

**PROMOTING MICRO AND SMALL SCALE INDUSTRIES FOR LOCAL
DEVELOPEMNT IN GHANA**

The Case of East Mamprusi District

By

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DECLARATION

I hereby declare that this submission is the result of my own work towards the MSc. Development Planning and Management programme, and that to the best of my knowledge, this study contains no material previously published by another person nor submitted for the award of any other degree of the university, except where acknowledgement has been duly made in the text. Any opinion or view expressed and errors found in the work, however, entirely are my responsibility and do not necessarily represent the organizations or individuals who have been cited in this work.

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DEDICATION

Dedicated to my beloved wife, Mrs. Dorcas Kanburi Louknaan, who has been very dear to me throughout, and will continue to be as long as I live.

You have in many ways enriched my life. Thank you for the thoughtfulness, the well wishes and the prayers. I deeply appreciate you.

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Notwithstanding the numerous contributions, especially those not mentioned here, the author takes full responsibility for any shortcomings of the study report.

ABSTRACT

The promotion of Micro and Small Scale Industries (MSSIs) development for local development in Ghana has always been a major policy instrument of the government. The reason behind this policy is the shift in policy emphasis away from direct state participation in the ownership of enterprises to private sector initiative in economic development. Also, the restructuring of development administration in which the District Assemblies have now become responsible for promoting the development of their localities is another reason.

The study consequently seeks to identify institutions promoting micro and small-scale industries in the East Mamprusi District and assess the performance of the support institutions and the constraints faced by the support institutions in the delivery of their services in the district. Within the context of this study, the focus is on small-scale industries engaged in bakery, pito brewing, batik tie and dye, weaving, blacksmithing, soap making, shea butter and groundnut oil extraction.

In order to investigate the problem a conceptual and theoretical framework of the study was designed. These guided the design of data collection instruments to suit the research. The study combined survey and case study methods of data collection and analysis. Questionnaires were particularly, administered to entrepreneurs in the survey for collection of data on the socio-economic background of entrepreneurs, their enterprises and environment as objects of the study. An institutional based survey was also conducted among managers of institutions that had to do with micro and small-scale enterprise promotion with the help of interview guides. For the case study methods, group interviews and seasonal calendars were conducted with enterprise associations' leaders and market queens. The study revealed among other things that sole proprietorship dominates the ownership pattern of micro and small scale industrial sector. In the East Mamprusi District the MSSIs sector of the economy is dominated by females. The enterprises are managed by proprietors with very low educational level and with their own funds being the major source of capital for the businesses.

Government and Non-Governmental institutions are supporting the entrepreneurs, more especially at the group level. It also revealed that the government institutions' (the District Assembly (DA) and its decentralized departments' performance in promoting MSSIs is very low. The outcomes of the study have implications for local development. The high achievement rates by non governmental institutions promoting small-scale industries imply that employment will be generated for the unemployed population in the rural communities. This is capable of mitigating the problem of the movement of active population from rural communities to urban centres in search for non exiting-jobs. Also, Entrepreneurial skills development for productive activities has a potential to create additional wealth for development through local resource mobilization and utilization.

The study revealed, among others, that MSSIs promotion institutions in the country, especially the District Assemblies have failed to support the development of micro and small-scale industries in the East Mamprusi district against the background of inadequate funds, limited logistics support, low level of investment in the local economy and the lack of political commitment. At the enterprise level, entrepreneurs are constrained by low capitalization, inadequate access to material input supply, poor social and technical infrastructure and weak managerial capacity.

To address these inefficiencies which have negative ramifications on the promotion of micro and small-scale industries for local development, the research recommended some policy interventions and strategies, including the development of social and technical infrastructure, creation of enabling environment, intensifying adult literacy programmes and business development services. It is anticipated that if these policy perspectives, suggestions and strategies are carried out, it would go a long way to promoting micro and small-scale industries for local development. in Ghana.

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LIST OF ACRONYMS

AfDB	African Development Bank
AGIs	Association of Ghana Industries
ASSIs	Association of Small Scale Industries
BAC	Business Advisory Centre
BDS	Business Development Services
BGCs	Business Growth Centres
CIFS	Community Initiative for Food Security
DA	District Assembly
DAEA	Department of Agricultural Economics and Agribusiness
DAPIT	Development and Application of Intermediate Technology
DCD	Department of Community Development
EMD	East Mamprusi District
EMPRETEC	Empresario Technologies
EU	European Union
FRI	Food Research Institute
FGD	Focus Group Discussion
FUSMED	Funds for Small and Medium Enterprise Development
GDP	Gross Domestic Product
GEPC	Ghana Export Promotion Council
GSB	Ghana Standards Board
GPRS I	Ghana Poverty Reduction Strategy
GPRS II	Growth and Poverty Reduction Strategy
GRATIS	Ghana Regional Appropriate Technology Industrial Services
IRI	Industrial Research Institute
ITTU	Intermediate Technology Transfer Unit
IFAD	International Fund for Agricultural Development
KNUST	Kwame Nkrumah University of Science and Technology

NDPC	National Development Planning Commission
MoTI	Ministry of Trade and Industry
SMSEOPB	Small and Scale Enterprises Organisations and Partnership Building
MSSIs	Micro and Small Scale Industries
MSME	Micro Small and Medium Enterprise
SME	Small and Medium Scale Enterprises
MSMEs	Micro Small and Medium Enterprises
NBSSI	National Board for Small Scale Enterprise
NGO	Non Governmental Organization
PARED	Partners in Rural Empowerment and Development
PEF	Private Enterprise Foundation
PCMU	Project Coordination and Management Unit
PHC	Population and Housing Census
RCC	Regional Coordination Council
REP	Rural Enterprise Project
SMEs	Small and Medium Scale Enterprises
SPSS	Statistical Package for Social Scientist
SSE	Small Scale Enterprise
SWT	Strength Weaknesses Opportunities and Threat
TCC	Technology Consultancy Centre
TEDF	Technology Enterprise Development Fund
TPSAT	Technology Promotion and Apprentices Training
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WEDD	Women Enterprise Development Department

CHAPTER ONE

GENERAL INTRODUCTION

1.1 Background to the study

Over the years, there have been rapid changes in the political, economic and other developmental forces which have created an environment within which governments all over the world have expressed strong mutual interest in exploring new ways to promote the development of their countries and people.

As a result, the pursuit of “free market” policies under the structural adjustment programmes and globalization has created new opportunities, enabling access to new resources (information, materials, technology, finance) and new markets (including export markets). Smaller organizations (micro and small scale industries) that have been the mainstays of the livelihoods of enormous numbers of the world’s poor operating at the end of the scale with limited resources have, however, not been able to take advantage of emerging opportunities. Unemployment and underemployment have risen and more and more poor people have had to make their livelihoods in the informal economy as self-employed workers.

In the contemporary economy, the role of Micro and Small Scale Industries (MSSIs) in the industrialization process has gained much prominence in developing countries. Their prominence came into the limelight in the late 1970s and early 1980s due to the economic recession which led to the decline of industrial growth and employment in many developing countries especially in Africa. Governments of such countries adopted a new policy approach towards the Small Scale Industries (SSIs) because of their promise to adapt flexibly to the unprecedented foreign exchange constraints. They were seen as providing a viable alternative to the large scale industries which were so dependent on foreign exchange. The contribution of MSSIs to the national economy is potentially very large and is seen in the contribution to the Gross Domestic Product (GDP) (Basu, Blavy and Yulek, 2004). They are also labour intensive and generate more employment, spread developments to regional and district level and contribute to a more equitable distribution of income in the country.

In Ghana, the activities of the micro and small scale industries confirm the important role they play in national economy. The economic recessionary period of the late 1970s and early 1980s brought into sharp focus the importance of micro and small scale industries to local and national economy. The desperate shortage of foreign exchange led to a scarcity of consumer goods and inputs of industrial activities. The result was that many large industries produced well below their installed capacity. The cause being that most of them depended on imported spare parts and inputs. The lack of foreign exchange to import spare parts, equipment and raw materials affected their performance. This gave the MSSIs impetus to fill the industrial gaps created by the poor performance of most of the large scale industries. Through creativity and ingenuity, the micro and small scale industries mobilized resources to produce goods and services that were in critical demand. The success of micro and small scale industries has resulted in the establishment of a number of institutions whose key function among others, is to cradle the transformation on micro and small scale industries to a more vibrant sub-sector. Further, other institutions have also redirected their focus towards the activities of the micro and small scale industries in Ghana.

In view of the above, the micro and small scale industries are getting attention of late. Donor agencies and development analysts are converging on the micro and small scale industries development as a potential area in development policy. The potential of micro and small scale industries to promote greater efficiency in the use of local resources and technology, providing employment to indigenes and serving as a catalyst for the transformation and modernization of local economies have been recognized.

In the face of the above, these micro and small scale industries still face challenges such as difficulty in accessing investible capital, poor working conditions, low technology, low quality products, inadequate networking, poor distribution system, poor regulatory system, inadequate managerial support, low infrastructural facilities and inadequate market information (Aryeetey, et al, 1994; Kayanula and Quartey, 2000).

The focus of the study is to look at the options, processes and strategies available in promoting the development of these micro and small scale industries in East Mamprusi District towards local development.

1.2 Problem Statement

Micro and small scale industries provide a means of livelihood for millions of poor people around the world particularly in rural settings. These industries usually involve the production of a range of goods and services for local markets nonetheless, they may also produce for export.

With regards to the potential role that micro and small scale industries could play in the socio-economic growth and development of rural districts in Ghana, and the constraints they face especially in terms of poor skills, lack of inputs, inappropriate production technology, unfavourable macro economic conditions, and competition (Boapeah, 1994), it is important to have an in-depth study into their internal bottlenecks and the failure of the promotional institutions to adequately meet their needs.

It is now an accepted fact that the need to stimulate the development of the micro and small scale industries sector is a critical challenge facing all governments in developed, emergent, transitional and developing economies (Ghana Government, 2000). The employment generation potential of the micro and small scale industries sector is well-organized, and there is growing acknowledgement that micro and small scale industries can contribute substantially to the creation of a stable civil society and equitable distribution of wealth and opportunities at the local levels. Indeed, there are still some prospects for micro and small scale industries development at the local level. These are in the areas of Local networking systems, appropriate local technology, relative market for products, abundance of local raw materials and relatively low level of education needed.

The above potential surely lies in promoting and developing entrepreneurs. To support the above, Patel (1986) had this to say; “in small enterprise, the central figure is the entrepreneur, the person who catalyses resources, risks and manages them so as to establish a viable, sustained employment generating entity. S/he therefore needs to be identified, motivated, strengthened, and supported.” This underscores the pressing need for promoting MSSIs for decentralised development. Micro and small scale industries have the potential to make significant contribution to the transformation of the economy and society for that matter.

Lack of financial support is the most severe problem of micro and small-scale industries in Ghana. The causes of this problem can be traced to the doorsteps of both the firms and the financial institutions (Dinye 1991:236). At the firm's level, lack of experience in dealing with financial institutions, lack of credit history, low levels of management experience, inability to prepare business plans and difficulty in meeting collateral requirements are the underlying reasons that explain why entrepreneurs are unable to access credit from the banks. At the bank level, the high administrative cost of transacting business with the micro and small scale industries entrepreneurs and the high risk associated with loans contracted out to them account for the inability of the banks to advance credit to micro and small scale industries as expected.

The non-financial problems relate to the enabling environment within which they operate and availability of infrastructure. With regard to enabling environment, high price of capital, heavy tax burden, lack of access to market information and lack of inter-industry linkages between agriculture and industry are some of the factors militating against their operations. Infrastructure handicaps identified include lack of access to electricity, water and good roads in many rural areas and for that matter the study district (East Mamprusi District, 2006).

Various attempts such as credit delivery, entrepreneurship development, technology transfer to mention but a few, have been made to address the problems of micro and small scale industries in Ghana. Yet the challenges still persist. It is against this backdrop that the study focused on the performance of the support services to micro and small scale industries in Ghana.

Another problem area, which will receive attention in this study, is the District Assembly's (DA) role in harmonizing and co-ordinating institutions, which promote micro and small-scale industries development in Ghana and the study area in particular. The above emanates from the fact that Ghana abounds in institutions related to MSSIs promotion and development. Such institutions, for example, include the National Board for Small Scale Industries (NBSSI), the Ministry of Trade and Industry (MOTI), the Association of Small Scale Industries (ASSI), the Ghana Standards Board (GSB), the Ghana Export Promotion Council (GEPC), the Association of Ghana Industries (AGI), the Department of Community Development (DCD), the Ghana Regional Appropriate Technology Industrial Services (GRATIS), the Technology Consultancy

Centre (TCC), the Intermediate Technology Transfer Units (ITTUs), various Non-Governmental Organisations (NGOs), financial and training institutions. There is, therefore, the need to harmonise institutional support at the district level for effective promotion and development of micro and small-scale industries for local development.

1.3 Research Questions

1. What support institutions are available in the East Mamprusi District (EMD) for the micro and small scale industries?
2. What role do the support institutions play in the promotion of micro and small scale industries in EMD?
3. What are the problems with their service delivery?
4. In what ways can the problems faced by the support services be solved?

1.4 Goal of the Study

The purpose of the study was to examine the role of support institutions in promoting Micro and Small-Scale Industries at the enterprise level for local development in Ghana and propose measures to the policy level for improvement.

1.5 Objectives of the Study

1. To identify micro and small-scale industries support institutions in the East Mamprusi District.
2. To assess the performance of support institutions in the district in promoting micro and small-scale industries and development;
3. To identify and examine the challenges with respect to the service delivery of support institutions;
4. To make recommendations to enhance the promotion of micro and small scale industries for local development.

1.6 Justification of the Study

Micro and small-scale industries are increasingly seen as potential creators of new employment opportunities and additional income that contributes to improved social and economic well-being of any country or society. In the light of government's priority on decentralised development through the Local Government System and the launching of Ghana Poverty Reduction Strategy (GPRS I) and Growth and Poverty Reduction GPRS II), the relevance of this study is manifold. Firstly, rural areas are least developed and are the poorest segments of Ghana. Targeting lower circuit entrepreneurs as agents of development in the district is not only justifiable, but has the potential of informing policy on prioritization in rational allocation of resources towards development at the macro-level. Secondly, the study will provide a framework and entry point for involving local entrepreneurs in both poverty reduction process and as a goal in itself within the framework of district development planning. These, together, will guide development practitioners, particularly, East Mamprusi District and NGOs in the design and implementation of micro-level poverty reduction and decentralised development interventions.

In the academic realm, the study will contribute to understanding of the rural enterprise not only as a unit of production for household consumption as regarded in mainstream economic thinking, but to a radical departure in understanding it as equally a unit of production when giving necessary promotion (Friedman, 1995; Polanyi, 1977; in Martinussen, 1997). The findings will also serve as a basis for further research by students and people in the academia.

1.7 Scope of the Study

Within the context of this study, the focus is on the micro and small scale industries because they dominate in the rural districts. In the light of the important role that micro and small scale industries do and could play in local development in Ghana, and the problems they face in the three interrelated areas of supply, production and marketing, it is important to have an in-depth study into their operational bottlenecks and the failure of promotional institutions to adequately meet their needs. This study then focused on promotion of micro and small-scale industries as a strategy for local development in East Mamprusi District of Northern Region. Specifically, shea butter extraction, soap-making, dress-making, batik tie and dye, blacksmithing, fitting, vulcanizing, hairdressing/barbering, carpentry, petty trading and local catering services were

examined owing to their prominence in the District. Involvement of women is of particular importance as they form a large portion of disadvantaged and marginalized entrepreneurs in the district (East Mamprusi District, 2006).

Spatially, the study focused on the East Mamprusi District, one of the rural districts in the Northern Region of Ghana. The district is located at the north-eastern part of the Northern Region. To the north, it shares boundaries with Bolgatanga District, Bawku West and Garu-Tempane District, all in the Upper East Region and to the east is Bunkpurugu/Yunyoo District. It is bordered to the West by the West Mamprusi District and to the south by Gushiegu District.

1.8 Limitations of the Study

The study was carried out in the face of constraints. The availability of data especially from the promotional institutions was not difficult to get. Some institutions were not willing to release the data on issues, which border on finance. For example though the district assembly collects taxes regularly from MSSIs, the DA has no comprehensive and current records of the number of MSSIs and revenue collected from them. Again, some of the entrepreneurs did not understand the essence of the study and so posed problems in respect of giving accurate information. Moreover, most of the enterprise owners do not keep records of their operations. Thus, some of them had to rely on their experience to provide answers to questions.

1.9 Organization of the study

The study is structured in five chapters. Chapter one deals with the introductory aspect. This consists of a general background to the study, the problem statement, general and specific objectives, justification for the study, scope of the study, limitations and the organization of the study. Chapter Two examines the theoretical and analytical framework for promotion of Micro and Small-Scale Industries (MSSIs) and the role and the constraints of MSSIs in local development of Ghana. Chapter Three contains both research methods and approaches which include the research design, sampling units and methods of sampling, data collection and analysis and also the highlights of the profile of the study area with emphasis on the socio-economic activities of the area. Chapter Four deals with data analysis and presentation of results. Chapter Five comprises discussion of findings, recommendations and conclusion.

CHAPTER TWO

THEORETICAL FRAMEWORK OF MICRO AND SMALL-SCALE INDUSTRIES FOR LOCAL DEVELOPMENT

2.1 Introduction

In this chapter, an attempt is made to highlight the concepts of Micro and Small Scale Industries (MSSIs) in terms of their characteristics and general problems. The aim of this is to show the importance and positive impacts of MSSIs in the local development process. Different approaches and justifications for promoting MSSIs are discussed. The structure and legislative framework for the promotion of MSSIs at the district level are examined. Lessons are drawn from these concepts and approaches for analysing the role of the various institutions in promoting and supporting MSSIs development in the study district.

2.2 Conceptual framework

The concept of small scale enterprises relates, generally, to small manufacturing activities including primary products processing, handicrafts, construction and repair services. In Ghana, two major definitions maybe used to describe small scale industry; one based on capital requirements and the other based on employment size. The NBSSI defines small-scale industry as one whose capital requirements for plant and equipment do not exceed the cedi equivalent of 100,000 United State dollars. The statistical service defines it as one which does not employ more than 29 persons (Boapeah, 1994:10). This second definition is the one commonly used, and has been adopted for this study. Firms employing 30 or more persons are normally included in the enforcement of employment and minimum wage legislations and are thus regarded as formal. On the other hand, those employing less than 30 persons are described, generally, as informal since they are not normally registered (Ibid, 1994: 10).

In terms of strategy orientation, the study recognizes the inadequacy of institutional support for lower circuit activities in rural Ghana, and thus adopts an institutional approach to the promotion of the sector. Institutional development strategy required to promote Small Scale Industries in

rural regions would have to focus on both entrepreneurship and on the development of local intermediary institutions and their relationships to the local enterprises.

In pursuing this task, the study recognizes the importance of decentralised development which, essentially, is a process by which local government and community-based groups manage their existing resources to create jobs and stimulate economic development (Blakely, 1988 p.58). It is significant since the central feature of locally oriented economic development places emphasis on “endogenous development” policies using the potential of local human, institutional and physical resources (Boapeah, 1994). The choice of this approach to the promotion of MSSIs for local development emerges from the concept of district level planning approach to regional development and management which has been adopted in Ghana since 1988.

2.3 Theoretical Framework of Micro and Small Scale Industries

The heterogeneity of the Small-Scale Enterprise (SSE) sector complicates the problem defining it. The concept is defined in different ways, depending on the purpose of classifying firms as micro, small, medium-sized or large. Technologically, the sector is said to use low-level inputs and skills, to have much greater labour intensity, to produce lower priced products and to operate on a small-scale. It covered micro and small enterprises operating at various levels along the formality–informality continuum. The "Private Sector Diagnosis Survey" (USAID 1989) found that most small enterprises in Kenya had fewer than 20 employees.

The World Bank (1976) refers to firms with fixed assets (excluding land) less than US\$ 250,000 in value as Small-Scale Enterprises. The USAID (1990) defines Small-Scale Enterprises as firms with less than 50 employees and at least half the output is sold while UNIDO (1986) refers to firms with employees ranging from 5 to 19 as Small Scale Enterprises in developing countries (Kayanula 2000).

In Ghana, various definitions of Small Scale Enterprises can be identified from the literature. According to Kayanula (2000), the National Board for Small Scale Industries (NBSSI) in Ghana applies to both the fixed asset and number of employees' criteria. It defines Micro industries as one with less than five employees, Small Scale Industries as one with not more than 9 workers,

has plant and machinery including (excluding land, building and vehicles) not exceeding one thousand Ghana cedis. The Ghana Enterprise Development Commission (GEDC) on the other hand uses a one thousand Ghana cedis upper limit definition for plant and machinery.

Steel and Webster, (1989) refers SSEs in Ghana as enterprises with an employment cut-off of 29 employees. They also made further division as:

- Micro enterprise : - those employing fewer than 6 workers;
- Very small enterprises: -those employing 6 to 9 workers and
- Small enterprises: -those employing between 10 and 29 workers.

The European Union (EU) uses the term 'Small and Medium Enterprise' (SME) to describe small enterprises. The SME is further divided into three components:

- Micro-enterprises: - those with employees between 1 to 9;
- Small enterprises: - those with employees between 10 to 99; and
- Medium enterprises: - those with employees between 100 to 499

EU definition recognizes that the SME group is not homogenous, in the sense that distinctions are made between micro, small and medium-sized enterprises. There is the need to delineate the small-scale industrial sector from the other non-farm economic activities for effective analysis. According to Dinye (1991), small-scale industries are defined as manufacturing units employing not more than 30 persons. For the purpose of differentiating them from the other small-scale non-farm economic activities, the emphasis is placed on the manufacturing aspect. Manufacturing means producing or making physical items. This means that pure service activities such as government services, retail trade, banking, recreation and insurance services are not included. However, repair services are included in the manufacturing enterprises because they have something to do with formally manufactured goods. The argument is that manufacturers do not always produce a finished good but only perform one stage in a sequence of a process (Chapman and Walker, 1987:p.3 in Dinye, 1991). The fact that an item can be repaired implies that there is a further stage in the manufacturing process.

Wynarczy et al (1993) distinguish a small enterprise from a large one in respect of uncertainty, innovation and evolution. There are three dimensions of uncertainty. The first feature is the

uncertainty associated with being a price-taker. The second source of uncertainty for small firms is their limited customer and product base. The third dimension of uncertainty relates to the much greater diversity of objectives of the owners of the small enterprises; compared with large ones. Many small enterprise owners seek only to obtain a minimum level of income rather than maximizing sales and profits. Small enterprise owners do not report their actions to external shareholders and so effective performance monitoring does not exist. For a small firm, the relationship between the business and the owner is much closer than it is between the shareholder and large enterprise.

Small enterprise is creative and innovative through the introduction of new product, Schumpeter (1934). Rothwell (1986) showed that the early development of the semi-conductor of industry in California stemmed from the establishment of small firms. It is the ability of the firm to provide something marginally different, in terms of product or service, which distinguishes it from the larger enterprises.

The third area of difference between large and small enterprises is the much greater likelihood of evolution and change in the smaller enterprise. Small enterprises, which become larger, undergo a number of stage changes, which influence the role and style of management and the structure and organization. Thus, the structure of organization of small enterprise is more likely to be in a state of change as the enterprise moves from one stage to another than is the case for larger enterprise.

In the light of the above discussion, it can be observed that Small-Scale Enterprises have been variously defined. As a result, an operational definition is required. The most commonly used criterion as has been identified from the various definitions is the number of employees of the enterprise. In applying this definition, confusion often arises in respect of the arbitrariness and cutoff points used by the various official sources. As contained in its Industrial Statistics, the Ghana Statistical Service (GSS) considers firms with less than 30 employees as Small Scale Enterprises (Kayanula, 2000) and (Boapeah, 1992: 5) and it is this definition that has been adopted in the course of the study. The employee criterion which has been considered in this study is also similar to the definition of Small-Scale Enterprises adopted by the NBSSI.

The rationale behind this employee criterion is due to the fact that firms can easily be identified by their number of employees and in part because the process of valuing fixed assets, in itself, poses a problem since continuous depreciation in the exchange rate often makes such definitions out-dated.

2.4 Small Scale Industries and Local Development Process in Ghana

The choice of SMEs within the industrial sector is based on the following propositions that large-scale industry has not been an engine of growth and a good provider of employment. The industry has already received enormous support through general trade, finance, tax policy and direct subsidies. It is within this frame that promotion of MSSIs which are viable instruments of economic development can play a crucial role in the local areas in Ghana. According to Dinye (1991) the roles of small-scale industries are considered below:

- Small-scale industries make use of the nations idle materials which otherwise would go to waste
- They offer a variety of activities which draw labour from the surplus rural labour force and tune it into the productive sector of the economy.
- They depend little on imports and therefore conserve foreign exchange.
- They provide a variety of goods and services to satisfy local needs.
- They provide outlets for the talents and energies of enterprising individuals because of their ease of entry and exit.
- They provide a seedbed for nursing entrepreneurial skills and testing ground for new industrial enterprises.
- They generate dynamism, initiative and competition within the economy making it more functional.
- They contribute to community stability, do less harm to the physical environment, stimulate local resource mobilization for investment and generally raise the level of popular participation in the economy.
- They induce linkages within the industrial sector and between it and other sectors of the economy.

Small Enterprises perform useful roles as flexible in nature and are able to withstand adverse economic conditions. They are more labour intensive than larger scale firms and therefore, have lower capital costs associated with job creation (Schmitz, 1995).

Since Small Enterprises are labour intensive, they are more likely to succeed in smaller urban centres and rural areas, where they can contribute to more even distribution of economic activity in a region and can help to slow the flow of migration to large cities.

It is estimated that SMEs employ 22% of the adult population in developing countries (Daniels, 1994; Daniels & Ngwira, 1992; Daniels & Fisseha, 1992; Fisseha, 1992; Fisseha & McPherson, 1991; Gallagher & Robson, 1995). The sector which employs 15.5% of the labour force in Ghana (Parker et al, 1994) has experienced higher employment growth than large-scale enterprises (5% in Ghana).

2.5 The Concept of Development

Development is a value concept that has lent itself to various interpretations and definitions, according to each individual's value preferences. The absence of a commonly agreed universal definition or understanding of development results in what Musto (1985: 1) refers to as a "crisis of theory" and states that "after three decades of intensive reflection on development policy issues, we now know even less of what development actually means". Development is a holistic concept that touches on every aspect of human life in cultural contexts. It evolves from the collective experience of a society and reflects societal values and preferences. Since development is a value word, there is no consensus as to its meaning. Pearce (1990: 2) argues that since development is a value word, implying change that is desirable, there is no consensus as to its meaning. He contends that development depends upon what social goals are being advocated.

Hence, the classical and neo-classical economists defined development in terms of growth in the national wealth with respect to the gross national product and per capita income. It advocated for laissez-faire, that is, non-intervention of government in the economy, as development or economic growth will be achieved through the invisible hand of the market (Adam Smith, Mill, Marshall, Rostow, and so on). These growth theorists or apostles of free market focused on

growth maximization and economic efficiency, while playing down on equity. It was considered that achievement of rapid and high growth rates in the gross national product required some levels of inequalities in income and wealth at least during the initial stages of growth. Thus, development is conceptualised in terms of production and consumption of the material things of life - a process that recreates the industrialised world. Its emphasis is on economic growth or the process whereby the real per capita income of a country increases over a long period of time. This is emphasized as the primary objective of development because a continuous growth of the economy is a pre-requisite for poverty eradication, although there are other objectives such as distribution.

This concept advocates rising net income accompanied by reduction in poverty, unemployment and social inequality as well as the satisfaction of basic needs for the marginalized (Ikeanyinonwu, 2001). Development is therefore seen as modernisation of economic structures through heavy industrialisation, with agriculture providing the big push. Development in this sense is also urban-driven and urban-biased, as development programmes and projects are usually concentrated in the core cities while the rural hinterland (the periphery) is mostly ignored, thereby fostering a dualistic urban-rural economy.

The justification for the alienation or exclusion of rural areas at the initial stages of the development process came from the growth pole theory propounded. According to this theory, economic growth does not take place uniformly across regions of a country but is rather concentrated in poles, mainly major urban centres, which constitute the core of development activity. Development spreads from these poles to the periphery in terms of capital flows, innovation, know-how and markets, which constitute the trickle down or polarisation effects. While acknowledging the existence of “negative polarisation effects” by exploitation of rural agriculture to finance industrial, physical and social infrastructure investments at the poles (urban centres) to the neglect of the rural hinterland, the growth pole theorists believe that the benefits of growth would trickle down to the peripheral regions at a later phase of the development process.

The failure of growth-oriented development theories to redistribute the benefits of economic growth across regions as evidenced from the growing income inequalities between rich and poor people, urban and rural regions called to question the effectiveness of these theories in addressing the problems of developing countries. These problems include absolute and massive poverty, income and regional inequalities, declining agricultural productivity and food shortages, hunger and starvation, mass unemployment, rural-urban migration, population explosion, environmental degradation, falling commodity prices, high inflation and depreciating local currency, worsening balance of payments problems, external debt burden and most recently, the HIV/AIDS epidemic. The growth strategy could not be sustained in the midst of these overwhelming problems plaguing and devastating the poor countries of the world.

This provided the background for the emergence of welfare theories of development that emphasize values associated with the common good or public welfare. This viewpoint would tend to associate development with rising net income accompanied by reduction in poverty, unemployment and social inequality, and the satisfaction of the basic needs of the poor. The strategy is to direct public investment to rural areas, informal sectors and vulnerable populations so as to empower and enable the poor to satisfy their own needs through their productive efforts and thus redistribute the benefits of growth in favour of the poor. While not abandoning growth, the welfare oriented or growth with redistribution proponents including Singer, Dudley Seers, Rains and others argue that growth alone could not be sustained in the midst of mass poverty, hunger, "unemployment, diseases and glaring inequalities. The main elements of this new conceptual approach to development include satisfaction of basic human needs, target group orientation to cater for the economic and social differentiation among regions and people, production orientation as a precondition for redistribution, including access to productive resources (empowerment) through which people's potential can be realized and participation both in the benefits of development and in the decision making-process can be achievable (Waller, 1986 in, Fekade, 1994: 31-32, in Ikeanyionwu, 2001: 92-93).

The welfare approach, though focusing on human welfare, participation, equity and social justice, has also its shortcomings (Lewis, 1986; Friedmann, 1988; Singer et al) as the redistribution of productive resources to empower the people has not occurred while

participation in the decision-making processes especially political power is frustrated by weak democratic systems and centralised administrative institutions. For instance, on the administrative barriers to participation and development, Fekade (1994: 61-62) points out that highly centralised administrative and government bureaucracies have proved to be obstacles to the participation of the poor in decision-making and development. These administrative structures retain control over decision-making, resource allocation and information and knowledge which rural people will require if they are to play an effective part in development activities. Administrators in such structures tend to have a negative attitude towards the whole notion of people's participation. The result is that administrative procedures often become a minefield and an effective deterrent to rural people seeking direct involvement in or assistance from local administration

Despite its shortcomings, there is considerable consensus that development should include the process of satisfying basic human needs - food, shelter, clothing and security among others. These should be attained not as goodwill gestures from the government but primarily through people's efforts, hence their right to work, access to gainful employment, resources and decision-making powers are conceptual elements of development. Beyond the satisfaction of basic needs, there is also a commonly accepted meaning of development especially in the context of local level development in Africa. For the local politician and the common man, development is about "modernisation" or the acquisition of facilities, services and infrastructure associated with modernity (Oyugi, 2000: 4). These include clean and safe water supply, health services, basic education, good roads, electricity, industries and employment, or generally referred to as "the good things of life".

In recent times, more illuminating literature on development studies have steered away from the more banal definitions of development which use indicators like growth rates of gross national product and average per capita income to one emphasizing attempts at reducing poverty, unemployment and inequality (Seers 1973; Currey 1973; Kuitenbrouwer, 1975; Songsore, 1997; Songsore and Denkabe, 1995, in Songsore, 2003: p.1). Currey (1973: P.21) refers to development as a process of change through which a society evolves the values, political leadership and other forms of social organization necessary to mobilize and utilize resources in

such a way as to maximize the opportunities available to the majority of its members, for realization to the fullest possible extent of their potential as human beings. Development must serve the interests of the majority; no society is perfectly homogenous: all are composed of competing interests and social change must benefit some and harm others. But on balance, it must be interests of the majority that are advanced (Currey, 1973, p.21; Drewnowski, 1976, Songsore, 2003: P.1-2).

There appears to be conceptual differences in the above perspectives of development, and as such, there is the need for a common understanding of the meaning of development to be able to relate it to micro and small scale industries' objectives. These differences, notwithstanding, there is a commonalty in what development is about: people, wealth creation or production, human welfare and human rights, poverty reduction, improving the people's productive capacity; employment provision, satisfaction of basic needs, provision of basic facilities, access to resources and opportunities for participation in decision-making. While not ignoring any of these attributes of development, in the context of this study, development is seen mainly in terms of the provision of or access to facilities, services and infrastructures because through these, other development objectives at the local level can be achieved. Secondly, this is the area where the local government, through legislation and planning, is expected to contribute to rural development in Ghana (Ikeanyionwu, 2001: P.93). Also, in developing countries where government continues to be the dominant player in development, provision of facilities will create the enabling environment for development to take place especially in the locality and this constitutes the facilitating role of the state (Rapley, 1997).

2.5.1 Local Level Development

The definition of local development is very important in this study, as well as what constitutes local level. The term local has been defined as something "characteristic of or associated with a particular locality or area; concerned with or relating to a particular place or point in space; affecting or confined to a limited area or part" (The Collins English Dictionary; 1995). The conception of what is local therefore depends on the degree of what is directly shared among the inhabitants and which directly concerns or affects a specific area rather than a region or nation as a whole. The individual household or family constitutes the basic social unit, which expands to

larger forms of social and spatial organizations such as the village, community or town, district, region, nation and even the international community. From this sociological perspective, the sense of identity and affection diminish with the expansion of the social unit and also with the increasing problems of human organization and collective action.

Uphoff (1986: 11) notes that what is local or what constitutes local level varies from one context to another. It depends on the size, population density, geographical and settlement pattern, historical and cultural affinity, political and administrative arrangements of peoples and countries. When viewed from above, various levels of social and spatial organisation for decision-making emerge from the international level through the national to regional and individual household levels. There is consensus that the international, national and regional levels do not constitute what is local because these levels do not command the sense of identity, oneness, affection and ownership inherent in a local unit. In Ghana, Kokor (2001) identifies 'local level as the District (group of communities), Area Councils, and Urban, Town, Zonal and Unit Committees as that defined under the Ghana's New Local Government System. In the context of this study and within the spatial, politico-administrative organisation in Ghana, local level refers to the area from local government level down to the individual household level.

Hence, local level development refers to the development taking place from the local government level down to individual households where group or collective action is intensified with common identity; and sense of ownership and oneness (Ibid, 2001). For instance, a feeder road, which connects communities to the district headquarters, is of local concern because it affects the accessibility of those communities to the rest of the district and generates a feeling of ownership and affection from within the locality. On the other hand, a highway road network that links several states or regions is not of local concern because it does not directly affect any particular locality or group of localities, and does not fall directly within the purview of local government responsibility.

Many development actors operate at the local level in Ghana including the national/state governments, the local government, and community or town development unions, community-based organisations, churches, the local private sector and NGOs. The local government is at the

centre of local development and has the constitutional responsibility to plan, implement, organise and co-ordinate development action at the local level, for which public fiscal resources are decentralised. The study is limited to the activities of institutions promoting micro and small-scale industries to promote development at the local level.

2.5.2 Sustainable Development

Sustainable development is defined as a process of change in which the exploitation of resources, the direction of investments and the orientation of technological development and institutional changes are in harmony, and enhance both current and future potential to meet human needs and aspirations NDPC (2009: 63).

Sustainable development is now widely accepted as a new paradigm of decision-making for all sections of any society within the development process. It provides a framework for working together to expand economic opportunities, to rebuild communities, to envision a better society and make it a reality for future generations. It therefore seeks to ensure the participation of all in any development project. Allen (1980) views sustainable development as “any development that is likely to achieve lasting satisfaction of human needs and improvement of human life”. Sustainable communities can only be achieved through a people-centred development that is built on the values and cultures of the people. A people-centred development calls for an active and mutual self-help amongst people working together in their common struggle to deal with common problems confronting them.

2.6 Micro and Small Scale Industries in Rural Development

2.6.1 Rural Development

Rural development, as a concept, has been variously conceived, interpreted and applied. There is therefore a constant controversy with regard to the definition of the term rural. Demographers often refer to the term rural to represent a population frequency distribution. In Ghana, for example, "a rural area has been defined on the basis of demography as a place inhabited by less than 5000 people" (Boapeah, 1994). However, such a characterisation has been criticised as

inadequate as the above definition neglects the element of how large a place is.

Planners and policy makers in Ghana have often argued that economically, the provision of certain social and technical infrastructure such as potable water, decent housing, reliable electricity supply, accessible feeder and trunk roads, improved health facilities, enhanced financial service delivery and improved telecommunication facilities require a supporting threshold population (Owusu-Acheampong, 1986). If this were, however, the case there would obviously be the chance to deny certain strata of society certain basic amenities based on the criterion of threshold population.

An attempt to refine the above definition is therefore necessary. Amonoo (1986) argues that the term rural should be defined in a socio-economic context. In his postulation, he argues that real income per capita in a given area must be used as the main factor in characterising an area as either rural or urban. Accordingly, when this is applied to Ghana, it is estimated that the ratio between rural average incomes to urban average income was 1:3 (ibid). It can therefore be argued that with the rural population in Ghana forming about 56% of the total population, (Ghana Statistical Service: 2000) the income per capita of the rural population is indeed over half of that of the urban per capita. In this regard, Amonoo's concept of 'rural' points to the fact that in categorizing areas into rural and urban, the selection criteria that should guide decision makers and planners should not be limited only to the threshold population but should include socio-economic considerations.

More appropriately, rural areas have been defined by Abban (1986) as those areas with some or all of the following features:

- An area of inhabitation where the majority of the people are engaged in primary economic activities such as food crop farming, subsistence animal husbandry, fishing, hunting, petty trading, etc.
- A Location of the country where the per capita income is significantly lower than the national average.
- A location of the country where the population lacks basic social amenities such as potable drinking water, electricity, health and sanitation facilities, motorable roads, and

recreational facilities.

From the above it is undoubtedly true that most rural areas in developing countries today exhibit all the above features. In searching for an answer to the issue of identifying and designing programmes for rural development, Brown (1986) argues that it has become necessary for all countries to have programmes on rural development since rural areas exist albeit in different proportions in all countries. Ghana as a case in point demonstrates vividly the importance and impact of rural development and hence the pressing need for rural development. According to Dapaah (1995), the rural sector constitutes about 70% of the total population, employs about 70% of the labour force, and contributes about 40% of GDP and accounts for over 20% of foreign exchange earnings. In addition, the rural populace produces important raw materials for manufacturing and finally rural households (80% of the population) form the largest potential domestic market for food, textiles and other manufactured products made by agro industry. That the rural sector of most developing countries continues to be the backbone of their economies is no longer debatable.

The need for rural development becomes even more crucial in a developing country like Ghana where the rural sector is not only agrarian but also appreciably larger than the urban sector. By this characterisation, rural people are considered to be economically actively engaged in primary production, especially in agriculture. Most of their operations are therefore carried out using simple tools, little or no application of improved inputs and credit and with the community being largely non-monitised (Owusu-Acheampong, 1986). Thus in Ghana, for example, the 1948, 1960, 1970, 1984 and 2000 population puts the rural-urban distribution of the population as 84 and 16 percent, 77 and 23 percent, 75 and 25 percent, 69 and 31 per cent, and 56.1 and 43.9 per cent respectively. (Boapeah, 1994 and Ghana Statistical Services, 2000).

It is however paradoxical that though rural people in most developing countries produce the bulk of the country's wealth, they continue to live in abject poverty mainly due to the fact that their wealth is often siphoned off to develop urban areas. This has been particularly perpetuated by the rural-urban dichotomy. It is upon this background that over the past years, intensive search has been underway to find solutions to rural development constraints. A number of policy measures and strategies have been implemented by many developing

countries. Unfortunately, a complete account of these policies and strategies cannot be made here. However, an overview of such policies and strategies revolve around the social amenity provision approach, increased agricultural productivity approach, integrated rural development approach, promotion of regional development through decentralisation approach, and growth poles approach. The above rural development approaches are discussed below.

2.6.2 Social Amenity Approach

The social amenity provision approach consists essentially of providing rural communities with social services in the form of better housing, good drinking water, health facilities, schools and community centres (Brown, 1986: 203). The above facilities are provided based on the felt needs of the people and the availability of resources. This approach seeks to bridge the gap between rural and urban areas in terms of the distribution of social services and thus to mitigate the rate of rural-urban migration (Boapeah, 1994: 52). There have been some flaws with the social amenity approach to rural development. As a sole strategy in helping the rural people, it tends to be an expensive one if it is not coordinated with a simultaneous tapping and development of the economic potential of the people, especially land and manpower resources. The provision of social amenities is weak as there is no adequate assessment in terms of social need, economic potential or factor endowment of the target area, or as part of a comprehensive rural development package, it limits the extent to which the central government can release funds to provide these facilities in the rural areas. Thus, this strategy has had limited impact on rural community life.

2.6.3 Increased Agriculture Development Approach

“This approach seeks to eliminate some of the problems of the social amenity approach” (Boapeah, 1994: 53). This approach dwells on increased agricultural production and productivity as a basis for improving the living conditions of the rural people. It rests on the assumption that increased agricultural production will increase rural incomes which, in turn, will increase the people's ability to provide themselves with some of the basic social services which they lack. According to Brown (1986: 204), elements of this approach include improved feeder roads, provision of improved seeds, availability of farm machinery, better storage, processing and marketing facilities and availability of credit facilities and better organised co-operative movements. Increased agricultural development approach was adopted by the Busia government

in 1970 (Government of Ghana 1970: 183). In 1972, the Acheampong government adopted this approach through the introduction of the “Operation Feed Yourself” (OFY) programme, with the aim of achieving self-sufficiency in agricultural production.

Praiseworthy as the intentions of these strategies seem, no serious effort has been made in Ghana to use them to improve the living conditions of the rural people. This has happened on account of the lack of the political will from the government, lack of coordination among rural development agencies, including NGOs, the use of outdated cultivation techniques, inadequate efficient marketing and storage and processing facilities for agricultural produce in the rural areas and the lack of basic infrastructure such as feeder roads (Boapeah, 1994: 53).

2.6.4 Integrated Rural Development Approach

This approach is an expanded or extended form of the increased agricultural development approach. This approach is not only concerned with helping the rural people to improve their agricultural production and productivity but also with the provision of rural basic needs such as water and health facilities (Boapeah, 1994). This approach more or less combines aspects of the social amenity and increased agricultural development approaches.

2.6.5 The Regional Decentralised Approach

This approach aims at effecting prompt and efficient implementation of government programmes and projects outlined in annual budgets at the regional and district levels. This is accomplished by decentralising decision -making through the development of institutions at the regional and district levels (Boapeah, 1994). The rationale behind this approach is that since the governments annually invest in rural development programmes and projects, it is necessary to ensure that effective machinery exists at the regional and local levels for the implementation of these programmes and projects (Brown, 1986: 205). The above approach thus is sometimes referred to as the "Accelerated Project Implementation Approach" or the "Capital Budgeting Approach" (ibid, 1994). This approach was initiated in Ghana in 1967 through the establishment of Regional Planning Committees in all the regions. These committees were to serve as the framework within which development projects could be planned, executed and monitored.

The committees failed to serve as the link in matters of economic development between the regions and the central planning agency in the capital, Accra. The main reasons adduced for this failure were the lack of sufficient authority and resources to deal with local development issues which cut across sectoral decisions and top-down approach which tended to neglect local needs and aspirations (Boapeah, 1994: 54).

2.6.6 The Growth Foci Approach

The theoretical basis of the growth foci approach is the growth pole theory. The growth pole theory proposes that resources for development should be concentrated at given settlements, which should not only be consciously planned to integrate their development with those of the surrounding areas but also to stimulate the economies of the depressed surrounding regions. It is believed that by developing some selected urban centres, they will, in turn, pull along and induce the development of the rural sector. In effect, these centres are to support agricultural activities in the rural areas to serve as new centres of industrial development and thus help raise rural incomes (Boapeah, 1994).

Ghana, since pre-colonial times, has adopted and tried one or a combination of the above rural development approaches. A critical examination of Ghana's experience in implementing any of the above approaches indicates a number of pitfalls. For example, the implementation of the social amenity approach in the 1950s suffered a setback, as the basis and justification for the provision of social amenities was weak because there was no proper assessment in terms of social needs and economic potential of the target areas. Similarly, the increased agricultural development approach of the Busia government in 1970 and that of the Acheampong regime (Operation Feed Yourself) in 1972 both suffered setbacks due to lack of political will and, lack co-ordination among rural development agencies and the use of outdated cultivation techniques (Dinye, 1991). Lastly, the regional decentralisation approach that was instituted in Ghana in 1968 through the establishment of regional planning committees in all the regions also suffered a setback as most of the committees failed to serve as a link between the regions and the capital, Accra.

As a result of the above problems and setbacks, it has become widely accepted that DAs cannot

develop rural areas by the use of any single rural development approach. One direct attempt to combat the above challenge lies in the development and promotion of Micro and Small Industries (MSSIs)

2.7 Legislative Framework for Promoting MSSIs at the District Level

The government decentralisation policy as provided by the 1992 constitution and crystallised in the Local Government Act 1993 (Act 462) designates DAs as the administrative, planning, development and rating authority in their areas of jurisdiction. The above policy orientation is further supported by a number of constitutional provisions. Notable among these are the National Development Planning Act 1994 (Act 480), the Civil Service Law 1993 (PNDCL 327), the Local Government (urban, zonal and town councils and unit committees) Instrument (LI 1589) and the District Assemblies Common Fund Act 1993 (Act 455). The above provisions clearly spell out the structure, roles and responsibilities of the DAs.

Generally, the Local Government Act, 1993(Act 462) Section 10 mandates the DAs to among other duties:

- ❖ facilitate policies within the framework of national policies for the effective administration and development of their areas;
- ❖ "formulate and execute plans, programmes and strategies for the effective mobilisation of the resources necessary for the overall development of the district";
- ❖ "promote and support productive activity and social development in the district and remove any obstacles to initiative and development;
- ❖ to mobilise human, material and financial resources support in their districts for promotion of development;
- ❖ To make necessary bye-laws to promote sustainable development in the district.

From the foregoing, it is evidently clear that the DAs as main agents of change at the local level are mandated to take all necessary steps in harnessing available human, material and financial resources for development and this involves significantly, the promotion of MSSIs.

When the Statutory functions and structure of the local government is compared with what actually exist in the East Mamprusi District, some gaps appear which need to be addressed in order to ensure effective operation and management of the district's affairs especially in the promotion and development of MSSIs. The link between the local development planning

mechanism and national development planning authority is through the Regional Coordination Council (RCC). The RCC serves as a forum for the coordination and systematization of district level planning and administration. The National Development Planning Commission is the national authority charged with the coordination of all development efforts in the country. Appendix 1 is the diagrammatic representation of the institutional framework of the District Assemblies in Ghana.

2.8 Industrial Policy and Small-Scale Industry Development in Ghana

The industrial sector of the Ghanaian economy comprises mining, construction, manufacturing and electricity and water sectors, a classification which is consistent with the national income accounting framework used for analyzing development in this sector of the economy (ISSER, 2004: 127-159).

After independence, Ghana came to the realization that modernization and economic development could be generated and sustained on the basis of industrialization. This idea is in line with the experience of the developed countries, where their economies have seen structural transformation from primary activity to industrial production. Industrialization has been found necessary, among others, to diversify the economy and protect it from worsening terms of trade, create employment and income opportunities in the knowledge that agriculture could not generate the much needed jobs for the rapidly growing population, and industry was to provide this task and reduce the country's overdependence on developed countries for the supply of manufactured goods, and to attain self-sufficiency (Boapeah, 1994).

2.9 Ghana's Industrial Experience

2.9.1 The Pre-Economic Recovery Programme (ERP) Era

With the attainment of independence, Ghana's drive to modernize its economy through state-led industrialisation took the following policy strategies: import substitution through high levels of effective protection, reliance on administrative controls instead of market forces to determine incentives and resource allocation and dependence of large-scale public sector investment.

This strategy was adopted based on the hypothesis that rapid economic development was feasible provided the state assumed the entrepreneurial function. This approach was adopted

against the background of rudimentary state of indigenous industry in the late fifties, the limited number of local entrepreneurs and complete absence of capital market. The emphasis on import substitution was to reduce economic dependence, which was a consequence of balance of payment difficulties due to rapidly rising import and stagnating export earnings. Whilst pursuing the import substitution strategy, Ghana did not process enough primary products for export and hardly started export promotion and diversification. Much foreign exchange was spent on the importation of inputs for consumer goods without any attempt to find any local substitutes. Despite the attention given to import substitution industries, the prices of their products were very expensive. The country soon found itself in foreign exchange crisis, which led to the development of the problem of under utilization of plant capacity. Between 1970 and 1982, manufacturing output of thirteen per cent per annum declined. Its share of Gross Domestic Product (GDP) also showed a downward trend from 14 per cent in the mid 1970s to 5 per cent in 1981/82. Employment also declined from 89,000 to 66,000 between 1977 and 1981/82. Capacity utilization declined from 40 per cent in 1978 to 21 per cent in 1981 (Boapeah, 1994: 20).

2.9.1 The Economic Recovery Programme Era (1983 – 1991)

Against the backdrop of the above economic decline and the general deterioration of the other sectors of the economy, the ERP was launched in 1983 to reverse the economic decline and set the pace for a sustained development. The major industrial objectives were to increase the production of manufactured goods through the greater use of existing capacity, remove production bottlenecks in efficient industries through selective rehabilitation, encourage the development of local resources to feed and promote the development of agro-based industries, develop economically viable linkages among local industries and among the key economic sectors of agriculture, construction, transport, health and education and encourage the export of manufactured goods and increase earnings from nontraditional exports. Ghana has achieved an impressive measure of success since the introduction of the Economic Recovery Programme. Capacity utilization increased to an average of 45 to 50 per cent. The average annual industrial growth rate between 1984 and 1990 was estimated at four per cent. Real gross domestic product (GDP) in 1984 recorded a surplus ever since. Inflation declined from 123 per cent in 1983 to 39.7 per cent in 1984. Overall balance of payment recorded a surplus of \$100 million in 1989 (Boapeah, 1994: 22-25).

2.9.3 Lessons from the Past Industrial Policies

The review of the past industrial policies presents useful lessons for policy consideration, especially with regard to the small-scale sector. The following conclusions were drawn: The approach to industrial development mainly focused on medium and large-scale industries relegating small-scale enterprises to the background. The reason was that small scale industries were not considered as playing a complementary role to large scale industries in the development process (Boapeah, 1994). The legal and administrative frameworks instituted were biased against small-scale enterprises. Whereas the investment code favoured large enterprises, credit schemes largely favoured the commercial and farming sub sectors (Ibid, 1994). Public financial resources, which were contracted through loans, were dissipated by large enterprises due to inefficient management (Ibid, 1994). Development analysts are converging on small-scale industries on account of their potential contribution (employment creation, resource utilization, foreign exchange saver, reduction in regional imbalance and application of indigenous technology) towards the development of the nation. It is against this backdrop that the National Board for Small Scale Industries (NBSSI) was established to initiate, formulate, develop and implement national programme and coordinate all assistance programmes in the small- scale industry sector.

As part of the strategies of Ghana's 1992 industrial policy, the NBSSI was to be strengthened and decentralized and greater emphasis placed on district level activities including small-scale enterprises and rural repair and maintenance workshops. In fulfillment of the mandate given to NBSSI, a policy document, which covers broad areas as government policy framework, technology development, product and market development, inter industry linkages and networking, women entrepreneurship, micro and small enterprise financing and non financial support programme is currently being developed (NBSSI News Bulletin, volume 1 June, 1999).

2.10 Review of Institutional Support

Policy reforms of the last decade have resulted in the private sector being increasingly seen as the principal agent of industrial development. The development of smaller firms has been made a priority in the Ghana Government's industrial development policy considering the sub sector's potential to generate employment and create wealth. The small enterprise sector is also a key to

regional development and is consistent with Government's efforts to decentralize economic activity and promote rural development. It is against this background that the government has initiated policies to support small firms.

2.10.1 Policy Initiatives for Small Scale Enterprises Promotion

A number of measures have been put in place to promote small-scale enterprises development in Ghana (NBSSI, 1997). These include financial support, through programmes such as Funds for Small and Medium Enterprise Development (FUSMED); institutional support such as establishing enterprise associations and co-operatives and the establishment of NBSSIs as the apex institution responsible for small and medium enterprise development; standardization and quality control of products and supporting efforts to boost non-traditional exports; promoting the development of indigenous technologies to improve the quality of local product and supporting the adaptation of existing technologies to meet local needs.

2.10.2 The Support Schemes

A number of initiatives - business advice, training, technology transfer and financial support have been introduced in Ghana to support the development of the small-scale enterprise sector. The supporting organizations include government institutions, industry federations, bilateral and multi-lateral lending organizations, Non-Governmental Organizations (NGOs) and private sector bodies.

i) Business advice:

The National Board for Small Scale Industries manages a network of Business Advisory Centres (BACs), which are located in all the regions of Ghana. Range of services including training, credit finance, technology transfer and capacity building are provided to small-scale enterprises by the BACs. Training related services cover such areas as entrepreneurship and technical support. Follow-up assistance to enterprises is also provided in order to ensure that skills and knowledge acquired at the training workshops are applied in the day-to-day running of their businesses. The problem with the BACs is that they do not make these services available on one-stop basis and there seems to be little targeting of firms with assistance going to all enterprises in all sectors whether or not they have growth potential. Empresario

Technologies, Ghana (EMPRETEC) also directs its support services to growth-oriented and successful Ghanaian entrepreneurs. The range of EMPRETEC's support services include: entrepreneurship, management, business awareness, customized training, production advice, export, overseas linkages, market and feasibility studies, sub-contracting, to mention but just a few. Despite the fact that EMPRETEC is providing useful services to small scale entrepreneurs, it appears that the ranges of services are not delivered on an integrated basis.

Again, the target firms are growth oriented small enterprises involved in non-traditional exports with each centre focusing on particular industrial sub-sector: textile/garments (Accra), furniture (Kumasi), gari processing (Koforidua) furniture and hotels (Takoradi), metal and shea butter processing (Tamale). A review of the activities of the Business Growth Centres (BGCs) indicates that the target is on the enterprises with growth potential and there is a pronounced sectoral focus. Again, in spatial terms, the BGCs have all been cited in the urban areas to the detriment of the rural areas. The implication is that rural enterprises do not reap the full benefits.

ii) Training initiatives:

The Private Enterprise Foundation (PEF), which represents the interest of the private sector, provides training to small-scale enterprises. It is responsible for the overall management and co-ordination of the UNDP Capacity Development Programme in Ghana. Training seminars are mainly organised on a cost-sharing basis between participants and PEF. In this regard, only larger firms can afford to participate. The scheme has also not benefited the rural enterprises.

iii) Technology transfer

To support technology development and transfer, Technology Consulting Centre (TCC) has been established at the Kwame Nkrumah University of Science and Technology (KNUST) Kumasi to serve as a link between research from the institution and the business community. The TCC concerns itself with the following areas: metalwork, foundry, agro-processing equipment, textiles and construction. The centre also makes available equipment on hire purchase and provides consulting services. One institution that is also involved in technology transfer is Ghana Regional Appropriate Technology Industrial Services (GRATIS). It manages a network of Intermediate Technology Transfer Units (ITTUs) whose objective is to develop the capacity of

local firms to design, manufacture and repair machinery and equipment. GRATIS also supports three Rural Technology Services Centres (RTSCs). The assessment of the role of ITTU in technology transfer indicates that its role with regard to promoting start-ups is somewhat limited, which forces trainees to become either self-employed or employees of existing enterprises. The Intermediate Technology Ghana (ITG) and Technoserve have taken up skills enhancement for artisans. In the area of research and development, quite a number of institutions - Council for Scientific and Industrial Research (CSIR), Cocoa Research Institute, the Industrial Research Institute (IRI), Savannah Agricultural Research Institute (SARI), Food Research Institute (FRI) are involved. The activities of these institutions, which cover crops, building and road, water resources and oil palm, are mainly coordinated by CSIR. An assessment of the contribution of the research institutions indicates that the research institutions have not been able to design commercialized research packages and this explains why technology development in Ghana has been very slow. Again, there seems to be a weak linkage between research and industry. Development and Application of Intermediate Technology (DAPIT) established in 1984 concerns itself with the development and application of intermediate technology that will be useful to the rural communities in Ghana.

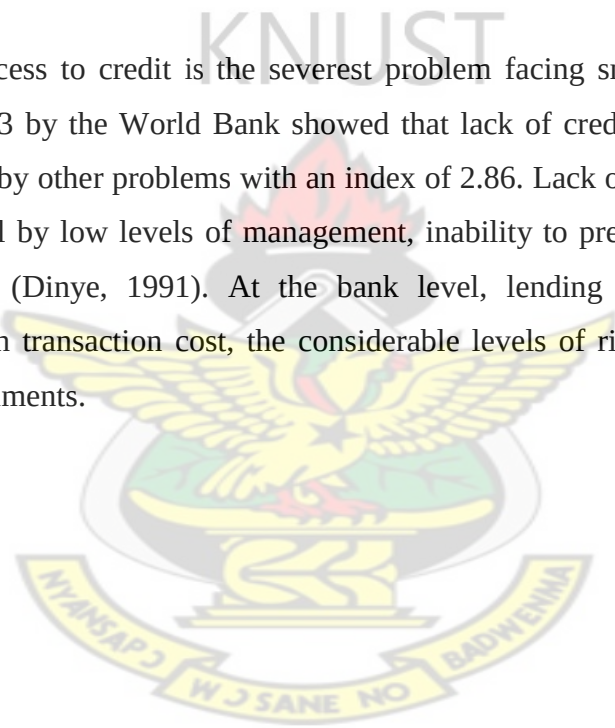
iv) Financial support

Through the network of NBSSI's BACs, the German Development Services make short-term loans to small enterprises. The repayment period is between 12-15 months with a 2-3 months moratorium. A short-term credit line under the UNDP's Capacity Development Utilisation Programme is also being managed by EMPRETEC through five credit centres - Accra, Kumasi, Takoradi, Tamale and Koforidua. EMPRETEC again manages FUSMED financed by the World Bank and long term commercial loans from EU Supported Enterprise Fund. The purpose of these funds is to provide managerial skills particularly, accounting and bookkeeping to entrepreneurs. Technology and Enterprise Development Fund (TEDF), which aims at facilitating small enterprise access to specialized consulting advice on efficiency in value added production and funded by the World Bank, UNDP and the EU, is also being handled by EMPRETEC. An assessment of the credit scheme raises the question of sustainability of the scheme as most of the schemes are externally funded. Moreover, the credit schemes seem to be biased towards urban industries.

2.11 Problems of Small Scale Enterprises in Ghana

The non-financial problems relate to infrastructure development and an enabling environment. An enabling environment has to do with policy framework within which small enterprises operate at a low level of market development and lack of inter-industry linkages in the economy. At the macroeconomic policy level, small-scale enterprises face high tax burden and high cost of capital. Lack of access to electricity, water and good roads that prevail in most rural areas of Ghana are among the infrastructure handicap facing the small enterprises in Ghana. Small enterprises in Ghana face severe problems in marketing due to their lack of access to market information and advice and the use of low levels of technology in production.

Financially, lack of access to credit is the severest problem facing small-scale enterprises in Ghana. A study in 1993 by the World Bank showed that lack of credit had the most severity index of 3.80 followed by other problems with an index of 2.86. Lack of credit to small firms is caused at the firm level by low levels of **management**, inability to prepare business plans and lack of credit history (Dinye, 1991). At the bank level, lending to small enterprises is unattractive due to high transaction cost, the considerable levels of risk involved and limited range of financial instruments.



CHAPTER THREE

RESEARCH METHODOLOGY AND PROFILE OF EAST MAMPRUSI DISTRICT

3.1 Research Design

It is acknowledged that several methodological options are available in social research. But the choice of an approach is dependent largely on the nature, objectives and components of the study. The approach appropriate for this investigation is dominated by the case study approach alongside the participatory approach. A study of this nature is expected to capture the varied issues of context and the complexity of the research. It is a case study in the sense that it is an empirical enquiry which allows the researcher to investigate and understand the dynamics of the phenomenon being studied. It relies on multiple sources of evidence and benefits from prior development of theoretical propositions and can be based on a mix of quantitative and qualitative evidence. Case study research is known for its flexibility, in-depth study of phenomenon, ability to help the researcher understand complex inter-relationships, its position in “lived reality” and its adaptability to different study objectives (Phil et al, 2001). Though case study research is not typically generalized in the conventional sense to the population at large, the strategic location of the study area and a representative sample design could help minimize this limitation. Case study research design finds its root in the qualitative and quantitative research modules which are broad approaches in social science research.

The study made use of both survey and case study methods of data collection and analysis because this combination was suitable with regard to the researcher’s realization that while the survey was most appropriate for data collection on certain objects of the study, the case was equally most appropriate for certain variables as well. The survey was necessary for processing of quantitative data and enables the researcher to strive for breadth rather than depth towards making valid observations. Conversely, the case study sacrifices breadth for depth, allowing the researcher to do a thorough assessment of phenomenon in gaining profound insight into processes through a qualitative research approach (Verschuren et al, 1999), uniquely within a given physical, socio-cultural, economic and political context (Bell, 1992; in Bacho, 2001).

3.1.1 Conceptual Research Design

The conceptual research design follows an inductive research approach and is illustrated in Figure 1 below. The research process started with the research problem identification following an introductory background. On the basis of this, research objectives were formulated to further guide the investigation process. Deriving from the research problem and objectives, literature and emerging issues were reviewed and the conceptual framework for local development examined and presented through a desktop study. On the basis of the research problem, objectives and conceptual framework, research questions were raised and field data collection instruments prepared for data collection. The data were collected on the objects of study (entrepreneurs, support service and support institutions) and was then analyzed and assessed for research results.

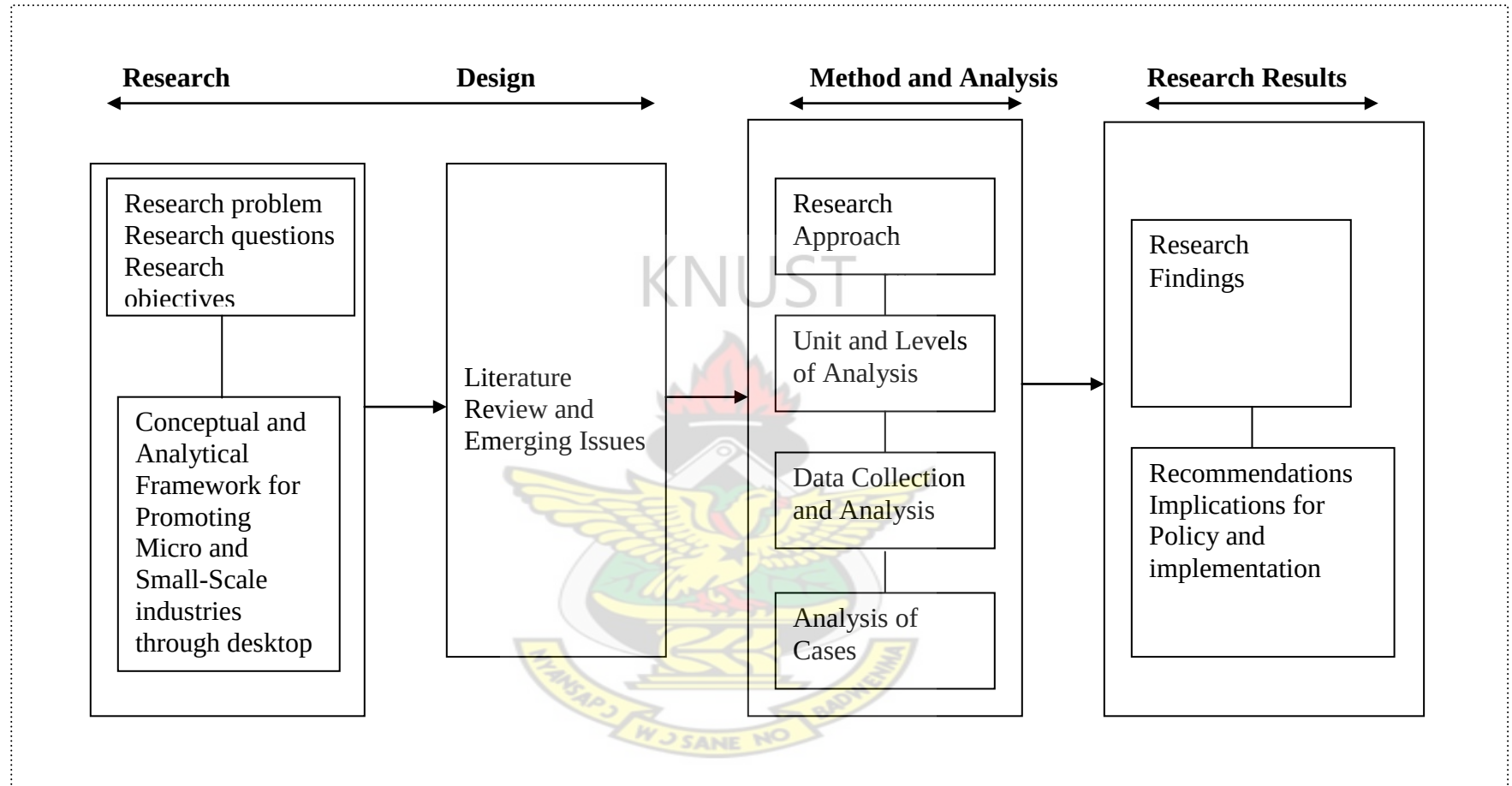
3.2 Sampling Techniques

This denotes all the stages and the processes involved in reaching the respondent. Kish (1967) cited in Twumasi (2001) stresses that the first step in the selection of a sample is to consider sampling design. In sampling design, characteristics of the population must be clearly indicated. This will enable the research scientist to have an idea about the existing social situation. An intelligible idea about the parameters of the population can help the investigator to determine the type of sampling design. Both probability and non-probability sampling techniques were used to gather information to ensure sample representativeness and reliability.

3.2.1 Stratified Sampling

The choice of this method was due to the fact that in the district there are entrepreneurs who are in the rural and urban settlements. Based on this, the unit of analysis was grouped into two strata according to the classification of the settlements as rural and urban. The selected settlements were then administered with entrepreneur questionnaires. According to Kumar (1999:158), the advantage of stratified sampling is that it enables you to reduce the variability and heterogeneity of the study population with respect to characteristics that have a strong correlation with what you are trying to ascertain and this enables the researcher to achieve accuracy. It also helped to improve upon the representativeness of the sample.

Figure 1: Research Framework-Design and process



Source: Author's construct March 2010

3.2.2 Purposive Sampling

In a population universe, certain characteristics are not distributed uniformly or randomly. This is used primarily when there are a limited number of people who have expertise in the area being researched. In this study, the information from purposive sampling was used to augment what was gotten using the simple random technique. In view of this, it was very appropriate to identify units of the population which satisfy the characteristics of the phenomenon under investigation. This was adopted for the selection of key informants, focus group participants such as group executives, market queens and the managers and directors of support institutions and organizations. Some of the data for this study was generated from people who have in-depth/or specialized knowledge in the subject under investigation.

3.2.3 Sample Selection

Within the research, multi-stage sampling procedure was adopted. In this particular case two stages were involved: the first –stage sampling involved the selection of settlements while second stage-sampling was used in the selection of small scale industries from the settlements. Four settlements were selected: namely Gambaga (Urban settlement), Nalerigu (urban settlement), Langbensi (rural settlement) and Sakogu (rural settlement). This selection procedure was in accordance with the hypothesis of varying degrees of economic interaction because of different infrastructure standards in these settlements. The settlements selected for the study and their location in the district can be located on the district map in Figure 3.2. The second sampling stage involved the selection of enterprises from the four spatially differentiated settlements. The industrial units were selected from the list of registered firms with NBSSI/REP which was in consonance with demands of the research project. This process is explained in more in detailed in simple random sampling.

3.2.4 The Sample Size Determination

Sample size was determined by the formula: $n = \frac{N}{1 + N \alpha^2}$, Where n = sample size, N = sample population (Total Number of entrepreneurs) and α = the confidence level.

But, $N = 1349$, and $\alpha = 0.1$

$n = 93.09$, therefore, $n \approx 93$.

Also, Table 1 indicates the number of entrepreneurs registered with BAC/REP and DA and the sampled population for each settlement selected for the study in the district.

Table 1: Sample Distribution among Selected Settlements

Name of settlement	Number of Entrepreneurs	Number Sampled (frequency)	% Sampled
Nalerigu	607	42	45
Langbensi	189	13	14
Gambaga	324	22	24
Sakogu	229	16	17
Total	1349	93	100

Source: Field Survey March, 2010

3.2.5 Simple Random Sampling

As a way of enhancing the chances of every unit being selected for investigation, simple random sampling was employed. This simple random sampling was used to select entrepreneurs from each stratum by use of random numbers. Random numbers were generated for the list of entrepreneurs who are registered with NBSSIs/REP and Department of co-operatives in the study area by the use of Excel spreadsheet. This list of entrepreneurs was inputted into a column in an Excel spreadsheet. Then, in the column right next to it, a function = RAND() was inserted, which is Excel way of putting a random number between 0 and 1 in the cells. Later, both columns were sorted. Thus the list of names and the random number- by random numbers. This rearranged the list in random order from the lowest to the highest random number. Lastly, a number of first names were taken from the sorted list corresponding to the number of required entrepreneurs in each settlement selected, thus first 42, 13, 22, and 16 names from the sorted list of entrepreneurs in Nalerigu, Langbensi, Gambaga and Sakogu respectively.

3.2.6 The Institution-Based Survey

An institutional based survey was conducted amongst purposively selected governmental and non-governmental institutions operating at the district level. The paramount criterion was that these institutions had to have interest or programmes concerning promotion of MSSIs for

development. These institutions included the EMD, NSSB/REP, DCD, Co-operatives, PARED, CARE International/CIFS, Technoserve, SPEED Ghana, FREEDOM from Hunger, East Mamprusi Community Bank (EMCB) and Bawku East Small Scale Farmers Association (BESSFA) Rural Banks. At the district, the Co-operative and the Department of Community Development (DCD) Officers were interviewed likewise the head of BAC and Business Development Officer. To facilitate the interview process, interview guides and questionnaires were prepared for different institutions in consideration of their specialties. See Appendixes for institutional based interview guides and questionnaires.

3.3 Data Collection

3.3.1 Secondary Data

Secondary data are processed information that is readily available to be utilized. For instance, records of loan amounts, disbursement reports, repayment reports and reports based on the content of other supporting services like business management training and marketing was analyzed with respect to the research questions of the study. The researcher reviewed literature from theoretical concepts of Small and Medium Scale Industries (SMEs), the understanding of the concept of local development, past industrial policy and local development in Ghana and delivery of micro finance through empirical studies in Ghana. Sources of secondary data that were relied on include textbooks, journals, reports, and newspapers, internet sources relating to SME promotion and financing mechanisms, among others. The choice of this data is influenced by the fact that it broadens the scope of generalization, allows for comparison between towns and cities and this will enable the researcher to compare results from target communities; it provides opportunity for replication and triangulation. Secondary data is cheaper to assemble; meanwhile it provides extensive information about the individual units of enquiry.

3.3.2 Primary Data

Primary data provides first hand information on any subject under study. For the purpose of this research, some of the primary data requirements included type of support services, sources of funds, kind of training programmes, size of loans, repayment schedules, and marketing of products. Others included constraints in terms of raw materials and production and management

skills. Interview guides and structured questionnaires would be used to source information from respondents. Respondents for the study include sampled MSSIs and support institutions.

3.4 Data Collection Instruments

3.4.1 Structured Entrepreneur Questionnaires

This was used to solicit information on the support services received from the MSSIs support institutions by the entrepreneurs. This method of information gathering enabled the researcher to interact with respondents on one-on-one basis so as to delve into critical issues of concern. Entrepreneur questionnaire contributed to triangulation and validation of responses gathered.

3.4.2 Focus Group Discussion (FGD)

This data collection method was employed to source information from the leaders of women groups, NGOs, men and the youth who are into Micro and Small-Scale Industries (MSSIs). The discussions were centred on support services. This method was chosen because it gave the respondents chance to collectively air their views on the subject matter. The method also allowed multiple checking of information gathered earlier through the use of questionnaires.

3.4.3 Unit of Observation

The researcher carefully used both strict and broad sense observation methods to find out where the activities of the people are concentrated. Through Community Resource Mapping, transect walks and taking photographs of the communities helped for easy visual and spatial appreciation and validation of the information that was provided through the questionnaires. MSSIs and their entrepreneurs, their centres of production, workshops, market places and support institutions and organizations were the researcher's unit of observation and analysis.

3.5 Data Analysis

Data obtained from the field was organized through data cleaning and processing by coding and editing before data entry process. Data was disaggregated and presented using Statistical Package for the Social Scientist (SPSS). Appropriate statistical tools were used to process the raw data for interpretation and relevant inferences made from the output of the SPSS analysis. The use of trend analysis, bar charts, pie charts, tables and maps were employed to represent the data for interpretation. Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis were used to assess the capacity or capability of the institutions in the delivery of their functions. Both

qualitative and quantitative methods were equally employed for analysis as and when they were needed.

3.6 Profile of the Study Area

3.6.1 Location and Size

East Mamprusi District (EMD) Assembly is one of the 20 Metropolitan/ Municipal Districts of the Northern Region and has its capital at Gambaga. It is located in the north-eastern part of the region. To the north, it shares boundaries with Bolgatanga Municipal, Bawku West and Garu Tempane districts, all in the Upper East Region and to the east is the Bunkpurugu-Yunyoo District. It is bordered to the west by the West Mamprusi District and the south by Gusheigu District. This can be seen on the district map in Figure 2 below.

3.6.2 Topography, drainage, Vegetation and Climate of EMD

The district is characterized by a gently rolling topography with the Gambaga escarpment, which marks the northern limits of the Voltain sandstone basin. The scarp stretches from east to west and at Nakpanduri, the peak of the escarpment and its waterfalls present nature at its most beauty. Important drainage features in the district include the White Volta, which enters the district in the northeast and is joined by the Red Volta near Gambaga escarpment with the Nawonga and Moba rivers also draining the south-western part.

The district experiences a single rainfall regime with a mean rainfall of about 100cm to 115cm and an annual average temperature of 27 C. In years in which the rains are heavy, access to outlying settlements is difficult. The highest peak is the Gambaga scarp which is 136.9m (449 feet) above sea level. Temperatures are generally high throughout the year. Low temperatures however, are experienced between November and February during the Harmattan period.

3.7 Human Settlement

There are two urban settlements with population of 5,000 and above. They are Nalerigu, and Gambaga. The people in these urban settlements constitute about 30% of the total population of the District. Seventy percent of the people are thus rural dwellers. Since all the major social and economic infrastructure and services are located in the urban areas, majority of the people are

either deprived totally of utilising these facilities or have limited access to them. Any programme aimed at alleviating poverty of the needy and vulnerable should best target the rural communalities.

3.8 Demographic Characteristics

According to the 2000 Population and Housing Census (PHC), EMD has a population of 142,877. The distribution shows that females account for 92,332 with 88,545 males, representing 51 % and 49% respectively. Compared to the 1984 population of 122,000, the population increased by 20,877. The average population density is 57 persons per square kilometer, which is lower than the national density of 79.7 persons per sq km but about twice the regional density of 26 persons per sq. km. The low population density of the district may be the interaction between a harsh climate and ecology, migration and poverty. This may constitute a significant constraint on the sitting of feasible sustainable community facility such as schools, health infrastructure, potable water supply, etc. There are 142 communities in the district with 17,656 houses and 22,281 households. The average household size is 7.7.

Majority of the population are between the ages of 15 and 40. The population structure of the EMD can be said to be young. The implication of such a young population age structure for the provision of social and community facility is enormous. This raises the issues of youth mobilization, employment creation and proper grooming with skills for development of the district. Since women constitute 51 % of the total population, more focus on gender mainstreaming and women empowerment to have a greater say in decisions that affects their well-being is identified as a factor that will enhance development in the district. The current growth rate of the population is 3% per annum.

3.9 The Role of Non-Governmental organizations in the District

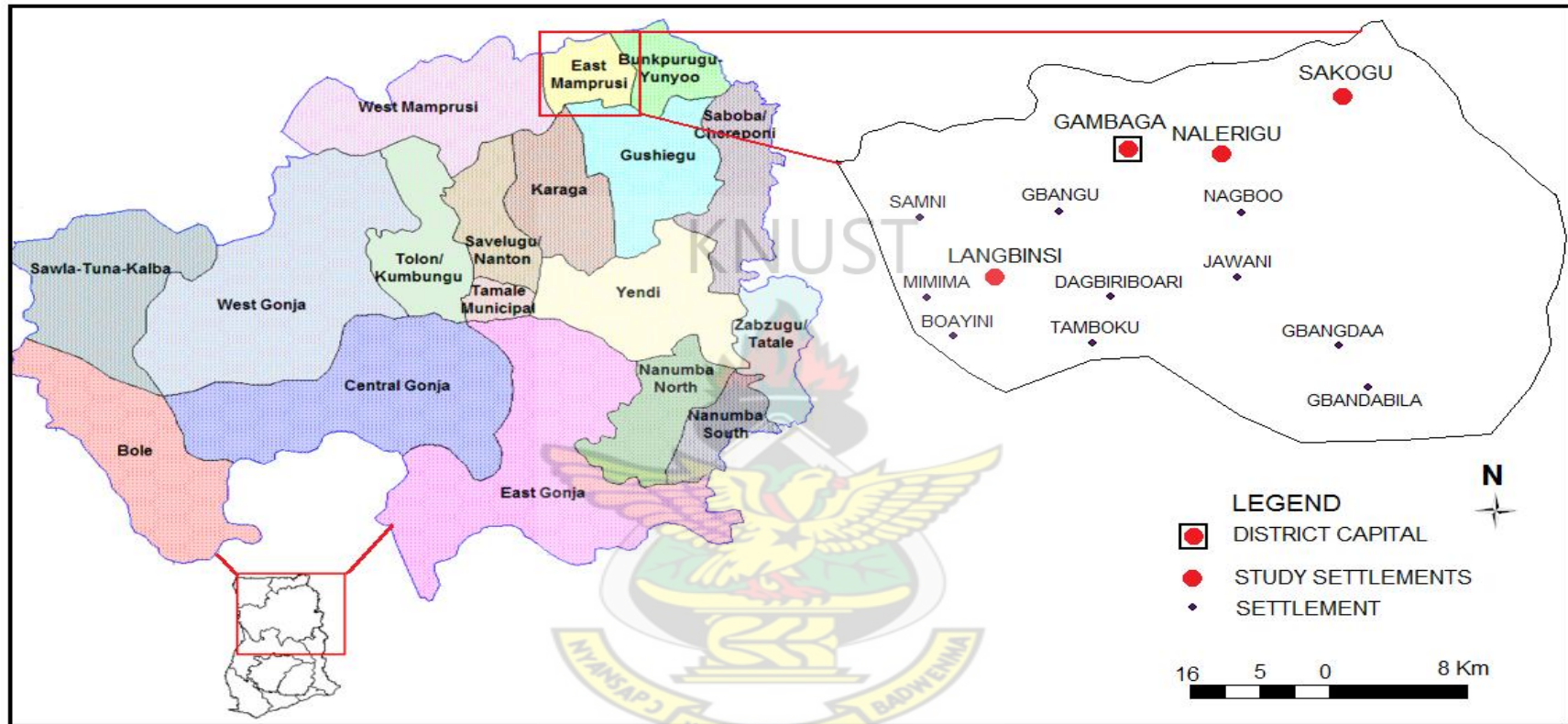
There are several NGOs in the district that play important socio-economic roles in the district development progress. The district collaborates with such development partners to increase the standard of living of the people. Some of the NGOs in the district include: Catholic Relief Services (CRS), CIDA, DANIDA, EQUALL, Action Aid, PAS, PARED, OIC, CIFS/CARE, SPEED Ghana and Freedom From Hunger. These NGOs provide support in socio-economic areas as Agriculture, Water and Sanitation, Health, Education, etc. in collaboration with the

District Assembly. While some provide funds for such activities, others directly provide services such as distribution of emergency food aid and relief materials, training and development of community groups, provision of extension services and farm inputs.

KNUST



Figure 2: Map of East Mamprusi District in National and Regional Context



Source: Department of Planning, EMD 2010

3.10 Major Economic Activities

Agriculture and its related activities is the main economic activity in the East Mamprusi District. Agricultural production activities in the district are labour-intensive carried out by both males and females, although females are known to hold only 2% of all acreage under cultivation. Most crop farmers (82%) are small-scale holder (cultivating up to 4 acres), while only 3% of farmers have large scale holdings. The district experiences an increase in proportion of labour force in agriculture at the expense of manufacturing and other industrial activities. The proportion of the working population aged 15 years and above employed in agriculture as their main job increased from 78.3% in 2000 to 90.5% in 2008 while the share of especially manufacturing and social services declined from 5.5 and 5.7 percent to 0.9 and 1.3 percent, respectively (DAEA, 2009). Most of the people are either self-employed or work for their family, a trend which has remained largely unchanged from 2000. The main employer in the district is the private informal sector, which employed 73.7, 89.7 and 91.2 percent of the economically active population in 2000, 2003 and 2008, respectively (DAEA, 2009).

Industry in East Mamprusi District is at a basic stage. The sector is dominated by small-scale industries. Potential exists in the industrial sector especially in the processing of agricultural produce such as groundnuts and shea butter. Shea butter and groundnut oil extraction is dominated by adult women. Processing of dawadawa, blacksmithing, bakery, pito brewing, food processing, carving and weaving of traditional textile and baskets are carried out on a small scale.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION OF RESULTS

This chapter offers a presentation of the information gathered from the field. The presentation is done along thematic organization of study objectives as input for the discussion phase. It contains descriptive information of the interviewed entrepreneurs and relevant institutions supporting micro and small-scale industries in the district and analysis of data from them.

4.1 Analysis of Micro and Small Scale Industries Studied

The percentage distribution of respondents in the various settlements selected is presented in Table 1. The fieldwork was carried out in four settlements, chosen to be as representative as possible of variables affecting small-scale industries entrepreneurs in East Mamprusi district, particularly in relation to access to institutions supporting the micro and small scale industries. These settlements are shown in Table 1. Forty-five (45) percent of entrepreneurs were interviewed at Nalerigu, 14 percent in Langbensi, 24 percent in Gambaga, and 16 percent entrepreneurs at Sakogu.

4.2 Type of Business Ownership

The survey revealed that sole proprietorship otherwise known as one-man business dominates the other types of business ownership in the SSIs sector. Out of the 93 entrepreneurs interviewed, 62 entrepreneurs representing 67 percent of the sample were sole proprietors. This can be attributed to several factors. The major factor is the lack of institutional outlets for interest bearing investment of individual savings in the rural areas. An equally important factor is the lack of trust among the entrepreneurs. More than 90 percent of the sole proprietors said they have never considered teaming up with other entrepreneurs to form partnership for various reasons including mistrust, inability to read and write due to high illiteracy rate among the active population. The general high level of sole proprietorship is a setback to resource accessibility, especially credit. Under such circumstances, the enterprise relies solely on the limited skill of the entrepreneur, who cannot single-handedly employ all the modern management techniques such

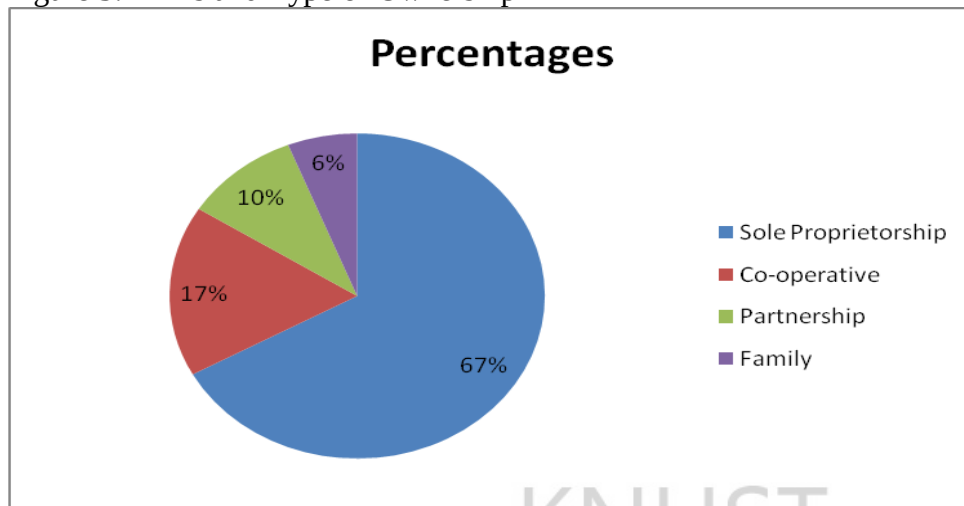
as accounting, costing, financial and planning among others. Another limitation that largely depends on the prevailing ownership structure is lack of continuity of operation that may result in the event of the death of the owner, if there is no one with sufficient business capacity in the family to take over its operations and management.

Co-operative societies form the second major type of business organization in terms of number, (See Figure 3). There were 16 co-operative societies representing 17 percent. These are mainly women associations like Sugru Vella Soap making group, Manin Doliba Women's group, 31st December Women's Movement. Most of them are organized by various NGOs and the financial institutions such as Bawku East Small Scale Farmers Association (BESSFA) Rural bank and East Mamprusi Community Bank (EMCB).

Partnership is the third largest type of business organizations representing 10 percent of the sampled population. One thing about the partnership was that all those in the partnership had some education beyond basic education level.

Family businesses consist of 6 percent of the entrepreneurs interviewed. This type of business activity is usually in the field of smock-weaving, handicraft, local soap production, carpentry and blacksmithing. The percentage distribution of responses on the type of ownership of firms is presented in Figure 3 below.

Figure 3: Firms and Type of Ownership



Source: Field Survey, February 2010

4.3 Internal and External Profile Analysis of Small Industries

4.3.1 Entrepreneurial Characteristics

i) Age and Sex of Entrepreneurs

It is shown clearly in Table 3 below that majority of the entrepreneurs are not older than forty years. Those aged 40 years and below formed 73 percent which is quite a significant proportion. This implies that entrepreneurs in MSSIs are usually young and energetic, and therefore with adequate training and financial support the sector could improve its contribution towards the economic development of the country. Nevertheless, most of these proprietors are characterized by a degree of inadequate experience to be able to manage the enterprises well thereby limiting the efficiency of MSSIs.

Table 2: Ages of Respondents

Range (Years)	Frequency	Percentage
18-30	27	29
31-40	41	44
41-50	18	19
51+	7	8
Total	93	100

Source: Field survey, February 2010

The survey confirmed the assertion that SSIs play an important role in female employment (NBSSI, Vol.4 1998). In the survey, 92 percent of the entrepreneurs interviewed were women, whilst men formed 8 percent. This is shown in Table 3. This might be as a result of the dominance of females in the informal economy (Ibid, 1998).

Table 3: Sex Distribution of Entrepreneurs

Sex	Frequency	percent
Male	7	8
Female	86	92
Total	93	100

Source: Field survey, March 2010

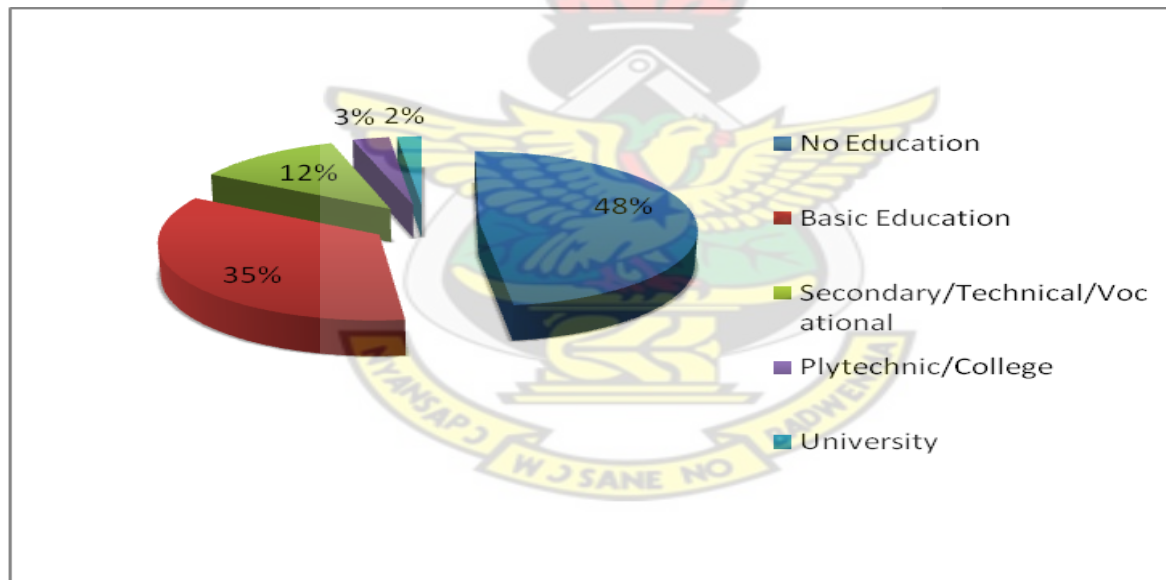
ii) Level of Education

Education provides a basis for intellectual development, which the entrepreneur requires to be in successful business. The study reveals that 12 percent of the respondents attained Secondary/Technical/Vocational education, 35 percent had basic education and 48 percent had no formal education. The low level of education of entrepreneurs limits their capacity to deal with their customers confidently, prepare business plans, appreciate the dynamic nature of their businesses, keep accurate records and participate actively in their training sessions. Entrepreneurs who have been educated particularly up to secondary/vocational or tertiary schools have been equipped with basic accounting, commercial, vocational and secretarial skills. They have basic managerial skills and are well-informed about facilities such as financial and

technical support available to them. They are able to provide information about their businesses whenever necessary. See figure 4 .

It was found out that level of education impacted heavily on the access to support services especially credit facilities by small enterprises. Most of the entrepreneurs did not have formal education and this is shown in figure 4. Therefore, entrepreneurs did not have the managerial competence and trustworthiness required by financial institutions to merit the provision of bigger credit. Entrepreneurs could not keep proper records of daily transactions and did not have any business plan to guide their operations, as usually required by banks in the demand for credit. The low level of education incapacitated enterprises to take the risk of accessing responsive loans from the banks.

Figure 4: Educational Level of Entrepreneurs



Source: Field Survey, March 2010

iii) Nature of Business and Kind of Training Acquired

The data revealed that 85 percent of respondents were into full time small scale industrial businesses while only 15 percent of respondents were doing it as part time business. Also, type

of training acquired was 85 percent and 15 percent for apprenticeship and vocational training respectively.

4.3.1 Internal Profile Analysis

i) Management Skills

Management experience which includes marketing, production, personnel, finance and technology is positively associated with the growth of firms. The study as shown in Table 4 indicates that 31 percent of respondents have marketing promotion skills, 27 percent have production skills, 13 percent have financial skills and 19 percent have personnel skills. The 10 percent whose highest educational level is middle school received their training through the traditional apprenticeship system (Technical knowledge), which according to Yankson (1991) does not incorporate an essential input in management techniques. This is illustrated clearly in Table 4

Table 4: Management skills

Type of management skill	Number of response	percentage
Marketing	28	31
production	25	27
Personnel	18	19
Finance	12	13
Technological knowledge	9	10
Total	93	100

Source: Field Survey, March 2010

ii) Motivation

Motivation has a relationship with success of entrepreneurs. A positive motivation propels the entrepreneur to identify market opportunities for his or her product or service and to make more profit. In the study, 45 percent of the respondents stated that they were motivated to start up their enterprises by their desire to make profit. Those who mentioned income for subsistence constituted 35 percent of respondents, 19 percent for market opportunities and 1 percent for

dissatisfaction with existing employers. The relatively high motivation provides a good foundation and potential to be well integrated into the national economy.

iii) Technical Capacity

The physical elements including technology adopted and type of infrastructure with which the personnel work can either serve as an incentive or disincentive to production. Technology has many connotations but it all centres around its notable components of software and hardware. The hardware component refers to the nature and functions of the machinery and equipment that are necessary for the operation of a particular enterprise. The software stands for the knowledge and skills required for production and consists of a combination of applied science, accumulated experience and skills (Dinye, 1991). The study revealed that 60 percent of entrepreneurs employ both traditional and modern technologies, and 40 percent of entrepreneurs employ traditional technologies. The availability of infrastructure (workshop, electricity, water, access road, telephone and storage facilities) reflects the pattern of industry type and hierarchy of settlements.

4.3.2 External Profile Analysis

i) Supply and Accessibility of Raw Material

The survey revealed that 87 percent of entrepreneurs purchase their raw materials, 5 percent practise wild harvesting, 2 percent produce raw materials and only 6 percent utilize household food stocks. There was no settlement- to-settlement variation as the pattern was generally true for all settlements. The number of entrepreneurs who self-purchase their raw materials assessed the cost of raw materials differently. From the sample, 70 percent of the entrepreneurs assessed the cost of raw materials as costly, 20 percent as being moderately costly, and 10 percent assessed cost as “very costly”.

The interview of sampled entrepreneurs generated 93 responses on sources of supply of raw materials. The percentage distributions of responses on sources of raw material supply were varied depending on the type. The sources are presented in Figure 5 below. From figure 5 below, 45 percent of the entrepreneurs indicated that they obtained their raw material supply from

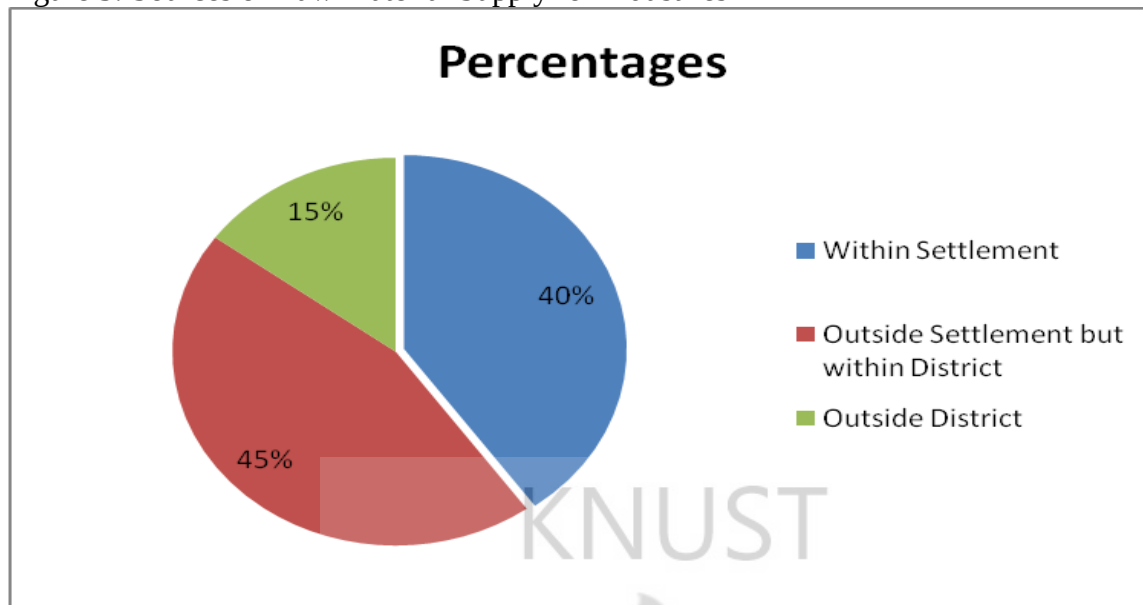
outside their respective settlements but within their district for production purposes. Also, 40 percent of responses revealed that entrepreneurs got their raw material supply from within their respective settlements while only 15 percent responses indicated that entrepreneurs got their raw material supply from outside the district. Variations characterize the data on sources of raw material. With the exception of caustic soda, iron rods, palm oil, ink, batik materials and tradable goods, as much as 70 percent, 78 percent and 48 percent of responses show that entrepreneurs obtain the supply of shea nuts, paddy rice and foodstuffs from within their settlements respectively.

The data also show that seasonality characterise the supply of some raw materials. While 52 percent of entrepreneurs from interviews said they were not faced with seasonality of supply of their raw materials, the remaining 48 percent reported seasonality of supply of their raw materials. From the data, 60 percent, 40 percent and 33 percent of responses show that shea nuts, guinea corn and paddy rice are available for production purposes respectively. The responses on availability of other raw materials during the planting season are minimal.

In the harvest season, paddy rice, guinea corn, tradable goods, foodstuff and clay are available as reported by 44 percent, 46 percent, 20 percent, 32 percent and 27 percent of respondents respectively. Availability of raw materials during the harmattan and warm seasons was reported to be very low. With the exception of shea nuts and paddy rice, bread flour, guinea corn, foodtuffs, threads, iron rods, fuel wood and clay were reported to be available all year round as evidenced by over 54 percent of responses in each case.

MSSIs operators face a lot of problems with respect to procurement of raw materials. Respondents were asked to indicate their problems in order of severity. Analysis of the responses revealed that 36 percent said inputs were expensive, 32 percent of respondents indicated insufficient funds, 18 percent mentioned scarcity of inputs and 14 percent stated that high transport cost (fares), was a problem.

Figure 5: Sources of Raw Material Supply for Industries



Source: Field Survey, March 2010

ii) Access to Informal Formal Credit Facility

Finance, according to Thoni and Yankson (1985) is the most severe problem of small-scale industries. The study revealed that small-scale entrepreneurs generally rely on their own sources of capital for both initial (59 percent) and working capital (64 percent). The total contribution of banks to the credit delivery system in the EMD is 26 percent is not encouraging considering the fact that banks are supposed to play the prime role in the provision of medium and long term investment capital to prospective entrepreneurs. If investment financing is to be left in the hands of entrepreneurs own sources against the background of low domestic private savings, then small-scale industries development, which is mainly private sector activity, will be greatly hampered.

The data gathered during the field survey revealed that, there is problem with finance. The problems of finance given by respondents include the following; 69 percent of respondents said they are not able to keep records of income and expenditure, 87 percent of respondents said inadequate funds and failure of debtors to settle their debts on time, 45 percent respondents indicated irregular flow of revenue and high inflation rate, and finally 77 percent of sampled entrepreneurs said that high banks interest rates makes borrowing in financial institutions very

scaring. The pragmatic and coping strategies which are being adopted by some entrepreneurs to solve their liquidity problems include negotiations for credit purchases and arrangements for loans from friends and relatives. The fear of inability to pay back loans contracted from a financial institutions and high cost of capital are the reasons why entrepreneurs are not motivated to go to the banks for financial assistance.

4.4 Assistance Received from Various Institutions

Out of the 93 firms surveyed, 34 representing 37 percent reported that they have received assistance of various forms: financial, technology transfer, production, personnel and marketing. Also, 32 entrepreneurs representing 35 percent had heard about such institutions but had not received any kind of assistance from them. However, 18 out of the 32 entrepreneurs representing 56 percent said they were aware of the existence of promotional institutions and have applied for assistance but had not yet received any. In the same vein, 24 entrepreneurs representing 26 percent of the entrepreneurs interviewed have not had any contact with any agency that supports MSSIs. Incidentally, these entrepreneurs are located in the only rural settlement selected as one of the four settlements for the study with employees not more than three people. Also, their owners are uneducated and have never taken part in any promotional programme. On the financial front, 59 percent of the entrepreneurs started their business with their own funds (personal savings), 37 percent from family members, 3 and 1 percent from banks and money lenders respectively.

4.5 Scope and Nature of Product

The market boundaries of entrepreneurs are within settlement, within the district and outside the district. This means that some of the entrepreneurs have the opportunity to explore and export their commodities outside their area of operation. From the survey, 62 percent of the sampled entrepreneurs sell within their settlement, 31 percent of respondents sell outside the district but within the district and 7 percent of entrepreneurs sell outside the district. Also from the survey, 44 percent of respondents indicated that there is high level of demand for products, 42 percent

indicated that there is moderate demand of the products and 14 percent of respondents indicated that there is low level of demand for their commodities. The possible causes of the low level of demand for the commodities were mentioned during the interviews as follows; low income of people (37 percent), competition from other producers (35 percent), competition from imported goods (15 percent) and poor quality product which constituted 13 percent.

The marketing arrangement which has been adopted by the entrepreneurs is (revealed to be) that 39 percent of entrepreneurs offered only cash sales, 22 percent of respondents indicated credit sales and 61 percent of respondents sold both cash and credit.

4.6 Micro and Small Scale Industries Promotion

Promotion of MSSIs refers to the series of activities undertaken by individuals, groups, institutions and organizations (Government or Non-Government) to bring about growth and change in the MSSIs sector. The aim is to develop MSSIs in order to improve it as a tool to achieve certain developmental goals and objectives (Dinye, 1991). MSSIs promotion in this study refers to the efforts of individuals, groups, institutions or organizations or certain combination of these agents to effect an expansion in the activities of existing small-scale industries in the district. Expansion in their activities can take the form of increase in the number of the existing enterprises all resulting in increased in output or creation of new industries taking the form of the establishment of modern forms of the existing industries.

4.7 The Role of East Mamprusi District in Promoting MSSIs

The East Mamprusi District (EMD) was established by the Legislative Instrument (LI) 1776. It is the highest administrative and political body in the district that is charged with the responsibility of formulating and implementing development plans, programmes and projects. Resulting from the mandate given by the Local Government Act 1993 (Act 462), the EMD as the main agent of change at the local level has taken some steps in harnessing available human, material and financial resources for the promotion of MSSIs.

i) Legal and Regulatory Function

The EMD through the departments of cooperatives, community development and REP has an inventory of MSSIs and cooperative societies operational in the district. The district also has a combined team of personnel from the veterinary services, the District Health Management Team (DHMT), the police and the Department of Cooperatives who are charged with the task of regulating any business or trade which may be noxious or injurious to public health or pose a source of danger to public. It is, however, disappointing to note that though this laudable task force exists, it is virtually inoperative as it is constrained by lack of commitment of the various departments to commit personnel and logistics to the task force resulting in the inability of the EMD to adequately promote MSSIs.

ii) Infrastructure Provision

The EMD in its quest to promote micro and small-scale industries have provided and improved two markets at Langbensi and Nalerigu. This is the district's efforts of increasing commercial activities in the district. In order to create a favourable economic environment for MSSIs, the EMD is currently rehabilitating feeder roads from Kolinvai to Jawani and Nalerigu to Laterigu to open up the district.

i) Financial Support and Training

The EMD runs an emergency social relief programme. This fund is disbursed to individual entrepreneurs who form themselves into cooperatives. These groups serve as guarantee for each other's loan. The scheme has supported about 154 beneficiaries who are engaged in smock-weaving, basketry, batik tie and dye, bakery and carpentry.

Also, through the Department of Community Development and Cooperatives, the district organizes interested communities for training and formation of credit unions. It also assists these organized groups to be legally registered and recognised and link these groups to agencies and financial institutions for support services.

4.8 The Role of Rural Enterprise Project/BAC

The Rural Enterprise Project (REP) is part of Ghana Government's efforts to reduce poverty and improve living conditions in rural areas. With a total cost of US\$29.3 million, the project is financed by the Government of Ghana, the International Fund for Agricultural Development (IFAD) and the African Development Bank (AfDB). Implementation of the Project commenced in July 2003. The Ministry of Trade and Industry (MoTI) has since December 2007, assumed responsibility as the Ghana Government Executing Agency for the Project.

The overall goal of the REP remains to contribute to alleviate poverty and improve living conditions in the rural areas and especially increase the incomes of women and vulnerable groups through increased self and wage employment. The immediate objective of REP remains to build a competitive rural micro and small enterprise sector in the participating districts. This will be supported by relevant, good quality, easily accessible and sustainable services.

The interventions of the project are delivered through the four integrated technical components and supported by the project Coordination and Management Unit (PCMU) as follows: Business Development Services (BDS), Technology Promotion and Apprentices Training (TPSAT), Rural Financial Services (RFS) and Support to MSE Organisations and Partnership Building.

4.9 REP Collaboration with other Partners within EMD

There is a strong collaboration between the office of REP and other institutions promoting MSSIs in the EMD. A case in point is the local NGO known as Partners in Rural Empowerment and Development (PARED). PARED which came into being in December, 1998 has established links with other NGOs such as CARE INTERNATIONAL, DANIDA and Technoserve. PARED works with individuals, mostly women groups and communities in EMD and beyond, to empower them to tackle poverty-related issues for themselves. PARED also offers micro credit loans to groups especially women groups, to enter into trades or expand their enterprises. So far, 10 women groups, directly working with BAC under the REP project have been provided with loans totaling GHc 10,000.00 since 2006 and they are yet to finish paying back the loans. Among the 10 groups, six are into soap-making, three groups into bakery and one group into batik tie and dye.

4.10 Performance of Institutions Promoting Small-Scale Industries

The available institutions within the district include NBSSI/REP, East Mamprusi Community Bank (EMCB), Bawku East Small-Scale Farmers Association Rural Bank (BESSFA), Partners in Rural Empowerment and Development (PARED), Technoserve, SPEED Ghana, Freedom from Hunger, Care International which implement its projects in the district through CIFS and the District Assembly. However, the support services to MSSIs in the district are mainly facilitated and co-ordinated by REP. These support services includes Technology transfer, entrepreneurship development, financial services, managerial development and market promotion. At the enterprise level, the awareness of these support services is high. The reason is that 58 percent of the sampled entrepreneurs responded that they were aware of the support services, 20 percent of respondents said they heard from other agro-based entrepreneurs and 22 percent have never heard of any support service. At the spatial level, there is very high rate of awareness at Gambaga (78 percent) which is the district capital, followed by Nalerigu (65 percent). At Langbensi and Sakogo the awareness level is very low thus constituting 20 percent and 35 percent respectively.

For a support service to achieve its desired goals and objectives for which it was established, it must be made known. Awareness creation must be a key in order to be able to send the message across for intended beneficiaries to access the facility. It also creates a platform for entrepreneurs to know the project objectives, focus areas, eligibility criteria and how to access the facility. From the studies, it has been revealed that the current level of awareness will not enhance adequate participation, which could affect the sustainability of the support services. There is the need to intensify the awareness creation campaign throughout the district.

4.11 Output Focus Approach

i) Level of Support Service

Scale of operation of the promotional institutions is examined with respect to the targets and expectations of institutions. Table 6 indicates the relationship between the targets set and achievements. For the period of 2007 to 2009, REP targeted to provide entrepreneurial development service to an estimated number of 388 entrepreneurs in entrepreneurship. However,

REP was able to provide for 240 people representing 62 percent of the targeted population. What this means is that 38 percent of the entrepreneurs in the district targeted could not get the requisite training on entrepreneurial capacity building. The inability for REP to meet its target has the following implications. First and foremost, the clients will not be committed again and this can lead to the project goals and objectives not to be achieved. Financially, REP need to source funding and other resources to train the entrepreneurs who could not be trained during the planned period. The capacity to perform this task efficiently requires that adequate resources and personnel are provided and realistic targets set.

The target to train 265 entrepreneurs in business management was not fully achieved. Only 235 representing 89 percent were trained. The training on group dynamics will help group executives to manage group resources (human and material) more effectively and efficiently in order to ensure growth in their businesses. It will also offer them the capacity to play a more meaningful advocacy role in support of their businesses.

The support service for financial/credit facility and market promotion achieved 53 percent and 99 percent respectively. Inability to offer financial support to more entrepreneurs has a potential of slowing down the growth of small enterprises in the district. The project should therefore intensify its efforts in this area. Considering the number of small-scale industries in the district, efforts should be made by promotional institutions to reach more entrepreneurs within a given year in order to ensure general improvement in the circumstances of the enterprises.

Table 5: Operations of Support Service

Support service	Targeted No. of people to receive the service	Actual No. of people who received the service over time	Percentage of people who actually received the service
Entrepreneurship	388	240	62
Managerial	265	235	89
Financial/ Credit	400	212	53
Market promotion	302	300	99

Source: Annual REP Report 2010, EMD

ii) Outreach Projects and Programmes

Women are considered a vulnerable group in our society and constitute 51 percent of the Ghanaian population according to 2000 population and Housing Census (PHC) and this reflects perfectly in the EMD where females account for 92,332 and 88,545 male, representing 51% and 49% respectively (PHC, 2000). Notwithstanding their vulnerability, they play an important role in national development. Yet, in most cases they do not have access to productive resources. The rural women are the most affected. It is for this reason that Women's Enterprise Development Department (WEDD) of NBSSI was set up to handle issues affecting women entrepreneurs. Figure 5.5 below shows the proportion of women's share with respect to the provision of support services by the promotional institutions. For REP support, more women (70 percent) were trained in entrepreneurial development than men who constituted 30 percent during the period. Also, in managerial skills, more women (60 percent) benefited more than men. Indeed women have benefited from REP and District Assembly support services and training programmes more than men. Research has shown that women dominate the informal and small-scale sector of the economy such as food, bakery, textile and weaving, blacksmithing, as well as handicrafts (NBSSI Volume 4, December, 1988). Working to improve on the managerial competence of women will go in no small way to enhance their business opportunities and growth. This will in turn improve their finances and their well-being. The challenges that face women entrepreneurs are living up to the task and availing themselves for the support services. Studies conducted by WEDD between 1991 and 1995 shows that women lack confidence and time to call in frequently at the BACs for service (Ibid, 1998).

Conversely, in the East Mamprusi District, more women have registered with the BAC and they go to the office for advisory services more than men. They must be encouraged to sustain their participation if the desired impact on their businesses is to be achieved. Women constitute about 70 percent of total group under the project. This figure is in excess of the government's Affirmative Action Policy that maintains that women should receive at least 40 percent of all assistance to small scale entrepreneurs (Ibid, 1998). With respect to the District Assembly, a relatively greater percentage of its credit support (60 percent) went to men.

4.12 Impact of the Support Service

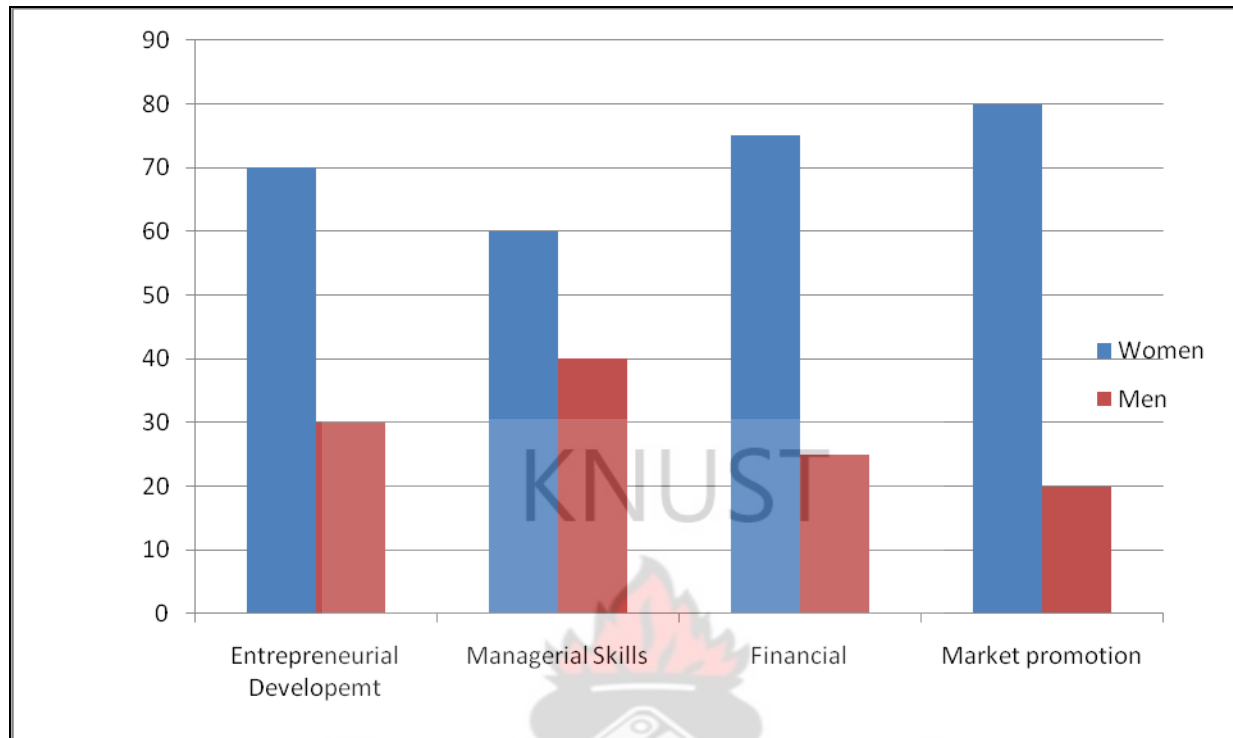
i) Proportion of Entrepreneurs Who Benefited as Intended

The expected beneficiaries of the support service are very crucial if the desired impact is to be made in order to achieve the project's objectives. It has been realized that targets for the various support areas especially market promotion (99 percent) and managerial skills (89 percent) were almost achieved. However, the entrepreneurial development and financial support had a shortfall of 38 percent and 47 percent respectively. All the targets were not fully achieved but averagely exceeded 50 percent except the District Assembly's credit line, which recorded a shortfall of 32 percent. The Project also aims to reach rural women more especially those engaged in non-farm activities. Women constitute averagely 65 percent of the total number of people reached under the project. This figure is indeed in excess of government Affirmative Action Policy which stipulates that women should receive at least 40 percent of all assistance to small-scale entrepreneurs.

ii) Proportion of Entrepreneurs Who Utilize the Service as Intended

The data revealed that 77 percent of sampled respondents are applying the service received accordingly. Those who are applying the skills report of improved profits, self motivation, increased customers and business expansion. Just about 23 percent of entrepreneurs are not applying the skills acquired. In order to find out the factors which were preventing them from using the skill acquired, the following reasons came up: low level of demand and irregular sales do not encourage record keeping and inability to detach personal funds from that of the business.

Figure 6: Proportion of Support services given to Women and Men



Source: Field Survey, March 2010

iii) Satisfaction Level:

The survey revealed that 31 percent of the sampled entrepreneurs had received at least one support service. The skills acquired through the trainings are presented below in Table 6

Table 6: Skills Acquired through Training

Support Service	Skills Acquired	Organizers	
		Lead Agency	Collaborators
Finance	Record keeping, savings culture, credit sourcing	REP	SPEED Ghana, EMCB, BESSFA
Technology transfer	Colour mixing, design creation, application of appropriate tools	REP, District Assembly	PARED, Technoserve
Market Promotion	Good customer relations, market studies, pricing, packaging, market opportunities identification	REP, PARED,	Care/CIFS, EMCB, SPEED Ghana.
Entrepreneurship	Self motivation and supportiveness, risk management, setting up business	REP, District Assembly	PARED

Source: Field Survey, March 2010.

Generally, 80 percent of the respondents said they were satisfied with the financial training on book keeping, savings and credit sourcing they received. It is revealed that the batik tie and dye sector has 100 percent satisfactory level with the technology transfer. The technology transfer involved colour mixing, design creation, shea butter processor and application of appropriate cream. In the same vein, 96 percent satisfactory level was achieved regarding the market promotion on good customer relations, market studies, pricing, packaging, and market opportunities identification and finally, 88 percent satisfaction level with entrepreneurship development.

The level of satisfaction amongst the recipients of the services was generally high and should be sustained through the improvement of the service delivery. In the study, the least acquired skills is finance. On the basis of this, attention should be focused on improving the credit support service. Improving the delivery of this service is important because credit support delivery will ensure continued participation of the entrepreneurs in that the most severe problem of their operations would have been addressed.

iv) Proportion of entrepreneurs reporting business benefit

The activities of the MSSIs support institutions have had impact on the attitude of small-scale enterprises and have consequently improved their entrepreneurial capabilities. The field survey revealed that the institutions have impacted on the following areas of their operations (see Table 7). Twenty-nine (29) percent of proprietors have improved in colour mixing, 16 percent indicated that their sales and profits have increased, 8 percent have had increase in their savings and reinvestment ever since they underwent the training programme and applied to their daily activities. Another remarkable impact is increase in assets. About 10 respondents representing 23 percent of entrepreneurs have had an increase in their assets after the support services (Source: Records of the BAC of REP and PARED)

Table 7: Impact of support services on Beneficiary Entrepreneurs

Reported Benefits	Entrepreneurs	
	Number	Percentage
Colour mixing improvement	27	29
Sales and profit increases	15	16
Expenditure control	8	9
Increased savings and reinvestment	7	8
Profitability assessment	5	5
Increased assets	21	23
Improved customer relation	10	11
Total	93	100

Source: Records of REP/PARED and Field Survey March 2010.

Plate 1: Support Service for Catering



Source: Field Survey March 2010

Plate 2: Support Service for Bakery



Source: Field Survey March 2010

4.12.1 Impact of Project and Programmes Services

It can be seen below in Table 9 that the performance of promotion institutions has led to the establishment of profitable businesses, 40 and 42 percent for males and females respectively. With new enterprises established within the last three years, 20 percent are made of male and 23 percent females apprentice graduates from REP on technology skills training in bakery, batik tie and dye and soap making enterprises. Discussion with entrepreneur associations' executives revealed 17 percent of males and 11 percent of females beneficiaries are now operating active business bank accounts and this has been confirmed in the records of BAC/ REP and EMCB and is illustrated in Table 9.

i) Institutional Level

Trainers' competence is assessed at the institutional level on the basis of their job knowledge, teamwork, interpersonal skills and planning ability and communications skills. Job knowledge is very fundamental for effective and efficient performance. Table 9 shows the assessment of the trainers by the promotional institution – NBSSIs. On the side of NBSSI assessment, trainers have very good professional knowledge about their job. The differentiated nature of small-scale enterprises requires that training packages be tailored to meet specific needs of specific enterprises.

Table 8: Impact of Project Services on Beneficiaries

Benefits	Male		Female	
	frequency	%	Frequency	%
Profitable business established	150	40	380	42
Enterprises established by apprentice graduates	75	20	210	23
Beneficiaries Operating active Bank Account	65	17	100	11
Enterprise with increased production	55	14	123	14
Positive growth in profit	35	9	98	10
Total	380	100	911	100

Source: BAC/REP, EMD, EMCB, PARED Report, 2009.

4.13 Input Focus Approach

Competence plays an important role in the performance of one's role. The input factor determines whether the recipient will understand, accept and apply what is being learnt. The criteria used are the knowledge, teamwork, interpersonal and communication skills, and ability to plan. The assessment of input factor is done at two levels, thus, the institutional and recipient. All the stakeholders are working towards a common goal and objective of promoting and developing the MSSIs sector. In this regard, there is much collaboration among the stakeholders – the entrepreneurs, the NGOs into MSSIs promotion, financial institutions, District Assembly, REP and NBSSI. The high level of collaboration ensures efficiency and effective service delivery and it should be strengthened. Trainers also possess very good interpersonal and

communication skills. This enables them to mix very well with the entrepreneurs during their training and outreach programmes. According to entrepreneurs' assessment, trainers use understandable language and provide feedback mechanism during training. The general positive assessment of trainers means that these behavioural traits could enhance the performance.

Table 9: Trainers Performance Assessment by NBSSI

Indicators	poor	Average	Good	Very good	Excellent
Job knowledge					+
Team work				+	
Interpersonal skills				+	
Communication skills				+	
Planning ability				+	

Source: Author's Field Survey March, 2010.

ii) Entrepreneur's Level

Indicators were used for entrepreneurs who have ever attended training regarding their enterprises/firms to assess the trainers. The assessment is graded as poor, average, good and excellent based on the following indicators: Made me think, motivated me, used understandable language, knew his field and energized the group. Seventy (70) percent of respondents indicated excellent in respect of "used understandable language" by the trainer. The 30 percent of entrepreneurs said the language use was good and understandable. On the side of "made me think", 58 percent of respondents awarded good for it, and 42 percent awarded excellent. The implication is that the trainers actually stimulated discussions and asked thought-provoking questions with respect to their business operations. On motivation, entrepreneurs' response indicated that they were excellently motivated by trainers to be profit-making conscious and to take advantage of market opportunities. The high performance assessment means that the trainers made very good inputs into the operations of service beneficiaries.

Table 10: MSSIs Support Institutions Operating in the EMD and their Activities

Name of Institution	Location	Activities	Focus Area
REP	Within District	Identification, formation, registration and training of entrepreneurs Linking them to financial and support institutions, Managerial backstopping, Counseling and monitoring	To reduce poverty in the district Empower women and the vulnerable groups Encourage self and wage employment To create competitive rural micro and enterprises
PARED	Within District	Training of non-farm enterprises' entrepreneurs Building capacity of members of SSIs Offers micro credit facilities,	Reduce poverty in the EMD To increase income levels of MSSIs entrepreneurs Empowering of women
EMCB/BESSFA	Within district	Training and formation of groups Business advice Offering of credit facilities Monitoring of loans, Savings mobilization Monitoring of business progress	To deliver effective and efficient micro credit service Provide reliable and secured source of savings Entrepreneurship capacity building
CARE International/ CIFS	Regional	Training on resource mobilization Technology transfer Developing Business plans Training on gender participation	Industries should be driven by communities themselves Resource mobilization Gender participation in projects
SPEED Ghana/Freedom From Hunger	National	A revolving loan facility in EMCB for MSSIs	Refinancing Micro Finance Institutions
Technoserve	Regional	Training on resource mobilization Developing Business plans	Industries should be driven by communities themselves Resource mobilization
DA (co-operatives and Dept. of Community Development	Within District	Linking groups to financial and support institutions Logistics to support REP Registration of business enterprises Monitoring and supervision	To create enabling environment for the establishment of MSSIs Regulatory legislation for businesses Sustenance of existing enterprises

Source: Field Survey March, 2010

4.14 Factors that Influence the Promotion of MSSIs Development

4.14.1 SWOT Analysis of the Factors Influencing the Promotion of MSSIs in EMD

The factors that stifle the growth and development of MSSIs are both internal and external and as such any form of intervention should be directed at these two factors. In the light of this, the analysis focuses on the assessment of these internal and external factors that need to be identified, resolved, minimized and or removed in order to promote the development of small-scale industries in the EMD. The analysis applies to the Strengths, Weaknesses, Opportunities and Threats (SWOT) in order to have an in-depth understanding of the problems and constraints of the enterprises. Strengths and weaknesses represent internal factors while opportunities and threats are external factors. Whereas the strengths represent the foundations on which the continued success can be built, weaknesses represent the retarding influences on the success and growth of the organization (Eyre and Rettinger, 1999 in Kwaku, 2000: 13). For this reason, mitigations need to be sought.

Opportunities are external factors that will enhance the success of the organization. Opportunities may come through the application of research and it should be recognized and grasped when they arise. Threats on the other hand refer to the external factors that are likely to stifle the growth and development of the organisation. The organization does not have control over threats but can act to minimize their impacts on the enterprise. Table 4.11 shows the application of SWOT in the analysis of the internal and external influencing MSSIs promotion.

4.14.2 The Assessment of Internal Factors – Strengths and Weaknesses

i) Strengths of MSSIs for Socio-Economic Development

In terms of locational advantage, MSSIs can flourish in non-metropolitan areas, whereas the large scale industries is determined by the availability of locational facilities (economies of agglomeration, availability of essential services and finance). There is high labour absorption capacity of MSSIs. This implies that they can assist in stemming the flow of rural-urban migration (Baud and Bruijne, 1993). This can be attributed to the labour intensive approach

most MSSIs use in their activities. With the exception of some handicrafts, most labour can be relatively unskilled. Most of the cases of self-employment are inherently a very labour-intensive approach of scraping together a living (Ibid, 1993). MSSIs make use of locally available materials; hence this type of enterprise is less dependent on imports. The implication is that promoting the development of MSSIs has inconsequential adverse effect on a country's trade balance (Baud and Bruijne, 1993 cited in Kwaku, 2000:P13). MSSIs manufacture simple implements and consumer goods and their relatively low price brings them within the financial reach of large segments of the populace.

Conversely, entrepreneurial deficiencies according to Boapeah (1994), account for internal problems of the firm. Stoner and Fry (1987) as quoted in Boapeah (1994) maintains that the capacity of the firm to handle external threats and take advantage of the available opportunities is dependent upon its internal state of affairs. Factors that were considered include managerial skills, motivation, enterprise organization and technical capacity. However, the entrepreneurs of MSSIs lack these skills and it is illustrated clearly in Table 4.11 below. The management skill of an entrepreneur is an essential factor, which tremendously influences the achievement of organizational objectives (Storey, 1995). There are four ways of skills acquisition identified by Storey. These are family business, apprenticeship, friends and vocational training. The study revealed that 10 percent of sampled entrepreneurs received their training through vocational training and 60 percent of respondents through the apprenticeship system which does not incorporate an essential input in the management techniques of marketing, production, personnel, research development and finance (Ibid, 1993).

4.14.3 Assessment of External Factors – Opportunities and Threats

These are external factors that influence the establishment, growth and development of MSSIs. In this regard, during Focus Groups Discussions (FGD), observations and key informants interviews, it was revealed that opportunities abound in EMD for the promotion of MSSIs for local development. These opportunities includes availability and access to local raw materials

(shea nuts, guinea corn, leather, stroll, yarn, fuel wood, groundnut seeds, raffia and stocks), conducive policy environment, presence of product markets (within and outside the settlements and outside the district, threshold population and taste of consumers), availability of credit institutions (presence of two rural banks: EMCB and BESSFA rural bank) as shown in Table 11. On the other hand, threats were identified and that can influence the promotion of MSSIs in EMD as follows; lack of credit facilities, lack of economic clout and inadequate infrastructure (poor road condition and insufficient electricity coverage in the district).

Table 11: SWOT Analysis of the Factors Influencing the Promotion of MSSIs in EMD

INTERNAL FACTORS	EXTERNAL FACTORS
<i>STRENGTHS:</i>	<i>OPPORTUNITIES</i>
Locational advantage	Availability and access to local raw materials
Absorption of large amount of labour	Favourable government policies
Low capital requirement	Availability and access to local markets
Production of simple and consumer goods	Availability of informal and formal credits
Simple management and smallness of size	
Foreign exchange saver and flexibility	
<i>WEAKNESSES:</i>	<i>THREATS:</i>
Poor managerial skills	Lack of credit facilities
negative motivation	Unfavourable government policies
Poor enterprise organization	Lack of economic clout
inadequate technical capacity	inadequate infrastructure

Source: Field Survey March, 2010

CHAPTER FIVE

SUMMARY OF FINDINGS, RECOMMENDATIONS FOR PLANNING AND CONCLUSION

5.1 Introduction

This section discusses the summary of the findings, implications, recommendations and conclusions drawn from the findings. It is the highlight of issues that were revealed during the research. It also involves the recommendations that can help promotional institutions to overcome the challenges faced by them and the various enterprises and entrepreneurs.

5.2 Summary of Findings and Implications

5.2.1 Entrepreneurial Characteristics

i) Age and Sex Distribution of Entrepreneurs

Deriving from the data, majority of the entrepreneurs are between the ages of 18 and 40 years old. This age group formed 73 percent which is quite a significant proportion. This implies that the MSSIs proprietors are usually young and energetic and therefore with adequate training and financial support, the sector could improve its contribution towards the economic development of the country. SSIs play an important role in female employment as described earlier on. In the survey, 92 and 8 percent of entrepreneurs interviewed were women and men respectively. This might be as a result of females' dominance in the informal economy NBSSI, (Vol.4 1998).

ii) Level of Education

The findings revealed that the level of education impacted heavily on the access to support services especially credit facilities by small enterprises as most of them did not have the managerial competence and trustworthiness required by financial institutions to access bigger credit. Entrepreneurs could not keep proper records of daily transactions and did not have any business plan to guide their operations, as part of the requirements by banks in the demand for credit.

iii) Nature of Business

The study reveals that majority of entrepreneurs (85 percent) were into full time small scale industrial businesses and only 15 percent were doing it as part time business.

5.2.2 Internal Profile Analysis

i) Management Skills

Findings from the study has demonstrated that 10 percent whose highest educational level is middle school received their training through the traditional apprenticeship system (technological knowledge), which according to Yankson (1991) does not incorporate an essential input in management techniques. It is important to sharpen their technological skills so as to enable entrepreneurs produce good quality products at a lower cost.

ii) Motivation

There is high positive motivation among the entrepreneurs in the EMD, and with this positive motivation, it propels the entrepreneurs to identify market opportunities for their products or services and to make more profit. In the study, 45 percent of the respondents stated that they were motivated to start up their enterprises by their desire to make profit, followed by income for subsistence which the respondents were 35 percent, 19 percent for market opportunities and 1 percent respondents for dissatisfaction with existing employer. The relatively high motivation provides a good foundation and potential to be well integrated into the national economy.

iii) Technical Capacity

Findings from the study revealed that the general situation in the district with regard to access to infrastructure facilities is very poor. The infrastructural facilities in the district is in a very poor state in terms of quantity and quality of social and technical infrastructure both, and lack of access to even the few existing ones. The availability of infrastructure (workshop, electricity, water, access road, telephone and storage facilities) reflects the pattern of the type of industry in the district.

5.2.3 External Profile Analysis

i) Supply and Accessibility of Raw Materials and Implications for Production

From the study, it is conclusive that majority of entrepreneurs purchase their raw materials and that costs of materials are generally high. It is also the case that majority of entrepreneurs' access raw materials from within their respective communities and the district at large. The findings further show that some raw materials have seasonality of supply. The indicator is that small-scale enterprises are predominantly utilizing local resources produced in these rural economies. For the high cost of raw materials, three explanations can be deduced from the findings: that the macro-economic environment has contributed to the high cost of raw materials and secondly, where seasonality of supply limits abundant supply to certain periods of time, periods of non-abundant supply are periods of high cost of raw materials. With limited operating cash possessions small entrepreneurs, have failed to take advantage of economies of scale associated with bulk purchase of raw materials. The implications for planning are manifold: firstly, increasing production levels of micro and small-scale industries will depend on the capacity of the primary sector to supply the requisite amounts of raw materials or exploration of external sources to complement local production; secondly, to the extent that fluctuations in production are not caused by market demand, small scale entrepreneurs need to practise bulk purchase of raw materials at periods when they are abundant in supply and lower in cost especially during harvest seasons.

ii) Assistance Received from Various Institutions

Out of the 93 firms surveyed, 34 representing 37 percent reported that they have received assistance of various forms, that is, financial, technological transfer, production, personnel and marketing. Thirty-two (32) entrepreneurs representing 35 percent of respondents indicated that they had heard about such institutions but had not received any kind of assistance from them. However 18 out of the 32 entrepreneurs representing 56 percent said they were aware of the existence of promotional institution and have applied for assistance but had not yet received any. In the same vein, 24 entrepreneurs representing 26 percent of the entrepreneurs interviewed have not had any contact with any agency that supports MSSIs. Incidentally, these entrepreneurs are

located in the only rural settlement selected as one of the four settlements for the study with employees not more than three people. Also, their owners are uneducated and have never taken part in any promotional programme. On the financial front, 59 percent of the entrepreneurs started their businesses through their own funds (personal savings), 37 percent from family members, 1 percent each from banks and money lenders.

5.2.5 Access to Informal and Formal Credits

The findings on finance point to low utilization of credit from formal institutions for supporting business development. In the light that there is willingness amongst small-scale entrepreneurs to go in for credit, limited accessibility stems from high interest rates and bureaucracy. Consequentially, rural enterprises are generally underfunded and trapped in a vicious cycle of low finance. This reflects similar findings by (Karia, 1995 cited in Derbile, 2003:59) that funding was a problem faced by women entrepreneurs in Keta. If investment financing is to be left in the hands of entrepreneurs' own sources against the background of low domestic private savings, then small-scale industries development, which is mainly a private sector activity, will be greatly hampered.

5.2.6 Scope and Nature of Product Market

A greater proportion of entrepreneurs (62 %) market their produce and services within their respective communities. Assessment of market demand and market prices is said to be generally good at the community level. Communities provide local markets for the sustenance of enterprises. It means that a lot of monetary circulation in these communities is among the local populace, which then has a multiplier effect on the development of enterprises. The marketing arrangement which has been adopted by the entrepreneurs is revealed to be cash sales, credit sales and both cash and credit sales which is more dominant (61%).

5.3 Performance of Institutions Promoting Small-Scale Industries

The support services to MSSIs in the district are mainly facilitated and co-ordinated by REP. These support services include Technology transfer, entrepreneurship development, financial

services, managerial development and market promotion. At the enterprise level, the awareness of these support services is moderate. The study revealed that majority of the entrepreneurs (58 %) is aware of the support services. At the spatial level, there is a very high rate of awareness at Gambaga (78 percent) which is the district capital, followed by Nalerigu (65 percent). At Langbenshi and Sakogo, the awareness level is very low thus 20 percent and 35 percent respectively.

For a support service to achieve its desired goals and objectives for which it was established, it must be made known. Awareness creation must be a key in order to be able to send the message across for intended beneficiaries to access the facility. It also creates a platform for entrepreneurs to know the project objectives, focus areas, eligibility criteria and how to access the facility.

i) Assessment of Support Services

The findings revealed that the target of REP to train 265 entrepreneurs in business management was not fully achieved. Only 235 representing 89 percent were trained. The training on group dynamics will help group executives to manage group resources (human and material) more effectively and efficiently, in order to ensure growth in their businesses. It will also offer them the capacity to play a more meaningful advocacy role in support of their businesses. The support service for financial/credit facility and market promotion achieved 53 percent and 99 percent respectively. Inability to offer financial support to more entrepreneurs has a potential to slow down the growth of small enterprises in the district. The project should therefore intensify its efforts in this area.

i) Business Development Services and Enterprise Promotion

From the findings, BDS has not yet gained full grounds among small-scale rural entrepreneurs as important aspect of capacity building of non-farm enterprises in these rural economies. However, both the demand and supply sides of BDS are to blame. On the demand side, awareness on the importance of BDS among rural entrepreneurs is lacking. Secondly, as small-scale rural

entrepreneurs generally have low capital bases, the search for credit overrides any other concerns in seeking institutional-based support. On the supply side, even basic entrepreneurial training programmes offered by the NBSSI are not targeted at rural entrepreneurs. In the light of inadequate numbers of staff and logistic capacity of the NBSSI, limited numbers of urban-based entrepreneurs are the only beneficiaries of BDS while rural entrepreneurs are the victims of neglect.

The findings show that the Non-Governmental promotional institutions have reached more women than men in all areas of the support services. It is only at the District Assembly level which is a Government institution that more men have received credit support under the Emergency Social Relief Fund. Generally, women dominate in the small-scale enterprise sector, especially in the rural areas. The lesson that can be drawn is that as more women are empowered economically, rural poverty could be greatly reduced.

5.4 Impact of the Support Service Delivery

The project actually reached the target group as intended. The target was exceeded by 53 per cent between 1995 and 1999. In addition, greater proportion of beneficiaries, who received the support service were women. Again, satisfaction level is very high (55 per cent) with the most satisfied service being entrepreneurship training (67 per cent). The high satisfaction level is an incentive for service beneficiaries to actively participate in the training programmes of REP and other potential service providers. The project impact has also reflected on the activities of the entrepreneurs. The highest impact is that of increased number of customers. It recorded 100 per cent impact, followed by sales and profit increases (89 per cent). From discussion with entrepreneurs' associations executives, it took entrepreneurs less period (a maximum of three days) to recover their training cost.

The results of the study indicate that the trainers are competent. The entrepreneurs and the promotional institutions made positive assessment. Trainers had in-depth knowledge about their job, communicated effectively and stimulated discussions. Assessment at the institutional level

also reveals that trainers' knowledge about their job, ability to communicate effectively and mix freely with entrepreneurs is very good.

5.5 Constraints to Support Service Delivery

The findings revealed that the factors that impede the delivery of support services to enterprises are many and varied. They are as follows: capacity of the support service delivery institutions is quite low. These include understaffing, inexperienced trainers. For instance, in the case of Department of Cooperatives and Community Development at the District Assembly, there is only one officer each. The low educational level of the entrepreneurs limits the success rate of the support service. The educational level limits appreciation, comprehension and application of skills acquired.

The conditions involved in loan acquisition are burdensome to most of the entrepreneurs. Some entrepreneurs are aware of the support services, yet they refuse to participate in the project's credit sourcing programmes due to the conditions and the high cost of capital, which ranges between 20 and 35 per cent per annum. The fear they expressed is that they may not be able to repay loans advanced to them due to low sales.

Also when loans are granted, there are delays in the repayment of loans advanced to entrepreneurs. Sometimes loan recovery is a problem as beneficiaries fail to service their loans on time. Poor banking habits of most entrepreneurs leading to low level of savings affect their ability to source credit from the project's credit facility.

5.6 Implication on Entrepreneurial Development

Entrepreneurial development is very relevant for the success of any promotion interventions for small-scale enterprises. The study revealed that most entrepreneurs did not have skills in financial management, technology, production and marketing. There is, therefore, the need to improve on these skills of the entrepreneurs. Currently, there is REP which is actively collaborating with other NGOs and two financial institutions to address this problem. The basic

problems identified with entrepreneurial skills were high rate of development of skills through apprenticeship training, the low literacy rate of the entrepreneurs, and inadequate promotion institutions. Three ways are recommended for improving the entrepreneurial development. These are intensifying the adult literacy programme and extension of Business Development Services, strengthening technical capabilities and improving the traditional apprenticeship.

5.7 Recommendations for Planning

The recommendations for promoting micro and small-scale industries for local development in East Mamprusi District are presented below. The recommendations are directly responding to emerging issues from the study and are aimed at guiding interventions of EMD and other development institutions which have interest in the development agenda in the district and other places.

5.7.1 Intensifying adult Literacy Programme and Extension of Business Service

This recommendation is particularly tailored to meet the operational needs of the existing small-scale entrepreneurs, who have low managerial capacity to operate their businesses efficiently. The Adult Literacy Programme should be restructured and integrate all these entrepreneurs who are not educated in order to give them learning and reading skills, which will enhance their level of appreciation, understanding and application of skills.

It is also needful to provide appropriate services to small-scale entrepreneurs by promotional institutions. According to Thomi and Yankson (1985), the extension service is classified under three headings: the individual approach, the group approach and the mass approach (ILO, 1961). The individual approach has been identified to be more effective and efficient because it maintains direct contacts between the extension officer(s) and the entrepreneurs so that their differentiated needs can be addressed. However, this approach may involve a large operating cost especially where large numbers of enterprises have to be covered.

As stated in Thomi and Yankson (1985) this assertion is confirmed by the experience of Kenya, which has tried this approach under the Rural Industrialisation Development Program. The

major problem, which hindered the success of this programme were high transport cost, long travelling time and inability to cover large number of enterprises, which made travelling less cost effective. The group approach is more effective when the advice to be given is more applicable to selected groups with the same, operational characteristics. It may be used to provide training and simple management techniques such as book keeping and production techniques. The mass approach is also achieved through meetings, exhibitions and other forms of mass communications such as films, televisions and radios. However, this approach can only be useful as a supplement to the individual and group approach. It is important to note that the three approaches are not mutually exclusive. They complement one another. It should be stressed that PARED and REP are employing both the individual and the group approaches in promoting MSSIs in East Mamprusi District and this should be intensified and sustained.

5.7.2 Improving the Traditional Apprenticeship

The traditional apprenticeship system has over the years been the major mode by which skills are imparted to mastercraftmen. This kind of informal training does not incorporate any taught courses in management skills and so the apprentice passes through the training programme without the slightest knowledge about management. It is, therefore, important that this system is improved and upgraded to an appreciable level that will provide a foundation for those who pass out of such training set-ups. This can be done by encouraging trainers to incorporate management training into their training package. The mother associations could play an important role in this by organizing such short courses at regular intervals for the training of their members.

5.7.3 Strengthening Technical Capabilities

Technical training is very crucial to the development of small-scale operators. Some institutions such as the National Vocational Training Institute (N.V.T.I.), Youth Training Institute (YTI), Intermediate Technology Transfer Units (ITTUs) and NBSSI have been established to handle the technical competence of small-scale entrepreneurs. It would, therefore, be necessary to

utilize the facilities provided by these centres. Though EMD has the Youth Leadership Training Institute (YLTII) which REP uses the facilities to train entrepreneurs, the facilities for certain trades are lacking and need to be provided. The services of these institutions should be extended to other parts of the country and if possible to all the districts in Ghana. Progress in skills upgrading may be difficult to achieve unless the small-scale entrepreneurs realize the value of this training and are willing to avail themselves of it.

5.7.4 Strengthening the Capacity of the Promotional Institutions

The capacity of the promotional institutions needs to be strengthened in order to live up to the task of developing the small-scale sector. These institutions include the district assemblies, local NGOs and the service providers.

i. Strengthening the capacity of the district assemblies

The district assemblies, under the New Planning System (NPS), have been mandated to perform planning functions. This means that they have a stake in planning to develop the small-scale sector within their district boundaries. Within the district assembly setup, the District Planning Coordinating Unit (DPCU) facilitates the planning functions of the assembly. For the unit to perform its role efficiently to promote the MSSIs sector a deliberate attempt should be made to strengthen it in terms of logistics and qualified staff in order to enable the unit to identify the process and disseminate information on small-scale enterprise in the district. The information that needs to be captured by the unit includes the following: the levels of development of SSEs in the district, the locations of these enterprises and the typologies, potentials and constraints; and market opportunities.

ii. Strengthening the capacity of the service providers

The capacity of the service providers should be strengthened in order to play a more dynamic role in promoting the MSSIs sector in the rural areas. This could be done through training and exchange programmes to upgrade skills and competence of trainers who deal directly with the small-scale entrepreneur.

5.7.5 Creation of Enabling Environment by Central Government and DA

The Central Government's macroeconomic policies have direct and indirect influence on the operations of MSSIs. Most of the MSSIs promotional institutions are urban-biased, which is having a toll on the development of the sector in rural areas. If the government allows the market forces to operate, the imbalance in the location of the promotional institutions will even widen. For this reason, it is recommended that the government encourages potential and existing institutions to focus their intervention measures on rural areas. This can be done through policy incentives. Moreover, it must be recognised that MSSIs are heterogeneous in nature and for that matter they face different problems and challenges. Industrial policies should address the needs of the MSSI sector particularly, in the rural areas, whilst considering the heterogeneity of the sector. These needs include technology development, financial, managerial and institutional support.

With respect to the District Assembly's they should develop a well-documented strategy spelling out how it is going to promote the sector. The under listed constitute some of the areas that are recommended for consideration: Improve the infrastructure facilities such as roads, schools, health institutions and energy among others. Improvement in the road condition must be sustained in order to achieve the desired impact. The improvement in the road condition will facilitate interaction between and amongst settlement which will enhance both commodity and information flow. The district assembly, REP and the participating banks should intensify educational campaign on entrepreneurial development.

District policy should be formulated to encourage MSSIs that utilize local raw material. This can be done through the provision of workshops with other complementary facilities. The involvement of the private sector in the provision of these facilities will be a step in the right direction. Agreements such as Build Operate and Transfer (BOT), and lease-develop operate and turnkey arrangements could be entered into with the private sector in order to develop the infrastructure base of the district.

5.8 Conclusion

The study concludes among other things that sole proprietorship dominates the ownership pattern of micro and small scale industrial sector. In the East Mamprusi District the MSSIs sector of the economy is dominated by females. The enterprises are managed by proprietors with very low educational level and with their own funds being the major source of capital for their businesses.

Government and Non-Governmental institutions are supporting the entrepreneurs, more especially at groups level. The study revealed that the government institutions, thus, the DA and its decentralized departments' (DCD and Co-operatives) performance in promoting MSSIs is very low. The assessment of the performance of non-governmental institutions especially PARED and REP in promoting MSSIs in the district has been effectual.

From the outset, the study develops its quintessence from the goal, objectives set and achievements of the promotional institutions. The outcomes of the study have implications for local development. The high achievement rates of non-governmental institutions promoting small-scale industries imply that employment will be generated for the unemployed population in the rural communities. As many people are supported to operate their own enterprises, more jobs avenues will be created for the unemployed youthful population. This is capable of mitigating the problem of the movement of active population from rural communities to urban centres in search of non-existing jobs.

Another revelation from the findings is the development and upgrading of skills of the entrepreneurs in the district. Entrepreneurial skills development for productive activities has a potential to create additional wealth for development through local resource mobilization and utilization.

The success story is not without obstacles. The study revealed among others, that micro and small-scale industries promotional institutions in the country have failed to support the development of micro and small-scale industries in the East Mamprusi district against the

background of inadequate funds, limited logistics support, low level of investment in the local economy and the lack of political commitment. At the enterprise level, entrepreneurs are constrained by low capitalization, poor social and technical infrastructure, inadequate access to material input supply and weak managerial capacity. The growth and development of these enterprises is therefore impaired.

To address these inefficiencies which have a negative ramifications on the promotion of micro and small-scale industries for local development, the research recommended some policy interventions and strategies, including the development of social and technical infrastructure especially roads, electricity, water, provision of markets for products of small enterprise, strengthening the capacity of service providers, creation of enabling environment, intensifying adult literacy programmes and business development services. It is anticipated that if these policy perspectives, suggestions and strategies are carried out, it would go a long way to promoting micro and small-scale industries for local development in the district and Ghana as a whole.



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LEMMA B.

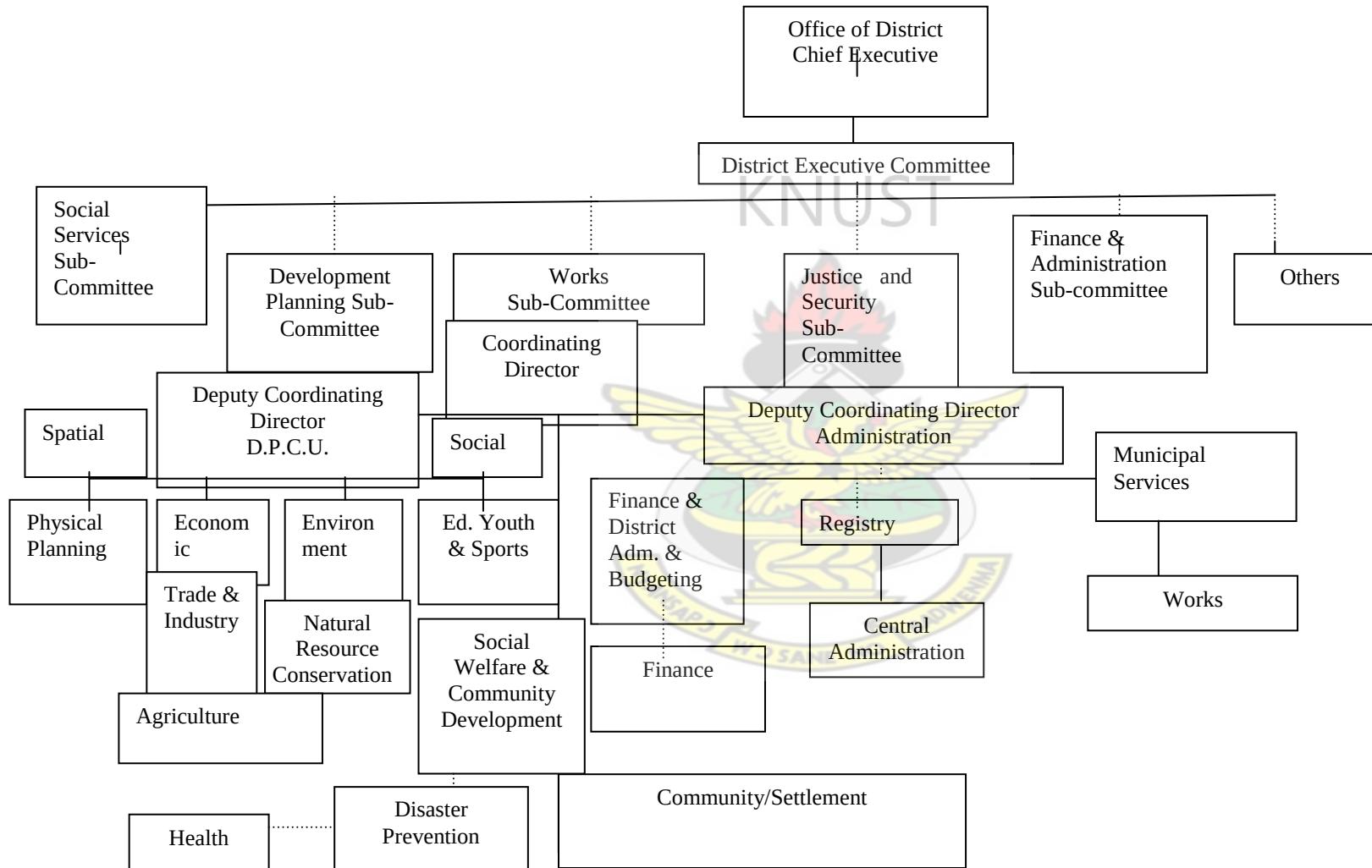
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APPENDICES

APPENDIX 1: Institutional Framework for District Assemblies (Act 462): Source: Republic of Ghana (1996), the New Local Government System



APPENDIX 2: PICTURES DEPICTING ENTREPRENEURS AND THEIR WORKSHOPS

Plate 3: Women in their Food Shop



Source: Field Survey March, 2010

Plate 4: Bread Baker in Her Shop



Source: Field Survey March, 2010

Plate 5: Baker working by her Ovum



Source: Field Survey March 2010

Plate 6: Woman Brewing Pito



Source: Field Survey March, 2010

Plate 7: Pito on Fire



Source: Field Survey March, 2010

Plate 8: A Heap of Fuel Wood



Field Survey March, 2010

Plate 9: Ware house for Shea butter and groundnut oil extraction



Source: Field Survey March, 2010

APPENDIX 3:
KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY
FACULTY OF PLANNING AND LAND ECONOMY
DEPARTMENT OF PLANNING
SPRING PROGRAMME

Promoting Micro and Small Scale Industries for Local Development in Ghana. The Case of East Mamprusi District.

Questionnaire for Entrepreneurs

A. General Information

Name of Enumerator... .. Name of settlement.....
Date and time of interview..... Name of settlement.....

B. INTERNAL (ENTREPRENEURIAL) PROFILE ANALYSIS

1.0 Entrepreneurial Characteristics

1. Type of enterprise/industry.....
2. Sex of entrepreneur.....
3. Age of entrepreneur.....
4. Indicate the highest level of education obtained (Tick only one)
 - i) No formal education ()
 - ii) Primary education ()
 - iii) Junior High School ()
 - iv) Secondary/Technical/Vocational ()
 - v) University/Polytechnic ()
 - vi) Other (specify).....
5. Are you able to read and write? (1) Yes (2) No
6. Nature of business (1) Full time (2) Part time
7. Kind of training acquired (Tick only one)
 - i) Apprenticeship
 - ii) Vocational/Technical

iii) Other (specify)

8. What management skills do you have? (Tick as many as applicable)

- i) Marketing ☐
- ii) Production ☐
- iii) Personnel ☐
- iv) Finance ☐
- v) Technological knowledge ☐
- vi) Others (specify)

2.0 Motivation

1. When was your enterprise established?.....

2. What motivated you to start the business? (Tick as many as applicable)

- i) Profit ☐
- ii) Market opportunities ☐
- iii) Income for subsistence ☐
- iv) Dissatisfaction with existing employer ☐
- v) Others (specify).....

3.0 Organisation

1. What is the ownership pattern of the enterprise?

- i) Sole proprietorship ☐
- ii) Partnership (specify number) ☐
- iii) Co-operatives (specify number) ☐
- iv) Family (specify number) ☐
- v) Others (specify).....

2. If enterprise is organized under sole proprietorship, indicate if you are willing to team up with others in joint venture?

i) If Yes to question 2, give reasons:

i.

ii.

ii) If No to question 2, give reasons:

i.

ii.

3. How many people were engaged when the enterprise started?.....

4. How many people are presently working in the enterprise? (Complete the table below)

Type of employee	Permanent employee (s)	Casual employee (s) workers
Family labour	Number =	Number =
Hired labour	Number =	Number =
Apprentice labour	Number =	Number =
Own labour		

5. What was the value of the fixed assets you started the business with?.....

6. What is the present value of your fixed assets?.....

4.0 Technical Capacity (Technology and Infrastructure)

1. What type of workshop structure is being used? (Tick only one)

i) Permanent () ii) Temporal () iii) No structure ()

2. From what location does business operate?

i) Permanent workshop () ii) Kiosk () iii) Verandah () iv) Room () v) Other (specify).....

3. In terms of technology what equipment and tools are being used? (Tick only one)

i) Modern () ii) Traditional () iii) Both modern and traditional ()

4. Name the infrastructural facilities available at the business premises (if any) for your operations. (Tick as many as applicable).

- i) Workshop () Water () iii) Electricity () iv) Telephone ()
v) Access road () vi) Storage facility () vii) others (specify).....

B. EXTERNAL PROFILE ANALYSIS

1.0 Input Supply

1. How often are raw materials available for procurement?

- i) Perennial (all year round)
ii) Seasonal
iii) Occasional
iv) Other (specify).....

2. Complete the table below

Type of material	Place of purchase	From whom	Price/unit GH¢

Place of purchase (within settlement, outside of settlement, but within the settlement)

From whom (Producers, wholesalers, retailers)

3. What are the problems associated with input procurement? (Tick as many as applicable in order of severity).

(Severity Index: 1- very severe, 2 – severe, 3 – less severe, 4 – not severe)

- i) Scarcity of input ()
ii) Expensive ()
iii) High transport cost ()
iv) Insufficient funds ()

v) Others (specify).....

3. What are you doing to solve the problems mentioned above?

i.....

ii.

2.0 Finance

1. What was your initial capital?..... GH¢

2. What was the source of your initial and working capital? (complete the table)

Source of capital	Initial capital	Interest rate	Working capital	Interest Rate
Own funds				
Banks				
Money lenders				
Family				
Friends				

3. What is your present capital?..... GH¢

4. Have you ever received any loan for your business? 1 – Yes 2 – No

5. If yes to question 3, kindly complete this table:

Source of loan	Interest rate	Repayment period	Conditions attached
i. Bank (specify)			
ii. Money lenders			
iii. Credit unions			
iv. Family member(s)			
v. Friends			
vi. District Assembly			
vii. Others (specify)			

6. Are you aware of any credit institutions in the district? 1 – Yes 2 – No

7.

8. If yes, do you receive any assistance from them? 1 – Yes 2 – No

9. If yes, indicate the form of assistance given:

10. If No, indicate the reasons (Tick as many as applicable)

- i. Lack of collateral ()
- ii. Cumbersome procedures (specify) ()
- iii. Do not trust the bank (specify) ()
- iv. Do not want any interference in business ()
- v. Others (specify).....

11. If you have received any training in handling your financial transaction complete this table.

Type of training	Date (year)	Duration	Cost involved	Experience at training

12. What are your problems with regard to finance?

- i.
- ii.

3.0 Scope and Nature of Market

1. Where do you sell your products?

- i) Within settlement () ii) Within district ()
- iii) Outside district (specify areas) () iv) Others (specify areas) ().....

2. What is the level of demand for your products?

- i) High () ii) Moderate () iii) Low ()

3. If the level of demand for your products is low, what are the reasons? (Tick as many as applicable)

- ii. Low income of the people () ii. Competition from other producers ()

- iii. Competition from imported products (specify) ()
 - iv. Poor quality products ()
 - v. Others (specify) ().....
4. What transportation problems(s) do you face in the marketing of your products?
- i) Unreliability ()
 - ii) Long traveling time (specify) ().....
 - iii) High transport cost (specify) ()
 - iv) Other (specify) ().....
5. What marketing arrangements have you employed for the sale of your products?
- i) Credit sales (give reasons if any) ()
 - ii) Cash sales ()
 - iii) Cash and credit sales (give reasons if any) ()

C. PERFORMANCE ASSESSMENT OF SUPPORT SERVICES

1. Are you aware of support services available to small scale industries?
- i) Yes () ii) No ()
2. If yes, name the support services you are aware of (Tick as many as applicable)
- i) Financial () ii) Technology transfer () iii) Entrepreneurial development
 - iv) Management skills () iv) Others (specify).....
3. If you ever received any support service indicate the satisfaction level (x) in the table below:

Support service	Satisfaction level				
	-2	-1	0	1	2
Credit					
Technology transfer					
Market promotion					
Entrepreneurial development					
Managerial skills					
Others (specify)					

Satisfaction level: 2- Very satisfied, 1 Satisfied, 0 Indifferent, -1 Unsatisfied, -2 Very unsatisfied

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4. If you have attended any training program in respect of your business, complete the following table:

Support area	Skills acquired	Skills application	
		Yes	No
Finance			
Technology transfer			
Market promotion			
Entrepreneurial development			

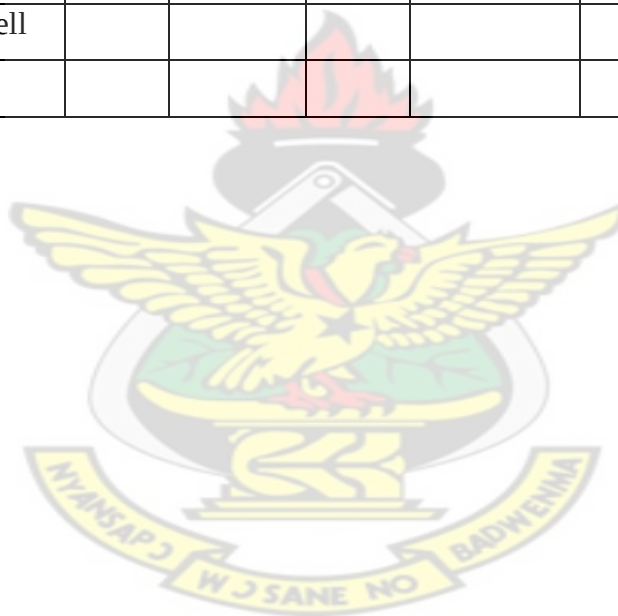
5. Provide the following information

Name of service provider	Year	Location of service provider	Cost involved	Skills acquired

* **Location of service provider:** within district, outside the district

6. If you have attended any training program. Assess the trainer on the basis of the information provided:

Behaviour	Poor	Average	Good	Excellent	Comments supporting
	1	2	3	4	
Used understandable language					
Made me think					
Motivated trainees					
Energised the group					
Knew his or her field well					
Others (specify)					



APPENDIX 4
KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY
FACULTY OF PLANNING AND LAND ECONOMY
DEPARTMENT OF PLANNING
SPRING PROGRAMME

Promoting Micro and Small Scale Industries for Local Development in Ghana. The Case of East Mamprusi District.

Questionnaire for Small Scale Industries Promotion Institutions

General Information

1. Questionnaire No.
2. Name of respondent.....
3. Status.....
4. Date and Time of Interview.....
5. Name and Town or Location of Institution/Organisation.....

Business Information

1. What are your objectives with respect to promoting small scale Industries?
 - i.
 - ii.
2. What type of support do you offer small scale industries in the country? (Tick as many as applicable)
.....Entrepreneurship
.....Managerial
.....Technical
.....Credit
.....Market promotion
.....Others (specify)
3. Do you provide these services in an integrated manner? 1- Yes 2 – No

4. If No, state reasons:

- i.
- ii.

5. If Yes, state reasons

- i.
- ii.

6. What proportion of small scale Industries in rural areas has received your support?.....

7. Do you support small scale Industries in East Mamprusi district? 1- Yes 2 – No

8. If Yes, complete the table below

Support service	Estimated No. of people to receive the service per year	Actual No. of people who received the service	Proportion of women who have received the service	Proportion of men who have received the service
Entrepreneurship				
Managerial				
Financial				
Credit facilities				
Market promotion				

9. If No, give reasons and indicate whether you have plans to extend your services to small scale Industries in the district:

- i.
- ii.

10. What are your major problems with regard to the support service delivery in the district?

- i.
- ii.

11. In your opinion, what do you think must be done to address these problems enumerated in question 10?

12. Provide any relevant information for the improvement of small scale Industries in rural areas:

i.....

ii.....

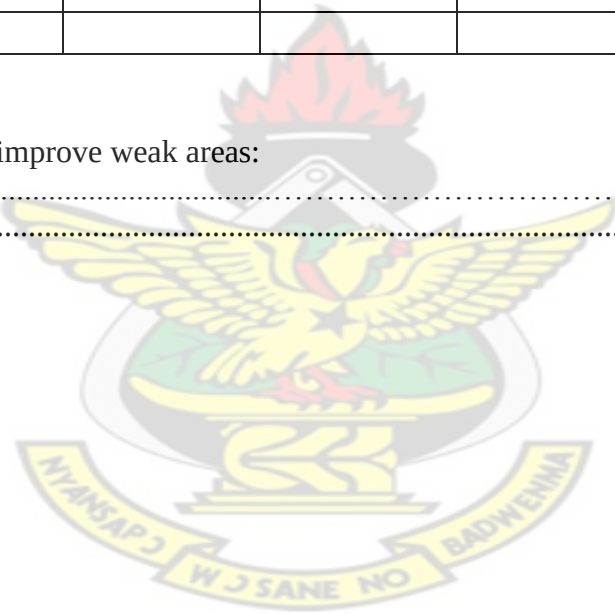
13. Rate the performance of your staff, who are directly involved in the provision of services to small scale entrepreneurs using the table below.

Indicators	Poor 1	Average 2	Good 3	Excellent 4	Comments
Job Knowledge					
Team work					
Interpersonal skills					
Communication					
Planning ability					

14. Suggest ways to improve weak areas:

i.....

ii.



APPENDIX 5
KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY
FACULTY OF PLANNING AND LAND ECONOMY
DEPARTMENT OF PLANNING
SPRING PROGRAMME

Promoting Micro and Small Scale Industries for Local Development In Ghana. The Case of East Mamprusi District.

Questionnaire for District Assembly, Related Departments and Institutions

A. General Information

2. Questionnaire No. 2. Name of Department.....
3. Date and Time of Interview..... 4. Name of respondent.....
5. Status.....

B. Business Information

1. What in your outfit's definition of Micro, Small, and Medium, Industries in terms of:

INDICATOR	MICRO	SMALL	MEDIUM
Capital			
Plant size			
No. of Employees			
Ownership			
Management			

2. What is your outfit's policy towards rural micro and small scale industries/enterprises?

- i.
- ii.

3. What programmes/projects do you pursue towards the promotion and development of micro and small scale industries/enterprises in your catchments area (please list programmes and their contents)

- i.
 ii.

4. What type of industries do you encourage and support? (Please rank them, with the Scale: 1st, 2nd, 3rd, etc.)

Industry	Rank

5. What type of services and support do you offer to Micro and small scale Industries?
 (Tick as many as applicable)

Type of service/support	Please tick
1. Finance	
2. Training and manpower	
3. Technology	
4. Marketing	
5. Management	

6. For each type of support cited above, indicate the mode of support (Tick as many as applicable)

- i. Savings mobilization ☐
 ii. Credit ☐
 iii. Training ☐
 iv. Extension ☐
 v. Business Advisory ☐

7. What problems do you face in carrying out the services/support mentioned in question 5?

- i.

8. What measures do you take to overcome the problems mentioned in question 7?

- i.

9. What conditions must micro and small scale industries satisfy in order to get support?

- i.

- ii.

10. Give instances of your organisation's/institution's assistance/support to micro and small scale industries/enterprises:

- i.
- ii.

11. Does your organization collaborate with other organizations/institutions and agencies in the promotion of Micro and small scale industries/enterprises? 1 – Yes 2 – No

12. If yes, please fill the table below.

Name of Organisation	Type of collaboration

13. What are the problems/challenges you face in collaborating with other organizations?

- i.
- ii.

14. What are the constraints small enterprises faces in demand/supply of raw materials?

- i.
- ii.

15. Do you monitor the activities of small enterprises? 1- Yes 2- No

16. If yes to question 6, explain and if No. state reasons why?

- i.

17. Give recommendations that can further strengthen the capacity of your outfit to better support the promotion and development of micro and small scale industries:

- i.

APPENDIX 6
KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY
FACULTY OF PLANNING AND LAND ECONOMY
DEPARTMENT OF PLANNING
SPRING PROGRAMME

Promoting Micro and Small Scale Industries for Local Development in Ghana. The Case of East Mamprusi District.

Questionnaire for Financial Institutions

A. General Information

1. Questionnaire No.
2. Name of Interviewer
3. Date and time of Interview
4. Name and Town or Location of Financial Institution

B. Business Information

6. Who is the largest category of borrowers?
.....Large companies
.....Government
..... Market Women
.....Small Business and Industries
.....Commercial Farmers
..... Other (specify)
7. What are the factors you consider when giving a loan? (Tick as many as applicable)
..... Borrower's Income
..... Borrower's credit worthiness
..... Borrower's savings deposit
..... Borrower's credit needs
..... Previous credit records
..... Availability of acceptable credit
..... A clear business plan
..... Demonstrate managerial and financial competence
..... Others (specify)
8. What are your concerns of lending to Micro and Small Scale Industries? (Tick as many as applicable)
.....High default risks

-Lack of collateral
-Lack of managerial skills
-Others (specify)

9. Do you require collateral for a loan? (1) Yes (2) No

10. If yes to question 9, what type of collateral do you require? (Tick as many as applicable)

- Land
-Life Insurance
-Real Estate
-Bank deposit
-Savings balance
-Others (specify)

11. Have you ever refused a loan request? (1) Yes (2) No

12. If yes to question 11, what are the reasons for rejection of the loan? (Tick as many as applicable)

-Lack of acceptable collateral
-No enough information on potential Borrowers
-Poor performance in Business
-No managerial competence seen
-Ability to pay back not proven
-Lack of good business plan
-Small size of firm compared to large size of loan requested
-Physical remoteness of enterprise
-Lack of book keeping or inadequate compliance framework
-Lender prejudice against small enterprises/industries
-Other (specify)

13. How many loan applicants in the last six (6) months have you refused their request?

- i. 1 to 25 applicants
- ii. 26 to 50 applicants
- iii. 51 to 100 applicants
- iv. 101 and above applicants

14. How many loan applicants were you able to serve in the last six (6) months?

- i. 1 to 25 applicants
- ii. 26 to 50 applicants
- iii. 51 to 100 applicants
- iv. 101 and above applicants

15. What is the average processing time between receipt of loan application and disbursement?

- i. less than one week
- ii. between one and three weeks
- iii. above three weeks

16. Do your customers default on loan repayment? (1) Yes (2) No

17. If yes to question 14, what are the reasons for loan default among entrepreneurs? (Tick as many as applicable)

-Outright refusal to meet loan obligation
-Poor performance of Borrower company/enterprise
-Lack of judgment in loan approval
-Political Interference
-Excessive interest charges
-Others (specify)

18. What measure(s) do you adopt to reduce default risk among your customers?

- i.
- ii.

19. Who are your target group or regular customers?.....

..

20. Who are your largest depositors?.....

21. What is the minimum acceptable amount to open a deposit account?.....

C. Utilization of Credit

22. Do you acquaint yourself with the business interest of your borrowers? (1) Yes (2) No

23. If yes to question 22, give reasons for such interest?

- i.
- ii.

24. Do you monitor and evaluate the use of loans disbursed to small industries? (1) Yes (2) No

25. In your view, do you think that small industries divert loans into ventures other than for their purpose? (1) Yes (2) No

26. If yes to question 25, give reasons why they do so:

- i.
- ii.

27. What suggestions would you offer to ensure the effective utilization of loans by small enterprises?

- i.
- ii.

APPENDIX 7

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY FACULTY OF PLANNING AND LAND ECONOMY

DEPARTMENT OF PLANNING

SPRING PROGRAMME

Promoting Micro and Small Scale Industries for Local Development in Ghana. The Case of East Mamprusi District.

Interview Guide for East Mamprusi District Assembly

1. Entrepreneurs that are formally registered with the Assembly
2. District assembly targeted programmes and projects at supporting MSSIs.
3. Social emergency Relief fund disbursements to the following:
 - Women groups associations
 - Men groups associations
 - Both sex associations
 - Sectoral allocations of fund – Industry
 - Conditions for disbursement
 - Conditions attached to accessing and utilizing funds in terms of repayment-timing and interest.

APPENDIX 8
KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY
FACULTY OF PLANNING AND LAND ECONOMY
DEPARTMENT OF PLANNING
SPRING PROGRAMME

Promoting Micro and Small Scale Industries for Local Development in Ghana. The Case of East Mamprusi District.

Interview Guide for National Board for Small-Scale Industries

1. Assessment of nature of rural entrepreneurs in terms of the following:
 - Characteristics of rural entrepreneurs
 - Source, supply of raw materials
 - Capital base and opportunities for increased capitalization
 - Marketing (prices, community market and market centres)
 -
2. Business Development Services for Entrepreneurs in MSSIs in the district: Training, Advisory and Counselling
3. Accessibility and utilization of business development services
 - Coverage of rural communities
 - Coverage of Entrepreneurs
4. Monitoring report.

APPENDIX 9
KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY
FACULTY OF PLANNING AND LAND ECONOMY
DEPARTMENT OF PLANNING
SPRING PROGRAMME

Promoting Micro and Small Scale Industries for Local Development in Ghana. The Case of East Mamprusi District.

Interview Guide for Leaders of Groups/associations

Name of Group:.....

Location/Settlement:.....

Time Start:..... **Time End:**.....

1. Reasons for forming group
2. When group was formed and who facilitated formation
3. Membership and modalities for recruiting members
4. Management structures of group
5. Relevance of group to members' SSIs in terms of the following
 - Activities
 - Accessing credit
 - Business development services
6. Financial position of group and source of funding group activities
7. Support from traditional leaders