

**BUSINESS OWNER'S CULTURE ORIENTATION  
AND  
SMALL AND MEDIUM-SIZE ENTERPRISE (SMES)  
GROWTH:  
A LIBERIAN CASE STUDY**

*Research Paper*

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**Abstract**

**Purpose:** *This study's primary purpose was to determine how business owners' culture orientations influence Small and Medium-size Enterprises Growth in Liberia. We put forward six hypotheses; corresponding to six of the nine cultural orientations indicated by the GLOBE Study. They are Uncertainty Avoidance, Power Distance, In group Collectivism, Assertiveness, Humane Orientation, and Future Orientation (House et al., 2004). We hypothesized that all of the cultural orientations mentioned above, except uncertainty avoidance, leads to higher growth among SMEs.*

**Design/methodology/ approach:** *This study uses a quantitative method to test various hypotheses regarding the link between business owners' cultural orientation and firm growth. The author specifically hypothesized that specific cultural orientations do impact the growth of SMEs in Liberia. This study uses data collected from 207 entrepreneurs representing the SMEs sector from two different counties in Liberia. The researcher used various statistical techniques such as descriptive statistics, factor analysis, and regression analysis to analyze the data.*

**Findings:** *The results show that Power Distance, Collectivism, and Future Orientations lead to higher sales growth among Small and Medium Size Enterprises in Liberia. However, the researcher failed to show that Uncertainty Avoidance among business owners negatively impact sales growth among SMEs in Liberia. The researcher also failed to prove that Humane orientation among business owners leads to higher sales growth among Liberia SMEs. Finally, the researcher found no evidence that supports the theory that Assertiveness orientation leads to higher sales growth among SMEs in Liberia.*

**Keywords:** *SMEs, growth, Africa, poverty.*

## 1 Introduction

The role of small and medium-sized enterprises (SME) in driving economic development is very vital, especially in developing and emerging economies (Heydari & Khoshnood, 2019). Each year, multi-billion-dollar worth of aids are devoted to fostering the growth of SMEs in developing countries (Demirgüç-Kunt, 2011). The strategic role of SME is highlighted by the way it continues to influence both regional and global policy debates (Foreman-Peck, 2013). The central issue dominating policy debates around the world and Africa in particular is, how to stimulate economic growth through the development of SMEs (Herdjiono et al., 2017; McGuinness et al., 2018). The key assumption behind the support for SMEs growth is that it leads to massive economic benefits such as employment creation and income generation (Acs et al., 2013; Kang et al., 2008).

While it is true that there is an extensive body of research on the growth of SMEs (e.g., Delmar & Wiklund, 2008; Lee & Tsang, 2001; Nunes et al., 2013; Rafiki, 2020; Voulgaris et al., 2003), none has sought to determine the relationship between business owner culture orientation and SME growth. Most importantly, none have sought to understand the link between business owner culture orientation and firm growth in Africa. The lack of understanding of business owner culture orientation and how it impacts SMEs growth in Africa poses a challenge when it comes to understanding what drives firm growth in Africa. This is because studies show that business owners generally support cultural practices that lead to superior business performance (e.g. Ogbonna & Harris, 2000; Schein, 1985). At the most basic level, it is important that research geared towards understanding firm growth should also include the above-mentioned variables.

Another problem this research aimed to addresses is the lack of empirical studies on firm growth in smaller least developed countries in Africa. A review of the literature shows that a vast majority of the studies done on SMEs growth in Africa exclusively focus on bigger economies such as Nigeria, South Africa, Tanzania, etc. (e.g. Eijdenberg et al., 2015; Isaga, 2012). Empirical studies on SMEs growth in smaller least developed countries in Africa is close to nonexistent. This is intellectually interesting given the fact that SMEs constitutes almost 90% of the business in some of those countries (Muriithi, 2017). Results from this study will not only provide empirical evidence that will help scholars develop context specific entrepreneurship theories for smaller least developed countries, but it also provides policymakers with additional options when it comes to SMEs growth and poverty alleviation strategy formulation.

The notion of context specific entrepreneurship theory and policy formulation make this study particularly significant. As indicated by Isaga (2012), determinant of SMEs growth may be contingent upon differences in factors such as economic, education, and culture (Isaga, 2012). While most people in Africa become an entrepreneur out of necessity to generate desperately needed income, those in developed western countries become entrepreneurs as a means of changing careers or becoming self-employed (Isaga, 2012). As such, it is important to empirically examine factors that influence SMEs growth at different levels in different countries, including Liberia, a country with high youth unemployment, and a high rate of extreme poverty (Backiny-Yetna et al., 2012). By analyzing the influence of the business owner culture orientation on the growth of SMEs, this research aims to test an entrepreneurship theory that has never been tested in Liberia, a country with a different culture.

Unlike previous studies (Eijdenberg et al., 2015; Rafiki, 2020; Williams & McGuire, 2010), this study will expand the current body of empirical studies done on SMEs growth by applying different approaches to measuring firm growth. Findings from this study could have significant practical implications on policymakers, entrepreneurs, as well as the ordinary citizens in Liberia. For instance, unemployment in Liberia is a huge problem for the government and its international partners (Ministry of Commerce and Industry, 2011). As the biggest employer in the country, the Liberian government no longer has enough jobs to keep absorbing additional labor force. As such, it has decided to freeze external recruitment for public sector jobs.

We posit that if the private sector is to become the source of employment creation and economic growth, policymakers need to focus on developing policies that lead to SMEs growth. However, for such policies to be effective, a fundamental understanding of factors that drive SMEs growth is critical.

In conclusion, this is a highly significant study with so many implications. Findings from this study could help guide the decisions of financial institutions when making investment decisions in SMEs. It could also expand the body of research on why some businesses grow while others stagnate. Additionally, finding from this study could assist entrepreneurs when it comes to determining factors that could help with the growth of their businesses. Similarly, results could benefit future entrepreneurs, especially start-up firms seeking to avoid difficulties associated with the lack of understanding of local culture orientation in Liberia.

Finally, we argue that context specific research such as this, could help solve some of the most pressing challenges that the African continent faces such as, high youth unemployment rates, endemic poverty, economic inequality, poor/ineffective infrastructure, etc. (Ladzani & van Vuuren, 2002).

## **1.1 Theoretical background and hypothesis**

### **1.1.1 Firm growth**

Sarwoko & Frisdiantara (2016) found that “Small business growth is complex and multidimensional in scope and character. It includes the convergence of ambition, owner/manager, competence, internal factors, organization, the resources and infrastructure, external relations and networking.” Other scholars such as Delmar and Wiklund (2008) argue that multidimensional nature of growth implies that there may be different determinants of growth. As such, there is a need for different theoretical frameworks to explain small business growth.

Over the last 30 years, many studies have developed theories that aim at explaining determinants of SME growth e.g. (Sarwoko & Frisdiantara, 2016; Rafiki, 2020; Cicea et al., 2019; Dobbs & Hamilton, 2007). Davidsson’s (1991) small firm growth model is one of those theories. He posits that actual growth of a firm is the combination of *ability*, *need*, and *opportunity*. As such, our quest to understand why some businesses growth and others don’t, should focus on understanding the role of the owner’s, ability, need for growth, and the opportunity for growth available to the owners. Because there are different perceptions of what constitutes opportunity for growth, it is fair to say that Davidsson’s (1991) the growth

model allows room for the entrepreneur to use her description when it comes to assessing whether there exist opportunity for growth. Thus placing the business owner at the heart of the growth of the firm.

Other scholars focus on the business owner/manager as a determinant of SME growth (Rafiki, 2020; Sarwoko & Frisdiartara, 2016; Stuetzer et al., 2018). For them, the values a owner subscribes to, play an integral part in the business' ability to grow. This line of thinking is similar to that of proponents of Davidsson's (1991) small business growth model. Both consider the business owners cognitive apparatus as a key determinant of the business ability to grow. Thus placing the business owner at the heart of the factor affecting business performance. From the review of the literature, there have been no empirical studies done on the relationship between business owners and SMEs growth in Liberia.

### 1.1.2 Culture Orientation

The "Global Leadership and Organizational Behavior Effectiveness" (GLOBE) is a comprehensive study on culture leadership, leadership, and organization (Javidan et al., 2006). The GLOBE study found the effectiveness of a leader is contingent upon factors such as: societal and organizational norms, and the belief of those that are being led. This suggest that in order for one to be perceived as an effective leader, one needs to act according to the norms, and belief that govern those that are being led. This places the leader's cultural orientation at the heart leadership education.

The GLOBE study came up with nine empirically tested culture dimensions. Those dimensions highlight the similarities and differences in "norms, values, belief, and practices among societies" (Hoppe, 2007). While it is true that the comprehensive nature of GLOBE finding makes it seems ground-breaking and unique, it is highly influenced by findings from many previous highly influential empirical studies (e.g., Hofstede, 1980; Inglehart, 1997; Schwartz, 1994; Smith & Peterson, 1995).

Because this study focuses on practices that owners apply to their business, it follows König et al. (2007) in adapting House et al., (2004, p.30) interpretation of GLOBE nine culture dimension to the practices that owners apply to their businesses. *Uncertainty avoidance* suggests that business owners perceive reliance favorably. In order words, business owners are in favor of "social norms, rules and procedures" that lead to certitude. *Power distance* implies that owners encourage and accept the equal distribution of power. *Collectivism* suggests that owners support the "collective distribution of resources and collective action". This applies to both *institutional collectivism* and *in group collectivism*. *In group collectivism* also applies to loyalty to family members. *Assertiveness* indicates that owners are aggressive and do not avoid confrontation. *Future orientation* shows that owners encourage "delaying gratification, planning, and investing in the future." *Humane Orientation* is an indication that "owners promote fairness, altruism, generosity, care, and kindness". *Performance Orientation* implies that owners encourage "performance improvement and excellence.

We don't assumes, as in the case of König et al., (2007a), there is a "one to one relationship between owners' culture orientation and business performance". This study however assumes that there is a relationship between those two. For instance, business owners who support uncertainty avoidance may need to adopt when in a high-tech driven environment. In such an environment, risk taking is necessary in order to achieve business objectives (Tung et al.,

2006).

## **1.2 Hypothesis**

Empirical evidence suggest that the level of uncertainty associated with entrepreneurship is very high (Kirzner, 1997; McMullen & Shepherd, 2006). As such, being able to manage this uncertainty and harness opportunities is highly influenced by the entrepreneur's ability to handle uncertainties. Sorescu & Spanjol (2008) found that innovation leads to firm growth, which leads to increased risks resulting from the huge commitment of resources by business owners. Their finding implies that

H1 1: The higher the uncertainty avoidance culture orientations of a business owners the weaker the growth among SMEs.

Dwyer et al. (2005) show that power distance and innovation are the main driver of growth. This is because in a higher power distance leads to higher adherence to already established business strategies, which enable business owners to envision and implement growth orientated activities. Empirical studies shows that centralized decision making helps businesses implement growth-oriented activities with little resistance (e.g. Geletkanycz, 1997; Nakata & Sivakumar, 1996). Finding from those studies implies that:

H2: The higher the power Distance culture orientations is among business owners, the stronger the growth among SMEs.

Business expansion, is a complex process that often involves a cross-functional team. Diakanastasi et al. (2018) observed that a collectivistic culture it is more likely to be accelerated business growth. This is because in a collectivistic environment, business owners and employees jointly set growth targets and are willing to share the risks and rewards that comes with it. Lechler (2001) found that in a high collectivism culture, challenges and resistance towards growth are usually dealt with as a team. Th is leads to a successful implementation of growth-oriented activities. Their finding suggests that:

H3: The higher the Collectivistic culture orientations the business owner is, the stronger the growth among SMEs.

In a humane culture orientated environment, it is important for the employee to perceive the owner as trustworthy and compassionate (Hofstede, 1984; Rybowskiak et al., 1999). Findings from Podsakoff et al. (2009) empirical study show that when employees perceive the business owner as being caring, fair, kind and generous, they usually go beyond their assigned responsibility to help the organization achieve its goals. Their finding implies that:

H4: The Higher the Humane culture orientation of business owner, the stronger the growth among SMEs.

Assertiveness culture orientation is the opposite of humane orientation culture. In an assertive culture, the owner focuses on results and not relationships. An assertive culture-oriented

owner prefer competition (Chhokar et al., 2007). Owners are aggressive and do not avoid confrontation (König et al., 2007b). Kreiser et al. (2010) argue that owners' preference for competition and confrontation is an indication that the owner is responsive to the competitive landscape and the threats that are associated with it. While Rauch et al. (2013) observed that assertiveness in could serve as a competitive advantage when it comes to the implementation of growth strategy. Results from those study suggests that:

H5: The higher the Assertiveness Culture Orientation of the business owner,  
the stronger the growth among SMEs.

McClelland (1961) found that business owners who value delay gratification usually invest in the future of their employees; because of that, they are more likely to achieve business goals. König et al. (2007b) show that owners who are future oriented are less likely to make critical business decisions such as new product development and expansion of market share during the heat of the moment. Decisions are usually as a result of careful deliberation and “meta-cognitive”. Schmidt and Ford (2003) found that those who engage in meta-cognitive activity “actively monitor their progress, determine where problems exist, and adjust their strategy accordingly”. Because of this, future oriented owners are more likely to maintain competitive advantage in the market by building a forward-thinking work environment where everyone acts planfully. Results of those empirical studies suggest that:

H6: The higher the Future Orientation of business owner, the stronger the  
growth of the business.

### **1.3 Method**

Data used for this study came from a random sample of 207 Liberian businesses owners in two of the largest cities in Liberia. To participate in the study, participants had to own and manage their business.

#### **1.3.1 Business owner sample**

Participation in this cross-sectional study restricted to owners of business belonging to six sectors: (1) Healthcare, (2) Tourism and hospitality, (3) Utility, (4) General Merchandise, (5) Information technology, and (6) Transportation and logistics. Participants were randomly selected from two cities: Monrovia and Ganta. These two cities were selected for the following reasons. Monrovia was selected because it is the largest commercial city in Liberia. It has a population of more than 1 million people and it hosts most of the SMEs in Liberia. Ganta was selected because it is the second largest city in Liberia with a population of 41000 people. Ganta is also the second largest commercial city next to Monrovia. With the selection of those two locations, there is a spread across the country.

A survey was sent to 350 entrepreneurs who met the above mentioned category. A total of 207 questionnaire were returned giving a 69% response rate. In total, of 128 men and 78 female participated in this study. The average age was 40. Majority (59%) of those who took

part in this study had completed either secondary school or technical education. While 21 Percent had bachelor's degree, completed secondary or vocational education. The reminder had some level of high school education or had completed some level primary education. Majority (71%) of the participants owned and managed firms that were established less than 10 years ago. The results of the survey also show that majority of the firms (81%) were sole proprietorship. Only 16% were partnership, and 3% were corporation. With regards to sector, the survey further revealed that majority of the firms (56%) were active in the General Merchandise and Utility sectors. Tourism and hospitality came distant second with 15%. Health care came third with 14%. The data collection was conducted between September 2020 and November 2020.

### 1.3.2 *Measures*

This study, uses scenarios-based scales rather than Likert items to measure to measure culture construct. This approach is highly recommended by cross-cultural scholars (e.g. Heine et al. 2001, 2002; Kitayama 2002). The main difference between Likert items and scenario-based scales is that Likert items consist of statements that are general and abstract. They contain statements such as strongly agree or strongly disagree. As indicated by Kong et. al (2012), "Likert items measure culture and cultural orientations via people's self-evaluations on general abstract statements. In contrast, scenarios consist of concrete social situations, such as "your poorly qualified nephew asks you to employ him in your business", and behavioral options, such as "you employ your poorly qualified nephew, or you don't employ your poorly qualified nephew." Scenario based questions on the other hand, measure "people's behavioral preferences in concrete social situations" (Kong et. al, 2012).

Even though scenario-based scales are better at capturing people behaviors preferences, it negatively impact Cronbach's alpha because it has higher specific variances which lead to lower intercorrelations. We accept the potential loss of reliability as it relates to coefficient alpha and composite reliability. This is because this loss is outweighed by superior result that scenario-based items shows when it comes to culture validity. As indicated by other scholars (e.g., Kong, 2012; Motowidlo et al. 1990), T-test reliability is considered to be "more appropriate reliability estimate" for scenario-based scales. This is because it does not estimate the internal consistency of the scales (Chan and Schmitt 1997; Motowidlo et al. 1990).

In an attempt to perform statistics operations on the six culture constructs (Uncertainty avoidance, Power distance, Collectivism, Humane Orientation, Assertive Orientation, and Performance Orientation), variables that represents each subscale in the construct were combined in order to come up with a variable that represent each construct.

We used SPSS Factor Analysis to test the relationship between the various subscales. Various items that measure each variable were transformed into one and their relations were tested using factor analysis functions in SPSS Factor Analysis function. For example, all the subscales representing future orientation such as "Imagine that one of your employees asks you what to consider prior to starting a project. What do you do?" were transformed to one variable called Future Orientation.

To ensure the reliability of the instruments used to test the hypothesis, we conducted a reliability test on each of the three subscales. Table 1 shows the Cronbach's alpha coefficient

of each of the construct. The first subscale has a Cronbach's alpha coefficient .578. This is acceptable. The second and third subscale has an internal consistency of .62462 and .601 respectively. This is acceptable. The fourth and the sixth subscale have an internal consistency of .744 and .725 respectively. This is good. And lastly, the fifth subscale has an internal consistency of .453. is normally considered unacceptable. But because the scales were scenario based, the is acceptable.

Variables	Items	Answers Cat.	Alpha
1. Uncertainty avoidance	3	6	.578
2. Power Distance	5	6	.624
3. Collectivism	2	6	.601
4. Assertiveness	3	6	.744
5. Future Orentation	2	6	.453
6. Humane Orentation	4	6	.725

Table 1Cronbach's alpha coefficient of each of the construct

#### 1.4 Results

Table 2 shows the means, standard deviations and correlations of all the variables. The average score of culture practices that enhances Humane orientation is higher than the average score the practices that enhance Assertiveness orientation. This is probably because business owners perceived human orientation practices favorable compare to Assertiveness orientation practices.

The table 6 also shows that the average score of Power Distance is higher than the average score of Collectivism Orientation. The result of the means and standard deviation also shows that the means and standard deviation of assertiveness Orientation and Collectivism orientation are similar.



Variable	Mean	Std. Dev.
Uncertainty avoidance	7,7	3,368
Power Distnace	13,65	4,894
Collectivism	5,7	2,954
Assertiveness	6,3	3,081
Future Orentation	14,22	3,431
Humane Orentation	19,78	3,608

*Table 2 Means and Standard Deviation*

The correlation in table 3 shows that there is a strong positive relationship between collectivism and sales growth. The correlation results also shows that there is a strong positive relation between education and sales growth. From the correlation, we can also see that tenure has a strong positive relationship with sales growth. The correlation also shows that there is a strong relationship between Uncertainty avoidance and Power distance. The results of the correlation also show that there is a strong relationship between Collectivism and Power Distance. While there is a strong significant positive relationship between Collectivism and Uncertainty Avoidance. Finally, table 7 also shows that Humane orientation and Assertiveness orientation are negatively correlated while Humane orientation and Future orientation have a positive significant relationship.

Variables	1	2	3	4	5	6	7	8	9	10	11
Sales Growth	1										
Uncertainty avoidance	0.068	1									
Power Distance	0.134	.426**	1								
Collectivism	.289**	.162*	.359**	1							
Assertiveness	-0.02	.151*	.245**	0.079	1						
Future Orientation	0.1	.146*	0.09	0.031	-0.071	1					
Humane Orientation	-0.073	-0.08	-.171**	-0.084	-.215**	.316**	1				
Gender	-0.067	-0.026	0.049	-0.003	0.029	-0.032	-.129*	1			
Age	0.086	-0.081	-0.099	-0.082	-0.076	0.103	0.115	0.052	1		
Education	.177*	-.174**	-0.055	-.167**	-0.047	-0.03	0.003	0.041	.206**	1	
Tenure	.173*	-0.005	.141*	0.092	-0.013	0.074	-0.023	0.09	.118*	0.082	1

\*\* Correlation is significant at the 0.01 level (1-tailed).

\* Correlation is significant at the 0.05 level (1-tailed).

*Table 3*Correlatio

## **1.5 Findings**

Table 8 Shows the result of the regression analysis for hypothesis on Small and Medium-size enterprise (SME growth). The results show that there is a positive relationship between Uncertainty Avoidance and sales growth. This means that a business owner who play high emphasis on rules, structure, order, and predictability are more likely to experience high sales growth relative.

The results of the regression analysis also show that Power Distance positively contributes towards sales growth. This implies that business owners who express preference for the unequal distribution of power within their business, based on factor such as, age, titles, and strict adherence to established rules, are more likely to see stronger sales.

The study also shows that collectivism positively contributes to sales growth. This suggests that a business owner who encourage loyalty within group by hiring family members even at the expense of organizational performance, are more likely to report higher sales growth in Liberia. The results of the regression analysis also show that Assertiveness orientation negatively impacts sales growth. It means that aggressiveness and unwillingness to avoid confrontation negatively impact sales growth among those entrepreneurs who took parts in this study.

From the regression analysis results, we can also see that future orientation positively impact sales growth. This implies that business owners who express preference for delaying gratification, planning, and investing in the future are likely to experience positive sales growth when compared to owners that don't. Findings from this study also show that Humane orientation negatively impact sales growth. This means that business owners who promote fairness, altruism, generosity, care, and kindness are more likely to experience negative sales growth. This finding is unexpected because, one would expect those values to lead to superior organizational performance. Because when employees are treated well, it is generally expected that they will go beyond and above their assigned duty to help the organization achieve its goal. In this case, we could expect higher sales growth. But this is not the case for entrepreneurs who took part in this study. The results also suggest that there is a negative relationship between gender and sales growth. What we can deduced from this negative relationship is that Small and medium-size business own female experience higher growth than those owned by their male colleagues. From the regression analysis we can also see that age positively impact sales growth. This implies that businesses owned by older entrepreneurs are more likely to experience higher sales growth than those owned by their younger peers.

Variable	Coefficient
Uncertainty avoidance	0.004
Power Distance	0.039
Collectivism	0.04
Assertiveness	-0.043
Future Orientation	0.058
Humane Orientation	-0,048
Gender	-0.054
Age	0.254
Tenure	0,244
Adj R <sup>2</sup>	.167
Change in R <sup>2</sup>	.208
F	5.07
Sig. F change	0.000
N	207

Table 4: Regression

## 1.6 Discussion

### 1.6.1 Theoretical implications

This thesis has many theoretical implications. First It addresses the problem of lack of empirical studies on firm growth in smaller least developed countries in Africa. A vast majority of studies done on SMEs growth in Africa exclusively focus on bigger economies such as Nigeria, South Africa, Tanzania, etc. (e.g., Eijdenberg et al., 2015; Isaga, 2012). Empirical studies on SMEs growth in smaller least developed countries in Africa is very rudimentary. This underrepresentation of smaller least developed countries in scholarly literature makes it hard for policy maker to used empirically tested context specific approach to SMEs growth initiating activities.

The second theoretical implication of this study is that it adds to the discussion about the need for context specific entrepreneurship theory. As indicated by Karatas-Ozkan et al., (2014), “entrepreneurship is a complex, dynamic and emergent process, and the interplay between actors, process and context.” As such, it is important for scholars aiming to develop an entrepreneurship theory that can be generalized to different parts of the world. One way to do that is by doing cross cultural research seeking to understand an entrepreneurial phenomenon from a different perspective. This finding from the study, unlike other studies done on the SMEs growth in the past, provide additional information on how business owners, using culture as a moderating factor, can growth their business in a least develop country in Africa. Evidence provided in this study will be used to accelerate and refine the development of a universal entrepreneurship theory.

The notion of context specific research is important when it comes to understanding entrepreneurship in less developed countries in Africa. This is because it helps explains how entrepreneurial decision are made. For example, while most people in Africa become an entrepreneur out of necessity to generate desperately needed income, those in developed western countries become entrepreneurs as a means of changing careers or becoming self-employed (Isaga, 2012). As such, it is important to empirically examine factors that influence SMEs growth at different levels in different countries, including Liberia, a country with high youth unemployment, and a high rate of extreme poverty (Backiny-Yetna et al., 2012). As indicated by Muriithi (2017), in most of those countries, SMEs constitutes almost 90% of the businesses. Finding from this study does not only provide context specific empirical evidence that will help entrepreneurship scholars develop and refine context specific entrepreneurship theories for smaller least developed countries, it also provides policymakers with additional options when it comes to SMEs growth and poverty alleviation strategy formulation. Unlike previous studies (e.g. Davidsson et al., 2005; Eijdenberg et al., 2015; Rafiki, 2020; Williams & McGuire, 2010), this study has expanded the current body of empirical studies on SMEs growth by applying different approaches to measuring firm growth.

### 1.6.2 Practical implication

The first practical implication is that financial institutions such as banks and credit union may need to consider other factors when making decision about giving loans to entrepreneurs in Liberia. Currently the main selection criterion for giving a business owner a loan are past experiences, education level, and the entrepreneur’s ability to demonstrate that he has been in

business for at least 6 months. A discussion I had with lending institutions in Liberia shows that financial institutions are becoming hesitant to give business loans because most loan recipients default. Finding from this study suggest that there is a need for additional criteria for making investment decisions in Small and Medium-size business in Liberia. Banks and venture capitalists must also seek to take into consideration practices that owners apply in their businesses.

As indicated by Kong et. al (2012), “the practices that owners apply in their business provide a starting point for their organizational culture” and organizational culture influences organizational performance.

While it is true that a business owner alone may not be able to dictate what organizational culture his business adopts, he can significantly influence the business culture through the managerial practices he finds attractive. Studies shows that business owners will support organizational practices that lead to superior organizational performance (Ogbonna and Harris 2000; Schein 1987). As indicated by Schein (1987), the practices that a business apply in their businesses may or may not be in accordance with their personality traits. For instance, an owner who is personally low on humane orientation may nevertheless apply humane-oriented practices if she expects humane-oriented organizational cultures to foster superior organizational performance (Kong et. al, 2012). In a sense, culture orientation among business owner is not something that is static. It is dynamic, and changes bases on the owner’s perception of it as a source of strategic competitive advantage.

The results of this study provide strong empirical evidence there are many factors that determines a business success, and a business owner’s culture orientation is one of those. As such, venture capitalist and financial institutions should include the business owner culture orientation in the selection criterion when making investment decision in Liberia. The researcher posits a business owner’s cultural orientations such as, power distance, collectivism, humane orientation, assertiveness, and future orientation should be included when making investment decision.

The practical implications of finding from this study goes beyond financial institutions and venture capitalists. Finding from this research also have practical implication on those contemplating on going to business for themselves in Liberia. The results suggest that those interested in starting and managing their own business in Liberia may need to evaluate their own cultural orientations and use the information presented in this study to decide whether they have the right culture orientation to start, and successfully manage a business in Liberia. The findings from this study does not mean that those without the culture orientation shown to leads to successful SMEs growth in Liberia should be exclude from doing business in Liberia. However, the results suggest that future entrepreneurs who lack Power Distance orientation, Collectivism orientation and Future Orientations may need to alter their cultural in line with the empirical evidence presented in this study or consider forming partnership with other entrepreneurs that would compensate their weaknesses.

Alongside the practical implications that this study has on investment decision makers and future entrepreneurs, is its impact on public policymakers and ordinary Liberians. For instance, unemployment remains a huge problem for the Liberian government and its international partners (Ministry of Commerce and Industry, 2011). This problem was recently exacerbated by the government of Liberia, the biggest employer in the country, to freeze all

external recruitment due to its inability to continue absorbing additional labor force. This policy has led to huge youth employment.

The government and its partners have sought to solve the problem of huge youth unemployment by undertaking activities that would lead to stronger growth among SMEs in. The assumption is that with growth in private sectors would lead to job creation and subsequently reduce the rate of unemployment. However, most of the reform done so far have almost exclusively focused on institutional reform in area such as restructuring tax rates and examining tax incentives in ways that reflect SME constraints. As well as simplifying credit reporting system that makes it easy for business owners to apply for corporate loans. None of the reform initiatives has sought to access how the practices that business owners apply in their business influences the growth of their business. A key takeaway from this study is that there is a need for the individual business owner's development to form parts of structural reforms aim as growing the SMEs sector in Liberia.

### *1.7 Limitation*

The first limitation is that the data used for this study was collected from six sectors (General Merchandise, Health Care, Information technology, Tourism and Hospitality, Transportation and Logistics, and Utility) in Liberia. As such, the degree to which results from this study can be applied to others sector is not known. In order to find out if the results are applicable to other business sectors, future research should include other business sectors as well. Additionally, the six-business sector used for this study may have influenced the out of this study. As such, it would be great for future research to used one business sector and compare the result to this study.

The second limitation of this study is the sample was selected from urban areas of two of the 15 counties in Liberia. While it is true that the descriptive statistics suggests that the sample is likely to represent the SME sector in Liberia, it is possible to produce biased result using such assumption. The author recommends that future research seeking to determining the relationship between business owner culture orientation and SMEs growth in Liberia should also incorporate other counties.

The third limitation of this study is that it used non-probability sampling method. This means that the extent to which finding from this study can be generalized to the rest of the entrepreneurs in Liberia is very limited. For future research, a probability sampling method should be used. The fourth limitation of this study is that the data used was collected directly from the participants who mainly relied on their memory. Because of that, the data may be bias or inaccurate. In order to overcome these limitations, the researcher used multiple items to measure each construct. The results of the factor analysis suggest that most of these items are consistent. The researcher also used different approaches to measure firm growth. By including different means to measure SMEs growth, the author is confident that he has captured the most important aspects of SMEs growth. For future research, it would be good to used data from the Liberia Revenue Authority and compare the data with the information provided by the entrepreneur.

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