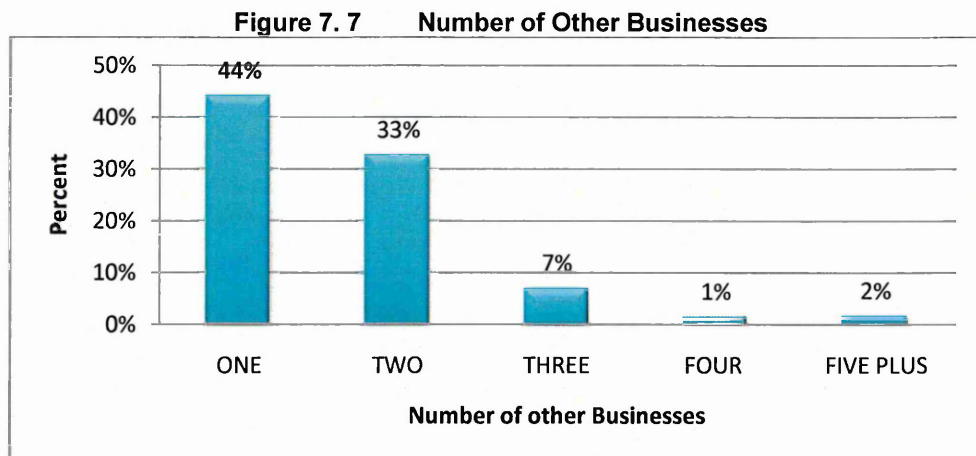
In Figure 7.5 below, 35 percent of respondents had their first business in the trading sector and 13 percent and 11 percent had their first business in the construction and transport sectors respectively. A greater percentage of respondents (37 percent) indicated that their first businesses were in sectors other than transport, trading and construction.



Source: Quantitative Survey Data (n=505)

7.4.7 NUMBER OF OTHER BUSINESSES

Majority of the respondents (44 percent) have one other business in addition to their hotel, 33 percent have two other businesses in addition to their hotel, 7 percent have 3 other businesses, 1 percent have 4 other businesses in addition to their hotel, whilst 2 percent of the respondents have 5 or more other businesses in addition to their hotel. Figure 7.6 below is an illustration of the number of other businesses owned by respondents.



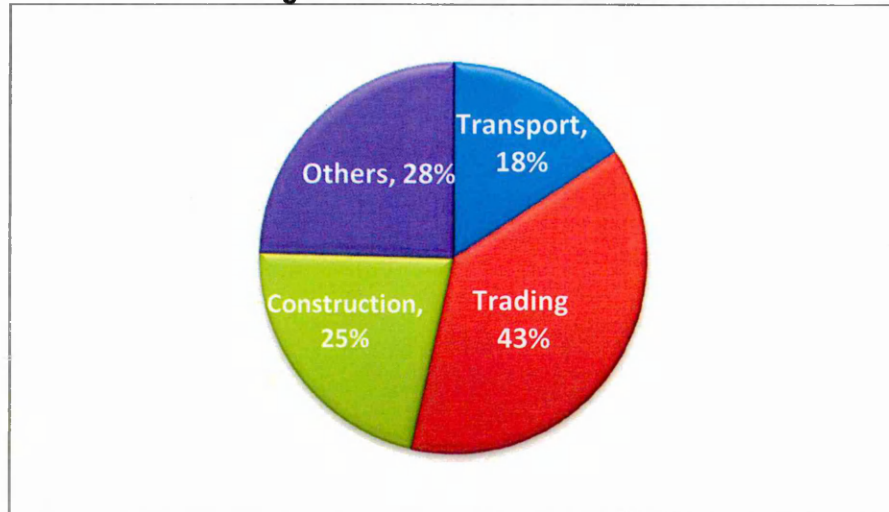
Source: Quantitative Survey Data (n=505)

7.4.8 TYPE OF OTHER BUSINESSES OWNED

On the question of the type of businesses currently operated, 43 percent of respondents are into general retail trading, 25 percent into civil construction, 18 percent are into transport and 28 percent are into other general enterprises such as printing of stationary, farming, exporting, catering, banking and management consultancy. The summation of the percentages is greater than

100 percent because some the respondents were into more than one other business. (Transport business refers to owning and operating taxis, mini buses, buses and haulage trucks; trading business refers to operating shops dealing in consumer goods; Construction business refers to firms involved in civil, plumbing or electrical works). Details of the types of other businesses owned by respondents are illustrated in Figure 7.7 below.

Figure 7.8 Other Businesses

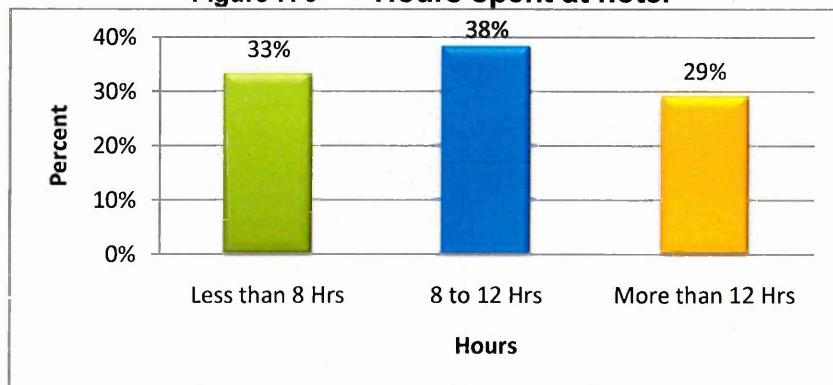


Source: Quantitative Survey Data (n=505)

7.4.9 HOURS SPENT AT HOTEL

Figure 7.8 below shows that 67 percent of hotel owners spend more than 8 hours at their hotel on daily basis. 38% of the respondents spend between 8 to 12 hours at their hotels on daily basis and slightly less a third, 29 percent spend more than 12 hours at their hotels daily. A third, 33 percent, of the respondents spend less than 8 hours at their hotel daily.

Figure 7.9 Hours spent at hotel



Source: Quantitative Survey Data (n=505)

7.4.10 LIVING ON HOTEL PREMISES AND REASONS

On the question of how many respondents live on their hotel premises and why, a greater proportion of the respondents (68 percent) indicated they do not live on the premises of their hotels. Of the 32 percent who lived on the hotel premises, almost half, 49 percent cited the reason as being able to have a better oversight on operations; 30 percent said it was their home before they turned it in to a hotel; 21 percent indicated that they live on the premises because they want to be closer to their business. Figure 7.9 below is an illustration of reasons for living on hotel premises.

Figure 7. 10 Reasons for living on premises



Source: Quantitative Survey Data

7.4.11 BIVARIATE ANALYSIS

Gender of Owner and Education Achievement

An analysis of differences between male and female STAB owners and their educational achievement as summarised in Table 7.11 below.

Table 7. 11 Gender of Owner and Education Achievement

Statistics=% within Gender of Owner		Gender of Owner		
		Male	Female	Total
Education Achievement.	Middle Sch.	11.3%	19.4%	13.1%
	Secondary	20.2%	13.6%	18.7%
	Voc/Technical	9.9%	24.3%	13.3%
	Polytechnic	15.1%	17.5%	15.6%
	University	40.6%	19.4%	36.0%
	None	3.0%	5.8%	3.4%
	Total	100.0%	100.0%	100.0%

Source: Quantitative Survey Data (n=505)

1. Fewer male respondents (11 percent) compared to (19 percent) of female have basic education (Middle School).
2. Fewer male respondents (10 percent) compared to (24 percent) of female have vocational or technical education.
3. Fewer male respondents (15 percent) compared to (18 percent) of female have polytechnic education.
4. Fewer male respondents (3 percent) compared to (6 percent) of female have no formal education.
5. More male respondents (20 percent) compared to (14 percent) of female have secondary school education.
6. More male respondents (40 percent) compared to (19 percent) of female have University education.

Gender and Hospitality Industry Experience

More female respondents have prior hospitality experience. Table 7.12 below shows that of the 32 percent of the respondents who indicated they have prior hospitality industry, 45 percent were female compared to 28 percent male.

Table 7. 12 Gender of Owner and Hospitality Industry Experience.

Statistics=% within Gender of Owner		Gender of Owner		
		Male	Female	Total
Hospitality Industry Experience	Yes	28.3%	45.3%	32.0%
	No	71.7%	54.7%	68.0%
	Total	100.0%	100.0%	100.0%

Source: Quantitative Survey Data (n=505)

Gender and Hours Spent at Hotel

Table 7.13 below shows that more female respondents (77 percent) compared to male (64 percent) are likely to spend more than eight hours at their hotels on daily basis.

Table 7. 13 Gender of Owner and Hours Spent at Hotel

Statistics=% within Gender of Owner		Gender of Owner		
		Male	Female	Total
Hours Spent at Hotel	Less than 8hours	35.6%	22.8%	32.8%
	8 to 12 hours	37.2%	40.6%	38.0%
	More than 12 hours	27.2%	36.6%	29.2%
	Total	100.0%	100.0%	100.0%

Source: Quantitative Survey Data (n=505)

Gender and Living on Hotel Premises

Again, more female respondents (44 percent) compared to their male counterparts (29 percent) live on the premises of their hotel. Details of this are shown in Table 7.14 below.

Table 7. 14 Gender of Owner and Living on Hotel Premises

Statistics=% within Gender of Owner		Gender of Owner		
		Male	Female	Total
Live on premises	Yes	29.1%	43.8%	32.4%
	No	70.9%	56.2%	67.6%
	Total	100.0%	100.0%	100.0%

Source: Quantitative Survey Data (n=505)

Age and Education Achievement

Older respondents are more likely to have University education. 37 percent of respondents above 45 years of age have University education compared to 30 percent and 28 percent of respondents in the 25-34 years and 35-44 years group respectively. Younger respondents are more likely have polytechnic education. 30 percent of respondents in the 25-34 years age group have polytechnic education compared to 18 percent and 15 percent of respondents in the 34-45 years and 45 plus years group respectively. Details of the relationship between the age groups of the respondents and their education achievement are shown in Table 7.15 below. The analysis also shows that younger respondents are more likely not to have formal education. 10 percent of younger (25-34years) hotel owners have no formal education compared to 3.5 percent of respondents above 45 years.

Table 7. 15 Age and Education Achievement
Statistics=% within AGE

		AGE			Total
		25-34	35-44	45+	
EDUCATION	None	10.0%	.0%	3.5%	3.4%
	Middle sch	.0%	15.0%	13.2%	13.1%
	Secondary	20.0%	27.5%	18.0%	18.8%
	Voc/Technical	10.0%	12.5%	13.2%	13.1%
	Polytechnic	30.0%	17.5%	15.4%	15.9%
	University	30.0%	27.5%	36.6%	35.7%
Total		100.0%	100.0%	100.0%	100.0%

Source: Quantitative Survey Data (n=505)

7.4.12 SUMMARY- CHARACTERISTICS OF HOTEL OWNERS

- Greater proportions of respondents (78 percent) are male.
- 61 percent of the respondents were aged 45-54 years when they established their hotels.
- Education achievement of respondents is relatively high on the average with 36 percent having University degrees and only 3 percent having no formal education.
- More male respondents (41 percent) have University education compared to 19 percent female.
- More female respondents (42 percent) have vocational/technical and polytechnic education compared to 25 percent male
- Majority of respondents, 68 percent, have had no hospitality industry experience prior to setting up their hotels.
- More female respondents (45 percent) compared to 28 percent of their male counterparts have had hospitality industry experience before they established their hotel.
- Greater proportions (96 percent) of hotels are owned by experienced business owners (habitual, serial or portfolio owners).
- More than two thirds (67 percent) of respondents spend more than 8 hours at their hotel on daily basis.
- More female respondents (77 percent) compared to their male counterparts (64 percent) spend more than eight hours at their hotel on daily basis.

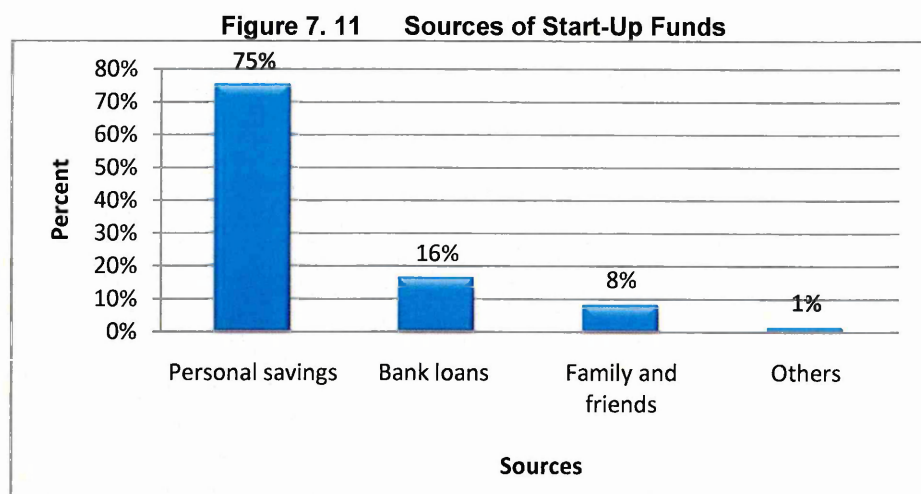
- About a third (32 percent) of the respondents indicated they live on the premises of their hotels and cited the main reason as being able to have a better oversight on operations.
- More female respondents (44 percent) live on the premises of their hotel compared to (29 percent) male counterparts.
- Only 4 percent of the respondents established their hotels as their first business.
- 44 percent of the respondents had at least one other business in addition to their hotel.
- 43 percent of respondents are into general retail trading.

7.5 FINANCING SMALL TOURISM ACCOMMODATION BUSINESSES

This section examines the financing of small tourism accommodation businesses (STABs) in Ghana.

7.5.1 SOURCES OF START-UP FUNDS

Figure 7.10 below illustrates that 75 percent of the respondents financed the development of their hotels from their personal savings.



Source: Quantitative Survey Data (n=505)

16 percent of respondents developed their hotels with bank loans, 8 percent used funds from family and friends, whilst one percent used inheritance and other sources of income to establish their hotel.

7.5.2 SUBSIDIZATION OF HOTEL OPERATIONS

When the respondents were asked if they subsidize the operations of their hotels, 67 percent indicated that they subsidized their operations with income from their other businesses.

7.5.3 APPLICATION FOR BANK LOAN

Table 7.16 below shows that 66 percent of the respondents had not applied for a loan for the development of the hotels.

Table 7. 12 Loan Application

		Frequency	Valid Percent
Valid	Yes	166	34.4
	No	316	65.6
	Total	482	100.0
Missing	-99	23	
Total		505	

Source: Quantitative Survey Data

7.5.4 LOAN APPROVAL /REFUSAL RATES

Table 7.17 below shows that of the 34.4 percent who had applied for loans, 24.8 percent of them had their loan applications approved. This gives a loan approval rate of 72 percent.

Table 7. 17 Loan Approval/Refusal

		Frequency	Valid Percent
Valid	Yes	119	24.8
	No	47	9.6
	N/A	313	65.6
	Total	479	100.0
Missing	-99	26	
Total		505	

Source: Quantitative Survey Data

7.5.5 REASONS FOR LOAN REFUSAL

Table 7.18 below shows that loan applications were refused for to combination of reasons.

Table 7. 18 Reasons for Loan Refusal		Frequency	Valid Percent
Valid	Lack of debt collateral	6	14.0
	Poor industry market conditions	5	11.6
	Business plan unacceptable	4	9.3
	Inexperienced management team	3	7.0
	Poor credit history	1	2.3
	Poor financial performance	5	11.6
	Others / late response/Credit required	19	44.2
	Inappropriate/banks not interested in hotels or long term financing		
	Total	43	100.0
Missing	-99.00	462	
Total		505	

Source: Quantitative Survey Data

Analysis of the data indicates that 14 percent of the respondents who had applied for bank loans were not successful because they could not support their applications with appropriate collaterals; 12 percent had their applications rejected due to poor industry market conditions and poor financial performance respectively; another 9 percent had their applications rejected because their business plans were not acceptable to the financial institutions; 7 percent had their applications rejected because of inexperienced management team at the hotel; 2 percent had poor credit history with financial institutions. 44 percent of applications were refused for reasons such as financial institution not interested in investing in hotels, late response to applications by banks, banks not interested in long term financing or a combination of reasons.

7.5.6 BUSINESS PLANS

The analysis of the research data shows that 51 percent (n=505) of the respondents have written business plans. Review of literature indicates that SMEs that have business plans prepare them as a requirement for seeking funding from the financial institutions and not as a business operating tool (see for example Burns, 2001; Shaper and Volery, 2004).

7.5.7 BIVARIATE ANALYSIS

Gender of Owner and Source of Funds

Further bivariate analysis of the research data shows that there are differences between the sources of funds for the development of hotels and the gender of respondents, their age, education achievement and size of their hotels. In Table 7.19 below, female respondents are more likely (79 percent) than male owners (74 percent) to use their personal funds to establish their hotel. Male respondents are more likely to use funds from friends/family and banks to establish their hotel.

Table 7. 19 Gender of Owner and Source of Funds

Statistics=% within Gender of Owner

GENDER OF OWNER	SOURCE OF FUNDS				Total
	Personal Savings	Loans- Family & Friends	Bank Loan	Others	
Male	73.9%	8.2%	16.8%	1.1%	100.0%
Female	79.2%	5.9%	13.9%	1.0%	100.0%
Total	75.1%	7.7%	16.2%	1.1%	100.0%

Source: Quantitative Survey Data

Age and Source of Funds

An analysis of age of respondents and their sources of start-up funds as illustrated in Table 7.20 below shows that relatively older respondents are more likely to use personal funds to establish their hotel.

Table 7. 130 Age and Source of Funds

Statistics=% within AGE

AGE	SOURCE OF FUNDS				Total
	Personal Savings	Loans- Family & Friends	Bank Loan	Others	
25-34	60.0%	10.0%	30.0%	.0%	100.0%
35-44	81.1%	10.8%	8.1%	.0%	100.0%
45+	75.2%	7.2%	16.3%	1.2%	100.0%
Total	75.4%	7.6%	16.0%	1.1%	100.0%

Source: Quantitative Survey Data

Respondents within the 35-44 years group are more likely (81 percent) to fund the development of their hotel from personal funds. Younger respondents (25-34 years) are less likely to use personal funds to establish their hotel. 60 percent of respondents age 25-34 years compare to 81 percent of those age 35-44 years funded the establishment of their hotel from personal sources. On the other hand, younger respondents (25-34 years) are more likely to use bank loan to establish their hotel.

Education and Source of Funds

On the relationship between education achievement of respondents and the sources of their start-up funds as shown in Table 7.21 below, it was found the irrespective of their education achievement, most (75 percent) respondents used their personal funds to setup their hotels. However, hotel owners with no formal education were more likely to use their personal funds to setup their hotel.

Table 7. 14 Education and Source of Funds

Statistics=% within EDUCATION

EDUCATION	SOURCE OF FUNDS				Total
	Personal Savings	Loans- Family & Friends	Bank Loan	Others	
None	82.4%	5.9%	11.8%	.0%	100.0%
Middle sch	79.7%	1.7%	18.6%	.0%	100.0%
Secondary	77.9%	3.5%	16.3%	2.3%	100.0%
Voc/Technical	80.0%	3.3%	15.0%	1.7%	100.0%
Polytechnic	70.4%	15.5%	14.1%	.0%	100.0%
University	70.9%	10.9%	17.0%	1.2%	100.0%
Total	74.9%	7.9%	16.2%	1.1%	100.0%

Source: Quantitative Survey Data

Size of Hotel and Source of Funds

Also the analysis as shown in Table 7.22 below indicates that irrespective of the size of their hotels, more (76 percent) respondents used their personal funds to setup them up. However, hotels with 10-20 rooms were more likely to be setup with bank loan compared to hotels with 4-9 rooms and 21-30 rooms.

Table 7. 15 Size of Hotel and Source of Funds

Statistics=% within SIZE OF HOTEL

SIZE OF HOTEL	SOURCE OF FUNDS				Total
	Personal Savings	Loans- Family & Friends	Bank Loan	Others	
4-9 ROOMS	74.8%	8.1%	14.8%	2.2%	100.0%
10-20 ROOMS	74.9%	7.0%	17.6%	.5%	100.0%
21-30 ROOMS	79.5%	5.1%	15.4%	.0%	100.0%
31-40 ROOMS	71.4%	17.1%	11.4%	.0%	100.0%
41-50 ROOMS	80.0%	3.3%	13.3%	3.3%	100.0%
Total	75.7%	7.5%	15.7%	1.0%	100.0%

Source: Quantitative Survey Data

7.5.8 SUMMARY - FINANCING OF HOTELS

- 75 percent of the respondents financed the development of their hotels from their personal savings.
- 67 percent of respondents indicated that they subsidize their operations with income from their other businesses
- Female respondents are more likely than male to use their personal funds to establish their hotel.
- Respondents within the 35-44 years group are more likely to fund the development of their hotel from personal funds.
- Hotel owners with no formal education were more likely to use their personal funds to setup their hotels.
- 66 percent of the respondents have not applied for a loan for the development of the hotels despite high loan approval rates by the banks.
- 72 percent of respondents who applied for bank finance had their loans approved.
- Lack of debt collateral, poor industry market conditions, unacceptable business plan, inexperienced management team, poor credit history, poor financial performance or a combination of the above were given by the banks as reasons for not approving loans.
- Younger respondents (25-34 years) are likely to use bank finance to establish their hotel.
- 51 percent of the respondents have written business plans.

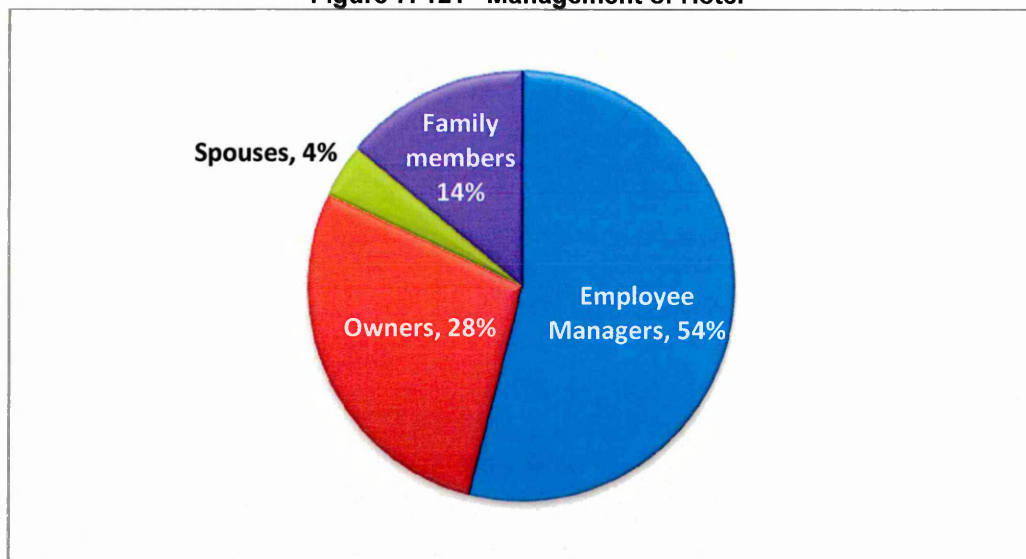
7.6 HUMAN RESOURCES

This section analyzes data on human resources issues in STABs in Ghana. It analyzes the management of STABs, staffing levels, Employment of family members, employment of part-time staff, staff qualifications and recruitment challenges faced by STAB owners.

7.6.1 MANAGEMENT OF HOTEL

More than half of the hotels surveyed (54 percent), are managed by employee managers. Less than a third (28 percent) of the hotels are managed by their owners whilst only 4 percent were managed by the spouses of the owners. 14 percent of the hotels are managed by family members. Figure 7.11 below illustrates the types of people who manage hotels on day-to-day basis.

Figure 7. 121 Management of Hotel

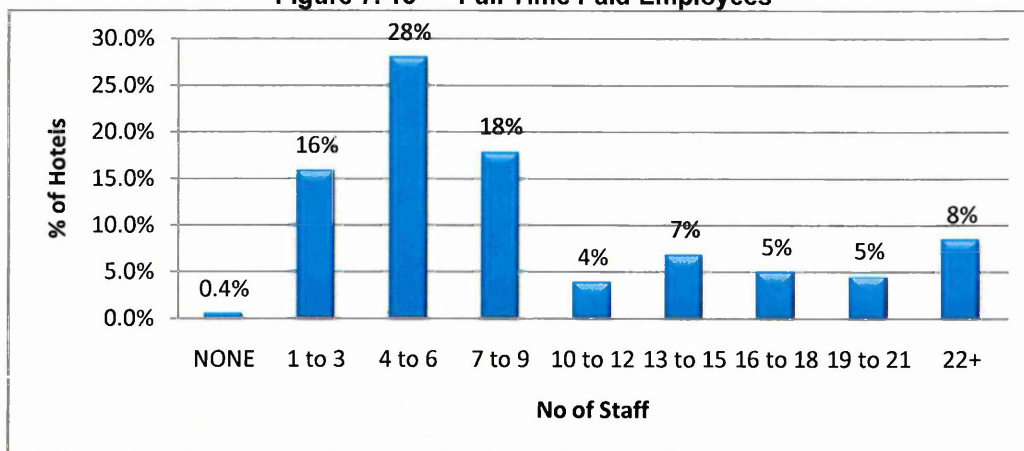


Source: Quantitative Survey Data (n=505)

7.6.2 STAFFING LEVELS

62 percent of the hotels surveyed employ one to nine full time staff, 11 percent employ 10 to 15 full time staff and 10 percent employ 16 to 21 full time staff. Interestingly less than 1 percent of the hotels surveyed did not have any full time paid employees. Figure 7.12 below is an illustration of employment of fulltime employees.

Figure 7. 13 Full Time Paid Employees



Source: Quantitative Survey Data (n=505)

Further analysis on the relationship between the size of hotels and full time paid employees as depicted in Table 7.23 below shows that majority of hotels with 10-15 rooms (59 percent) have 4-9 full time staff compared with 57 percent of hotels with less than 10 rooms.

Table 7. 16 Number of Rooms and Full Time Paid Employees

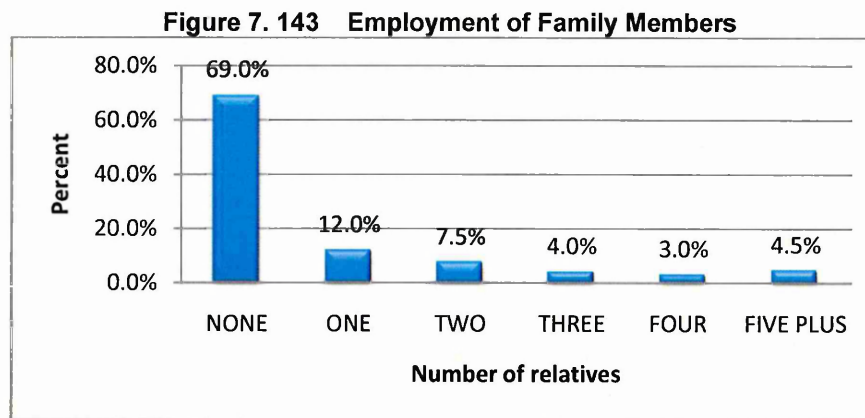
Statistics=% within NUMBER OF ROOMS

NUMBER OF ROOMS	FULL TIME PAID EMPLOYEES					Total
	0-3	4-9	10-15	16-21	22+	
Less than 10 Rooms	36.9%	56.7%	5.7%	.7%	.0%	100.0%
10 - 15 Rooms	7.0%	59.4%	16.4%	10.2%	7.0%	100.0%
Total	22.7%	58.0%	10.8%	5.2%	3.3%	100.0%

Source: Quantitative Survey Data (n=505)

7.6.3 EMPLOYMENT OF FAMILY MEMBERS

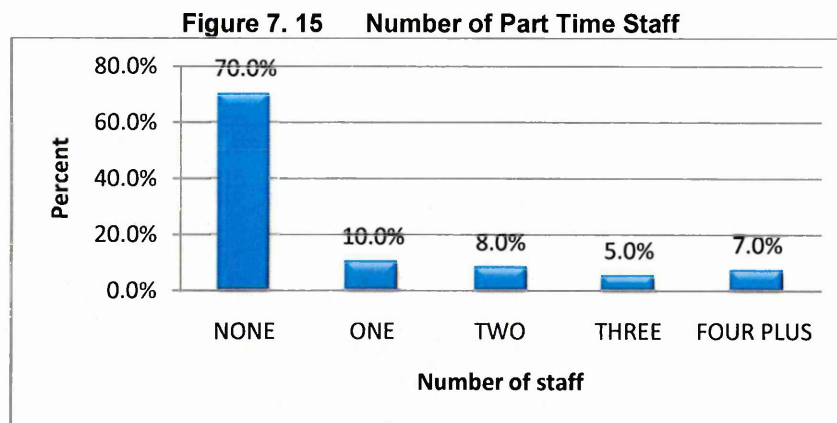
Majority of the hotels surveyed (69 percent) did not employ family members as full time staff. Figure 7.13 below gives details on employment of family members in STABs. It shows the limited involvement of family members in the operations of STABs.



Source: Quantitative Survey Data (n=505)

7.6.4 EMPLOYMENT OF PART TIME STAFF

Figure 7.14 below indicates that 70 percent of the hotels do not engage part time staff and 23 percent of the hotels engage between one and three people as part time staff.



Source: Quantitative Survey Data (n=505)

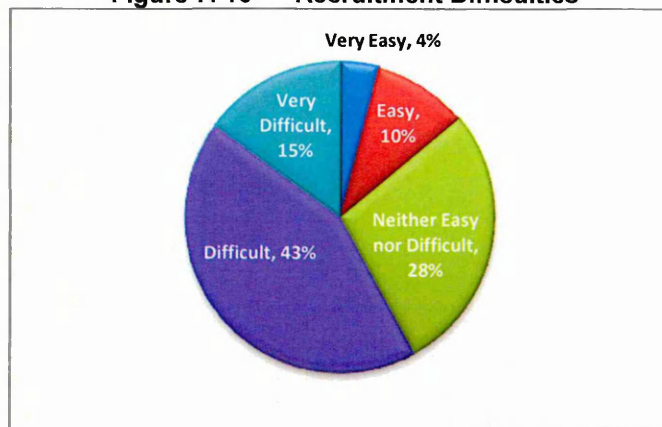
7.6.5 STAFF QUALIFICATIONS

Slightly more than a fifth, 22 percent, of the STABs employs staff with no formal training in hospitality. Half of the hotels (50 percent) have one to three staff with formal training in hospitality and 17 percent of STABs had four to six staff with formal hospitality qualifications. The analysis also shows that 77 percent of staff working in STABs have vocational qualification, 48 percent have Diplomas and 26 percent have tertiary qualifications.

7.6.6 RECRUITMENT DIFFICULTIES

The above notwithstanding, more than half of the respondents, 58 percent, indicated that it was difficult to recruit well trained staff. Figure 7.15 below is an illustration of level of difficulty in recruiting well trained staff.

Figure 7. 16 Recruitment Difficulties



Source: Quantitative Survey Data (n=505)

7.6.7 SUMMARY - HUMAN RESOURCES

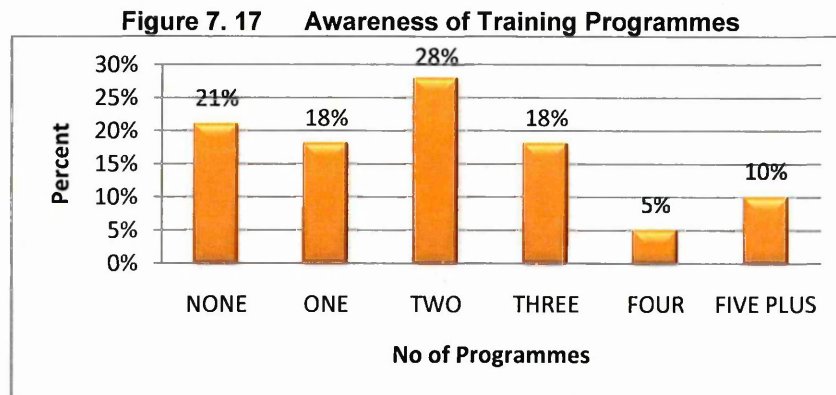
- More than half of the STABs surveyed (54 percent) are managed by employee managers.
- 62 percent of the STABs employ between one and nine full time staff.
- 69 percent of the STABs did not employ family members as full time staff.
- 70 percent of STABs do not engage part-time staff.
- Slightly more than a fifth, 22 percent, of the STABs has staff with no formal training in hospitality.
- More than half of the respondents, 58 percent, indicated that it was difficult to recruit well trained staff.

7.7 GOVERNMENT SUPPORT

7.7.1 TRAINING PROGRAMMES

99 percent of respondents indicated that staff training is important for efficient service delivery. When asked if they are aware of formal hospitality training programmes which were organized within the past two years for hotel staff by the Ghana Tourist Board, majority (79 percent) of the respondents indicated

they were aware of such programmes. This shows a high level of awareness for training within the sector. Figure 7.16 below illustrates the level of awareness of training programmes by respondents.

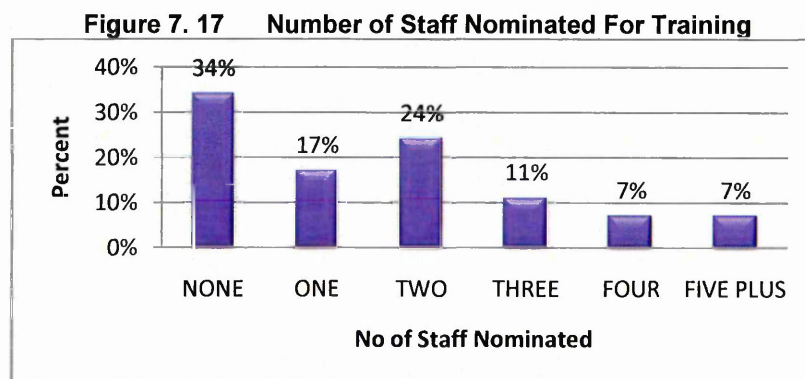


Source: Quantitative Survey Data (n=505)

46 percent of the respondents were aware of one or two of such training programmes and 33 percent indicated their awareness of three or more training programmes.

7.7.2 NOMINATION OF STAFF FOR TRAINING SESSIONS

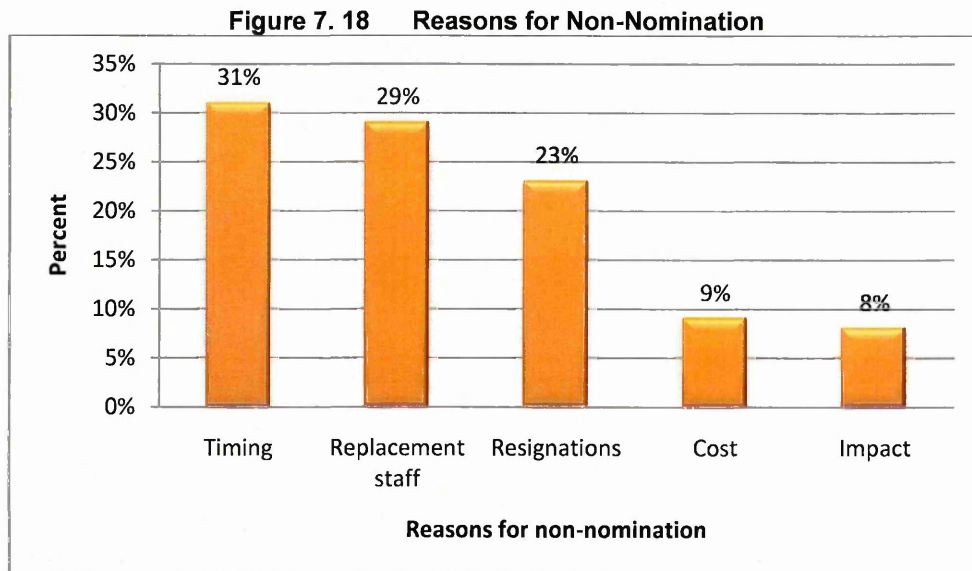
Of the 79 percent of the respondents who were aware of the availability of hospitality training programmes for their staff, 66 percent had nominated their staff members to attend the programmes. 41 percent of respondents nominated one or two staffs to attend the programmes, whilst 18 percent nominated three to four staff to attend the programmes. Figure 7.17 below illustrates of number of staff nominated for training.



Source: Quantitative Survey Data (n=505)

7.7.3 REASONS FOR NON-NOMINATION OF STAFF FOR TRAINING

The respondents gave reasons for not nominating staff for training programmes. The reasons are ranked in the descending order of importance in Figure 7.18 below. Poor timing of when training programmes are organized (31 percent); difficulty in getting staff to stand in for those nominated for training (29 percent); staff resigning after training (23 percent); Cost of training programme (9 percent); and low impact of training programmes on efficiency of staff (8 percent).

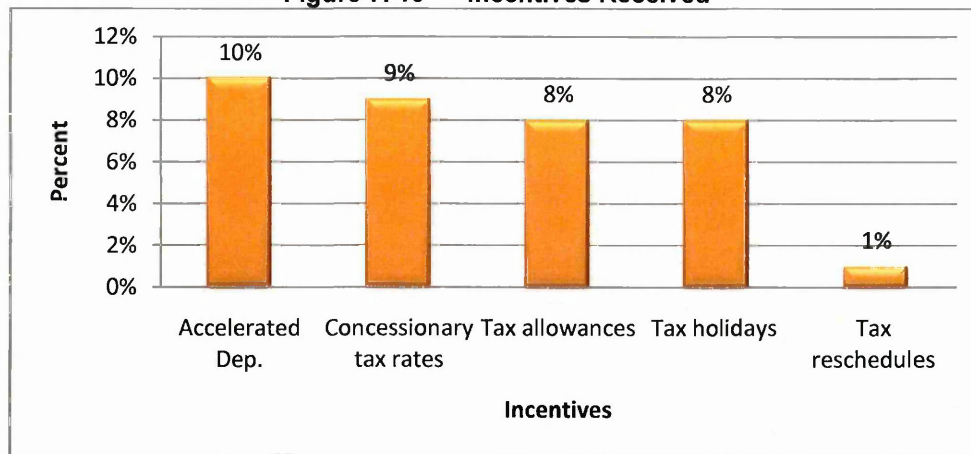


Source: Quantitative Survey Data (n=505)

7.7.4 FINANCIAL INCENTIVES

As discussed in Chapter 3, since 1973, several financial incentive schemes have been put in place by the government to encourage entrepreneurs to develop the tourism sector. However, 61 percent of the respondents surveyed indicated that they were not aware of any Government financial incentives for hotel operators. Of the 39 percent who said they were aware of government incentive for the hotel industry, 10 percent have benefited by the acceleration of their depreciation, 9 percent have benefited from concessionary tax rates, 8 percent have had tax allowances, another 8 percent have had tax holidays and one percent have had their taxes rescheduled for payment. Figure 7.19 below is an illustration of incentives received by respondents.

Figure 7. 19 Incentives Received



Source: Quantitative Survey Data (n=505)

Further analysis on awareness of incentives by age using cross tabulation technique as in Table 7.24 below indicates that a significantly larger proportion, (50 percent), of hotel owners age 25-34 years are more aware of government financial incentives programmes for the hotel sector compared to 39 percent and 33 percent of owners within the age groups of 45 and above years and 35-44 years respectively. Thus younger hotel owners are more aware of government financial incentives programmes for the hotel sector

Table 7. 17 Awareness of Gvt. incentives and Entrepreneurial Age

Statistics=% within AGE

	AGE			Total
	25-34	35-44	45+	
Awareness of Gvt. incentives Yes	50.0%	32.5%	38.7%	38.4%
No	50.0%	67.5%	61.3%	61.6%
Total	100.0%	100.0%	100.0%	100.0%

Source: Quantitative Survey Data (n=505)

7.7.8 RESOURCE CONSTRAINT

The respondents were asked to indicate the importance of the following variables to the successful operations of their hotels (Availability of skilled workers, availability of effective hospitality training programmes for staff, provision of good access roads to the hotels, simplification of tax system and enforcement of licensing rules). These variables are rated on a scale of 1 to 5, where 1=not at all important and 5=extremely important. The respondents

scored all variables with mean scores of 3.97 and above indicating all the variables were either very important or extremely important for the successful operations of their hotels.

A descriptive analysis of the variables as shown in Table 7.25 below indicates that in terms of importance, the respondents ranked highest the 'Availability of Skilled workers' (Mean score figure=4.79).

Table 7. 18 Success Variables

	Availability of skilled workers.	Effective hospitality training programmes	Access Roads	Simplification of Tax system	Enforcement of Licensing rules
	%				
Not at all important	.8	.2	1.9	1.1	2.4
Not very important	1.5	1.9	4.5	4.5	5.8
Somewhat important	12.0	13.8	10.5	19.3	21.0
Very Important	56.0	57.2	49.4	52.2	53.3
Extremely Important	29.7	26.9	33.7	22.9	17.6
	100.0	100.0	100.0	100.0	100.0
Mean	4.79	4.42	4.27	4.02	3.97

Source: Quantitative Survey Data (n=505)

The 'Availability of effective hospitality training programmes' for staff was ranked next with a mean score figure of 4.42. This was followed by good 'access roads' to the hotels with a mean score figure of 4.27. 'Simplification of tax system' was ranked next with a mean score figure of 4.02 and 'enforcement of licensing rules' was ranked last by respondents with a mean score figure of 3.97.

7.8 FACTOR ANALYSIS OF MOTIVATIONS, OBJECTIVES AND OPERATIONAL VARIABLES

In order to explore the factor structure of motivations, objectives, management skills of respondents and the constraints that they face, these variables in the survey instrument were subjected to principal components analysis techniques. An exploratory factor analysis is used to examine the interrelationships among these variables concerning the structure underlying them to identify the major types of Motivations (See Table 7.34); Objectives (See Table 7.42) and Operational Constraints (See Table 7.49) that affect the development of small

tourist accommodation businesses in Ghana. The Tables listed above summarizes of the analysis on these variables.

The suitability of the data for factor analysis is considered since the bigger the sample the better the results. Tabacknick and Fidell (2007) suggest a sample size of at least 300 cases. Other researchers suggest that it is not the overall sample size that is of concern but the ratio of subjects to items. Nunnally (1978) for example suggests 10 cases for each item that is to be factor analyzed. The sample size for this research is 505. Thus the data is suitable for such analysis.

The data is inspected for the strength of the inter-correlations among the items for coefficients greater than 0.3 since it may not be appropriate to undertake factor analysis if few correlations above 0.3 are found. Bartlett's test of sphericity (Bartlett, 1954) and the Kaiser-Meyer-Olkin (KMO) (Kaiser, 1970, 1974) measure of sample adequacy are used to assess the factorability of the data. Bartlett's test of sphericity should be significant ($p < 0.05$) for factor analysis to be considered appropriate. The KMO index ranges from 0 to 1, with 0.6 suggested as the minimum value for a good factor analysis (Tabachnick and Fidell, 2007). An oblique technique of rotation, Direct Oblimin, was used as it provides information about the degree of correlation between the factors. The importance of the motivation, objective, management skill variables and variables on constraints of respondents are measured using a five point Likert scale. For all the variables, "Extremely Important" was denoted as 5, "Very important" as 4, "Somewhat important" as 3, "Not very important" as 2 and "Not at all important" as 1.

A higher mean score on a variable would indicate greater importance. The descriptive analysis of the variables is followed by a factor analysis to determine whether the motivation, objective, management skill variables and the constraints variables group together on significant factors. Correlation analysis, principal component analysis and a scree plot are used to establish the factors. In the principal component analysis, Oblimin rotation is used to determine the factor loadings and communalities. A summated scale, which is an average mean of the Likert scores on the variables included in that factor, is calculated for each factor to determine which factor had the greatest influence.

7.8.1 MOTIVATIONS OF STAB OWNERS

The motivation variables used in this research has been used in the work of Robichaud, McGraw, and Roger (2001) and Kurato, Hornsby, and Naffziger (1997) and has also been used in studies of entrepreneurs in Vietnam, Romania, India, Kenya and Ghana (See, Chu, Benzing and McGee, 2007; Benzing and Chu 2005; Benzing, Chu and Callana 2005; Benzing, Chu and Szabo, 2005).

A descriptive analysis of the motivation variables as illustrated in Table 7.26 below shows that the two most important motivational variables for hotel ownership were to 'maintain lifestyle' (mean=4.05) and to 'generate retirement income' (mean= 4.03)". The "need for income" is cited as the third most important variable. The importance of the other variables is also ranked high with mean scores between 3.25 and 3.86.

Table 7. 19 Descriptive Statistics (motivations)

	Mean	Analysis N	Missing N
1. Maintain lifestyle	4.0455	462	14
2. Retirement Income	4.0302	464	12
3. Need for Income	3.8568	447	29
4. Opportunity	3.7800	450	26
5. High Profit	3.6264	439	37
6. Own Boss	3.2511	446	30

"Extremely important=5, Very important=4, Somewhat important=3, Not very important=2, Not at all important=1"

Source: Quantitative Survey Data

"Opportunities in the sector" and "To make high profit' are cited as the fourth and fifth most important motivation variable for hotel ownership. The motivation variable, "To be Own Boss" is ranked as the least important motivation factor. This is not surprising as analysis of variables on characteristics of the owners in section 7.2 of this Chapter show that only 4 percent of hotels are established as entry businesses and that the owners establish other businesses before they set up their hotel. Thus, the owners are their own bosses before they set up their hotel. Hence establishing a hotel to be their "own boss" is not the most important motivating factor of respondents.

The six variables of motivations to own a hotel are subjected to principal components analysis (PCA) using SPSS Version 17. Prior to performing PCA, the suitability of data for factor analysis was assessed. Inspection of the correlation matrix revealed the presence of some coefficients of 0.3 and above. The Kaiser-Meyer-Olkin (KMO) value was 0.696, exceeding the recommended value of 0.6 and Bartlett's Test of Sphericity reached statistical significance ($p < .000$), supporting the factorability of the correlation matrix. Details of the KMO and Bartlett's test are shown in Table 7.27 below.

Table 7. 27 KMO and Bartlett's Test (motivations)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.696
Bartlett's Test of Sphericity	Approx. Chi-Square	340.865
	df	15
	Sig.	0.000

The principal components analysis of the motivation variables reveals the presence of two components with eigenvalues exceeding 1, explaining 36.4 percent and 18.7 percent of the variance respectively. The eigenvalue of a factor represents the amount of the total variance explained by the factor. The two-component solution explained 55 percent of the variance. The highlighted section of Table 7.28 below shows details of total variances explained.

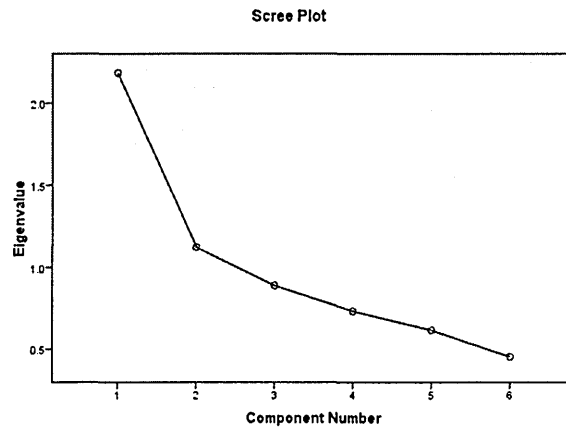
Table 7. 28 Total Variance Explained (motivations)

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings ^a
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	2.183	36.380	36.380	2.183	36.380	36.380	2.101
2	1.123	18.712	55.092	1.123	18.712	55.092	1.397
3	.889	14.825	69.917				
4	.733	12.213	82.131				
5	.617	10.287	92.418				
6	.455	7.582	100.000				

Extraction Method: Principal Component Analysis.

a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

An inspection of the scree plot as shown in Figure 7.20 below illustrates a clear break after the second component. Applying Catell's (1966) scree test requirements, the two components were retained for further investigation.

Figure 7. 18 Scree Plot (motivations)

To aid in the interpretation of these two components, Oblimin rotation technique is used. The rotated solution reveals the presence of simple structure (Thurstone 1947), with both components showing a number of strong loadings with all motivation variables loading on more than one factor as illustrated in Table 7.29 below

Table 7. 29 Pattern and Structure Matrix for Principal Component Analysis with Oblimin Rotation of two factor Solution of Motivation Items.

	Pattern Coefficients		Structure Coefficients		Communalities
Motivation	Factors		Factors		
	1	2	1	2	
1. Need for Income	.832	-.109	.804	.098	0.658
2. Own Boss	.826	-.123	.706	.278	0.509
3. High Profit	.679	.109	.795	.082	0.647
4. Opportunity	.447	.213	.500	.325	0.293
5. Retirement Income	-.010	.803	.190	.801	0.641
6. Maintain lifestyle	.005	.745	.191	.746	0.557
Variance	2.183	1.123			

Extraction Method: Principal Component Analysis.
Rotation Method: Oblimin with Kaiser Normalization.

Motivation variables (see column one of Table 7.29 above) 1, 2, 3 and 4 loaded strongly onto Factor 1, whilst motivation variables 5 and 6 loaded strongly onto Factor 2. Factor 1 is labelled by the researcher as Economic Motivation Factors and Factor 2 is labelled Non-Economic Motivation Factors. The interpretation of the two Factors is consistent with previous research on motivations of entrepreneurs (See, Chu, Benzing and McGee 2007). There was a low correlation between the two factors ($r = 0.247$) as shown in Table 7.30 below.

Table 7. 20 Component Correlation Matrix (motivations)

Component	1	2
1	1.000	0.247
2	0.247	1.000

Extraction Method: Principal Component Analysis.

Rotation Method: Oblimin with Kaiser Normalization.

The variance row in column one of Table 7.29 above represents the eigenvalues and indicates the relative importance of a factor in explaining the variance associated with the variable. In Table 7.29 above although factor 1 has the highest eigenvalue of 2.183, it does not mean that it is the most important motivation factor. The summated mean scores of the variables that loaded on the two factors shown in Table 7.31 below, indicates that the highest mean score (4.03785) was for Factor 2. This indicates that Non-Economic Motivation Factors are most important in determining the development of small hotel businesses in Ghana.

Table 7. 21 Summated scale scores of rotated motivation variables

	Description	Mean Score
Factor 1	Economic variables	3.6285
Factor 2	Non-economic variables	4.03785

"Summated scales are the average mean score of the variables contained in the factor."

7.8.2 OBJECTIVES OF STAB OWNERS

This section examines the objectives of respondents in establishing their hotel. On a five point Likert scale, "Extremely Important" is denoted as 5, "Very important" as 4, "Somewhat important" as 3, "Not very important" as 2 and "Not at all important" as 1. It was found, as shown in Table 7.32 below, that hotel owners ranked highest the objective variable "Building a reputation for quality service" with a mean score of (4.00).

Table 7. 22 Descriptive Statistics (objectives)

Objective	Mean	Analysis N	Missing N
1. Build a reputation for quality service	4.0066	456	12
2. Create Family Legacy	3.9303	445	23
3. Maintain quality of life/lifestyle	3.8574	441	27
4. Provide Livelihood	3.7625	448	20
5. Build profitable enterprise	3.5605	446	22

Source: Quantitative Survey Data

“Creating a family legacy” is the second most important objective variable (mean=3.93) of small hotel owners in Ghana. The importance of “Maintaining quality of life/lifestyle” was ranked third with a mean figure of 3.85. “Provide Livelihood” and “Build a profitable enterprise” are ranked fourth and fifth in terms of importance with mean scores of 3.76 and 3.56 respectively.

The objective variables of small hotel owners are subjected to principal components analysis (PCA) using SPSS Version 17. Prior to performing PCA, the suitability of data for factor analysis is assessed. Inspection of the correlation matrix as illustrated in Tables 7.33 and 7.34 below shows the presence of some coefficients of 0.3 and above indicating the suitability of the data for PCA analysis.

Table 7. 23 Correlation Matrix (objectives)

	Provide Livelihood	Maintain quality of life/lifestyle	Build profitable enterprise
Correlation Provide Livelihood	1.000	.327	.248
Maintain quality of life/lifestyle	.327	1.000	.036
Build profitable enterprise	.248	.036	1.000
Build a reputation for quality service	.254	.077	.267
Create Family Legacy	.313	.433	.164

Table 7. 24 Correlation Matrix (objectives)

	Build a reputation for quality service	Create Family Legacy
Correlation Provide Livelihood	.254	.313
Maintain quality of life/lifestyle	.077	.433
Build profitable enterprise	.267	.164
Build a reputation for quality service	1.000	.198
Create Family Legacy	.198	1.000

The Kaiser-Meyer-Olkin (KMO) value was 0.651, exceeding the recommended value of 0.6 (Kaiser 1970, 1974) and Bartlett's Test of Sphericity (Bartlett 1954) reached statistical significance ($p < .000$), supporting the factorability of the correlation matrix. Details of the KMO and Bartlett's test are shown in Table 7.35 below.

Table 7. 25 KMO and Bartlett's Test (objectives)

Bartlett's Test of Sphericity	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.651
	Approx. Chi-Square	246.844
	df	10
	Sig.	0.000

Principal components analysis of the objective variables shows the presence of two components with eigenvalues exceeding 1, explaining 39.0 percent and 22.4 percent of the variance respectively. The highlighted section of Table 7.36 below shows that the two-component solution explained a total of 61.4 percent of the variance.

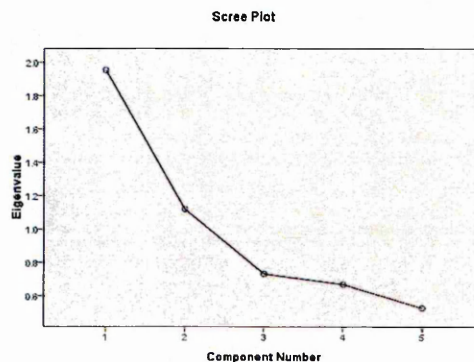
Table 7. 26 Total Variance Explained (objectives)

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings ^a
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	1.952	39.047	39.047	1.952	39.047	39.047	1.753
2	1.119	22.376	61.423	1.119	22.376	61.423	1.495
3	.733	14.650	76.073				
4	.670	13.390	89.463				
5	.527	10.537	100.000				

Extraction Method: Principal Component Analysis.

a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

An inspection of the scree plot as illustrated in Figure 7.21 below shows a break after the second component. Applying Catell's (1966) scree test requirements, the two factors were retained for further investigation.

Figure 7. 19 Scree Plot (objectives)

To aid in the interpretation of these two factors, Oblimin rotation was performed. The rotated solution showed the presence of simple structure (Thurstone,

1947), with both factors showing a number of strong loadings with all variables loading on more than one factor.

Objective variables 1, 2 and 3 in column one of Table 7.37 below loaded strongly onto Factor 1, whilst objective variables 4 and 5 loaded strongly onto Factor 2. Factor 1 is Labelled social objectives by the researcher since they are more related to social issues as discussed in Chapter 2 and Factor 2 is labelled Economic objectives.

Table 7. 37 Pattern and Structure Matrix for Principal Component Analysis with Oblimin Rotation of two factor Solution of Objective Items.

	Pattern Coefficients		Structure Coefficients		Communalities
Objective	Factor		Factor		
	1	2	1	2	
1. Maintain quality of life/lifestyle	.838	-.005	.838	-.005	0.520
2. Create Family Legacy	.782	.247	.782	.247	0.741
3. Providing Livelihood	.621	.496	.621	.496	0.626
4. Building profitable enterprise	.116	.789	.116	.789	0.567
5. Building a reputation for quality service	.199	.752	.199	.752	0.618
Variance	1.952	1.119			

Extraction Method: Principal Component Analysis.

Rotation Method: Oblimin with Kaiser Normalization.

There is a low correlation between the two factors ($r = 0.224$) as shown in Table 7.38 below.

Table 7. 38 Component Correlation Matrix (objectives)

Component	1	2
1	1.000	0.224
2	0.224	1.000

Extraction Method: Principal Component Analysis.

Rotation Method: Oblimin with Kaiser Normalization.

The two factors labelled Social objectives and Economic objectives summarize the objectives of hotel owners in Ghana. The variance row in column one of Table 7.37 above represents the eigenvalues and indicates the relative importance of a factor in explaining the variance associated with the objective variables of small hotel owners in Ghana. In Table 7.38 above Factor 1 has the

highest eigenvalue of 1.952. However, the summated scale scores as shown in Table 7.39 below, indicates that variables labelled as Factor 1 has the highest mean score (3.85) making the Social objectives factor the most important for hotel owners.

Table 7. 39 Summated scale scores of rotated objective variables

	Description	Mean Score
Factor 1	Social Objectives	3.85
Factor 2	Economic Objectives	3.78

"Summated scales are the average mean score of the variables contained in the factor."

7.8.3 OPERATIONAL CHALLENGES

This section examines the importance of operational variables including management skills variables needed by the respondents to successfully operate their hotel. Sixteen variables as listed in Table 7.40 below were ranked on a Likert scale of 5, with 5 being extremely important and 1 being not at all important.

Table 7. 27 Descriptive Statistics (operational constraints)

	Mean	Analysis N	Missing N
1. Availability of Skilled Workers	4.7958	475	22
2. Effective Hospitality Training Programs for staff	4.4217	479	18
3. Capital for Expansion	4.3020	457	40
4. Access Roads	4.2768	466	31
5. Skilled Professional labour	4.0973	452	45
6. Finance and Accounting Skills	4.0632	459	38
7. Family Commitments	4.0517	445	52
8. Marketing and Advertising Skills	4.0426	469	28
9. Leadership Skills	4.0370	459	38
10.Simplification of Tax system	4.0216	462	35
11.Business Planning Skills	3.9808	468	29
12.Enforcement of licensing rules	3.9722	467	30
13.HRM Skills	3.9703	471	26
14.Operations Management Skills	3.8366	459	38
15.IT Management Skills	3.7186	462	35
16.Management Expertise	3.6853	448	49

"Extremely important=5, Very important=4, Somewhat important=3, Not very important=2, Not at all important=1"

Source: Quantitative Survey Data

The analysis shows that the 'Availability of Skilled Workers' was the most important variable affecting the operations of small hotels in Ghana

(Mean=4.79). The respondents ranked the 'Availability of Effective Hospitality Training Programmes' for staff as the second most important variable affecting their operations (mean= 4.42). 'Capital needed for expansion works' was ranked third in terms of importance with a mean score of 4.30. This suggests that capital for expansion is not the most important variable constraining the development of small hotels. Other variables are ranked in terms of importance as operational constraints as follows: 'Access Roads' (mean=4.28); 'Finance and Accounting Skills' (mean= 4.06); 'Family Commitments' (mean=4.05); 'Marketing and Advertising Skills' (mean=4.04); 'Leadership Skills' (mean= 4.03); 'Simplification of Tax system' (mean=4.02). The above ten variables were all ranked high with mean scores above 4 on the Likert scale of 5, with 5 being extremely important. The importance of the other variables was ranked with mean scores between 3.98 and 3.72 as shown in Table 7.40 above.

The sixteen operational variables were subjected to principal components analysis (PCA) using SPSS Version 17. Prior to performing PCA, the suitability of data for factor analysis was assessed. Inspection of the correlation matrix revealed the presence of some coefficients of 0.3 and above making the data suitable for factor analysis. The Kaiser-Meyer-Olkin (KMO) value was 0.852, exceeding the recommended value of 0.6 (Kaiser 1970, 1974) and Bartlett's Test of Sphericity (Bartlett, 1954) reached statistical significance ($p<.000$), supporting the factorability of the correlation matrix. Details of the KMO and Bartlett's test are shown in Table 7.41 below.

Table 7. 28 KMO and Bartlett's Test (operational constraints)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.852
Bartlett's Test of Sphericity	Approx. Chi-Square	1276.066
	df	120
	Sig.	0.000

Principal Components Analysis of the data shows the presence of four components with eigenvalues exceeding 1, explaining 25 percent, 8 percent, 7 percent and 6 percent of the variances respectively. Thus the four-component solution explained a total of 46.8 percent of the variance. (See highlighted section of Table 7.42 below). The eigenvalue of a Factor represents the amount of the total variance explained by the factor.

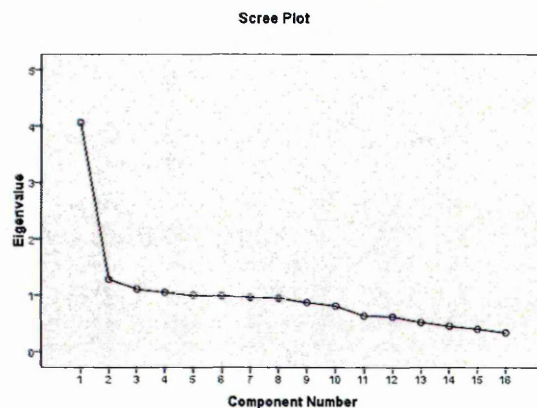
Table 7. 29 Total Variance Explained (operational constraints)

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings ^a
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	4.059	25.366	25.366	4.059	25.366	25.366	3.977
2	1.280	7.997	33.363	1.280	7.997	33.363	1.540
3	1.105	6.908	40.271	1.105	6.908	40.271	1.443
4	1.045	6.532	46.803	1.045	6.532	46.803	1.083
5	.994	6.213	53.016				
6	.989	6.180	59.196				
7	.959	5.994	65.191				
8	.945	5.905	71.096				
9	.867	5.421	76.517				
10	.806	5.036	81.553				
11	.632	3.950	85.503				
12	.613	3.831	89.334				
13	.520	3.249	92.583				
14	.454	2.836	95.419				
15	.400	2.498	97.917				
16	.333	2.083	100.000				

Extraction Method: Principal Component Analysis.

a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

An inspection of the scree plot as illustrated in Figure 7.21 below however shows a clear break after the second component. Applying Catell's (1966) scree test requirements, the two components were retained for further investigation.

Figure 7. 20 Scree Plot (operational constraints)

The Principal Components Analysis was thus re-run setting the number of factors at two. Two factors with eigenvalues exceeding 1, explaining 25 percent and 8 percent of the variances respectively were produced explaining a total of 33 percent of the variance. Table 7.43 below illustrates the total variances explained by the two factors (See highlighted section).

To aid in the interpretation of these two factors, Oblimin rotation was performed. The rotated solution shows the presence of simple structure with both Factors showing a number of strong loadings with all variables loading onto more than one component as shown in Table 7.44 below.

Variables such as capital for expansion, access roads, and family commitments, simplification of tax systems and enforcement of licensing rules did not load strongly onto any of the two factors and were therefore not considered in further analysis.

Table 7. 30 Total Variance Explained (operational constraints)

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings ^a
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	4.059	25.366	25.366	4.059	25.366	25.366	3.933
2	1.280	7.997	33.363	1.280	7.997	33.363	1.738
3	1.105	6.908	40.271				
4	1.045	6.532	46.803				
5	.994	6.213	53.016				
6	.989	6.180	59.196				
7	.959	5.994	65.191				
8	.945	5.905	71.096				
9	.867	5.421	76.517				
10	.806	5.036	81.553				
11	.632	3.950	85.503				
12	.613	3.831	89.334				
13	.520	3.249	92.583				
14	.454	2.836	95.419				
15	.400	2.498	97.917				
16	.333	2.083	100.000				

Extraction Method: Principal Component Analysis.

a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

Variables that loaded strongly onto Factor 1 are related to Management Skill requirements of respondents whilst variables that loaded onto Factor 2 are related to Manpower Needs of Small hotels.

Table 7. 31 Pattern and Structure Matrix for Principal Component Analysis with Oblimin Rotation of two factor Solution of Operational Items.

	Pattern Matrix ^a		Structure Matrix		Communalities
	Factor		Factor		
	1	2	1	2	
Operations Management Skills	.792	.050	.802	.210	.646
Leadership Skills	.741	-.024	.737	.126	.543
HRM Skills	.728	.109	.750	.257	.574
Marketing and Advertising Skills	.703	-.123	.678	.019	.474
Finance and Accounting Skills	.689	.159	.721	.298	.544
IT Mgmt. Skills	.667	.156	.698	.291	.511
Business Planning Skills	.584	.166	.618	.284	.480
Capital for Expansion	.321	-.036	.313	.029	.099
Availability of Skilled Workers	.230	-.043	.221	.003	.052
Access Roads	.194	-.037	.187	.002	.036
Skilled Professional labour	-.091	.734	.058	.715	-
Effective Hospitality Training Programs for staff	-.124	.566	-.010	.541	.308
Management Expertise	.222	.495	.322	.540	-
Family Commitments	-.046	.393	.034	.384	-
Simplification of Tax system	.044	.223	.089	.232	.056
Enforcement of licensing rules	.150	.214	.193	.244	.081
VARIANCE	4.059	1.280			

There was a low correlation between the two factors ($r = 0.203$) as shown in Table 7.45 below.

Table 7. 32 Component Correlation Matrix (operational constraints)

Component	1	2
1	1.000	0.203
2	0.203	1.000

Extraction Method: Principal Component Analysis.
Rotation Method: Oblimin with Kaiser Normalization.

The variance row in the Table 7.44 above represents the eigenvalues and indicate the relative importance of a factor in explaining the variance associated with the factors. In Table 7.44 above although Factor 1 has the highest

eigenvalue of 4.059, it is not the most important operational factor. The summated scale scores shown in Table 7.46 below, indicates that the highest mean score (4.07) was for Factor 2. This implies that 'Manpower Needs' of the hotels were most important in determining the development of small hotel businesses in Ghana.

Table 7. 33 Summated scale scores for rotated operational variables

	Description	Mean Score
Factor 1	Management Skills	3.9489
Factor 2	Manpower Needs	4.0681

"Summated scales are the average mean score of the variables contained in the factor."

7.8.4 SUMMARY OF FACTOR ANALYSIS OF MOTIVATIONS, OBJECTIVES AND OPERATIONAL CONSTRAINTS

This section summarizes the analysis of motivations, objectives of small hotel owners and operation variables that affect the development of small hotel businesses in Ghana. It indicates that the two most important motivation variables for development of STABs in Ghana are 'to maintain lifestyle, and 'to generate supplementary retirement income'. Motivational variables of small hotel owners can be classified as economic or non-economic. However the non-economic motivational factors are most important in determining the development of small hotel businesses in Ghana.

The objectives of respondents can be classified into two as 'Social' (Maintain quality of life/lifestyle, Create Family Legacy and Providing Livelihood) and 'Economic' (Building profitable enterprise).

Variables that affect the operations of small hotel businesses in Ghana can be classified as management skill requirements of respondents and manpower needs of hotels. However manpower needs of the hotels are more important in determining the development of hotels.

To throw more light on the drivers of development of small tourism businesses (hotels) in Ghana, the next section analyzes interviews held with some key officials of the Ministry of Tourism and the Banks.

7.9 INTERVIEWS WITH BANKS AND THE MINISTRY OF TOURISM

It was indicated in Chapter 1 and discussed in Chapter 6 that to achieve the stated aim of this research which is to contribute to literature on small business development, lifestyle entrepreneurship, culture and small business development, and tourism development in developing countries using the development of independent small hotels in Ghana, a pragmatic research approach that followed the traditions of naturalistic and the positivist paradigms was more appropriate to explore the phenomenon from the perspectives of the three main stakeholders of development of small tourism businesses in Ghana (Business Owners, Banks and the Ministry of Tourism). Thus, while a positivist approach (questionnaire surveys) was used to gather information on the owners of hotels and the characteristics of their hotels, a naturalistic approach through the use of semi-structured interviews was used to explore the drivers of development of small tourism businesses with officials of Banks and the Ministry of Tourism. For the purposes of confidentiality, the identity of the individual banks and officials of the Ministry will not be revealed in this presentation. They will be referred to with pseudo names as shown in Table 7.47 below. The analysis is undertaken under the main themes that emerged from the interviews and is presented as a collective representation of the outcome of the interviews.

Table 7. 47 Institutions Interviewed

	Institution	Interviewee
1	Bank A	Manager A
2	Bank B	Manager B
3	Bank C	Manager C
4	Bank D	Manager D
5	Bank E	Manager E
6	Ministry of Tourism	Director A
7	Ministry of Tourism	Director B

7.9.1 INTERVIEWS WITH BANKS

Below is a presentation of a summary of interviews with managers of five banks.

7.9.1.1 **ROLE OF BANKS IN HOTEL DEVELOPMENT**

The hotel industry is of importance to banks just as any other sector from where they can mobilise funds. The banks do not have special desks to handle hotel or tourism clients separately and they do not have long term funds to lend to the hotels for development projects. Their longest loan term is five years and they offer this facility to only very credible companies. They cited reasons such as *“we generate most of our funds from depositors who usually undertake 91 days to maximum one year investments so we cannot give long term loans since we will be mismatching the investments. We prefer to loan to commercial traders who have a shorter turnaround period than hotels”* (Bank A).

The banks have general criteria for lending which they apply to all small firms. They stated that they do not treat hotels differently from other business. *“We treat hotels as any other business. We do not have specific lending criteria for hotels. We do not see why we should treat them differently. It does not matter the sector the applicants are in, be it services, trading or manufacturing, provided they can pay back facilities we offer them, they are important to us”* (Bank B). *“The ability of loan applicants to pay back is our concern. At the end of the day we are guided by credit principles”* (Bank C).

Most hotels are considered as small business in terms of the income they generate as well as the number of rooms they operate. However the banks prefer to deal with hotels with higher star ratings. The size of a hotel is thus not a limiting factor in loan application. *“What matters is the profitability of the project”* (Bank A). *“The key thing we look for is the viability of the venture and its potential to repay the loan, not size of business”* (Bank B). *“We consider all businesses in terms of their viability”. “We need to be convinced that the transaction will be able to generate enough income to take care of overheads and still have room to repay the loan”* (Bank D).

The Banks are not very keen in funding start-up hotel projects. However, they said that if the applicants have other existing businesses and if the cash flow from these other businesses can be justified it could be used as collateral to support the application. *“We will usually consider an applicant who is already in*

business because in the worse case of default we can fall on funds from the other businesses for repayments” (Bank B).

Banks are of the view that the profitability of a hotel, depends on its location, quality of management and ownership structure. They indicated their willingness to support bankable projects and defined bankable projects as assets that will be able to generate enough funds to repay their investment value within a stipulated timeframe. They consider most hotels as not being bankable projects. The banks assess loan applications by analysing the cash flows of the hotels and if it can support the amount of loan applied for, the application is considered. However this is considered together with the other factors such as management team/ systems and location. *“If the location is not good we won’t go in” (Bank B).*

The banks provide free advice on how to develop bankable projects as their contribution to hotel development. In the area of training *“we are prepared to participate in seminars for hotel owners to educate them on the need to keep proper financial management systems in order to improve their operations”, (Bank C).*

7.9.1.2 REQUIREMENTS FOR LOANS

All the interviewees indicated their willingness to support the development of small tourism businesses. However, tourism businesses like all other businesses are to meet the banks requirements for loan applications. Such applications are to be supported with business plans which the banks evaluate for project viability in terms of project location, ownership/management structure and financial outcomes. The ability of loan applicants to repay back loans is of vital importance to the banks. The banks associate the ability of loan applicants to repay back the loans with good management. Prior industry experience is a factor considered by the banks when evaluating loan applications. They noted that specific industry experience has a bearing on the management of small tourism businesses. *“If an applicant has run a hotel before, they have the experience, skill, technique and knowledge to run their hotel successfully” (Bank B).*

In addition the banks also look out for commitment on the part of the proprietor in terms of equity contribution. The banks do not normally advance funds for the construction of hotels but are ready to support the financing of interior decor, equipment and working capital. They indicated that if they have to finance fixed assets then applicants have to bring in substantial equity. Ideally applicants' equity contribution should not be less than 50 percent of project cost.

The ability of loan applicants to provide collateral as security for the loan is not the main focus of assessment by the banks. Often the banks are interested in the transaction being able to pay for itself. Thus they prefer dealing with applicants who have good business plans to convince them on the viability of their project. *"We are not interested in financing speculative ventures"* (Bank D). *".....We prefer projects that have been thought through and have evolved and the project proponents have an idea of their market and what the competition will be like as well as have the ability to provide collateral"* (Bank D). *"What we usually see in the hotel sector is that, the owner may initially be building his dream house, mansion or whatever and somewhere along the line he decides to turn it into a hotel"* (Bank A).

The banks recognise that there are differences in the cash flow patterns of small firms in different sectors of the economy and noted that businesses in manufacturing and commerce are able to generate revenue much quicker than hotels and those businesses have control over what they produce and where and when they sell them. The banks are therefore more inclined to give such businesses short term loans since their turn-around time is faster. *"if you give a hotel a short term facility it is a disaster you are creating because often they cannot pay back since they do not have control over their occupancy levels and inflows"* (Bank A).

The banks stated that some of the small tourism business owners who approach them for loans are advanced in age and indicated they are not comfortable dealing with them. *"We often ask such applicants to undertake key man insurance so that in case they pass-on there is an insurance cover on the loan"* (Bank E).

Thus various factors such as entrepreneurial characteristics, project viability, management and location are considered by the banks when processing loan applications from hotel owners.

7.9.1.3 LEGAL STRUCTURE OF HOTELS

The bank managers are aware that most hotels in Ghana are registered as sole proprietorships and indicated that they have challenges dealing with them because of their ownership structure. *“Most hotels are registered as sole proprietorships and it makes it difficult for us to deal with them”* (Bank A). They noted that it is difficult for them (bank managers) to separate the ownership of the hotel from its management when dealing with sole proprietorship hotels because such hotels operate as a “one-man business” (where the owner takes all the decisions and is only accountable to himself). The managers summed up as follows *“The one man nature of ownership of these hotels is always a challenge”* (Bank E) and *“the financial institutions have not been comfortable dealing with them”* (Bank E). *“We prefer to deal with limited liability companies”* (Bank A).

The banks managers cited an example that on occasions when they have granted loans to hotel owners and put the funds into the hotels’ account, the owners had used the funds for personal purposes. This is so because the owners’ accounts and the hotels’ accounts are one and the same, since the owner is the sole proprietor and thus the sole signatory to the accounts. *“There is the tendency that if we put the loan funds into the hotels account, the owners use them for personal purposes”* (Bank C); *“where the owners’ accounts and the hotels accounts are one and the same, it’s difficult to differentiate the hotel from the owner and we are not comfortable in such situations”* (Bank E). It was indicated that most hotel owners do not separate their hotel operations from their personal assets and this makes it difficult for banks to determine whether the owners are running the hotel as a business. *“Most hotel owners take pride in being associated with their hotels and think of it as a lifetime personal property”* (Bank B); *“Hotel owners see their hotel much more as their personal property than a business”* (Bank C). Most hotel owners get income from their other businesses and therefore are not too concerned about the profitability of their hotel. *“We know they have other businesses that bring them money so*

they set up the hotel not very much with the expectation of making a living out of it” (Bank B). The banks are of the opinion that the owners see their hotel as part of themselves and that makes it difficult for the hotels to be operated as separate business entities “and we have had bad experiences in the past dealing with sole proprietors” (Bank C).

7.9.1.4 LOCATION OF HOTELS

The bank managers were of the view that most hotels are not properly located. They indicated that one of the factors they consider when processing loan application of hotels is their location. *“We consider the location of the hotel and whether they can generate good business” (Bank D). “Most hotels are not well sited and access to some of these hotels is bad and we wondered who their clients will be” (Bank A). The banks are of the view that there is an association between the location of a hotel and its occupancy levels and that “most hotel owners are not bothered about occupancy rates or else they will give much attention to where they site their hotels” (Bank A).*

7.9.1.5 MOTIVATIONS/ OBJECTIVES HOTEL OWNERS

In the view of the banks, a typical hotel owner is motivated by several factors to establish a hotel but they do not consider adequately other issues such as competition, demand and management. *“Hotel owners who apply for financial support have several motivations and it is difficult to determine whether they are business oriented or not” (Bank B). The banks noted that some hotel owners do not have a clear business direction and their management style is based on their motivations. “The desire to own a hotel seems to be their driving motivation” (Bank B). The banks conclude that it is usually not easy to deal with hotel owners since they seem to have varied motivations which make it difficult to determine how they intend to run their hotel. The following sums up the views of the banks on the motivations of small hotel owners. “To them, owning a hotel is a way of life but to us it is business” (Bank A).*

They stated that many of the hotel owners they have dealt with do not run their hotels as professional businesses and remarked *“hotel owners think that converting a building and calling it a hotel is all that there is to it” (Bank A). Even though establishing a hotel is capital intensive, the owners do not pay much*

attention to its management. *“They spend much time at the hotel and want to be seen as the owners thus they are reluctant in engaging professionals to manage the hotel”* (Bank A); *“They establish hotels as a property and not as a business and they are just happy to own a hotel”* (Bank C). The banks remarked that since majority of the hotel owners are in other businesses they do not take the hotel business serious. This is seen in their tendency to continue to change their project plans without considering its effects on the cash flow of the business. *“They see the project as their personal property and they make changes to it at will”* (Bank C).

7.9.1.6 MANAGEMENT OF HOTELS

The banks stated that most hotels do not have good management structures. Hotel owners are more interested in owning a hotel than operating it professionally. *“After all, the hotel is his and its part of his properties for his personal use”* (Bank C). The banks are of the opinion that the hotels should have good operational structures in place if they want to attract bank support. They should have good management, marketing, accounting and auditing systems that will make it easier for them to operate as a profitable business so that they can repay the loans they take. The banks cited examples where some of the hotel owners they have dealt with do not have any past financial records. *“Even where there are records, the challenge is that quite often the records are incomplete”* (Bank D). Most hotels use word of mouth as their main marketing tool. *“You hardly see or hear of any adverts on small hotels apart from those of the big hotels”* (Bank D).

The banks stated that hotel owners were not employing the right managers and allowing them the free hand to operate. *“We advise that they engage professional managers but they do not take the advice”* (Bank E). They cited examples of big hotels that are doing well because they have management teams in charge of their operations. The banks acknowledge that engaging professional managers have its own problems in the hotel industry in Ghana where the motives of the owners are not to solely generate income. This does not give professional managers a clear indication of how to work with the owners. For example they cited the issue of trust, which makes the hotel owners uncomfortable employing professional managers and leaving the operations of

the hotels to them. The issue of trust comes up because hotel owners have different motivations to that of the hired managers. *“Culturally, business owners are not too open about financial matters and thus most small businesses are reluctant to leave their business in the hands of others”* (Bank C).

Hotel owners have challenges in getting their debtors to pay up especially when the debtors are Government agencies. In the opinion of the banks this is a result of bad management. The banks also link the quality of hotel services to quality of management and believe that if the hotels have good management systems, they will offer quality products and services which will help improve their occupancy rates. *“Occupancy is a major issue for many hotels especially the small ones, which means that they cannot generate enough funds to pay back loans. This is our concern”* (Bank A); *“The quality of hotel services have got a lot to do with staff quality and that if the hotel owners recruit the right staff and train them appropriately, it may improve their performance”* (Bank B). *“Recruiting the right staff and paying appropriate salaries may improve service quality in hotels which may contribute to improved occupancy levels and higher revenues”* (Bank E).

7.9.1.7 INFORMATION ASYMMETRY

The challenge in dealing with the hotels owners is that most of them are not transparent with information on their hotels. *“Quite often they are very reluctant in disclosing full information on their operations and this makes us hesitant when dealing with them”* (Bank A).

As part of the loan application requirements, hotel owners are to provide the banks with a business plan but the banks said they are aware that the figures in most of these business plans are not realistic. Since most applicants have other businesses, the banks evaluate the cash flows of the other businesses of loan applicants to see if they show visibility. *“Often the applicants do not have complete financial records to support their applications and it makes the acceptance of their loan applications difficult”* (Bank B). The banks will want hotel owners to be transparent with information on their hotel operations.

The lack of transparency has led to the misuse of overdrafts for construction purposes or to offset an earlier overdraft facility given by another bank. *“They may not tell you the truth, they may have gone to bank A for a facility to start the project and they will hide this information from you, thus you offer them support and they will use it to offset the facility and you find yourself in trouble”* (Bank E).

7.9.1.8 RELATIONSHIP BETWEEN BANKS AND HOTEL OWNERS

Improved relations between the banks and the hotels depend on good information flow. Some banks that already have hotels on their books do meet the owners to discuss their operations but the banks said *“it is only when they want funding that they listen to us. Once they get the funding they do not accept our recommendations. This is an attitudinal issue that needs to change* (Bank C).

The banks acknowledge the role of hotel owners in the development of the tourism industry and advise that owners of hotels should separate themselves from the operations of their hotel and hire competent managers. They are of the view that the hotel owners need to streamline their management systems to improve their relationship with the banks.

The banks also stated that hotel owners should operate their hotel bank accounts professionally by depositing all income from hotel operations before disbursing it. Often hotel the owners take the income (cash) from operations, use some of it and pay what is left to the bank. This makes it very difficult to monitor the operations of the hotels. *“Very few hotels use the credit card system in Ghana and it makes the monitoring of their income difficult”* (Bank C).

From the point of view of the banks, if the hotel owners can give their hotels the needed attention and open up their management and set up proper systems with clear business objectives they will receive assistance from the banks. The banks advice that *“hotel owners should use their Association to address common issues on financing and approach the banks as a group”* (Bank A). The Banks noted that the Association can act as a lobby or pressure group and influence the banks to reconsider their lending policies.

7.9.1.9 **ROLE OF GOVERNMENT IN HOTEL DEVELOPMENT**

When the Banks were asked to comment on the role they expect government to play in the development of independent small hotels in Ghana, they suggested that government should make long term funds available to the Banks so that they can in turn use it support the hotels by giving them long term loans. They said, since the government can have access to long-term funds but cannot efficiently offer funds directly to enterprises, government should channel such funds through the Banks instead up setting up agencies.

They stated that if the government can facilitate the setting up of a hotel development fund and operate it with the assistance of the banks, it will be a great idea. They further said that if government can guarantee loans for hotel developers it will facilitate the development of hotels. *“When government is seen supporting an industry then that industry has a future and we are more comfortable putting our monies in that industry”* (Bank D).

Apart from the government facilitating funding and guaranteeing loans for development of hotels, the banks suggested that government should continue supporting the hotels by offering them concessions and should review the existing concession package to make it more operational. For example, the many taxes imposed on hotels can be reviewed. *“Existing procedures should be simplified so that the hotel owners can make the best use of existing incentive packages”* (Bank E).

The government can do more in the area of policy by enforcing existing policies on tourism development so that the bad hotels can be weeded out and the good ones supported. *“If government can develop policies that will determine where hotels can be sited it will go a long way* (Bank B)”. *“In the meantime government can setup advisory boards to help improve tourism infrastructure* (Bank B). The Banks want the Ghana Tourist Board (GTB) to enforce laws and procedures for setting up hotels. *“We are of the view that there should be effective regulation within the industry and licensing regulations should also be enforced. We know there are standards, but GTB should be given the needed logistics to implement them”* (Bank D).

The banks suggested that government should develop programmes to educate hotel owners and the general public on the opportunities in the industry and how they can benefit from investing in the tourism. They recommended that if the government can help train staff for the industry it will help improve standards.

“All agencies involved with small tourism businesses including the Internal Revenue Service should be included in these training programmes so that they can appreciate the operations of small tourism businesses and apply the laws and regulations appropriately” (Bank C).

7.9.1.10 SUMMARY INTERVIEWS WITH BANKS

The banks indicated that small hotel businesses are not of special importance to them. They regard them just as any other small business in other industries. Presently the banks are not offering long terms loans and they do not treat hotels differently from other businesses in terms of evaluation of loan applications but prioritize trading and manufacturing business over small hotels.

The Banks recognize that most small hotels are registered as sole proprietorships and said they prefer dealing with limited liability companies because of the difficulty of hotel owners to separate their personality from their hotels. The Banks pointed out that hotel owners are more interested in owning a hotel than operating it professionally as a business. In their view, a typical hotel owner is motivated by several factors to establish a hotel. They stated that it is usually not easy to deal with independent small hotel owners since they seem to have varied motivations which make it difficult to determine how they intend to run their hotels. The Banks noted that hotel owners generate income from their other businesses and are thus not too concerned about the profitability of their hotels.

The location of small hotels is a major concern to the Banks. They are of the opinion that most of small hotels are not well sited and this affects their business viability. The Banks also stated that most small hotels do not have good management structures and are not transparent with information on their operations. They suggested that Government should make long term funds available to them so that they can use it to support the development of small hotels. They are also of the view that government should continue to support

the hotel sector by offering them concessions and review the existing concession package to make it more operational.

7.9.2 INTERVIEWS WITH THE MINISTRY OF TOURISM

This section analyzes the two interviews held with officials of the Ministry of Tourism. The section is organised under the following themes that emerged from the interviews, historical development of hotels, quality of tourist products and services, staffing in the hotel industry, pricing of tourism products and services, tourism policy, challenges and prospects of the tourism industry in Ghana.

7.9.2.1 HISTORICAL DEVELOPMENT OF HOTELS

The Ministry of Tourism reiterated that there were few private owned hotels in Ghana prior to the country's political independence in 1957 and these hotels which were owned by Ghanaians, served the needs of seafarers who came into the country to trade. After independence, the State started the development of international standard hotels and guesthouses which were under the management of the State Hotels Corporation. The activities of the state hotels encouraged more private entrepreneurs into the hotel sector. The early private hotels were located in Accra (national capital) and standards in these facilities were low. It was not until the early 70s when the sector began to grow rapidly. *"There was a big quantum leap in the number of hotels that were developed around the 80s and 90s"* (Director A).

7.9.2.2 QUALITY OF TOURIST PRODUCTS AND SERVICES

"Most of the early private hotels did not meet the required service standards such as the ratio of washrooms to the number of guest rooms and most of them did not even provide breakfast" (Director A). This made the Ghana Tourist Board come up with guidelines for operating hotels in 1979. These requirements were backed by Legislative Instrument 1205. The enforcement of legislative Instrument 1205 guidelines, which is done by the Ghana Tourist Board, an agency of the Ministry of Tourism in charge of hotels, caused the renovation of existing hotels and also new hotels were made to adopt the new standards in the guidelines. Currently hotel owners recognise the importance of

the guidelines and see the Ghana Tourist Board as a partner in development than an enforcer of quality and inspection rules.

To ensure quality products and services are maintained, the Ghana Tourist Board has involved the Association of Hotels in some its operations such as the inspection of hotels and collection of licensing fees on behalf of the Board. The Ministry of tourism is of the opinion that this has helped strengthen relationship between the hotel owners and the Ghana Tourist Board and has contributed to the enforcement of LI 1205 and thus improved standards in the industry. *“The Positive collaboration between the Board and the hotels has brought some improvements in the standards of the hotels but much still needs to be done”* (Director B).

The current policy of the Ministry of Tourism is that the hotels must conform to the standards that are administered by the Ghana Tourist Board. Due to logistical and political challenges the Ministry of Tourism and its agency (GTB) are not able to fully enforce LI 1205 and some hotels are getting by with low quality products and services to the detriment of the sector. *“Government is currently working on a bill to turn the Ghana Tourist Board into an Authority and we hope this will address some of the challenges we face”* (Director A)

7.9.2.3 STAFFING IN THE HOTEL INDUSTRY

The Ministry of Tourism expressed concern about the quality of staff in hotels and indicated their awareness that the management of most independent hotels has for a long time been in the hands of incompetent people. They stated that most staff in majority of the hotels does not have hospitality industry training. *“Most staff have little education and training in terms of hospitality”* (Director B). The Ministry of Tourism notes that this is the cause of low quality of services offered by the hotels. *“The problems with the quality of staff and services can be attributed to the attitudes of hotel owners most of whom have no industry training themselves and do not manage their hotel as a business and thus do not engage quality staff”*. *“Most hotel owners have acquired experiences from their other business and think they can transfer that to the management of their hotel”* (Director A). The Ministry of Tourism hopes that with increased

competition, the owners will see the need to improve their management practices and acquire formal industry training to achieve better standards.

7.9.2.5 TOURISM POLICY

On policies that have been introduced by the Ministry of Tourism to facilitate the development of small tourism businesses, the Ministry pointed out that currently Legislative Instrument 1817 which offers a range of incentives such as tax exemption, tax holidays and accelerated depreciation for the tourism industry have been introduced as a way of attracting both local and foreign investors. The Ministry was quick to add that the implementation of LI 1817 is cumbersome and currently investors do not see the full value of these incentives. The Ministry indicated that the incentive scheme has benefited the chain hotels more than the independent small hotels and are currently working out how best to simplify the implementation process with other government agencies such as the Ministry of Finance, Internal Revenue Service and the VAT office. *“Since independent hotels make up the bulk of our hotels, such incentives should be made to benefit them so that they can develop and continue to offer jobs”,* (Director B)

The Ministry admits that much more can be done to get investors to know and understand the tourism industry through public education. *“When you talk of the tourism industry only two things come to the minds of most local investors, hotels and restaurants. Education will let the local investors know the other areas such as recreation and transport and their relationships with the hotel and restaurant sectors. We are working on guidelines as to how to educate the public on the investment opportunities in the tourism sector”* (Director A).

“We are trying to attract investors to develop facilities at the tourist attraction sites. This will improve tourist experience at these sites and also provide jobs in the locality. Most of our tourist attractions are located outside the cities and if we are able to develop these sites it will create jobs for the locals and may reduce the rural- urban migration” (Director B).

On what can be done to facilitate the development of the hotel sector, the Ministry said as a destination, Ghana should develop hotels with unique

products, services and features. *“Investors can be encouraged to patronise our local products and incorporate into hotel designs our cultural expressions, be it motives, symbols, even our own architectural designs from the north, modernized circular ‘compound’ buildings, it will make hotel products more unique, interesting and attractive. This may in itself attract more tourists into Ghana and increase the demand for tourist accommodation”* (Director A). The Ministry cited examples from Ethiopia and Morocco where foreign chains incorporate aspects of the national culture such as motives into hotel designs to make the facilities unique. *“In Morocco for example, the tourism regulations state that foreign hotel chains purchase and use locally made interior decoration materials such as art works and even service items like plates, bread baskets and this creates a ready market for the art and craft industry”* (Director B). The Ministry admits that current national tourism development policies are silent on such issues and the current Ecowas (Economic Community of West African States) standards for hotel development that Ghana has adopted do not cover these areas.

The interviewees stated that *“the tourism industry, especially the hotel sector is very important to the government and this can be seen in the role the government has played in the development of hotels since political independence in 1957. Government will continue to develop policies to support the tourism industry in view of the contributions it makes to employment and its ability to generate foreign exchange”* (Director B).

7.9.2.6 TOURISM DEVELOPMENT CHALLENGES

The Ministry cited access to land by foreign investors, access to long term loans and price of lending (high interest rates) as some of the key challenges of investors in the hotel industry. Access to existing incentive scheme for investors in the tourism sector as well as inadequate general tourism infrastructure and knowledge on the industry and limited research in the hotel sector were also mentioned as challenges to tourism development. *“We are aware of the challenges operators have with accessibility to electricity, water and provision of access roads but we believe that the greatest challenge to the hotel sector is the difficulty they face in recruiting the right calibre of personnel,*

not to mention access to land by foreign investors, access to long term loans and high interest rates on loans ” (Director B).

The Ministry noted that these challenges can be overcome through collaborative efforts and lobbying of government by the private sector, which currently dominates the industry. The Ministry is of the view that banks should offer products that are useful for long-term development to support government efforts at tourism development. *“We are working on the creation of a hotel development fund that will give loans to hotel developers at lower interest rates”. “In the long term, the government is considering the setting up of a tourism development bank to address the issues of financing in the tourism industry” (Director B).* The Ministry was cautious to add that *“if these policies will work, we must enforce them at all stages and at all times irrespective of political implications” (Director B).* The Ministry commented that most foreign investors with intentions to invest in the tourism industry are dissuaded by the cumbersome process they have to go through to get access to land for their projects and indicated that the government is considering the creation of land banks for tourism projects and hope this will attract more investors into the industry.

Tourism development is a multi-sector activity. *“Tourism development is a collaborative effort on the part of government agencies and the private sector, we have put together an inter-ministerial tourism advisory committee as a way of getting the other Ministries to understand and provide for the needs of the tourism industry” (Director B).* The Ministry mentioned that Ghana is an expensive destination because of the long haul tourist it attracts. *“This is one area that concerted efforts on the part of all Ministries, especially the Aviation Ministry, is needed on how to bring down the airfares to make Ghana an attractive destination” (Director B).*

7.9.2.7 PROSPECTS FOR TOURISM DEVELOPMENT

The Ministry of Tourism is of the view that prospects for tourism development are great in view of Ghana’s political stability. *“Our rule of law is established than in most African countries” (Director B).* *“We hope that with the discovery of oil, the country will generate enough resources to improve the general economy; with improvements in general infrastructure that will facilitate the*

development of tourism and open up the hinterland to promote domestic tourism. We hope this will attract investors into the sector as well as improve the tourist arrival figures and more people will get employment in the industry” (Director A).

The Ministry referred to the annual growth in tourist arrival numbers and said if the trend continues, there is great prospect for the tourism industry. However, they admit that challenges with access to land, incentive schemes, multiplicity of taxes, long term financing, high interest rates and training of staff need to be address if the prospects for tourism development are to be attained.

7.10 CHAPTER SUMMARY

This chapter presented the analysis of the findings on data gathered in the primary research on small tourism accommodation businesses in Ghana. It presented analysis of the exploratory interviews. Some of the key findings from the exploratory interviews centered on the use of personal funds in financing the establishment of STABs, entrepreneurial characteristics of STAB owners and the management of STABs. An analysis the quantitative data shows that characteristics such as gender, age, education, prior industry experience and the motivations and objectives of STAB owners are key factors that affect the development of STABs in Ghana. The analysis also shows that the characteristics of STABs such as their size, years of operations, geographical location and their management and human resource needs impact on the performance of STABs. The analysis of the interviews with Directors of the Ministry of Tourism and officials of banks on development of small tourism accommodation businesses in Ghana shows the roles played by the three main stakeholders, STAB owners, government, and banks, in the development of small tourism accommodation businesses in Ghana. The analysis of the interviews also shows the role played by the banks in the development of STABs and how the banks expect STABs to position themselves to benefit from their operations. Issues of geographical location, legal status of STABs and the motivations of STAB owners were of concern to the banks.

The findings of the interviews draws attention to the importance of political stability for the development of STABs and the role of the government in the provision of infrastructure for the promotion of tourism and the recognition that STAB owners should be involved in the formulation of tourism policies if the

challenges facing the industry such as access to land, incentive schemes, multiplicity of taxes, long term financing, high interest rates and training of staff effective are to be addressed effectively.

The next chapter discusses the findings of the research as presented in this chapter in relation of existing relevant literature on Ghana's culture, historical, political and economic development as well as Ghana's tourism industry, small tourism firms and entrepreneurship which were examined in Chapters 2,3,4, and 5.

CHAPTER EIGHT

DISCUSSION

8.1 INTRODUCTION

The key arguments of this discussion focus on the relationship between lifestyle entrepreneurship and its limitations on the strategic development of tourism in Ghana. It debates the impact of cultural drivers on entrepreneurial disposition and orientation on the development of small tourism accommodation businesses (STABs) in Ghana and their effects on strategic development of tourism. The chapter integrates the key themes identified in literature on Ghana's culture, tourism development; small firms and entrepreneurship which were reviewed in Chapters 2, 3, 4, and 5 with the results of the empirical study presented in Chapter 7 to examine small tourism accommodation business development in Ghana and whether they are a barrier to strategic tourism development.

To discuss these issues in a meaningful manner, the chapter is structured as follows: section 8.2 discusses the characteristics of owners/STABs and strategic tourism development in Ghana; section 8.3 examines cultural practices and strategic tourism development in Ghana and section 8.4 discusses strategic tourism development and stakeholder perspectives.

8.2 CHARACTERISTICS OF OWNERS/STABs AND STRATEGIC TOURISM DEVELOPMENT

8.2.1 OWNER TYPES AND MOTIVATIONS

Small tourism accommodation business (STAB) owners in Ghana can be described typically as being male; aged 45 years and above with limited prior hotel industry experience; are habitual entrepreneurs who use personal funds to develop their hotel and have mainly non economic motivations and objectives.

It has been noted that the age and gender of owners and the institutional environment in which they operate are among the numerous variables that influence the development of small and medium enterprises (Barney, 2001; Mitra, 2002 and Cressy, 2006). The Ghanaian society is masculine in nature (Hofstede and Hofstede 2005) and the ethnic and native inheritance systems puts great expectation on men. Men are expected to be the bread winners and

society encourages men to own resources that facilitate the fulfilment of these expectations. In masculine societies “recognition and advancement are important to men” (Hofstede and Hofstede, 2005, p.132). Culturally men are motivated to achieve recognition and they strive to generate enough resources to care for the extended family and acquire property which they will pass on as inheritance within the family. The domination of men in the provision of small tourism accommodation businesses in Ghana and the use of businesses for recognition is to meet social expectation. Greater proportions of STABs (78 percent) are owned by men who indicated that they are socially motivated to own a STAB to enhance their social status and recognition.

In spite of general improvement in the status of females and the recognition of their role in the Ghanaian economy, they operate mainly in the informal sectors of the economy (Bank of Ghana, 2007) as compared to the small tourism accommodation business that are in the formal sector of the economy. The ownership of STABs by women in Ghana is minimal and this can be attributed to reasons such as the cultural environment in which STABs are developed that recognise property ownership as status symbols usually associated with men. In masculine societies, the status of women has to be low keyed and this does not encourage many women to own a STAB. The lifestyle in Ghana has many dimensions, including respect, social status, material wealth and recognition. Though presently, lifestyle patterns in Ghana reflect the growing influences of foreign cultural practices, changing economic conditions and increased education levels (Falola, 2002), the influence of cultural expectation on men still prevails and men are expected to strive for respect, social status and recognition. The development of a STAB as a vehicle to achieve social status is in line with societal expectations. Although the gender structure of STAB ownership in Ghana compares to the finding that despite a growing number of female entrepreneurs, most small business owners have traditionally been male (Richie *et al.*, 1982), the dominance of men and the limited ownership of females in STAB development in Ghana is a reflection of the cultural environment in which they operate.

Majority (84 percent) of STAB owners in Ghana are multiple business owners. It has been noted that owner-managers may attempt to satisfy their personal

aspirations through the growth of multiple businesses (Westhead and Wright, 1998). STAB owners in Ghana set up their other businesses at a younger age before establishing a tourism accommodation business. This compares with Birley and Westhead (1993), Kolvereid and Bullvåg (1993) finding that habitual business founders start their first business at a younger age than novice founders. It explains the advanced age of most STAB owners in Ghana. 96 percent of small tourism accommodation business owners in Ghana did not establish their hotel as their first business venture. This implies that they set up their other businesses at a younger age and operated them till they have enough funds to develop their hotel. This was perhaps necessary since 69 percent of the respondents developed their STAB with their own funds. Thus cultural systems in Ghana and the quest to achieve personal aspirations of social status and recognition encourage STAB owners to develop a STAB later in life using personal funds accumulated from their earlier businesses.

More than two-thirds of STAB owners (68 percent) indicated they have no prior hotel industry experience. This finding compares with earlier research by Stallibrass (1980) that only one-third of tourism entrepreneurs had experience in the sector and Brown (1987) that two-thirds of owner/managers in the hospitality sector had no sector experience. Researchers are of the view that since most hospitality sector entrepreneurs are portfolio or habitual entrepreneurs, they have previous experience of business ownership (Birley and Westhead, 1993) which they may apply to the operations of their hotels. However, Brown (1987) note that having experiences in other business sectors may not necessarily compensate for direct sector industry experience as every sector has its own peculiarities. The mature age of STAB owners in Ghana (general life experience gained) and the experiences that they bring on board from managing their other businesses are influenced by the cultural environment in which they operate and may not necessarily compensate for direct sector industry experience and impact on the performance of STABS.

It was found that the limited hotels sector specific experience of STAB owners has implications for accessing bank loans since the Banks indicated that they are not keen in dealing with older loan applicants with limited hotel industry experience. Thus though majority (75 percent) of STABs in Ghana are

developed with the personal funds of the owners instead of loans from the Banks, age and prior industry experience are limiting factors for the few who apply for bank loans. Since greater proportions (89 percent) of both male and female STAB owners were above 45 years of age when they established their STAB, both male and female hotel owners have a challenge with age when it comes to assessing bank support to develop their business.

Interestingly there was no statistically significant association between the motivations of STAB owners and their level of prior hospitality industry experience. This implies that irrespective of their level of prior hospitality industry experience, STAB owners in Ghana have similar socially oriented motivations and objectives. Also the relationship between the size of STABs and prior industry experience of their owners was not statistically significant. Thus prior industry experience is not a determining factor in the sizes of STABs in Ghana. From the foregoing, factors other than prior hospitality industry experience are critical in determining the ownership of STABs in Ghana. These other factors are associated with social status attainment and are culture related. Despite 89 percent of STAB owners in Ghana being above 45 years, 2 percent of respondents were in the age range of 25 years and 34 years when they established their STAB. However, the motivations of this younger group of STAB owners for establishing a STAB are no different from their older counterparts. Irrespective of their age, STAB owners in Ghana have similar socially oriented motivating factors that drive them to establish their business. Also few (22 percent) STAB owners are female but again there is no difference in their motivations and that of their male counterparts to establish a STAB. Thus neither gender nor age affects the socially oriented motivations of STAB owners. From the foregoing, though motivations, age, gender and prior experience of STAB owners may influence the development of STABs, the impact of these factors is determined by the cultural environment in which STABs operate.

Considering the youthful nature of the Ghanaian population (44 percent are under the age of 15 years and a further 24 percent are under the age of 30 years (Ghana statistical service, 2008), it is likely that the next generation of STAB owners will have a relatively younger age but their motivations to own a STAB is likely be similar to that of the current older STAB owners since these

motivations are culturally rooted and will take much longer time to evolve. The motivations of STAB owners (young or old) are shaped by the cultural environment in which they grow and though society is dynamic and certain cultural norms and values are changing albeit slowly, the attainment of social status is still an enviable goal. The endemic and slow evolving nature of culture means that though the motivation of attaining social status and recognition through the ownership STAB may shift in the future, this is expected to be a slow process. It is likely that the ownership of STABs will continue to be used as a status symbol for some foreseeable future. The implication is that the non-economic motivating factors of social status and recognition which are culturally rooted and encourages the establishment of STABs as status symbols will continue to be pull factors for the development of STABs in Ghana.

The level of performance of small firms is primarily attributed to the education, experience, and skills of the entrepreneurs, as well as to their personal entrepreneurial characteristics (Lerner and Haber, 2000). Relating this to the low level of performance of STABs in Ghana in terms of occupancy levels, the limited prior hotel experience of the owners cannot solely account for this. Other factors such gender roles and motivations of the owners to achieve social status impact on the development and performance of STABs. These factors are shaped by the cultural environment in which the owners live and operate. Non-economic motivations of small tourism business owners make it difficult to apply economic models of small enterprises within the tourism industry (Dewhurst and Horobin, 1998). Thus the non-economic motivations of STAB owners impact on the economic performance of their hotels.

8.2.2 BUSINESS PERFORMANCE

If level of performance is measured in terms of occupancy, STABs in Ghana have low levels of performance compared to larger hotels. Occupancy levels of 44 percent STABs was less than/or equal to 25 percent and 40 percent of STABS achieved occupancy rates of more than 25 percent but less than 50 percent. On the other hand, hotels with over 100 rooms recorded average occupancy rates of 79 percent between 2001 and 2006 (GTB 2009). The low occupancy rates recorded by STABs create operational problems when compared with their operational cost and most (67 percent) of STABs are

subsidized. Despite this, there is rapid growth in the number of hotels (420 in 1986 to 1510 in 2008). The low occupancy levels recorded by STABs, the subsidisation of their operations and their rapid growth, support the views expressed by Brand and Bax (2002) that small business owners have pluralistic goals. These goals may be either economic, including the desire for profit and business growth or non-economic, including ability to perpetuate lifestyles motivations (Dewhurst, 1996). However, lifestyle or qualitative social rewards may be prioritised over those of a quantitatively defined economic nature (Peltonen et al., 2004). STABs owners in Ghana prioritise the achievement of personal aspiration of status attainment over economic gains.

Generally, tourism accommodation businesses with low occupancy levels and low financial returns are regarded as economic failures. However the term 'failure' is perceived differently by STAB owners in Ghana. Most STABs in Ghana are not economically viable on their own as 67 percent of them have their operations subsidized. Thus though majority of STABs have low occupancy levels they are propped up for a greater number of years through subsidization with funds from the owners other businesses. This situation is possible since most (83 percent) of STABs are developed with personal funds and funds from friends and relations and such funds attract no interest. Such capital structure impacts on the management of STABs since it puts no pressure on owners to run their business as economically viable ventures to pay up interests and capital. This allows them to operate even when they are not performing well economically. Such an operational strategy is contrary to if they had used bank finance to develop their business. Characteristically in the hospitality industry, entrepreneurs become emotionally attached to their aspirations and pursue them even against rational economic concepts (Thomas et al., 1997). Thus though majority (84 percent) of STABs in Ghana operate under 50 percent occupancy levels yet 45 percent have been in business for over ten years. Cultural aspirations for the attainment of social status encourage STAB owners to use their personal funds to develop their facilities and operate them in a personalised manner for long periods in spite of low economic gains. The implication is that STAB owners in Ghana do not equate business success or failure to economic benefits. The longevity of the STAB depends on the personal aspirations of the owner. These aspirations are

socially oriented and aimed at the attainment of status. The reluctance of STAB owners to use bank finance stems from the fear that if they default on the loan, their hotel will be repossessed by the banks and they will lose the opportunity to pass it on as an inheritable property.

From the foregoing, STAB owners are not solely motivated by the financial performance of their business. Other factors are at play that encourages the ownership of STABs. These factors are the non-economic culturally related motivations that encourage the ownership of a STAB as a symbol of status than an economically viable business. The economic gains of running STABs are not the main motivating factors of the owners. Other factors which are socio-cultural and relate to the attainment of social status are of significant importance to STAB ownership.

There is a significant association between the occupancy performance and type of legal registration of STABs. STABs registered as partnerships have higher occupancy rates than those registered as sole proprietorships and limited liability companies. For example, if occupancy rates are proxied with success, STABs registered as partnerships are 3.9 percentage points more likely to be successful than STABs registered as limited companies and 10 percentage points more likely to be successful than facilities registered as sole proprietorships. Thus STABs registered as partnerships are more likely to be operationally successful than those registered as limited liability companies and sole proprietorships.

Several reasons may be assigned to this. It might be that STABs registered as partnerships have a more entrepreneurial orientation. It might also be that the use of joint resources makes the business adopt management systems that mitigates the personal aspirations of the owners and enhances their entrepreneurial perspective. In spite of this, it was noted that most STABs are registered as sole proprietorships and this reflects the non economic motivations of the owners. The sole proprietorship structure allows the owners the freedom to operate their business as a personal property for the attainment of personal aspirations. Small businesses registered as sole proprietorships and limited liabilities enables owners to retain control of the firm and remain at the

centre of the decision-making (Goffee and Scase, 1995). The legal structure of 55 percent of STABs registered as sole proprietorships allows the owners to take decisions that enhance their personal aspirations of attaining social status instead of operating their hotel as an economic venture. The implication is that whilst government tourism development plans are entrepreneurially oriented, STAB owners are culturally motivated to set up business to achieve personal aspirations that are socially oriented. There is therefore a conflict between government tourism development policies and the motivations of STAB owners and this does not enhance the strategic development of tourism in Ghana.

The personal aspirations of STAB owners in Ghana to use their STAB as status symbol and to pass them on as an inheritable property allow them to operate for a greater number of years despite low economic returns. Such aspirations are culturally rooted and encourage STAB ownership for social reasons. For example, 45 percent of small hotels in Ghana compared to only 21 percent of small hotels in UK operate over ten years (See, Carter, et al., 2004). The longer life span of STABs in Ghana reflects the culturally oriented aspirations of the owners that encourage them to operate their facilities for longer periods.

STAB owners in Ghana have an objective of passing them on as an inheritable property to be kept within the family to enlarge the property of the family rather than an income earning asset. Property ownership commands great respect and culturally status and recognition of a person/family are equated to the size of their material property. The study confirm Arhinful's (1998) assertion that in Ghana, the possession of a landed property (such as a building) is a sign of success and society attaches some of the most cherished virtues of culture (status, respect, and recognition, power) to ownership of landed property. Hence despite the low operational performance of STABs in Ghana, they operate for longer periods and their numbers is growing. STAB owners perceive the hotel building as status symbols whilst they are alive and as an inheritable property to be passed on to the family. These non economic values are more important to the owners than the revenue the STAB generates.

Interestingly, 70 percent of STABs in Ghana do not engage part time staff and only 10 percent engaged one person on part time basis. This finding contrasts

with Storey (1994) assertion that small service firms are likely to employ a higher proportion of their labour force in a part-time capacity. Again, whilst Lucas (1995) note that most part-time work in hospitality firms is regular and it is used as a tool for the management of unpredictable demand which is a characteristic of hospitality firms, this is contrary to the case in Ghana where the engagement of part time staff in STABs is limited. One reason that can be attributed to this is that the cost of engaging permanent labour is relatively low. This does not encourage STAB owners to hire part time staff when they can hire full time staff at relatively lower cost. The implication of this is that the sector does not encourage the engagement of staff who can only work on part time basis. The research notes that though labour is readily available in Ghana the quality of staff in the tourism accommodation sector is not up to industry expectations. 58 percent of respondents said it was difficult to recruit qualified and skilled staff. This affects the standard of services provided by STABs and thus their operational performance. This finding compares to that of Aryeetey *et al.*, (1994) and Parker *et al.*, (1995) who note that one of the most common constraints of SMEs in Ghana is associated with the availability and employment of quality staff. This finding has policy implications for training in the sector and should be given priority if improved standards are to be achieved in the sector. This has been recognised by the government in the National Tourism Development Plan which notes that in the short to medium term, the supply of tourist accommodation is satisfactory but the quality of the stock need to be upgraded (National Tourism Development Plan, 1996 – 2010).

In small tourism businesses, where usually the depth of management is limited, the physical presence of the owner is important since they may not be able to afford support staff to cover all business functions and therefore need to work long hours (Lee-Ross and Lashley, 2009). However, it has been noted that lengthy working hours contributes to early business failure (Williams and Collins 1995), but this is not the case for STABs in Ghana where 45 percent of them have operated for over ten years in spite of the long hours put in by their owners. (More than two thirds, 67 percent, of STAB owners in Ghana spend long hours, more than eight hours, at their hotel daily, often socializing for recognition). Factors relating to the motivations of owners such as the quest for recognition and status attainment account for this and encourage the owners to

remain in operation regardless of unimpressive occupancy levels as seen in this research.

Considering the low operational levels of STABs and the number of years they are kept in business, it can be said that the word “failure” have a different meaning to the owners. The owners see their hotels more as a status symbol than a viable economic venture. The businesses may be failing as an economic venture but the social status associated with its ownership and the fact that the building is seen as a property that can be passed on to family members gives it a social value. STAB owners in Ghana see “failure” from a social perspective and regard it as their inability to use their STAB to enhance their social status.

It should however be noted that the owners spending more time at the hotel does not necessarily mean they are working at the hotel. Only 28 percent of STABs are managed directly by their owners. Thus most owners spending long hours at their hotel may just be there for customers to recognize their presence which is part of their aspirations. “There is the notion that running a small tourism enterprise is not really a serious work and it offer the opportunity for owners to fraternise and socialise with customers” (Lee-Ross and Lashley, 2009, p. 5). This statement may apply to the 67 percent of hotel owners who spend more than 8 hours at their hotel daily fraternising and socialising with customers for psychological gratification.

Mazzarol et al., (1999) found that family commitments prevent female entrepreneurs to work long hours. However, in Ghana more female hotel owners (77 percent) compared to their male counterparts (64 percent) work longer hours spending more than eight hours at their hotel on daily basis. Considering the fact that women have the traditional role of caring for the family, spending long hours at their hotel might imply that they are abandoning their social roles. To balance work and their social role of caring for the family, more (44 percent) women hotel owners live on the premises of their hotel compared to 29 percent of their male counterparts. The hotel is therefore their home and this allows them to combine the management of the hotel with their traditional role of caring for the family.

Shaper and Volery (2004) state that SMEs that have business plans prepare them as a requirement for seeking funding from financial institutions and not as a business operating tool. They note that owners of small firms demonstrate limited knowledge of the business environment and the owner-managed structure they adopt influences the way tasks are carried out. Hence, the management of small firms depends upon attitudes, personal qualities and experience of the owners rather than formal business plans and many small firms see the preparation of business plans as secondary to the running their business. Shaw and Williams (1990) also recognise that few tourism businesses have formal business plans and the high use of personal capital implies that most of them are likely to have little knowledge of business planning. They note that SMEs that have business plans prepare them as a requirement for seeking funding from the financial institutions and not as a business operating tool.

Relating the above to the findings of this research, majority (51 percent) of STABs in Ghana have businesses plans yet only 16 percent used them to seek bank funding. STAB owners in Ghana develop their STAB with their personal funds and support their operations by subsidizing with funds from their other businesses. This contradicts Shaw and Williams (1990) and Shaper and Volery (2004) findings that few tourism businesses have formal business plans. However, since very few (16 percent) of STABs use bank funds, it implies that they do not use the business plans to seek funding. On the other hand, one expects that having a written business plan implies that STABs will operate more on formal business principles. The study shows otherwise and this is in line with the findings of Shaw and Williams (1990) and Shaper and Volery (2004) that small tourism businesses do not use formal business plans as a business operating tool. The establishment of STABs as status symbols does not encourage the running of such businesses on formal business principles hence the majority of them having formal business plans is an anomaly and need further investigation.

From the above discussion, the characteristics of STAB owners and the operational performance of STABs in Ghana is intertwined with cultural systems and societal expectations. Characteristics of STAB owners such as their gender, age socially oriented motives to establish a hotel impact on the

management of the hotel and hence the development of the tourism sector. The study shows that these factors are shaped by the cultural environment in which the owners operate. The next section discusses the cultural environment and how it affects the strategic development of tourism in Ghana.

8.3 CULTURAL ENVIRONMENT AND STRATEGIC TOURISM DEVELOPMENT IN GHANA

The Ghanaian society attaches importance to property ownership and regard property owners as achievers and are held in high esteem by society (Miescher, 1997; Arhinful, 1998). Such societal expectations encourage people who have the means to develop properties to enhance their personality. The research shows a rapid growth in the development of STABs and the motivations of the owners indicates that they are more interested in developing it as a property to enhance their social status. STABs are easy to recognise because of their signage and this offers an opportunity for the owners to achieve their socially motivated aspiration of attaining recognition. The names on most STAB signage can be linked with the name of the owner. Thus, the ownership of STABs is being used as a symbol to signify the achievements of the owner to promote personal aspirations. The non-economic motivations such as social recognition that is attached to the ownership of STABs have influenced their development in Ghana. STABS are being established to signify the wealth of their owners especially where 75 percent are developed with the personal funds of the owner. Such businesses enhance the social status of their owners and thus STABs are being developed to achieve social goals. It appears other business activities of STAB owners such as construction, transport and retail trading are considered more as economic activities since they are set up with the intension of generating funds. As the findings shows, 96 percent of STAB owners established other businesses such retail trading, construction and transport as their first business and they use funds from these businesses to establish and subsidize their small tourism accommodation business. Thus STAB owners in Ghana have an entrepreneurial orientation towards their other businesses but have a small firm non-economic business orientation towards their hotel business. The owners use their hotel business as a status symbol to enhance their personality and to meet cultural expectations.

In a developing country such as Ghana with strong cultural, family and ethnic links, it is expected that immediate family members will form a greater part of staff in STABs. However, many STABs in Ghana do not employ immediate family members. Reasons such as indiscipline on the part of family staff members and interference of the family in the operations of STABs have been attributed to this phenomenon (See, Adu-Febiri, 1994). Thus though societal expectations encourages support for family and ethnic group members, the study confirms Adu-Febiri (1994) finding that STABs in Ghana do not encourage the engagement of close family members.

The culturally oriented non-economic motivations of STAB owners which encourages them to set up their businesses as status symbols is reflected in the pattern in which businesses are established. 96 percent of STAB owners are habitual entrepreneurs with 44 percent owning at least one other business. Also 96 percent of STABs are not established as a first business venture. The owners developed other businesses before setting up their STAB. These other businesses are mostly in the construction, transport and trading sectors of the economy and the research did not find any clear entrepreneurial pathway to the establishment of STABs. The development of these other businesses does not follow any set pattern but what is certain is that STABs are not the first business of their owners. What can be gleaned from this is that the setting up of a STAB is a capital intensive activity and since 75 percent of the owners use their personal funds to develop them, STAB owners develop other businesses and plough the profits from these businesses to develop their STAB. The preference for the use of their own funds is culturally related. Most STAB owners have the objective of passing on their business as an inheritable property to family members and using bank finance may make the achievement of this objective difficult in view of low occupancy levels in the sector. They are therefore cautious to utilise bank finance to develop their STAB. There is the knowledge that if they default on the repayment of the loan, the Banks will repossess their business, depriving them of their ability to pass it on as an inheritable property. Thus the culturally oriented aspirations of having a property that can be passed on as inheritance is more important and do not encourage the owners to use bank finance to develop STABs. The down side to this form of capital structure of STABs is that it does not encourage the

development of STABs with more quality rooms due to varied demands on personal capital, resulting in most STABs being small in size. Majority (56 percent) of the hotels surveyed operate up to 15 guestrooms with 29 percent having less than 10 operations guestrooms. Hence, though there are many STABs in Ghana, the room capacity per STAB is small. This situation does not encourage the promotion of large group tourism activities because of logistical difficulties experienced by large event organisers. The implication is that though there are many STABs in Ghana they do not enhance the promotion of large group tourism activities by tour operators and conference organisers and this affects occupancy levels. As indicated in Figure 3.4, business, holidays and conference activities form 51 percent of the purpose for which tourist visit Ghana and tour operators and conference organisers for logistical reasons usually require accommodation for their clients/delegates at the same hotel. This means that the limited guestroom capacities of STABs do not make them attractive for the business/conference market which forms a greater part of the tourist market and this affects their occupancy levels. Figure 3.8 shows that three star and above hotels that are better located with more rooms and offer better quality services and have good management systems have higher guestroom occupancy levels between 79 percent and 86.3 percent. As noted in interviews with the Banks, issues of geographic location, low quality of services and poor management practices impact negatively on the operations of STABs. These issues are socio-culturally related and are determined by the personal aspirations of STAB owners. Governments' attempts at developing the tourism accommodation sector should aim at addressing these issues through education of STAB owners to see their business from an economic perspective as an entrepreneurial activity. This will help STAB owners to give more attention to their geographic location decisions, quality of their services and management practices.

Part of the goals of the introduction of an incentive package (LI 1817) by the government is to encourage the development of hotels with more room capacity that are located near tourist attractions. Though the incentive package is popular with STAB owners it has not positively impacted on the size, geographic location decisions, quality of services and management practices of STABs. This is because the motivations of STAB owners are socially oriented

and culturally driven and is contrary to the economic intentions for which the incentive package (LI 1817) was introduced.

Given that 96 percent of STAB owners are multiple business owners, they will want to have an oversight on their businesses and will thus site their STAB closer to their other businesses and nearer to where they live than where the market is. Thus the supply of STABs is not determined by demand in terms of geographic location. As noted in interviews with the banks, the geographic location decisions of STAB owners in Ghana do not enhance their operations economically. Geographic location for tourism businesses is a critical consideration because it affects their ability to draw customers. It is important that the geographic location of the facility is convenient and attractive to the market (Ryan and Chrisler, 2003; Urtasun and Gutie´rrez, 2006). The geographic location decisions of STAB owners in Ghana supports the findings of Morrison (2006) that the social nature of motivations of entrepreneurs in many small tourism firms affect their geographic location decisions which are heavily influenced by personal preferences rather than rational economic assessment.

The geographic location of STABs is key in terms of government policy and planning. 60 percent of the hotel stock in Ghana is located in the two most economically developed regions where the owners have their other businesses. This gives the owners the opportunity to visit and spend long hours at the hotel and be identified as the owner. The geographic location of STABs in Ghana is thus not driven by the market forces.

The rational explanation for this phenomenon is because STABs are set up as status symbols rather than economic businesses. To date, Government policies has attracted some international hotel companies to operate in Ghana though their numbers are currently limited. As indicated in interviews with officials of the Ministry of Tourism, one of the goals of attracting these international companies is to encourage competition aimed at raising the standards of quality in the industry. It should however be noted that the business models of the international hotels which are more economic biased are different to that of small tourism accommodation businesses and it is not surprising that the introduction of international hotels onto the Ghana tourism

accommodation market has so far not influenced the development of STABs. Thus the economic goal of encouraging competition to drive up standards may not be an appropriate strategy for the development of the tourism accommodation sector. Other strategies that take into consideration the social motivations of STAB owners will have to be incorporated into incentive packages to make them feasible. If anything at all, the opening up of the tourism accommodation market and the development of international hotels will have a positive impact on the operations of the other businesses of STAB owners and give them more funds to finance and subsidize the operations of their STAB. This will encourage STAB owners to perpetuate their personal aspirations of developing STABs as status symbols which is contrary to government goal of strategically developing tourism from an economic perspective.

The capital structure of STABs, with personal funds being the major form of financing has socio-economic connotations. Since STABs are not making good returns economically it means that capital invested in these businesses do not yield adequate returns. This situation does not promote the general economic development of the country since these funds which are locked up in STABs will be better utilised if invested in other sectors of the economy that have higher investment yields to promote national economic development. The current capital structure and operational performance of STABs is therefore not promoting growth in the general economy of Ghana. Thus the development of STABs is not enhancing national economic development. The issue is that STAB owners have a small business orientation aimed at the achievement of social status rather than an entrepreneurial orientation.

The cultural attribute of social recognition and status attainment that is associated with the ownership of STABs impacts on their ownership structure and operational performance. The registration of most STABs as sole proprietorships enhances the ability of the owners to achieve their social objective of passing the business on as an inheritable property without the legal challenges that come with change of ownership associated with other forms of legal ownership structures such as partnerships and limited liability companies.

Another challenge associated with ownership structure of STABs is that the banks find it difficult to separate the legal ownership of STABs from its management when dealing with sole proprietorship hotels because such hotels operate as a “one-man business” (where the owner takes all the decisions and is not accountable to anybody). The banks are of the opinion that the owners see their hotel as part of themselves and that makes it difficult for STABs to be operated as separate legal business entities. Thus though they are registered as formal enterprises they operate informally because of the personal aspirations of the owners. Cultural systems and practices that encourage the acquisition of material wealth motivate Ghanaians to establish STABs as social status symbols and the ownership of STAB is a means of achieving social recognition. These culturally related non-economic motivations of the owners make it difficult to differentiate between the legal and personal ownership of STABs and impacts on how STABs are legally registered, financed and operated.

Entrepreneurial motivating factors are multi-faceted, complex and personal and context dependent (Morrison, Carlsen and Weber, 2008). The entrepreneurial orientation of STAB owners in Ghana is such that they place premium on social or non-economic gains associated with the ownership of a STAB. The motivations for establishing STABs in Ghana are more psychological in nature and culturally oriented to meet societal expectations. Societal expectations act as push factors whilst personal aspirations to achieve social status pull entrepreneurs into the STAB sector (See, Lee-Ross and Lashley, 2009). Such motivations are lifestyle related and gives STAB owners an opportunity to spend long hours on the premises of the hotel for reasons that are not directly related to its operations. Though the term lifestyle is an extremely indefinable and qualitative concept, determined by the values and expectations of small business owners (Sherwood *et al.*, 2000), STAB ownership offers an opportunity for the promotion of lifestyle goals. The ownership of STABs in Ghana is associated with societal recognition and they are developed as lifestyle businesses. STAB ownership is thus a means of achieving social respect and psychological gratification in that it plays a significant role in the attainment of a socially accepted lifestyle. This is in line with the concept of lifestyle entrepreneurship, where business owners prioritise personal goals

(Bolton and Thompson, 2003) and combine personal and business motivations towards the attainment of lifestyle goals (Irvine and Anderson 2004).

Though the above are attributes of lifestyle entrepreneurship, lifestyle motivations of STAB owners in the Ghanaian context is more about attaining social respect and recognition. The concept of lifestyle entrepreneurship in STABs in Ghana is more than finding a balance between work and a comfortable level of living (See, Hwang and Lockwood 2006). It is more about attaining social status and personal non-economic aspirations through the ownership of STABs as status symbols rather than pure economic businesses. These values are socio-culturally driven and relate to the wealth of the owners. Hence STAB owners use their personal funds from their other businesses to set up a hotel as a lifestyle business to enhance their social status. This compares with the finding of Spence and Rutherford (2001) that the meanings and values attached to the lifestyle label is dependent on the entrepreneur's aspirations formed by his social, cultural and economic contexts. The study shows that STAB owners in Ghana use their business to achieve a culturally oriented lifestyle that they prioritise over profit-maximisation.

Zhang and Morrison, (2007) argue that literature associated with lifestyle entrepreneurship in tourism is developed economy inclined and meanings assigned to the term lifestyle in developed countries relate to the balance between work and life to meet personal goals (See Hwang and Lockwood 2006) and are more socially oriented (Getz and Peterson, 2004). Researchers such as Hampton (2003); Haber and Reichel (2006), note that meanings assigned to the term "lifestyle" in developing countries are more economically oriented and relate to activities that will enhance the economic status of the owners. The study shows that though Ghana is a developing country, the meaning attached to the term lifestyle by STAB owners is more akin to that of entrepreneurs in developed countries which is aimed at achieving personal aspirations. Thus literature that assigns different meaning to the term "lifestyle" in developed and developing countries will need to consider the national cultural contexts in which the businesses operate since various cultural contexts may assign varied meanings to the term "lifestyle".

From the foregoing, the study supports the views of Kreiser et al. (2010) that entrepreneurial development is influenced by national culture from which the entrepreneurs originate. Though the direct impact of national culture on entrepreneurial orientation has been mixed and researchers such as McGrath, MacMillan, & Scheinberg, (1992) suggest that entrepreneurs share a common set of values regardless of culture, the findings of this research is more in line with the suggestion of Busenitz & Lau (1996) that national culture influence entrepreneurial orientation. However, according to Hayton *et al.*, (2002) what needs to be considered is the interactions between cultural values, social institutions, industry characteristics and how outcomes such as entrepreneurship can be channelled to achieve set objectives. In this regard, government policy on the strategic development of the tourism industry in Ghana, especially the hotel sector, should consider the effects of cultural values on entrepreneurial outcomes. The study supports Hayton *et al.*, (2002) finding that national culture does have a role to play in entrepreneurship since it influences the motives, values and beliefs of individuals and acts as a catalyst rather than a causal agent of entrepreneurial outcomes. Thus the desire of STAB owners to establish a hotel is influenced by cultural values and the relationship between them and their environment (See, Jones, 2000). The motivations of the entrepreneur may be in terms of material gain and or social status (Pearce 1980) and that the balance between these two achievements is dependent on the individual. The study shows that STAB owners in Ghana are motivated to use their hotels as status symbols to enhance their personality rather than for monetary gains.

8.4 STRATEGIC TOURISM DEVELOPMENT AND STAKEHOLDER PERSPECTIVES

Despite the diminished role of government in direct ownership and management of tourism accommodation facilities over the years, governments' continuous guidance and support in terms of policy has increased. This is necessary to ensure that the development of the tourism accommodation sector is directed towards the achievement of national tourism development objectives. The Ministry of Tourism notes that the tourism accommodation sector is of importance to the government in terms of its capacity to generate employment and foreign exchange and has continuously developed plans for the promotion

of the sector. However, to date, there have been challenges in the achievement of these plans. From the foregoing discussion the culturally induced characteristics and motivations of STAB owners are at the root of these challenges that affect the strategic development of STABs.

One of the goals of government for promoting tourism development is to encourage the development of STABs at or near tourist attraction sites outside the regional capitals since most tourist attractions are located outside the cities. However the research noted that majority of STABs are located in regional capitals away from tourist attractions. This has led to oversupply of tourism accommodation in the regional capitals whilst there are shortages around tourist attractions. The government intends to spread the supply of tourism accommodation throughout the country by providing further incentives to the private sector to encourage them to set up tourism accommodation facilities outside the two major cities that accounts for 60 percent of the national hotel stock as well as improve on the quality of existing ones (National Tourism Development Plan, 1996 – 2010). However, the geographic location decision of STAB owners which is influenced by their personal aspirations of attaining a certain level of social status is not determined by the level of economic incentives as being promoted by the government. Thus STABs are not being developed in line with government objectives and thus is not promoting strategic development of the tourism industry. The owners establish their STABs in the regional capitals where they have a greater impact to promote their use as status symbols whilst the government is promoting the development of the sector from a purely economic perspective aimed at the creation of jobs and the generation of foreign exchange. The government is therefore pursuing the development of tourism from a conventional economic perspective whilst STAB owners approach their activities from a non-economic social perspective. This indicates that the social motivations and objectives of STAB owners and the economic goals of government for the development of the tourism accommodation sector are at variance and do not enhance the strategic development of the tourism industry.

Other tourism development stakeholders such as the financial institutions recognise their role in the promotion of the development of STABs though they

do not prioritize their dealings with STABs. The banks operate strictly on business principles and want STABs to adopt prudent management practices to improve their financial performance. They indicated that the legal/ownership structure of most STABs which is influenced by the social motivations of their owners do not allow for good management structures to promote economically viable operations. Though the banks perceive lending to STABs as risky because of their legal structure and the motivations of their owners which are socially oriented, they are eager to support their development. From the perspective of the banks, STABs should be managed on business principles. However, this is currently not the case because the motivations of the owners are more non-economic oriented and does not allow STABs to operate on pure business principles and this poses a challenge to the banks.

The banks noted that STAB owners are more interested in owning their business as a property than operating it professionally as an economic venture. To the banks, operating a STAB professionally meant that the business has good management systems that enable it to generate enough funds to meet its present and future financial needs. They acknowledged that there may be other reasons why STAB owners are not operating their businesses professionally. For example they stated that *“we are aware that culturally, small business owners are not too open about financial matters and thus most small businesses are reluctant to totally leave the management of their business in the hands of professionals”* (Bank C).

From the foregoing, there is lack of understanding between STAB owners and the Banks and that a good flow of information between STABs and the Banks will promote a better understanding between them. Currently the Banks are of the view that STAB owners are reluctant to reveal full information on their businesses and this makes it difficult for the Banks to develop good business relations with them. STAB owners on the other hand see their businesses as their personal property and as status symbols and therefore disclosing information on them might mean exposing their personal lives. As part of the requirement for financial support, the Banks require applicants to disclose full information on their projects, which the STAB owners are not prepared to do because cultural practices make business owners reluctant to disclose

information on their operations. This is a contributory factor why STAB owners are reluctant to apply for financial support from the Banks. Also if the STABs were to use bank finance in their operations they will be required to operate on business principles to be able to generate funds to services the loans. Thus cultural expectations and the socially oriented motivations of STAB owners do not promote good business interaction with the Banks and this affects the capital structure of STABs in Ghana and impacts on the strategic development of tourism.

8.5 CHAPTER SUMMARY

Some issues relating to the development of STABs have been highlighted and a number of key drivers that are critical to the strategic development of tourism in Ghana identified. The characteristics of STAB owners such as their socially oriented motivations and issues relating to the development of their business such as financing structure are in broad agreement with published literature though the reasons might differ. In contrast, this study has highlighted new observations such as the limited engagement of part time and family workers in STABs in Ghana which differs from established literature and can be attributed to the cultural context of the research.

The research draws attention to the influences of culture on strategic tourism development in Ghana. It examined the effects of cultural drivers on the entrepreneurial disposition and orientation on the development of STABs in Ghana and explored the organisational characteristics of STABs and the perspectives of the main stakeholders in tourism development that affect strategic tourism development. From the foregoing, there is a dynamic relationship between culture and the development of STABS in Ghana. The entrepreneurial orientation of STAB owners in Ghana is such that they place more premium on social or non-economic gains associated with the ownership of such facilities. Their motivations for establishing such businesses are more psychological in nature and culturally oriented to meet their personal aspirations. The study argues that cultural systems and values in Ghana impact on the development of STABs and the owners set up and or use their hotel more for lifestyle purposes to meet cultural expectations.

The motivations and objectives of STAB owners and the characteristics of their STABs were assessed to bring out the drivers that affect the development of STABs in Ghana. The research notes that owners of STABs in Ghana develop them as part of their material properties to enhance their personalities. Thus the owners maintain their ownership of the businesses in spite of low occupancies and financial performance which may be regarded as indicators of business failure in conventional economic terms. It appears STAB owners in Ghana regard business failure from a social perspective. Thus even though the businesses are not performing well economically, the owners are more interested in the social benefit than economic achievements they derive from their ownership.

The study identifies culturally motivated factors that impact on ownership structures, geographic location, sizes, financing and management of STABs and how these affect the achievement of national strategic tourism development plans. This research confirms that for many small business owners, culture may influence their decision to engage in entrepreneurial processes (See, Omar and Davidson, 2001). It is also in line with Thomas et al., (2001) assertion that for many entrepreneurs the maintenance and protection of a certain lifestyle will be prioritized over commercial focus on profit-maximisation. Whilst the attainment of social status may be an attraction for STAB owners in Ghana, their view of “success” is linked to their ability to own a hotel and be able to pass it on as a property within the family.

The future of the tourism accommodation sector in Ghana and for that matter the achievement of goals set out in strategic tourism development plans will depend on how best the aspirations of STAB owners and the government are aligned to national strategic tourism development policies. The next chapter critically evaluates the above discussion and draws conclusions and make recommendations to enhance understanding of key drivers which influence the development of STABs and whether they are a barrier to strategic tourism development in Ghana.

CONCLUSIONS AND RECOMMENDATIONS

9.1 INTRODUCTION

This final chapter of the thesis presents the conclusion of the study on small tourism accommodation businesses in Ghana. It draws on the contents of the preceding chapters to make conclusions and recommendations based on the research findings presented in Chapter 7 and discussed in Chapter 8; and suggests areas of further research that will throw more light on tourism development in Ghana.

The primary aim of the research was to critically examine the development of small accommodation businesses in Ghana in order to enhance understanding and offer insights on whether they are barrier to strategic tourism development. Initially, the core objectives for the research were: to examine the evolution of tourism and the hotel industry in Ghana; to identify the characteristics of small businesses and tourism business in terms of sizes, legal status, financing, firm age and management practices; to identify the characteristics of small accommodation business owners in Ghana in terms of their gender, age, education, Industry experience and motivations; to examine the role played by the government and financial institutions in the development of the tourism industry. However, as these core objectives were being examined, it turned out that there was the need to explore the influence of culture on the factors that affect the development of STABs in Ghana in more detail. The cultural environment in which STABs are developed and operate became more and more important and the research explored the influences of culture on STAB development. Thus whilst culture was initially only one of the elements of the research, it became a key theme and the research focused increasingly on the role of culture on the development of STABs.

The study followed a pragmatic philosophy and used a mixed methods approach to examine the drivers of small tourism accommodation business (STABs) development in Ghana. A quantitative approach was used to generate data through questionnaire with owners of STABs across the ten regions in

Ghana. Interviews were also conducted with experts at the Ministry of Tourism and managers of commercial financial institutions.

The key conclusions of this study revolve around the influence of culture on entrepreneurial orientation and disposition and Section 9.2 expands on this. Section 9.3 outlines the contribution of the research to knowledge on small firms, small tourism firms and lifestyle entrepreneurship and Section 9.4 offers recommendations for tourism development in Ghana and suggests areas of further research.

9.2 CONCLUSION

The research examined small tourism accommodation businesses in Ghana and concludes that Ghana's culture plays a significant role in the development of small tourism accommodation businesses. This is illustrated in the effect of culturally oriented social expectations that shapes the motivations of small tourism accommodation business owners. A critical evaluation of the research data shows that the development of small tourism accommodation businesses (STABs) in Ghana is dependent on the owner's entrepreneurial characteristics and orientation which are influenced by cultural environment in which they operate. A key research finding is that non-economic motivation factors that promote personal aspirations are driving the development of STABs in Ghana with economic factors being of a secondary concern. Thus not considering the effects of culture on the development of STABs may limit attempts at effectively understanding the STAB sector in Ghana and the influence of culture on the strategic development of the tourism industry.

Whilst some aspects of the findings of this research relating to the limited management capabilities of STAB owners, quality of employees in the sector and the use of personal sources of funding compares with existing arguments on small tourism firm development, a critical evaluation of the research data indicates some contextual differences in management styles, multiple business ownership, age of entrepreneurs, gender and the motivations and objectives of STAB owners in Ghana. It is deduced from the findings that aspects of the Ghanaian culture impact on the above factors and affect the development of STABs. The cultural context is reflected in the lifestyle motivations of STAB

owners. Such lifestyle motivations aimed at achieving personal aspirations of status have an additional meaning in the Ghanaian context compared to what is in existing literature which relates lifestyle motivations to work/life balance and location aesthetics. On the other hand, lifestyle motivations in the Ghanaian context is more about attaining social respect and recognition which is achieved through property ownership. Thus STAB owners see their hotel more as a property that serves as a status symbol and as a means to attain social recognition. It is concluded that culturally inspired lifestyle is the principal motivation of STAB owners to use their hotel to promote their personalities.

From the above, the key motivational drivers of STAB owners in Ghana is not about maximising their economic gains since most of them are already in other businesses. STAB owners in Ghana are motivated more by the desire to achieve societal recognition and status and gain psychological gratification. Ownership of a STAB is perceived as a status symbol and as an inheritable property. In effect, STAB owners see their hotel as a capstone of their achievements. Thus even though there has been rapid development in the small tourism accommodation sector in Ghana over recent years, these developments have been fuelled by cultural expectations and lifestyle motives rather than the improving economic and stable political environment. Social status and recognition have a strategic value to STAB owners and it is these factors that drive the growth in the STAB sector. These socio-cultural related factors influence the motivations of STAB owners and challenge the economic oriented strategic tourism development policies of the government. STAB owners in Ghana are not wholly motivated by financial necessity but are more socially motivated to take advantage of opportunities in the tourism industry to achieve culturally oriented motives. Their long-term social considerations for establishing a STAB outweigh their financial considerations.

Consequently, most STAB owners in Ghana are serial or portfolio entrepreneurs establishing their hotel with personal funds even though they can have access to bank finance. Whilst the Banks are willing to offer financial assistance, the culturally related objective of the owners to develop a non encumbered inheritable property, results in very few STAB owners taking up bank loans to develop their STAB.

The three main stakeholders involved in the development of STABs in Ghana see their role from conflicting perspectives. STAB owners perceive their businesses as personal properties that enhance their social status, whilst they are alive and as an inheritable property after they have passed on. Thus, they develop their businesses more from a social perspective as status symbols. The Banks on the other hand, see the development of STABs from a purely business perspective. They are more interested in the economic viability of STABs and stress on ownership structures, economically viable geographic location, occupancy levels and formal management systems. Also the Banks perceive the operations of STABs from a business angle and expect openness in terms of information sharing; but STAB owners see their hotel as their personal property and therefore do not appreciate why they should share information on them in order to access bank finance. The consequence is that the Banks are prepared to offer loans but few STAB owners take up such offers. Thus the Banks and STABs owners perceive the development of the STAB sector from conflicting perspectives and this does not enhance the effective growth of the sector. The other stakeholder, the government, sees the development of STABs from a conventional national developmental perspective in terms of job creation and foreign exchange generation and has developed and promoted policies based on these views which are contrary to the aspirations of STAB owners.

Consequently, even though the development of tourism accommodation businesses has been pursued by various governments since Ghana's independence in 1957, they have not fully achieved their desired objective of effectively developing the tourism industry as expressed in the various national tourism development plans. This is because in spite of the political and economic environment, the three main stakeholders in the tourism industry are contributing their efforts at developing the industry from conflicting perspectives. The implication is that until a common approach to tourism development is found, the various stakeholders will be pulling different strands on development of the industry in different directions making it difficult for the industry to develop strategically.

To achieve a harmonized and effective development in the tourism accommodation sector in Ghana, there is the need to take a fresh look at the way policies are formulated and implemented in order to overcome cultural barriers which were identified in this research as the driving force for the development of STABs. The socially oriented lifestyle motives of STAB owners which has fuelled the growth in the sector is not in alignment with government tourism development policies and is thus a barrier to strategic tourism development in Ghana.

Entrepreneurial and small business characteristics identified in existing literature as discussed in Chapters 4 and 5 may be useful in suggesting how small tourism businesses develop. However, other environmental drivers such as culture which define the context in which the businesses develop need to be given enough consideration in order to have a broader understanding of the development of STABs. Policies formulated to guide the development of the tourism accommodation sector should incorporate socio-cultural factors so that the development of the sector does not become a barrier but rather contribute effectively to strategic tourism development.

9.3 CONTRIBUTION TO KNOWLEDGE

A key contribution of the research is that Ghanaian cultural environment impacts on the motivations of STAB owners and how they develop their hotel. It drives the development of STABs and creates peculiar circumstances that influence the development of STABs in ways that challenge government strategic tourism development plans.

This study extends earlier research on characteristics of small tourism accommodation business owners that tended to look at lifestyle from the point of view of offering the small tourism accommodation business owner an opportunity to combine work and social activities to attain a desired objective.

Various meanings have been assigned to the term lifestyle in different economic contexts. For example in developed economies, lifestyle values reflect more of the feasibility of combining domestic and commercial activities in a way that enhances the entrepreneurs' quality of life. However, lifestyle values have additional meaning in the Ghanaian context which includes the fulfilment of

social and moral obligations and the potential for psychological gratification and the attainment of social status through ownership of a STAB. The lifestyle of STAB owners in Ghana is a reflection of Ghanaian cultural values and societal expectations which influence entrepreneurial activities in the sector. Thus, the cultural environment of small tourism accommodation business owners plays a major role in determining the influences of the various environmental factors that have been identified to affect the development of small tourism accommodation businesses.

The research brings new understanding to the drivers of development of STABs to include a greater influence of the environment from a cultural perspective. The study notes that the development of STABs in Ghana is a complex activity affected by a number of interacting external environmental variables and internal entrepreneurial and firm factors. These factors must all be understood contextually in a holistic manner to get a complete understanding of how they interact to promote tourism development. The research contributes to existing theories on the role of culture on entrepreneurship by suggesting that the various aspects of cultural values and societal expectations that are representative of national culture impact on entrepreneurial motivations of STAB owners in Ghana.

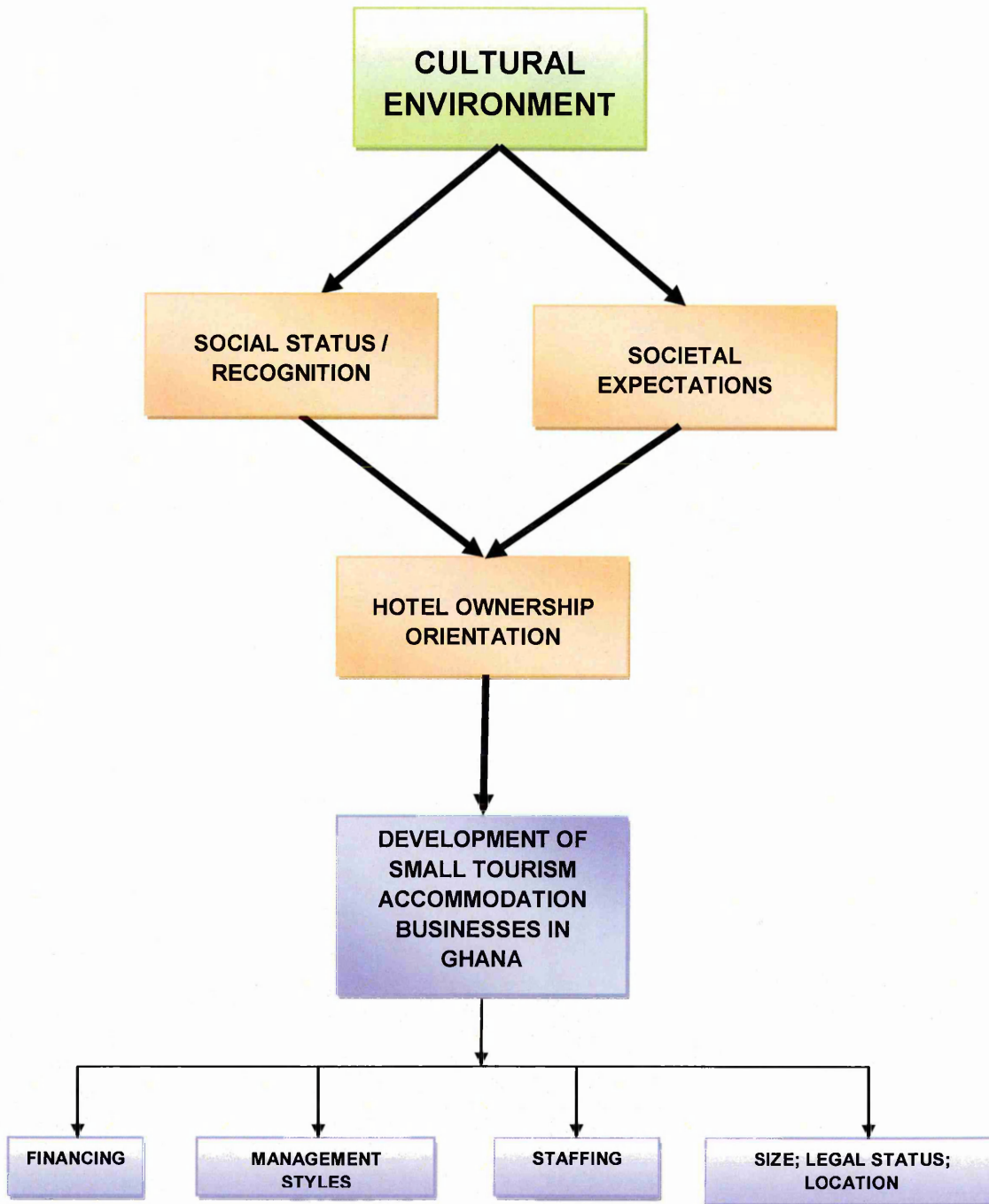
From the foregoing, the development of STABs in Ghana is not in accordance with rational economic theories but is encouraged by cultural aspirations and lifestyle motives. Changes in external environmental drivers such as politics and economics over the years have facilitated the development of small tourism accommodation businesses in Ghana but it is the cultural factors that have determined how such businesses have developed. Cultural systems and values are important determinants that influence the development, characteristics and management of small tourism accommodation businesses in Ghana. Attempts at developing policies aimed at the small tourism accommodation sector without due consideration to cultural systems and values will achieve marginal success. The implication is that the successful implementation of strategic tourism development plans should take into account the cultural environment and its influences on entrepreneurial orientation.

The research identifies and offers understanding of the drivers that affect the development of STABs in Ghana and acknowledges the relationships between cultural, historical, political and economic environment that impact on the entrepreneurial orientation and disposition of STAB owners. The various external development drivers such as culture, politics and the economy that provide entrepreneurial opportunities are crucial in facilitating the development of STABs and should be considered holistically by all stakeholders for a better understanding if an effective strategic development of the tourism industry is to be achieved.

The initial framework on the development of STABs that was developed from the review of literature (Figure 5.2) does not fully portray the role of culture as a major element in the development of STABs in Ghana. Given the significance of culture in the Ghanaian society and its impact on entrepreneurial orientation and disposition, the initial framework is thus not appropriate in the Ghanaian context. Whilst existing literature examines factors such as financing, management styles, legal status and lifestyles in small tourism businesses extensively, it does not lay enough emphasis on the effect of culture on entrepreneurial orientation and characteristics of STAB owners. The initial framework has thus been developed further to show the effect of culture on STAB development in Ghana.

Figure 9.1 below shows that culture is a key determinant of entrepreneurial orientation and disposition and illustrates the relationship between external environmental factor of culture and the entrepreneurial disposition/orientation of STAB owners and the internal environmental factors of management, staffing, legal status and financing that affect the development of STABs in Ghana. Though there is a correlation among the factors that affect the development of STABs the element of culture overrides the other elements.

Figure 9. 1 Framework for STAB Development in Ghana



9.4 RECOMMENDATIONS

The study raises some critical issues on the role of culture and its effects on the motivations of STAB owners and the perspectives of the main stakeholders to the strategic development of tourism in Ghana. These issues must be considered holistically for the effective strategic development of tourism in Ghana. The aim of this section is to make recommendations in two key areas:

recommendations for development of small tourism accommodation businesses in Ghana and recommendations for further research.

9.4.1 RECOMMENDATIONS FOR DEVELOPMENT OF SMALL TOURISM ACCOMMODATION BUSINESSES IN GHANA

The key policy objectives and strategies as outlined in the current tourism development plan aimed at creating jobs and generating foreign exchange are more likely to be achieved if they are informed by research specific to the sector. Most government policies relating to the development of the tourism industry are conventionally economic development inclined, view the tourism industry as one entity and do not adequately consider separately the challenges of the various sectors. Appropriate targeted policies will benefit the small tourism accommodation sector if it is informed by a better understanding of the influence of culture on the motivations of STAB owners. If support for the small tourism accommodation sector is to be effective, a better appreciation of the role and motivations of STAB owners in the development of the sector will help policy makers focus their interventions to attain their goal of developing Ghana as an internationally competitive and high quality tourism destination with the industry producing macroeconomic benefits.

Although the findings of the research on the effects of bureaucracy on small businesses is comparable with international patterns for small tourism firms, both in developed (Thomas, 2004) and developing countries (Hampton, 2003), they show the weaknesses in existing government support programmes for small businesses in Ghana. It is recommended that government devise ways to enhance the business environment to attract entrepreneurs into the STAB sector who operate in accordance with the goals of government for the development of the sector. This can be done by decreasing the barriers to starting a STAB by streamlining the processes for obtaining operational licenses and permits. The author recommends the setting up of a "one stop shop" for would-be tourism accommodation providers. Such a shop will have the representatives of all the relevant government offices, authorities and agencies who will coordinate the licensing process without the investor having to deal separately with relevant agencies.

Also, the government can achieve the desired type of development in the STAB sector, if incentives for the tourism sector, which is currently open to all types of investors, are tailored to attract entrepreneurs who have similar perspectives to Ghana's strategic tourism development. Investment incentives as expressed in legislative instrument 1817 should be maintained simplified and applied selectively to younger entrepreneurs, since the research data shows that they are more business oriented; businesses registered as partnerships, since they achieve higher room occupancy levels; and females who have more prior hospitality industry experience. Selectively applying incentives to entrepreneurs in the STAB sector will help focus its development and promote the strategic development of the tourism industry.

The youthful age structure of the population of Ghana as discussed in Chapter 2 has huge implication for the development of policy for the tourism accommodation sector. Government policy should encourage younger entrepreneurs into the tourism accommodation sector to facilitate sustainable strategic development of the tourism industry. Additionally, encouragement and support for tourism and hospitality education and training of the youth will improve professionalism in the sector.

It is acknowledged that the provision of adequate technical services is a complement to but not a substitute for suitable policies, resources and infrastructure (Keesing and Singer, 1991). In effect, whilst improved technical services such as training and assistance during the start-up stage will enhance the development of STABs, government should aim at developing policies that are grounded in research and has relevance to the development of STABs. Considering the limited research in the tourism accommodation sector in Ghana, specific studies need to be encouraged so that appropriate policies grounded in research findings will guide tourism development.

Active collaboration between the main stakeholders in the development of the tourism industry is essential. As the research shows, the government, financial institutions and STAB owners have conflicting perspectives to the development of the sector. These conflicting perspectives should be reconciled to achieve the national tourism strategic development goal of promoting public-private

partnership initiatives in the sector for the benefit of all stakeholders. Designing policies from only the government perspective which conflicts with that of STAB owners and assuming to achieve results is an illusion. On the contrary, the role of the government should consist of mobilising the ideas of STAB owners and involving them in the design and implementation of policies that will help overcome their current needs and meet their future expectations. The conflicting perceptions of the stakeholders of tourism development are not easy to change in the short term in relation to the supply of STABs. Instead of government policies focusing on managing the supply of tourism accommodation businesses, emphasis should be laid on managing demand and developing markets and strategies that will attract tourists into Ghana based on the characteristics of existing STABs. Also, strategies should be developed to promote domestic tourism to help bridge the gap in demand and improve business performance in terms of occupancy levels. Such strategies will bridge the cultural aspirations of STAB owners and the conventional economic development objectives of the government towards the strategic development of tourism. In effect, whilst it will be difficult to change supply drivers in the STAB sector in the short term, government policy should focus on the creation of demand to meet existing supply trends.

9.4.2 RECOMMENDATIONS FOR FURTHER RESEARCH

The research has brought up much more questions than answers and some possible areas for further research has been highlighted. It brings to focus other areas of research on STABs that needs further exploration beyond the current literature on small tourism firms to enhance a more holistic understanding of the phenomenon. For example, the research shows the limited involvement of females in the ownership of STABs in Ghana and further research focusing on females in the sector will enhance understanding of gender issues and tourism development. While earlier research shows that females dominate in entrepreneurial activities in the informal sector, this is not reflected in the formal STAB sector considering that more female respondents have prior hospitality experience and more female STAB owners spend more time at their hotel on daily basis. Also female STAB owners are more likely than their male counterparts to use their personal funds to establish their hotel

and further research on the role of females in STAB development in Ghana will be an enlightening activity.

Other possible areas for further research relating to personal motivations and culture associated with the tourism development in Ghana to find out the extent to which personal motivation and cultural values of small tourism accommodation providers vary among segments (ethnic groups) of society will shed light on entrepreneurial differences among various ethnic groups. This research is necessary since the various ethnic groups in Ghana have different cultural practices that may impact differently on their entrepreneurial orientation.

Review of literature indicates that SMEs that have business plans prepare them as a requirement for seeking funding from the financial institutions and not as a business operating tool (Shaper and Volery 2004). Majority (51 percent) of STABs in Ghana have businesses plans yet only 16 percent seek bank loans. If the business plans are not prepared as a requirement for seeking funding from the financial institutions and are also not used to enhance operations, one wonders why such plans are prepared. Having a written business plan implies that STABs will operate more on business principles. However, the study shows otherwise. This is an anomaly that needs further research.

The research identified majority of STAB owners in Ghana as habitual entrepreneurs. However, there seems to be no clear pathway to the establishment of a STAB. Further research on entrepreneurial pathways and financing of STABs will enhance understanding on how such businesses are developed.

Hopefully, this research will serve as the foundation which will urge other researchers to undertake further research on the effects of culture on development of STABs. The context of STABs covered by this research may be peculiar to Ghana and may not represent the industry in other countries in Africa. Further studies in other countries in Africa employing appropriate methodologies may help clarify the nature of drivers affecting the development of STABs in other contexts. In other words, more research is required to test the findings from this research on other populations to have a better understanding on the role of culture on STAB development. Though Ghana

was the context for the research, the findings and discussion could be applicable to, a very large extent, other countries in the African sub-region, particularly those countries at similar level of tourism development as Ghana. Despite the need for further research, this study provides some useful insights into STABs in Ghana.

9.5 MY RESEARCH JOURNEY

This section is a narrative of my journey as a researcher and presents some interesting perspectives from the author who is professional hotelier. Before starting this research journey, I have followed my passion of working with people and have taken up appointments in the hospitality sector for over 25 years. My last job in this area was in a University environment where I was in charge of hospitality operations for seven years. The academic environment gave me a new perspective to the challenges I encountered whilst working with small tourism accommodation businesses in the past and got me excited about researching into small accommodation tourism businesses. My desire was to research into the development of small tourism accommodation businesses in Ghana to have a better appreciation of the peculiar manner such businesses were operated. I developed a proposal on the subject area and sent it out to two Universities, but Sheffield Hallam University was the first to give me an offer after a telephone interview. Armed with this offer, I approached my employers with a request for study time and funding which they granted.

I arrived in the UK in August 2007 to begin my PhD project. Though I have done some academic research at the Master degree level, I was aware of the enormity of this current research and had decided to give it my all since I did not have a strong research background. During my first meeting with my two assigned supervisors, it became clear that I needed to undertake some courses in research methodology. I got interested in these courses and completed the whole programme in MA in research methods. Indeed, I am grateful for their suggestion since taking these courses gave me a deeper understanding of research. This made me appreciate how my previous knowledge of research was on a relatively small scale. The programme gave me a better insight into issues of research philosophy, ontological, epistemological assumptions that

underpins research. Such knowledge was extremely useful in the design of the methodology for this research.

Armed with my new knowledge about research methodology, it was not too much of a challenge in deciding with my supervisors to conduct the research on small tourism accommodation businesses using a mixed-methods approach. I was remotely aware of the challenges in the small tourism accommodation sector in Ghana from my professional experience, and using a mixed methods approach that will allow me to use quantitative approach to collect data from a large sample of small tourism accommodation businesses and also be able to collect qualitative data from key persons with responsibilities for the promotion of the sector was considered appropriate in enhancing understanding of the sector. I was excited in using mixed methods because whilst it was considered the most appropriate approach to the research, it offered me the opportunity to put into action my newly acquired knowledge in computer analytical tools (SPSS and NVivo).

Having scanned through relevant textbooks and academic journals on small tourism firms, small firms, entrepreneurship and reports on Ghana's tourism to identify relevant concepts; I left for Ghana in December 2008 and conducted interviews with six small tourism accommodation business owners to examine the identified concepts in the Ghanaian context. These interviews were analysed and key themes that emerged were used to develop a questionnaire that was piloted in 2009 and the main research undertaken in 2010. Semi structured interviewing technique was also used to collect data from two main stakeholders in the tourism industry (Ministry of Tourism and financial institutions)

My research on small tourism accommodation businesses in Ghana has transformed my understanding of research in fundamental ways. It has challenged my perspective on small tourism accommodation businesses in Ghana and changed my views on the characteristics of small tourism accommodation business owners in Ghana and how and why they develop such businesses. I have come to regard my own cultural experience of my upbringing and the values society attach to material wealth and social status and my professional work experience as being central to the conduct of this research. It has given me a better understanding of the characteristics of small tourism accommodation business owners in Ghana and how and why they develop their business. Though the

research journey has been an academic adventure to find out more about a sector that I am passionate about, my interest is not so much about pursuing career advancement in academia but to satisfy my curiosity, contribute to existing knowledge on small tourism accommodation businesses and use my acquired knowledge for the social good of helping small tourism accommodation businesses improve their operations. Thus intellectual curiosity was not my only motivation in undertaking this research. These goals strengthened me to overcome challenges and disappointments encountered on the research journey.

I admit that the research journey has not been smooth. Upon reflection, perhaps choosing a topic to research on and seeking funding was the simplest part of my research journey. This was because my work experience has made me aware of some challenges in the small tourism accommodation businesses and tourism sector in Ghana and the opportunity to research in the area will help me uncover the roots of the challenges in the sector. However, I encountered some personal challenges and there were times that some of the challenges I faced nearly sent me to the edge and got me asking self searching questions. The research experience has given me insights beyond my initial thinking of what the research will entail. I have come to better appreciate the relationship between the researcher and the researched and also have experienced research as a journey that has impacted on my personal values and insights into managing cultural differences between the researcher and environment in which he is supervised. Doing this research was a risk worth taken in order to expand my own intellectual understanding of a sector that I am engaged in and as a stepping stone for achieving my personal aspirations. It demanded a huge commitment of time, energy, and sacrifice.

In conclusion, the research journey as a whole was bumpy but a totally new enjoyable experience and though there were some challenges in data collection that related to travelling all over the country, my work experience with small hotels and the Ministry of Tourism proved useful in getting access to respondents. Though my professional and social experiences were useful throughout the research journey, my biggest challenge was ensuring that I take an objective posture to the research and not allow myself to be influenced by

my previous experiences in order to achieve my aim of enhancing understanding of the small tourism accommodation sector and strategic tourism development in Ghana. The research journey in undertaking this PhD project has been challenging and interesting and completing this project marks the beginning of another journey since I now have to position myself to identify opportunities to disseminate my findings.

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APPENDIX 1**NUMBER OF HOTELS IN GHANA FROM 1986 to 2008**

YEAR	NUMBER OF HOTELS
1986	420
1987	-
1988	-
1989	273
1990	350
1991	419
1992	509
1993	587
1994	624
1995	580
1996	703
1997	751
1998	730
1999	834
2000	992
2001	1,053
2002	1,169
2003	1,250
2004	1,315
2005	1,345
2006	1,427
2007	1,432
2008	1,510

Source: GTB, 2009

APPENDIX 2 SUMMARY OF FINDINGS - PILOT INTERVIEWS

Interviewee	Background	Motivations And Objectives	Factors Affecting Development Of Hotel
A	Male, above 50 years with University education; started work in public services; resigned and went private business as a trader; travelled overseas for a while; returned and established a trading business, established a 12 bedroom hotel six years later with own resources, which has been running for the past eight years. Has no prior hospitality industry experience. Runs the hotel with the support of a manager who is not a family member, none of the workers are family members. Owner is at the hotel every evening to pick up the days revenue, and does not live on the premises.	<p>To have a supplementary source of income.</p> <p>To have a second business.</p> <p>To have a property to be associated with.</p> <p>To establish an asset for the family.</p>	<p>Bad nature of access road;</p> <p>Low occupancy level, high cost of operations, lack of capital for expansion.</p>
B	Male, above 45 years with Diploma in Business management, Started trading in electrical goods after school; converted first house into a eight bedroom hotel using personal funds. Operates an electrical goods store in addition to the hotel; has a care-taker manager at the hotel but employees no family member or part time staff, check operations of the hotel every morning and evening; does not live on hotel premises. Owner has no prior hospitality industry experience.	<p>Established hotel because of prospects in the hotel sector; a hotel is a more secure source of investment,</p> <p>Income from operations helps maintain the building(hotel) as well as support family.</p> <p>To have a second business</p> <p>To provide security for family.</p>	<p>Unreliable supply of electric power, multiplicity of taxes; difficulty in recruiting the right staff, access to capital from the banks.</p>

Interviewee	Background	Motivations And Objectives	Factors Affecting Development Of Hotel
C	Male, 52 years old, Ten bedroom Hotel owned by couple who both worked in a government agency. Both have University education, They live next to the hotel, operate a transport business alongside the hotel; hotel was set up 5 years ago with their personal funds; both had no formal training or experience in hotel operations; hotel managed by couple; has one member of the extended family as staff but engages no part time staff.	<p>To have another property, create a supplementary source of income;</p> <p>Like being in the hotel industry because it offers opportunity to meet other people;</p> <p>To create a unique name through the provision of quality service;</p> <p>To have a secure asset to pass on to family; to provide livelihood for family.</p>	Lack of dedicated and skilled staff, numerous tax systems, lack of incentives from government; Lack of access to capital for expansion.
D	Male, above 50 years, Diploma in technical education; Owns a building construction firm; runs a real estate business, has no prior hotel industry experience, set up a 25 bedroom hotel six years ago with personal funds, hotel operated by a manager under his supervision; does not live on hotel premises; Engages no family member as staff.	<p>To have a secure avenue to invest;</p> <p>To diversify business operations, to have a property to be associated with my family (hotel named after mother); to establish asset for the family; to improve lifestyle and reputation.</p>	Low occupancy rates; Unreliable water and electric power supply; high cost of operators, high turnover, and multiplicity of taxes.

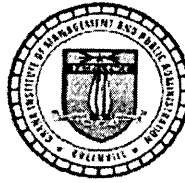
E	Male, secondary school education, started business as a trader, now has two retail stores, a transport and a lottery business; no prior industry experience; built an 12 bedroom hotel five years ago with personal funds; Spouse oversees operations at the hotel with the help of a manager who is not a family member, Spouse has prior hospitality industry experience; none of their children work at the hotel, employs two external family members	To diversify investments; To supplement income; To have a property for my family; create job opportunities for external family members	Poor state of basic infrastructure such as water, electricity and access road. Difficulty in recruiting skilled and dedicated staff. Lack of government support, too many taxes.
F	Male owner; 65 years with University education, recently retired from the Ministry of education; operates a primary school and a transport business; Converted one of his houses into a 9 bedroom hotel with his own funds; spends most of his time at the hotel; does not live on hotel premises, engages one family member as staff; has no prior hospitality industry experience.	Taking advantage of business opportunity to establish a retirement project; To supplement retirement income; To have an venue to meet friends and while away time productively; To make myself useful whilst on retirement; To create an asset to pass on to family; To provide livelihood for family as well as have a property that I can be associated with.	Difficulty in finding the right staff; too many taxes; inadequate support from government.

GHANA INSTITUTE OF MANAGEMENT AND PUBLIC ADMINISTRATION (GIMPA)

MOTTO: EXCELLENCE IN LEADERSHIP, MANAGEMENT AND ADMINISTRATION

Our Ref: GIMPA/HRD/001/2009

Your Ref: _____



P. O. Box AH 50
Achimota, Accra

THE CHIEF DIRECTOR
MINISTRY OF TOURISM
ACCRA

January 15, 2009

Dear Madam

RESEARCH ON DEVELOPMENT OF HOTELS IN GHANA

The purpose of this letter is to respectfully request for assistance in the administration of questionnaires on the above subject nationally.

Ghana, like many sub-Saharan countries produces few exportable services. The services sector is however growing and tourism has been identified by the Government as an important source of economic diversification. The Tourism industry has over the years established its capacity to contribute significantly towards national economic development especially in the areas of employment generation, wealth creation and poverty reduction within communities and at the national level and it is expected to contribute substantially to foreign exchange earnings by the year 2020 due to the ever increasing rate of international arrivals.

However, several internal and external factors affect the development of tourism and these have implications for other sectors of the industry such as hotels. The hotel sector plays a pivotal role in the promotion of tourism and is an essential source of entrepreneurial activity. In view of this a better understanding of drivers that affect the development of the sector, especially

independent hotels which form 98% of the countries tourist accommodation stock, has become a significant research issue.

However, given the extent of the uncharted research area in the accommodation sector in Ghana, the need for better knowledge of the specific characteristics and factors affecting small hotels is overdue.

This research is to provide a deeper understanding of the drivers affecting the development of small hotels in Ghana. The outcome is to develop a more focused and holistic understanding of the hotel sector in Ghana. The objective is to improve the understanding of policy makers and operators on dynamics in the hotel sector. The research has the potential to contribute to refining policy interventions to be more accurately aligned to industry context and thereby enhance their effectiveness.

A copy of the final report will be made available to the Ministry of Tourism if so required. The researcher will be very appreciative if the regional managers will be informed to offer the researcher the needed assistance in the administration of the questionnaires.

Thank you in advance for your cooperation.

Mensah-Ansah Joseph
Director: Hospitality & Works (GIMPA)
Researcher

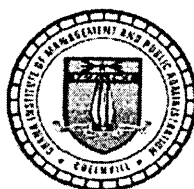
Cc:
THE EXECUTIVE DIRECTOR
GHANA TOURIST BOARD
Accra

GHANA INSTITUTE OF MANAGEMENT AND PUBLIC ADMINISTRATION (GIMPA)

NOTTO: EXCELLENCE IN LEADERSHIP, MANAGEMENT AND ADMINISTRATION

Our Ref: _____

Your Ref: _____



P. O. Box AH 50
Achimota, Accra

January 09

To whom it may concern

**DEVELOPMENT OF HOTELS IN GHANA:
(PROSPECTS AND CHALLENGES)**

QUESTIONNAIRE

This survey is to collect information on drivers of Development of hotels in Ghana.

The information collected is aimed at providing insights on the dynamics of the hotel industry in Ghana.

All information gathered by this survey will be kept confidential and respondents will remain anonymous, as all responses will be presented in an aggregated form only.

The survey questionnaire should be completed by the owner(s) of the hotel.

Your participation in this survey is of paramount importance to the development of the hotel sector in Ghana and is very much appreciated.

Thank you for your support.

Joseph Mensah-Ansah
Researcher
(0244 321956)

**DEVELOPMENT OF HOTELS IN GHANA
(PROSPECTS AND CHALLENGES)**

A. GENERAL INFORMATION

A1. What type of business is your Hotel? (Please tick)

A. Sole proprietorship ☐

B. Partnership ☐

C. Limited company ☐

A2. How many years has your Hotel been operating?.....years

A3. How many operational guestrooms do you offer?

A4. What was your average occupancy rate for the year 2008? (Please tick)

Don't Know ☐ Less than/or 25% ☐ Less than/or 50% ☐ Less than/or 75% ☐

More than 75% ☐

A5. In 2008, the hotel's total revenue was? (Please tick) (\$1= ¢1)

Don't Know ☐ ¢ 50,000 - ¢ 100,000 ☐ ¢ 101,000 to ¢ 150,000 ☐ ¢ 151, 000 to ¢ 200,000 ☐ ¢ 201,000 and more ☐

(eg. 10 rooms at 50% occupancy at \$50 for 1 year = \$91,250)

A6 Do you have the desire to expand your hotel? Yes ☐ No ☐

A7: How would you rate the following constraints in terms of their importance to your desire to expand this hotel?

	Not at all important	Not very important	Somewhat important	Very important	Extremely important
Finding affordable capital for expansion					
Sufficient management expertise					
Availability of skilled professional labour					
Create economic opportunity for family					

B: BIO DATA

B1: what is the Gender of the Owner? Male ☐ Female ☐

B2: What was the Age of the Owner at the commencement of this business?

25-34 ☐ 35-44 ☐ 45-54 ☐ 55 and above ☐

B3: Please tick the highest educational institution attended by Owner.

Middle School ☐ Secondary ☐ Vocational/Technical ☐ Polytechnic ☐ University ☐ None ☐

B4: Have you ever worked in the hospitality industry before commencing this business?

☐ Yes

☐ No

B5: How important were the following motivational factors in your decision to establish this hotel?

	Not at all important	Not very important	Somewhat important	Very important	Extremely important
Need for income					
Desire to "be your own boss"					
To make high levels of profit					
Spotting a business opportunity					
To provide retirement income					
To maintain a good lifestyle					

B6: How many hours do you spend at the hotel every day? (Please tick)
 Less than 8hours ☐ 8 to 12 hours ☐ More than 12 hours ☐

B7: Do you live on the hotel premises? Yes ☐ No ☐

B8: Why do you live on the premises?

- A. To have a better oversight on operations ☐
- B. To be closer to the business ☐
- C. My home before turning it into a hotel? ☐

B9: How important are the following objectives to your operations?

	Not at all important	Not very important	Somewhat important	Very important	Extremely important
Provide a livelihood for the family					
Maintain quality of life or lifestyle					
Build a profitable enterprise					
Build up a reputation for quality of service					
Create family legacy					

B10: Is this hotel your only business interest? Yes ☐ No ☐

B11: If **NO**, tick your other current business interests?

Transport ☐ Trading ☐ Construction ☐ Others (state).....

B12: Which was your first business?

Hotel ☐ Transport ☐ Trading ☐ Construction ☐ Others (state).....

B13: Do you subsidise the hotel operations with income from other businesses?

Yes ☐ No ☐

B14: How many other businesses do you operate? (Please tick)

One ☐ Two ☐ Three ☐ Four ☐ More than Four ☐

B15: Is your hotel the first business you set up? Yes ☐ No ☐

C. FINANCING

C1: How did you finance the development of this hotel? (Check all that apply)

Personal savings ☐ Loans from family or friends ☐ Bank lending ☐

Others (Specify).....

C2: In conjunction with this hotel, have you applied for a loan or line of credit from a financial institution during the last two years? ☐ Yes ☐ No

C3: Was your request for a loan or line of credit **Accepted?** Yes ☐ No ☐

C4: If No, What were the reasons provided by the financial institution? (Check all that apply)

Lack of debt collateral ☐ Poor industry market conditions ☐ Poor credit history ☐

Business plan unacceptable ☐ Inexperienced management team ☐

Poor financial performance ☐ Others (Specify).....

C5: Do you have a written business plan? Yes ☐ No ☐

D. HUMAN RESOURCES

D1: How many people own this hotel? Tick.

One ☐ Two ☐ Three ☐ Four and more ☐

D2: How many Owners are involved in the day to day operations?.....

D3: How many Owners are family members? Tick appropriate box.

None ☐ One ☐ Two ☐ Three ☐ Four ☐ Five and more ☐

D4: What are their roles in relation to the hotel?

A. General management ☐

D: Catering ☐

B. Supervision ☐

E: Housekeeping ☐

C. Accounting ☐

F: Strategic decisions ☐

D5: Who manages the hotel on day to day basis?

Owner ☐ Spouse ☐ Employee Manager ☐ Family Member ☐

D6: How many full-time paid employees do you have?

D7: How many full-time paid employees are

Close Relatives?..... Distant relations?.....

D8: How many part-time employees do you have?.....

D9: How many formal hospitality training programmes have you been aware of in the last two years? **Please tick.**

None ☐ One ☐ Two ☐ Three ☐ Four ☐ Five and more ☐

D10: How many staff did you nominate to take part in training sessions last year?

None ☐ One ☐ Two ☐ Three ☐ Four ☐ Five and more ☐

D11: Which of the following were reasons for not nominating staff for training sessions? (Tick all that apply)

No replacement staff ☐ Time of programme ☐ No impact on operations ☐
Staff resigns after training ☐ Cost of Programme ☐

D12: How would you rate the degree of ease or difficulty of finding well-trained hospitality employees?

A. Very easy ☐ B. Easy ☐ C. Neither difficult nor easy ☐ D. Difficult ☐
E. Very difficult ☐

D13: How many of your staff have formal hospitality training Certificate(s)?.....

D14: How many of your staff have the following qualifications?

Vocational/Technical..... Diploma..... University.....

D15: Do you think employee training is Important for the quality of service?

Yes ☐ No ☐

E. OWNERS SKILLS

E1. How would you rate the following management skills in terms of their importance in assisting you further develop your skills?

	Not at all important	Not very important	Somewhat important	Very important	Extremely important
A: Business Planning					
B: Finance and accounting					
C: Human resources management					
D: Marketing and advertising					
E: Operations management					
F: Leadership					
G: Information technology management					

F: GOVERNMENT POLICY AND DEVELOPMENT

F 1: Are you aware of any Government incentives for hotel operators?

☐ Yes

☐ No

F2: If yes, which of these incentives have you benefited? (Tick all that apply)

A. Concessionary rates of 10% duty and 12.5% VAT on imports ☐

B. Accelerated depreciation allowances on buildings, equipment, plant and furnishing(20-50% per annum) ☐

C. Tax allowance ranging from 25% to 50%☐

D. Tax holidays ☐

E. Others (state).....

F3: Rate the following in terms of importance to the ongoing success of your hotel

	Not at all important	Not very important	Somewhat important	Very important	Extremely important
A: Effective hospitality training programs for staff					
B: Enforcement of licensing rules					
C: Access Roads					
D: Simplification of Tax system					
F: Availability of Skilled workers					
Other:					

GENERAL COMMENTS

Please state your comments on other issues that affect the development of your hotel and tourism in Ghana

.....

.....

.....

.....

.....

.....

Thank you for participating. (Use back of sheet if necessary)

GHANA INSTITUTE OF MANAGEMENT AND PUBLIC ADMINISTRATION (GIMPA)

MOTTO: EXCELLENCE IN LEADERSHIP, MANAGEMENT AND ADMINISTRATION

Our Ref:

Your Ref:

P. O. Box AH 50
Achimota, Accra

THE CHIEF DIRECTOR
MINISTRY OF TOURISM
ACCRA

May 28, 2009

Dear Madam

RESEARCH ON DEVELOPMENT OF HOTELS IN GHANA

The purpose of this letter is to respectfully request for an appointment to discuss issues affecting the **Development of Small Hotels in Ghana**.

The hotel sector plays a pivotal role in the promotion of tourism in Ghana and is an essential source of entrepreneurial activity. In this regard, a better understanding of factors that affect the development of hotels has become a significant research issue.

The purpose of the discussion with you is to develop a more focused and holistic understanding of the small hotel sector. The objective is to explore new insights on the dynamics of the sector and the role the Ministry of Tourism is playing to facilitate its development. The research has the potential to contribute to policy interventions and thereby enhance the effectiveness of the sector.

The outcome of discussions with you will be treated with confidence and the research will be written up in a way that individuals will not be identified. A copy of the final report will be made available to you if so desired.

Thank you in advance for your cooperation.

Mensah-Ansah Joseph
Director: Hospitality & Works (GIMPA)
(0244 32 1956)

GHANA INSTITUTE OF MANAGEMENT AND PUBLIC ADMINISTRATION (GIMPA)

MOTTO: EXCELLENCE IN LEADERSHIP, MANAGEMENT AND ADMINISTRATION

Our Ref: GIMPA/HRD/001/09

Our Ref: GIMPA/HRD/001/09

P. O. Box AH 50
Achimota, Accra

THE EXECUTIVE DIRECTOR
GHANA TOURIST BOARD
ACCRA

May 28, 2009

Dear Sir

RESEARCH ON DEVELOPMENT OF SMALL HOTELS IN GHANA

The purpose of this letter is to respectfully request for an appointment to discuss issues affecting the **Development of Small Hotels in Ghana**.

The hotel sector plays a pivotal role in the promotion of tourism in Ghana and is an essential source of entrepreneurial activity. In this regard, a better understanding of factors that affect the development of hotels has become a significant research issue.

The purpose of the discussion with you is to develop a more focused and holistic understanding of the small hotel sector. The objective is to explore new insights on the dynamics of the sector and the role GTB is playing to facilitate its development. The research has the potential to contribute to policy interventions and thereby enhance the effectiveness of the sector.

The outcome of discussions with you will be treated with confidence and the research will be written up in a way that individuals will not be identified. A copy of the final report will be made available to you if so desired.

Thank you in advance for your cooperation.

Mensah-Ansah Joseph
Director: Hospitality & Works (GIMPA)
(0244 32 1956)

GHANA INSTITUTE OF MANAGEMENT AND PUBLIC ADMINISTRATION (GIMPA)

MOTTO: EXCELLENCE IN LEADERSHIP, MANAGEMENT AND ADMINISTRATION

Our Ref: GIMPA/HR/001/2010

Your Ref: _____

P. O. Box AH 50
Achimota, Accra

THE MANAGER

.....BANK
ACCRA31st April, 2010

Dear Sir

DEVELOPMENT OF HOTELS IN GHANA

The purpose of this letter is to respectfully request for an appointment to discuss how your bank is contributing to the **Development of Hotels in Ghana**. The hotel sector plays a pivotal role in the promotion of tourism and is an essential source of entrepreneurial activity. In view of this contribution, a better understanding of the drivers that affect the development of the sector, especially hotels have become a significant research issue.

A pilot research conducted earlier this year on the drivers of Hotel development in Ghana indicated that one of the major challenges facing hotel entrepreneurs is accessibility to finance. The purpose of the discussion with you is to develop a more focused and holistic understanding of the relationship between Banks and Hotel owners. The objective is to improve the understanding on the role the Banks play to facilitate the development of hotels in Ghana.

A copy of the final report will be made available to your Bank if so required. The researcher will be very appreciative if you can give him a date for a discussion between 18th of May and 8th of June 2009.

Thank you in advance for your cooperation.

Mensah-Ansah Joseph
Director: Hospitality & Works (GIMPA)
Researcher
(0244 32 1956)

1. What is the history of the development of hotels in Ghana?
2. How will the Ministry describe a small hotel?
3. The development of the hotel industry is one of the aims of your Ministry/Board. What policy initiatives have been put in place to achieve this?
4. What are the details of current policies aimed at influencing the development of the hotel sector?
5. What are the main themes of the tourism policy specific to independent hotels?
6. In your opinion what are the challenges facing the development of the hotel industry?
7. What specific policy initiatives have the Ministry/Board put in place to overcome these challenges?
8. Have these policies been effective?
9. How do you involve hotel owners in your policy development?
10. What policies is the Ministry/Board pursuing that will help the development of hotels?
11. What other areas is the Ministry/Board exploring?
12. How has the Ministry/Board been monitoring the implementation of these policies?
13. Which of your policies have been most effective?
14. How did you measure this?
15. Can you describe some policies that you implemented that were unpopular?
16. Has the Ministry identified any specific needs of the hotel sector?
17. How are you addressing these needs?
18. In your view, what are the challenges facing the development of hotels in Ghana?
19. What are your suggestions for overcoming these challenges?
20. In the view of the Ministry/Board, what are the prospects for the development of hotels in Ghana?

APPENDIX 9 INTERVIEW SCHEDULE - BANKS

1. How would your bank define a small hotel?
2. Why do you use this criterion in defining small hotels?
3. Does your bank have a specialist staff (team) for the small hotel sector?
4. Why do you perceive small hotels attractive to deal with?
5. Does your bank treat hotels differently from other small enterprises?
6. What financial product(s) do you offer hotels?
7. How many hotels applied for your products in the past two years?
8. How many of the applicants qualified for assistance?
9. What criteria did you use to screen the successful applicants?
10. In your opinion, what factors will necessitate the rejection an application from a hotel owner?
11. What limits the amount of support you give to hotels?
12. What type of credit facility are you comfortable granting to hotels?
13. What conditions does a hotel owner have to meet to qualify for assistance?
14. Information asymmetry in a major challenge when dealing with small firms. How do you manage this with hotel owners?
15. In your view what can be done by your bank to facilitate the development of hotels?
16. What should hotel owners do to attract your support?
17. What role can the government play in facilitating how your bank deals with small firms especially hotels?

Are hotels of any importance to your bank?

We look at the entire economy and wherever we think we can be of assistance, we do look at it so we consider proposals from the hotel industry. Hotels are important to us but it depends on their stage of development and when we are approached. Some hoteliers approach us right from the onset. In which case we will be asked to help with the actual construction, some owners approach us when they have started the construction and they see that they need financial support, so we come in somewhere in the middle, some hotels also come to us after they have established and they need working capital support. Some owners will also come in needing equipment etc. All these are important to us. What matters is their repayment ability.

Do you have a desk that handles hotels?

Not necessarily, but hotels are normally handled by our corporate banking department but in that department we have several units that handle construction, distribution, manufacturing, services, etc. and hotels fall under construction or services depending on the stage we are approached. We have the expertise to handle any application. Most of the hotels that approach us are the small ones.

How will your bank define a small hotel?

The definition I give is my own opinion and not that of my bank. We officially don't have a set definition for small hotels. Since most hotels are owned by individuals it will not be appropriate to define them in terms of ownership. Most of them are owned by sole proprietors. I will define a small hotel from the perspective of the number of rooms they have and the facilities they offer. A hotel with about 20 rooms will be classified as a small facility.

Do you treat hotels differently for other businesses?

No, a business is a business. We don't have any classification that differentiates, we have a department that looks at all application. We have a criteria that these applications should meet. We look at all businesses them in terms of

their viability, so depending on the request, there are a lot of things that we look at that determines which unit an application should go to, whether the corporate or SME department. We look at their sales volumes, their turnover, cash flows and the amount that they want etc. All these go to determine the size of business. We look at hotels in terms of their business viability. Even though we don't treat hotels in isolation, we recognise their peculiar characteristics and we treat applicants on individual basis. We have relationship officers / manager who have specialised in particular areas and they look at customers on case by case basis. We identify their needs and look at them on case by case basis. We recognise the peculiarity of applicants since every customer has a different need.

What sort of financing do you give to the hotels?

We prefer short term financing since we don't have long term funds. But we do medium term financing. It depends on the viability of the project. We know for hotels long term financing is the ideal, because we don't expect them to breakeven within two or three years after opening. So the ideal will be anything between two to five years. Unfortunately our policy does not allow that.

Are there any challenges in dealing with hotels?

I don't know if it is for lack of good advice. What we have noticed is that most hoteliers come to us when they have not done their home work well. They may not have good feasibility studies done to convince us on the viability of their project. They are reluctant to employ the services of good consultants. People think that hotel business is lucrative so if they have a land or property they can renovate it and turn it into a hotel. As a bank we are not interested in financing speculative ventures so we want to see something that has evolved and thought through, you have a feasibility plan, you have an idea as to who your clientele are, what the competition will be like. We look at the location of the hotel and whether you can generate good business. If the business plan indicates that they can make good your money through conference or banqueting, we want to see if the location can attract conference or banqueting business. Another thing we will also look out for is some commitment on the part of the proprietor. We will want to see that they have made some personal commitment and put some equity in there. If we are asked to finance a project from the start something

straight from the scratch then we tend to ask what is the commitment of the applicant, what is the guarantee that the project is viable so as much as we want to partner, we want to make sure that the applicant also have some stake in the business. Its usually not easy to deal with hoteliers. They seem to have varied motivations. We know they have other businesses that bring them money so they set up the hotel not to make money. Most of them are already rich. This makes it difficult for us to do business with them. They don't give the hotels the needed attention as a business.

What sort of partnership do you look for with loan applicants?

It's on a case by case basis. We prefer equity participation. Anything up to above 30% should be fine. You may have a case where the applicant owes the land or may have started putting up the facility before they put in an application. It depends on the stage the application is made. In some cases they have finished putting up the structure and they may need fittings, equipment etc. And you can see that there is some contribution in there. There have been instance that we have been approached to even finance even the purchase of the land so there again we ask ourselves what is the commitment of the applicant. We don't finance projects where the owners have not put in any commitment.

Are there any specific issues that limit the ability of hotels to deal with the banks?

It depends on who you are dealing with. Like I said it depends on the kind of advice they have been given from the onset. Some applicants come well prepared, they have their feasibility studies, cash flows and their projections, etc so they have an idea what is required to get the hotel running. Others come unprepared and they don't have the right documents, and we have to start from the scratch before we put any money in there. We want to know the total amount required in the first place, how much we need to put in there, over what period the money can be pay back etc. So depending on the type of client you are dealing with some of them may come in without this information. Most hotel applicants think hotels are lucrative business and come to us for money to get started. In terms of providing support, banks like figures and we will normally want to see some of these information. Where we see it as a challenge will be where they are not able to provide these figures even then we are in a position

to advice and get someone to put this information together. The challenge is that if its an ongoing project, quite often their records are incomplete. Most of the time they may have these information but they are not organised. We don't have a unit the does this but depending on what is at stake we may assist to get a staff to put the cash flows together. But for most projects we will normally ask that they get a profession to assist.

What should hotel entrepreneurs do to attract your support?

I have said it all. We normally will want to see a viable business plan a clear repayment plan. We want to see some commitment or equity contribution on the part of the promoter, we will look at security, i.e collateral but that is not our main focus, most of the time we are interested in the transaction, because the transaction should be able to pay for itself. We look at the underlining transaction. We need to be convinced that the transaction will be able to generate enough income to take care of overheads and still have room to repay the loan. It's a bit of a speculative business when it comes to hotels I must admit. It's speculative because you can have a hotel that you think that customers will come but they don't. It is thus not profitable. To be able to get the banks support it should be a profitable venture. Occupancies should be good. There are some hotels that don't have classy rooms but the quality of services or the quality of food may attract customers on the other hand you may have an impressing magnificent, top of range facility with top of the range fittings but because of poor service patronage may be low. They may project room occupancy of about 70% and will be able to make so much income on monthly basis on the average and if it doesn't happen they lose out. Hoteliers should therefore have good business plans that they can operate. Most small hotels use word of mouth as their main marketing tool, they may have brochure but we advice that they step up their marketing in order to improve occupancy rate. But all this depends on having a good management team in place.

What can banks do to facilitate the development of hotels?

For our bank we are interested in whatever we can do to develop the economy so if we have somebody who has a good plan we are willing to support, but they have to put their house in order have a idea, a clear plan as to what they want

to do . That takes the speculative bit out of the whole transaction. Banks don't want to finance speculative projects. We are prepared to share our experiences with them if the hotels association can invite us to their meetings to explain our operations to them.

What can the government do to encourage the banks to facilitate the development of hotels?

In terms of supporting individual entrepreneurs

Yes, we have the regulatory body, GTB, there should be some laid down laws and procedures in terms of the basics, the barest minimum as to what hotel investors should do when they want to put up hotels. We know they have the standards just that they should be given the free hand to implement them. So there should be some effective regulation within the industry. Also the licensing regulations should also be enforced. We look at all these documentations before we give up funds. The hospitality industry in general needs a boost. Government can help to educate the people to realise that it's a whole profession and uplift the image of the industry and get people more interested in the profession on its own and get people interested. People think that if you work in the hotel industry there is the perception that you couldn't make it in school and that's an option but it's a whole profession on its own. The government can help train staff for the industry. I know that are some institutions running hospitality management programmes but we don't know their affiliations. If their standards can be monitored and the youth encouraged to get in there, it will improve the quality of staff and It will help to uplift the image of the industry. At least it will provide opportunities for the youth. If government is supporting an industry then we the banks know that that industry has a future and we are more comfortable putting our monies in there. For us it's other people money that we lend to investors so we always want to be sure that we are investing in the right place. End.

SIMILARITIES BETWEEN SMES IN DEVELOPED AND DEVELOPING COUNTRIES		
Item	Description	Source
Importance	SMEs are important to the economic and social development of developed and developing countries and generate employment, stimulate growth and create social cohesion.	Economic Commission for Africa 2000
Prevalence	The preponderance of small firms in developing countries is similar to what is encountered in developed countries.	Gartner 2004
Enabling Environment	<p>To encourage innovativeness, competitiveness, wealth creation, job generation and local and regional development, governments are creating enabling environments by introducing programs and initiatives to increase the willingness and/or opportunity for individuals to establish small businesses.</p> <p>Despite major economic differences between developed and developing countries, governments devise means to promote SMEs to achieve economic and social objectives.</p>	Rogerson 2004
Constraints To Growth	Strategic thinking of entrepreneurs, employment level of entrepreneur, social responsibility of entrepreneurs, capital availability, level of profit, culture and entrepreneurial decision-making mode affect SME growth.	Jun and Lijun 2007; Garikai, 2011.
Level Technology	IT can be used to the advantage of SMEs in both developed and developing countries since it provides effective tools for management and operations of such firms.	Buhalis, 2000
Staffing/ Managerial Skills	<p>Availability and quality of staffing affect the operations of SMEs in both developed and developing countries.</p> <p>Dependence on a number of key individuals contributes to an incomplete management team, which can lack financial, management and marketing skills.</p>	Masakure, Henson and Cranfield, 2009; Cressy and Cowling, 1996
Financing	<p>SMEs worldwide on average name financing constraints as an obstacle to their growth.</p> <p>Small business owners often have a major portion of their wealth invested in the firm and this makes them emotionally attached to the firm.</p> <p>Since most small firms do not have to respond to market scrutiny, the motivations and objectives of owner-managers in these firms are important in capital structure decisions.</p> <p>Capital structure of SMEs is influenced by the impact of owner-managers' personal preferences and values.</p>	<p>WBES, 2004</p> <p>Kayanula and Quartey, 2000.</p> <p>McMahon and Stanger, 1995</p> <p>Hutchinson, 1995.</p>

DIFFERENCES BETWEEN SMES IN DEVELOPED AND DEVELOPING COUNTRIES		
Item	Description	Source
Enabling Environment	<p>Tax systems in many developing countries discriminate against SMEs and affect their competitiveness.</p> <p>In much of the developing world, SMEs are under-represented, stifled by perverse regulatory climates and poor access to inputs</p> <p>SMEs in developing countries are much easier to set up than their counterparts in developed countries due to less public involvement, though this advantage may be eroded due to corrupt practices</p>	The Economic Commission for Africa, 2000; Rogerson, 2004; de Ferranti and Ody, 2007.
Level Technology	<p>-Developing countries lack the optimal physical infrastructure such as stable power supply, adequate and stable water supply and an extensive telecommunication network and a good and maintained information technology (IT) infrastructure that are vital for the effective functioning of SMEs to enhance their economic performance and competitiveness</p> <p>-Most SMEs in developing countries use outdated or rudimentary technology which severely affects their performance and competitiveness</p> <p>-SMEs in developing countries use cheap technology which is usually not top of the range resulting in high costs of production and low competitiveness</p> <p>-The high ICT acquisition and operation cost to SMEs in developing countries makes it difficult for many SMEs have good records for their business activities and hence they are not able to forecast and plan ahead efficiently to compete with their large enterprises.</p>	<p>Economic Commission for Africa, 2000.</p> <p>Garikai, 2011</p>
Staffing/Managerial Skills	<p>Weak management skills affect the operations of SMEs in developing countries more than those in developed countries</p> <p>-SMEs in developing countries are having the difficulty of competing and surviving in the current globalised environment because of limited skilled human resource.</p> <p>-SMEs in developing countries have favourable advantage in terms of lower wage rates.</p>	<p>Rogerson, 2004.</p> <p>Economic Commission for Africa, 2000. Keller, 2000.</p>
Financing	<p>Absence of well developed financial markets in the developing countries affects SME development.</p> <p>A major constraint to SME growth in many developing countries is access to equity and finance.</p>	Garikai, 2011; Economic Commission for Africa, 2000
Marketing	<p>-SMEs in developing countries need effective support services to improve the quality of their products and market them effectively if they are to be successful. Such support services in developing countries is often uncoordinated resulting in duplication and waste of resources</p> <p>-In developed countries, the commonality of culture and language minimizes this challenge, implying that language barriers affect SMEs in the developing world.</p>	<p>Economic Commission for Africa, 2000.</p> <p>Garikai, 2011.</p>

APPENDIX 12 SPSS Coding Summary Report

FINAL DATA.sav

	Name	Type	Label	Values	Missing	Measure
1	QNum	Numeric		None	-99	Scale
2	A1	Numeric	Legal Ownership	{1.00, Sole proprieto...	-99.00	Nominal
3	A2	Numeric	Operation Period (Years)	{1.00, 1-3}...	-99.00	Scale
4	A3	Numeric	Hotel Size-# of Rooms)	{1.00, 1-3}...	-99.00	Scale
5	A4	Numeric	Occupancy rate(2008)	{1.00, Dont Know}...	-99.00	Ordinal
6	A5	Numeric	Total revenue(2008)	{1.00, Dont Know}...	-99.00	Scale
7	A6	Numeric	Growth Orientation	{1.00, Yes}...	-99.00	Nominal
8	A7a	Numeric	Expansion Constraints-Capital	{1.00, Not at all impo...	-99.00	Nominal
9	A7b	Numeric	Expansion Constraints-Management Exp...	{1.00, Not at all impo...	-99.00	Nominal
10	A7c	Numeric	Expansion Constraints-Skilled Professio...	{1.00, Not at all impo...	-99.00	Nominal
11	A7d	Numeric	ExpansionConstraints-FamilyCommitme...	{1.00, Not at all impo...	-99.00	Nominal
12	B1	Numeric	Gender of Owner	{1.00, Male}...	-99.00	Nominal
13	B2	Numeric	Entrepreneurial Age	{1.00, 25-34}...	-99.00	Scale
14	B3	Numeric	Educational Achievement.	{1.00, Middle sch}...	-99.00	Nominal
15	B4	Numeric	Hospitality Industry Experience	{1.00, Yes}...	-99.00	Nominal
16	B5A	Numeric	Motivation(Need for Income)	{1.00, Not at all impo...	-99.00	Nominal
17	B5B	Numeric	Motivation(Own Boss)	{1.00, Not at all impo...	-99.00	Nominal
18	B5C	Numeric	Motivation(High Profit)	{1.00, Not at all impo...	-99.00	Nominal
19	B5D	Numeric	Motivation(Opportunity)	{1.00, Not at all impo...	-99.00	Nominal
20	B5E	Numeric	Motivation(Retirement Income)	{1.00, Not at all impo...	-99.00	Nominal
21	B5F	Numeric	Motivation(Maintain lifestyle)	{1.00, Not at all impo...	-99.00	Nominal
22	B6	Numeric	Hours Spent at Hotel	{1.00, Less than 8h...	-99.00	Scale
23	B7	Numeric	Live on premises	{1.00, Yes}...	-99.00	Nominal
24	B8	Numeric	Reasons for living premises	{1.00, Better Oversl...	-99.00	Nominal
25	B9a	Numeric	Obj.(Providing Livelihood)	{1.00, Not at all impo...	-99.00	Nominal
26	B9b	Numeric	Obj.(Maintaing quality of life/lifestyle)	{1.00, Not at all impo...	-99.00	Nominal
27	B9c	Numeric	Obj.(Building profitable enterprise)	{1.00, Not at all impo...	-99.00	Nominal
28	B9d	Numeric	Obj.(Building a reputation for quality ser...	{1.00, Not at all impo...	-99.00	Nominal
29	B9e	Numeric	Obj.(Create Family Legacy)	{1.00, Not at all impo...	-99.00	Nominal
30	B10	Numeric	Is hotel your only Business Interest?	{1.00, Yes}...	-99.00	Nominal
31	B11	Numeric	Other current Business Interests	{1.00, Transport}...	-99.00	Nominal
32	B12	Numeric	Entry Business	{1.00, Hotel}...	-99.00	Nominal
33	B13	Numeric	Operation Subsidy	{1.00, Yes}...	-99.00	Nominal
34	B14	Numeric	Number of other Businesses	{1.00, One}...	-99.00	Scale
35	B15	Numeric	Is Hotel Your 1st Business?	{1.00, Yes}...	-99.00	Nominal
36	C1	Numeric	SOURCEOFFUNDS	{1.00, Personal Savi...	-99.00	Scale
37	C2	Numeric	Application for Loan	{1.00, Yes}...	-99.00	Nominal
38	C3	Numeric	Acceptance of Application	{1.00, Yes}...	-99.00	Nominal
39	C4	Numeric	Reasons- Refusal of Loans	{1.00, Lack of debt ...	-99.00	Nominal
40	C5	Numeric	Written Business Plan	{1.00, Yes}...	-99.00	Nominal
41	D1	Numeric	Number of shareholders	{1.00, One}...	-99.00	Scale
42	D2	Numeric	Number of shareholders in Operations	{1.00, One}...	-99.00	Scale
43	D3	Numeric	Family Member shareholder	{1.00, None}...	-99.00	Scale
44	D4	Numeric	Role of shareholders	{1.00, General mana...	-99.00	Nominal
45	D5	Numeric	Management of Hotel	{1.00, Owner}...	-99.00	Nominal
46	D6	Numeric	Full Time Paid Employees	{0, None}...	-99.00	Ordinal
47	D7a	Numeric	Full Time Employee (Close Relative)	{1.00, One}...	-99.00	Scale
48	D7b	Numeric	Full Time Employee (Distant Relatives)	{1.00, One}...	-99.00	Scale
49	D8	Numeric	Part -time staff	{1.00, One}...	-99.00	Scale
50	D9	Numeric	Awareness of Hosp Prog.	{1.00, None}...	-99.00	Nominal

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FINAL DATA.sav

	Name	Type	Label	Values	Missing	Measure
51	D10	Numeric	Number of staff nominated	{1.00, None}...	-99.00	Scale
52	D11	Numeric	Reasons for not Training	{1.00, Staff Replace...	-99.00	Nominal
53	D12	Numeric	Recruitment Difficulties	{1.00, Very Easy}...	-99.00	Nominal
54	D13	Numeric	Formal Trained Staff	{1.00, One}...	-99.00	Ordinal
55	D14a	Numeric	Staff Qualifications (Voc)	{1.00, One}...	-99.00	Nominal
56	D14b	Numeric	Staff Qualifications(Dip)	{1.00, One}...	-99.00	Nominal
57	D14c	Numeric	Staff Qualifications (Uni)	{1.00, One}...	-99.00	Nominal
58	D15	Numeric	Training & Service Quality	{1.00, Yes}...	-99.00	Nominal
59	E1a	Numeric	MgmtSkills-BP	{1.00, Not at all impo...	-99.00	Nominal
60	E1b	Numeric	Mgmt Skills-F & A	{1.00, Not at all impo...	-99.00	Nominal
61	E1c	Numeric	MgmtSkills-HRM	{1.00, Not at all impo...	-99.00	Nominal
62	E1d	Numeric	Mgmt Skills-M&A	{1.00, Not at all impo...	-99.00	Nominal
63	E1e	Numeric	MgmtSkills-OM	{1.00, Not at all impo...	-99.00	Nominal
64	E1f	Numeric	Mgmt Skills-Leadership	{1.00, Not at all impo...	-99.00	Nominal
65	E1g	Numeric	MgmtSkills-ITMgmt	{1.00, Not at all impo...	-99.00	Nominal
66	F1	Numeric	Awaroness of Gvt. incentives	{1.00, Yes}...	-99.00	Nominal
67	F2a	Numeric	Incentives-Concessionary rates	{1.00, Concessionar...	-99.00	Nominal
68	F2b	Numeric	Incentives -Accd. Depreciation	{1.00, Concessionar...	-99.00	Nominal
69	F2c	Numeric	Incentives-Tax Allowance	{1.00, Concessionar...	-99.00	Nominal
70	F2d	Numeric	Incentives -Tax Holiday	{1.00, Concessionar...	-99.00	Nominal
71	F2e	Numeric	Incentives -Others	{1.00, Concessionar...	-99.00	Nominal
72	F3a	Numeric	Success Factors-EHTP	{1.00, Not at all impo...	-99.00	Nominal
73	F3b	Numeric	Success Factors-ELR	{1.00, Not at all impo...	-99.00	Nominal
74	F3c	Numeric	Success Factors-AR	{1.00, Not at all impo...	-99.00	Nominal
75	F3d	Numeric	Success Factors-STs	{1.00, Not at all impo...	-99.00	Nominal
76	F3e	Numeric	Success Factors-ASW	{1.00, Not at all impo...	-99.00	Nominal
77	B2_R	Numeric	AGEOFOWNER	{1.00, 25-44}...	-99.00	Scale
78	A2_R	Numeric	OPERATION PERIOD	{1.00, 1-3}...	-99.00	Scale
79	A3_R	Numeric	NUMBEROFROOMS	{1.00, 4-15}...	-99.00	Scale
80	A4_R	Numeric	OCCUPANCY RATES	{1.00, LESS THAN 5...	-99.00	Scale
81	A5_R	Numeric	2008REVENUE(000)	{1.00, 50-150}...	-99.00	Scale
82	A7a...	Numeric	CAPITALCONSTRAINT	{1.00,NOTIMPORT...	-99.00	Scale
83	A7b...	Numeric	MANAGEMENT CONSTRAINT	{1.00,NOTIMPORT...	-99.00	Scale
84	A7c...	Numeric	SKILLABOURCONSTRAINTS	{1.00,NOTIMPORT...	-99.00	Scale
85	A7d...	Numeric	FAMILYCOMMITMENTCONSTRAINTS	{1.00,NOTIMPORT...	-99.00	Scale
86	B5F...	Numeric	LIFESTYLE MOTIVATION	{1.00,NOTIMPORT...	-99.00	Scale
87	C3_...	Numeric	ACCEPTANCEDAPPLICATION	{1.00, YES}...	-99.00	Scale
88	B2_...	Numeric	AGE	{1.00, 25-34}...	-99.00	Scale
89	B3_...	Numeric	EDUCATION	{1.00, None}...	-99.00	Scale
90	B5F...	Numeric	LIFESTYLEMOTIVATION2	{0,IMPORTANT}...	-99.00	Scale
91	C1_...	Numeric	Source of Capital(start-up base)	{1.00, PS}...	-99.00	Nominal
92	A3_...	Numeric	SIZEOFHOTEL	{1.00, 4-9 ROOMS}...	-99.00	Scale
93	A2_...	Numeric	YEARSOFOPERATION	{1.00, 1-9 YEARS}...	-99.00	Scale
94	D6_...	Numeric	FULLTIMEPAIDEMPLOYEES	{1.00, 0-3}...	-99.00	Scale
95	A3_...	Numeric	NUMBEROFROOMS	{1.00, Less than 10 ...	-99.00	Scale

Project: SMALL TOURISM ACCOMMODATION BUSINESSES IN GHANA
Generated: 25/08/2011 23:52

Coding By

<u>Name</u>	<u>Initials</u>
Joe	JMA
MENSAH-ANSAH	J.
fomjma	JMA
<u>Total Users</u>	3

nternals\BANKS\BANK 1	Document
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ree Nodes\Are there specific issues that limit the ability of your bank to support small hotels~	4	4.83%

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ree Nodes\As a bank how will you define a small hotel~	2	1.24%

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ree Nodes\Do you a specialist team for handling hotels or tourism issues~	1	0.77%

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ree Nodes\Do you consider ownership structure~	5	4.68%

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ree Nodes\Do you have a special lending criteria for small hotels~	2	1.24%

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ree Nodes\Do you treat small hotels differently from other small firms~	2	1.47%

337

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ree Nodes\How do you determine appropriate occupancy vels~	5	7.27%

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ree Nodes\Is the hotel sector an important one to your ank~	9	10.96%

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ree Nodes\What financial services do you offer hotels~	2	1.51%

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ree Nodes\What lending criteria do you then apply to mall firms~	3	2.33%

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ree Nodes\What should government do to facilitate the evelopment of hotels~	6	9.73%

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ree Nodes\What should small hotels do to attract your upport~	3	3.37%

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ree Nodes\What should the banking system in Ghana do facilitate the development of hotels~	5	6.95%

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ree Nodes\Why do you support only a few~	2	1.79%

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ree Nodes\Why dont you finance hotels beyond four ears~	2	3.04%

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ree Nodes\CHALLENGES FOR BANKS TO DEAL WITH OTELS	4	4.83%

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ree Nodes\PERSPECTIVES OF BANKS	16	21.35%
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ree Nodes\Are there any other limiting factors that hinder e ability of small hotels to access bank facilities~	7	9.83%
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ree Nodes\Are there specific issues that limit the ability of our bank to support small hotels~	3	3.66%
<u>de Coding</u>	<u>References</u>	<u>Coverage</u>
ree Nodes\Do you have a special lending criteria for small otels~	4	5.10%
339		

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ree Nodes\Do you treat small hotels differently from other mall firms~	4	5.81%
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ree Nodes\What financial services do you offer hotels~	2	1.85%
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ree Nodes\What lending criteria do you then apply to mall firms~	5	9.23%
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ree Nodes\What should government do to facilitate the evelopment of hotels~	2	5.22%
<u>ode Coding</u>	<u>References</u>	<u>Coverage</u>
ree Nodes\What should small hotels do to attract your upport~	7	10.34%
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ree Nodes\What should the banking system in Ghana do facilitate the development of hotels~	1	1.27%
<u>ode Coding</u>	<u>References</u>	<u>Coverage</u>
ree Nodes\CHALLENGES FOR BANKS TO DEAL WITH OTELS	3	3.66%
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ree Nodes\PERSPECTIVES OF BANKS	6	8.68%
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ree Nodes\PERSPECTIVES OF GOVERNMENT	2	5.22%
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ree Nodes\PERSPECTIVES OF HOTEL OWNERS	14	20.17%
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ree Nodes\Do you a specialist team for handling hotels or tourism issues~	4	3.08%

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ree Nodes\Do you have a special lending criteria for small hotels~	6	5.50%

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ree Nodes\Do you treat small hotels differently from other small firms~	6	9.34%

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ree Nodes\Is the hotel sector an important one to your bank~	6	5.36%

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ree Nodes\What financial services do you offer hotels~	1	0.63%

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ree Nodes\What should government do to facilitate the development of hotels~	4	8.95%

<u>ode Coding</u>	<u>References</u>	<u>Coverage</u>
ree Nodes\What should small hotels do to attract your support~	3	4.60%
	341	

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ree Nodes\CHALLENGES FOR BANKS TO DEAL WITH OTELS	1	1.78%
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ree Nodes\Are there any challenges in dealing with small otels~	9	12.47%
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ree Nodes\Are there any other limiting factors that hinder he ability of small hotels to access bank facilities~	3	2.73%

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ree Nodes\As a bank how will you define a small hotel~	1	2.65%
<u>ode Coding</u>	<u>References</u>	<u>Coverage</u>
ree Nodes\DESCRIBE A SMALL HOTEL	1	2.65%
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ree Nodes\Do you a specialist team for handling hotels or urism issues~	1	2.62%
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ree Nodes\Do you have a special lending criteria for small otels~	4	4.83%
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ree Nodes\Do you treat small hotels differently from other mall firms~	3	3.67%
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ree Nodes\Is the hotel sector an important one to your ank~	1	2.09%
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ree Nodes\What financial services do you offer hotels~	6	8.23%
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ree Nodes\What should small hotels do to attract your upport~	6	11.79%
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