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Does managerial training have any impact on the performance of MSE managers: An empirical evidence from Ghana

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ABSTRACT

Adopting the human capital theory as a lens, this study investigates the impact of managerial training on the performance of the managers of Micro and Small Enterprises (MSEs) in Ghana. The study uses primary data collected from 506 MSEs who are clients of Financial Non-Governmental Organisations (FNGOs) in the Volta Region of Ghana. Managerial Training (MT) and Performance has been measured on a five-point Likert scale anchored by strongly disagree (1) and strongly agree (5). *MT* has been measured using 4 main constructs namely, *training content, training efficiency, training frequency and training accessibility* whilst *performance* was measured using 12 items. The study controlled for business age, industry category, manager's educational level and gender.

The study shows that managerial training content, efficiency, frequency, and accessibility are statistically significant in explaining performance among MSE managers in Ghana. Secondly, the study also shows that industry category, managers educational level, and business age influences the performance of managers. However, gender is statistically insignificant and does not have any impact on the performance of MSE managers in Ghana. The study, therefore, argues for the delivery of managerial training which is content-rich, efficient, frequent and accessible to MSE managers to develop their managerial capabilities (Fatoki, 2011; Newman *et al.*, 2014).

Keywords: *FNGOs, Ghana, Managerial training, Micro and Small Enterprises, Performance,*

Paper type: Research paper

1.1 Introduction

Managerial training is noted to be one of the drivers of performance both at the individual and firm level. According to Valdivia (2015), managerial training promotes the adoption of suitable business practices which increases business performance. Implicitly, successful ventures are driven by effective managers who have the requisite managerial capital in terms of essential cognitive skills and knowledge. The relationship between managerial training and performance particularly among corporate institutions is well established in the management literature (Nicoleta, Anisoara and Mircea, 2016). However, the same cannot be said of the Micro and Small Enterprise (MSE) sector particularly in developing countries where training designs, efficiency, frequency and accessibility are challenges confronting the sector. More so, measuring the impact of the training acquired on the performance of the manager could be a difficult task (Valdivia, 2015).

Undoubtedly, the growth and performance of MSEs have become one of the important research concerns in entrepreneurial studies. However, in pursuit of this growth agenda, it has been observed that MSE managers lack the requisite managerial capital in terms of experience, knowledge, and skills to steer the venture successfully (Boukamcha, 2015). Therefore, the acquisition of essential managerial capital and cognitive skills is essential particularly for the top management team who are directly involved in the management of the venture (Grimma and Paffhausen, 2015). This is because, the acquisition of such levels of specialised human capital by the managerial team have a significant influence on the firm's strategic decisions and long-term performance (Lau *et al*, 2012; Raven and Le, 2015). Usually, managerial capital or expertise is developed through formal education, training, and work-related experiences (Fatoki, 2011). Work experience acquired by the manager brings to bear specific insight into customer problems, market viability, product innovation and other competitive resources which are necessary for firm performance (Ulvenblad *et al.*, 2013; Colombelli, 2015). Skylar and Yalcin (2010) argue that it is not only the quantity of training received which promotes managerial performance but rather the quality of training received remains an important factor in improving the effectiveness of MSE managers.

Kirschenhofer and Lechner (2012) indicate that since managerial capital cannot be acquired overnight, there is the need to provide MSE managers consistently with training which is geared towards the development of their expertise. Managerial training refers to any attempt within or outside the firm to increase the job-related knowledge and skill of the MSE manager

in an anticipation of having an impact on his role (Skylar and Yalcin, 2010). Managerial training according to Huang (2001), consists of organised learning activities which seek to improve the individual performance of the MSE manager through changes in knowledge, skills and attitudes. Azila-Gbettor and Adjimah (2013) also argue that managerial training should be aimed at boosting the managerial capacity of the manager using structured courses to inform, train and educate on essential business and management skills. Newman *et al.* (2014) noted that managerial training can be diverse ranging from a single consultation to a long training which can be individually tailored or group-based, focusing on financial education, business management, marketing, accounting, or vocational skills. Therefore an investment in the acquisition of such managerial skills as described above promotes managerial performance and entrepreneurial success (Astebro and Yong, 2016).

Managerial performance is usually shown through the exhibition of personal effectiveness through the use of a set of skills, knowledge, competencies and behaviours which leads to the achievement of organizational goals. Managerial performance is important because managers at all levels have a great impact on organizational outcomes and performance (Skylar and Yalcin, 2010; Ahmad *et al.*, 2010; Rambe and Makhalemele, 2015). Managerial performance also allows managers to perform certain specific job functions in the MSE without much difficulty ambiguity and this leads to efficiency, cost reduction as well as effective use of organisational resources (Agbim, 2013; Bager *et al.* 2015). In a developing country such as Ghana, where the attrition rate of MSEs is very high, the lack of training for MSE managers is attributed to be one of the reasons. Managerial training is therefore important in revamping ailing MSEs as well as to improve their performance (Fatoki and Garwe, 2010).

The MSE sector is important for the development and growth of the Ghanaian economy. It has been estimated that about 46% of all households in Ghana operate some form of MSE with women operating 72% of these businesses (Ghana Statistical Service, 2010). These MSEs are usually found in undertaking various activities such as agriculture, fishing, small-scale mining, food processing, hospitality and other identifiable services (Agyapong, 2010). This sector is therefore important particularly in generating employment for the masses which is currently estimated at 85% (Amoako and Matlay, 2015). This implies that there is the need to provide support services which seek to develop the managerial skills of these MSEs in providing the invaluable services to the economy (Dubihlela and Rundora, 2014).

It is in the light of the above managerial constraint that this study is designed to measure the performance of MSE managers who have been offered series of training by Financial Non-Governmental Organizations (FNGOs) in Ghana over a period of five years. FNGOs are microfinance institutions which adopt a social welfare logic by providing microcredit and other related non-financial services such as entrepreneurship training to MSEs in order to increase their performance and sustainability. The expectation is that MSE managers in Ghana should be provided with a content-rich managerial training which is efficient, frequent and accessible. The main objective of this study is to assess the impact of the managerial training offered to MSE managers on their performance using various job-related indicators. It is supposed to determine whether the training offered to MSE managers has driven managerial performance in the execution of various functions such as accounting, general managerial duties, resource utilisation, usage of technology, product innovation, service innovation, networking, marketing and customer relationship management.

This study is organised into seven sections including the introduction. While section 2 presents the background to the study, section 3 discusses the theoretical framework and the various hypotheses. Section 4 presents the methodology for this study. Section 5 and 6 presents and discusses the results respectively. Section 7 provides the conclusion to this study.

1.2 Literature Review

1.2.1 MSEs in Ghana

MSEs are noted for their importance in economic development and employment generation particularly for developing countries such as Ghana (Macht and Robinson, 2009). MSEs are defined severally depending on the country and the geographical location in context. In the context of Ghana, a microenterprise refers to any firm employing up to five employees or has fixed assets excluding land and building not exceeding US\$ 10,000. Also, a small enterprise refers to a firm employing between 6 and 29 employees or having fixed assets excluding land and building not exceeding US\$ 100,000 (Buame, 2012). Micro enterprises still form a dominant part of the Ghanaian economy. It is estimated that about 90% of all registered firms in Ghana are MSEs (Mensah, 2004). Also, about 3,200,000 households representing 46 percent of all households in Ghana operate some form of micro and small enterprises with women operating 72 percent of these enterprises (Ghana Statistical Service, 2010). The above statistics imply that the Ghanaian economy is highly dependent on the contribution from MSEs in terms of its growth and employment generation. Ghanaian MSEs are found in various economic

activities such as agriculture, fishing, small-scale mining, food processing and other identifiable services (Agyapong, 2010). The main sources of capital for MSEs are household savings (60%) and assistance from relatives or friends (20%). The other 20% is provided by FNGOs and other financial institutions (Ghana Statistical Service, 2010). From the above discussion, it could be seen that MSEs in Ghana which serves as the engine of growth for the economy need to be provided with the necessary support it deserves such as in the provision of managerial training to enhance their success rate. However, Huang (2001) noted that there are inadequacies in the conduct of training, training effectiveness, high cost associated with training activities, ineffective delivery methods as well as poor training evaluation methods when it comes to MSEs in developing countries.

1.2.2 Managerial performance of MSE managers

Managerial performance refers to the personal effectiveness of an MSE manager which is achieved by deploying the right sets of managerial competencies in the form of knowledge, skills, behaviours, and attitudes that can contribute to the performance of the MSE (Rambe and Makhalemele, 2015; Agbim, 2013). According to Bager *et al.* (2015), such managerial competencies enable the MSE manager to perform specific job functions with clarity and precision. According to Pryor and Taneja (2010), management functions in the MSE are centred on planning, organising, commanding, coordinating and controlling. However, the extent to which these functions are executed depends on how equipped the manager is in terms of skills, knowledge and other competencies. More importantly, in the execution of interpersonal, informational and decisional management roles, MSE managers should be provided with the right tools which enable the above roles to be performed without any shortcoming (Gentry, et al. 2008). It has therefore been argued that MSE managers particularly those in the developing countries such as Ghana need to be provided with constant and adequate managerial training which will equip them with the required managerial competency (Ahmad *et al.*, 2010). Carson (2000) in their study distinguished between technical and managerial competencies. With technical competency, the researchers refer to the MSE manager's specific knowledge and skills which enable him to perform specific managerial tasks such as in accounting and budgeting. The MSE manager is also expected to have general managerial competencies which aid him to manage various kinds of relationships and develop broad social networks to support the acquisition of various resources for the enterprise (Nagy *et al.*, 2012). Several other types of managerial competencies such as conceptual, communication, planning, customer management, conflict management and budgeting skills are required for the MSE

manager to be effective in the performance of his role (Shehu *et al.*, 2013; Sidek and Mohamad, 2014; Eniola and Entebang, 2017).

1.2.3 Financial Non-Governmental Organisations

The failure of formal financial institutions to reach out to the poor and the current financial exclusion coupled with nature of the apparent success of the Grameen Bank in 1983 in developing suitable financial products and services for the entrepreneurial poor has inspired numerous FNGOs to enter into the provision of microcredit and other auxiliary services such as training to MSEs (Battilana and Dorado, 2010 ; Cobb, Wry and Zhao, 2016). The purpose of these services is purely welfarist and it is intended to support the poor to engage in creating and managing sustainable MSEs which would provide them with employment and a consistent income (Dzansi and Atiase, 2014). Usually, FNGOs use the group lending method with low cost and accessible credit which largely target women borrowers. In Ghana, FNGOs are regulated financial institutions mandated to provide microfinance services to both the rural and urban poor (Bank of Ghana, 2015). In addition to microcredit, FNGOs in Ghana provide managerial training to MSE managers to equip them with the necessary business management skills and competency to manage their own ventures successfully. Essentially, FNGOs provide skills such as writing a business plan, credit management, communication, basic accounting, inventory management and negotiation skills to MSE managers (Chowdhury and Amin, 2011).

The discussions so far point to two main contributions of this study. Firstly, this study aims at contributing to the human capital theory by focusing on the provision of managerial training programmes of FNGOs in Ghana. This study is therefore a contribution to understanding the impact of managerial training provided by FNGOs on the performance of MSE managers in the context of Ghana. The study focus on four major areas of managerial training namely *training content*, *training efficiency*, *training frequency* as well as *training accessibility* to research this phenomenon in Ghana. Research on the impact of training on managerial performance particularly in the MSE sector is very rare (De Oliveira *et al.*, 2015). In the MSE literature, several studies have focused on business performance at the firm level without paying attention to performance at the managerial level. The study contends therefore that managerial performance is a prerequisite to firm performance but not the reverse.

Secondly, since the principal aim of FNGOs is to provide microcredit to MSEs, this study also aims at contributing to the successful delivery of microcredit programmes to MSEs in

developing countries by focusing on the content and design of training programmes to MSE managers. Studies on managerial training and performance of MSE managers particularly among microcredit clients hardly exist (Sidek and Mohamad, 2014). This study, therefore, argues for the need to increase the managerial training activity for MSE managers (Newman *et al.*, 2014; Padilla-Meléndez *et al.*, 2014).

1.3 Theory and hypotheses development

In understanding the importance of managerial training and competence development for the MSE manager, the human capital theory could provide an insightful lens to view how human capital development could help performance both at the individual and organisation level.

Many studies in the field of entrepreneurship highlight the importance of the human capital theory to underpin the human capital needs of the entrepreneur in the performance of the firm. The concept of human capital refers to the knowledge, skills and problem-solving abilities that come through education, training and experience of the entrepreneur which enhances firm performance (Adom and Asare-Yeboah, 2016; Davidsson and Honig, 2003). Chen and Thompson (2016) refer to the concept as both the cognitive and non-cognitive skills of the entrepreneur acquired through education and experience which contributes to the entrepreneur's success or failure.

This theoretical perspective suggests that the ability of the entrepreneur to successfully engage in an entrepreneurial activity largely depends on the level of education, training received as well as the experience gained in previous work activities. Again, the theory posits that the availability of adequate human capital in the firm enhances performance in terms of the achievement of its economic and social goals (Mahmood and Rosli, 2013; Simpson *et al.*, 2012). In a similar vein, Aggestam (2014) argues that skilled human labour generates higher positive externalities and has a higher impact on the entrepreneurial process than the unskilled ones. Skilled workforce also leads to a competitive advantage as well as innovation in the firm (Johnston *et al.*, 2010; Laforet, 2011). Madsen *et al.* (2008) indicate that education and experience acquired by the entrepreneur could either be specific or general. It is general if it does not relate to any specific business sector or an entrepreneurial activity. On the other hand, it is specific if it relates to a particular type of entrepreneurial activity. In terms of skill acquisition for venture performance, Chell (2013) indicate that such skills could be technical, conceptual, human management and networking skills. In a similar vein, Kirschenhofer and Lechner (2012) distinguish among general, industry-specific and firm-specific human capital development. However, Barney (1991) argues that for such knowledge, skills, and experiences

of organisational members to bring a competitive advantage to the firm, it should be valuable, rare, inimitable and non-substitutable. Thus, the theory emphasises an investment in education, training and gaining work-related experience which explains performance differentials and entrepreneurial success among firms (Hashi and Krasniqi, 2011; Gabrielsson and Diamanto, 2012).

As noted above, MSE managers, particularly in developing countries, lack the necessary managerial skills to steer the venture successfully. It is therefore not surprising that lack of skilled staff is attributed to be one of the causes of the high attrition of African MSEs. In the context of Ghana, it is expected that MSE managers are provided with constant training programmes which would update the managerial skills of MSE owners (Carsamer, 2012). The authors in this study therefore hypothesized that there is a positive relationship between managerial training and performance of the MSE manager. The various hypotheses regarding the provision of managerial training to MSE managers are presented below.

1.3.1 Training content and managerial performance

The content and design of managerial training programmes are essential if it is to achieve the desired impact on MSEs managers. (Raja, Furqan, and Muhammad, 2011) indicate that the success or failure of a managerial training programme depends on the design, methods of delivery, and content of the training. Sabella and Analoui (2015) argue that the content of a managerial training should be designed based on the tasks and duties to be performed in the MSE. More importantly, managerial training designs should be based on the systematic analysis of the intended effects on the managerial function (Bhatti and Kaur, 2010).

De Mel *et al.* (2014a) indicate that all managerial training programmes should start with needs assessment and organisational diagnostics of the managers to identify the various gaps which exist in their managerial capability. Sabella and Analoui (2015:685) refer to this as ‘gap identification’. Thus, training providers are supposed to conduct a need assessment of the current managerial situation and what ought to be done in the future. These needs according to (Bhatti and Kaur, 2010) should not only be concerned only about the needs of the managers but also the strategic needs of the MSE should also be considered in designing the content of training programmes for managers. In this respect, methods such as the use of group discussions, assessment centres, advisory committees, interviews, performance reports, and surveys are recommended to identify such needs (Sabella and Analoui, 2015).

Sidek and Mohamad (2014) indicate that managerial training programmes should provide business development skills which equip the MSE manager with the right competency in developing his business. In this direction, it is suggested that the content of such programmes should focus on providing technical, communication, negotiation, conflict management, decision making and team building skills (Chinomona, 2013). Also, Mano *et al.* (2012) pointed out that the content of managerial training should focus on productivity as well as the quality of the managerial function in the MSE. This implies that content-rich managerial training programmes would provide the MSE manager with skills which are inimitable and also makes him efficient in performing the managerial role. In a similar vein, Sharma (2014) noted that the training content and methods should be motivating enough to generate the highest interest for participation and engagement. Based on the above discussion and evidence in the literature, the following hypothesis is proposed.

H_{1a}: Managerial training content is positively related to the performance of MSE managers.

1.3.2 Training efficiency and managerial performance

Training programmes designed to equip MSE managers need to be efficient. (Nembhard, 2014) indicate that managerial training programmes should be efficient in terms of cost and time in meeting the needs of MSEs. Neirotti and Paolucci (2013) also argue that one of the reasons many MSEs withhold investment into training programmes is due to the cost associated with such programmes and the use of inefficient methods of training which prevents many MSEs from accessing quality managerial training. In a similar vein, Sharma (2014) observed that firms are reluctant to sign up for managerial training programmes which require substantial investment in terms of cost, personal and corporate time and organisational adjustments. MSEs, therefore, prefer training programmes which have greater flexibility in cost and business hours. The cost of training can, therefore, inhibit MSEs from accessing quality training opportunities. In dealing with the cost and time spent on managerial training programmes, it has been recommended that MSEs could adopt online training methods which are cost-effective and flexible to managers which do not require many organizational adjustments (Long, DuBois, and Faley, 2008; Smith and Barrett, 2016). Moreover, Brotherton and Evans (2010) indicate that the quality of the trainer in terms of experience and education could have an impact on the efficiency of the training process as well as on the transfer of knowledge after the training is

delivered. Sharma (2014) therefore concluded from a related study that the cost, quality and objectives of a training programme are essential factors which firms consider in assessing managerial training programmes.

Sabella and Analoui (2015) also, indicate that the selection of an appropriate training delivery method could determine whether a training programme becomes efficient or otherwise. This implies that the adoption of the most suitable training method enables trainees to learn effectively. In a similar study, Huang (2001) found that identifying the training needs of managers, designing the content, choosing suitable delivery methods for its implementation and effectively evaluating training results makes a managerial training programme efficient. More importantly, Ment (2011) indicates that the efficiency of training programmes could also be enhanced through the use of an appropriate selection of training facilities as well as training activities to be employed in the training programme which in most cases is absent in rendering training to MSEs in developing countries. Based on the above discussion and evidence in the literature, the following hypothesis is proposed.

***H_{1b}**: Efficient managerial training is positively related to the performance of MSE managers.*

1.3.3 Training frequency and managerial performance

Training frequency is as important as training efficiency. MSE owners need to have constant training programmes which refresh their knowledge of critical business management practices and new methods of management (Rauch *et al.*, 2005). Frequent training programmes could also intervene quickly in identifying business challenges at early stages before it gets out of hand. In such a case, effective training programmes could prevent MSEs from failing totally. In a related study, Gordon *et al.* (2012) observe that the frequency of attendance at managerial training programmes by MSE managers has a significant role on firm performance compared to the control group which did not have frequent managerial training. According to the researchers, this frequency of attendance to managerial training shows the commitment to strategic planning of the firm. Another study which sought to relate the managerial performance of female MSE managers to their training frequency found out that, women who had frequent training performed in their roles than those who do not (Muraguri *et al.*, 2016). Usually, such training programmes could be provided on a quarterly basis if the cost is not prohibitive. The general assumption, therefore, is that managers who have frequent managerial training and capacity development in the required skills, perform their roles better and make a

significant impact on the business (Dilani *et al.*, 2007; Brotherton and Evans, 2010). Based on the above discussion and evidence in the literature, the following hypothesis is proposed.

H_{1c}: Frequency of managerial training is positively related to the performance of MSE managers.

1.3.4 Training accessibility and managerial performance

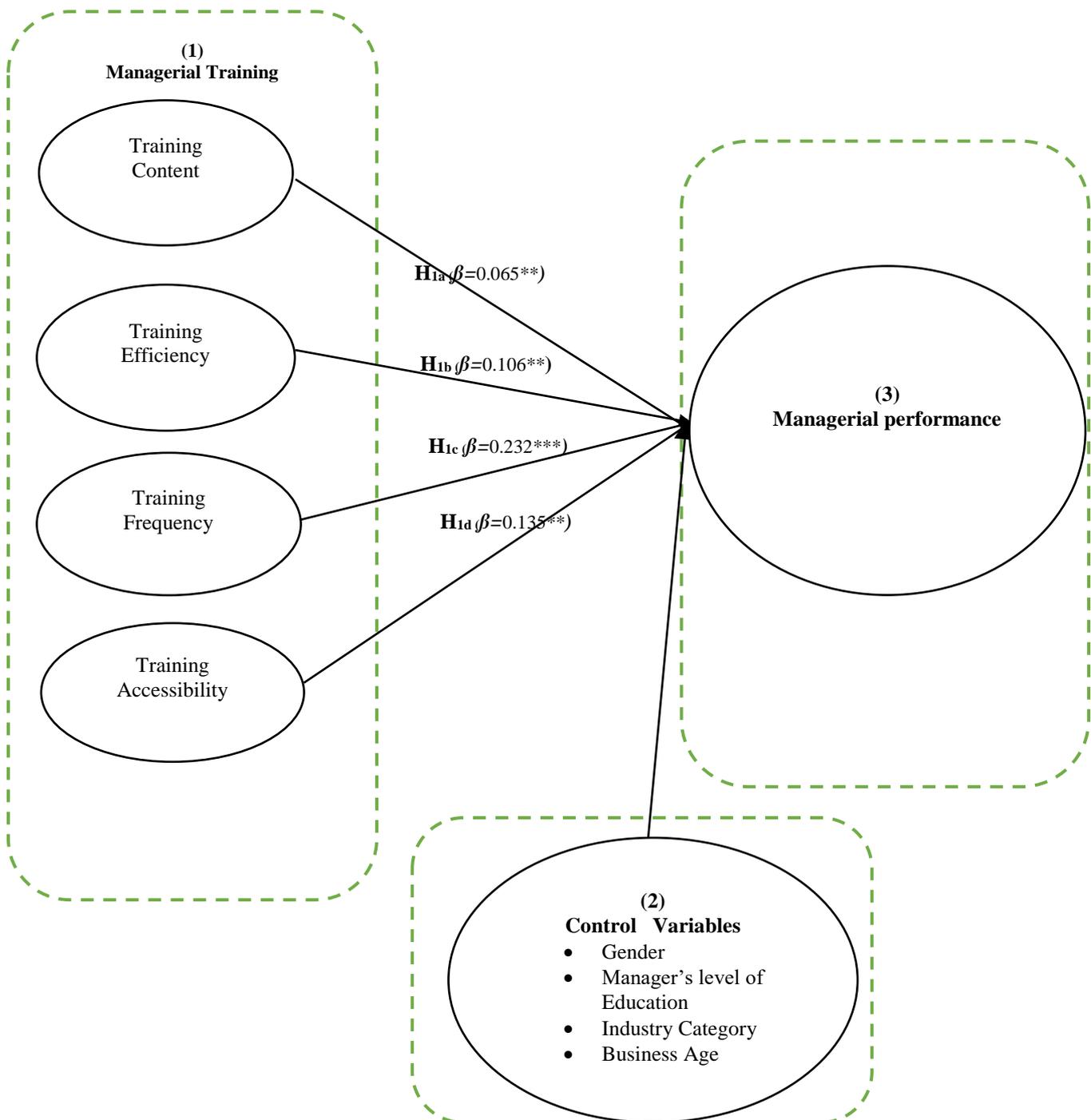
Accessibility to managerial training programmes enhances human capital development in the MSE. Generally, it has been observed that most MSE managers lack the necessary managerial capital which is needed to manage their ventures successfully. This lack of managerial capital has been one of the reasons MSEs continue to fail sometimes without recovery particularly in developing countries where managerial training opportunities are scarce (Kambwale *et al.*, 2015). In Ghana, for instance, most MSEs particularly the micro ones operate in the rural areas where training opportunities are unavailable or limited. Therefore, the accessibility to quality and efficient managerial training could offer the opportunity to MSE managers to build suitable skills in managing their enterprises (Bager *et al.*, 2015). In enhancing access to training opportunities for MSE managers, both internal and external opportunities could be considered in providing training opportunities to MSE managers (Al-Madhoun, 2006)

Fatoki (2011) also argue that due to the lack of adequate formal education on the part of most MSE managers in Africa, there is the need to extend access to entrepreneurial training to MSE managers without any barrier or limitation. However, as noted above, in extending access to managerial training, the cost of managerial training programmes may inhibit accessibility to it (Neirotti and Paolucci, 2013). Also, since most MSEs, particularly in developing countries, operate in remote areas, it has been suggested that the geographical concentration of such training programmes should be considered for easy accessibility by MSE managers (Al-Madhoun, 2006). The role of FNGOs in providing managerial training opportunities to MSE managers in Ghana cannot be under-emphasised. FNGOs are important in this regard because all managerial training offered to MSE managers are free and this takes the financial burden of paying for such training programmes directly from MSEs. Based on the above discussion and evidence in the literature, the following hypothesis is proposed.

H_{1d}: Accessibility to managerial training is positively related to the performance of MSE managers.

The above discussion point to the fact that MSE managers, need to be equipped with the requisite managerial skills to succeed in their ventures. In Ghana, most MSE managers lack these skills hence the role of FNGOs in providing these skills (Yeboah, 2015). Based on the above discussion and considering the major findings from the literature, the following conceptual framework is proposed for this study in relation to the hypotheses stated above.

Figure I: A hypothesised model for the impact of managerial training on performance of MSE managers



1.4 Research context and methodology

1.4.1 Sample and data

This study was conducted in the Volta Region of Ghana. The Volta Region is one of the ten regions in Ghana with its administrative capital known as Ho. Geographically, the region covers an area of 20,570 square kilometres making about 8.6% of the total land area of Ghana (Government of Ghana, 2018). The region shares borders with Togo by the East and the Atlantic Ocean to the South. The most recent population census recounts that the total population in the Volta Region stands at 1,635,421 with an intercensal growth rate of 1.9% (Ghana Statistical Service, 2013). Approximately about 15.2% of the economically active individuals are employed in the retail and wholesale sector. About 10.9% of individuals in the region are also engaged in the manufacturing sector. It has been estimated that eight out of every ten adults is self-employed. Thus, only 14% and 6% of males and females respectively are formally employed (Ghana Statistical Service, 2013; Unicef, 2014). This implies that self-employment through MSEs is the dominant income generating activity for the dwellers in the Volta Region.

As indicated earlier, MSE managers have a crucial effect on the organisational outcomes and their role has consistently become important for the successful management of the enterprise (Skylar and Yalcin, 2010). Therefore, the principal purpose of this study is to investigate the impact of managerial training on the performance of MSE managers among microfinance clients in Ghana. In Ghana, many MSE owners lack the necessary managerial skills and competencies which are needed to improve the performance of their ventures (Abor and Quartey, 2010). Despite the importance of managerial training to the venture management process, most MSE managers in Ghana have not received adequate training which would equip them to manage their ventures successfully.

This survey involved four FNGOs. The total population for this study was 2,647 MSE owner-managers who are clients of FNGOs. The sample frame for this study was 2,461. Based on a stratified random sampling technique, 720 MSEs were sampled in March 2017 and a self-administered questionnaire was sent in April 2017. Out of the 720 questionnaires sent, 506 fully completed questionnaires were retrieved generating a response rate of 70.2%. The study generated a very high response rate because the FNGOs engaged in this study practised group lending method which made it possible for the authors to have access to many MSE owner-managers during their group meetings. The quantitative primary data collected using the self-administered questionnaires were analysed using the Statistical Package for Social Sciences

(SPSS) to generate various reports which culminated in this study. Table I presents the profile of the sampled MSEs which are found in the agricultural, construction, hotels and restaurant, transport and distribution, general trading, general services and education sectors.

Table I: Profile of sampled MSEs in Ghana

Demographic Variables	Frequency	Percentage
Sectoral Distribution		
Agriculture	5	1
Construction	10	2
Hotels and restaurants	22	4
Transport and distribution	98	19.4
General trading	185	36.6
General services	178	35.2
Education	8	1.6
Age of Business		
6-10yrs	96	18.9
11-15yrs	307	60.7
16yrs+	103	20.4

1.4.2 Constructs and measurements

Dependent variable

The dependent variable for this study is *managerial performance*. Performance is measured through an assessment of various managerial roles and output in the MSE. The study followed De Oliveira *et al.* (2015), Olowu and Aliyu (2015) and Sidek and Mohamad (2014), in the design of managerial performance. Based on this approach, 12 items were used to measure the managerial performance of MSE managers in the Ghanaian context. The specific managerial roles which were captured and measured include *accounting functions, general managerial duties, business resource utilisation, technological functions, product innovation functions, service innovation functions, networking functions (social capital), marketing functions, daily work practices, business information processing, business research and customer relationship management*. These metrics were selected to measure performance because the role of the MSE manager is an omnibus one where several roles as identified above are performed by the same person. These items were measured using a Likert scale anchored by strongly disagree (1) and strongly agree (5). The mean score which has been used in the regression model is generated by aggregating the 12 items.

Independent variables

The study followed both Be´chard and Toulouse (1998) and Rauch *et al.* (2005) to design a four-factor construct namely *managerial training (MT) content, efficiency, frequency and accessibility* to measure the nature of managerial training provided by FNGOs to MSE managers in the Volta Region of Ghana. Firstly, MT content was measured using four items namely managerial skills, soft skills, technical and operational skills. Secondly, MT efficiency was measured using five items namely cost of training, timeliness of training, whether training was well understood by managers, whether training supported manager's personal development and whether training provided by FNGOs helped in resolving identifiable business challenges. Thirdly, MT frequency was also measured using five items namely satisfaction with the frequency of training provided, whether training does not disrupt planned business activities, whether the frequency of training enabled knowledge application, whether training frequency encourages participation in future training, and whether training frequency ensures update of current issues in the MSEs. Finally, MT accessibility was measured using 2 items namely the difficulty in accessing training from FNGOs and the general satisfaction with access to training from FNGOs. The independent variables were measured using a Likert scale anchored by strongly disagree (1) and strongly agree (5). In total, twenty-three (23) items were used to measure managerial training. The mean score which has been used in the regression model is generated by aggregating the 23 items.

Control variables

Research evidence provides the indication that MSE owner-manager characteristics, as well as firm characteristics, could influence the firm growth, performance, and access to specific resources in the MSE (Blackburn, Hart, and Wainwright, 2013). Owner-manager characteristics such as educational background, gender, management knowledge and specific industry knowledge are known to be essential in the performance of MSE. Similarly, other firm characteristics such as the age of the MSE, access to market, enterprise size, social capital, mode of entry as well as industry category are all critical to the growth of MSEs (Dickson *et al.*, 2006; Hashi and Krasniqi, 2011; Parker and Praag, 2012 ; Newman *et al.*, 2014). Based on the above evidence from the literature, the study controlled for gender, owner-managers level of education, industry category and business age.

Exploratory factor analysis

Following Anderson and Gerbing (1988) an exploratory factor analysis (EFA) was executed to check the common method bias as well as the factorial structure of the managerial training constructs, namely *MT content, efficiency, frequency and accessibility*. In consideration of the factorial structure of the construct, it is suggested that factors with low factor loadings (< 0.50 for new models, < 0.60 for existing models) should be deleted first and data recalculated until a higher value of 0.7 and above is achieved (Hancock and Mueller, 2010; Sidek and Mohamad, 2014). Therefore, a principal component (PCA) analysis with varimax rotation was executed to group the managerial training variables into common factors as well as to examine the structure of the factors. The PCA is also used to reduce the number of factors into a smaller set to be used in the model. From the process, no dominant factor emerged to explain a significant variance. Four factors with an Eigenvalue greater than 1.000 arose and were consistent with the proposed construct as indicated above. Factors with Eigenvalue less than one were considered insignificant and were excluded. The four factors explained a total of 82.780 percent of the variance indicating a strong model. From the analysis, MT content emerged as the most important factor with an Eigenvalue of 9.759, explaining 42.4% of the variance in managerial training and MT accessibility is the least important factor with an Eigenvalue of 1.766 and explaining 7.6% of the variance in the managerial training construct. This implies that a common method bias is not a major concern in this study. The results of the KMO measure of sampling adequacy and Bartlett's test of sphericity also show that the data had met the fundamental requirements for factor analysis and this was also significant at 1% level (Kaiser-Meyer-Olkin statistic: 0.878; Bartlett Test of Sphericity: $\chi^2 = 18,255.565$, $df = 253$, $p = 0.000$). Table II below presents the items of the managerial training construct as well as the loadings and cross-loadings for each item on factors. Items were only considered to have loaded properly if they had a loading of 0.200 or above on a factor and the difference between the main loading and other cross-loadings was more than 0.300 (Howell *et al.*, 2005).

Table II: Exploratory factor analysis of managerial training factors

Items		Factor 1	Factor 2	Factor 3	Factor 4
		Training Content	Training Efficiency	Training Frequency	Training Accessibility
(1)	Difficult to access training from FNGOs	0.012	0.001	0.081	0.963
(2)	Training satisfaction	0.092	0.019	0.172	0.939
(3)	Training frequency satisfaction	0.092	0.051	0.841	-0.004
(4)	Disruption of scheduled business activities	0.098	0.071	0.867	-0.012
(5)	Training frequency enables knowledge application	0.074	0.081	0.862	0.011
(6)	Training frequency encourages participation in training	0.052	0.113	0.843	0.106
(7)	Training frequency ensures update of business related	0.067	0.136	0.755	0.245
(8)	New management methods	0.637	-0.026	0.061	0.009
(9)	Financial accounting	0.956	-0.024	0.081	0.089
(10)	Customer relationship management	0.964	-0.037	0.089	0.071
(11)	Management Information Systems	0.955	-0.041	0.091	0.095
(12)	Leadership and teamwork skills	0.973	-0.011	0.093	0.069
(13)	Creativity and problem-solving skills	0.974	-0.019	0.088	0.068
(14)	Development of inter-personal and communication skills	0.975	0.032	-0.061	0.048
(15)	Workplace safety	0.958	-0.077	0.026	-0.046
(16)	Use of machinery	0.934	-0.068	0.041	-0.023
(17)	Service delivery methods	0.953	-0.066	0.020	-0.041
(18)	Product and service innovation	0.873	-0.057	0.030	-0.073
(19)	Training is cost-effective	-0.066	0.842	0.020	-0.048
(20)	Training is timely	-0.088	0.916	0.129	-0.078
(21)	Training is well-delivered and understood	-0.100	0.938	0.118	0.047
(22)	Training is beneficial for personal development	-0.095	0.933	0.073	-0.044
(23)	Training resolved my current business challenges	0.52	0.761	0.038	0.008
Eigen values		9.759	4.625	2.888	1.766
% of Variance Explained		42.432	20.111	12.557	7.680
KMO		0.878			
Bartlett's Test of Sphericity					
Approx. Chi Square		18,255.565			
df		253			
Sig.		0.000			

Construct reliability and validity

In checking for the internal consistency of the constructs used in this study, The Cronbach's α was utilised to test the reliability of the variables. Cronbach alpha is a reliability coefficient which indicates how well the items are positively correlated with one another. The closer the Cronbach α is to 1, the higher the internal consistency of the constructs. The test indicates that all the variables show a Cronbach's α scores of 0.800 and above which is considered reliable and internally consistent (Sekaran, 2003; Hair, *et al.*,2010) (*MT Content* = 0.977; *MT Efficiency* = 0.926; *MT Frequency* = 0.897; *MT Accessibility* = 0.934; *MP* = 0.997). In terms of content validity, Parasuraman *et al.* (1988) state that the content validity of a construct depends on the extent to which the construct items represent the themes being measured. The constructs used in this study are believed to possess content validity because the constructs were sourced from the managerial and training and performance literature such as De Oliveira *et al.* (2015), Olowu and Aliyu (2015) and Sidek and Mohamad (2014). For the control variables, content validity is based on literature such as Blackburn, Hart, and Wainwright (2013) Anderson and Eshima (2013) and Hashi and Krasniqi (2011). The result of the reliability test is shown in Table III below.

Table III: Cronbach's alpha test of reliability for managerial training and performance

Factors	Cronbach's Alpha	Cronbach's Alpha based on standardised items	No. of Items
(1) Managerial training content	0.977	0.983	11
(2) Managerial training	0.926	0.931	5
(3) Managerial training	0.897	0.900	5
(4) Managerial training	0.934	0.943	2
(5) Managerial performance	0.997	0.997	12

1.5 Statistical analyses and results

Descriptive statistics and correlations

Table IV below presents the descriptive statistics in terms of the mean and standard deviations of both the dependent and independent variables and the correlations among the variables. The number of observations for this study is 506 MSEs. Manager's level of education has the highest mean of 5.090 while the lowest mean is MT access (3.679). In terms of the standard deviation, the highest is industry category (1.0586) while the lowest is gender (0.2127). The correlation analysis also shows low inter-correlations among the predictor variables as well as among the control variables. There is also a potential concern for multicollinearity between the predictor variables. However, the regression analysis in Table V indicates that the model reported low variance inflation factors (VIF) with the highest being 1.068 indicating a low multicollinearity hence a strong model.

Table IV: Descriptive statistics and correlations

Variable	Mean	SD	Obs.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(1) Managerial performance	4.247	0.4	506	–								
(2) Gender	4.952	0.2	506	0.100*	–							
(3) Manager's level of education	4.090	0.6	506	0.155*	0.158*	–						
(4) Business age	4.000	0.6	506	0.203*	0.014	0.064*	–					
(5) Industry category	4.003	1.0	506	0.243*	0.124*	0.139**	0.079**	–				
(6) Managerial training accessibility	3.679	0.6	506	0.191*	0.073*	0.119**	0.115**	0.010	–			
(7) Managerial training frequency	3.956	0.5	506	0.247*	0.016	0.042	-0.037	0.125**	0.061*	–		
(8) Managerial training content	4.361	0.6	506	0.075*	-	-0.039	0.057*	0.061*	0.008	-0.027	–	
(9) Managerial training efficiency	4.180	0.8	506	0.088*	-0.042	-0.096**	0.115**	-0.018	0.054	-0.131	0.040	–

Notes: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Regression analysis

The study adopts a multiple regression analysis in testing the four hypotheses identified above. Two sets of regression models were run. Model 1 which is the restricted model is performed only with the control variables (gender, manager's educational level, industry category and business age) and the dependent variable (managerial performance). Model 2 which represents the full regression model combines the four independent variables (MT content, MT efficiency, MT frequency and MTaccessibility), the dependent variable (managerial performance) and all the control variables as indicated above. The regression analysis of managerial performance, the predictor variables and the control variables are presented in Table V below.

Table V: Regression Analysis of managerial training and performance of MSE managers

Managerial Performance												
Variables	Model 1						Model 2					
	Unstandardized Coefficients β	Std. Error	Standardized Coefficients Beta	t	Sig.(p)	VIF	Unstandardized Coefficients β	Std. Error	Standardized Coefficients Beta	t	Sig.(p)	VIF
Gender	0.119	0.093	0.055	1.281	0.201	1.037	0.124	0.089	0.058	1.395	0.164	1.052
Manager's level of	0.074	0.030	0.107**	2.472	0.014	1.044	0.069	0.029	0.098**	2.363	0.019	1.068
Age of business	0.124	0.029	0.179***	4.221	0.000	1.009	0.110	0.029	0.159**	3.871	0.020	1.040
Industry Category	0.090	0.019	0.207***	4.821	0.000	1.036	0.077	0.018	0.177**	4.265	0.040	1.059
Training Accessibility							0.091	0.028	0.135**	3.282	0.001	1.039
Training Frequency							0.188	0.033	0.232***	5.656	0.000	1.041
Training Content							0.045	0.028	0.065**	1.598	0.013	1.021
Training Efficiency							0.059	0.023	0.106**	2.566	0.011	1.046
R^2	0.609						0.894					
Adjusted R^2	0.501						0.781					
ANOVA F	15.261						14.910					
Sig. F Change	0.000						0.000					
N	506						506					

Note: ** $p < 0.05$, * $p < 0.01$**

From the full regression model (model 2), MT content with a p -value of 0.013 and a coefficient of 0.065, is statistically significant at $p < 0.05$ level. This implies a unit increase in MT content increases managerial performance by 6.5%. The first hypothesis (H_{1a}) is therefore accepted regarding the positive impact of training content on managerial performance. Secondly, MT efficiency with a p -value of 0.011 and a coefficient value of 0.106 is also statistically significant at $p < 0.05$ level. Thus, a unit increase in MT efficiency, therefore, increases managerial performance by 10.6%. In this case, also the second hypothesis (H_{1b}) is confirmed. Thirdly, MT frequency with a p -value of 0.000 and a coefficient value of 0.232 is statistically significant at $p < 0.01$ level. This implies a unit increase in MT frequency leads to 23.2% increase in managerial performance. Hypothesis H_{1c} is also accepted for having a significant impact on managerial performance. Finally, MT accessibility with a p -value of 0.001 and a coefficient value of 0.135 is statistically significant at $p < 0.05$ level. A unit increase in MT accessibility leads to 13.5% increase in managerial performance. The hypothesis H_{1d} regarding MT accessibility is then accepted in this regard. From the above analysis, the results therefore, support H_{1a} , H_{1b} , H_{1c} , and H_{1d} which implies that there is a positive relationship between MT content, MT efficiency, MT frequency and MT accessibility and the managerial performance of MSE managers in Ghana.

In terms of the control variables, gender ($p=0.164$, $\beta=0.058$) is not statistically significant. Gender, therefore, has no impact on managerial performance. Manager's level of education ($p=0.019$, $\beta =0.098$) is statistically significant at $p < 0.05$ level. In the same vein, business age ($p=0.020$, $\beta =0.159$) is also statistically significant at $p < 0.05$ level. Finally, industry category ($p=0.040$, $\beta =0.177$) is also statistically significant at $p < 0.05$ level. To assess the overall fitness of the model, ANOVA F -values were also inspected. In the restricted model for managerial performance, the F -value is 15.261. However, in the full regression model, the F -values is 14.910 which are all significant at $p < 0.01$ level. R^2 is another variable which can indicate the overall fitness of the regression model. In the restricted model for managerial performance, the R^2 is 0.609 and its adjusted R^2 is 0.501. In the full regression model for MT, the R^2 is 0.894 and its adjusted R^2 0.781. This explains that both the restricted model and the full regression model can explain 50.1% and 78.1% (using adjusted values) respectively of the variances in the dependent variable.

Model specification for managerial performance

From the full regression model, managerial performance can therefore be predicted by:

$$MP = \alpha + \beta_1 \text{GEN} + \beta_2 \text{EDU} + \beta_3 \text{AGE} + \beta_4 \text{IND} + \beta_5 \text{MTACC} + \beta_6 \text{MTFREQ} + \beta_7 \text{MTCONT} + \beta_8 \text{MTEFF} + \varepsilon$$

Where: α =constant term, β_1 to β_8 = Regression coefficients, GEN= Gender, EDU= Manager's level of education, IND= Industry category, AGE= Age of business, MTACC= Managerial training accessibility, MTFREQ= Managerial training frequency, MTCONT= Managerial training content, MTEFF= Managerial training efficiency and ε = Error term.

Table VI: Summary of Hypothesis and Results

Hypotheses	Sig.	Result
<i>H_{1a}: Managerial training content is positively related to the performance of MSE managers.</i>	5%	Supported
<i>H_{1b}: Efficient managerial training is positively related to the performance of MSE managers</i>	5%	Supported
<i>H_{1c}: Frequency of managerial training is positively related to the performance of MSE managers.</i>	1%	supported
<i>H_{1d}: Accessibility to managerial training is positively related to the performance of MSE managers.</i>	5%	Supported

1.6 Discussion of empirical results

As indicated in Table V above, managerial training was measured using four main variables namely managerial training content, efficiency, frequency, and accessibility. The results of this study show that managerial training content, efficiency, frequency as well as accessibility significantly explain the managerial performance of MSE managers. The provision of managerial training for MSE managers in Ghana has been neglected for so long and this has been noted to contribute to the current failure rate of MSEs (Awal, 2017). Over the years, as an attempt to reduce poverty through MSEs, financial institutions in Ghana solely focus on the provision of financial capital to MSEs without paying much attention to their human capital needs. As indicated by Newman *et al.* (2014), the provision of microcredit alone does not make the poor successful in business. Rather, MSE managers need to be provided with managerial training to develop various competencies which are critical for managing MSEs. Therefore, the contribution of FNGOs in providing both microcredit and managerial training to MSE managers in Ghana is worthy of note.

Firstly, the results indicate that managerial training content contributes significantly to the performance of MSE managers. The content and design of a managerial training programme are paramount to the success or failure of such training activities (Raja, Furqan, and Muhammad, 2011). When providing managerial training to MSE managers, Be'chard and Toulouse (1998) for a very long time argue that managerial training programmes should be able to achieve three main objectives. First, managerial training programmes should contain entrepreneurship awareness modules which should provide information and reflection on entrepreneurship as a career choice. Second, such training programs should focus on the provision of business creation skills such as technical, human and managerial skills (Bhatti and Kaur, 2010). Finally, managerial training activities should provide business development skills which would equip the MSE manager with various competencies to further improve upon the business (Sidek and Mohamad, 2014). This implies that content-rich managerial training programmes would provide the MSE manager with skills which are valuable, rare and inimitable to make him competitive. More importantly, the content of managerial training programmes should be tailored to meet the managerial inadequacies of MSE managers which are derived from an extensive gap analysis (Sabella and Analoui, 2015). In designing managerial training programmes, it is also important to consider the strategic needs of the business. For instance, managerial training programmes could focus on future product development, strategic partners, nature of competitors, the growth of technology and various market dynamics. (Watad and Ospina, 1999). The activities aligned with managerial training programmes should also be motivating enough to fully engage the participants. It has been observed that managerial training programmes which are not engaging enough suffer poor attendance in future training programmes (Sharma, 2014). Therefore, in the delivery of managerial training to MSEs, microfinance institutions including FNGOs are supposed to design training programmes taking into consideration the peculiar needs of their clients.

Secondly, the results also indicate that the efficiency of managerial training significantly predicts the performance of MSE managers. The efficiency of managerial training in terms of cost and time is also of essence in providing MSE managers with the required training (Nembhard, 2014). Since MSEs have several resource constraints, the cost of training could be a prohibitive factor for participating in managerial training programmes (Neirotti and Paolucci, 2013). In some developing countries including Ghana, free managerial training programmes are provided by government institutions due to such cost-related challenges encountered by MSEs. However, it has been observed that such government-sponsored training programmes

are usually not sustainable and fail to achieve the intended objectives in developing managerial capacities of MSE managers. Therefore, the contribution of FNGOs in developing the human capital base of MSEs is very crucial since such services are offered without any cost to the MSEs. Efficient training programs should also be able to address the current challenges being faced by MSE managers in their businesses. This is because, research evidence indicates that many small business owners attend training programmes with some identifiable business challenges in mind (Azila-Gbettor and Adjimah, 2013). This implies that efficient programmes are judged by being able to resolve managerial difficulties in the MSE.

Thirdly, the results show that the frequency of managerial training provided to MSE managers significantly predicts their performance. The frequency of managerial training programmes is as important as its efficiency. MSE managers need to have constant training programmes which will refresh their knowledge of critical business practices and new methods of management (Gordon et al. (2012). In this era of fast technological advancement and consumer sophistication coupled with the fact that MSEs managers lack the required skills to manage successfully, there is the need to provide MSE managers with constant training programmes which are able to address current managerial difficulties as well as strategic needs of the business (Brotherton and Evans, 2010). Frequent training programmes could intervene quickly in identifying business challenges at earlier stages before it gets out of hand (Fatoki, 2011). In such a case, effective training programmes could prevent MSEs from failing totally.

Finally, accessibility to quality managerial training is one of the necessary factors in developing the managerial capacity of MSEs (Kambwale *et al.*,2015). In Ghana, most MSEs operate in rural settings where training opportunities are usually unavailable. Apart from geographical conditions which prevent MSEs from accessing training programmes, the cost of training programmes in terms of commuting time between business location and training centres and associated charges could be a barrier to training accessibility of MSE managers (Fatoki, 2011). In such circumstances, training programmes need to be located in places where they can easily be reached. There is the need therefore to extend access to managerial training opportunities for MSE managers without any barrier or limitation. Therefore, in extending access to training programmes, various factors such as the geographical location of the training centre and the cost associated with it should be considered (Neirotti and Paolucci, 2013). However, since FNGOs work mostly in rural areas where MSEs are concentrated, accessibility is not much of a concern even though it could be improved.

In summary, from the model proposed in this study, *H_{1a}*, *H_{1b}*, *H_{1c}* and *H_{1d}* are accepted. This has shown that all the variables used in measuring managerial training are positively related to managerial performance. As noted above, providing managerial training to MSE managers particularly in developing countries such as Ghana would equip them with the necessary managerial skills to successfully manage MSEs successfully. However, in the provision of such training programmes, quality content, efficiency, frequency and ease of access are fundamental issues which FNGOs and other organisations providing managerial training to MSE managers need to critically consider.

1.7 Conclusion

The research context in this study provides a unique environment for the study of MSEs. In a developing country such as Ghana, the contribution from MSEs to employment generation as well as to the general economic development is enormous. However, human capital development needs are usually ignored. Conventional knowledge has it that, access to financial capital has been the most common cause of MSE failure (Chowdhury and Amin, 2011). Even though the study agrees that financial capital is important, it also agrees with Newman *et al.* (2014) that the provision of financial capital alone may not ensure a successful venture management. Rather, managerial training programmes which are content-rich, efficient, frequent and accessible to MSE managers are needed for developing managerial capabilities.

Contribution to knowledge

This study has been built on previous studies of the MSE sector in Ghana and elsewhere. Even though research on MSEs and managerial training is enormous, the contribution from FNGOs in the development of MSEs and particularly in the Ghanaian context remains unnoticed and under-researched (Dichter, 1999). The current study has two main contributions to offer. Firstly, this study aims at contributing to the scanty research about the role of FNGOs in the development discourse of developing countries such as Ghana. The study, therefore, highlights the importance of FNGOs in the development of managerial capacity among MSE managers in Ghana.

Secondly, this study also contributes to the human capital development literature particularly in the African context where MSE managers are known to lack these skills (Rambe and Makhalemele, 2015). Research on the impact of managerial training on performance of managers particularly among microcredit clients in Africa is very rare (De Oliveira, et al., 2015;

Sidek and Mohamad, 2014). This study therefore highlights the need for the development of competency skills of MSE managers which will improve the management culture of MSEs in Ghana.

Implications for policy and practice

This study has implications for policy and practice in the sense that, there is the need for the government of Ghana and other stakeholders, both public and private, training organisations, financial institutions and international organisations who provide human capital development services to MSEs in Ghana to understand the need for managerial training to MSE managers particularly those being served by microfinance institutions. Providing managerial training which is content rich, cost-efficient, frequent, and easily accessible would improve the managerial skills of MSE managers. This is because managerial competencies such as technical, interpersonal, conceptual, communication, budgeting, planning, customer management, conflict management, and networking skills are known to improve the performance of MSE managers and the business as a whole (Shehu *et al.*, 2013; Sidek and Mohamad, 2014; Eniola and Entebang, 2017).

Research limitations

There are few limitations to this study. Firstly, this study has been done in the Volta Region of Ghana, hence its finding could not be generalised to the whole of Ghana. Therefore, even though the research sample used in this study is fairly large, a generalisation of this research for the whole of Ghana should be cautiously done. Secondly, this study heavily depended on quantitative data and could have also benefited from some qualitative dimension to contribute to or confirm the findings of this study.

Future research direction

The findings from this study highlight some further research areas which future research could be focused. Firstly, future research could focus on commercial microfinance institutions rather than the poverty-oriented FNGOs used in this study to examine the same phenomenon of managerial competency development through the provision of managerial training to MSE managers. Secondly, the researchers suggest that future research could be extended beyond the Volta region of Ghana in testing the model used in this study. Probably other regions such as the three northern regions where several FNGOs operate could be involved. Finally, it is

suggested that a mixed research approach could be explored in future research endeavour of this kind whereby the qualitative findings could be used to confirm the findings in this study.

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