

SMALL AND MEDIUM SIZED ENTERPRISES (SMES) ACCESSIBILITY TO PUBLIC PROCUREMENT: SMES ENTITY PERSPECTIVE IN GHANA

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ABSTRACT

This study aimed at examining the competitiveness of SMEs when they are being assisted particularly having an access to public procurement contract. Descriptive and exploratory designs were used. Convenience sampling technique was applied to select 91 respondents. The findings of the study revealed that on the competitiveness of SMEs in Ghanaian economy with access to public contract, SMEs have the ability to be flexible in their operations and their adaptability to changes either accidental or unexpected. It was also revealed that SMEs serve as a force for economic diversification and can act as the main engines for growth and development. The study also revealed that SMEs have the advantages in the form of innovation, employment, spatial benefits and the potential for decentralized supply opportunities. On issue of preferential treatments accorded SMEs in Ghana based on the Public Procurement Act 663, the study revealed that procurement officers/entities are not required to give SMEs concerns an equitable opportunity to compete for contracts and it does not provide any specific laws or articles relating to SMEs. The margins of preference found in the Public Procurement Act 663 is designed to give preference to local suppliers and contractors (irrespective of the nationality of the proprietor) competing with foreign suppliers and contractors not specifically for SMEs in Ghana. It was clear that there are no small business set-aside programs provided for SMEs in the Public Procurement Act 663 and its does not have any exemption from bid and performance security. It is recommended that the procurement policy and the Act 663 should be reformed to reflect preferential treatment for all the SMEs in Ghana to enhance their competitiveness in the economy.

Keywords: *Small and Medium Sized Enterprises (SMEs), Ghana, Public Procurement Contract, Act 663, Preferential Treatment, Competitiveness.*

1. Introduction

Small and medium sized enterprises (SMEs) are of fundamental importance to many economies. The improvement of small and medium enterprises (SMEs) is very significant to the development of a nation's economy and public procurement can be very vital source of business for SMEs. With a focal point on public procurement as a means to influence development and economic outcomes as well as to promote employment and innovation, one anchor point springs to mind: small and medium sized enterprises (SMEs) (Sarter, Fuchs & Sack, 2014). According to Capacity Development Centre Ghana (2012), 92% of companies registered are micro, small and medium enterprises. They are noted to contribute not less than 70% to the GDP of the country (Ghana) and therefore have significant impact on economic growth, income and employment. Ogechukwu (2011) reveals that SMEs contribute greatly to the development of any nation and account for a large share of new jobs in countries which have demonstrated a strong employment record and are known as a primary driver for GDP growth in most countries. In Europe, SMEs are a major source of entrepreneurial skills, innovation and employment and about 23 million SMEs provide around 75 million jobs and represent 99% of all enterprises (European Commission, 2005). In the UK alone small businesses account for over 99% of the UK's 3.8 million businesses, 56% of employment and 52% of total UK turnover according to the Small Business Service (SBS) (2004). Looking at comparators in some emerging economies, studies indicate that SMEs in India, amounting to almost 30 million operators have been the fountain head of several innovations in manufacturing and the service sectors, and serve as the major link in the supply chain to corporate entities and public sector units or enterprises. In India also, SMEs contribute about 20 per cent to GDP, 45 per cent of industrial output, 40 per cent of exports, employ 60 million people, create 1.3 million jobs every year and produce more than 8,000 quality products for the Indian and international markets (Capacity Development Centre, 2012) and therefore have catalytic impacts on economic growth, income and employment.

Zheng, Walker and Harland (2006) write that in the context of public procurement, there are various economic benefits from the use of SMEs. For instance, greater SME involvement in supplying the public sector will add value and promote greater innovation (Carter et al., 1999; Erridge et al., 1998) and SMEs are often seen as a locus for innovation (Hoffman et al, 1998). Also, SMEs are able to adapt and change quickly and tend to be closer to their customers. From the various scholarly studies elsewhere, SMEs have been proven to be game changer when it comes to innovations, employment, wealth creation among others. But very few studies exist on the accessibility of SMEs to public procurement particularly the developing nations. This study therefore examines how favourable is Ghana's public procurement environment to SMEs in terms of accessibility to public contract.

1.1 Statement of Problem

Though statistics have that greater use of SMEs will lead to more innovation, job creation, employment as confirmed by Confederation of British Industry's -- CBI's (2015) that many small businesses have the aptitude to provide public bodies with innovative solutions at a competitive cost, however, believe that the procurement processes are difficult to navigate and that public bodies will seek to award contracts to larger companies. Zheng, Walker and Harland (2006) again establish that regardless of the significance of SMEs and an increasing awareness of the impact of purchasing from them, the knowledge base about the extent of SME involvement and conditions for effective SME involvement remains limited. Smith and Hobbs (2001) write that there is recognition of the benefits SMEs can bring –but the trend towards supplier reduction

programmes and collaborative relationships with a few key suppliers does not in general work in favour of SMEs. Also from the European Commission (2008) SMEs constitute the vast majority of all enterprises, but the share of SMEs in public procurement is far lower. Booth (2013) in support comments that in order to encourage SMEs to bid in public procurement exercises, the Government has to put various measures in place aimed at making it easier for small and medium-sized businesses to do business with government.

With the inability of SMEs to exploit their potential fully yet it is being recognised of its significance of job creation, innovation, employment, it is however quite shocking that very few empirical studies have been conducted from developing country's perspective particularly on Ghana on the accessibility of SMEs to public contracts (public procurement) to ascertain its competitiveness. It's on these premises that this study examines whether SMEs in Ghana have access to public contracts (public procurement) or not. With the rising unemployment levels and worsening balance of payments (Procurement Digest, 2013), it's high time Ghana government formulates purposeful policies to mainstream the concerns of the private sector into public procurement processes in order to accelerate a sustainable and inclusive growth. The principal question that the study addresses then is: given the benefits of SMEs of increasing development of nation, can government use public procurement to assist SMEs in propelling the development of the nation? It is therefore the interest of this study to explore the public procurement environment to establish the accessibility issues of SMEs to public contracts using Ghana as a case.

1.2 Objectives

- To examine the competitiveness of SMEs in Ghanaian economy when having access to public contracts.
- To examine the extent to which SMEs in Ghana enjoy preferential treatments per the Public Procurement Act 663.

2. Literature Review

2.1 SMEs in Ghana

Ghana not different from the other countries, has various definitions been given for Micro, Small and Medium scale enterprises but the most commonly used criterion is the number of employees of the enterprise (Kayanula & Quartey, 2000). The National Board for Small Scale Industries (NBSSI, 1990) in Ghana explains SMEs by applying both the "fixed asset and number of employees" criteria. It defines a small-scale enterprise as a firm with not more than 9 workers, and has plant and machinery (excluding land, buildings and vehicles) not exceeding 10 million Ghanaian cedis and micro with employee less than five. Ghana Statistical Service (GSS) posits that firms less than 10 employees as small-scale enterprises and their counterparts with more than 10 employees as medium and large sized enterprises. Paradoxically, the GSS in its national accounts considered companies with up to 9 employees as SMEs (Kayanula & Quartey, 2000).

However, Osei et al. (1993) in commenting on definition of small-scale enterprises in Ghana, suggested the used of employment cut-off point of 30 employees and categorised small-scale enterprises into three categories.

These are:

- (i) Micro - employing less than 6 people;
- (ii) Very small - employing 6-9 people;
- (iii) Small - between 10 and 29 employees.

The Ghana Enterprise Development Commission (GEDC), on the other hand, uses a 10 million Ghanaian cedis upper limit definition for plant and machinery. It is important to caution that the process of valuing fixed assets poses a problem. Secondly, the continuous depreciation of the local currency as against major trading currencies often makes such definitions outdated (Kayanula & Quartey, 2000). There are variations in the definitions of micro, small and medium enterprises. The most commonly used decisive factor is the number of employees of the enterprise. SMEs in Ghana tend to have few employees who tend also to be mostly relatives of the owner hence there is often lack of separation between ownership and control. This study strongly agrees with The National Board for Small Scale Industries (NBSSI, 1990) and adopts their definition for the study.

Overview of SMEs development in Ghana according to Abor and Biekpe (2006) state that the idea of SME promotion has been in existence since 1970 though very little was done at the time. Key institutions were set up to assist SMEs and prominent among them are the Office of Business Promotion and the present Ghana Enterprise Development Commission (GEDC). The main objective of GEDC was to assist Ghanaian businessmen to enter into fields where foreigners mainly operated. It also had packages for strengthening small scale industry in general, both technically and financially (Kayanula and Quartey, 2000). The Economic Recovery Programme (ERP) instituted in 1983 has broadened the institutional support for SMEs. The National Board for Small Scale Industries (NBSSI) was also established within the Ministry of Industry, Science and Technology to address the needs of small businesses. The NBSSI established an Entrepreneurial Development Programme, intended to train and assist persons with entrepreneurial abilities into self employment (Abor & Biekpe, 2006). In 1987, the industrial sector also witnessed the coming into operation of the Ghana Appropriate Technology Industrial Service (GRATIS). It was to supervise the operations of Intermediate Technology Transfer Units (ITTUs) in the country. GRATIS aims at upgrading small scale industrial concerns by transferring appropriate technology to small scale and informal industries at the grass root level. ITTUs in the regions are intended to develop the engineering abilities of small scale manufacturing and service industries engaged in vehicle repairs and other related trades. They are also to address the needs of non-engineering industries (Kayanula and Quartey, 2000). The setting up of the new Ministry for Private Sector Development by Ghana government was also an attempt to focus on the development of the SME sector (Abor & Biekpe, 2006). The most noteworthy institutional weakness facing dynamic SMEs according to Abor and Biekpe (2006) is their lack of access to external finance. Repressive financial policies in the past, especially low interest, and a monopolistic banking system minimized the interest of banks in developing this market. To reverse the consequences of these practices, a combination of financial liberalization and institutional reform was in order (Aryeetey et al., 1994).

SME's everywhere not only contribute to the growth of national GDP but also contributes to the reduction of unemployment (Mullineux, 1997; Abor & Quartey, 2010). It also serves as a revenue generation stream for government finances (Sowa et al, 1992; Mensah & Rolland, 2004; Palma & Gabriel, 2005). However Boachie-Mensah and Marfo-Yiadom (2005) show that 60% of these SMEs fail within the first five years of operation in spite of their numbers, and significance. SMEs continue also to face important hurdles, with statistics indicating that three out of five businesses fail within the first few months of operation (Kenya National Bureau of Statistics, 2007). This has declined the growth of a number of small and medium enterprises. Obanda (2011) reveals that SMEs are often excluded from public procurement contracts because of administrative requirements for mandatory bidding processes, their inadequate size or capacity to deliver. Hansen, Kimeria, Ndirangu, Oshry and Wendle (2012) disclose that lack of financial and business

management capacity is on its own a constraint to SME success, but can also preclude access to, and effective usage of, finance. Even the secretariat of NBSSI is not able to give loans to the associations after their training programmes. The only loan scheme for NBSSI was the PAMSCAD and the maximum amount was three million (3,000,000), and even one could access the loan at the Regional level. Other challenges according to (Anheier & Seibel, 1987; Gockel & Akoena, 2002; Frempong, 2007) enact from a number of sources that includes inadequate government policy to protect local businesses, globalization and entry of multinational firm, lack of finance in terms of credit facilities to SMEs, the inadequate use of technology, low R & D capability levels. These are some examples of confirmations of challenges associated with SMEs and particularly in Ghana it is not different but of much particular interest to this study is the accessibility issues of SMEs to public contract (public procurement).

2.2 Competitiveness of SMEs

In Ghana, readily accessible data on SMEs is scanty but statistics from the Registrar General's Department suggests that 92 per cent of companies registered are micro, small and medium enterprises. SMEs in Ghana have also been noted to provide about 85 per cent of manufacturing employment, contribute about 70 per cent to Ghana's GDP, and therefore have catalytic impacts on economic growth, income and employment (Ghana Government eServices Portal, 2011). According to Frimpong (2013) the potential of SMEs to promote domestic-led growth in new and existing industries and to strengthen the resilience of the economy in a competitive and challenging environment is inarguable. From the Department of statistics of Malaysia, the economic growth in developed countries such as Korea, Japan, Taiwan and many others, was significantly generated by SME activities. The percentage contribution of SMEs to Gross Domestic Product (GDP)/total value added ranges from 60 percent in China, 57 percent in Germany, 55.3 percent in Japan and 50 percent in Korea, compared to 47.3 percent attained by Malaysia (Frimpong, 2013).

Small and medium-sized enterprises (SMEs) are ever more being recognized as productive drivers of economic growth and development for African countries. It is estimated that SMEs account for 70 percent of the manufacturing sector in Nigeria and 91 percent of formalized businesses in South Africa, contributing between 52 and 57 percent to GDP and providing about 61 percent to employment (Frimpong, 2013). SMEs not only contribute significantly to the economy but can also serve as an impetus for economic diversification through their development of new and unsaturated sectors of the economy. In addition, innovative and technology-based SMEs can provide an interesting platform for expanding outside of domestic borders, and entering intra-regional and international markets (Frimpong, 2013). In many African countries SMEs account for about 50% of job creation. In Tanzania for example, it is estimated that more than a third of the GDP originates from the SME sector.

International Trade Centre UNCTAD/WTO (ITC) (1999) on competitive advantages of SMEs posits among other advantages mentioned flexibility, innovation, lower costs, spatial benefits and the potential for decentralized supply opportunities and power congestion costs. Universally, the role of Small and Medium Enterprises (SMEs) to the growth of national economies is momentous. Studies have shown small businesses are recognized as the main engines for growth and development. Indeed, studies conducted in recent years in developed markets, including the Freedman studies done in the United Kingdom confirm that small businesses account for the highest number of registered companies and make significant contributions to economic growth and prosperity (Ghana Government eServices Portal, 2011).

In sum on the competitiveness of SMEs, it's clear from the review that when the environment to operate is very favourable for SMEs to have access to public contract, the contribution to economy are enormous. It's in this direction that this study examines the accessibility issues of the SMEs to public contracts in Ghana.

2.3 Preferential Treatments Accorded SMEs Using Public Procurement

Most States reported applying some sort of preference in favour of their own nationals or national goods (Wittig, 1999). Differences appear to exist in the amount of the preference, whether it was applied as a mandatory procedure or at the option of the procuring entity or other authority in planning individual procurement proceedings, and whether the law or regulations specified particular categories of national bidders. Some responses related to sub-categories of nationals eligible for preferential treatment, in particular small and medium sized enterprises. Perry (2011) postulates there are evidence that advocate that SMEs can have an important role to play in public procurement; however, they can face a number of challenges in accessing opportunities. The promotion of SMEs is considered as an essential issue for the countries as it's generally believed to be the backbone of many economies.

Kidalov and Snider (2011) writes that given the important share of SMEs in the overall economy as well as their potential for job creation and innovation as well as the teleological importance accorded to a level playing field and competition consensus has arisen that SMEs merit special policy attention (cited in Sarter, Fuchs & Sack, 2014). From Sarter, Fuchs and Sack (2014) GWB in Germany is dedicated to the participation of SMEs in public tendering. It stipulates that the interests of SMEs are primarily to be taken into account and lays out requirements for public tendering. Chen (2013) suggests that preferential treatment in public procurement is also known as procurement linkages. The study examines SME procurement linkages in China the pitfalls in the design; where two key deficiencies of the Chinese regime impede effective implementation of procurement linkages. First, loopholes in the Chinese regulatory regime allow large enterprises to usurp the benefits meant for SMEs through the use of wholly owned subsidiaries and other corporate arrangements. Second, aggrieved suppliers face stringent procedural requirements and limited civil remedies in their attempts to enforce procurement linkages, while the government procuring authority has a perverse incentive to overlook and even acquiesce in the violations. Barclay (2012) on preferential procurement in South Africa comments that it is not only about proper financial management of public monies, it also presents an opportunity for government to correct the socio-economic imbalances of the past by awarding government work to individuals disadvantaged by historical practices.

However in Ghana there is no seemly specific legislation(s) from the public procurement point on SMEs as other examples have shown. Notwithstanding section 60 of the public procurement act 663 looks at margin of preference which understandably as a special concession or preferential treatment given to local Suppliers/Contractors/Consultants over their foreign competitors when tendering for the same goods, works and services. It is given in percentage terms on the value of the contract. These margins are granted to locally registered companies during the evaluation stage and are designed to give preference to local suppliers and contractors (irrespective of the nationality of the proprietor) competing with foreign suppliers and contractors. This will apply irrespective a wholly Ghanaian owned firm or a joint venture led by a foreign forms. To effectively apply these margins, entities are expected to do so in accordance with stipulated guidelines (Procurement Digest, 2013). With gaps in literature as whether preferential treatment exist for SMEs in Ghana from public procurement of point of view, this study intends to examine the extent to which preferential treatments are accorded SMEs in Ghana.

3. Methodology

According to Mouton (1996) research design gives directions from the underlying philosophical assumptions to research design, and data collection. The research design used was mix of both descriptive and exploratory. The essence for using exploratory is mostly for initial study into theoretical or hypothetical idea. Descriptive approach was chosen for it attempts to describe characteristics of an event, situation, a group of people, community or a population. It describes a given state of affairs as fully and as carefully as possible (Fraenkel, 2000). The target population for this study was all the registered SMEs in the Sekondi-Takoradi Metropolis of the Western Region of Ghana. The researchers carried out a convenience sampling for its ease of assembling the sample (Saunders, et, al. 2007). A convenience sampling selection procedure for the respondents was also adopted because of its low cost and ease of use. The study achieved a convenience sample of ninety –one respondents from the SMEs entities. The researchers adopted a standardized questionnaire (Robson, 2002) that reflected the range of variables under study. Data was collected from the selected samples using survey questionnaire containing structured questions. The closed ended questions adopted for this study were aimed at getting information which lessen information bias and make easy the data analysis.

4. Results and Analysis of the Study

Table 1. Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	69	75.8	75.8	75.8
Female	22	24.2	24.2	100.0
Total	91	100.0	100.0	

Source: Field Survey, 2015

From the results, it was observed that, out of the 91 respondents, 69% were males while 22% were females. This gives an indication that most of the SMEs are male dominated. This confirmed SME South Africa (2014) and Abdullah and Bakar (2000) studies on men dominance in SMEs.

Table 2. Period of operation

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Below 2years	19	20.9	20.9	20.9
3 to 5 years	42	46.2	46.2	67.0
6 to 9 years	17	18.7	18.7	85.7
Above 9 years	13	14.3	14.3	100.0
Total	91	100.0	100.0	

Source: Field Survey, 2015

On the period of operation, SMEs operating below 2 years had 19 respondents representing 20.9%, 3 to 5 year had 42 respondents representing 46.2 %, 6 to 9 year stood 18.7 % with 17 respondents and 9 years and above stood 14.3 % with 13 respondents. This is an indication that 72 % of the SMEs have been in operation for 3 years and more, out of which 30% have been in operation for 6 years and above. This finding may support the idea that less than one-half of start-ups survive for more than five years and only a fraction develop into the high-growth firms which make important contributions to job creation (OECD, 1997).

Table 3. Scale

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Micro (less than 5 workers)	30	33.0	33.0	33.0
Small (not more than 9 workers)	16	17.6	17.6	50.5
Medium (more than 10 workers)	45	49.5	49.5	100.0
Total	91	100.0	100.0	

Source: Field Survey, 2015

With the number of SMEs captured in this study, the range of less than 5 workers stood 30 respondents representing 33%, termed as micro, not more than 9 workers got 16 representing 17.6% which is also termed as small and more than 10 workers stood at 45 respondents representing 49.5% also termed as medium. This is an indication that the majority of the businesses sampled fall in the scale of medium which in Ghana is defined as business employing more than 10 workers. With the combine percentages of small and medium of 61% confirmed OECD (1997) finding that small and medium-sized enterprises account for 60 to 70 per cent of jobs.

Table 4. Business type

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Services	64	70.3	70.3	70.3
Manufacturing	18	19.8	19.8	90.1
Construction	3	3.3	3.3	93.4
Oil and Gas	6	6.6	6.6	100.0
Total	91	100.0	100.0	

Source: Field Survey, 2015

SMEs providing service stood 70.3%, manufacturing had 19.8%, construction had 3% and oil and gas had 6.6%. Small companies in the services sector were more buoyant than their counterparts in the industrial sector.

Table 5. Competitiveness of SMEs in Ghanaian Economy

	N	Mean	Std. Deviation
SMEs afford flexibility in operations and adaptability to changes with a greater possibility to gain from unexpected changes and accidental discoveries.	91	2.05	.935
SMEs with access to public contracts can serve as an impetus for economic diversification through the development of new and unsaturated sectors of the economy.	91	1.89	.809
SMEs with access to public contracts can have advantages such as innovation, lower costs, spatial benefits and the potential for decentralized supply opportunities	91	1.78	.680
SMEs when strengthened through public contracts can act as the main engines for growth and development.	91	1.73	.731
SMEs with access to public contracts will have the potency and the buoyancy to operate in a challenging environment.	91	1.73	.496
SMEs with access to public contracts will have the strength and the resilience to operate in a competitive environment.	91	1.73	.579
Innovative and technology-based SMEs with access to public contracts can provide a platform for expanding beyond the domestic borders, and entering intra-regional and international markets.	91	1.70	.753
SMEs having access to public contracts can promote domestic-led growth in new and existing industries.	91	1.67	.633
SMEs with access to public contracts become productive drivers of economic growth and development for the Ghanaian economy.	91	1.55	.543
Valid N (listwise)	91		

Source: Field Survey, 2015

Table 5 presents the summary of the views of respondents on the subject which looks at the competitiveness of SMEs in Ghanaian economy. Respondents were asked to indicate whether they agree or disagree on the items presented. With 9 items for consideration 6 stood tall using their mean figures, these were SMEs afford flexibility in operations and adaptability to changes with a greater possibility to gain from unexpected changes and accidental discoveries with a mean score of (2.05), SMEs with access to public contracts can serve as an impetus for economic diversification through the development of new and unsaturated sectors of the economy with a mean score of (1.89), SMEs with access to public contracts can have advantages such as innovation, lower costs, spatial benefits and the potential for decentralized supply opportunities had a mean score of (1.78). The following 3 items had a mean score (1.73) each and these were SMEs when strengthened through public contracts can act as the main engines for growth and development, SMEs with access to public contracts will have the potency and the buoyancy to operate in a challenging environment and SMEs with access to public contracts will have the strength and the resilience to operate in a competitive environment.

Table 6. Preferential Treatments Accorded SMEs in Ghana Per the Public Procurement Act 663

	N	Mean		Std. Deviation
	Statistic	Statistic	Std. Error	Statistic
Procurement officers/entities are not required to give small business concerns an equitable opportunity to compete for contracts.	91	2.27	.095	.908
There is no specific laws or articles relating to SMEs from the public procurement act 663	91	2.21	.112	1.070
Margins of preference are designed to give preference to local suppliers and contractors (irrespective of the nationality of the proprietor) competing with foreign suppliers and contractors.	91	2.12	.084	.800
Small business has not been singled out by the margins of preference for special treatment as stated in the public procurement act.	91	2.11	.097	.924
Small businesses are not kept informed of opportunities for contracts and subcontracts.	91	1.97	.109	1.038
There is no small business set-aside program provided for SMEs in public procurements act.	91	1.91	.095	.902
SMEs are not given special assistance in submitting bids/tenders and meeting procurement regulations.	91	1.91	.088	.839
SMEs do not have any exemption from bid security with reference to public procurement act.	91	1.86	.067	.642
SMEs also do not have any exemption from performance security with reference to public procurement act.	91	1.81	.064	.613
Most States in terms of public procurement applying some sort of preference in favour of their own nationals.	91	1.76	.074	.705
Valid N (listwise)	91			

Source: Field Survey, 2015

Table 6 touching on the preferential treatments accorded SMEs in Ghana per the public procurement act, reported the following means. Per the data presented using their mean figures, with 10 items for consideration 9 stood tall and it revealed that procurement officers/entities are not required to give small business concerns an equitable opportunity to compete for contracts had (2.27). No specific laws or articles relating to SMEs from the public procurement act 663 stood (2.21). Margins of preference are designed to give preference to local suppliers and contractors (irrespective of the nationality of the proprietor) competing with foreign suppliers and contractors got (2.12). Small business has not been singled out by the margins of preference for special treatment as stated in the public procurement act had (2.11). Small businesses are not kept informed of opportunities for contracts and subcontracts stood (1.97). There is no small business set-aside program provided for SMEs in public procurements act had (1.91). SMEs are not given special assistance in submitting bids/tenders and meeting procurement regulations got (1.91). SMEs do not have any exemption from bid security with reference to public procurement act stood (1.86). SMEs also do not have any exemption from performance security with reference to public procurement act had (1.81).

4.1 Findings and Discussions

Per the data presentation the following findings were extracted from the study based on the thematic areas:

4.1.1 Competitiveness of SMEs in Ghanaian Economy

Based on the data presented on Table 5 on competitiveness of SMEs in Ghanaian economy and its analysis, the investigation revealed that SMEs afford flexibility in operations and adaptability to changes with a greater possibility to gain from unexpected changes and accidental discoveries. This is a confirmation of Ong, Ismail and Goh (2012) study on the competitive advantage of small and medium enterprises (SMEs): the role of entrepreneurship and luck that SMEs have the ability to be flexible in their operations and their adaptability to changes either accidental or unexpected changes. The study also established that when SMEs have access to public contracts, they can serve as an impetus for economic diversification through the development of new and unsaturated sectors of the economy. This buttressed Frimpong (2013), Gatt (2012) works on SMEs as an engine of social and economic development in Africa where SMEs when strengthened can be a drive for economic diversification through the development of new and unsaturated sectors of the economy. The survey also found out that SMEs with access to public contracts can have advantages such as innovation, lower costs, spatial benefits and the potential for decentralized supply opportunities. This finding support International Trade Centre UNCTAD/WTO (2003) study on SME and export-led growth: are there roles for public procurement programmes? Where the study identified that SMEs enjoy a number of competitive advantages such like the ones established above. The study also discovered that SMEs can act as the main engines for growth and development. This revelation is in consistence with Badrinath (1997) and Badrinath and Kirpal (1997) that SMEs can play an important role in the growth and development of countries and they have the potential to become significant in promoting economic growth, and to alleviate poverty among various groups in a society. The survey found out that SMEs with access to public contracts will have the potency and the buoyancy to operate in a challenging environment and with access to public contracts they will have the strength and the resilience to operate in a competitive environment.

4.1.2 Preferential Treatments Accorded SMEs in Ghana per the Public Procurement Act 663

Table 6 on the preferential treatments accorded SMEs in Ghana per the public procurement act, reported the following findings. The study revealed that procurement officers/entities are not required to give SMEs concerns an equitable opportunity to compete for contracts. This contradicts Commonwealth procurement procedures (2015) that Government is to ensure that it provides full, fair and reasonable opportunities to businesses to bid for contracts where it requires Government entities to apply procurement practices that do not unfairly discriminate against small and medium size enterprises (SMEs) and provide appropriate opportunities for them to compete. The study also found out that there are no specific laws or articles relating to SMEs from the public procurement act 663. The study as well discovered that margins of preference are designed to give preference to local suppliers and contractors (irrespective of the nationality of the proprietor) competing with foreign suppliers and contractors not specifically for SMEs but for all businesses residing in Ghana. The study further established that SMEs have not been singled out by the margins of preference for special treatment as stated in the public procurement act. Small businesses are not kept informed of opportunities for contracts and subcontracts. There is no small business set-aside program provided for SMEs in public procurements act. SMEs are not given special assistance in submitting bids/tenders and meeting procurement regulations. SMEs do not have any exemption from bid security with reference to public procurement act. SMEs also do not have any exemption from performance security with reference to public procurement act.

5. Conclusion

This study aimed at examining the competitiveness of SMEs when they are being assisted particularly having an access to public procurement contract. Looking at the importance of SMEs to job creation, innovation, employment among others, very little studies on the SMEs accessibility to public procurement contract have been conducted from developing country's perspective. The significance of SMEs in terms of job creation was further induced from this current study with combine percentages of small and medium of 61% as a confirmation to OECD (1997) finding that small and medium-sized enterprises account for 60 to 70 per cent of jobs. This study in contributing to the debate on the accessibility issues of SMEs to public contract, based on the major findings the researchers can conclude that on the competitiveness of SMEs in Ghanaian economy with access to public contract, SMEs have the ability to be flexible in their operations and their adaptability to changes either accidental or unexpected and this confirmed Ong, Ismail and Goh (2010) study on competitiveness of SMEs. It was also revealed and can conclude that SMEs serve as a force for economic diversification which supports the works of Frimpong (2013), Gatt (2012) where SMEs act as an engine of social and economic development in African economy. The study can also conclude that SMEs can act as the main engines for growth and development. This is in consistence with Badrinath (1997) and Badrinath and Kirpal (1997) studies that SMEs can play an important role in the growth and development of countries and the SMEs have the potential to become significant in promoting economic growth, and to alleviate poverty among various groups in a society. SMEs have the advantages in the form of innovation, employment, spatial benefits and the potential for decentralized supply opportunities which in a way can act as the main engines for growth and development. On the section of preferential treatments accorded SMEs in Ghana based the Public Procurement Act 663, the study can conclude that procurement officers/entities are not required to give SMEs concerns an equitable opportunity to compete for contracts and it does not provide any specific laws or articles relating to SMEs. This finding oppose to Commonwealth procurement procedures (2015) that government is to ensure that it provides full, fair and reasonable opportunities to businesses to bid for contracts where it requires government entities to apply procurement practices that do not unfairly discriminate against small and medium size enterprises (SMEs) and provide appropriate opportunities for them to compete. The margins of preference found in the Public Procurement Act 663 is designed to give preference to local suppliers and contractors (irrespective of the nationality of the proprietor) competing with foreign suppliers and contractors not specifically for SMEs in Ghana. It was clear that there is no small business set-aside program provided for SMEs in the Public Procurement Act 663 and its does not have any exemption from bid and performance security. In sum the study shows that per the Public Procurement Act 663, there are no preferential treatment for SMEs in Ghana and therefore making SMEs access to public contract very difficult to compete with the big and multinational companies. The use of public procurement to stimulate competitiveness and strengthen the SMEs is the primary focus of this study where the State can use public procurement to promote this action. The theoretical significance for this study is to create the awareness of the competitiveness nature of SMEs in Ghana when there is a deliberate attempt to make public contract easily accessible to the SMEs.

Though the findings could be applied in many cases, the study is limited by its few participants and from one particular region (Western Region of Ghana) and thus make it is difficult to generalise the findings. The researchers nevertheless believed that the findings and its recommendations can be targeted to improve on the SMEs accessibility to public procurement contracts in Ghana.

6. Recommendations

The following specific recommendations are made based on the conclusion:

The current Public Procurement Act 663 does not take into consideration the SMEs accessibility to public contracts. The researchers therefore recommend that the procurement policy and the Act 663 should be reformed to reflect preferential treatment for all the SMEs in Ghana to enhance their competitiveness in the economy. The State can encourage increase participation by SMEs in public procurement markets by establishing preferences for SMEs. Using preferences has been a keystone of socioeconomic procurement policies in most advance countries. The use of SME preference needs to be intent with the strategy to make sure that they do not become an instrument to sponsor inefficient and/or corrupt SMEs. The public organizations should be fair in providing public procurement opportunities and allow SMEs to have some special chances in winning these opportunities and not always rely on the lowest price mantra in awarding contracts.

The researchers also recommend that more efforts should be made to remove legal and regulatory framework which are seen to be bureaucratic, costly, and with a lot of burdensome procedures, this in a way will assist in enhancing SMEs accessibility to public procurement contracts or opportunities.

The researchers recommend a further study into the factors challenging the SMEs access to public contracts.

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