Effects of Socio-Economic Factors on Entrepreneurship Activities in Cape Coast, Ghana

Rotimi A. Gbadeyan (Corresponding Author)
College of Humanities and Legal Studies, School of Business, Department of Management Studies, University of Cape Coast, Ghana. Email: drgbadeyan@hotmail.com

Nana Y. Oppong
College of Humanities and Legal Studies, School of Business, Department of Management Studies, University of Cape Coast, Ghana. Email: noppong@ucc.edu.gh

Stephen Oduro
College of Humanities and Legal Studies, School of Business, Department of Management Studies, University of Cape Coast, Ghana. Email: odurowise@ymail.com

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Faculty of Entrepreneurship and Business, Universiti Malaysia Kelantan
Locked Bag 36, 16100 Pengkalan Chepa
Kota Bharu, Kelantan, Malaysia
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Abstract - Entrepreneurship involves the creation of jobs and wealth in the economy, normally through a small business management. There may be problems in performing these functions by entrepreneurs, because of certain factors, which affect their involvement in entrepreneurial activities. The objective of this study is to assess the impact of socio-economic factors on entrepreneurial activities in Cape Coast, Ghana. A simple random sampling method is used to select 181 entrepreneurs from Cape Coast for the study. The Structural Equation Model-Partial Least Square version 2.0 is used for the analysis. The finding reveals that inflation, high tax rate, religion, and life style of the entrepreneurs significantly influence their entrepreneurial activities and performance. The study concludes that for a successful entrepreneurship performance to be achieved, there is a need for good socio-cultural conditions and sound economic policies to be put in place. The study recommends that the government should reduce the interest rate to make borrowing flexible to entrepreneurs and a lower tax regime should be commenced to encourage low-level income earners to have access to funding for entrepreneurship activities in Cape Coast, Ghana.

Keywords: Unemployment; Entrepreneurial Activities; Entrepreneurship Growth; SME

1. Introduction

The high rate of unemployment in most developing countries today has become a matter of great concern not only to individuals but to governments and other stakeholders. This phenomenon has made the issue of entrepreneurship receive dramatic attention in recent years. This is due to entrepreneurship's contribution to economic growth and development in the form of employment creation, wealth creation, development of innovation, etc. Audresch and Thurik (2004), in this regard, postulate that entrepreneurship has emerged as the engine of economic and social development throughout the world.

In Ghana, the concern of the government on economic development policy and educational curriculum has shifted more heavily toward entrepreneurship in the past decade. This increased interest in the entrepreneur's role in the economy has led to a growing body of research attempting to identify the factors that promote or hinder entrepreneurship

(Yeboah, 2015). The entrepreneurs are mostly engaged in Small & Medium Enterprises (SMEs), which are essential to the individuals and the nation as a whole.

SMEs provide employment and raise the standard of living of both employers and employees. The nation also benefits from the SMEs' activities as they complement large-scale modern sector enterprises (Bwisa, 2011). The contribution of SMEs to economic growth and development is largely recognized. Yet, the entrepreneurs face many bottlenecks that limit their long-term survival and growth. Research on small business development has shown that the rate of failure in developing countries is higher than in the developed world (Robertson & Henderson, 2002).

In Cape Coast, though the government, private, and non-governmental programs are put in place to spark the growth of entrepreneurship, most SMEs still face challenges that stagnate entrepreneurial activities. Research on SMEs has shown that there is a high mortality rate among SMEs in Cape Coast (Yeboah, 2015). The objective of this study, therefore, is to assess the socio-economic factors, which are militating against the growth of entrepreneurial activities in Cape Coast, Ghana.

2. Literature Review

There have been various definitions of entrepreneurship but in this study, a few of these definitions will be discussed. According to Timmons and Spinelli (2005), entrepreneurship is the process of creating and building something of value from practically nothing. This definition attempts to explain that entrepreneurship is about seizing an opportunity and pursuing it irrespective of the resources at one's disposal. In other words, entrepreneurship is the transformation of ideas to something of value.

The Organization for Economic Cooperation and Development (2007) defines entrepreneurial activity as an enterprising human action in pursuit of the generation of value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes, or markets. In other words, entrepreneurship activities are human action employed to generate value through the creation of new products, ideas, and services. Trott (2012) defines entrepreneurship as the dynamic process of creating incremental wealth. This definition considers entrepreneurship as a process by which individuals create wealth and assume risks. In sum, these two definitions consider entrepreneurship as a wealth creation venture or activity.

Businesses do not exist in isolation; they operate in an environment, which directly or indirectly affects their operations. Simpson, Tuck, and Bellamy (2004) note that there are certain macro-environment variables that present situational variables which may facilitate or inhibit entrepreneurship at start-up and during the SME lifecycle. Guzman and Santos (2001) argue that these factors may be internal or external. External factors include socio-demographics, markets (local, international, emerging, and established markets), cultural, economic, political, institutional, legal, productive, and technological. The internal factors include infrastructure and other physical factors of that particular organization. Viviers, Van-Eeden, and Venter (2001) posit that these macro environmental factors are not controllable and the success of the SME often depends on the management's ability to deal with them. Consequently, this shows that environmental factors play a significant role in entrepreneurship development.

Peberdy and Rogerson (2000) also argue that the success of a new venture depends on the state of specific factors within the boundaries of specific nation-states with their own distinct economic, political, and social factors. O'Sullivan and Dooley (2009) agree that these factors have implications for education and skill bases; levels of risk; access to markets; and access to resources including inputs, labor, subcontractors, expertise, networks, capital, and finance. This influences the SMEs' chances of marginal survival or high performance (Dahlqvist, 2000).

This study examines the influence of socio-economic factors on entrepreneurship activities in Cape Coast Ghana. This is done to determine whether the factors have brought about a positive impact on entrepreneurial activities during the period of study. The economic factors for small business success can be defined in terms of financial and non-financial measures. The financial measures include return on assets, sales profit, employees, and survival rates. The non-financial measures are customer satisfaction, personal development, and personal realization (Masuo, Fong, Yanagida, & Saleem, 2012). Economic factors such as tax rate, exchange rate, and inflation also affect the performance of entrepreneurship activities (Ligthelm & Cant, 2002; Nieman, 2006; Viviers, Van-Eeden, & Venter, 2001). The socio-cultural factors are those which have an effect on entrepreneurial activities that relate to both society and cultural matters. These include child rearing practices, cross cultural difference, cultural deprivation, cultural change, ethnic values, family structure, kingship structure, and regional differences (Onodugo & Onodugo, 2015).

There are many studies on the effect of socio-economic factors on entrepreneurship activities. The socio-cultural conditions reflect the country's stage of development. Socio-cultural environment in broad terms consists of both the social system and the culture of a people. The socio-cultural elements include beliefs, values, attitudes, habits, forms of behavior, and lifestyles of persons as developed from cultural, religious, educational, and social conditioning (Adeleke, Oyenuga, & Ogundele, 2003). There are some cultures which encourage thrifts and savings among age groups, giving support to in-laws, religious support for the poor, promote hardwork and dignity of labor. There are some cultures which at the same time frown at doing business involving alcohol, consumption of pork, drugs, gambling, fishing, saloon business, leather work, and the collection of interest on loan (Akhter & Sumi, 2014; Onodugo & Onodugo, 2015). The various examples mentioned above have an impact on the success of an entrepreneurial business. Hence, there is a major difference in cultural values and the norms across the cultures which influence entrepreneurial activity within that country or region (Morris, Schindehutte, & Lesser, 2002). There are studies which have revealed that social conditions and aspects of the country's culture may create environmental goodwill that benefits SMEs, or may present pressures that stifle entrepreneurship (Gurol & Atsan, 2006). This implies that there are certain social and cultural factors that may stifle entrepreneurship growth and development. Moreover, culture influences an entrepreneur's behaviour, attitudes, and overall effectiveness and is often unnoticed by the entrepreneur. This indicates that cultural factors seriously affect the activities of an entrepreneur but sometimes entrepreneurs do not pay attention to them (Mbonyane, 2006). In another study conducted by Akhter and Sumi (2014), it was revealed that the socio-cultural factor has a significant effect on entrepreneurship activities.

The economic factor is another important factor which affects entrepreneurship activities. In the study done by Luiz (2002), it was shown that there is a significant relationship between economic factors and entrepreneurial growth. This means that economic factors have an influence on entrepreneurship activities and growth. It means that when there is a conducive or supporting economic environment for business, it booms and expands at a faster rate. On the other hand, when the economic environment is not supportive, businesses suffer and finally liquidate. Finmark Trust (2013) remarks that when the economic factors in an economy are business supportive, more enterprises are established and the existing ones also flourish. Economic factors are in the form of taxation, exchange rate, economic situation, and the prevailing interest rate of the country. Exchange rate has been seen as one of the major factors inhibiting entrepreneurship growth. This occurs when the local currency is depreciating against a foreign currency of trade. The cost of importation becomes too high for home industries (Ahwireng-Obeng & Piaray, 1999; Ligthelm & Cant, 2002). This means that a high exchange rate affects SMEs as they have to exchange more of their local currency for fewer foreign currencies.

On the other hand, there are studies which have shown that the state of the economic is one of the main macro-environment factors that hinders the operation of SMEs (Viviers, Van-Eeden, & Venter, 2001; Ligthelm & Cant, 2002; Baron, West, & Hannan, 2004; Nieman, 2006). These studies agree that the state of the economy has a bearing effect on business. The study conducted by Gurol and Atsan (2006) also reveals that the success of a new venture depends on the state of the national economy at the time the business is launched. According to Robertson (2003), taxation is another key economic factor inhibiting SMEs' growth. This means that when there is a high tax rate, it reduces the profit incentive of entrepreneurs. In addition, when taxes levied by the state are low, it creates a conducive environment for businesses. Again, Viviers, Van-Eeden, and Venter (2001) asserted that high-interest rates jeopardize the smooth running of SMEs. They argued that when the interest rates are high, they make the cost of borrowing high, as well. This implies that entrepreneurs may find it difficult accessing loans from commercial and financial institutions to expand their businesses as they have to pay more interest on the loan. Scholars in entrepreneurship have shown that high interest rate deters business owners in developing countries from considering loans as a source of finance to start or expand their enterprises (Clover & Darroch, 2005). On the contrary, when the interest rates are low, it facilitates access to capital resources required by entrepreneurs to carry out their businesses (Ligthelm & Cant, 2012).

Inflation has been seen as one of the economic factors that affect the operation of businesses. A study conducted in Kenya showed that inflation has a significant influence on SMEs (Nieman, 2006). The implication is that when the inflation rate is high, the cost of living also becomes high, which in turn affects business operations. Businesses buy the cost of their inputs at high prices and thus charge high prices. High prices also reduce the purchasing power of consumers (Thornhill & Amit, 2012). This means when inflation rates are high, the purchasing or buying power of citizens weakens and when that happens, businesses are affected negatively as lesser people are patronizing their products and services.

Other socio-economic factors such as age of entrepreneurs, size of investment, and access to capital, education and experience of the entrepreneurs, skill, and training have been identified as factors affecting business success (Kallerberg & Leicht, 1991; Rose, Kumar, & Yen, 2006; Indarti & Langnverg, 2008; Panda, 2008; Saleem, 2012). This empirical

review has shown that various studies on socio-economic factors' influence on entrepreneurship activities have used different socio-economic variables. Many of these studies have used statistical tests such as correlation, regression, ANOVA, Principal Component Analysis, and descriptive statistics for their analysis (Saleem, 2012; Akhter & Sumi, 2014; Khan, 2014; Ozigbo, 2014; Onodogu & Onodogu, 2015). This study is different from others in this area, because it employs the Structural Equation Model–Partial Least Square for its analysis. The study also includes entrepreneurship performance as part of its model. Hence, the variables that will be considered for this study are economic, socio-cultural, entrepreneurship activities, and performance.

Theoretical Framework

A lot of theories on entrepreneurship have been propounded by different eminent social thinkers such as the Sociological and Economic Theory of Entrepreneurship. The sociological theory of entrepreneurship holds social cultures as the driving force of entrepreneurship. The main advocates of the sociological theory were Weber (1920) and Cocharan (1958). They were of the view that social sanctions, cultural values, and role expectations are responsible for the emergence of entrepreneurship. The Economic Theory of Entrepreneurship, on the other hand, holds the view that economic incentives are the main driver for entrepreneurial activities. The main advocates of this theory were Papanek (1962) and Harris (1970). They firmly believed that a good development market and efficient economic policies foster entrepreneurship in a larger sense. A look at these theories seems to be general in description. Hence, a more appropriate theory such as the Hagen's Theory of Social Change is suggested as suitable for the study.

Hagen belongs to psychological theorists who believe that the major factors that instill the entrepreneurial spirit in an individual are traits, motives, and personal factors. The psychologists believe that there is an inner urge in a man that makes him desire for a change of status and position (Schumpeter, 1934; Mc Clleland, 1961; Hagen, 1961; Udu, 2014).

Economic development is considered a process of technological change which is brought about by the creativity of the entrepreneurs (Hagen, 1961; Khan, 2014). Entrepreneur is described as an individual interested in solving practical and technical problems (Cherukara & Manalel, 2011). Hagen's theory is based on two sets of variables which are withdrawal of status respect and relative social blockage. Status withdrawal arises when members of a previously accepted social group feel that their value system is no longer recognized by other social groups whose respect they seek (Hamilton & Harper, 1994). Relative social blockage occurs when there are subordinated groups which are alienated from the society and thus attempt to assert themselves through an enterprise. The group feels that the only way they can compensate themselves is by succeeding in business. According to Hamilton and Harper (1994), they are "pushed" rather than "pulled" into entrepreneurship. In other words, people who feel alienated in the society, find recourse in doing business as a way of compensating themselves. They are able to satisfy, both their economic and social goals. This explains the socio-economic reasons for individuals' involvement in entrepreneurial activities. It is thus, clear that the Hagen's theory is more relevant to the study because an entrepreneur tries to seek social recognition by involving in a successful business enterprise. The following hypotheses are therefore, raised for the study:

H_1: The prevailing economic situations have a strong direct impact on entrepreneurship activities.

H_2: Entrepreneurial activities have a strong influence on entrepreneurship performance.

H_3: Norms, belief, religion, and other social values have no significant influence on entrepreneurial Activities.

3. Methodology

This study was conducted to examine the socio-economic factors which affect entrepreneurship activities in Cape Coast, Ghana using the SEM-PLS approach. The study employed the quantitative approach method. The approach was adopted in order to allow for the gathering of more precise and quantifiable information about the socio-economic factors that affect entrepreneurship activities and performance.

The research design used in this study is the descriptive survey method. Babbie and Mouton (2011) define the descriptive survey as "the method of research that simply looks with intense accuracy at the phenomena of the moment and then describes precisely what the research sees." The population for the study consists of 2000 entrepreneurs or managers of SMEs within the Cape Coast Metropolis (NBSSI, 2011). A sample size of 181 entrepreneurs is considered for the study. The questionnaire is in two parts, with Section A having the demographic characteristics of the respondents and Section B containing questions on socio-economic factors affecting entrepreneurship activities in Cape Coast. The factors are explained in detail as shown in Table 1 in the Appendix. In Section B, the main instrument used to solicit information from respondents is a self-administered closed-ended questionnaire. A five-point Likert scale is used to identify the respondents' level of agreement on the statements given. The scale is measured with 5 = Strongly agreed; 4 = Agreed; 3 = Not sure; 2 = Disagreed; and 1 = Strongly disagreed. Table 1 (in the Appendix) shows the latent and manifest variables used in the section for measuring the effect of socio-economic factors on entrepreneurial activities in Cape Coast, Ghana.

4. Results and Discussions

The breakdown of the sample population in Table 2 reveals that 56.91% of the respondents are males while 43.09% are females. The result indicates that the number of male entrepreneurs in Cape Coast, Ghana exceeds that of their female counterparts. It means there are more males who are ready to take the risk of starting a business than the females in Cape Coast. This result is in contrast to that conducted by Khan (2014) in Bangladesh, which showed that male entrepreneurs were more than female entrepreneurs. It is further revealed in Table 2 that the percentage of the respondents with no formal education is 5.53%, those with Primary education 24.86%, Secondary education 38.67%, and Tertiary education 30.94%. This shows that majority of the respondents have secondary education. The result indicates that most entrepreneurs considered for the study are educated; hence, education may serve as a significant factor for starting a small business. In addition, education may be among the significant factors, which affects business success. This view is supported by Indarti and Langenberg (2008) who established that education had a positive effect on business success. However, the study done by Minniti and Bygrave (2003) opposed this assertion, by stating that people with more education are not necessarily more entrepreneurial.

It is observed that 43.7% of the respondents are in the 30–39 years old age bracket, followed by 20.4% in the 20–29 years old age bracket, 17.1% in the 40–49 years old age bracket, 15.5% in the 50–59 years old age bracket, and 3.3% under 19 years old. This result is in line with that of Zimmerrer and Scarborough (1998) who held that most entrepreneurs start their business in their 30s and 40s. The breakdown of the sampled population further reveals that 39.78% have been in business for at least 5-10 years while

30.94% have been in business for 10 years and above, and the remaining 29.28% have been in business for only 1-4 years.

Table 1: Respondents' Demographic Profile

1. Gender	Number	Percentage (%)
Male	103	56.91
Female	78	43.09
Total	181	100
2. Educational background		
No formal education	10	5.53
Primary education	45	24.86
Secondary education	70	38.67
Tertiary education	56	30.94
Total	181	100
3. Number of years in business		
1-4 Years	56	29.28
5-10 Years	72	39.78
10 Years and Above	53	30.94
Total	181	100
4. Age of Respondents		
Under 19 years	6	3.3
19 – 29 years	37	20.4
30 – 39 years	79	43.7
40 – 49 years	31	17.1
50 years and above	28	15.5
Total	181	100
5. Legal form of business		
Sole proprietorship	87	48.06
Partnership	43	23.76
Joint Venture	38	20.99
Company	13	7.18
Total	181	100

Source: Authors' field study, 2016

This mean that majority of the respondents have been in business for 5-10 years. The implication is that because they have been in business for a long time, they have adequate experience in business and the factors affecting business operations. The years of experience normally improves the skills and expertise of individuals through the learning and experience curve effect (Benard, 2010). Again, the study of Kamunge, Njeru, and Tirimba (2014) indicated that, as the number of years of operations increased, the performance in SMEs also increased. Table 2 further depicts that SMEs in Cape Coast are mainly sole proprietors with a score of 48.0%, followed by partnership (23.76%), then joint venture (20.99%), and company having 7.18%. This reveals that the legal form of business in Cape Coast is predominantly, the sole proprietorship. They are owned and controlled by one person. This is supported by Nwaniki (2006) and Khan's (2014) studies which revealed that majority of SMEs are sole proprietorships and family-based enterprises. Khan (2014) established that ownership structure is one of the crucial factors which affects the growth and diversification of the enterprises. The diagram in Figure 1 indicates the structural model for socio-economic factors and entrepreneurial activities in Cape Coast, Ghana.

The Partial Least Squares (PLS) approach was exploited to test the hypothesized relationships developed for the study. The internal consistency reliability for the model, as shown in Table 2, indicates that the composite reliability for the latent variables used range

from 0.8505 to 0.7134, which is considered acceptable for this type of study (Hair, Ringle, & Sarstedt, 2011). In addition, the R^2 values in Table 2 for entrepreneurship performance are weak.

This, in other words, means that the three latent variables (EF, SOCF, and ENTA) explain 7.6% of the variance in Entrepreneurship Performance (ENPERF). Both the Economic Factor (EF) and the Socio-Cultural Factor (SOCF) explain 28.7% of the variance in Entrepreneurial Activities (ENTA).

Table 2: Overview of Results of the Structural Model

	AVE	Composite Reliability	R Square	Cronbach's Alpha
EF	0.7403	0.8505	0	0.6537
ENPER	0.6546	0.7905	0.0755	0.4789
ENTA	0.6123	0.7516	0.2869	0.4139
SOCF	05671	0.7134	0	0.2681

Source: Authors' Field Survey, 2016

The indicator loadings, as shown in Table 3, are higher than the cross loadings, which means that discriminant validity has been achieved.

Table 3: Cross loadings for the Structural Equation Model

	EF	ENPER	ENTA	SOCF
EF_2	0.8232	0.1547	0.3835	0.3005
EF_3	0.8969	0.1106	0.4905	0.1464
ENPER_2	0.0164	0.7517	0.1910	0.3174
ENPER_4	0.2039	0.8626	0.2490	0.8402
ENTA_1	0.5275	0.2448	0.9262	0.2637
ENTA_4	0.2009	0.1869	0.6056	0.1486
SOCF_3	0.1854	0.7713	0.2590	0.9020
SOCF_5	0.2128	0.2503	0.1357	0.5662

Source: Authors' Field Survey, 2016.

In using PLS, the discriminant validity can be established if the measurement items load on their corresponding latent variables, a magnitude higher than they load on other latent variables and the square root of AVE is greater than the correlations between the latent variables (Gefen & Straub, 2005; Gabisch & Gwebu, 2011). In this study, the square root of the AVE for each latent variable is higher than the correlations of the latent variables and this is shown in Table 4.

The latent variables are shown in the bold form. Fornell and Larker (1981) also suggest that the square root of Average Variance Explained of each latent variable (in bold) should be greater than the correlations among the latent variables. In this study, this condition is also achieved as shown in Table 4.

Table 4: Latent Variable Correlation Matrix

	EF	ENPER	ENTA	SOCF
EF	0.8604			
ENPER	0.1504	0.8091		
ENTA	0.5133	0.2748	0.7825	
SOCF	0.2477	0.7529	0.2754	0.7531

Source: Authors' Field Survey, 2016.

In using bootstrapping to assess the path coefficients' significance, eleven manifest variables are deleted because their coefficients are less than 1.96 and, hence, these variables do not load properly (Hair, Ringle, & Sarstedt, 2011). The manifest variables are: EF_1 (High-interest rate charged by the financial institutions), EF_4 (there is low demand for goods and services) and EF_5 (exchange rate in Cedi against other currencies), SOCF_1 (Inadequate labor supply), SOCF_2 (Norms, values, and beliefs of the people), SOCF_4 (Family responsibilities), ENTA_2 (Creation of products), ENTA_3 (Creating new capital), ENTA_5 (Provision of services), ENPER_1 (High-profit), and ENPER_3 (High employment rate). The minimum number of bootstrap samples of 5000 and 181 original samples is used as suggested by Hair, Ringle, and Sarstedt (2011). The results of the test, as shown in Path Analysis, are presented in Table 5.

Table 5: Hypotheses Testing

Hypotheses	t-statistics	P Value
EF -> ENTA	16.2498	3.89124E-37
ENTA -> ENPER	7.0603	3.48542E-11
SOCF -> ENTA	4.3187	2.58897E-05

Source: Computation from Smart PLS, 2016.

Hypothesis 1 (H_1) is supported at a 5% significance level, the p-value equals to 0.05. The hypothesis states that the prevailing economic situations have a strong direct impact on entrepreneurship activity. According to Luiz (2002) and Finmark Trust (2013), when there is a conducive or supporting economic environment for businesses, there is boom and expansion at a faster rate.

On the other hand, when the economic environment is not supportive, businesses suffer and finally liquidate or collapse. Olowa and Olowa (2015) observed that the economic factor ranked the best among all other factors. They believe it affects entrepreneurship development. Therefore, an efficient economic environment has a strong impact on entrepreneurship activity. This, by implication, depicts that economic policies such as taxation, interest rates, the rate of inflation, and exchange rate affect the frequency at which people start-up new ventures and develop it over time. This further shows that borrowing costs and taxes levied by the Cape Coast Municipality significantly affect the entrepreneurship activity in the region. The tax rate coupled with the high-interest rate make it difficult for entrepreneurs to get access to seed money for the start-up. High tax rates have an effect on the taxable income of individuals; it reduces their purchasing power and results in low entrepreneurship activities.

The second hypothesis (H_2) states that entrepreneurship activity has a strong direct impact on entrepreneurship performance and it is supported at a 5% level of significance, with P=0.0000. This hypothesis though supported, indicates that the relationship is weak. This implies that an increase in entrepreneurship activities may result in significant influence on entrepreneurship performance. In this study, entrepreneurship performance is measured in terms of high sales, creativity, and innovation. The result in this study further shows that increase in entrepreneurship activity will bring about improvement in entrepreneurship performance. It has been shown that entrepreneurship has a direct link in establishing Small and Medium Scale Enterprises; which are drivers of sustainable job and wealth creation (Ozigbo, 2014). In other words, increase in the number of small and medium scale enterprises results in the creation of more jobs and wealth. The increase in entrepreneurship activities in the form of creating more small businesses is crucial for

better entrepreneurship performance in the economy. Hence, the second hypothesis (H_2), which states that entrepreneurship activity has a strong direct impact on entrepreneurship performance is accepted.

The result of hypothesis 3 (H_3) reveals that the socio-cultural factor has a strong direct impact on entrepreneurship activity, hence, the null hypothesis, which states that it has no significant influence on entrepreneurship activity is not supported. It has a *p*-value of 0.0000, which is lesser than the 0.05 significance level.

This is consistent with the studies, which show that socio-cultural factors have a significant influence on entrepreneurship activity (Akhter & Sumi, 2014; Olowa & Olowa, 2015; Onodugo & Onodugo, 2015). Islamic religious culture, for example, encourages hardwork, discourages interest on loans and the consumption of alcohol. Other social cultural factors encourage thrifts and savings, support for the poor, and promote hardwork and dignity of labor (Akhter & Sumi, 2014; Onodugo & Onodugo, 2015). However, there are findings which revealed that socio-cultural factors ranked the least among those having an influence on entrepreneurial activities. This serves as a contrast to the result obtained in the study (Wube, 2010; Akhter & Sumi, 2014). The result of this hypothesis therefore, indicates that norms, beliefs, religion, and other social values have a significant influence on entrepreneurial activities in Cape Coast, Ghana.

5. Conclusions and Recommendations

The study has revealed that economic factors have a strong influence on entrepreneurship activities. The high level of entrepreneurship activities has a significant influence on entrepreneurship performance. Moreover, socio-cultural factors have a strong and direct impact on entrepreneurship activities. In conclusion, there is no doubt that, for a successful entrepreneurship performance to be achieved, there is a need for good socio-cultural conditions, and sound economic policies to be put in place. It is recommended that the government should reduce the interest rate to make borrowing flexible to entrepreneurs in Cape Coast, Ghana. Further, a lower tax regime should be initiated to encourage low-level income earners to have access to funding for entrepreneurship activities.

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Appendix

1. Questionnaire Identification No:
2. Age of Respondents: (a) Under 19 years old (b) 19 – 29 years old (c) 30 – 39 years old (d) 40 – 49 years old and (e) 50 years old and above.
3. Gender: (a) Male (b) Female
4. Level of Education: (a) No formal education (b) Primary education (c) Secondary education (d) Tertiary education
5. Years of Entrepreneurship Experience: (a) 1-4 Years (b) 5-10 Years (c) 10 Years and Above
6. Legal forms of Business: (a) Sole proprietorship (b) Partnership (c) Joint Venture (d) Company

Variables	Items
Economic Factors (EF)	(a) High-interest rate charged by the financial institutions wheborrowing (EF_1)
	(b) High and many tax charges levied by the Metropolis (EF_2).
	(c) The rate of inflation (EF_3)
	(d) Low demand for goods and services (EF_4)
	(e) Exchange rate (Cedi) against other currencies (EF_5)
Socio-Cultural factors (SOCF)	(a) Inadequate labor supply (SOCF_1)
	(b) Norms, values and beliefs of the people (SOCF_2)
	(c) Ethnicity and religion of the people (SOCF_3)
	(d) Family responsibilities (SOCF_4)
	(e) Lifestyle of people (SOCF_5)
Entrepreneurship Activities (ENTA)	(a) Developing capabilities (ENTA_1)
	(b) Creation of products (ENTA_2)
	(c) Creating new capital (ENTA_3)
	(d) Securing more resources (ENTA_4)
	(e) Provision of services (ENTA_5)
Entrepreneurship Performance (ENPERF)	(a) High-profit (ENPERF_1)
	(b) High sales (ENPERF_2)
	(c) High employment rate (ENPERF_3)
	(d) Creativity and Innovation (ENPERF_4)

Source: Authors' fieldwork, 2016