NEAR EAST UNIVERSITY

INSTITUTE OF GRADUATE STUDIES

DEPARTMENT OF INTERNATIONAL BUSINESS

**THE EFFECT OF STARTUP CULTURE AND ENTREPRENEURIAL
DEVELOPMENT ON SME PERFORMANCE IN LIBERIA**

MASTER THESIS

JANICE-LOVE BROPLEH

Nicosia

January 2023

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JANICE-LOVE BROPLEH

Supervisor

Dr. Laith Tashtoush

Nicosia

January 2023

Approval

We certify that we have read the thesis submitted by **JANICE-LOVE BROPLEH** titled **THE EFFECT OF STARTUP CULTURE AND ENTREPRENEURIAL DEVELOPMENT ON SME PERFORMANCE IN LIBERIA"** and in our combined opinion it is fully adequate, in scope and quality, as a thesis for the degree of Master of Educational Sciences.

Examining Committee   Name-Surname   Signature

Head of the Committee: Dr. Ayşe Gözde Karaatmaca

Committee Member: Dr. Tijen Zeybek

Supervisor: Dr. Laith Tashtoush

Approved by the Head of the Department

21/01/2023

Dr. Ayşe Gözde Karaatmaca

Head of Department

Approved by the Institute of Graduate Studies

...../...../2023

Prof. Dr. Kemal Hüsnü Can Başer

Head of the Institute

Declaration

I hereby declare that all information, documents, analysis, and results in this thesis have been collected and presented according to the academic rules and ethical guidelines of the Institute of Graduate Studies, Near East University. I also declare that as required by these rules and conduct, I have fully cited and referenced information and data that are not original to this study.

JANICE-LOVE BROPLEH

/ /2023

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Abstract

THE EFFECT OF STARTUP CULTURE AND ENTREPRENEURIAL DEVELOPMENT ON SME PERFORMANCE IN LIBERIA

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The government has stated it would help support the SME subsector through budget and policies, and other financial aid pronouncements. This raises interest and concern about the crucial role SMEs play in the economy. There have been some major efforts from other financial and non-financial organizations geared towards creating an enabling environment where SMEs will gain their status as the core of economic growth and development. This research aims to examine the effect of startup culture on SME performance by taking entrepreneurial development as a mediator. Employees from SMEs in Liberia make up the study's population. The overall number of employees in SMEs in Liberia was 8526. The ideal sample size has been 368. Furthermore, convenience sampling was used in this study, which meant gathering data from members of the public who were eager to participate. According to that, 355 questionnaire responses were received. The results showed that start-up culture has a moderate and positive relationship with entrepreneurial development. Also, the results showed that entrepreneurial development mediated the relationship between startup culture and SME performance. The business knowledge gained from the research could also aid in creating training programs for numerous Liberian colleges and institutions and creating resources and curriculums for future Liberian small-business entrepreneurs. Moreover, this research has made many significant contributions to the debate on firm growth. Those contributions have both theoretical and practical implications.

Keywords: startup culture, SME performance, entrepreneurial development, Liberia.

ÖZ

THE EFFECT OF STARTUP CULTURE AND ENTREPRENEURIAL DEVELOPMENT ON SME PERFORMANCE IN LIBERIA

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Hükümet, KOBİ alt sektörünü bütçe ve politikalar ve başka bir mali yardım duyurusu yoluyla desteklemeye yardımcı olacağını belirtti. Bu, KOBİ'lerin ekonomide oynadıkları hayati role ilişkin ilgiyi ve endişeyi artırmaktadır. Diğer finansal ve finansal olmayan kuruluşlar, KOBİ'lerin ekonomik büyüme ve kalkınmanın özü olarak statülerini kazanacakları elverişli bir ortam yaratmaya yönelik bazı büyük çabalar göstermiştir. Bu araştırma, girişimcilik gelişimini aracı olarak alarak girişim kültürünün KOBİ performansı üzerindeki etkisini incelemeyi amaçlamaktadır. Liberya'daki KOBİ'lerin çalışanları çalışmanın popülasyonunu oluşturmaktadır. Liberya'daki KOBİ'lerde toplam çalışan sayısı 8526'dır. İdeal örneklem büyüklüğü 368'dir. Ayrıca, bu çalışmada, katılmaya istekli olan halktan veri toplanması anlamına gelen kolayda örnekleme kullanılmıştır. Buna göre 355 anket yanıtı alındı. Sonuçlar, start-up'ın girişimcilik gelişimi ile orta düzeyde ve pozitif bir ilişkiye sahip olduğunu göstermiştir. Ayrıca, sonuçlar girişimcilik gelişiminin başlangıç kültürü ile KOBİ performansı arasındaki ilişkiye aracılık ettiğini göstermiştir. Araştırmadan elde edilen işletme bilgisi, çok sayıda Liberyalı kolej ve kurum için eğitim programları oluşturmaya ve gelecekteki Liberyalı küçük işletme girişimcileri için kaynaklar ve müfredatlar oluşturmaya da yardımcı olabilir. Ayrıca, bu araştırma firma büyümesi konusundaki tartışmalara birçok önemli katkı sağlamıştır. Bu katkıların hem teorik hem de pratik sonuçları vardır.

Anahtar kelimeler: başlangıç kültürü, KOBİ performansı, girişimcilik geliştirme, Liberya.

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CHAPTER I

Introduction

The concept of startup culture (SC) is widely used in the context of innovation and entrepreneurship development (ED). Although there is no single official definition for an SC and the term is used in different ways, it typically refers to a specific geographic area with a high density of startup companies and entrepreneurs. Herrmann et al. (2015), Ács et. al, (2013) highlight the important role of entrepreneurs within the culture and introduce the concept of entrepreneurial culture in place of SC. Those authors define entrepreneurial culture as a set of interconnected entrepreneurial actors, both potential and existing, an entrepreneurial organization such as SMEs, venture capitalists, business angels, banks, institutions, and entrepreneurial processes like the business birth rate, the number of high-growth SMEs, the level of "blockbuster ED," the number of serial entrepreneurs, the degree of sellout mentality among SMEs, and the level of entrepreneurial ambition. These elements formally and informally coalesce to connect, mediate, and govern the performance in the local entrepreneurial environment.

According to Mitchell (2002), entrepreneurial startups are measured by such groups of factors as relevance (the satisfaction of internal and external customer management, the involvement of human resource management in the process of implementing a strategic plan, other parts involved in human resource management), effectiveness (in leadership style, strategic management, the relationship between the efficiency of profit and labor growth, and between business growth and labor cost), financial availability (the investment in infrastructure and technology, the investment in human resources), organizational culture, workforce size, training, and retraining. These groups of factors are influenced by the internal and external business environment. The number of startups and the amount of their funding have been recently increasing in the face of the rise of inefficient and shortly operating enterprises. The trend is accompanied by a general slowdown in the financial results of economic entities and the distrust preservation of the startup industry (Blank, 2013). The issue concerning the purpose of startups: whether they are simply trends or are purposefully created to achieve economic and social indicators in the future is acute.

Entrepreneurs have a key role in economic and social development. Developed countries' experiences show that their development is the result of entrepreneurs' endeavors. ED leads to the establishment of new companies, wealth creation, job creation, poverty decrease, and finally economic & social development (Ahmad & Hoffmann, 2007; Koster & Kumar 2008). Accordingly, ED policies have been considered by governments in recent decades. These policies comprise education, managerial and financial support, loans, awareness programs, and so on (Lim et al., 2010). Various reasons such as low productivity and slow economic growth have caused for uprising rate of unemployment as an economic and social problem. Therefore, the ED can contribute to reducing the mentioned issues. Accordingly, policymakers paid more attention to ED in recent years, and assessing the impact of ED policies on the opportunity to startup is a necessity. The concept of ED policies is different from one country to another one. For instance, the creation of a favorable economic environment to form and the survival of entrepreneurial SMEs have been emphasized in the United States. Policymakers formulate specific policies to increase the number of startups in various countries.

Small and Medium Enterprises (SMEs) in Liberia have not performed credibly well and therefore have not played the expected vital and vibrant role in the economic growth and development of the country. The situation has been a great concern for stakeholders including the government, citizenry, entrepreneurs, and the entire private sector in the country. The government has stated it would help support the SME subsector through budget and policies, and other financial aid pronouncements. This raises interest and concern about the crucial role SMEs play in the economy. There have been some major efforts from other financial and non-financial organizations geared towards creating an enabling environment where SMEs will gain their status as the core of economic growth and development. Just as it has been a great concern of all to promote the welfare of SMEs, it is a great concern to the researcher as to the problems facing SMEs in Liberia. The reality is that SMEs in Liberia fall short of performance and thus do not provide basic opportunities such as jobs. The poor performance of small and medium enterprises in Liberia is more alarming when compared with what other developed and developing countries have done to achieve with their SMEs. If Liberia were to achieve appropriate success in development, one way is to vigorously engage in the development of SMEs by

tackling the problem of access to finance. Therefore, this research aims to examine the effect of startup culture on SME performance by taking entrepreneurial development as a mediator.

Research Problem

Liberia was the first internationally acknowledged self-governing country in Africa after declaring its independence in 1847 (Tarway-Twalla, 2008). From 1950 to 1986, poor governance, economic and political exclusion, growth without development, and increasing political militancy led to Liberia's first civil war in 1990 (Tarway-Twalla, 2011). Before the civil war, the per capita income was U.S $750, while the yearly gross domestic product (GDP) growth rate was 5.7% (Tarway-Twalla, 2008). In 2007, the calculated GDP per capita was U.S. $500 (Tarway-Twalla, 2008). The civil war caused a substandard socioeconomic situation in Liberia, leading to fewer formal sector industries and employment compared to prewar levels (Tarway-Twalla, 2011). These economic and social challenges caused Liberia to rank in the top five countries on the list of third-world countries (Kieh, 2004). Unemployment levels in Liberia have remained high, with figures ranging from 80% to 85% for some years (Bertelsmann Stiftung Transformation Index, 2014). With these economic difficulties, post-conflict development in Liberia is extremely challenging, and business failure has been a regular event (Naude, 2013). Many economic development practitioners have recognized microenterprise and small-business development as promising economic development strategies, especially in rural communities (Castello & Boike, 2013; Shahidullah & Haque, 2014). Morales & Marquina (2013) noted that small businesses play critical roles in the development of industries and economies. Daly (2015) and Igwe & Oragwu (2014) found that being self-employed provided an escape route from poverty. Viewed as the prime mover in developing countries, ED can initiate the development process (Naude, 2013). Small-business entrepreneurs' business skills development and sustainability in Liberia's postwar development may drive financial development and enhance living conditions in the country.

Scholars suggested that ED is a driver of economic growth and development (Bakar, Islam, & Lee, 2014; Matejovsky, Mohapatra, & Steiner, 2014; Ribeiro-Soriano & Mas-Verdu, 2015). Naude (2013) found that ED includes advantages for economic growth and development. Small businesses have been fundamental drivers of several economies worldwide (Harris, Aziz, & Norhashim, 2012; Phillips & Knowles, 2012). However, small-business entrepreneurs have encountered challenges related to business skills and planning, which may lead to low business performance and high failure rates (Nwachukwu, 2012). Agwu (2014) and Bagire & Namada (2013) researched the factors contributing to the failure of small enterprises in African nations. These factors include (a) lack of business skills, (b) shortage and inadequate cash flow, (c) lack of controls and corrective actions, and (d) poor business management. Therefore, this research comes to explore the impact of SC and ED on SME performance in Liberia.

Research Significant

Researchers have pointed to small and large business startups as vital in increasing per capita income, increasing employment, and equalizing financial and social circumstances in Liberia (IMF, 2012). Before the civil war, the per capita income was U.S $750, while the yearly GDP growth rate was 5.7% (Tarway-Twalla, 2008). In 2007, the calculated GDP per capita was U.S. $500 (Tarway-Twalla, 2011). The study results may contribute to business practice by providing business skills to Liberian small business entrepreneurs about identifying knowledge, financial, and marketing constraints within their organization and working to resolve them. Development of small-business entrepreneurs' skills may (a) aid in increasing entrepreneurs' understanding of their business and its environment and (b) facilitate planning and predictions of the significant factors that affect business survival (Chwolka & Raith, 2012). Future researchers focusing on the business skills management of small-business entrepreneurs may use the findings of the study as a mechanism for introducing better business practices for small-business entrepreneurs. My research study may help interested leaders with the goal of creating constructive social change. Social change forms society-based results that challenge underlying social problems on an institutional, individual, civic, domestic, and

international level (Berkovich, 2014). Berkovich (2014) stated that social change could modify behaviors, laws, and institutional policies to reproduce better standards of fairness, opportunity, and diversity. In post-civil war Liberia, change is necessary to empower people, shape communities, and promote development. Effectively increasing small-business management skills in Liberia may help increase per capita income and the annual GDP growth rate (IMF, 2012). Ipiranga and Aguiar (2014) posited that a rise in knowledge could contribute to small-business activity and could contribute to the evolving business environment. The results of the data analyzed and collected in this study may affect social change because the findings could help to increase (a) small-business ED productivity and development and (b) business survival and performance in a developing country.

Research Questions

This research aims to answer these questions:

How could the startup culture impact SMEs' performance?

How the entrepreneurial development impact SME performance?

How does the startup culture impact entrepreneurial development?

How the entrepreneurial development enhances the relationship between startup culture and SME performance?

Definition of the Terms

Startup Culture: this is a workplace environment that values creative problem-solving, open communication, and a flat hierarchy. In a corporate culture, core values are typically informed by the identity of the company, including its mission statement, products, and customer service.

Entrepreneurial Development: is the means of enhancing the knowledge and skill of entrepreneurs through several classroom coaching programs, and training. The main point of the development process is to strengthen and increase the number of entrepreneurs.

Small and Medium Enterprise Performance: represents a useful framework to drive decision-makers in SMEs towards designated competitive strategies and the measurement of the resultant outcomes (Bianchi et al., 2015). The key necessity for the market success of SMEs is the improvement of their business processes through quality implementation. The measurement of a particular SME's performance plays a vital role in maximizing its business efficiency (Dobrovic et al., 2018). This is done by using an effective performance measurement system with meaningful metrics, i.e. so-called Key Performance Indicators (KPIs). The identification of these indicators involved a complex multi-criteria decision-making process (Pavelková et al., 2018). Authors such as Davenport et al. (2010) and Rajnoha et al. (2015) have defined KPIs as measures that quantify an enterprise's overall performance in connection to its global objective or critical success factors.

CHAPTER II

Literature Review and Hypotheses Development

Startup Culture and SME performance

Hofstede (1997) defines organizational culture as the collective programming of the mind, which distinguishes the members of one organization from another, stressing that organizational culture is holistic, historically determined, related to the thing anthropologists study, socially constructed, soft, and difficult to change. Organizational culture can be best measured by five dimensions, namely Power distance; Uncertainty avoidance; Individualism vs. collectivism; Masculinity vs. femininity; Long term vs. short-term orientations. Schein (1990) defines organizational culture as a pattern of basic assumptions, invented, discovered, or developed by a given group, as it learns to cope with its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore is to be taught to new members as the correct way to perceive, think, and feel about those problems. Meanwhile, Denison (1990) defines organizational culture as the underlying values, beliefs, and principles that serve as a foundation for an organization's management system as well as the set of management practices and behavior that both exemplify and reinforces those basic principles.

Hickman & Silva (1984) assert that there are three components for building culture, namely instilling commitment; rewarding competence; and maintaining consistency. Organizational culture can be best described by examining its underlying assumptions, values, practices, rituals, heroes, and symbols. Drucker (1994) asserts that there are three sets of assumptions, namely, Environment where the organization interacts with society, markets, customers, and technology; Mission where the organization envisions meaningful results; and Core competencies where the organization must excel to maintain leadership. Abdullah (1996) further clarifies that the core competencies should cover good analytical and problem-solving skills as well as a sound understanding of basic computing concepts; the ability and confidence to assess a situation quickly and recommend solutions; a learning posture and desire to seek opportunities to learn quickly on the job; skills in communicating effectively in English; and demonstrating the courage

to take actions and lead others. There are three perspectives on culture, namely Timmons (1999) which consists of six elements, namely, Clarity, being well-organized; High standards, pressure for excellence; Commitment; Responsibility; Recognition; and Esprit de corps; Cornwall and Perlman (1990) which consists of ten elements, namely Risk; Earned respects; Ethics of integrity, trust, creditability; People; Emotional commitment; Work is fun; Empowered leadership throughout SME; value wins; Relentless attention to details, people, structure, and process; and Effectiveness and efficiency; Peters (1997) which consists of eleven elements namely Learning; Embrace change; Customer Focus; Total Integrity; Excellence; Involve everyone in everything; Experimentation; Fast-paced innovation; Small start and fast failure; Visible management; and Measurement/accountability.

Morris, Kuratko & Govin (2008) synthesize those three perspectives into an entrepreneurial culture with eight elements, namely, focus on people and empowerment; Value creation through innovation and change; Attention to the basics; Handon management; Doing the right things; Freedom to grow and to fail; Commitment and personal responsibility; and Emphasis on the future and a sense of urgency. Kotter and Heskett (1992) highlight the powerful influence of corporate culture on SME success and offer three cultural perspectives, namely strong; fit; and adaptive. The adaptive cultural perspective is the most desired as it not only encourages confidence and risk-taking among employees but focuses on the changing needs of customers. Organizational culture can be a potential predictor or moderator for SME performance, but it can double-edged sword for SME performance (Ng & Kee, 2013). Abdullah & Pedersen (2003) postulate eight dimensions of organizational culture. They are Relationship vs. Task; Harmony vs. Mastery/ Control; Shame vs. Guilt; We-group vs. I-Individual; Religions/ secular; Hierarchical vs. Equality; vii) Polychronic vs. Monochronic, and High Context vs. Low Context. Denison & Mishra (1995) proposed organizational culture can be measured by four dimensions namely Involvement; Consistency, Adaptability, and Mission, with each having three subculture traits. This instrument intends to provide a measure of an organization's progress toward achieving a high-performance culture and optimum results.

Martin & Staines (1994) called for further research into organizational culture and examine the dichotomous position between managerial and technical competencies, to determine which one is superior to the success of SMEs. However, from the existing framework, organizational culture has been used as a moderating variable. For example, Covin & Slevin (1991) postulated that organizational culture can be an organizational factor that can serve as an independent variable or moderating variable for the relationship between entrepreneurial posture and SME performance. Lumpkin & Dess (1996) proposed a framework where organizational culture moderates the relationship between entrepreneurial orientation and performance. Chadwick (1998) proposed a framework to test the moderating effect of entrepreneurial orientation and SME performance. In the latest research findings, Kreiser, Marino, Kuratko & Weaver (2013) state cultural individualism positively moderates the relationships between both innovativeness-performance and proactiveness performance. SMEs need to nurture a new breed of SMEs and nascent entrepreneurs who take calculated risks since commercial opportunities and above all innovate to lead the high-growth charge against the backdrop of the growing global competitive environment. This means, culture will play an important role in this transformation which is also in line with the Central Bank of Malaysia's (2003) research on SME development, which identifies sound business culture as one of the critical factors for SMEs. Indeed, entrepreneurs are not only the creators of organizational structures and technologies but also the creators of culture at various stages of organizational life from birth, growth, and evolution (Pettigrew, 1979). Ahmad, Wilson & Kummerow (2011) studied the competency mix in a cross-cultural setting and found that conceptual, opportunity, personal, learning, and ethical competencies are context-free while relationship, strategic, familism, social responsibility, and commitment competencies are culture-specific. Ahmad (2007) found entrepreneurs adopt a more cautioned attitude toward risk-taking and tend to focus on the actions of competitors for strategy formulation. In brief, we argue that cultural factor makes a great feature in the Liberia work context. Therefore, the first hypothesis is proposed:

H$_1$: There is a positive effect between startup culture and SME performance.

H$_2$: There is a positive effect between startup culture and entrepreneurial development.

The Mediating Role of Entrepreneurial Development Between Startup Culture and SME Performance

SME creation is an important driver of economic growth and job creation, generating innovations and contributing to economic efficiency through competition (OECD, 2018a; OECD, 2017). It can also create wider social benefits by contributing to local economic development, supporting industrial transitions (OECD, 2019), and offering an alternative pathway into work for those at a disadvantage in the labor market or in search of more flexibility (OECD/European Union, 2016).

However, market, institutional and behavioral failures create barriers to ED. The obstacles include barriers to entry in markets with large incumbents, administrative costs associated with registering an SME, and information imperfections in financial markets, which create liabilities of newness and smallness (Stinchcombe, 1965). The basic rationale for ED policy stems from the need to address these types of barriers to secure the economic and social benefits of ED.

The aim of ED policy should not solely be to increase the SC, but also to improve the quality of the SME created. Overall SME SC is dominated by one-person/non-employer SMEs. On average solo entrepreneurs offer a modest contribution to growth and employment. Some, such as skilled independent workers and networked entrepreneurs, can be very successful and innovative. The increasing prominence of platform-based work arrangements enables individuals to pursue independent work that may in the future become the basis of larger entrepreneurial endeavors. Policies seeking greater economic and social benefit should focus resources on SC with the potential for sustainability and growth.

On the other hand, policy should not focus solely on the most dynamic SCs – the "gazelles" (i.e. enterprises up to 5 years old with average annualized growth greater than at least 10% per annum over three years) and "unicorns" (i.e. privately-held SCs with a valuation of over USD 1 billion). These types of SC have disproportionate impacts on job creation and innovation diffusion but are few. Furthermore, it is difficult to predict which SMEs will grow in advance since SCs with growth potential comes from many different

sectors and operate many kinds of SME models (Mason and Brown, 2013; Brown et al, 2017).

The main focus of this report is therefore on the intermediate target of promoting productive ED. Policy for productive ED emphasizes the creation of SMEs with job creation and innovation potential. It focuses on SMEs with the potential to employ more than the founder but also on more ordinary SMEs that are unlikely to achieve the dramatic rates of growth of gazelles and unicorns.

ED policies will therefore often benefit from taking into account regional variations in their design. This includes both systemic interventions (e.g., economic policies, fiscal policies), which may affect different segments of the SME community differently, and SME support programs (e.g. SC grants, training programs, export support), which often show the highest take-up rates in the most entrepreneurial regions. As an example, the United Kingdom's Loan Guarantee Scheme, which was set up in 1981 to help small SMEs borrow from banks, had the same requirements for all SMEs regardless of their location. However, there were large regional differences in the number of loans issued (standardized by the size of the region) and their value, with an over-representation of major financial centers (Cowling, 1998; Harrison & Mason, 1986). Attention to the conditions and targets of these types of programs may help to support ED more evenly within countries.

Incorporating a regional dimension in ED policies can also be important to accommodate for structural differences across regions and address regional variations in the nature and intensity of barriers to ED. Research finds that geographical variations in entrepreneurial activity can be related to various place-based structural factors. For example, in 2015, around half of SME creations in the OECD area occurred in predominantly urban regions, 36 % in intermediate regions, and 13% in rural regions (OECD, 2018b). Capital cities, for example, tend to be ED hubs: in 2015 in the OECD area, 29.5% of new SMEs were created in capital cities, while these cities hosted only 27.5% of existing SMEs and 20% of the population (OECD, 2018b). Large urban centers benefit from agglomeration effects that are conducive to SME SC. This includes large local markets, easier access to public research and education facilities, high-quality human

capital and infrastructure, and networking opportunities. Compensating support may be needed to promote ED in rural and less dense regions.

The industrial and occupational structure of a city or region also affects entrepreneurial activity: employees in small SMEs are more likely to start their own SMEs than those working in large SMEs. Prior management experience also increases the likelihood that an individual will start their own SME, as does a family history of SME ownership. Wider socio-economic conditions also affect entrepreneurial activities indirectly (e.g., home ownership facilitates access to bank loans). Stronger support may therefore be required in regions with low existing ED and small SME rates to overcome these disadvantages.

Rates of productive ED in a region are affected by a wide range of regional conditions – culture, access to finance, skills, networks, and so on. Therefore, one of the jobs of ED policy is to identify the different strengths and weaknesses of regions in these conditions and developed adapted and tailored policies to overcome the key constraints manifested in each region. Key policy success factors. Based on the above discussions, the following hypothesis is proposed:

H$_3$: Entrepreneurial development mediates the relationship between startup culture and SME performance.

Entrepreneurial Development and SME performance

There is an extensive body of research on the relationship between ED and economic growth (Heydari & Khoshnood, 2019; Herdjiono et al., 2017; McGuinness et al., 2018). The exact nature of what constitutes ED remains a source of confusion among scholars and practitioners. As indicated by Anderson & Starnawska (2008), a plausible explanation of this confusion partly lies in the very intrinsic richness, diversity, and complexity of what constitutes an entrepreneurial venture. Baumol, (1968) refers to ED as "one of the most intriguing but equally elusive concepts in economics" as cited by Peneder (2009). The problem with defining ED is like the problems faced by other ideas such as leadership, which has become an elusive concept. When you start to define it, you are left with nothing but a simplistic definition that fails to capture the richness of the idea

itself. Most of the attempts to distinguish entrepreneurs from non-entrepreneurs have made no significant difference. Entrepreneur researchers such as (Cole, 1969, p.17), doubt the possibility of getting a generic definition of entrepreneurs. However, this has not dissuaded contemporary researchers from trying to define ED.

The term entrepreneur can be traced back to the 18th-century French economist and businessman, Jean Baptiste Say (Bosman & Fernhaber, 2018). He uses the term 'entreprendre' as a generic word for the general undertaking of business. For Baptiste Say, an entrepreneur is someone who solicits suppliers and laborers at a known cost, with the hope of producing goods that could be sold at an uncertain price. The notion of uncertainty is very critical to Cantillon's definition because it highlights the risk-taking nature of an entrepreneur. He believes certain aspects of the future are not just unknown, they are completely unknown. Such as, we can only subjectively estimate the possibility of those events occurring. The notion of risk was further developed by scholars such as Knight, (1921). Knight sought to put a distinction between insurable and non-insurable risk. Insurable risk, as understood by Knight, is a risk whose relative frequency can be determined from experience. Non-insurable risk on the other hand is a form of risk associated with uncertainty. It relates to events whose probability is based on our subjective estimation (Hebert & Link, 1989). Knight, (1921) argues that a successful definition of an entrepreneur should use the notion of uncertainty as a starting point.

Schumpeter (1934) sought to define entrepreneurs from the standpoint of economic development. He sees economic development as a dynamic process that causes disturbance to the economic status quo (Hebert & Link, 1989). For Schumpeter, the entrepreneur is central to economic development. He argues that, for economic development to take place, there have to be new combinations in the marketplace. Schumpeter calls the result of such combination, innovation. He believes that entrepreneurs drive competition in the marketplace as the result of dynamic innovation. Many other attempts have been made to define ED (e.g., Kamineni, 2002; Kobia & Sikalieh, 2010). Drucke (1985) for example, argues that ED is an act of giving existing resources the capability to create new wealth. While Leibenstein (1968) defines the

entrepreneur as someone who resolves market deficiency by using necessary resources to make products that meet market needs.

The 2011 Global ED Monitor indicates that Liberia compares less favorably visà-vis other countries due to the general lack of confidence and perceived capability in ED. Furthermore, Liberia scores a low level of technological readiness with a ranking of 51st out of 126 in the 2012-2013 Global Competitiveness Report. This means the overall level of competencies of all industries needs to be upgraded. By acquiring and harnessing the capabilities in ED, management, and technical expertise, SMEs can improve their competencies to compete locally and globally. In addition, the SMIDEC (2007) calls for SMEs to acquire expertise and build core competencies in process and product engineering and adopt ICT to meet international standards on quality delivery imposed by MNCs. There should be a strong symbiotic relationship between MNCs-SMEs as their parallel growths promote the sustainability of national economic growth in the long term. National Human Resource Centre under the PSMB provides human capital development training programs for SMEs to increase their competencies and capabilities of SME. As of 31st December 2011, a total of 4,225 employees attended capability-building programs. At the state level, Penang Skill Development Corporation (PSDC) and Associate of Malaysian Medial Industries (AMMI) are working together to provide the Competency Development Program in Medical Technology to enable SMEs to gain accreditation and acceptance as viable vendors (Penang Institute, 2013).

Ansoff (1985) provided an SME competence profile that consists of facilities and equipment; personnel skills; organizational capabilities; and management capabilities which are arrayed by functional areas namely general management and finance; research and development; operations; and marketing. Hitt & Ireland (1985) state the distinctive competencies for SME performance cover general management; production/operations; engineering and R&D; marketing; finance; personnel; and public and government relations. Meanwhile, Chandler & Jansen (1992) argued that most successful founders, having SMEs with higher levels of growth and earning, perceived themselves as competent in Entrepreneurial roles (able to see and act on an opportunity with intense effort); Managerial roles (able to conceptualize business interests, motivate individuals

and groups inside and outside the SME, establish right connections in a network); and Technical-functional roles (able to use tools and methods of a specialized field which is industry dependent). Chandler & Hanks (1994) stressed the importance of ED – the ability to recognize and envision taking advantage of an opportunity; and Managerial competence – the ability to lead and manage all organizational interests and activities in a synergistic manner congruent with the goals of the organization. Katz and Green (2009) state that ED is a form of business-related expertise, consisting of five components, namely, basic business functions; industry-specific knowledge; resource competencies; determination competencies; and opportunity competencies. Nurach & Chandrachai (2012) found that SMEs attached importance to competencies in planning, cultural awareness, decision-making, and problem-solving while the least importance to competencies in stakeholder management and leadership. Spinelli & Adams (2012, pp. 290-299) suggested the management competency inventory in terms of the dimensions of marketing, customer relations management, supply chain management, operations/production, finance, entrepreneurial leadership, interpersonal team, and law.

Santandreu Mascarell, Garzon & Knorr (2013) categorize ten personal EDs, namely, Opportunity seeking and initiative; Risk-taking; Demand for efficiency and quality; Persistence; Commitment to the work contract; Information seeking; Goal setting; Systematic planning and monitoring; Persuasion and networking; and Independence and self-confidence. Camuffo, Gerli & Gubitta (2012) reported that functional, emotional, and cross-functional competencies can variably affect performance and categorized them into two groups, namely, threshold competencies - self-control, Information gathering, and visioning; and distinctive competencies - planning, empathy, business bargaining, organizational awareness, directing others and benchmarking. Sánchez (2012) reported that ED plays an influential role in organizational capability and the competitive scope, and also has a direct effect on SME performance; the use of organizational capabilities affects positively SME performance and it partially mediates the relationship between ED and SME performance; although the competitive scope is not significantly related to business growth, it is a strong predictor of other performance dimensions, such as efficiency and relative performance; and organizational capability is a strong predictor of competitive scope. Gerli, Gubitta & Tognazz (2011) reported that the entrepreneurial

competency portfolio has an impact on organizational performance. In particular, competencies like efficiency orientation, planning, persuasiveness, self-confidence, organizational awareness, directing others, teamwork, leadership, and benchmarking are related to higher SME performance. Ahmad et al (2010) reported that ED is a strong predictor of business success in SMEs, and the association between ED and business success was more strongly evident in hostile and dynamic environments than in more benign and stable environments. In another study, Ahmad, Halim & Mohamed Zainal (2010) proposed a framework for ED and SME performance where ED covers strategic; opportunity; conceptual; organizing; relationship; technical; and personal. Sambasivan, Lim, Rose, and Abdul (2010) found that the functional competencies and interpersonal competencies of founding entrepreneurs have been found to have a significant impact on venture growth. However, according to Lee, Huam, Mohd Osman, and Md Rasli (2010), managerial competencies do not impact the relationship between innovativeness and SME performance. Kang (2009) found that competencies are positively related to entrepreneurial success, and specifically, high ED and high managerial competencies are linked to satisfaction with financial performance whereas high managerial competencies and high technical competencies are linked to satisfaction with non-financial performance. Man, Lau & Snape (2008) show the entrepreneur's opportunity, relationship, innovation, and human and strategic competencies contribute to the long-term performance of an SME via competitive scope and organizational capabilities.

In a related development, Lans, Verstegen & Mulder (2011) empirically validated a refined framework grouped under the new three domains, namely Analyzing; Pursuing; and Networking which constitute the heart of ED for small SMEs. This framework also encompasses insights into education and learning. Singh, Garg, and Deshmukh, (2008) reported that the Introduction of new technology and identification of market changes have emerged as the most important competencies because they are significantly correlated with subjective performance, objective performance, and overall competitiveness of the organization; Levels of focus given on competencies development by Large Scale Enterprises (LSEs) differ significantly from SMEs. Baum, Locke & Smith (2001) reported that CEOs' specific competencies (industrial skills and technical skills) are direct predictors of venture growth, and CEOs' general competencies (organizational

skills and opportunity skills) had significant indirect effects on venture growth. Wasilczuk (2000) argued stated that personal competencies, not operational competencies, seem to have a greater influence on growth. Huck & McEwen (1991) suggest that technical topics and customer relations were the competencies that entrepreneurs perceived as most important for small businesses. Both technical and non-technical skills among entrepreneurs, including management, planning and budgeting, and marketing competencies, are needed for business growth. In another related study, Stoner (1987) identified eleven areas of distinctive competencies that can be a competitive advantage. The most common area was "Experience/ knowledge/ skill of the owners/ workers", accounting for over 30% of the businesses. The second was "unique/ special/original product or service" (20%), "location" (13%), "low costs/prices" (11%), and "relative quality of product/services" (11%). The remaining five areas, namely "variety/ availability/ flexibility of product/ service"; "friendly atmosphere"; "reputation/ image"; "unique method of marketing" and "reaching a unique marketing niche/ untapped market", were present in less than 10% of the businesses. Interestedly, five of the businesses (11%) possessed no distinctive competence. Finally, Mitchelmore and Rowley (2010) summarized all key competencies into five areas, namely ED; business and management competencies; human relations competencies; and conceptual and relationship competencies. Given these prior linkages between ED and SME performance, the following hypothesis is restated:

H4: There is a positive effect between startup culture and entrepreneurial development.
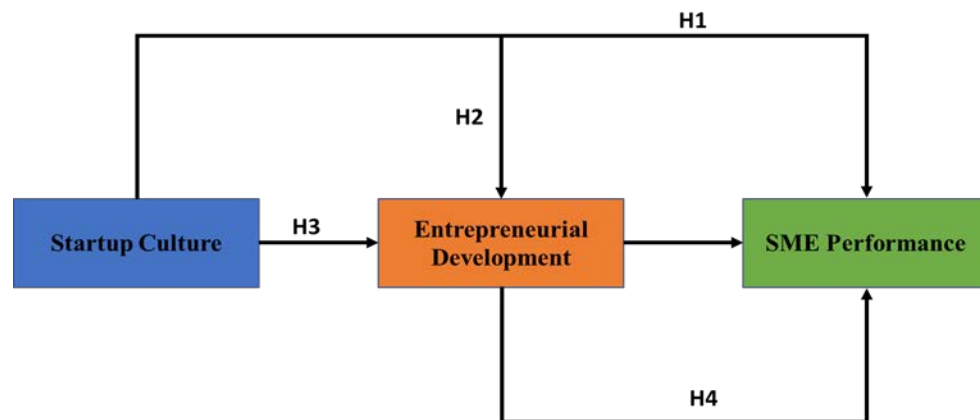
Figure 1 Research Model

CHAPTER III

Research Methodology

Research Design

The author traces the exploration approach used to examine the effect of SC on SME performance in Liberia by taking the ED as a mediator. In this review, the cycles used to break down information and test speculations by gathering information, estimating factors in the examination model, and the kinds of investigation techniques utilized in SPSS v25 are portrayed. A few basic subjects should be tended to before undertaking research, including the sort of examination, the destinations for examination, and the strategies used to gather information by developing an action or scale to equitably screen an idea, build, or thought.

Sampling & Sample

The major goal of the research sample was to acquire a thorough and accurate representation of SMEs in Liberia. All employees in SMEs in Liberia are included in the study's target group. This is because they do a wide range of jobs in many areas and must ensure that the outcomes are long-lasting when applied to new responsibilities. The questionnaire has been utilized between September and November 2022, after receiving approval from the NEU ethics committee. In SMEs in Liberia, a questionnaire has been hand-delivered to different departments and units. When all of the responses are collected, they have been entered into a database and analyzed using SPSS version 25.

Employees from SMEs in Liberia will make up the study's population. The overall number of employees in SMEs in Liberia was 8526, according to the annual report of SMEs in Liberia for 2021. The ideal sample size has been 368. Furthermore, convenience sampling was used in this study, which meant gathering data from members of the public who were eager to participate. According to that, out of a total of 368 distributed questionnaires, 355 usable responses were received making a 94% response rate.

Data Collection Procedures

This research aims to investigate the mediating role of ED with SC and SME performance among employees working in SMEs in Liberia in 2022. The hypotheses for this study have been tested using a questionnaire based on literature reviews, with employees working in SMEs in Liberia serving as the analysis unit. The author told the respondents that their participation was voluntary and acquired verbal consent from them before delivering the questionnaire to collect trustworthy and meaningful data and avoid coerced participation. A questionnaire will be used to collect data for this study, which is an effective and accurate technique of data collection. As a result, the questionnaire approach was chosen as the best method for dealing with the current investigation.

To identify any inaccuracies or potential sources of misunderstanding, university professors with expertise and knowledge in the disciplines of organizational culture and entrepreneurship reviewed the purpose of this questionnaire to check the accuracy and validity of professional terminology as well as their perspicuity. The surveys' validity has been also tested by the distribution of 20 questionnaires as part of a pilot study to adjust proportions to responders' capacity to answer the questions, and the questionnaire questions were changed to be completer and more accurate based on their comments. A 5-point Likert scale was used to develop the questionnaire, with Strongly Agree = 5 and Strongly Disagree = 1.

Study Variables and Instrument

The research is both quantitative and cross-sectional. Start-up Culture Scale (CSS), the Entrepreneurial Development Scale (EDS), and the SME Performance Scale (SMEs) are among the four elements of the questionnaire, which total 26 items.

Demographic Information

In addition, the study evaluates some demographic characteristics mentioned in Part 1 of the questionnaire (see Appendix). Gender, age, educational level, and years of experience. There are four demographic questions (items 1–4).

SC Scale

The SCS that was used in this research was created by (Derek Rundell, 2017). This scale consists of 6 items in a normal Five-Point Likert Scale format ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). According to Hair, Black, Babin, and Anderson (2014), Cronbach's alpha must be at least 0.7 to obtain dependability and be considered an acceptable study. The Cronbach's alpha score of 0.899. Therefore, the Cronbach's alpha scores for the SCS variable for this research are reliable.

ED Scale

ED scale has (6) items developed by (Brian Barnard, 2019). Employees provided data, which was analyzed using a five-point Likert scale ranging from 5 = Strongly Agree to 1 = Strongly Disagree. The Cronbach's alpha score of 0.896.

SME Performance Scale

The SME performance scale has (10) items developed by (Allex Mpasa, 2016). Employees provided data, which was analyzed using a five-point Likert scale ranging from 5 = Strongly Agree to 1 = Strongly Disagree. The Cronbach's alpha score of 0.817. The Cronbach's alpha value for the present study of 26 items was calculated as 0.822 which means this value is considered reliable.

Table 1 The Cronbach's Alpha for Research Variables

Variable Name	Number of Items	Cronbach's alpha
Startup Culture	6	0.899
Entrepreneurial Development	6	0.896
SME Performance	10	0.817
Total	**26**	**0.822**

Data Analysis Procedures

Following the information assortment, the information was examined utilizing SPSS v.25 programming utilizing the accompanying techniques: To start, decide the scale's and poll's unwavering quality and legitimacy utilizing Cronbach's alpha coefficient. As per Sekaran and Bougie (2016)., Cronbach's alpha qualities more prominent than 0.70 demonstrate solid inside consistency in estimated factors and increment steadfastness Second, relationship examination shows how factors are decidedly associated. Third, factor investigation was utilized to find the principal parts to check whether the elements utilized in the review had the option to evaluate the factors and on the off chance that the elements in the poll related to the factors. As indicated by Hair, Black, Babin, and Anderson (2014), exploratory component investigation (EFA) is utilized to dissect information and gives data on the number of elements needed to appropriately address information. Besides, all deliberate or noticed factors are related to each component depending on the worth of the heap assessment factor. The significant element of EFA is that all elements are gotten only from measurable outcomes, not from any hypothesis and that the variables can be named after the component examination is finished. All in all, EFA can be evaluated without knowing the number of elements as of now present in the review or which factors relate to which builds. At long last, involving the PROCESS Procedure for SPSS v3.4, relapse investigation was used to examine the theories proposed to find the intervening capacity of ED with SC and SME performance

in Liberia among staff working in SMEs in Liberia. The theories and sub-speculations assessed in this review will have a 95 percent certainty level. (Or then again, a wiggle room of 5%). The invalid theory is dismissed on the off chance that the PV is under 0.05; assuming it is more than 0.05, the invalid speculation is acknowledged. A few synopsis tables have been ready during Coronavirus to feature the likenesses and contrasts of ED with SC and SME performance among SME in Liberia staff.

CHAPTER IV

Research Results

Descriptive Statistics

This research aims to analyze the effect of SC and ED on SME performance in Liberia. To achieve this goal, the researcher distributes (368) questionnaires and subjected them to (355) valid questionnaires for the purposes of statistical analysis. Table 3 summarizes the distribution of the questionnaire on the research sample.

Table 2 The Distribution of The Questionnaire on The Research Sample

	Number	**Ratio**
Distributed questionnaires	368	100%
Questionnaires recovered	360	98%
Non-refunded questionnaires	7	2%
Non-analytical questionnaires	6	2%
Questionnaires under analysis	355	94%

After collecting the questionnaire from the sample, the questionnaire response scale which contains 65 items was translated to a quantitative scale by giving the answer category 5 = Strongly Agree, 4 = Agree, 3 = Neither Agree nor Disagree, 2 = Disagree, 1 = Strongly Disagree. The total scores of the sample respondents for each paragraph were classified as shown in Table 4.

Table 3 The Degree of Approval of the Questionnaire Paragraphs

Likert-Scale	Classification	Description
1	1 – 1.79	Strongly Disagree
2	1.8 – 2.59	Disagree
3	2.6 – 3.39	Neither agree nor Disagree
4	3.4 – 4.19	Agree
5	4.2 – 5	Strongly Agree

The researcher relied on the degree of approval of the questionnaire paragraphs according to Idek et al. (2014)the rule specified in Table 7 that the approval for the paragraph is strongly disagreed if the average mean of the paragraph between 1 – 1.79, disagrees if the average mean of the paragraph falls between 1.8 – 2.59, neither agree nor disagree if the average mean of the paragraph is between 2.6 – 3.39, agree if the average mean of the paragraph between 3.4 – 4.19, and strongly agree if the average mean of the paragraph between 4.2 – 5.

Startup Culture

Table 4 shows the mean scores for the SC items. The respondents' mean scores for the SC items range from 2.30 to 4.09. At the same time, their standard deviation demonstrated that the items do not present a high deviation from the average mean among items. Therefore, the respondents' mean scores for SC (overall) were all above the 3.00 mid-point score. These scores indicate that the customers' perceptions of the SC carried out by their organization are satisfactory.

Table 4 The Mean Scores for the SC Items

#	Code	Items	Means	STD	Degree of Approval
1.	SC1	Your corporate values are most important to your business	3.34	1.035	Natural
2.	SC2	Your corporate values shape how you conduct business	4.07	1.111	Agree
3.	SC3	Your personality characteristics are most important in an employee	3.75	1.062	Agree
4.	SC4	You need to see or hear to feel confident in your productivity	4.01	1.062	Agree
5.	SC5	you want to perceive your business	3.36	1.040	Natural
6.	SC1	You effectively communicate with the customer, one another, and management, to solve problems and implement improvements	3.34	1.035	Natural
SC Scores			**3.40**	**1.00**	**Agree**

Entrepreneurial Development

Table 5 shows the mean scores for the ED items. The respondents' mean scores for ED items range from 2.22 to 2.94. At the same time, their standard deviation demonstrated that the items do not present a high deviation from the average mean among items. Therefore, the respondents' mean score for ED (overall) was 2.65. These scores indicate that the customers' perceptions of the ED carried out by their organization are natural.

Table 5 The Mean Scores for the ED Items

#	Code	Items	Means	STD	Degree of Approval
7.	ED1	you get your idea or concept for the business	2.74	1.170	Natural
8.	ED2	you go about leading something you have very little experience with or in	2.91	1.161	Natural
9.	ED3	Your leadership skill and leadership identity limit new entrepreneurs and their success	2.25	1.042	Disagree
10.	ED4	you create strategic advantage or excellence through leadership, particularly in entrepreneurship	2.22	1.043	Disagree
11.	ED5	level of experience or knowledge do you require to be considered a competent leader in entrepreneurship	2.44	1.037	Disagree
12.	ED6	you connect with the meanings, values, abiding purposes, and related unconscious aspects of people to instigate followers	2.67	1.165	Natural
ED Scores			**2.65**	**1.00**	**Natural**

SME Performance

Table 6 shows the mean scores for the SMEP items. The respondents' mean scores for the SMEP items range from 2.30 to 4.09. At the same time, their standard deviation demonstrated that the items do not present a high deviation from the average mean among items. Therefore, the respondents' mean scores for SMEP (overall) were all above the 3.00 mid-point score. These scores indicate that the customers' perceptions of the SMEP carried out by their organization are satisfactory.

Table 6 The Mean Scores for the SMEP Items

#	Code	Items	Means	STD	Degree of Approval
1.	SMEP1	The business information on SME's performance is readily available when needed	3.34	1.035	Natural
2.	SMEP2	The available information is relevant to business performance	4.07	1.111	Agree
3.	SMEP 3	The available information provides changes in the business environment	3.75	1.062	Agree
4.	SMEP 4	The available information inform requirement for business registration	4.01	1.062	Agree
5.	SMEP 5	The necessary information is available on time	3.36	1.040	Natural
6.	SMEP 6	When sales increase my business improved substantially	3.34	1.335	Natural
7.	SMEP 7	When sales increase business profits improve to a great extent.	4.09	1.151	Agree

8.	SMEP 8	When sales increase the business recover all initial costs of investment	3.85	1.125	Agree
9.	SMEP 9	When sales increase the number of products on the market improved	4.08	1.262	Agree
10.	SMEP 10	When sales increase my business attracts a large number of customers	3.56	1.240	Agree
SMEP Scores			**3.60**	**1.00**	Agree

Demographic Characteristics of Respondents

Demographic characteristics of respondents that have been captured in this research include 4 different aspects; gender, age, educational level, and marital status. First, gender was measured into two categories of male and female. Second, the age was measured in seven categories having options of less than 25 years, from 25 – 29 years, from 30 – 34 years, from 40 – 44 years, from 45 – 49 years, and more than 50s years. Third, educational level was measured in three categories diploma or below, undergraduate, postgraduate, or above. Fourth, years of experience were measured in seven categories having the option of less than 1 year, 1 – 4 years, 5 – 9 years, 10 – 14 years, 15 – 19 years, 20 – 24 years, and more than 25 years.

Gender

Gender respondents were selected in two categories: male and female. In data from the SME in Liberia, most male and female respondents were 70% and 30% respectively. This is consistent with the fact that females in the SMEs in Liberia usually take the role of the family only and the males were responsible to do business and make money for the family. But this has begun to change in the recent past, and now more female workers continue to work even after marriage because of the constantly rising cost of living and low wages for their partners. Table 7 summarizes the sample distribution by gender.

Table 7 Sample Distribution by Gender

Variables	Frequency	Percent
Gender		
Male	250	70%
Female	105	30%
Total	355	100%

Age

In the SMEs in Liberia data, respondents were of different age groups in a relative distribution as shown in Table 8. The highest representation is respondents who belong to the 30 – 34 years by 37%. The rate of aging between 35 – 39 years was 23%, respondents from 25 – 29 years were 22%%, from 40 – 44 years 7%, from 45 – 49 years 6%, and 5% were more than 50 years.

Table 8 Sample Distribution by Age

Variables	Frequency	Percent
Age		
25-29	77	22%
30-34	132	37%
35-39	80	23%
40-44	25	7%
45-49	22	6%

50 years and more	19	5%
Total	355	100%

Educational Level

The educational level of respondents was measured in three categories as shown below in Table 9. In the SMEs in Liberia, the highest percentage of respondents who obtained an undergraduate degree is 81%, and postgraduate or above is 19%.

Table 9 Sample Distribution by Educational Level

Variables	Frequency	Percent
Educational Level		
Undergraduate	289	81%
Postgraduate	66	19%
Total	355	100%

Years of Experience

The years of experience of respondents were measured in seven categories as shown below in Table 14. In the SMEs in Liberia, the highest percentage of respondents who has experience from 5 – 9 years by 38%. the experience from 1 – 4 years was 23%, from 10 – 14 years 21%, and from 15 – 19 years was 10%, 25 years or more was 7%, and 2% who has 20 – 24 years of experience.

Table 10 Sample Distribution by Years of Experience

Variables	Frequency	Percent
Years of Experience		
1-4	70	20%
5-9	126	35%
10-14	83	23%
15-19	38	11%
20-24	8	2%
25 years and more	30	8%
Total	355	100%

Correlation Analysis

The results of the correlation analysis indicate that all five constructs were positively correlated with each other with a 0.01 significance value as shown in Table 11. The relationship between SC and SMEP (R= 0.817, p = 0.01) is considered a significant and moderate positive correlation. The relationship between SC and ED (R = 0.805, p = 0.01) is considered a significant and high positive correlation. The correlation coefficient between ED and SMEP (R = 0.940, p = 0.01) is considered a significant and high positive correlation.

Table 11 Correlations between the variables

	SC	ED	SMEP
SC	1		
ED	$.805^{**}$	1	
SMEP	$.817^{**}$	$.940^{**}$	1

Hypotheses Testing

The researchers used the regression analysis for SPSS v.25 to test the research hypotheses. This research consists of four main hypotheses. The relationship between these hypotheses divided as follow:

H₁: There is a positive effect between startup culture and SME performance.

H₂: There is a positive effect between startup culture and entrepreneurial development.

H₃: Entrepreneurial development mediates the relationship between startup culture and SME performance.

H₄: There is a positive effect between startup culture and entrepreneurial development.

The Relationship between Startup Culture and SME Performance

Hypothesis H₁ posits that SC positively influences SMEP. As shown in Table 12 the linear regression analysis demonstrated that the path estimates between SC and SMEP were significant ($F_{(1,353)} = 213.454$, $p < 0.05$, $R^2 = 0.667$). Also, the model coefficient shows that SC was positive and statistically significant to SMEP ($T_{(353)} = 14.610$, $\beta = .228$, $p < 0.05$). According to the lower and upper bound of the 95% confidence interval if zero

falls between them, then the hypothesis has been rejected. If zero falls outside of the interval, then the hypothesis has been accepted. In Table 12 shows that zero does not fall between the lower and upper bound of the 95% confidence interval (LLCI= 0.197, ULCI= 0.258), so the author infers that the effect of SC on SMEP is significantly different from zero. Therefore, hypothesis H_1 was accepted.

Table 12 Regression analysis of SC on SMEP

Model Summary							
Model	R	R Square	Change Statistics				
			R Square Change	F Change	df1	df2	Sig. F Change
1	.817	.667	.667	213.454	1	353	.000
a. Predictors: (Constant), SC							

ANOVAᵃ						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14415.408	1	14415.408	213.454	.000
	Residual	26878.530	353	67.534		
	Total	41293.938	354			
a. Dependent Variable: SMEP						
b. Predictors: (Constant), SC						

Coefficients							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1 (Constant)	58.030	1.124		51.636	.000	55.821	60.239
SC	.228	.016	.817	14.610	.000	.197	.258
a. Dependent Variable: SMEP							

The Relationship between Startup Culture and entrepreneurial development

Hypothesis H_2 posits that SC positively influences ED. As shown in Table 13 the linear regression analysis demonstrated that the path estimates between SC and ED were significant ($F_{(1,353)} = 797.401$, $p < 0.05$, $R^2 = 0.648$). Also, the model coefficient shows that TR was positive and statistically significant to CL ($T_{(353)} = 28.238$, $\beta = .991$, $p < 0.05$). According to the lower and upper bound of the 95% confidence interval if zero falls between them, then the hypothesis has been rejected. If zero falls outside of the interval, then the hypothesis has been accepted. In Table 13 shows that zero does not fall between the lower and upper bound of the 95% confidence interval (LLCI= 0.992, ULCI= 1.059), so the author infers that the effect of SC on ED is significantly different from zero. Therefore, hypothesis H_2 was accepted.

Table 13 Regression analysis of SC on ED

Model Summary								
			Change Statistics					
Model	R	R Square	R Square Change	F Change	df1	df2	Sig. F Change	
1	.805	.648	.648	797.401	1	353	.000	

a. Predictors: (Constant), SC

ANOVAª						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	27545.428	1	27545.428	797.401	.000
	Residual	13748.510	353	34.544		
	Total	41293.938	354			

a. Dependent Variable: ED

b. Predictors: (Constant), SC

Coefficientsª						
Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	

		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	34.195	1.416		24.147	.000	31.411	36.979
	SC	.991	.035	.805	28.238	.000	.922	1.059
a. Dependent Variable: ED								

The Mediating role of entrepreneurial development between startup culture and SME Performance

Hypothesis H_3 posits that ED mediates the relationship between SC and SMEP. As shown in Table 14 the PROCESS Procedure for SPSS v3.4 were conducted to assess each component of the proposed mediation model by using the bootstrapping method with bias-correlated confidence estimates. First, it was found that the direct effect of SC was positively associated with SMEP (T $_{(353)}$ =7.7434, β = 0.1143, p < 0.05). It was also found that SC was positively related to ED (T $_{(353)}$ =9.4817, β = 0.0825, p < 0.05). Lastly, results indicated that the mediator ED was positively associated with SMEP (T $_{(353)}$ =15.2311, β = 1.1702, p < 0.05). In this research, the 95-confidence interval of the indirect effects was obtained with 5000 bootstraps resamples. The indirect effect of the mediation analysis confirmed the mediating role of ED in the relationship between SC and SMEP because zero does not fall between the lower and upper bound of the 95% confidence interval (LLCI=0.0721, ULCI= 0.1239), so the author infers that the effect of ED between SC and SMEP is significantly different from zero. This means that the direct effect of SC on SMEP became significant when controlled through ED, thus suggesting a partial mediation. Therefore, hypothesis H_3 was accepted.

Table 14 Mediation analysis of ED between SC and SMEP

Model Summary						
R	**R^2**	**MSE**	**F-value**	**df$_1$**	**df$_2$**	**ρ-value**
0.848	0.719	27.4309	508.4570	2	353	0.000
Model Coefficient						
	β coefficient	**SE**	**T-value**	**ρ-value**	**LLCI**	**ULCI**
Constant	29.9532	2.1770	13.7587	0.000	25.6733	34.2332
SC	0.1143	0.0148	7.7434	0.000	0.0853	0.1433
ED	1.1702	0.0768	15.2311	0.000	1.0192	1.3213
Indirect Effect						
	Effect	**SE**	**LLCI**	**ULCI**		
ED	0.0965	0.0132	0.0721	0.1239		

The Relationship between entrepreneurial development and SME Performance

Hypothesis H$_4$ posits that ED positively influences SMEP. As shown in Table 15 the linear regression analysis demonstrated that the path estimates between ED and SMEPs were significant ($F_{(1,353)}$ = 521.624, $p<$ 0.05, R^2= 0.884). Also, the model coefficient shows that ED was positive and statistically significant to SMEP ($T_{(398)}$ =22.839, β = 1.212, p < 0.05). According to the lower and upper bound of the 95% confidence interval if zero falls between them, then the hypothesis has been rejected. If zero falls outside of the interval, then the hypothesis has been accepted. In Table 15 shows that zero does not fall between the lower and upper bound of the 95% confidence interval (LLCI= 1.107, ULCI= 1.316), so the author infers that the effect of ED on SMEP is significantly different from zero. Therefore, hypothesis H$_4$ was accepted.

Table 15 Regression analysis of ED on SMEP

Model Summary								
Model	R	R Square	Change Statistics					
			R Square Change	F Change	df1	df2	Sig. F Change	
1	.940	.884	.884	521.624	1	353	.000	

a. Predictors: (Constant), ED

ANOVAᵃ						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23422.511	1	23422.511	521.624	.000
	Residual	17871.426	353	44.903		
	Total	41293.938	354			

a. Dependent Variable: SMEP

b. Predictors: (Constant), ED

Coefficientsᵃ						
Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	

	B	Std. Error	Beta			Lower Bound	Upper Bound
1							
(Constant)	30.790	1.892		16.276	.000	27.071	34.509
ED	1.212	.053	.940	22.839	.000	1.107	1.316
a. Dependent Variable: SMEP							

Overview of Hypotheses Testing

Table 16 Overview of Hypotheses Testing

	Linkage	R^2	P	β	Hypotheses Acceptance
H_1	SC --▶ SMEP	.667	0.000	.228	Accepted
H_2	SC --▶ ED	.648	0.000	.991	Accepted
H_3	SC --▶ ED --▶ SMEP	.719	0.000	1.1702	Accepted
H_4	ED --▶ SMEP	.884	0.000	1.212	Accepted

CHAPTER V

Discussion and Conclusion

Discussion

This research aims to analyze the effect of SC and ED on SME performance in Liberia is limited. Accordingly, the current study aimed at classifying this issue in the literature by empirically examining This research aims to check the impact of SC and ED on SME performance in Liberia.

The results showed that the relationship between SC and ED is 64.8%. This indicated that SC has a moderate and positive relationship with ED. The SC currently assess their movement as not very massive. Considering this assessment, the prospects of the youth SC in Liberia while maintaining the current conditions, seem to be restricted in quantitative growth, since the trend for startups among young people is slowly declining. The SC is also restrained qualitatively because of the low efficiency and effectiveness of the SC and the government investment in them. The author strongly believes that to extend the current perspectives the key restriction should be overcome. This restriction concerns the separate character of the youth SC in Liberia, which is spread only within certain communities of young people. For this purpose two problems should be solved: first, to overcome some kind of "closure" of particular SC communities, when participants of local (university, urban movements) do not have an idea about the real number of employees in the SC; secondly, to overcome the widespread practice, when the SC is concentrated and has a more mass character mainly in the megacities of the Central regions of Liberia, and ED from peripheral regions do not have an opportunity to participate in the startup community. Thus, the conducted study allowed to confirm the importance of the SC for its participants and to identify the challenges of ED of SC companies in Liberia, which involve young people. The prospects of the SC of Liberian youth have been assessed and the need to develop methodological and methodological tools for a comprehensive socio-economic assessment of the phenomenon has been confirmed.

The results showed that the ED mediated the relationship between SC and SMEP is at 71.9%. Successful Liberian entrepreneurs may have business knowledge, and

financial, and marketing skills to share, which can create opportunities to improve business stability for other entrepreneurs in Liberia. Improving small-business effectiveness could contribute to poverty reduction and economic and social development in Liberia (Government of Liberia, 2013). Small-business development and sustainability are the driving forces of economic development in many countries, especially in developing countries (Kanu, 2015). Additional skills for small-business entrepreneurs could contribute to business performance and create a positive effect on the economy (Sabella, Farraj, Burbar, & Qaimary, 2014). Having the right business skills increases an entrepreneur's chance of survival and increases profitability (Mavunga, 2014). Knowledge gained from this study provides mechanisms for social change by giving Liberian small-business entrepreneurs additional ideas for using their business skills in their businesses. As small business developments rapidly become a growing segment of the economy, providing business management skills to this group may help increase profits in their businesses and lead to business success beyond the first year. Increasing knowledge could contribute to small business activity and could contribute to the evolving Liberian business environment (Ipiranga & Aguiar, 2014).

The business knowledge gained from the research could also aid to create training programs for numerous Liberian colleges and institutions, and in creating resources and curriculums for future Liberian small-business entrepreneurs. Additionally, increasing business training for Liberian small-business entrepreneurs could improve business skills and influence the Liberian economy (IFC, 2014; Kirsten, 2013). Increasing academic and training programs for small-business entrepreneurs could improve the business skills of future Liberian small-business entrepreneurs (GOL, 2013; IFC, 2014; Olowu & Aliyu, 2015). The research results are useful to other small-business entrepreneurs, communities, organizations, and institutions. Social change can come from reducing small-business failures for small-business entrepreneurs through entrepreneurs' development of business skills and abilities to increase profitability (Mavunga, 2014).

The results showed that the relationship between ED and SMEP is at 88.4%. This indicated that ED has a highly positive relationship with SMEP. In many other research studies on small-business entrepreneurs in developing countries such as Liberia,

researchers found entrepreneurs' business knowledge to be an essential part of small-business success (Klapalova, 2012; Maas et al., 2013; Megdadi et al., 2012; Nag & Gioia, 2012). Developing effective personal knowledge management allows small-business entrepreneurs to increase their intellectual capital (Pauleen &Gorman, 2011). Competent assessment and management skills knowledge are a business owner's most valuable resource and are essential for entrepreneurship success (El Badawy & Zakarian, 2014; Ongori et al., 2013). Many of the study results indicated that Liberian small-business entrepreneurs had minimal business knowledge management skills and increasing business knowledge through continuous education helped enhance this knowledge (Kayani & Zia, 2012; Maas et al., 2013; Saini, 2013).

Conclusion

This study aimed to analyze the relationship between SC and SMEP in Liberia. A model was developed based on existing theories in this area. Survey questionnaires were distributed among SME employees in Liberia. The main result of this study suggests that business owners' cultural orientation does influence sales growth among SMEs. Findings from the study also suggest that business owners with an express preference for cultural practices that demonstrate Power Distance, Collectivism, and future orientations are more likely to experience high sales growth. What this implies is that a business owner who wants to grow his/her business in Liberia will need to adopt one of those cultural orientations or be willing to go into partnership with someone who would compensate for their weakness.

In a time of declining sales growth, it might be good for business owners to assess themselves and see how their cultural orientations might be negatively impacting employees and organizational performance. The result of this study shows that there is a cost-effective way to initiate business growth. Understanding the moderating role of ED in SC can grow the SMEP in Liberia and help eradicate extreme poverty by creating jobs in the private sector.

Implications

The study has made many significant contributions to the debate on firm growth. Those contributions have both theoretical and practical implications. In this section of the thesis, both the theoretical and practical contributions will be presented and discussed. The theoretical implications will be presented first, follow by the practical implications.

Theoretical Implication

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

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

Practical implication

The first practical implication is that financial institutions such as banks and credit unions may need to consider other factors when deciding to give loans to entrepreneurs in Liberia. Currently, the main selection criterion for giving a business owner a loan are past experiences, education level, and the entrepreneur's ability to demonstrate that he has been in business for at least 6 months. A discussion I had with landing institutions in Liberia shows that financial institutions are becoming hesitant to give business loans because most loan recipients default. The finding from this study suggests that there is a need for additional criteria for making investment decisions in Small and Medium-size businesses in Liberia. Banks and venture capitalists must also seek to take into consideration practices that owners apply in their businesses. As indicated by Kong et. al (2012), "the practices that owners apply in their business provide a starting point for their organizational culture" and organizational culture influences organizational performance.

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

Limitations and Future Research

There are some limitations and opportunities for future studies. Firstly, the data for the present research was collected from only the SMEs in Liberia, so it is not clear

whether the relationship between SC and ED is the same in other countries. Secondly, there is a possibility of bias in the conventional method of answering all questions. Although we did not statistically find the problems of the method prevalent in this research, they cannot be excluded entirely. Thirdly, this research is conducted using cross-sectional data. This data can only at a specific time, reveal the total impact that the predictor variable has on a particular criterion variable. Thus, a longitudinal study should be carried out instead, to provide more data that are useful from respondents. The author recommends that future research seeking to determine the relationship between business owner culture orientation and SME growth in Liberia should also incorporate other countries.

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Appendix X

Questionnaire

Near East University

Graduate school of Social Science

Department of International Business

Dear Responder,

This questionnaire aims to complete a study conducted by the researcher under the title, **The Effect of Startup Culture and Entrepreneurial Development on SME Performance in Liberia.** Please fill out this questionnaire designed to conduct the study. All data has been used for scientific research purposes and has been treated with strict confidentiality.

Thank you for your cooperation

Researcher

Please answer the questions by placing an (X) next to the answer that suits you.

1. **Gender**

   Male ☐   Female ☐

2. **Age**

   Less Than 25 ☐   From 25 - 29 ☐   From 30 - 34 ☐   From 35 - 39 ☐

From 40 - 44 ☐   From 45 - 49 ☐   More than the 50 ☐

3. Educational level

Diploma and below ☐   Undergraduate ☐   Postgraduate or above ☐

4. Years of Experience

Less than 1 year ☐ From 1 - 4 years ☐ From 5 – 9 years ☐ From 10 - 14 years ☐

From 15 – 19 years ☐ From 20 – 24 years ☐ 25 or More years ☐

Please answer the questions by placing an (X) next to the answer you think is appropriate for you.

#	Items	Strongly disagree 1	Disagree 2	Neither agree/ nor disagree 3	Agree 4	Strongly agree 5
	Startup Culture	(Derek Rundell, 2017)				
5.	Your corporate values are most important to your business					
6.	Your corporate values shape the ways in which you conduct business					
7.	Your personality characteristics are most important in an employee					
8.	You need to see or hear to feel confident in your productivity					
9.	you want to perceive your business					
10.	You effectively communicate with the customer, one another, and					

	management, to solve problems and implement improvements					
	Entrepreneurial Development	(Brian Barnard 2019)				
11.	you get your idea or concept for the business					
12.	you go about leading something you have very little experience of or in					
13.	Your leadership skill and leadership identity limit new entrepreneurs and their success					
14.	you create strategic advantage or excellence through leadership, particularly in entrepreneurship					
15.	level of experience or knowledge do you require to be considered a competent leader in entrepreneurship					
16.	you connect with the meanings, values, abiding purposes, and related unconscious aspects of people to instigate followers					
	SME Performance	(Allex Mpasa, 2016)				
17.	The business information on SMEs' performance is readily available when needed					
18.	The available information is relevant for business performance					
19.	The available information provides changes in the business environment					
20.	The available information inform requirement on business registration					
21.	The necessary information is available on time					
22.	When sales increase my business improved substantially					
23.	When sales increase business profits improve to a great extent.					
24.	When sales increase the business recover all initial costs of investment					

25.	When sales increase the number of products on the market improved					
26.	When sales increase my business attracts a large number of customers					

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TURNITIN SIMILARITY REPORT

THE EFFECT OF STARTUP CULTURE AND ENTREPRENEURIAL DEVELOPMENT ON SME PERFORMANCE IN LIBERIA

by Janice-love Bropleh 20208013

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YAKIN DOĞU ÜNİVERSİTESİ

SCIENTIFIC RESEARCH ETHICS COMMITTEE

03.11.2022

Dear Janice-Love Bropleh

Your application titled "**The Effect of Start-up Culture and Entrepreneurial Development on Small Medium Enterprises (SMEs) Performance in Liberia"** with the application number NEU/SS/2022/1356 has been evaluated by the Scientific Research Ethics Committee and granted approval. You can start your research on the condition that you will abide by the information provided in your application form.

Prof. Dr. Aşkın KİRAZ

Rapporteur of the Scientific Research Ethics Committee