Enhancing SME contribution to economic development: A perspective from an emerging economy

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Abstract. Small-medium enterprises (SMEs) have a huge and not fully maximized potential to address the socio-economic challenges that emerging economies are facing. This study assessed the contributions of SMEs in an emerging economy, using ADANCO version 2.0 of the partial least square structural equation model (PLS-SEM). A pre-tested structured questionnaire was used to collect data from 375 employees of SMEs in the fashion, microfinance, and hospitality sectors in four major business regions in Ghana, namely the Greater Accra, Central, Western and Ashanti Regions. The results reveal that SMEs continue to provide maximum support and contributions to Gross Domestic Product (GDP), as well as employ about 70 percent of the entire working population. The study recommends that SMEs should receive greater attention from the government

through appropriate tailor-made policies to support and assist them to unleash
their full potential to enhance economic growth.

Keywords: SMEs, perspective, economic development, emerging economy.

JEL Classification: M12, L80, N70

1. INTRODUCTION

Small and medium-sized enterprises (SMEs) are of fundamental importance to many economies in Africa and the world at large (Ajide & Soyemi, 2022). Generally, the contributions of Small and Medium Enterprises in the past two decades have been very impressive in both developed and developing countries (Amoah et al., 2021; Gavurova et al. 2020). The activities of SMEs in most African countries account for the indispensable increase in economic growth and development (Eniola & Entebang, 2015; Agbim, 2020). The definition of SMEs across the globe has become debatable (Salikin et al., 2014; Vrbka, 2020). In 2012, the Capacity Development Centre of Ghana revealed that 92 percent of registered companies were micro, small, and medium enterprises which impacted positively on the socio-economic development of the country. In the Ghanaian context, the National Board for Small Scale Industries (NBSSI), now Ghana Enterprises Agency (GEA) defines SMEs using employees and fixed assets as a basic requirement. Similarly, the Ghana Statistical Service used workforce in defining SMEs: 1 to 5 as micro, 6 to 30 as small, 31-100 as medium, and more than 100 workers as a large enterprise. Abor & Quartey, (2010) define SMEs as micro at 1-9 employees, small at 10-99, and medium-large enterprises at 100-499 workers.

In Africa, SMEs are recognized as engines for innovation, economic growth, and creation of employment (Mensah & Peprah, 2016; Kwaku Amoah, 2018). Hongbo et al. (2018) established that 98 percent of the domestic enterprises in Cote d'Ivoire were SMEs and accounted for 18 percent of Gross Domestic Product, as well as 20 percent of the modern employment. Maholwana, (2015) also concluded that SMEs in South Africa are productive drivers of inclusive economic growth and development. The study further reveals through its analysis of National Development Plan 2030 (NDP 2030) that the government of South Africa took into account SMEs' contributions in achieving the desired goals of its 2030 agenda. It can therefore be inferred that SMEs have become the central focus for policymakers in most developing countries in Africa. Nuwagaba (2015) argued that SMEs in Tanzania are noted for the transformation of the economy and have changed it from command to market economy. This investigation also confirmed that SMEs in Tanzania contribute 60 percent of the country's Gross Domestic Product. With the ability of SMEs to exploit their potential in job creation/employment, innovation and business opportunities, and provision of social services (CSR), it is quite shocking that so few empirical studies have been conducted on SMEs and their significance or contributions towards the development of African economies, particularly Ghana (Mensah & Peprah 2016).

This study empirically examines these contributions and the extent to which they impact on the economic development of the country. The study contributes to existing knowledge by providing empirical evidence on the significance of SMEs. Apart from this paper adding to the academic and literary discourse on the subject matter, government, industry players and practitioners will also benefit from this empirical research in their efforts to formulate policies and strategies that will help them to consistently offer maximum benefits to the nation.

2. LITERATURE REVIEW

2.1. Job creation/employment

The creation of employment has always been the central challenge of most governments of African countries for the past decades. However, such a challenge is gradually fading out due to the efforts of Small and Medium Enterprises. The creation of job opportunities in most African countries is from SMEs. SMEs are seen to contribute immensely in reducing the rate of unemployment and poverty. According to Apenteng & Doe, (2014); Kwaku Amoah, (2018), SMEs account for the creation of about 70 percent of the total employment. Empirically, Abor & Quartey, (2010) conducted a study on issues in SME Development in Ghana and South Africa and concluded that SMEs in Ghana are believed to contribute 70 percent to the Gross Domestic Product and affirmed that 92 percent of Ghanaian businesses are SMEs. In the same publication, the researchers revealed that 91 percent of formal business entities in South Africa are SMEs and contribute about 52 to 57 percent to Gross Domestic Product with 61 percent to employment. According to Mensah & Peprah, (2016), employments created by SMEs improves the general welfare, standard of living, income levels, and social status of people around the globe including African countries. Also, the provision of jobs in South Africa largely depends on SMEs since the formal sector continues to shed jobs (Maholwana, 2015). Abisuga-Oyekunle et al., (2020) cited Abisuga-Oyekunle & Fillis, (2016) that SMEs have become the prevailing device for job creation, improving the quality of life and creating a variety of employment opportunities for the poor. According to the National Development Plan Agenda of South Africa, SMEs will create 90 percent of new jobs by 2030. Abisuga-Oyekunle et al., (2020) also confirm that SMEs are unique in job creation and subsequently revealed that per the World Bank's report in 2014, they formed a major portion of employment in countries of the Organisation for Economic Co-operation and Development (OECD) in Sub-Saharan Africa. It was evident in the said publication that, SMEs including micro-enterprises tremendously contribute 63 percent of the total employment in OECD countries.

2.2. Innovations and business opportunities

Many scholars and researchers have placed much emphasis on innovation and its opportunities in the operations of SMEs in the modern-day activities of business transactions or dealings (Kocot & Kocot, 2020; Civelek et al., 2021; Ključnikov et al., 2021). Wach (2020) underlines that knowledge and innovations are one of the most important determinants in corporate growth of small business modelling. According to Eniola & Entebang, (2015) and Kement et al. (2021), innovation is defined as the implementation of new ideas to improve upon the existing goods and services or the introduction of new goods or services in the market. The Organization for Economic Co-operation and Development (OECD) has grouped innovation into four types namely: process, product, marketing, and organizational innovation. Recently, Abisuga-Oyekunle et al., (2020) researched SME's sustainability and concluded that modern-day SMEs are more focused on how they can maintain their customer base through innovations and create business opportunities to continuously satisfied their customers and to contribute their quota to the economic development. Considering this trajectory, innovation has paved way for the positive transformation of SMEs which has landed them to have a prodigious potential for the sustainable and economic development of most African countries.

Also, Krishnaswamy et al., (2014) and Valentinas et al., (2021) established that technological innovation by SMEs has contributed immensely to economic development through its innovations, development, and introduction of new products and services in the market. Such innovations have paved the way for business opportunities both local and international. Steep development of the digital environment and possibilities for e-business enhance these processes (Roshchyk et al., 2022). Regarding this, more SMEs are nowadays

exhibiting inherent capability to undertake technological innovations in different economic development (Fedorko et al. 2021). However, such innovative capacity and ability to innovate new products, processes, and services largely vary significantly depending on the size of the firm, its focus, resources, and above all the business environment in which they operate (Kudej et al. 2021). According to Amoah et al. (2021), SMEs through their innovations and business opportunities engages prospects and create value for their customers by maintaining relationships, enhancing collaborations (Grondys et al., 2021).

2.3. Corporate social responsibility

Corporate Social Responsibility has currently gained attention (Metzker & Zvarikova, 2021). There is no precise definition of Corporate Social Responsibility in the literature. However, Choongo, (2017) defines Corporate Social Responsibility as the concept of integrating social and environmental issues, ethical, consumer, and human rights in a firm's operations, interactions with the stakeholders voluntarily. Similarly, the European Commission (2011) defined Corporate Social Responsibility as the extra responsibilities that are expected from firms or companies for their impact on society. Such responsibilities have made Entrepreneurs inculcate CSR into their business strategies. SMEs are found to undertake the provision of social services like donation of computers, scholarships, supporting communities and towns in devise ways and towns in which they operate towards economic development. Notably, Ezzi et al., (2020) emphasized that effective social responsibility management affects organizational performance positively and offers the firm the opportunity for a stronger competitive position. Considering these benefits, owners try to develop their responsibility towards stakeholders, especially employees, in different areas, particularly, remuneration (Oliinyk, 2020), professional development (Akimov et al., 2021), forming an attractive employer value proposition (Samoliuk et al., 2022). Amaeshi et al., (2016) explained that SMEs formerly ignored the provision of social services in the form of Corporate Social Responsibility and only concentrated on their core mandate or business but have resulted in the provision of Corporate Social Responsibility towards the fulfillment of economic development in various capabilities.

Moreover, Choongo, (2017), Jamali et al. (2017), and Metzker & Streimikis, (2020) maintained that SMEs have accorded much importance to Corporate Social Responsibility in contributing to the betterment of society. The provision of such social services by SMEs in this regard has reduced the burden of recent governments on some key social interventions like putting up schools, the building of facilities for hospitals, etc. To add more, Kongolo, (2010) established that SMEs ' contributions or attitudes on Corporate Social Responsibility have gained attention in recent times by many scholars and researchers (Androniceanu, 2019; Rozsa et al., 2021; Belas et al., 2021 and others). This is because initially SME management only focused on their core mandate but currently SMEs pay much attention to the provision of basic amenities in solving challenges outside their core duties and responsibilities. SMEs through Corporate Social Responsibilities have created better connections and opportunities with their customers, have a positive influence on customer satisfaction and repurchase behaviors.

2.4. Economic development

Economic development has always become the major concern of most successive governments in both developed and developing countries (e.g. Horvath et al., 2021). Recently, the economic development of most developing countries has not been the only focus of governments but also that of SMEs (Dankiewicz et al. 2020). Many scholars and researchers have defined economic development from different perspectives. According to Kongolo, (2010) defines economic development is the wealth creation that improves the economic, political, and social well-being of the people of the nation (Androniceanu et al., 2019). Also, Muriithi, (2017) categorically defined economic development as targeted activities and

programs that reflect positively in the economic wellbeing of its citizens. Therefore, such improvement calls for wealth creation, diversifying the economy, creating and retaining jobs as well as the innovation and creation of business opportunities (Androniceanu *et* al., 2021).

The paper argued that SMEs in the few decades have become the backbone or engines that mostly derives the development of most developing countries particularly Ghana while Ngek, (2014) and Neneh & Van Zyl, (2017) emphasized that SMEs significant contributions towards economic development cannot be overlooked in terms of its poverty reduction, boosting countries GDP, creation of jobs/employment for the larger portion of the population and finally offering affordable goods and services and provision of social amenities to the communities in which they operate or resides. Etuk et al., (2014) and Nastisin et al. (2021) remark that despite the numerous challenges faced by SMEs, they are known to be the main provider of social interventions and policy strategies that drives the alleviation of poverty through job creations/employment, innovation & business opportunities likewise the fulfillment of corporate social responsibilities and maintained that this has benefited governments in its revenue generation as well as stability of the polity of the country. Such interventions have paved the way for economic development in the country. SMEs' immense contributions have contributed to the betterment of the Ghanaian economy. Nuwagaba, (2015) suggests that SMEs are very instrumental towards the economic development of most developing countries particularly Ghana, and have over time been the forefront of cultivating the acceleration of economic growth.

3. METHODOLOGY

3.1. Sample data and demographics

A quantitative method was used to gather information from selected SMEs in the service sector of Ghana from four regions: Greater Accra, Ashanti, Western and Central. The target population of the study was the staff from fashion industries, Microfinance Institutions, and the Hospitality industry of the selected SMEs who have worked in their respective firms for more than two years. This is to ascertain the reliability of the information obtained. The researchers, therefore, adopted convenience sampling which is a non-probability sampling technique in selecting the respondents needed for answering the questionnaire (Üngüren et al., 2021). Primary data was used in this study. A structured questionnaire was developed and distributed to the selected SMEs through an intercept survey and self-administered. The self-administered questionnaire was delivered at the premises of the respondents with covid-19 protocols duly observed during the data collection process. The adoption of cross-sectional research design was adopted to be the best approach than that of longitudinal approach (Bethlehem, 1999). The adoption of the cross-sectional research design was to reduce time and money spent in the data collection process.

Out of the 420 questionnaires distributed, 375 were returned and correctly filled for analysis, representing 89.29 percent. Thus, each respondent used five to six minutes to answer the questionnaire, and also respondents were advised to not write their details on the questionnaire to ensure ethical and research standards of the study. The data collection was done from June 1st - September 1st.

To measure the relationship among latent variables, the researchers adopted the Partial Least Square-Structural Equation Modelling (PLS-SEM) particularly PLS-SEM Smart 2.0 version as recommended by (Hair et al., 2019; Henseler et al., 2015) and used by current researchers' like (Valaei & Baroto, 2017; Durdyev et al., 2018; Amoah et al., 2021).

Summary of research hypotheses:

To conclude the literature review, we deduce the following propositions/hypotheses for the research aim(s):

H1: There would be a positive relationship between SMEs and their Job Creation/Employment towards the Economic Development of the country.

H2: Innovation and Business Opportunities by SMEs would relate positively to the Economic Development of the nation.

H3: Provision of Corporate Social Responsibility services by SMEs would trigger positively the Economic Development of the nation.

H4: Factors like Job creation/employment, Innovation and Business Opportunities, and Corporate Social Responsibility by SMEs would significantly affect the Economic Development of the nation.

Table 1

Demographic characteristics

Details	Categories	Frequency	Percentage (%)
Gender	Male	259.50	69.20
	Female	115.50	30.80
Age	20-30	140	37.30
	31-40	153	40.80
	41-50	47	12.40
	51-60	20	5.40
	Above 60	15	4.10
Educational Status	SSSCE/Diploma	77.63	20.70
	Degree	195.40	52.10
	Masters	99.72	26.60
	PhD	2.25	0.6
Organizational Size	Micro (1-50 employees)	204	54.40
	Small (51-100 employees)	48.75	13.00
	Medium (101-250 employees)	55.50	14.80
	Large (251-500 employees)	66.75	17.80
Experience Level	1-5 years	141.75	37.80
	6-10 years	111.00	29.60
	10-15 years	66.75	17.80
	15 and above	55.50	14.80
Employment Status	Salaried Workers	283.87	75.70
	Contract Workers	91.13	24.30
Respondents Institutions	Fashion	173.26	46.20
	Microfinance	69.00	18.40
	Hospitality	132.74	35.40

Source: own compilation (2021).

3.2. Data analysis technique and constructs measurement

Partial Least Square-Structural Equation Modeling (PLS-SEM) particularly Adanco 2.0 version was adopted by the researchers in testing the research model. The adoption of the PLS-SEM was preferable since it holds no assumption on data distribution than using Co-Variance Structural Equation Modeling (CB-SEM) which requires data to be distributed normally. The usage of the PLS-SEM approach by the researchers for the data analysis was adopted because it explains the variances of the detailed variables (Hair et al., 2019; Hair et al., 2017). According to Henseler et al., (2016); Jibril et al., (2019), it is appropriate for the researchers to use PLS since it is an exploratory study. Smart PLS 3.2.9 was used in testing the research hypotheses. Existing research works were the inspirations that guided the measurement of the research

constructs. Also, the researchers used the five-point Likert scale basically, (1 = Completely Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Completely Agree) is currently used by (Mekhum, 2020; Amoah et al., 2021). The choice of this medium was to ensure the respondent's level of knowledge to which they agree and disagree with the choice of measurements of the constructs.

4. EMPIRICAL RESULTS AND DISCUSSION

4.1. Model measurement

The constructs' reliability was assessed through Dijkstra-Henseler's rho along with Cronbach alpha co-efficient as per the recommendations of (Hair et al., 2017 and Hair et al., 2019). As seen in Table 2, all the values met the requirement as revealed by (Bagozzi and Yi, 1988; Hair et al., 2019) with a required threshold of 0.5, showing how strong the coefficients of constructs reliability. To measure the psychometric prosperities of the underlying constructs, PLS-SEM ADANCO 2.0 was used to execute such a task. From table 2, the minimum requirement or threshold of 0.7 for composite reliability and 0.8 for Dijkstra-Henseler's rho (ϱA) were dully met. Therefore, Dijkstra-Henseler's rho (ϱA) recorded a reliability minimum of 0.8823 and 0.9057 as maximum. In the same vein, the convergent validity was established through Average Variance Extracted (AVE) which exceeded the required threshold of 0.5 (table 2).

Table 2

Construct reliability and validity

Constructs	Dijkstra-Henseler's rho (ϱA)	Jöreskog's rho (ϱc)	Cronbach's alpha(α)	Average variance extracted (AVE)
Job Creation /Employment	0.8823	0.9088	0.8746	0.666
Innovations and Business opportunities	0.8955	0.9216	0.9525	0.7462
Corporate Social Responsibility	0.8844	0.8960	0.9198	0.6845
Economic Development	0.9057	0.9267	0.9381	0.7170

Source: Authors' processing from ADANCO 2.0 version

All the indicators loadings of the various constructs were subsequently loaded meaningfully to their respective positions. According to Bagozzi &Yi, 1988, a threshold factor loading of 0.6 is deemed to be the best indicator, of which the below values in table 3 met the criteria. From table 3, factor indicator variables of 0.7249 and 0.9074 were recorded for both minimum and maximum load respectively. However, table 3 below shows the summary of the various constructs with their corresponding loadings (coefficients). Common method variance (CMV) was detected through the presence of multicollinearity of the measurement scales through variance inflation factor (VIF).

Moreover, the discriminant validity of the constructs was assessed through Fornell-Larcker's (1981) criterion to establish the discriminant validity between the latent variables (Henseler et al., 2015). From table 4 of Test of discriminant validity – Fornell-Larcker criterion, the values in the diagonal (bold) shows the Average Variance Extracted (AVE) of the constructs measured as per the recommendation of scholars (Hair et al., 2019; Henseler et al., 2015) of which all the values exceeded the requirement of 0.5. The empirical results, therefore, reveal that the constructs satisfy both basic and stringent assumptions and therefore establishes discriminant validity.

Table 3

Factor loadings

Indicator	Job Creation /Employment	Innovations and Business opportunities	Corporate Social Responsibility	Economic Development	VIF
JCE1	0.7996				1.7735
JCE2	0.8587				2.6345
JCE3	0.8772				3.0379
JCE4	0.7571				1.6682
JCE5	0.7834				2.1950
IBO1		0.8575			2.6101
IBO2		0.8814			2.8548
IBO3		0.8390			1.9203
IBO4		0.8769			2.3508
CSR1			0.7249		1.5180
CSR2			0.8737		2.3853
CSR3			0.9026		2.6934
CSR4			0.7965		1.8914
ED1				0.8325	2.2768
ED2				0.8305	2.2787
ED3				0.9074	4.0071
ED4				0.8264	2.7886
ED5				0.8339	2.1084

Note: 1- Job Creation/Employment, 2- Innovation and Business Opportunities, 3- Corporate Social Responsibility, 4- Economic Development. Source: Author's processing from ADANCO 2.0 version

Table 4

Test of discriminant validity – Fornell-Larcker criterion

Construct	1	2	3	4
1=Economic Development	**0.7170**			
2=Job Creation/Employment	0.3566	**0.6666**		
3=Innovation & Business Opportunities	0.2981	0.3184	**0.7462**	
4=Corporate Social Responsibility	0.2813	0.2179	0.2671	**0.6845**

Note: the *diagonal (in bold)* are the average variance extracted (AVE) Sources: Author's processing from ADANCO 2.0 version

4.2 Structural modelling - Path analysis

The evaluation of the model fit, and path analysis is needed. The purpose of this is to reveal the casual-effect (relationship) underlying the research constructs. The findings revealed that; Economic development has a positive and significant effect on the constructs: Job Creation/Employment (JCE), Innovation & Business Opportunities (IBO), Corporate Social Responsibility (CSR). Also, the below table shows the regression coefficients; Beta (β), and the significant values; T-values >1.96 (or P-values < 0.05). Finally, the predictive power (coefficient of determination) of the research model, the coefficient of determination (R^2) of the regression model was also established. Thus, R^2 of the predictor variable of 46% is also appropriate as shown in Table 5 and Figure 1 respectively.

Table 5

Hypothetical path coefficient

Relationship	Beta (β)	Standard bootstrap results					Empirical remarks
		Mean value	SD error	t-value	Effect size (Cohen's f²)	P-value	
H1: JCE -> ED	0.3591	0.3589	7.0503	7.1423	0.1541	0.0000	**Supported**
H2: IBO-> ED	0.2127	0.2145	4.2022	0.1599	0.0506	0.0000	**Supported**
H3: CSR -> ED	0.2529	0.2528	4.8269	3.5289	0.0822	0.0000	**Supported**
Independent variable:	Coefficient of determination (R²)				Adjusted R²		
Economic Development	0.4647				0.4600		

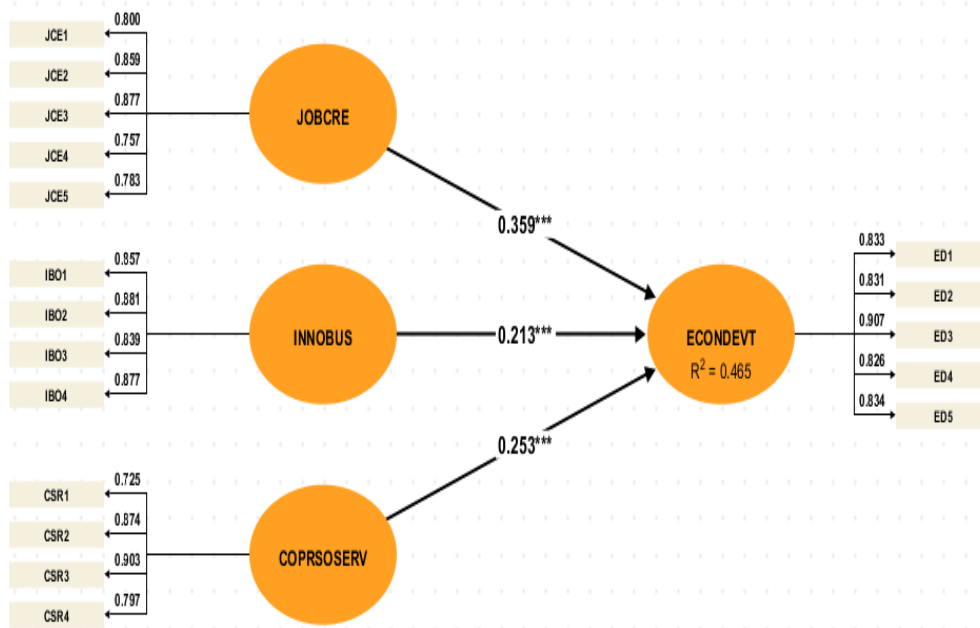Note ED = Economic Development. Sources: Author's processing from ADANCO 2.0 version

Figure 1: Estimated research model. Source: Authors' processing from ADANCO 2.1 Version

5. DISCUSSION

The findings of the research revealed that SMEs ' contribution to the economic development of the country is very paramount. Thus, about hypothesis (H1): *there would be a positive relationship between SMEs and their Job Creation/Employment towards Economic Development* as proven from the computation of the results. This means that the results confirmed the proposed hypothesis (H1). Also, the findings of the present study correlate to the research works of (Etuk et al., 2014; Amaeshi et al., 2016; Abisuga-Oyekunle et al., 2020). In the confirmed works, it was established that SMEs are notably known to be one of the major pillars that facilitate the provision of job creation/employment. The researchers, therefore, opined that SMEs are well recognized for their contributions in the area of reducing the unemployment rate in most developing countries particularly Ghana. Also, the provision of job creation and employment by these SMEs has subsequently eliminated most of the poverty alleviation that has crippled most of the citizens and also massively offering support towards the economic development of the country. Besides, the current study results through its findings established that SMEs are the backbone of many developing countries particularly Ghana by their job creation which reflects in the improvement of the income for low earners. Moreover, SMEs at the forefront of the creation of jobs/employment has also contributed tremendously to the social-economic development of the country.

On the hypothesis (H2), which states that *Innovation and Business Opportunities by SMEs would relate positively to the Economic Development of the nation*, the research findings established a positive direction in this regard. Thus, SMEs offering innovation and business opportunities have triggered economic development in the nation. The provision of innovation and business opportunities comes in devising ways such as technological advancement in its operations, the introduction of new and modified products into the market among others. The researchers are of the firm belief that the results of the findings are confirmed by the works of (Bouwman et al., 2019; Abisuga-Oyekunle et al., 2020) where it was established and confirmed that SMEs mostly brings innovations and provides business opportunities that transcend on the development of the nation. Hence, the researchers opined that SMEs innovation and business opportunities have paved the way for economic development in the nation and also, have brought about the continuous provision of modern innovative ways for business and marketing activities. The present study in analyzing the SMEs impacts on the economic development of the nation deemed it as important because SMEs have become the backbone and engines of most developed and developing counties in transforming the nation to an advanced form which has a positive reflection on the development of the economy. The findings of the present study shows that SMEs in developing countries particularly Ghana offer maximum and postmodern ways of business innovations which ultimately affect economy positively.

Moreover, the valid responses gathered and analyzed through PLS-SEM established that SMEs in developing countries specifically Ghana have offered many corporate social responsibilities donations and benevolent like the building of schools, clinics, scholarships to poor and needy students among others has positively affected the nation in its economic development which correlate with the proposed hypothesis (H3): *provision of Corporate Social Responsibility services by SMEs would trigger positively on the Economic Development of the nation* as confirmed by the works of (Zdenko et al., 2021; Amaeshi et al., 2016; Choongo, 2017). In the confirmed publications, CSR activities among SMEs have gained attention and shifted from individual philanthropy movement in real-time to an institutional practices movement. It is therefore documented in the literature that SMEs' corporate social responsibilities have accounted for the development of the Ghanaian economy thereby reducing the burden of both previous and successive governments. In this regard, the researchers are of the view that SMEs' positive attitude towards Corporate Social Responsibilities to various nations, both developed and developing countries, have been very great and cannot be underestimated. The continued provision of CSR donations and practices among SMEs has brought about the betterment of many communities and cities.

Finally, the hypothesis (H4): *Factors like Job creation/employment, Innovation and Business Opportunities, and Corporate Social Responsibility by SMEs that would significantly affect the Economic Development of the nation* are positively affirmed by the findings of the current results. Per the results obtained, this hypothesis establishes that there is a positive relationship between job creation/employment, innovation and business opportunities, provision of corporate social responsibilities towards economic development. This positive relationship has been confirmed by Ayandibu & Houghton, (2017) and Neneh & Van Zyl, (2017). These studies revealed that SMEs' contributions towards economic development have been very great in the few decades. Such development towards the economy is seen in various ways like the nurturing of young entrepreneurs, absorbing about 70 percent of the total population of the country on employment, therefore, reducing the rate of criminal activities and unemployment rate in the country, supporting and creating an enabling environment for building up some systematic productive capabilities for resilient economic systems through interconnections and linkages among themselves (SMEs). Also, SMEs' contributions have shaped the Ghanaian economy affecting the country's development positively.

6. CONCLUSION AND RECOMMENDATION

Small-medium enterprises have a huge potential to address the socio-economic challenges facing developing economies but have not been fully maximized. The study assessed the contribution of SMEs to the economic development of an emerging economy. Indeed, SMEs' impacts on the nation's development cannot be overlooked within the space of these few decades. To provide empirical findings, the researchers adopted a quantitative research approach, and a structured questionnaire was used to elicit information from SMEs in the fashion, microfinance institutions, and hospitality sectors in four major business regions in the country: Greater Accra, Western, Central, and Ashanti. Through the online survey approach, the study received 375 valid responses as against the 420 questionnaires distributed to the selected SMEs. Moreover, the researchers adhered to the choice of simple random sampling technique in selecting the preferred respondents who are ready to volunteer information needed for the study.

Also, the application of PLS-SEM, particularly ADANCO 2.0 became the obvious choice since most publications and scholars have adopted it in recent works. Theoretically, the current study added more knowledge to the existing literature and therefore fills the missing gap vacuum created within the scope of Ghana and other developing countries. It is important to reveal that the study findings cannot be generalized to other developing countries in Africa since the entire study was only focused on Ghana.

 Since little research has been done regarding the contributions of Small and medium enterprises in an emerging economy, the present study offers insight and valuable contributions offers by SMEs towards the development of the country. Additionally, the findings of the research also fill the missing gap that has existed in literature for a while in the area of emerging economy perspective. Finally, other researchers are advised to undertake a similar study to re-examine the reliability and validity of the present study constructs to ascertain and established how potential the constructs are in another emerging economy.

The findings of this study provide Small and medium enterprises the opportunity to continually offer more contributions towards the development of emerging economies, and subsequently a roadmap for various stakeholders and successive governments to offer more governmental assistance that would be needed by these small and medium enterprises to always ensure the smooth flow of such contributions.
The generalization of the findings of this study is not possible since the study is limited to only small and medium enterprises in Ghana, and also the absence of qualitative information like interviewing of some experts pose a limitation to the findings of this study.

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