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ISTANBUL OKAN UNIVERSITY

INSTITUTE OF SOCIAL SCIENCES

**ROLE OF SMALL BUSINESSES ON POVERTY ALLEVIATION IN
DEVELOPING COUNTRIES**

Tawfiq IBRAHIM QARUSH

MASTER DEGREE THESIS

MASTER OF BUSINESS ADMINISTRATION DEGREE

THESIS ADVISOR: Prof Dr. Ugur YOZGAT

ISTANBUL, April 2019

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ABSTRACT

The present study investigated the vital role played by small businesses in alleviating poverty in developing countries. The specific objectives included assessing the impact of small businesses on the rate of economic development in developing countries, examining the link between small businesses performance and the prevalence of poverty in developing countries, and evaluating the challenges that hinder the development and smooth running of small businesses in developing countries. In achieving the set objectives, the study adopted a qualitative research design. The qualitative research design was supported by meta-analysis, grounded theory, and case study. Of the numerous articles identified, 14 main articles were used with additional more articles that aimed at comparing and contrasting the findings from the main articles. Secondary research was used to gather secondary data and information. From the data and information, content analysis in conjunction with verbatim analysis assisted a great deal in making sense of the data. Results or findings from the data analysis were presented in tables and discussed based on narration. In terms of findings, the study established that whereas there are scholars who believe that small businesses do not contribute much to economic growth and development, majority of the reviewed studies indicated that small businesses result into economic growth and development. In addition, the study found out from reviewed studies that small businesses are responsible for a number of advantages including job creation, increase in income levels, and provision of additional revenue to the government through taxation, which are important in alleviating poverty levels. Based on the findings, the main challenges that hinder development and smooth operations of small businesses in developing countries include small business being dominated mainly by the youths as well as female operators that have low educational levels. poor access to credit, self-financed, lack of government effort, lack of managerial skills, finance, innovation, political and religious aspects, social and cultural aspects, infrastructural facilities, and unfavorable business environments. Considering the role of small business, this study recommends that governments and other stakeholders should engage in adequate strategies and policies that would promote growth and development of small businesses.

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CHAPTER ONE: INTRODUCTION

1.1 Introduction

Over the years, developing countries or economies have continued to experience high poverty levels. As a result, numerous scholars (Beck & Demircuc-Kunt, 2006; Woolcock & Narayan, 2000; Karnani, 2007; and Taiwo, Ayodeji, & Yusuf, 2012) have taken interest into establish some of the cause of poverty in the said economies. Nonetheless, there are a few studies that have focused on establishing ways of alleviating poverty. For the studies that investigated strategies for alleviating poverty, focus has only been on the part of government. In other words, studies believe that it is through the government that poverty can be eradicated. The present study takes a different turn by looking at efforts of entrepreneurs in creating small businesses on eradication of poverty. This chapter provides background to the study, statement of the problem, purpose of the study, research aims and objectives, research questions, importance of the study, and structure of the study.

1.2 Background to the Study

With dwindling economic growth and increasing poverty levels in developing countries, academic scholars and policy makers take a keen interest on small business enterprises and their roles in solving the two problems. A country that experiences low economic growth is more likely to have high poverty levels (Beck & Demircuc-Kunt, 2006). According to Agupusi (2007), the concern on how small businesses can to enhance economic growth while alleviating poverty levels stems from vulnerability of youth within the labor market. Surprisingly, institutions of higher learning within developing countries continue to educate and train professionals in different fields who despite their trainings and education are unable to secure job in the market. The employment sectors of developing countries exhibit a worrying trend (Wilson, Velis, & Cheeseman, 2006).

This results into increased poverty levels, frustrations amongst the unemployed professionals, and increased social decay. Nonetheless, small businesses offer a relief to such young professionals to obtain a means of livelihood (Mead & Liedholm, 1998). Whenever they engage in small businesses, the unemployed young professionals not only alleviate poverty but also contribute towards economic growth and development of their country (Sharafat, Rashid & Khan, 2014; Oba & Onuoha, 2013).

As a solution to increasing unemployment within developing countries, small businesses offer a framework for income generation, which then can be of significance in alleviating poverty levels. In their findings, Clark and Wójcik (2018) noted that small and medium enterprises/businesses could be a significant solution to developing countries' problems of low economic growth and increasing poverty levels. Small and medium businesses situated in low to middle-level income provide the platform for gradual increase in employment rates (Karnani, 2007). Notably, increased employment rates have benefits including additional income for the individuals, improved living standards, and enhanced economic growth as well as development for the country in question (Woolcock & Narayan, 2000). Furthermore, small businesses also create an environment for increased innovations and inventions especially with high competition levels as entrepreneurs look for more and better opportunities. The end goal of such small businesses as noted by Ayanda and Laraba (2011) is about improving the welfare of a society irrespective of the country involved.

In their view, Abou-Shouk, Lim, and Megicks (2016) reiterated that small and medium enterprises are stimulants to economic growth. Other than creating employment opportunities, the SMEs are a source and inspiration to development especially within the rural areas. In addition, such business entities put to better use both physical and human resources. Coupled with increased

industrialization, the aforementioned advantages of SMEs result into economic growth as well as development. With the high unemployment rates in developing countries, Okpara (2011) indicated that small businesses could not only be used as a source of income for unemployed but also assist the economy to experience improved employment rates. Establishing of small business entities within developing countries is also a way of creating employment (Agyapong, 2010). Entrepreneurs have to identify and employ different skilled and knowledgeable individuals to help in running such entities. Therefore, the result would be a decreasing unemployment rate within the affected countries.

Different scholars (Woolcock & Narayan, 2000; Karnani, 2007; and Aina & RTP, 2007) recognized the increased interest of governments, multinational institutions, and non-governmental organizations towards promoting the idea of small businesses especially in developing countries. According to Mbuyisa and Leonard (2017), governments collaborating with non-governmental organizations continue to educate and encourage individuals towards establishment of small business entities. This is because both governments and non-governmental organizations see small businesses as a ladder to improved well-being of citizens as well as attainment of macroeconomic objectives of economic growth and development (Morduch, 2000). Sustainability, which is an emerging issue, takes precedence from developed business industry (Kongolo, 2010). While agreeing with Nadvi (2015), Eneh (2017) noted that through the idea of encouraging small businesses, involved agencies aim at enhancing sustainability not only from an individual perspective but from a national angle as well.

Rodríguez et. al. (2016) and Taiwo, Ayodeji, and Yusuf (2012) added their voice into discussions on small businesses by relating them to rural area development. In other words, the researchers indicated that small businesses could be engines to developing rural areas. A number

of rural areas especially in developing countries are under-developed. Spurring development in rural areas require entrepreneurial spirits coupled with invention and innovation. It is imperative to note that rural areas boast of a number of natural resources (Aina & RTP, 2007). The natural resources endowment in rural areas as observed by Abor and Quartey (2010) make starting and operating business entities cheaper than in urban areas. The relatively affordable resources including cheap raw materials, land, labour, and capital to some extent make it easier for entrepreneurs to start and operate small businesses within rural areas. With such aspects, creating or establishing small businesses in rural areas is synonymous to spurring growth and development in such areas (Taiwo, Ayodeji, and Yusuf, 2012). Rural areas with numerous small businesses are likely to develop and grow more than rural areas with little or no small businesses. In this respect, the individuals within the rural areas are likely to experience enhanced standard of living.

Another important aspect noted by Abor and Quartey (2010) in respect to small businesses and developments within the rural areas is that result into income generations as well as improved employment rates. Small businesses in rural areas form an essential framework for improving commercial activities within the said areas; hence, attracting more developments. Commercial activities such as mining, agriculture, trading, and offering specialized services within the rural areas are ways identified by Ayanda and Laraba (2011) as means towards increasing development, promoting well-being of individuals, and assisting the government to experience a reduction in the unemployment rates. Moreover, when such activities and developments occur within the rural areas, the probabilities of rural to urban migration diminish. Okpara (2011) reiterated that individuals move from rural areas to urban areas in search of employment and better living standards. When small businesses created in rural areas are able to offer employment and better living standards, the migration from rural to urban areas becomes minimal if any (Green,

Kirkpatrick, & Murinde, 2006). Therefore, there is no doubt that with enhanced small businesses in rural areas, there are likely to be developments eliminating or limiting the contagious rural-to-urban migration.

Wang (2016) also indicated that small businesses could be essential tools for economic growth in developing nations owing to the fact that they promote effective and efficient use of available or local resources. There are instances when local resources go into waste just because they may be inferior or inadequate for multinational corporations (Okpara, 2011). However, for small businesses, the requirements are flexible. These businesses require low capital and in most cases use the available local resources. The available local resources as noted by Ayanda and Laraba (2011) included untapped human resources as well as the physical ones. Conversion of untapped human and physical resources into productive resources result into economic growth and development yearned by a particular economy. When such conversion occurs, there will be improved growth and development of the identified locations. What's more, Maksimov, Wang, and Luo (2017) added that growth of small businesses is a prerequisite for industrialization. Industrialization on the onset started from development of small businesses as indicated by Taiwo, Ayodeji, and Yusuf (2012). Therefore, there are possibilities that regions allowing and promoting small businesses can experience industrialization, which the beginning of growth and development.

Capel (2014) also explained that small and medium enterprises help in contributing to approximately 30% of the global GDP. GDP is the measure of economic growth and development in a given country. Small businesses in every economy are tools for not only generating incomes for the unemployed but also assisting the government to close on the unemployment gaps. When the number of employed individuals in a country increases, the result is increased GDP. In addition,

small businesses as noted by Mbuyisa and Leonard (2017) contribute towards rural development as well as creating foundations for industrialization. All these aspects are essential in terms of improving productivity within the borders of a nation. Improved productivity implies that there is increasing GDP, which is a measure of economic growth in a particular country. In any case, the improved productivity would mean that need for more resources. Therefore, this leads to exploitation of all the available resources in a particular economy for purposes of meeting the increased productivity. Moreover, Rogerson (2018) indicated further that by contributing to a third of the GDP, small businesses are very important towards economic growth.

There is no doubt that indeed small businesses play a significant role in economic growth and development of a nation while focusing on the living standards of involved individuals. In addition, the reviewed studies indicate that there is a lot of research on the role of small businesses in economic growth. However, majority of countries with the highest number of small businesses, which are developing economies, still record the highest poverty levels. Poverty levels in developed countries, where majority of players are multinational corporations, seem to be lower than in developing countries. This leaves the question as to whether the changes brought about by small businesses in developing countries are sufficient to alleviate poverty. As a result, this forms the basis of the present study. There is a need to find out whether the jobs created, improved utilization of resources, economic growth and development, increased income, and even base for industrialization brought about by small businesses are enough to assist in alleviating poverty levels especially in developing countries.

1.3 Statement of the Problem

Developing countries hold the bulk of poor people across the world. These people find themselves in this state due to lack of income. Income generating activities produced by small

businesses may therefore, be of critical importance in addressing the poverty menace in developing nations. Traditionally, large-scale industrialization was the ideal form of creating employment for the populace. As such, policies revolve around operations of large industries without the consideration of small businesses (Mnenwa, & Maliti, 2008). However, as time elapsed, large industries could not absorb the increasing number of people who were in need of employment. Additionally, poor management practices by the top executives saw a significant number of large industries shut down in many developing countries. The result is that many people have lost their jobs and therefore, they do not earn any income. Universities, Colleges, and technical training institutes also release a significant number of people to the job market every year. Therefore, policymakers became interested in developing new policies and revising the old ones to incorporate the interests of small businesses.

As it stands, the root cause of poverty is lack of income. In developing countries, many people are unemployed and therefore, lack sufficient income to cater for their basic needs. This leaves a large number of the population in poverty. Many studies have attempted to draw a statistical relationship between small businesses performance and poverty rates based on aggregate time-series data (Gebremariam Gebremedhin & Jackson, 2004; Agupusi, 2007; Bowale, Longe & Fasoranti, 2013). Nonetheless, the studies have produced conflicting results with some indicating that small businesses are not sufficient drivers of economic growth and poverty alienation. Despite the fact that many studies have produced conflicting evidence regarding the role of small businesses in reducing poverty, it still remains generally agreeable that small businesses are the most promising means of creating employment and hence alleviating poverty. This debate raises the need for investigating the role that small businesses play in poverty alleviation in developing nations.

1.4 Purpose of the Study

The purpose of this study is to investigate small businesses in terms of whether the jobs they create, the salaries they offer, and the profits they make contribute to alleviation of poverty in the areas from which they operate. As such, it will offer insights on the reliability of small businesses towards alleviating poverty within developing countries.

1.5 Research Aims and Objectives

The main objective of this study is to investigate the vital role played by small businesses in alleviating poverty in developing countries. Specific objectives are;

- i. To assess the impact of small businesses on the rate of economic development in developing countries
- ii. To examine the link between small businesses performance and the prevalence of poverty in developing countries
- iii. To evaluate the challenges that hinder the development and smooth running of small businesses in developing countries

1.6 Research Questions

Considering the fact that the adopted research method or design did not allow for hypothesis testing, the study focused on establishing answers to the following questions:

- i. What is the impact of small businesses on the rate of economic development in developing countries?
- ii. To what extent is small business performance and prevalence of poverty in developing countries linked?

- iii. What are the challenges that hinder the development and smooth running of small businesses in developing countries?

1.7 Importance of the Study

Despite many previous researches indicating that small businesses could alleviate poverty in societies, there is knowledge that these businesses face a problem of poor performance, which makes policymakers, and entrepreneurs fail to understand the role of small businesses in alleviating poverty. Therefore, by establishing the link between small businesses and poverty alleviation, this study helps policymakers and entrepreneurs understand how small businesses connect with poverty alleviation and from that connection, they are in a position to make sound decisions when formulating policies or planning for businesses. The study also draws the attention of researchers to conduct even more research with the aim of either strengthening or otherwise rejecting the findings presented so far.

1.8 Structure of the Dissertation

In order to achieve the study objectives while answering research questions, this dissertation is in five main chapters, namely, introduction, literature review, methodology, findings and discussions, conclusions, and recommendations. In the first chapter, the dissertation offers study context. The study context include background to the study, problem statement, purpose of the study, research aims, and objectives, research questions, importance of the study, and the overall structure. In chapter two, the study reviews different forms of literature both from theoretical and empirical perspectives. Chapter three of this study illustrates and explains methods, principles, and techniques used in gathering data and information. The results of analyzed data and information together with their discussions are in chapter four. Chapter five winds up by stating

the summary of findings, conclusions, recommendations, and areas for further research especially considering the study limitations.



CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

In this study, the focus was on investigating the vital role played by small businesses in alleviating poverty in developing countries. In order to achieve this, the study assessed the impact of small businesses on the rate of economic development in developing countries. The other focus was on the examination of the link between small businesses performance and the prevalence of poverty in developing countries. The last objective of this study was to evaluate the challenges that hinder the development and smooth running of small businesses in developing countries. These aspects were reviewed from different secondary sources. The review of literature was both theoretical and empirical. The following sections provide a deeper illustration and analysis of the theoretical and empirical reviews relating to the concepts of small businesses and their roles in poverty alleviation within developing countries.

2.2 Theoretical Review

2.2.1 Understanding Small Businesses

It is important to note that the concept of small businesses differs from one economy to another. This makes it difficult to come up with a universal definition of small businesses. States as well as institutions have varied perceptions and convictions about small businesses and what they represent in a particular economy. According to Ajose (2010), small businesses may be viewed as entities with a given capital or asset base usually between \$13,000 (equivalent to around 5 million naira) and \$1,300,000 (equivalent to 500 million naira). In addition, Ajose (2010) also indicated that small businesses can be viewed on the basis of labor force. With reference to Nigeria, the researcher noted that any business having between 11 and 300 employees can be categorized as either small or medium enterprise. On the basis of this definition, small businesses are

categorized depending on the capital base and number of employees. Adopting this definition would mean that any business entity having a less than \$13,000 dollars as capital base as well as less than 300 employed persons would fall under the category of small businesses. However, the identified definition by Ajose (2010) includes even the medium enterprises. In other words, Ajose's (2010) definition looks at both small and medium enterprises and not just the former alone. What's more, this definition is proposed and used in Nigeria, which is one of the countries in the Sub-Saharan Africa considered as a developing nation. Therefore, this may not be a universal definition for understanding what small businesses are in a global context.

In another definition, Hashim (2005) indicated that small businesses are those operations privately owned and operated with small number of employees. While concurring with the definition of Hashim (2005), Kersten et al. (2017) also indicated that small businesses can also be defined on the basis of sales volume. In this respect, business entities that record low sales volume can be considered as small in nature. The other aspect of this definition is that they are privately owned sole-proprietorships, corporations, and even partnerships. This definition was adopted with reference to United States of America, which is a developed nation. Other than the idea of being privately owned and realizing low sales volume, the definition also indicated that small businesses can also be categorized based on the number of employees. From a different perspective, Ganbold (2008) noted that for the Europe Union, small businesses are entities that have less than 50 employees with micro entities being run and managed by a maximum of 10 employees. Ganbold (2008) further noted that for medium enterprises, the maximum number of employees is 250. The implication here is that the definition of small businesses within the developed nations look at ownership, operations in terms of sales, and also the number of employees that help in running and managing the same.

Even though this definition is adopted for developed nations, it should be noted that there are partnerships, corporations, and sole-proprietorship privately owned and record very high sales volume. In addition, there are instances when a firm (however big it is) records very low sales volume due to a number of factors. That does not make the firm to be classified as small. Comparing the definitions adopted in the developed and developing nations as illustrated above, it is evident that there are differences. This means that there are no universally accepted definitions for small business. As a result, this confirms the idea that definition of small businesses differs from one state to another and from one region to another. Irrespective of the fact that definition of small businesses differs from one state to another, the present study focused mainly on the developing nations. As a result, the definition adopted was that of Ajose (2010) indicating that businesses can be categorized as small based on the number of employees as well as capital base. For this study, small businesses were noted as entities having less than \$1,300,000 as the capital base in addition to having less than 300 employees. Therefore, throughout the study, small business refers to any entity within the developing economy having less than 300 employees with a capital base of not more than \$1,300,000.

2.2.2 Overview of Poverty

As in the case of small businesses, poverty definition differs from one state to another and from one region to another. There is no universally accepted definition of poverty. In any case, Poverty and Inequality Institute (2014) confirmed that there are no generally accepted definitions of the term poverty. According to the definition of poverty as provided by Kenkwanda (2003), it is a multi-dimensional phenomenon brought about by different factors. For instance, lack of adequate income as well as inability to access essential services are some of the factors that bring about poverty. In this case, poverty is considered as a state. In another perspective, Adejo (2006)

indicated that both intellectual and ideological aspects can better explain the concept of poverty within a given economy or nation. From the two perspectives, it can be concluded that poverty is just a manifestation. This means that lack of some essential aspects in life when manifested in an individual result into a state of poverty. For example, in the event that an individual is unable to meet daily basic needs owing to lack of adequate income then such inadequacies are manifested and termed as poverty. On the other hand, if a region does not have the capacity of being productive enough to meet set basic needs, such deficiency is manifested and then referred to as poverty. Therefore, from the definitions, poverty can be termed as a manifestation of lack of or deficiency in a number of essential aspects that would make a person live comfortably.

In another definition, Suzuki, Pramono, and Rufidah (2016) indicated that poverty is a state of deprivation from basic needs and other essential materials. This definition also focuses on some condition or phenomenon in which the person in question does not have essential materials and needs. This definition seems similar to the one previously reviewed. In this case, the study can state that poverty is just a state or condition. The state or condition in question here is lack of essential materials aimed at satisfying the basic needs. Failure of an individual to satisfy his or her needs is an important metric for poverty. Poverty indices as highlighted by SalehMemon et al. (2016) measure the inability of a particular group of individuals to meet specific essential commodities or materials. There is no doubt that poverty is an important element in understanding behaviors of individuals within a particular society or community. Notably, Mbuyisa and Leonard (2017) and Maksimov, Wang, and Luo (2017) agreed on the fact that amidst lack of a universally agreed definition, poverty discourse revolves around insufficient or lack of materials with respect to resources that a person requires to survival. Survival in this context is the hardship life. Now if a person is surviving to survive, the implication is that the situation is worse and the participant in

question is in dire need of adequate material resources to be able to fulfil some unmet needs. The definitions provided above clearly indicate that poverty can be looked at from various perspectives. Such perspectives form a good foundation for understanding concepts of poverty from different perspectives especially given the differentials states of economies. How poverty is viewed in a developing country is likely to be different on how it is viewed in a developed country.

With the differences in poverty definition, various researchers including McKague, Wheeler, and Karnani (2015), Karnani (2017), and Rodríguez et al. (2016) among others came up with two main classifications, namely, absolute and relative poverty. According to Tony et al. (2009), absolute poverty is a state in which an individual or household survives below some set levels that is accepted worldwide. For instance, in African when an individual survives in less than \$1 a day, then such is considered absolute poverty. In many instances, absolute poverty is also known as subsistence poverty considering that the persons or groups involved are unable to sustain the basic human wants. Basic human wants in this case are the subsistence needs for a physically healthy living as explained by Tony et al. (2009). Notably, absolute poverty cuts across various individuals and groups in a similar manner considering that a cohort of people have the same basic needs. Hence, when they are unable to meet such needs, the state is known as absolute poverty.

According to Oba et al. (2013), relative poverty is about comparing an individual or group with another individual or group in terms of meeting the basic needs. For instance, comparing the income levels of different individuals or groups of people creates a basis for establishing poverty levels. According to both Rodríguez et al. (2016) and Abdullahi et al. (2015), an average income is set and individuals investigated whether or not they can be able to meet such average incomes. In most cases, individuals may be able to meet their basic needs but unable to attain average income. Even though such individuals may be able to meet their basic needs, the concept of poverty

comes in given that they are unable to meet set minimum or average income relevant to their groups. Unlike absolute poverty, relative poverty is associated with different groups of individuals. Therefore, individual suffering from absolute poverty is not the same as a person who is suffering from relative poverty. From this perspective, these are the two most common forms of poverties that individuals may experience.

2.2.3 Poverty Alleviation

Having looked at the concept of poverty, it is imperative to shift gears on poverty alleviation. Poverty alleviation as explained by Spence (2016) entails the idea of tackling poverty by creating ways through which individuals or groups of people are able to obtain the needed material resources to meet their daily needs. Every country as indicated in the United Nations Summit (1995) had the role or responsibility of reducing number of people living in extreme poverty by half between 1995 and 2015. Based on the assertions of Sachs (2005), every government's key objective across the globe is to eliminate poverty. In another perspective, Beck et al. (2005) further noted that one of the many ways of reducing poverty is through the idea of increasing avenues that would create employment; hence, allow the various individuals to earn some levels of income. Earning the income levels is an important aspect especially with regards to being in a position towards achieving some basic needs and a healthy physical. The idea here is to ensure that individuals have a given amount of income for purposes of buying basic needs. It is through purchasing the basic or essential needs that one stops being categorized as poor. In this case, one way of alleviating poverty is through creation of employment, which then allows individuals to earn some income for buying the basic needs.

Another way of alleviating poverty is through improving economic productivity as well as the idea of promoting economic growth. Haugh and Talwar (2016) submitted that productivity and

economic growth go hand-in-hand. Poverty is linked to poor people who have very little to offer in terms of productivity and economic growth. A productive society on the other hand is involved in ensuring that there is adequate goods and services to satisfy the basic needs of all the individuals (Hussain, Bhuiyan, & Bakar, 2014). In this case, the individuals will be able to meet their basic or essential needs or wants; hence, making them not to be considered poor in as far as the definition of poverty within developing nation is concerned. What's more, there is a strong connection between productivity, economic growth, employment, and income. Both Sinkovics, Sinkovics, and Yamin (2014) and Etuk, Etuk, and Michael (2014) argued that a country that is highly productive would be able to achieve or record higher economic growths than a country with low levels of productivity. Moreover, when a country achieves higher economic growth, the implication is that there will be more individuals employed and cost of living is likely to be bearable. In this respect, it is through economic growth that a nation is able to achieve better employment. Such improved economy with better employment is likely to create an opportunity for individuals in the said country to earn income. Earning income is considered very essential when it comes to the idea of having the needed resources for purposes of buying the essential basic needs. It is through such strategies that poverty is driven away from a particular community or society.

Poverty can also be alleviated through the idea of increasing opportunities especially for people considered as poor. Both Gbandi and Amissah (2014) and Bruton, Ahlstrom, and Si (2015) argue that majority of individuals in a particular community or nation are poor due to lack of opportunities that would enable them explore their potentials. Creating such opportunities can be very important in ensuring that every stakeholder is able to engage in some activities aimed at bringing wealth as well as additional income to meet basic needs and wants. Meeting basic needs and wants is the first step in alleviating poverty. In conjunction with other players in the market,

the government should come up with effective and efficient strategies capable of creating more opportunities for the poor people. The opportunities should aim at increasing their innovativeness as well as creativity in solving different societal problems. Poverty is considered as a social problem by Alvarez and Barney (2014). The created opportunities by both the government and other stakeholders especially in the private sector will make an individual to find solutions capable of alleviating poverty. Another important point to note is that with reference to poverty, the idea of opportunities may lead to creation of more employment. It is the increasing unemployment especially in various developing countries that the levels of poverty continue to skyrocket. Samer et al. (2015) indicated that through improved and enhanced opportunities, it becomes easier for governments and other interested stakeholders to alleviate poverty from a particular community or nation. Hence, the creation of opportunities is considered as a noble strategy that would help in alleviating poverty especially in developing nations.

2.2.4 Developing Countries

On the basis of economic prowess, capacity, and capability, economies or countries can be developed, emerging, developing, or under-developed. By definition, Alber and Flora (2017) submitted that developing countries can be looked from the perspective of agricultural versus industrial production. This definition implies that developing countries are agricultural in nature with a very less developed industrial base (Frank, 2018). The definition of developing countries from a perspective of being agricultural and not industrial may be inaccurate. A country, through its agricultural endowment can be able to achieve higher levels of economic growth and development to a point of having almost the same as the per capita income to those considered as developed countries (World Bank Group, 2014). In another definition, developing countries are those that have a low human development index in comparison to other countries (Ravallion,

2017). Human development index in this case revolves around a number of aspects. Therefore, this would be a better definition especially with respect to understanding the idea of developed and developing nations (World Bank Group, 2014). Nonetheless, the existing definitions of developing countries are not universally accepted. As a result, this study adopts a definition that contains economic growth and development, human development index, employment, and the idea of low living standards. Throughout this study, developing countries were categorized based on the aforementioned characteristics.

2.2.5 Adopted Theories for the Study

There were a number of theories guiding this study. One of the theories was livelihood diversification theory advanced by Ellis (1998; 2000). In this theory, there are specific survival strategies adopted by rural households within the developing countries. Developing countries in Sub-Saharan Africa are such that there are high poverty levels. According to the livelihood diversification theory, farming is not adequate when it comes to alleviation of poverty within developing countries (Batterby, 2001). As a result, individuals within such economies must devise other means through which they can reduce or eliminate poverty. Ellis (1998) pointed out that based on the livelihood diversification theory, amongst the many portfolio of activities used by rural households to alleviate poverty is involvement in business. Involvement in business is a strategy adopted by rural households in achieving a combination of economic and social support, which then ensure that they are able to survive through the poverty levels (Ellis, 1998, 2000). In another perspective, Chambers and Conway (1992) submitted that through the idea of businesses, rural households are able to obtain the needed capabilities, resources, competencies, assets, and activities that would help in enhancing standards of living.

Looking at the assertions of livelihood diversification strategy, it can be established that there are a lot related to the present study. This theory was relevant to the study considering the fact that it did not only explain the concept of poverty and poverty eradication but also identified involvement in business as a way of eradicating poverty. In the present study, the focus was on how small businesses can be used to alleviate poverty. This means that the two main aspects addressed in the theory of livelihood diversification form the basis of the present study. Therefore, it was wise to base the entire study on the livelihood diversification strategy.

The other theory adopted in this study was that of Homans exchange. Homans exchange theory as developed by Homans (1958) posits that individual behaviors as well as their interactions among and between themselves contribute significantly to the way they live. Individual interactions and behaviors are seen in this theory as the main foundation for reinforcing patterns relating to living standards (Homans, 1958). The Homans exchange theory tries to explain the reasons as to why people do what they do and why they behave in a particular pattern. Furthermore, the theory posits that when individuals find a rewarding activity, there are high chances of being involved in the same activity repeatedly to achieve the same benefits or even more (Emerson, 1976). It is on this basis that Homans came up with concepts of punishments and rewards that would discourage or encourage specific behaviors and activities amongst individuals (Cropanzano & Mitchell, 2005). For instance, once a group of individuals finds that engaging in a particular activity would yielder better standards of living, they (the individuals) are likely to be encouraged towards engaging in the same activities.

The Homans exchange theory was also found relevant in this study considering the increasing trend in small businesses. For economies where the unemployment levels are high, the idea of being involved in small business becomes a hope and a tool for eradicating or alleviating

poverty (Cook & Whitmeyer, 1992). A number of individuals have been involved in small business, which ended up making their lives better. Moreover, a number of known entrepreneurs in the world started from small businesses. The implication is that since involvement in business is associated with a number of positive aspects, there are high possibilities that individuals will continue to be involved in the said activities (Chadwick-Jones, 1976). Therefore, the idea of poverty alleviation through small business involvement is likely to be more considering a number of success stories. It is on the same basis that the present study sought to find out whether developing countries, through the Homans exchange theory, can find involvement in small businesses rewarding to the extent of doing it more for purposes of improving their standards of living and getting out of the poverty line.

2.3 Role of Small Businesses in Poverty Alleviation

In their investigations on role of small businesses in poverty alleviation, Gbandi and Amissah (2014), Abdullahi et al. (2015), and Si et al. (2015) amongst other researchers have identified four main ways through which small businesses drive away poverty. These five main ways include being a source of disposable income, employment creation, income generation for employees, profit margins and profitability trends, and increased opportunities for every individual to engage in the same. The following sections illustrate courtesy of reviewed literature how small businesses contribute to the aforementioned aspects especially with respect to alleviating poverty within the developing nations.

2.3.1 Small Businesses and Disposable Income

One of the ways through which governments and other stakeholders alleviate poverty is increasing disposable income. An increase in disposable income means that the individual or community in question will have the requisite resources to meet their daily obligations in terms of

purchasing basic or essential needs. Small businesses are drivers of increased disposal income, which in some cases is referred to as per capita income. Majority of small businesses as explained by Mbuyisa and Leonard (2017) contribute to the disposable income of individuals within a given economy. Studies by McKague, Wheeler, and Karnani (2015) and Sinkovics, Sinkovics, and Yamin (2014) indicated that apart from being ranked number one as a source of income for small households, majority of individuals have experienced an improved standard of living courtesy of small businesses. In assessing the role of small businesses in alleviating poverty through improving on disposable income, Bruton, Ahlstrom, and Si (2015) and Dahles and Susilowati (2015) looked at a number of aspects include position they occupy as a source of the same and how much they have been able to change standards of livings of the various individuals in question. Their findings indicated that indeed small businesses have occupied the first slot in increasing disposable income for small households. As a result, individuals from such households are able to experience an improvement in their living standards. Such aspects are considered very effective and efficient when it comes to the idea of alleviating poverty. From such perspective, it can be noted that indeed small businesses played a significant role in alleviating poverty through the idea of changing or impacting on the individual's disposable income.

In another study, both Suzuki, Pramono, and Rufidah (2016) and Maksimov, Wang, and Luo (2017) agreed on the fact that a number of developing countries suffering from high poverty levels have numerous idle resources. Converting such idle resources to be productive in such a way that individuals obtain a means of living has been a significant challenge to such countries. However, with increasing number of small businesses, the idea of converting idle resources such as land, labor, and capital into some levels of income has become easier, effective, and more efficient. Small businesses convert such idle resources with the sole aim of creating national

income and wealth. It is the created national income and wealth that Etuk, Etuk, and Michael (2014) attributed to increasing disposable income. In most cases, the created national income and wealth by the small businesses is in form of goods and services. Through these aspects, small businesses become effective tools for increasing both the net national product (NNP) and per capita income, which in this case refers to disposable income. Based on the assertions of Etuk, Etuk, and Michael (2014), per capita income is an essential yardstick for finding out whether or not a country or community is living in poverty. This means that a lower per capita income would imply high poverty levels while a higher per capita income refers to lower poverty levels. Since small businesses help in increasing per capita income, the implication would be that they are essential tools for alleviating poverty within given communities or societies.

2.3.2 Small Businesses and Employment Creation

Another yardstick for poverty levels is employment rates. In an economy where the employment rates are low, the implication would be high unemployment rates. SalehMemon et al. (2016) and McKague, Wheeler, and Karnani (2015) identified high unemployment rates as being indicators or higher poverty levels. This means that for an economy or community to reduce poverty levels, the most effective strategy would be to help in increasing employment rates, which is similar to reducing the unemployment rates. Small businesses have been very effective when it comes to reduction of unemployment rates within a particular community or nation. According to Hussain, Bhuiyan, and Bakar (2014), small businesses have continued to play a dynamic role for purposes of growing employment. Achieving employment through small businesses assist in reducing the number of individuals who are not employed. In various economies, small businesses have confirmed their improved ability to create employment opportunities. McKague, Wheeler, and Karnani (2015) further indicated that the idea of creating employment opportunity is important

especially with respect to ensuring that individuals are able to not only be productive but also obtain a source of living. What's more, the improving employment opportunities would result into reduction in social decay, which is also a measure of poverty levels within a particular community, society, or nation. Improved employment rates mean that individuals in that community are able to come up with goods and services, which would help in enhancing standards of living as explained by Gbandi and Amissah (2014). In this respect, the fact that small businesses contribute to employment opportunities would imply that the yardstick for measuring poverty levels has greatly improved.

Maksimov, Wang, and Luo (2017) and Rodríguez et al. (2016) in their studies noted that small businesses are tools for enhancing employment generation especially with respect to economies experiencing high unemployment rates for the youths. Compared to any other giant industry, Sinkovics, Sinkovics, and Yamin (2014) found out that small business industry contributes to more employment opportunities in a particular economy. Surprisingly, the individuals employed in small business industry may not have high levels of experience, skills, knowledge, and expertise. This means that small business industry accommodates various individuals who may have even the slightest of the skills or knowledge in as far as business operation is concerned. The rising number of entrepreneurs is a clear indication that indeed the level of employment brought about by small businesses is increasing. With such increase, there is likely to be better living standards amongst the employed persons. Kersten et al. (2017) further added that self-employment has brought about self-sufficiency amongst many entrepreneurs, which further confirms the ability of small businesses towards creating employment opportunities. Suzuki, Pramono, and Rufidah (2016) explained that employment being a yardstick of poverty levels, an increasing employment rate occasioned by the fact that there are more opportunities

generated by the small businesses is likely to imply low levels of poverty in the selected community or nation. From all these perspectives, it should be noted that indeed small businesses significantly contribute to creation of employment, which then depicts a society with low poverty levels. Hence, it can be concluded that small businesses are vital for eradicating or alleviating poverty through the idea of creating employment.

2.3.3 Small Businesses and Income Generation for Employees

Income generation for employees is also another way of reducing or alleviating poverty in specific communities and economies. In their studies towards establishing how small businesses contribute towards income generation, Suzuki, Pramono, and Rufidah (2016) looked at three main aspects. The first aspect was the idea of salaries being paid to employees of small businesses against their needs or wants for food and other essentials. For individuals to get out of poverty, Etuk, Etuk, and Michael (2014) indicated that they should operate above the poverty line. Both developed and developing economies have benefitted significant from the creation of small businesses especially with respect to assisting employees in income generation. The income earned from the small businesses contributes significantly to the reduction of poverty levels. Even though large firms were found by Dahles and Susilowati (2015) as being the major contributors of high levels of salary, Bruton, Ahlstrom, and Si (2015) noted that the proportion of persons employed by such firms is smaller than those employed by small businesses. Consequently, it is expected that within an economy there will be more individuals earning income from small businesses than those employed in large enterprises. In this case, the more the small businesses in a community, the higher the proportion of individuals earning income compared to those in large enterprises. The result is that majority of the individuals in a society or community will be able to obtain some income adequate enough to lift them above the poverty line. This means that with small businesses

in a society or economy, the possibility of having more individuals earning will be high; hence, contributing significantly to reduction of poverty levels.

Income generation as a role of small businesses also benefits the entrepreneurs. According to Suzuki, Pramono, and Rufidah (2016), the world's known billionaires started as entrepreneurs even though they are currently running large size business entities. From this perspective, the income generated from such small businesses has been the basis of growth of entrepreneurs. Increased small businesses means that the number of entrepreneurs in such a community or society rises as well. On the perspective of submission by Etuk, Etuk, and Michael (2014), an economy with many entrepreneurs is considered very rich especially with respect to generating adequate income that would assist in improving living standards. Income is another important yardstick for establishing poverty levels within a particular community or society. A community or society is considered rich when there are a good number of people capable of generating income in the form of entrepreneurship. According to Bruton, Ahlstrom, and Si (2015), every government in the 21st century continues to focus on creating favorable conditions that would promote entrepreneurship or small business. This is due to the role small businesses play in respect to the income generation not for the employees but the entrepreneurs. Since majority of large-scale organizations started as small business, there is no doubt that such small businesses have a significant impact on the economy from income generation perspective. Therefore, it can be established that small businesses in an economy are essential towards generating income for the entrepreneurs who then used the same not only to get out of poverty but also improve their living standards further and expand operations. Indisputably, these analyses have indicated that small businesses are essential in reducing poverty through the idea of generating income for the entrepreneurs or owners of such entities.

2.4 Challenges affecting Growth and Development of Small business

Different studies have been conducted towards establishing some of the challenges or barriers towards growth and development of small businesses within developing countries. According to CCC, a number of small businesses are dominated by women and youths who may not have adequate knowledge and experience in terms of running and managing business entities. Knowledge and experience are considered as important factors that would make small businesses achieve their objectives. From a different perspective, poor access to credit coupled with the fact that majority of small businesses in developing countries are self-financed. Poor access to credit and being self-finance limit the small business from growing and development. Financial resource is very essential when it comes to growth and development of small businesses. Small businesses grow based on the amount of resources that they have. In the event that they (small businesses) are unable to have access to adequate resources, it becomes difficult for the said businesses to grow and development. Therefore, poor access to credit and the fact that majority and self-financed are some of the challenges facing small business.

Studies by Agwu and Emeti (2014) and Glover and Kusterer (2016) also identified the external environmental as another impediment. There are various aspects of external environment ranging from political, economic, socio-cultural, technological, legal, to environmental. Politically, there are economies with very unstable temperatures when it comes to political activities. Such environments are considered as unfavorable for the growth and development of small businesses. Government is another form of external factor identified by Glover and Kusterer (2016) and Agwu and Emeti (2014) as being another impediment towards growth and development of small businesses. Governments in most cases offer different types and forms of support that would assist in growth and development of small businesses. Nonetheless, small businesses in the

developing countries do not obtain the required support from the government; hence, affecting their growth and development. Chittithaworn et. al. (2011) and (Beck and Demirguc-Kunt (2006) also identified lack of managerial skills, innovation, and socio-cultural aspects as some of the external factors associated with low growth and development of business entities. Whereas lack of market information was also identified as a significant challenge, the national policy and regulatory environmental challenges also impact on the operations and development of small businesses.

2.5 Chapter Summary

In summary, the present chapter, courtesy of literature review, has provided a deeper understanding of the concepts under study. The main concepts reviewed include small businesses, poverty, poverty alleviation, and developing countries. According to the reviewed literature, there is no universally accepted definition of small businesses. In other words, definition of small businesses varies from one state to another and from one region to another. Since the study focused on developing countries, the adopted definition is that which concentrates on capital base and number of employees. In addition, the reviewed studies also confirmed that poverty is defined differently based on prevailing scenarios. The definition of poverty in developed countries differ from definition of the same in developing countries. Therefore, the two aspects have varied definitions.

It is also important to note that the reviewed studies confirmed the role of small businesses in poverty alleviation. As per the reviewed studies, poverty can be reduced through increasing disposable income, employment creation, and generation of income for both employees and entrepreneurs. From the findings, it is important to note that small businesses play a significant role in enhancing the aforementioned. Through small businesses it becomes easier and possible

for a community or nation to experience higher disposable income, more employment opportunities, and increased income generated. These aspects are likely to assist in reducing poverty. Nonetheless, majority of the reviewed studies are those that focused on poverty reduction in general without specifying the conditions. As a result, this study seeks to find out whether small businesses in developing countries also play the aforementioned roles; hence, assist in alleviating poverty.



CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

For purposes of achieving the set objectives, there were some principles, techniques, and methods aiding in data collection. This chapter explains and illustrates the adopted techniques, methods, and principles adopted in order to gather relevant and adequate data as well as information. This chapter explains the research method, which includes design, strategy, and approach as well as the sample and sampling strategy. In addition, the chapter illustrates data collection, analysis, presentation, and ethical considerations adopted in the study.

3.2 Research Methods

3.2.1 Research Design

In terms of research design, the study adopted meta-analysis. Meta-analysis design is an analytical methodology for evaluating as well as summarizing results of various previous studies in a bid to increase sample size and provide further analysis (Lakshman, et. al., 2000). Even though the study adopted a meta-analytical design, it went further than just mere summary and evaluation to include developing new understanding of the problems associated with small businesses and poverty alleviation (Neuman, 2013). Through meta-analysis design, the present study compared and contrasted results from different studies in a bid to establish how small businesses can alleviate poverty in the developing countries (Dörnyei, 2007). The study structure fulfilled requirements for meta-analysis. For instance, there were clearly defined objectives that identified the independent variable (small businesses) and dependent variable (poverty in developing countries). In addition, the study offered a means of reviewing previous studies contained in peer-reviewed journals. Fulfilling these requirements resulted into ensuring that the most preferred research design for

adoption was meta-analysis design. This allowed the study to meet set objectives while answering research questions.

The reasons for adopting meta-analysis design included clarifying policy as well as programmatic actions from summarized and evaluated studies besides creating a basis for coming up with new hypotheses or highlighting research problems that should form part of future studies (Bryman, 2006). Reviewing other studies allowed the study to identify study gaps and problems arising. This made it possible to offer recommendations for further studies. The other benefit associated with meta-analysis design was the ability to overcome small sample sizes in the studies reviewed. Usually, studies suffer from small sample sizes (Liamputtong & Ezzy, 2005). The small sample sizes may end up not offering adequate information and data. By reviewing different studies, the study overcame issue of small sample sizes. Nonetheless, considering the studies under review, meta-analysis consumed a lot of time (Hennink, Hutter, & Bailey, 2010). As a time consuming design, meta-analysis design yielded to additional costs. Despite the limitation, the advantages were more. As a result, the study effectively attained its set objectives and goals.

3.2.2 Research Strategy

As a systematic plan of action on performing the research, the study adopted grounded theory. Grounded theory refers to a systematic gathering of data and information from different sources for purposes of constructing theories (Smith, 2015). Grounded theory adopted was inductive in nature. It is important to note that as an inductive research strategy, grounded theory assisted in offering explanations to different aspects investigated especially with respect to how small businesses can alleviate poverty (Taylor, Bogdan, & DeVault, 2015). The grounded theory adopted in this study assisted in discovering emerging patterns in data. The whole idea of this research was to find out and conceptualize latent social patterns as well as structures related to the

use of small businesses to alleviate poverty. This was through constant comparisons and contrasts of different studies previously done on the same subject. Inductive approach adopted under grounded theory allowed the research to generate substantive themes, codes, and sub-themes from the data towards theory development as to whether small businesses can alleviate poverty in developing countries (Quinlan, et. al., 2019).

While adopting a grounded theory, the study picked on case study as well. Case study research strategy involved investigation of contemporary phenomenon such as role of small businesses in alleviating poverty within developing countries in its real-life context (Glesne, 2015). Case study strategy was also useful considering that the study adopted multiple sources from different studies (Bernard, 2017). In this study, case study of developing countries formed the basis of attaining study objectives. The study concentrated mainly on developing countries knowing too well that small businesses are in various economies irrespective of their development statuses. Furthermore, different sets of countries also experience some level of poverty. Nonetheless, amidst such realities, the study focused solely on developing countries. Developing countries remained the study focus owing to the fact that majority suffer high levels of poverty. A combination of grounded theory and case study research enabled the study to not only obtain data and information but also offer an extensive and detailed understanding as to whether small businesses can alleviate poverty in developing countries (Lewis, 2015).

3.2.3 Research Approach

In addressing the study objectives through answering research questions, the study reviewed extant studies. The review of extant studies focused solely on small businesses, poverty alleviation, and developing countries. There were a number of steps adopted in selecting the relevant literature to review. First, the study borrowed from Bernard (2017) and Quinlan et al.

(2019) in conducting a broader search for small businesses and poverty alleviation. Qualitative approach in this case entailed using previous findings that had investigated small businesses and their effects on poverty alleviation (Bernard, 2017). Non-numerical data and information formed the basis of qualitative approach towards meeting set objectives. One of the reasons for using qualitative research was to offer an in-depth examination of role played by small businesses in alleviating poverty within developing countries (Smith, 2015). Notably, the issue of small businesses and their roles in alleviating poverty continued to be explored though scantily; hence, the need for a research method that would offer an in-depth examination of such a phenomenon.

It is also important to note that unlike quantitative research, the adopted qualitative research was not limited to rigidly definable variables (Hennink, Hutter, & Bailey, 2010). The detail examination involved looking at the aspects of small businesses, poverty alleviation, and developing countries. Looking at the research questions, they seemed complex (Taylor, Bogdan, & DeVault, 2015). The complex nature of these questions made it ineffective to adopt quantitative research. In other words, using quantitative research would have resulted into a poorly done study. Based on the qualitative research adopted, the study was able to explore new areas of research while at the same time building new theories (Quinlan, et. al., 2019). Despite the numerous advantages enjoyed in the qualitative research, the idea of using subjective analysis and information resulted into exposing findings to possibilities of exaggerations and personal biasness (Liamputtong & Ezzy, 2005). Nevertheless, the study benefitted significantly from the qualitative research method used in finding and analyzing relevant data and information.

3.3 Sample and Sampling Strategy

The study reviewed extant research published in the last 15 years (2003 – 2018). The reason for selecting studies and articles less than 15 years old is that a decade is enough time to allow

many things to occur in a particular country. As a result, the obtained information and data was very relevant and considered up-to-date (Quinlan, et. al., 2019). The study conducted a broad search for small businesses, poverty alleviation, and developing countries. The study conducted a search of relevant articles including online databases. The study used key words of “small businesses”, “poverty alleviation”, and “developing countries”. The study downloaded more than 100 articles published between 2003 and 2018. Databases used included Google Scholar, Proquest, EBSCO, and Emerald amongst many others. The study adopted a combination of peer-reviewed journal articles, books, reports, and websites. However, considering the fact that the study could not review all the 100 articles identified for fear of lacking depth, the study short-listed core articles that included very close and relevant data and information. Selection of the most relevant article entailed adopting criteria used in previous reviews as well as discussions among the previous researchers (Lewis, 2015).

The final sample consisted of 14 main research articles identifying and discussing role of small businesses in alleviating poverty among developing countries alongside other articles, which were adopted to help in comparing and contrasting the findings from the main research articles. The idea was to find out which of the two sides in every argument held more water; hence, adopt it for recommendations. Non-commercial reports also formed part of the research articles reviewed considering the high authenticity (Taylor, Bogdan, & DeVault, 2015). The last decade formed the basis of discussing considering that it encompassed updated information on small businesses as well as their roles in alleviating poverty. Even though small businesses have numerous roles in an economy, the study limited its analysis to poverty alleviation. Even when the study included other functions or roles of small businesses, the idea was to link such functions or roles to poverty alleviation. The study reviewed and interpreted research articles contributing to understanding how

small businesses alleviate poverty in developing countries. Tabulation of different studies based on specific themes formed a better way of presenting data as well as allowing the study to make the analysis and discussion easier, effective, and chronological (Bryman, 2006). Indeed, the identified sample was representative enough, which assisted in gathering data and information towards answering research questions.

3.4 Data Collection

Data collection was from the 50 articles identified for review. The research used only secondary sources. The secondary sources had the validity and reliability advantages over primary sources (Taylor, Bogdan, & DeVault, 2015). In most cases, secondary sources have their validity as well as reliability tested and confirmed. This is not the case with primary sources, which need testing for validity and reliability (Quinlan, et. al., 2019). As a result, the data and information obtained was very valid and reliable. Findings of the study could therefore be part of forming policies associated with small businesses and poverty alleviation in developing countries. As noted in the sample and sampling strategy, reviewed articles had to be less than 15 years old. In addition, the key terms used in searching the articles included “small businesses” “poverty alleviation” and “developing countries. This ensured that data collected was not only relevant but also adequate in terms of finding answers to the study questions (Neuman, 2013) (Neuman, 2013). In addition, the use of key terms saved time in searching for relevant articles for review.

The research used secondary data owing to the numerous advantages attached to it. First, secondary data from enough publications from across the globe, which highlighted on the need for having small business to boost the economy of these nations adequately assisted in meeting study objectives (Liamputtong & Ezzy, 2005). Second, the information gathered from the secondary sources, were not only valid but also reliable (Taylor, Bogdan, & DeVault, 2015). It was very

efficient in terms of time and other costs to gather data and information. This is because the study avoided hustles of conducting an interview and distributing questionnaires to a group of participants to assist in data collection and gathering (Bernard, 2017). Secondary data provided basis of comparison and contrasting different findings, views, and perceptions of scholars on the role of small businesses towards alleviating poverty in developing countries (Quinlan, et. al., 2019). The secondary data also improved greatly understanding of small business entities on one hand and their role towards alleviating poverty on the other hand while focusing on developing countries (Taylor, Bogdan, & DeVault, 2015). Even though secondary data was not first-hand and might not have offered specific answers to the questions, it was very adequate and effective in achieving study goals and objectives.

3.5 Data Analysis and Presentation

Given that qualitative secondary data formed the basis of analysis, the study preferred content analysis to other forms of analysis. Content analysis in this study entailed making replicable and valid inferences through the process of comparing, contrasting, and interpreting information contained in the identified articles (Taylor, Bogdan, & DeVault, 2015). The study achieved this through coding of textual material and information. In this analysis, the study systematically evaluated texts from the identified articles. In this respect, the study performed coding of themes and sub-themes (Smith, 2015). Coding of themes and sub-themes formed as basis of understanding views of different researchers or scholars (Bernard, 2017). In all these aspects, the focus was on answering research questions. Therefore, the research questions formed basis of analysis. The main themes were from the research questions. Courtesy of the research questions therefore, the main themes included impact of small businesses on the rate of economic development, small business performance and prevalence of poverty, and the challenges that

hinder the development and smooth running of small businesses in developing countries. The review of articles followed the aforementioned main themes.

Sub-themes also revolved around the main themes (Liamputtong & Ezzy, 2005). For instance, in the main theme of impact of small businesses on rate of economic development, the sub-themes included small businesses, rate of economic development, and developing countries. On the other hand, the second theme yield sub-themes of small business performance, prevalence of poverty, and developing countries. Sub-themes for the third theme as used in the study included small businesses, challenges, and poverty in developing countries. In all these sub-themes assisted the study in making comparisons and contrasts of views and submissions by different researchers in respect to fulfilling study objectives. From the above aspects, it is evident that content analysis was the most relevant and preferred method for making sense of data and information. Content analysis was superior to other forms of analysis given that the study adopted non-numerical data in meeting set objectives (Glesne, 2015).

Presentation is another important element for this study. In this study, presentation was through tabulation as well as narrations. There were instances when the research tabulated results or findings of analysis (Hennink, Hutter, & Bailey, 2010) (Hennink, Hutter, & Bailey, 2010). Notably, the idea of tabulating results or findings allowed for easier comparing and contrasting different views amongst the scholars and researchers that formed the study data and information. Moreover, presentation through tabulation assisted in summarizing the main aspects from all the reviewed articles (Quinlan, et. al., 2019). Summary of articles also offered a better way of understanding the findings and results of the study. Other than tabulation, the study also adopted narration. Narration assisted in the discussion (Glesne, 2015). During the discussion, the study narrated the findings and results while relating them to the information contained in the literature

review. Narration offered a room for detailed analysis of the results and findings (Smith, 2015). It is through narration that the research was able to offer his views regarding the findings and submissions of previous findings.

3.6 Ethical Considerations

Ethical considerations were essential in this study even though there were no human participants involved in data collection or gathering as in the case with primary research. First, the study avoided all intellectually protected articles (Lakshman, et. al., 2000). The study avoided all articles with copyrights. In the event articles with copyrights contained very essential information, the study had to seek for consent from authors. This delayed the study considering the wait for feedback and paper for review (Dörnyei, 2007). In addition, the study ensured data collected assisted only in finding answers to research questions. In this case, the reviewed articles were only for purposes of establishing how small businesses help in alleviating poverty within developing countries. The information collected was not for any other purposes. Observing the ethical factors for any particular study is very crucial (Smith, 2015). This is since it ensured to be in line with the requirements and the rule of law, which is in place concerning using other parties' data and information. For this particular study, the study acknowledged authors and owners of freely available information (Bernard, 2017). This includes books, publications and other freely available online sources. The research followed all the guidelines in place in respect to conducting such a research. This included data protection guidelines. Other factors considered included respecting the issue of sharing of data and copyrights. This was vital in that it ensured that the study did not use data unethically or without authorization. Therefore, the ethical considerations were important in understanding how to conduct study ethically.

3.7 Chapter Summary

In summary, the present study adopted meta-analysis research design, which was the most relevant. In addition, apart from incorporating a combination of grounded theory and case study, the study adopted qualitative approach. An inductive approach also assisted in making sense of the information and data gathered. In terms of sample and sampling, of the 150 research articles identified, the study used 14 articles considered relevant alongside other articles that were adopted to help in comparing and contrasting the findings of the main articles. Data collection was through secondary sources. Data analysis and presentation were through content as well as tabulation and narration respectively. There were ethical considerations in the study, which ensured that the whole research was ethical.

CHAPTER FOUR: FINDINGS AND DISCUSSIONS

4.1 Introduction

This study aimed at investigating the vital role played by small businesses in alleviating poverty in developing countries. In achieving this aim, the study assessed the impact of small businesses on the rate of economic development in developing countries. In addition, the study examined the link between small businesses performance and the prevalence of poverty in developing countries. The last aspect of the study was to evaluate the challenges that hinder the development and smooth running of small businesses in developing countries. Secondary research and data formed the basis of gathering data and information. The study adopted content analysis to make sense of the data and information. The present chapter provides the findings and discussions for each objective.

4.2 Small Businesses and Rate of Economic Development in Developing Countries

The first objective of this study was to assess the impact of small businesses on the rate of economic development in developing countries. The study reviewed various researches. The table below summarizes the studies reviewed as well as their findings towards understanding role of small business on rate of economic development in developing countries.

Table 1: Small Business and Rate of Economic Development in Developing Countries

Research Topic	Authors	Aim	Country	Methods	Findings
The role of small business in economic growth and poverty alleviation in West Virginia: An empirical analysis	Gebremariam, Gebremedhin, & Jackson (2004)	Empirically evaluate critical roles played by small businesses in economic growth and alleviation of poverty This means that the study was more of an empirical one than just the idea of reviewing other studies	West Virginia, Selected based on the fact that it is still suffering from high levels of unemployment despite being in a developed country As a result, the findings can be replicated to developing country or economy across the globe	Correlational research design involving the use of OLS to conduct macroeconomic analyses of the linkages between small businesses, economic growth, and poverty incidence in West Virginia The idea of OLS was to establish the relationship and effect of one variable on the other	<ul style="list-style-type: none"> • Small businesses positively affect economic growth • Incidence of poverty inversely relate to small businesses; more small businesses low poverty incidence
The Role of SMEs and Entrepreneurship on Economic Growth in Emerging Economies within the Post-Crisis Era: An Analysis from Turkey	Karadag (2016)	Conducting a comparative analysis on main indicators of SME sector performance in major and advanced	Turkey This was selected as an emerging economy within the post-crisis era; the implication was that its findings could be related to developing countries; Post-crisis era was selected based on the fact that it was a	Secondary research in which data from secondary sources enabled the research to establish the correlations between SME sector development and economic growth	<ul style="list-style-type: none"> • Economic growth and development of SME sector are closely linked in both developed and developing economies • New venture creation, employment, and value added contribution of the SME sector to the economic differ across various contexts

			period that a lot of economies exhibited characteristics of developing nations		
An Assessment of the Effect of Entrepreneurship on Youth Unemployment in Africa: The Cameroonian Experience	Mobit and Mbella (2016)	Examine the effect of entrepreneurship on youth employment in Cameroon In this study, the aspect of entrepreneurship was adopted as a proxy for small businesses in the set country	Cameroon This is one of the African countries and was selected owing to the high rates of unemployment so far experienced in the country Most countries in Africa are considered as those that are still developing	Adopted the use of time series data spanning from 1990 to 2014; 13 years sample of secondary data was adopted from World Bank database; the main variables included proxy for entrepreneurship, Gross Domestic Product, Real Estate Rate, Youth Unemployment, and Investment Structural Vector Autoregressive (SVAR) technique was used	<ul style="list-style-type: none"> • Youth unemployment is a positively sticky • Entrepreneurial activities resulted into labor market rigidity, • Increasing youth unemployment is related to entrepreneurial activities
Job creation versus job shedding and the role of SMEs in economic development	Kongolo (2010)	Re-examine the role of SMEs in supporting and enhancing economic development through process of job creation The idea of this study was to offer an understanding of the role of SMEs in economic development with	South Africa Other than being an African county, the researcher noted that South Africa has been experiencing declining standards of living and increasing unemployment;	Exploratory research on job creation versus job shedding Secondary research and data were obtained from document analysis method; Primary research and data were also obtained from original experiences and observations by the authors	<ul style="list-style-type: none"> • SMEs represent a huge chunk of businesses within the developing countries such as South Africa • SMEs account for 91% of the formal business entities and between 51% and 57% of the GDP • SMEs provide 60% of the total employment in South Africa

		respect to contribution towards job creation, reducing unemployment, and poverty levels in a county	These are aspects that relate to poverty levels		
The contributions of small and medium scale enterprises to economic growth: a cross-sectional study of Zebilla in the Bawku West District of Northern Ghana	Akugri, Bagah, & Wulifan (2015)	Sought to find out if presence of SMEs in northern Ghana could be attributed to rapid infrastructural development; employment levels; and attraction of financial institutions The aim of this study was to fill gaps in existing studies that have focused mainly on the formal sector	Zebilla in the Bawku District of Northern Ghana Apart from Ghana being an African country categorized as a developing nation, the selected region has been selected owing to low infrastructural development, high employment rates, and low development	Descriptive cross-sectional study design in which data was collected for the period of April and August 2013; Simple random sampling was used for purposes of identifying 160 representative sample; all the statistical tests were done at 82% confidence level, that is 8% significant level; Questionnaires and observations were used to gather primary data and information Secondary data was gathered using documented evidence as well as internet materials	<ul style="list-style-type: none"> • SMEs do not have a statistically significant effect in employing youth in the district since majority relied on free family labor cost minimization • There were not associations between SMEs and infrastructural developments in the rural areas • SMEs were also associated with housing and electricity extension • Agricultural activities were also associated with presence of SMEs
Impact of small and medium enterprises	Taiwo, Ayodeji, & Yusuf (2012)	To investigate role of SMEs as tool in	Five local governments in Nigeria including	Descriptive research design was adopted to achieve study objectives;	<ul style="list-style-type: none"> • There is a statistically significant positive correlation between SMEs

<p>on economic growth and development</p>		<p>economic growth and development</p> <p>This objective was motivated by the fact that role of SMEs in economic growth cannot be underestimated</p>	<p>Ijebu North, Yewa South, Sagamu, Odeda, and Ogun Waterside Local Government</p> <p>These regions were identified as those that are suffering from low economic growth and development; this is also taking into considerations that Nigeria is an African country</p>	<p>Primary data was collected from 200 SME/Entrepreneurial officers and managers from the five selected local governments</p> <p>Questionnaire was used as the main data collection instrument</p> <p>Descriptive statistical analysis was used to make sense of the data</p>	<p>and economic growth in developing countries or economies</p> <ul style="list-style-type: none"> • SMEs have not played a significant role on the economic growth of Nigeria as expected • SMEs in Nigeria have a long way to go in terms of contributing to growth and development of the said economy
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From the table, different scholars submitted a number of perspectives on role of small businesses on economic development of developing countries. In their studies, Gebremariam, Gebremedhin, and Jackson (2004) focused on evaluating how small businesses impact on economic growth and poverty alleviation within West Virginia, USA. The study selected this region owing to the fact that it experienced high unemployment rates and poverty despite being part of a developed economy. As a result, the findings could relate to developing countries mainly found in the African continent. The study adopted correlational research design using Ordinary Least Squares on secondary data gathered from various secondary sources. Based on the findings, Gebremariam, Gebremedhin, and Jackson (2004) established that small businesses positively affect economic growth while having an inverse relationship with poverty incidences.

The implication of findings by Gebremariam, Gebremedhin, and Jackson (2004) is that when there are more small businesses, economic growth will increase whereas incidence of poverty will decline. These findings are similar to those of Taiwo, Ayodeji, and Yusuf (2012), Aparicio, Urbano, and Audretsch (2016), and Williams, Martinez-Perez, and Kedir (2017) establishing statistically significant positive correlation between small businesses and economic growth as well as development. In a different perspective, Urbano and Aparicio (2016) and Akugri, Bagah, and Wulifan (2015) also had similar findings stating that with increased number of small business, there is expectation of low poverty incidences. Therefore, the study concludes from this study that small businesses can affect economic growth positively.

In another study, Karadag (2016) performed a comparative analysis on various SME sector indicators performance in major and advanced economies. Turkey was the main economy adopted for the study. Notably, the reason for adopting Turkey is that it experienced significant drop in standards of living as well as unemployment. This means that findings could relate to developing

countries. In achieving the set objectives, Karadag (2016) obtained secondary data using secondary sources. The idea was to establish correlations between development of SME sector and economic growth. Findings showed that there is a close link between development of SME sector and economic growth. What's more, this study established that development of SMEs results into creation of new ventures, increased employment, and contribution towards value addition. The findings correlate with those of Memili et al., (2015), Cowling et al. (2015), and Bouazza, Ardjouman, and Abada (2015) indicating a close positive relationship between development of SMEs and economic growth. Jamali, Lund-Thomsen, and Jeppesen (2017) further noted that with enhanced SME sector, it becomes possible for economies or countries to experience significant changes or improvements in economic growth.

Mobit and Mbella (2016) also conducted a study examining effect of entrepreneurship on levels of youth employment in Cameroon. Entrepreneurship in this study was a proxy to small businesses. In addition, Cameroon represented developing nations since it is in Africa. African continent hosts a number of developing nations. According to the researcher, Cameroon experienced high rates of unemployment as well as declining standards of living owing to poor economic growth and development. While adopting time series data between 1990 and 2014, the study found out that youth unemployment is a positively sticky phenomenon. Moreover, the study established that entrepreneurial activities within Cameroon are the causes of labor market rigidity.

Surprisingly, the study by Mobit and Mbella (2016) noted a link between increasing youth employment and entrepreneurial activities. The implication is that when there are more entrepreneurial activities, the levels of youth employment increase. With similar findings, both Ciravegna, Lopez, and Kundu (2014) and Langseth, O'Dwyer, and Arpa (2016) reiterated that with enhanced entrepreneurial activities, economies are able to create additional job, which result into

economic growth and development. In other studies, Urbano and Aparicio (2016) and Jamali, Lund-Thomsen, and Jeppesen (2017) also established that youth unemployment benefits from increased entrepreneurial activities. Therefore, based on such findings, the study confirms that small businesses result into economic growth courtesy of increased youth employment levels.

Kongolo (2010) also performed a study that re-examined the role of SMEs in economic development courtesy of job creation. In order to achieve the study objectives, the research adopted an exploratory design. The study identified South Africa as the most relevant case study for developing countries. Besides being in Africa where majority of economies are emerging, the researcher noted that there have been numerous economic turmoils in the said country including decline in employment rates, standard of living, and overall economic growth and development. Findings indicated that SMEs represent a huge chunk of businesses within the developing countries such as South Africa. From the results, Kongolo (2010) confirmed that over 90% of formal businesses are SMEs.

In addition, Kongolo (2010) found out that more than 50% of the GDP arises from SMEs with 60% of the total employment being from that sector. The implication is that SMEs contribute to a large part of economic growth and development in South Africa. This further means that indeed there is a positive correlation between SMEs and economic growth and development. These findings corroborate those of Jamali, Lund-Thomsen, and Jeppesen (2017), Urbano and Aparicio (2016), and Memili et al., (2015) noting that with adequate SME sector, it is possible for an economy to experience economic growth through increasing GDP. In addition, Cowling et al. (2015) concurred with Williams, Martinez-Perez, and Kedir (2017) as well as the present study findings by reiterating the fact that small businesses as presented by SMEs contribute to significant growth in the Gross Domestic Product.

4.3 Small Business Performance and Prevalence of Poverty in Developing Countries

The second objective of this study was to examine the link between small businesses performance and the prevalence of poverty in developing countries. Apart from investigating how small businesses affect economic growth in the developing countries, the study also focused on performance and prevalence of poverty. In this objective, the study sought to find out how small business performances affect the prevalence of poverty in developing countries. The study reviewed a number of studies. **Table 2** summarizes the main articles and their assertions on the link between small businesses performance and prevalence of poverty in developing countries.

From the presented summaries, there are varied results in respect to how small business performance relate with prevalence of poverty in developing countries. While conducting a study in Pakistan, Sharafat, Rashid, and Khan (2014) used secondary data establishing that there is a negative link between the output from small scale industries and poverty prevalence in the selected country. In their analysis, the scholars noted that one of the main reasons would be the fact that small scale businesses employ more labor than large scale businesses yet the pay from the former is always lower than in the latter. However, much people are employed in the small-scale industries, Sharafat, Rashid, and Khan (2014) argued that it becomes difficult to eliminate poverty. Even though the findings of this study are consistent with Nkwe (2012) establishing that small scale businesses may negatively affect the poverty levels, Hamid and Bello (2008) and Taiwo, Ayodeji, and Yusuf (2012) had contrary opinions. According to the contrary opinions, poverty is as a result of lack of adequate employment as well as low economic growth, which are essential for achieving low poverty levels.

Table 2: Small Business Performance and Prevalence of Poverty in Developing Countries

Research Topic	Authors	Aim	Country	Methods	Findings
The role of small and medium enterprises and poverty in Pakistan: An empirical analysis.	Sharafat, Rashid, and Khan (2014)	To establish the role of SMEs in poverty alleviation This objective focused on three main aspects, namely, economic growth, employment generation, and poverty alleviation From the background, it is evident that three aspects are interrelated	Pakistan This was selected on the basis that it represents developing countries; the country was identified by the researcher as one with low employment rates, low economic growth and high levels of poverty	The impact of SMEs on poverty in Pakistan was examined between 1972 and 2007 using Log-linear autoregressive model estimated by OLS Secondary data was gathered to assist in meeting the study objectives The main variables adopted included poverty head count ratio, small scale industries' output as a percentage of GDP, CPI, health expenditure as a percentage of GDP, population growth rate, and the Gini coefficient	<ul style="list-style-type: none"> • There is a strong and negative impact of small scale industries' output on poverty levels in Pakistan • SMEs in Pakistan use more labor than employed by large scale firms yet the payment is not always commensurate; hence, the negative relationship
Micro, Small and Medium Enterprises' Activities, Income Level and Poverty Reduction in Ghana-A	Abor and Quartey (2010)	To establish the role of micro, small, and medium enterprises and their activities on income levels and poverty reduction	Ghana was used; other than being one of the African countries considered to be developing, the country has also experienced significant drop in income levels, economic growth, and high poverty levels	Literature review was performed towards accomplishing the study objectives; In reviewing literature, the paper identified different sources for purposes of ensuring that	<ul style="list-style-type: none"> • The review of literature established two schools of thought • The first school of thought are pro micro, small, and medium enterprises confirming that they play a significant role in poverty reduction • The second school of thought believe that it is the larger

<p>Synthesis of Related Literature</p>		<p>This objective looked at two main aspects, income levels and poverty reduction;</p> <p>According to the scholars, the two were related; hence, the need to study them as a whole</p>		<p>it gathered data and information</p>	<p>organizations that contribute to poverty alleviation</p> <ul style="list-style-type: none"> • Based on the reviewed literature, the scholars noted that small businesses play significant role in job creation, payment of tax, revenues from exports and imports, distribution of goods, human resource development, and innovations; all of which contribute to poverty alleviation
<p>Strengthening small and medium enterprises (SMEs) as a strategy for poverty reduction in North Western Nigeria</p>	<p>Sokoto and Abdullahi (2013)</p>	<p>To examine how strengthening of SMEs in Nigeria could contribute to alleviation or reduction of poverty</p> <p>The idea here was for the researchers to find out whether by strengthening small businesses, Nigeria would experience a declining rate of poverty</p>	<p>Nigeria was picked based on a number of reasons. First, the country is in the African Continent, which is considered to be harboring a lot of developing countries. Second, the country has in the recent past experienced significant decline in economic growth and development, employment rates, and increasing poverty levels</p>	<p>Primary research design was adopted in which a sample of 400 SMEs from Sokoto and Zamfara states in Nigeria formed the representative sample;</p> <p>Questionnaire was used in gathering data and information for purposes of meeting set objectives;</p> <p>In addition, the study also adopted secondary research using data from the Nigerian Stock Exchange and National Bureau of Statistics</p>	<ul style="list-style-type: none"> • Large enterprises contribute more than SMEs especially in terms of offering employment, which is a tool for reducing poverty levels • Contradicts prior knowledge indicating that SMEs contribute significantly to employment creation, which then creates room for poverty alleviation; • Employment creation has been identified by the scholars as a significant strategy that would help in alleviating poverty levels especially in developing countries

<p>The Role of Small and Medium Scale Enterprises in Poverty Reduction in Nigeria: 2001–2011</p>	<p>Oba and Onuoha (2013)</p>	<p>To establish the roles of SMEs in reducing poverty within Nigeria between 2001 and 2011</p> <p>The aim was to x-rays such roles in a bid to find out whether or not the development of small businesses can be a good way of alleviating poverty in Nigeria</p>	<p>Nigeria was identified as the preferred study area considering the high levels of poverty between 2001 and 2011. In addition, Nigeria is a Sub-Saharan African country that is considered to be developing. Therefore, the findings could be used to generalize the impact of SMEs on poverty alleviation in the said economies</p>	<p>Secondary research was used in which the study gathered data on SME Gross Domestic Product, Agriculture Gross Domestic Product, Manufacturing Gross Domestic Product, commercial bank credit, government fund, and interest rates.</p> <p>The study adopted Ordinary Least Squares to estimate multiple linear regression analysis</p>	<ul style="list-style-type: none"> • SMEs’ generate additional income into an economy, which then leads to poverty reduction through the improved employment levels • This means that with improved SMEs in a particular economy, there will be increased employment; the increased employment leads to additional income and then creating a way of reducing poverty in the said region
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In another study Abor and Quartey (2010) reviewed studies on the impact of small businesses on poverty alleviation. According to the findings, the scholars noted that small businesses play significant role in job creation, payment of tax, revenues from exports and imports, distribution of goods, human resource development, and innovations; all of which contribute to poverty alleviation. In other words, Abor and Quartey (2010) confirmed that small businesses in Ghana have a number of advantages; all of which contribute towards alleviating or reducing poverty. Poverty reduction is an important aspect in ensuring that an economy has its citizens have a better living standard. The findings by Abor and Quartey (2010) are consistent with those of Eneh (2017) and Abor and Quartey (2010) indicating that small businesses can be enhanced for purposes of ensuring that the levels of poverty are greatly reduced. In other studies, Nkwe (2012) and Tahi and Tambunan (2011) also agreed with the fact that developing countries can benefit from small businesses, which will not only create jobs and result into additional revenues without forgetting increasing economic growth but also assist in reducing poverty levels. However, Sharafat, Rashid, and Khan (2014) had a contrary finding indicating that even though it is believed that small businesses yield more benefits, the fact that they are engaged in cheap labor makes them not significant in reducing poverty levels.

A study by Sokoto and Abdullahi (2013) indicated that employment creation is a significant strategy that would help in alleviating poverty levels especially in developing countries. In other words, the study confirmed that with enhanced employment creation, it becomes easier for the developing nation to experience a reduction in poverty levels. From this perspective, a mixed research was done establishing that large enterprises contribute more than SMEs especially in terms of offering employment, which is a tool for reducing poverty levels. The findings by Sokoto and Abdullahi (2013) are consistent with those of Sharafat, Rashid, and Khan (2014) indicating

that in as much as small businesses are considered essential in eliminating poverty, they play a very small impact. In other words, the study confirmed that it is the large businesses that would influence employment; hence, reduce levels of poverty. Such findings contradicted prior knowledge indicating that SMEs contribute significantly to employment creation, which then creates room for poverty alleviation. Such findings contradict submissions and assertions of Taiwo, Ayodeji, and Yusuf (2012) and Abor and Quartey (2010) reiterating that through small businesses, nations or communities are able to obtain additional employment opportunities thereby assisting in reducing poverty levels.

Oba and Onuoha (2013) conducted a secondary research with the aim of finding out how SMEs can be used to reduce poverty levels in developing countries or economies with specific reference to Nigeria. According to the study, poverty reduction can be investigated from the perspective of employment creation by the said small businesses. From the findings, the researchers noted that SMEs' generate additional income into an economy, which then leads to poverty reduction through the improved employment levels. The implication is that with improved SMEs in a particular economy, there will be increased employment; the increased employment leads to additional income and then creating a way of reducing poverty in the said region. The identified findings are consistent with those of Eneh (2017) and Maksimov, Wang, and Luo (2017) indicating that with enhanced SMEs, it becomes easier for a particular economy to have more opportunities towards creating job. Employment creation, which is one of the main macroeconomic goals, further provides the unemployed with the opportunity to earn income, improve their standards of living, and at the end achieve the required reduction in poverty levels as explained by Tahiri and Tambunan (2011). However, the study contradicts findings by Sokoto and Abdullahi (2013) and Sharafat, Rashid, and Khan (2014) indicating that SMEs do not play a

significant role in reduction of poverty compared to large businesses. Therefore, it can be noted from such findings that indeed SMEs are able to create employment, which becomes an effective strategy towards reducing poverty levels.

4.4 Challenges hindering development and smooth running of Small Businesses in Developing Countries

The third objective of this study was to evaluate the challenges that hinder the development and smooth running of small businesses in developing countries. Like in the other previous objectives, the study reviewed a number of articles and studies that addressed some of the challenges hindering the development and smooth running of small businesses in developing countries. **Table 3** summarizes the main articles or studies and their findings in terms of challenges hindering the development and smooth running of small businesses within developing countries.

According to the findings, it can be noted that different studies had varied positions in as far as challenges hindering development and smooth running of small businesses in developing countries are concerned. Kusi, Opata, and Narh (2015) identified the fact that small businesses in Ghana are dominated mainly by the youths as well as female operators that have low educational levels. In addition, the study found out that personnel within these small businesses are usually not adequately qualified. The other challenge is that of poor access to credit given that most of the small businesses are self-financed and this pose great threat to development and advancements. These are also reiterated by a number of scholars including Ocloo, Akaba, and Worwui-Brown (2014), Nolan and Garavan (2016), and McCann and Ortega-Argilés (2016). Based on the findings, the study recommended the need to have a common board overseeing such challenges and how to solve them besides.

Table 3: Challenges hindering development and smooth running of Small Businesses in Developing Countries

Research Topic	Authors	Aim	Country	Methods	Findings
Exploring the factors that hinder the growth and survival of small businesses in Ghana (a case study of small businesses within Kumasi Metropolitan area)	Kusi, Opata, and Narh (2015)	Sought to identify as well as analyze the challenges that micro, small, and medium enterprises face as well as the proposed measures that should be adopted to enhance and sustain their vibrancy	Ghana was picked as the developing country of interest. Apart from being one of the Sub-Saharan African countries, Ghana has experienced low economic growth and development coupled with significant attrition of micro, small, and medium enterprises in the country	<p>The study combined both survey and case study in order to achieve its set objectives. This entailed the idea of primary and secondary researches. Primary data was obtained using structured questionnaire administered to a number of small businesses in Kumar Metropolitan area;</p> <p>Secondary data on the other hand was obtained from various articles, textbooks, and other important reports</p>	<ul style="list-style-type: none"> • Small businesses in Ghana are dominated mainly by the youths as well as female operators that have low educational levels • Personnel within these small businesses are usually not adequately qualified • There is poor access to credit • Most of the small businesses are self-financed and this pose great threat to development and advancements • Recommendations include the need to have a common board overseeing such challenges and how to solve them besides;
The Problems and Prospects of Small and Medium Scale Enterprises (SMEs) Growth and	Abeh (2017)	To evaluate different paradigms of challenges as well as prospects without leaving out government efforts	Nigeria has been used in this study as a case study considering the fact that it falls under developing countries. As a country,	The study conducted an empirical evaluation of the challenges, prospects, and governments efforts for small businesses	<ul style="list-style-type: none"> • Challenges of small businesses are known for affecting the growth and development of such

<p>Development in Nigeria: a Study of Selected SMEs in Delta State</p>		<p>aimed at promoting small businesses in Delta State Nigeria</p>	<p>Nigeria has experienced significant drop in economic growth and development on one hand and on the other hand decline of small businesses even though they play a significant role in the said economy</p>	<p>A survey research design was preferred and the data take a descriptive aspect</p> <p>The study obtained primary data in order to assist towards ensuring that the set objectives of the study are adequately attained</p>	<p>businesses in the said economy</p> <ul style="list-style-type: none"> • Government efforts on the other hand significantly effect on the development of the small business; hence, lack of government effort is a significant challenge • The identified specific challenges identified in the study included lack of managerial skills, finance, innovation, political and religious aspects, social and cultural aspects, infrastructural facilities, environments, and the economy
<p>Issues, challenges and prospects of small and medium scale enterprises (SMEs) in Port-Harcourt city</p>	<p>Agwu and Emeti (2014)</p>	<p>Aim at discussing issues, challenges, as well as prospects of small businesses in Port-Harcourt City in Nigeria</p>	<p>Port-Harcourt City in Nigeria.</p> <p>This city had been identified as one with the many cases of collapsing small businesses coupled with poor performances when in real sense the businesses are supposed to assist in creating employment as well as</p>	<p>While adopting descriptive research design using a total of 120 randomly selected registered SMEs within the targeted region, the study adopted questionnaires to assist in gathering data and information for purposes of meeting the set objectives</p>	<ul style="list-style-type: none"> • Several challenges or issues were identified in this study. • One of the challenges is poor financing • The study also identified inadequate social infrastructures as well as lack of managerial skills as some other challenges that are likely to have a direct impact on the

			<p>improve on the economic growth and development</p> <p>What's more, the selected city is in a developing nation; hence, can easily offer a deeper reflection on how small businesses meet challenges in their growth and development as well as smooth operations of the businesses</p>		<p>development and smooth operations of small business</p> <ul style="list-style-type: none"> • Multiple taxation was also identified as another major challenge preventing growth and development of small businesses within the selected region.
<p>Identification the main challenges of small and medium sized enterprises in exploiting of innovative opportunities (Case study: Iran SMEs)</p>	<p>Farsi and Toghraee (2014)</p>	<p>To identify the main challenges affecting small businesses within Iran</p> <p>It was considered in this study that despite the increasing innovation, small businesses still are underdeveloped and experience turbulences in their operations</p>	<p>Iran has been selected as the most preferred location by the researchers considering the fact that it is one of the developing countries. As a country, Iran faces a lot of challenges. What's more, despite having numerous small businesses, such businesses are still underdeveloped on one hand and on the other hand continue to experience turbulence in their operations</p>	<p>Exploratory factor analysis was used in order to establish how identified challenges affect the development and operations of small businesses in Iran</p> <p>In this respect, the study focused mainly on primary research collecting first-hand information from a number of participants that formed the representative sample</p>	<ul style="list-style-type: none"> • A total of six challenges were identified and their level of significance or impact was identified • Technological change challenges were identified as those that significantly affect the operations of small businesses • Lack of managerial training as well as experience was at the second spot • Lack of credit and inadequate education as well as skills were considered as the third most influential challenge towards the development and smooth

					<p>operations of small businesses</p> <ul style="list-style-type: none">• Whereas lack of market information was also identified as a significant challenge, the national policy and regulatory environmental challenges had the least impact on the operations and development of small businesses in Iran
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Abeh (2017) also performed a study to establish challenges that are likely to have an impact on the development and smooth operations of small businesses especially in developing countries. Based on the findings, it was established that challenges of small businesses are known for affecting the growth and development of such businesses in the said economy. The research was also keen to note that government efforts on the other hand significantly effect on the development of the small business; hence, lack of government effort is a significant challenge. This was consistent with findings of Bouazza, Ardjouman, and Abada (2015) and Paul, Parthasarathy, and Gupta (2017) indicating that without government efforts especially towards protecting local industries, small businesses are likely to succumb to high competition pressures from multinational corporations. Abeh (2017) also discussed that the specific challenges identified in the study included lack of managerial skills, finance, innovation, political and religious aspects, social and cultural aspects, infrastructural facilities, environments, and the economy. In the same way, Wang (2016) and Karadag (2015) identified aspects of both internal and external environment as some the challenges facing development and smooth operations of small businesses. From this perspective, it can be established that for purposes of improving development and smooth operations of small businesses, there is a need to ensure such challenges are either eliminated or mitigated.

Agwu and Emeti (2014) in their studies to establish issues or challenges affecting development and growth of small businesses found out that there are several challenges. One of the challenges observed by the researchers was poor financing. Poor financing as a challenge has also been identified by McCann and Ortega-Argilés (2016), Bouazza, Ardjouman, and Abada (2015), and Osamwonyi and Tafamel (2010) as barriers to enhance development, growth, and smooth operations or running of such businesses. In addition, Agwu and Emeti (2014) also

identified inadequate social infrastructures as well as lack of managerial skills as some other challenges that are likely to have a direct impact on the development and smooth operations of small business. Such findings are also reiterated by Ocloo, Akaba, and Worwui-Brown (2014) and McCann and Ortega-Argilés (2016) highlighting issues of managerial skills being very essential for growth and development of small businesses in developing countries. Another challenge identified by Agwu and Emeti (2014) is that of multiple taxation. In this case, the study identified multiple taxation as an impediment towards growth and development of small businesses within the selected region. Reiterating similar findings, Bouazza, Ardjouman, and Abada (2015) and Yeboah-Boateng and Essandoh (2014) also indicated that external environmental factors including political, economic, socio-cultural, technological, environmental, and legal as having several challenges in growth and development of small businesses within developing countries.

Farsi and Toghraee (2014) were also interested in finding out why, despite their role in the economy, are small businesses still underdeveloped and experience turbulent in operations. According to the study, a total of six challenges were identified and their level of significance or impact was identified. These total six challenges were obtained courtesy of extensive review of literature. Based on the primary information collected, the study found out that technological change challenges were identified as those that significantly affect the operations of small businesses. This was consistent with Ocloo, Akaba, and Worwui-Brown (2014) and Karadag (2015) indicating that in the current 21st century, technology is a concept that cannot be ignored owing to the part it plays in the development and smooth operations of businesses whether small or big. In addition, Osamwonyi and Tafamel (2010) noted that technology being a very perishable aspect, continues to become obsolete very fast; hence, making its adoption very challenging. In another perspective, the researchers noted that lack of managerial training as well as experience

was at the second spot. While concurring with the present findings, Yeboah-Boateng and Essandoh (2014) had also indicated that small businesses are mainly managed and run by individuals without the required managerial skills. Lacking such skills is suicidal for small businesses as indicated by Ocloo, Akaba, and Worwui-Brown (2014). Hence, small businesses are likely to continue suffering from lack of adequate managerial skills to put things into strategic perspective.

The study by Farsi and Toghraee (2014) also identified lack of credit and inadequate education as other challenges affecting the development and operations of small business. In their studies, Osamwonyi and Tafamel (2010) and Bouazza, Ardjouman, and Abada (2015) also identified credit as an important resource for growth and development of small businesses in developing countries. However, owing to their statuses as well as available collateral, Karadag (2015) found out that small businesses find it difficult to grow and develop. The other challenge identified by Farsi and Toghraee (2014) is the lack of skills, which was also identified in the study conducted by Osamwonyi and Tafamel (2010). Having inadequate skills especially amongst the leaders and managers make it difficult for the small businesses to grow and develop talk less of experiencing smooth operations. The skills are necessary in understanding the strategic directions to take for purposes of achieving growth and development. Lastly, the study by Farsi and Toghraee (2014) also identified lack of market information as well as the national policy and regulatory environmental challenges as other factors that challenge the effective and efficient development of small businesses in Iran. Similarly, Yeboah-Boateng and Essandoh (2014) and McCann and Ortega-Argilés (2016) identified aspects of external environmental factors being significant challenges to number of small businesses especially in the developing countries. This means that without adequate market as well as effective policy frameworks coupled with adequate regulations, small businesses are unlikely to prosper and also experience smooth business operations.

4.5 Chapter Summary

The present study focused on three main objectives. The first objective was about small businesses and economic growth in developing countries. In this objective, despite variable results, majority of the reviewed articles noted that small businesses significantly contribute to economic growth and development. In the second objective, the reviewed study aimed at establishing how small business performance affects prevalence of poverty within the developing countries. Based on the findings, the study has established that despite a number of scholars stating that small businesses do not have a link with poverty, majority of the scholars confirmed that indeed small businesses have a significant impact on the levels of poverty in developing countries. The reduction in the poverty level is attached to numerous benefits associated with small businesses such as economic growth and job creation. The last objective was about challenges hindering growth and development of small businesses as well as their smooth operations. Courtesy of the results obtained from the review, it can be noted that there are indeed numerous challenges associated with development and growth of small businesses. Amongst the challenges identified either fall under internal or external factors. Therefore, the study has confirmed that with more small businesses, economies are likely to have a better performance in terms of economic growth, employment creation, and reduced poverty levels.

CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

Having achieved the objectives of this study, the present chapter highlights conclusions and recommendations. The chapter includes summary of the main findings as per the objectives, conclusions, limitations, recommendations, and areas of further studies.

5.2 Summary of Main Findings

In this study, the main was to investigate the vital role played by small businesses in alleviating poverty in developing countries. The study was interested in finding out how economies can use small businesses in order to achieve a lower level of poverty courtesy of the numerous benefits associated with the same. In order to achieve this, the study focused on assessing the impact of small businesses on the rate of economic development in developing countries. In addition, the study examined the link between small businesses performance and the prevalence of poverty in developing countries. the other objective of the study was to evaluate the challenges that hinder the development and smooth running of small businesses in developing countries. Achieving the aforementioned assisted in answering the study questions while at the same time establishing whether small businesses can be used as a tool for alleviating poverty in developing countries.

In achieving the set objectives, the study adopted a qualitative research design. The qualitative research design was supported by meta-analysis, grounded theory, and case study. Notably, meta-analysis as a design was very an analytical methodology for evaluating as well as summarizing results of various previous studies in a bid to increase sample size and provide further analysis. In addition, grounded theory was adopted in this study to offer a systematic gathering of data and information from different sources for purposes of constructing theories. Besides the idea

of grounded theory, the study also adopted case study research strategy, which involved investigation of contemporary phenomenon such as role of small businesses in alleviating poverty within developing countries in its real-life context. Of the numerous articles identified, a total of 14 main articles were used with additional more articles that aimed at comparing and contrasting the findings from the main articles. Secondary research was used to gather secondary data and information. From the data and information, content analysis in conjunction with verbatim analysis assisted a great deal in making sense of the data. Results or findings from the data analysis were presented in tables and discussed based on narration.

In regards to objective one, which was to assess the impact of small businesses on the rate of economic development in developing countries, the study found out a number of contrasting views. The study has established the fact that whereas there are scholars who believe that small businesses do not contribute much to economic growth and development, majority of the reviewed studies indicated that small businesses result into economic growth and development. From the findings, it has been established that majority of the articles reviewed had a consensus that with small businesses, it becomes easier for an economy to experience increased production. Economic growth and development are about achieving improved gross domestic products. The more the number of citizens engaged in production process, the more the possibility of achieving higher economic growth and development. In this case, small businesses will be very essential in ensuring that more citizens are engaged more in production process; hence, working towards achieving higher gross domestic products.

In the second objective, the study focused on finding out how small business performances relate to prevalence in poverty levels especially amongst the developing countries. There were two sides of the coin in regards to this objective. The first side noted that small businesses do not

contribute to poverty alleviation but large businesses do. The reason given for small businesses not contributing to poverty alleviation is that cheap and unskilled labor is always used; hence, even those employed may not have a change in their living standards. However, the proponents of small businesses and poverty reduction noted a statistically positive significant relationship between the two. According to such findings, the reviewed literature noted that small businesses are responsible for a number of advantages including job creation, increase in income levels, and provision of additional revenue to the government through taxation. These aspects have then been identified by different scholars as the main strategies used in alleviating poverty. Considering the weights of arguments for and against positive relationship between small businesses and poverty alleviation, this study joins the former concluding that from the ongoing review of literature, small businesses can be effective strategies for achieving reduction in the poverty levels within an economy.

For the last objective, the study aimed at establishing challenges hindering development and smooth operations of small businesses in developing countries. Unlike in the previous objectives where there were different schools of thought, scholars identified different challenges that are likely to affect the growth and development of small businesses in developing countries. Based on the findings, the main challenges that hinder development and smooth operations of small businesses in developing countries include small business being dominated mainly by the youths as well as female operators that have low educational levels as well as poor access to credit. In addition, the study findings have established that self-financed and lack of government effort are some of the challenges hindering growth and development of small businesses in developing countries.

In other reviewed studies, lack of managerial skills, finance, innovation, political and religious aspects, social and cultural aspects, infrastructural facilities, environments, and the

economy have also been identified as essential in understanding hindrances that prevent small business growth and development. Apart from Poor financing and multiple taxation, the findings from this study have also indicated that inadequate social infrastructures as well as lack of managerial skills may impact negatively on the growth and development of small businesses in developing countries. Lastly, the study findings have also indicated that technological change challenges and lack of managerial training as well as experience may also hinder the growth, development, and smooth operations of small businesses in developing countries. As a result, the study has confirmed that indeed there are numerous challenges that affect or hinder growth, development, and smooth running of small businesses in developing countries. These findings form the basis of conclusion and recommendations highlighted in the sections that follow.

5.3 Conclusions

In summary, the study achieved its main aim through three objectives including assessing role of small businesses in economic development, link between small business performance and poverty alleviation, and challenges hindering growth, development, and smooth running of small businesses within developing countries. A qualitative secondary research was done anchored on meta-analysis, grounded theory, and case study. Of the numerous articles found in different databases, a total of 14 main articles were used alongside other articles that assisted in comparing and contrasting the findings. From the findings, the study makes three main conclusions. First, the study concludes that small businesses have a significant positive impact on economic development within the developing countries. Second, the study concludes that small business performance is directly associated with poverty levels. In this case, when the performances of small businesses are high, it is expected that levels of poverty in such an economy would be low.

The last conclusion is that there are numerous challenges that hinder the growth, development, and smooth operations of small businesses within developing countries. The identified challenges in this study include technological change challenges, lack of managerial training, experience, and skills amongst the people in-charge of running the affairs of the said businesses, inadequate social infrastructures, poor financing or lack of credo, lack of government support, poor innovation, political and religious aspects, social and cultural aspects, unfavorable overall environment, and the fact that small businesses are dominated by youths and women without adequate education levels and experience to effectively run business operations. Overall, the study concludes that small businesses can be adopted as tools or strategies that would help in alleviating high poverty levels in developing countries.

5.4 Recommendations

According to the findings, there are a number of recommendations that developing countries should adopt. The study accepts the fact that small businesses positively affects economic growth as well as helps in alleviating poverty. In this respect, there is a need for developing countries to encourage or enhance growth and development of small businesses. In growing and developing small businesses, the present study recommends that there should be increased managerial training as well as enhancement of skills amongst the leaders of small businesses. Such training and enhancement of skills will go a long way in ensuring that small businesses are managed effectively and efficiently. Governments should be involved in promotion of small businesses through creating vocational colleges responsible for training owners of such entities on management and improving on their skills.

The other recommendation is that governments should also avoid multiple taxations of the small businesses. Multiple taxation has been identified as one of the challenges hindering the

growth and development of small businesses. Therefore, this study calls upon the government to come up with better ways of taxing small businesses. In addition, the study also recommends that there should be adequate social infrastructural development as well as offering adequate access to credit or finance. Increasing the accessibility of credit by the government as well as the private sector will allow small businesses to gain additional capital for purposes of financing their operations and activities. Such moves are likely to increase the number of small businesses as well as their performance levels. This will then yield into increased benefits associated with the small businesses; hence, assisting in the alleviation of poverty.

The study also recommends that development of social infrastructures. There is a need to promote development and growth of small businesses in developing countries. However, small businesses in developing countries suffer from lack of adequate social infrastructures. Social infrastructures in this case would include aspects such as healthcare, public facilities, transportation, and education among many others. Social infrastructure in this case entail constructions and maintenance done by the government for purposes of supporting social services. Having been identified as one of the major challenges or impediments towards growth and development of small businesses, the study thus recommends for governments to be extensively involved in their creation or development. Social infrastructures in this case are considered auxiliary. Therefore, this study recommends that a lot of resources should be put in ensuring that social infrastructures are adequately and extensively developed to aid in growth and development of small businesses.

The other recommendation based on study findings is the need to enhance access to finance for small businesses. According to the study findings, majority of small business attrite owing to lack of adequate funding. Even for upcoming entrepreneurs, access to finance has been a challenge;

hence, limiting their potential and capacity to grow and develop. Some of the reasons identified in the study preventing small businesses from accessing credit is lack of collateral. In this case, there is a need for governments and other stakeholders involved to find ways of ensuring that small businesses access adequate funding or finance to assist them in meeting their daily obligations and operations. The whole point here is that with adequate funding, the small businesses will be able to achieve better results in terms of investment. From such analyses, the study recommends that governments and other interested stakeholders such as the private banking sector in developing countries should come up with the best ways of ensuring adequate access to funding by the small businesses.

Lastly, the study recommends that there should be enhanced innovation, political and religious aspects, social and cultural aspects, and the idea of ensuring a favorable overall environment. As indicated in the findings, poor innovation is one of the major impediments to growth and development of small businesses. This means that there is a need to improve on the innovation within a country for purposes of promoting their activities in terms of creating and offering resilient goods and services. Moreover, the involved stakeholders need to ensure that at all times there are favorable political and religious aspects while at the same time promoting good cultural practices. Good cultural practices should be geared towards promoting small business. In other words, cultural practices aimed at shunning down small business entities should be eliminated. Overall, the operating environment should be favorable for business operations. This is the role of government as well as other stakeholders. Attaining all these recommendations would yield to better working spaces, which the result into growth and development of small businesses within developing countries.

5.5 Limitations

Even though the study achieved its objectives, there were a number of limitations that affected depth, breadth, and overall study findings. The limitations revolved around the research methodology adopted in respect to achieving the set goals. The study adopted secondary qualitative research method. Consequently, the study suffered from the weaknesses of these two aspects of study design. The main limitations included the fact that information obtained were too general for numerous developing countries without being very specific despite having looked at different countries. In addition, this study suffered from possibility of using inaccurate secondary data making the researcher to always check the source. Most of the articles reviewed were old and could be considered out-of-date. Unlike primary research in which first-hand data and information are used, the idea of using secondary research prevented the research from using up-to-date information and data. Even though the validity and reliability of the articles had been rested, this study was not sure owing to the fact that they were not reported in the studies.

Limitations also arose from the fact that qualitative research was adopted. Nonetheless, it was difficult to investigate causality and correlations from a numerical perspective. In this study, there were objectives that required establishing the link between two or more variables. For instance, there was a need to establish how small business performance correlated to poverty alleviation in developing countries. The fact that only non-numerical data and information was used, the study failed to offer causality and correlations. Numerical data would have allowed the study to establish correlations or causality between small business performance and poverty alleviation, which was the main subject of the investigations. It is also important to note that the study, having relied on qualitative research, was only able to offer explorations without numerical justifications and explanations. Having numerical justification is usually considered as a good

thing especially in a research. Nevertheless, that was not the case with the present study, which relied heavily on the non-numerical data and information.

5.6 Areas of Further Studies

Even though achieved its aim and objectives, there were limitations that resulted into a shallow and narrow studies. As a result, there are a number of areas identified for further studies:

1. Adopting Primary Mixed Research in Establishing the Role of Small Businesses on Poverty Alleviation in Developing Countries
2. Role of Small Businesses on Poverty Alleviation: A Comparison between Developing and Developed Countries
3. Strategies of improving the Impact of Small Businesses on Poverty Alleviation in Developing Countries
4. Moderating factors on the Relationship between Small Business Performance and Poverty Alleviation: Comparison of Developed and Developing Countries

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