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Barriers to Performance of Small and Medium Enterprises in Ghana

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Abstract:

The main aim of this conceptual study is to show the findings on issues that Small and Medium Enterprise (SMEs) in Ghana face in relation to their performance and development in its various task performed. The study was centred on semi-structured interview questionnaires that were conducted among SMEs in general which was supported by existing literature on the performance and growth of SMEs. This empirical study used relatively small number of SMEs since it is an ongoing Ph.D study. The population size will be increased in the main study. The use of semi-structured interview questionnaires and the critical study of various literature has resulted in determining and defining the dimensions of the growth/development issues or barriers to SMEs. This evaluation will empower the SMEs to get an in-depth understanding concerning the accurate development to issue with likely reasonable measures. The outcome of the study shows that both the internal and external factors pose a problem. Where the external factors include getting the funds, the effect from the foreign markets and some institutional regulations affects SMEs. The technical know-how and new product ideas are lacking, and this was taken as some barriers to SMEs performance or development resulting from the feedback and literature. At the end of the study, it made evident that SMEs come across performance barriers, and this is ascribed to both the internal and the external factors influencing the business operations. This study introduced an important qualification into understanding and indicating the barriers that affects the SME performance that leads to it growth or development.

Keywords: SMEs, performance, barriers, growth, Ghana

1. Introduction

On an international extent, Small and Medium Enterprises (SMEs) have put forth a profound effect on the social-economic progress established on its outstanding role to employment and the Gross Domestic Product (GDP) growth. In the Ministry of Trade and Industry of Ghana report, as at August 2011, figures taking from the Registrar General's Department put forward that 88% of registered firms in Ghana are in the SMEs sector of the economy (Adjei, 2012). SMEs are the backbone of the Ghanaian economy; they represent about 85% of businesses as at 2016 and largely within the private sector. The SMEs contribute about 70% of Ghana's gross domestic product (GDP). As SMEs often operate in labour intensive, low valued-added sectors, wages tend to be low. It is known that, the Ghanaian economy is mainly reliant on SMEs base on the information retrieved. It has provided large number of employment to the citizens of Ghana. However, the complete prospective is not realized in the SMEs of Ghana (Adjei, 2012); (Adomako-Ansah, 2012). According to some researchers in the SMEs field, (Cofie, 2012); (Ahiawodji & Adade, 2012), with GDP development, the SMEs can do more to improve it. Consistently, the SMEs will be able to develop more rapidly and improved employment in Ghana. These point of view are indirect means of stating that the SMEs is not making use of its full prospective logically as an end result of some limitations. Majority of scholars have accepted that some of these limitations are obstacles encountered by SMEs. Financial institutions such as Banks, Micro-Finance, Savings and loans etc are the bankers to the SMEs.

The modern worldwide competitiveness of businesses running its service both within and outside an industry have obliged these businesses to accept the plans to develop in order to accomplish their set ambitions. The development can't succeed without a detailed evaluation of the major obstacles that hinders the performance of SMEs. For that reason, the evaluation of development challenges within SMEs is essential.

The study examined obstacles faced by SMEs in Ghana. Various literatures on SMEs highlighted on the achievement elements mainly with the study conducted by (Yasuda, 2005) stated most important contributing factor of business development. On the other hand, before the development achievement limit of some businesses will be accomplished and maintained, it is necessary to see, discover the obstacles to development and also lay easing and regulatory actions. Development of SMEs should not be undervalued due to its important role in the socio-economic growth of Ghana. The significance of SMEs is extensively known in the developed and also the developing countries due to its vital roles played. In most of the Countries, SMEs have overall made an important contribution to inspiring inventions and the establishment of jobs. The study therefore, pursues to pinpoint on the accurate development obstacles/barriers of

SMEs in Ghana. It further put up possible modification control actions for the SMEs in this manner giving knowledge. The study reveals that if there is development in the SMEs operations hence it is performing well and in that case any obstructions to the performance of the SMEs hinders its development.

2. Literature Review

2.1. Small and Medium Enterprises (SMEs)

There is no commonly recognised definition for SMEs, diverse countries, agencies and institutions have defined SMEs differently to suite their own notions and tasks. Academicians and researchers of this topic defined SME based on size of the company, their assets, working capital, its employees and as well as their turnover (Peprah & Peltoniemi, 2016). These definitions took into consideration the account of the World Bank, International Monetary Fund, African Development Bank, Asian Development Bank, European Union and many others, the most generally used definition is the definition by the EU (Gibson & Van Der Vart, 2008). The EU explains SMEs in the aspect of its turnover, size of employees and its total asset or balance (European Union, 2018). According to (Abor & Quartey, 2010), pointed out that, the problem which brought about SME is most vital interest in the literature. A lot of writers/scholars have brought up diverse explanations/meanings to this topic. SMEs have not really been left out of the issues concerning its definition which is typically connected with ideas which has several modules. Using the size of the business to define it differ among authors. Several authors try to define SMEs by using the capital assets, others use skill of labour as well as the turnover level. Most authors also use the legal status and its method of production to define it.

According to (Schaper, 2002) SMEs play an important role and this role has been acknowledged all over the world. Also indicated that SMEs play massive role in developed countries where large firms are dominant. In this present age, SMEs are the main motivating forces coursing numerous innovations and contribute to employment creation, investments and export which brings about economic growth. Due to the success of the Asian tigers, interest is running higher internationally, that's mainly in the emerging countries that are in the contest to catch up and decrease the economic and growth gap. Chinese and foreign experts approximate that SMEs are now accountable for about 60% of China's industrial output and employ about 75% of the workforce in China's cities and towns (Lloyd-Reason & Mughan, 2002). SMEs generates employments for workers who have been kicked out/sacked from government jobs due to the steady change from communism to a market based economy. According to (Cook & Nixon, 2000), interest in the use of SMEs in the growth procedure remains to be in the lead of policy discussions in the developing countries.

2.2. Growth

Growth as a term is discussed with diverse meanings. Sometimes, it is regarded as just escalation in an amount such as sales, outputs, etc. Growth is at times used in its principal denotation which implies a growth in size or an enhancement in quality as a result of a procedure development. According to (Kirkwood, 2009), the growth in businesses has been an elongated aim and care for authors and entrepreneurs. (Massey, et al., 2006) also affirmed that the growth of business is never same amongst SMEs. Growth is not constant, its movement can easily change within a period of time. Growth is measured and can be done in a form of qualitative characteristics like market position, quality of the product and goodwill of the customers. To add, (Moreno & Casillas, 2007) postulated that the business growth differ and may well be measured by several sales level and employees progress over a specific period. (Barringer, et al., 2005) also emphasized further that the growth of business is never an involuntary thing that happens and because of that, the owners/managers should put in more effort to establish structures and measures that will course the company to develop within. (Gopinath, 2002) stated that company's growth is known as an augmented in a particular traits for instance sales work or a profit among two particular items in time, it is a vital element to determine the performance of a company. From the above definitions stated, there is no generally accepted definitions associated to the growth of a firm. The definition of a firm's growth rather depends on certain classifications.

The growth in SMEs ensures that, the main aim and strategies of the firms are rightly achieved by improving the market share, sales as well as profit. There are two diverse means of growth in firms, these are the internal growth also known as the organic and the integration which is also known as the inorganic. To grow internally or organically, a firm must hold enough capital to reinvest in buying new assets or raw materials and also adding new technologies to earn more profits. In a period of time, the total assets of the firm will increase which will help expand the firm. (Arthur-Aidoo, et al., 2016). To grow internally or organically means using the firm's own resources to create avenue for expansion.

Integrating with other firms is the additional method of attaining growth in a firm. The integration of firms include mergers and acquisition. Integrating through mergers means that, the firm merge its assets with another firm through a mutual agreement where integrating through acquisition means that a firm buys out shares in another firm with or without any mutual agreement. Integration have different types and it includes vertical and horizontal integration. The vertical integration comes into existence when businesses merge at a diverse levels of production. It is a strategy used by firms to expand their business by gaining full control of its suppliers or distributors. Majority of firms uses this type of integration to increase their competitiveness because it cause an increase in efficiency and also reduce cost. The vertical integration has two types of integration which firms engage in, and it includes forward and backward integration. On the other hand, the horizontal integration comes into existence when businesses merge at the same level of production in the similar or different company. It is also known as the lateral integration. (Beck, et al., 2005) in their paper suggested that the major area of sustainable development in a growing country is the growth in its businesses and their productivity. At the end, understanding the development in businesses has been a major worry for policy makers as well as researchers.

2.3. Growth of SMEs in Ghana

SMEs play a vital role in the economic accomplishments of most nations. SMEs cannot be left out when it comes to national development, and as SMEs develop and expand their businesses, the economy benefits and also develops alongside (Asunka, 2017). SMEs help reduce poverty rates by providing employment to citizens, and it serves as a means to economic growth (Adjei, et al., 2014). There have been diverse delineations to SMEs in Ghana but the utmost and generally used measure is the number of employees the firm can employ (Kayanula & Quartey, 2000). Misunderstanding over and over again arises in respect of the unpredictability and cut-off points used by the various authorised sources when it comes to the application of this definition. According to the industrial statistics, Ghana Statistical Service (GSS) companies which have employees less than ten (10) are regarded as small size enterprises and companies with more than ten (10) employees are known to be medium and large size enterprises. Paradoxically, firms which have about nine (9) employees are considered by GSS as SMEs (Kayanula & Quartey, 2000). The regional project on enterprise development Ghana manufacturing survey in their current definition stated that: firms with about five (5) employees are known as micro enterprise, from six (6) to twenty-nine (29) employees are regarded as small enterprise, thirty (30) to ninety-nine (99) employees are known as medium enterprise and also 100 and more employees are known as large enterprise (Teal, 2002). Also, firms that engage comparatively lesser human and financial capital to do all kinds of business. Trade business is rampant in Ghana more than any other form of business (Asunka, 2017).

SMEs play a vital role in the economic growth of Ghana and this is highly recognized. Agriculture, education, health, trade and commerce, manufacturing, etc. are sectors where SMEs are frequently started. SMEs are considered as an industry or economic activity where its total asset without land and building does not go above the cedi equivalent of one (1) million US dollars in value according to the Venture Capital Trust Fund Act, 2004 (Act 680) (Asunka, 2017). SMEs sector in the developed industrial economies is the main employer of the working population, SMEs have a great interest in the role played in the growth process and it continues to be the forefront of strategy discussions in most countries. In Ghana, the government has policies in place to cater and promote SMEs growth (Carsamer, 2009). According to (Adjei, et al., 2014) there is a developing recognition of the vital role played by SMEs in the economic growth of most countries where by Ghana is not exempted. The building of economies and the creation of jobs often describe SMEs to be more efficient and prolific job creators. Ghana, in its developing stage is said that SMEs mainly play a vital role in assisting the economic development and livelihoods. In Ghana, the number of workers employed by the firm is the main or most significant criterion used to define SMEs. When defining SMEs, one must be very careful to base the definition on the fixed asset of the firm. This is because of the often depreciation in the exchange rate. According to UNIDO, in developing countries SMEs are defined based on the number of workers in a particular firm. A business with about five (5) to nineteen (19) employees are known as small enterprise. These types of businesses are everywhere such as chop bars, saloons etc. Other businesses with about twenty (20) to ninety-nine (99) workers are known to be medium enterprise and these include the exporting firms, manufacturing firms etc (Berisha & Pula, 2015). The Ghana Statistical Service, in their 1987 Ghana Industrial Consensus, considers firms employing between five (5) and twenty-nine (29) employees and with fixed assets not exceeding \$100,000 as small scale, while those employing between 30 and 99 employees medium scale category. The National Board of Small Scale Industries (NBSSI) defines SMEs as enterprises that employ no more than twenty-nine (29) workers, with investment in plant and machinery (excluding land and buildings) not exceeding the equivalent of \$100,000.

2.4. SMEs' Effect on Ghana's Economy

SMEs are firms that employ small financial and human capital to do businesses. It is very easy for owner-managers to be in a trade business than any other business. There is rising credit of the significant role SMEs play in economic growth. SMEs are one of the major backers of over-all economic growth and job creation. They are regarded as the pillar of the economic growth for both developed and developing nations (Abor, 2007). SMEs constitute about 90% of all businesses in the European Union communities (European Union, 2018). Similarly, in the developing countries, due to the lack of large firms, it has made SMEs the main engine for the needed economic growth and development (Floyd & McManus, 2005). Even in the developed economies, the SME sector is the largest employer of workers (Asunka, 2017). Small enterprises have been noted to contribute about 85% of manufacturing employment (Steel & Webster, 1991) and account for about 92% of businesses in Ghana (Abor & Adjasi, 2007). SMEs in Ghana have an important role to play in spurring economic growth given that they represent a vast portion of the firm tissue in the economy. The private sector is the engine of growth of the economy therefore they must be given the necessary tools to increase their growth. This means that SMEs contribute largely to the development of the Country, Ghana. Ghana's economic growth and development depends on how well the country helps nature and supports start-ups and SMEs to enhance their contribution to Gross Domestic Products (GDP), job creation and exports. SMEs have a positive effect on the Ghanaian economy contributing to the highest percentage of employees as well as contributing to the growth of the economy.

3. Barriers to Performance of SMEs

There are noteworthy barriers to SME's development hence its performance in most market economies but the foremost adaptable and deregulated economies. SMEs, as captured in works of most scholars, is the most integral part of development, of most economies and are anticipated to drive these economies to improve development subsequently minimizing noteworthy barriers. As a result, there is the ought to provide consideration to the set of the obstructions which prevent the performance of potential quick SMEs development that have the most prominent capacity to provide work and bring in oddity in innovations. Agreeing to (Amarjit & Nahum, 2012), the writing on development obstructions to firm appeared that there are diverse obstructions to SMEs development in different nations of the world. This may be

because of the distinctive financial circumstances, regulations, political framework, market competition, and legitimate framework of distinctive nations.

3.1. *The Internal Barriers to SMEs*

The inner walls that are classified organizational barriers moreover prevent SME's development. These incorporate the vision of the company, mission statement, the managerial capacity among others. Additionally, SME's proprietors have to be mindful of the business life-cycle and be able to decide the stage their business has gotten to and ought to extend. In any case, in the event that proprietors are incapable to recognize this stage, their business will stagnate without any development or extension. The inner barriers may too emerge from the entrepreneur's hesitance to let go of control to the proficient manager. The need of managerial know-how places significant limitations on SME's improvement. To add, the shortage of management ability and aptitudes predominant in most nations contains a puffed up effect on SME's (Abor & Quartey, 2010). (Kayanula & Quartey, 2000) declared that in spite of the various organizations giving training and consultative services, there's still the skills gap within the SME sector as an entirety. Usually because of the related gigantic charge that comes with these training administrations and as such proprietors of these SME's don't recognize the got to update the abilities of their workers (Abor & Quartey, 2010). Similarly, (Aryeetey, et al., 1994) underlined that SMEs challenge in terms of innovation in attaining access to the suitable innovations. Capacity restrictions of the company, deficiency in assets (human and capital) and its administration may constitute barriers inner to SMEs (Bartlett & Bukvič, 2001).

3.2. *The Organizational Barriers*

The organizational barriers can be known as the internal barriers, these incorporate administrative size and competence, abilities and knowledge, the objective of a firm among other things. This implies that there can be a few restrictions within the areas mentioned earlier. A start-up firm may be well run by fair a few of people but as the company develops in measure settled faculty ought to be utilized to fill those crevices (Bartlett & Bukvič, 2001). In any case obstructions may as well emerge from the entrepreneurs' unwillingness to let go of control to proficient directors (Storey, 1994). Inside the organization there may be competence obstructions. The firm might not have adequately qualified work force with the essential abilities and information to handle development and make plans/policies to form development fruitful (Audretsch, 1995), (Audretsch, et al., 2004). Owners of a company must take into consideration the life cycle of their firm and also be able to distinguish the state of affairs of the firm. Whereas the owners of the firms can adapt with a general administration of the firm in its developing stage, a lot of employees will be needed to occupy various roles in the firm because there will be an expansion (Bartlett & Bukvič, 2001).

3.3. *The Social Barriers*

According to (Bartlett & Bukvič, 2001), financial human science has pushed on how crucial the association between business visionaries and social capital, to network and trust, is for easing the development of SME's sector. For the reason that, without a specific or particular level of confidence between businesses cohorts; there will be the absence of dependence on people or firms which will prevent certain quality dealings being carried out. (Bartlett & Bukvič, 2001) also made it known that without confidence/belief among business cohorts, the cost deals taken will be uncovered and with the option of the artful, taking benefit. Besides, the dependence or individual influences supplant the unspecified market operation as an essential for doing business subsequently expanding exploitations or fraud among others within the handle. By having an administrative institution regulatory service, SME's may overcome such obstructions. The perfect administrations within the shape of counsel, the information provided and the use of the provided information may help in controlling such obstructions/boundaries (Bartlett & Bukvič, 2001). In spite of the fact that there's shortage of literature on this category of development obstructions inside the firm, be that as it may, this social obstructions may radiate when SME firms or any of its cohorts is involved in social indecencies such as burglary or stealing of items, debasement, drug trafficking will tend to diminish the glory of the firm subsequently influencing its entire development within the long run.

3.4. *The External Barriers to SMEs*

According to the 5 forces model of Michael Porter clarifies that firms confront certain dangers/threat when engaging into a fresh/new market. Firms must face same dangers/threats in their developing stage. Any of these dangers, as seen within the graph underneath, might influence the development of SMEs (Hisrich & Peters, 2002). This happens since the obstructions to development are connected to the specific market in which the firm works. Other than the 5 forces of Michael Porter, there are external obstructions to development which might come from low request of product and service from clients, raw materials are hard to come by, the firm's client late payments of bills, meddling of the government and challenges in trading the item to other parts of the world due to rules (Bartlett & Bukvič, 2001).

Figure 1: External Obstructions

3.5. The Institutional or Legal Barriers

Referring to (Bartlett & Bukvič, 2001), the regulation system inside which SME's work and act together with clients and government can act as a obstruction and impact the firm's financial execution and development. What SME's regularly confront in their development is the regulation limitations. Complex control and laws posture as gigantic obstruction to the development of SME's especially to unused participants firms and extension of existing SME's. (Bartlett & Bukvič, 2001), stated that organization imperatives may be in terms of the unacceptable tax service, active lawful policies and other distinguish rules that develop towards SME's tends to hold back their development. (Smorfitt, 2008), as cited in (Louis & Macamo, 2011) stated that a feeble regulations that does not back the development and improvement of SME's and it may too ruin their development technique. Additionally, the colossal start-up fetched for firms counting authorizing and enlistment necessities may moreover force burdens on SME's (Abor & Quartey, 2010). (Davidsson & Henreksson, 2002), cited in (Zhou & de Wit, 2009) established that reliable results from both experimental and hypothetical data appear that individual institution universally distinguishes against the development of SME's which in turn act as an obstruction. Economies of countries where political exercises have segregate SME's operations. As a result, any political precariousness will cause a major imperative having an antagonistic effect on the efficiency of manufacturing sector including destitute business environment. (Gyimah Brempong, 2004), perceived that, the high level of the risk issue is devoted to the nearness of frail organization that leads to political uncertainty with a significant adverse effect on the general financial development in this manner giving an extra more grounded unfavourable impact on the execution of firms. The institutional obstructions for SME firms may moreover be within the shape of rigorous acquirement laws with respect to grant of contracts, the supply of materials and instalment issues on works done by firms' issues.

3.6. The Financial Barriers

(Zhou & de Wit, 2009), showed that the common obstructions experienced by SME's incorporate organization obstructions, obstructions exuding firm's internal operations and financial obstructions. Papers written by (Becchetti & Trovato, 2002); (Pissarides, 1998); and other researchers have built up the most obstruction to the growth of SME's just like the monetary hindrances which incorporates credit limitations, absence of external obligation, and equity capital. Prove shows that banks and other financial organizing are preservative to form credits and credit facilities accessible to SME's. Usually since the lion's share of these SMEs don't have collateral, additionally, they are new participants within the business with restricted capital. (Bartlett & Bukvič, 2001), focused that the monetary obstacles to SME's development incorporate huge collateral, huge bank charges and expenses, lack of exterior equity and venture capital and a higher cost of credit. (Abor & Quartey, 2010), cited in their paper which backed that there's constrained access to monetary assets accessible to SME's which is compared to the huge organization and penalties for their development and advancement. The monetary aid, hence, vital for the improvement of SMEs (Cook & Nixon, 2000). (Green, et al., 2002), avowed that lack of funds is considered the basic reason why the business is coming up short to begin or to progress. Hence, money could be an adhesive that holds together all different angles included within the SME business start-up and advancement. Other inhibitors incorporate wasteful working of money related markets, scarce security and authorization of property rights, destitute arrangement of framework, incapable control and tax assessment, and broader administration highlights such as debasement (Ayyagari, et al., 2008). SME's encounter certain challenges in gaining access to the market because of its inability, lack of administrative marketing capacity and lack of access to capacity that contributes to development.

Obstructions	Study Focus
The internal obstructions to the Firm	Management procedures Managerial skills and Managerial capacity Vision and Mission statement of the company
The Social Obstructions	Networking Trust
The Organizational Obstructions	Lack of professional employees and training
The External Obstructions	Threat of new entrants Low Demand Exporting and/or importation Difficulties
The Institutional Obstructions	Complicated laws and regulations in Tax system
The Financial Obstructions	Access to finance

Table 1: Summary to the Obstructions of SMEs Development

***This Table Outlines the Kinds of Obstacles to Business Development in SMEs as a Whole and Its Study Focus*

4. Findings and Discussions

In this study, exploratory findings or the empirical prove are consistent with the literature regarding that, the financial barriers, the institutional barriers, the social barriers, the external barriers, organization barriers are the factors that limit the performance of SMEs hence reduce the development rate of the SMEs in Ghana.

The first deterrent to SMEs performance is the social barriers. The main issues are doubt and networking between SMEs. This is because a lot of entrepreneurs end up stealing the ideas of other entrepreneurs and the cost involved in communication. The exceptional vital in business is trust and networking, this is because it connect a business to another business or form part of the business particularly business to business setting. For an entrepreneur to develop a business, they must make sure to have a solid social capital which will help them have a strong contact or connections. At the end, the strong connections will help the business to recognize new opportunities, help them obtain more capital and also cause an expansion in their business. Hence, poor connections between businesses leads to performance blockage.

Another obstacle is the organizational barriers. This emerges from the owners' disinclination to utilize proficient employees. The study showed that most businesses uses inadequate qualified personnel with the fundamental abilities and technical know-how which are important resources to handle performance and also bring out strategies to create successful development performance. This brings about incompetency and cause productivity of the labours to be low. And this appears to be a normal trend of business hone. In the case of having enormous number of amateurish workers, managers of the organization are still hesitant to make provision for on the job training to various employees. Currently, there are modern innovations and disclosures which are exceptionally pivotal to the organization, so on the other disclosures which are exceptionally pivotal to the organization, so on the other hand that the organization do not want to change, they will still use the old fashion of handling things and as a result loses their clients or stay with few clients who haven't find changes and so, stand still and/or decrease.

In addition, the external barriers is an impediment/obstacle to the SMEs performance. Most often, SMEs finds it worrisome to dodge the external obstacles, this is because the obstacles are out of their control and are connected to the market range in which they operate. The threat of new entrants and low demand of goods and services are the main obstacle facing SMEs in Ghana. This obstacle is connected to the organizational obstacles, since some organizations do not easily accept changes they end up declining along the way by this external obstacles when taking into consideration by the new entrants. This makes the business owners to take advantage to cater for the market gaps which came about by the lack of skills of the other businesses. This brings about a rigid challenge in the share of the market hence cause a decline in the SMEs performance.

The financial barriers seriously limits the performance of SMEs. The SMEs sees it as a big issue to get access to credit/loan and this is a hindrance to it development. Owners are frequently constrained to fund their businesses by utilizing their personal money as capital, government and benefactors due to bank charges and expenses which are as well higher for the owners of the business to settle. Moreover, owners may be hesitant approximately looking for external assistance such as venture capital or the likes, this is because they fear to lose the right of ownership of their company. The difficulty in discovering financial help to boost the development of their business as a result remain still and fall flat and this creates serious hindrance to SMEs performance.

The last but not the least barrier confronting the development of a business is the legal barriers. Unsuitable tax levied on the SMEs mostly ruin it capabilities to perform. The taxes imposed on SMEs are very high for Ghanaian SMEs to afford. It is also very difficult for them to go by the rules and regulations governing them because they are very too over their capacity. This makes a lot of the SMEs to dodge tax hence operate informally. This cause a serious obstacle to the performance of the SMEs.

5. Conclusion

The reason of this paper is to look at the improvement issues experienced by SMEs in Ghana that hinders their performance. In order to attain this reason a scaled down survey on literary works and semi-structured interview questionnaires was conducted. Prove from the literary works assembled and semi-structured questionnaires appeared that

SMEs do experience barriers to their performance and this was as a result of both internal and external factors. The study uncovered that internal development issues of SME's included the absence of great administration methods such as building up great human relations approach among teams to fortify objectives and targets to be met to improve the performance hence the development of SMEs. Moreover, the absence of accessible administrative aptitudes among SME's posed as an issue as well as the owners of SME's failure support for training programs to overhaul their staff due to the related gigantic charges associated to such programs. The study also recognized another noteworthy barrier as the access to financial credit loans and bonds from banks and other financial institutions the SMEs in Ghana. This is because most of the requirements demanded by the banks and other financial institutions were not so easy to be met by the SMEs. Also, because the majority of these SMEs were new entrants into the business, they do not have any collateral in order to help them access any credit facility. In addition, this study also concludes that the stringent institutional, legal policy imposes additional issues to SMEs on performance hence their development. This includes high taxation system, the huge start-up cost for SMEs including licensing and registration requirements that also reduce the performance of the SMEs in Ghana hence hinder their development. Based on the semi-structured questionnaires responds and the empirical study, the financial barriers, legal barriers, social barriers, external barriers, organization barriers are the factors that hinder the performance of SMEs in Ghana.

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