

**PROMOTING MICRO AND SMALL SCALE INDUSTRIES IN  
GHANA FOR LOCAL DEVELOPMENT: A CASE STUDY OF  
THE RURAL ENTERPRISES PROJECT IN ASANTE AKIM  
SOUTH DISTRICT**

by  
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## ABSTRACT

There are a lot of donor funds inflows into developing countries with the aim of helping the entrepreneurial poor. The Rural Enterprises Project (REP) is one of such projects implemented in Ghana, funded by external donor funds. The project has been implemented in 66 Districts and Municipal Assemblies in the country from 2003 to 2011. The research objectives for the study were: to examine the role of Micro and Small Scale Enterprises in local development; to assess the strategies used by the Rural Enterprises Project II in Developing Micro and Small Scale Enterprises; to assess the outcomes of the Rural Enterprises Project II on development of Micro and Small Scale Enterprises in the Asante Akim South district and to identify challenges faced by Micro and Small Scale Enterprises in the Asante Akim South District. A sample size of 102 made up of 92 micro and small scale entrepreneurs and 10 staff of stakeholder institutions was selected. Stratified and purposive sampling was used in selecting the respondents. The study revealed among other things that micro and small scale enterprises are a key source of employment for the youth in the AASD, as 84.6% of the MSE operators interviewed were within the age range of 20 -40 years. It also came to light that project institutional structures and activities have been mainstreamed into the local government system. The REP II spearheaded the establishment of the Business Advisory Centre and the Sub Committee on Micro and Small Enterprises Promotion in the AASD. High cost of inputs and inadequate funds were identified among others as the challenges faced by Micro and Small Scale Enterprise operators. It is recommended that the Government of Ghana pursue the renewal of the third phase of the Rural Enterprises Project, so that apart from the 66 districts that have benefited from the project's services, other districts in the country can also benefit from the project services.

## DEDICATION

Dedicated to my parents, Mr. and Mrs. Ankomah who spent their life earned fortune to educate me. Papa and Auntie I am eternally grateful.

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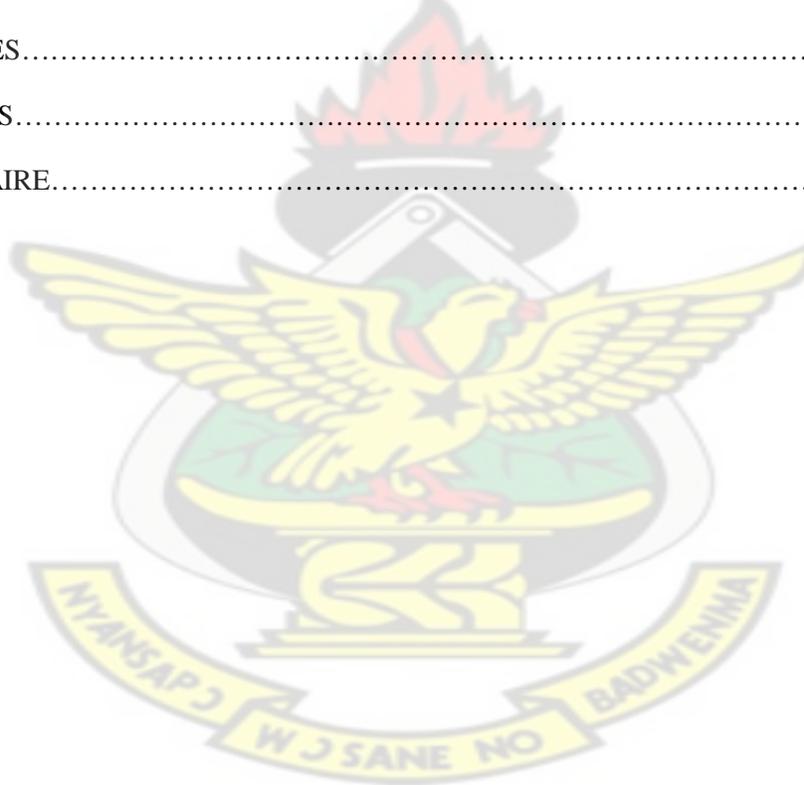
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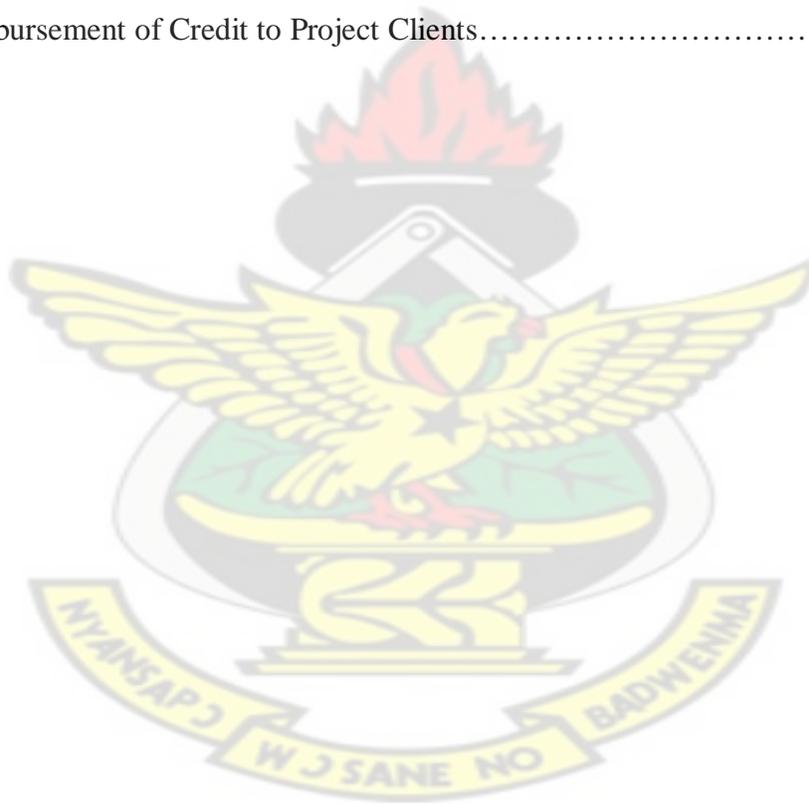
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## LIST OF ACRONYMS

AASD	Asante Akim South District
AASDA	Asante Akim South District Assembly
AfDB	African Development Bank
AGI	Association of Ghana Industries
ASSI	Association of Small Scale Industries
BAC	Business Advisory Centre
BDS	Business Development Services
ERP	Economic Recovery Programme
EU	European Union
GDP	Gross Domestic Product
GNP	Gross National Product
GOG	Government of Ghana
GPRS I	Ghana Poverty Reduction Strategy
GPRS II	Growth and Poverty Reduction Strategy
GRATIS	Ghana Regional Appropriate Technology Industrial Services Institute
ICT	Information Communication Technology
ITTU	Intermediate Technology Transfer Unit
IFAD	International Fund for Agricultural Development
KNUST	Kwame Nkrumah University of Science and Technology
LDCs	Least Developed Countries
MoLGRD	Ministry of Local Government and Rural Development
MoTI	Ministry of Trade and Industry
MSME	Micro Small and Medium Enterprise

MSEs	Micro and Small Scale Enterprises
NBSSI	National Board for Small Scale Enterprise
NGO	Non Governmental Organization
PCMU	Project Coordination and Management Unit
PRA	Participatory Rural Appraisal
REP II	Rural Enterprise Project Two
RFS	Rural Financial Services
RRA	Rapid Rural Appraisal
RTFs	Rural Technology Facilities
SMEs	Small and Medium Scale Enterprises
SPSS	Statistical Package for Social Scientist
SAP	Structural Adjustment Programme
SMSEOPB	Support to Rural Micro and Small Scale Enterprises Organizations and Partnership Building
ST&I	Science, Technology and Innovation
SWOT	Strength Weaknesses Opportunities and Threat
TPSAT	Technology Promotion and Apprentices Training
UNCDF	United Nations Capital Development Fund
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
WGME	Working Group on Micro and Small Scale Enterprise Promotion

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## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1. BACKGROUND TO THE STUDY**

In the contemporary economy, Micro and Small Scale Industries (MSSIs) in the industrialization process have 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 MSEs 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).

Apart from agriculture which is the mainstay of rural Ghana, most people in rural areas are engaged in Micro and Small Scale Enterprises that help to complement their farming activities. It adds value to farm produce and occupies them during the off season or long dry season. Most women, who cannot also engage in physical demanding farm work, take up Micro and Small Scale Enterprises to sustain themselves and their families. Micro and Small Scale Enterprises also serve as a vehicle for promoting many traditional and cultural crafts such as beads making, kente weaving, carving, blacksmithing, pottery among others.

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), which have been the mainstay of the livelihoods of many of the world's poor, operate with limited resources and have 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. (Louknaan Joseph, 2010)

Notwithstanding the above contributions of the MSEs subsector, '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).

## **1.2. STATEMENT OF THE PROBLEM**

'A robust and dynamic SME sector is absent in many developing countries, particularly in the least developed countries (LDCs). The enterprise sector in many LDCs shows a distinct dual structure. At one extreme there exist a few large modern capital- intensive, resource-based, import-dependent and assembly-oriented enterprises, while at the other extreme there are small and informal sector (micro) enterprises that use very simple and traditional technologies and serve a limited local market. This structural imbalance in many developing

countries has arisen despite their implementation of SME promotion programmes for many years'. [UNCTAD], (2011).

In Ghana, seventy percent of the working population is employed by the informal sector. Micro and Small Scale Enterprises play a key role in the rural economy in Ghana, generating income for upkeep of families and financing the education of most of the leaders and workers of our country. Yet the micro and small scale industries sub sector in Ghana is saddled with a lot of problems. Most of these businesses hardly grow to become medium and large scale businesses. These Micro and Small Scale Enterprises which are the mainstay of most rural dwellers, face stiff competition from medium and large scale industries in the formal sector in marketing their products, bearing in mind the economies of scale and superior technology most of these large scale enterprises benefits from.

The government of Ghana in 2003 instituted the Rural Enterprises Project II in the country to contribute to the development of competitive rural micro and small-scale enterprises (MSEs) in participating districts backed by good quality, relevant and sustainable support services'. [REP II] (2011). The question is: what options, processes and strategies were used in promoting the development of these micro and small scale industries in the context of eight years of implementation of the Rural Enterprises Project in the Asante Akim South district?

It is against this background that the researcher seeks to find out how MSEs can be promoted for local development.

### **1.3 OBJECTIVES OF THE STUDY**

The objectives of the study are outlined as follows:

1. to examine the role of Micro and Small Scale Enterprises in local development.
2. to assess the strategies used by the Rural Enterprises Project II in developing Micro and Small Scale Enterprises in the Asante Akim South District.
3. to assess the outcomes of the Rural Enterprises II on development of Micro and Small Scale Enterprises in the Ashante Akim South District.
4. to identify and examine challenges of Micro and Small Scale Enterprises in the Asante Akim South District.

### **1.4 RESEARCH QUESTIONS**

In order to find out the role of the Rural Enterprises II in promoting Micro and Small Scale Enterprises in the Asante Akim South District, it is anticipated that this research will answer the following questions:

1. What is the role of Micro and Small Scale Enterprises in local development
2. What are the key strategies used by the Rural Enterprises Project II in Developing Micro and Small Scale Enterprises?
3. What are the outcomes of the Rural Enterprises II on development of Micro and Small Scale Enterprises in the Asante Akim South district?
4. What are the challenges of Micro and Small Scale Enterprises in the Asante Akim South District?

## 1.5 SIGNIFICANCE OF THE STUDY

A vibrant MSE sector can help to achieve a more equitable distribution of the benefits of economic growth by alleviating some of the problems associated with uneven income distribution (UNCTAD, 2001).

In Ghana, the Growth and Poverty Reduction Strategy (GPRS I &II) identified MSEs as engines of growth, wealth creation and avenues for employment generation for the majority of its citizens. About 70% of the Ghanaian enterprises are micro to small sized and it is estimated that nearly 40% of Ghana's GNI is attributable to informal sector activity (Ghana Government, 2002). It is believed that small firms can more easily propel growth in the economy than the large ones due to their numbers and niches they occupy in the national economy (ibid 2002).

Results from the Ghana Living Standard Survey-3 indicate that about 69% of the population is employed in the MSE sector with a significant number of them located in the rural areas (Ghana Statistical Service, 2000). With the micro and small scale enterprise sub sector contributing immensely to the local economy, the findings of this study will help identify the challenges and possible solutions associated with MSE development.

The government of Ghana, through assistance from the International Fund for Agricultural Development and the African Development Bank, implemented the Rural Enterprises Project phase two (REP II) in 66 districts nationwide in Ghana from June 2003 to June 2011. This project has been declared successful and plans are far advanced to implement a follow up programme by name the Rural Enterprises Programme nationwide. This study will provide a

platform to assess the performance of the Rural Enterprises Project II in the Asante Akim South district. The best practices identified and the recommendations to the shortfalls will help improve the implementation of the Rural Enterprises Programme.

The study will also provide the Asante Akim South District Assembly and other development partners with a wealth of information on activities of Micro and Small Scale Enterprises and the nature of business development in the district.

This study will eventually help in increasing productivity in the country, because the findings and recommendations of this study, if adopted and implemented by MSE operators and MSE development organization will go a long way to help in promoting MSEs in the country.

The study will also afford collaborating partners an opportunity to access the outcome of their contribution and support to MSE promotion at the local level.

## **1.6 ORGANIZATION OF THE STUDY**

The study is structured into five chapters as follows:

Chapter one: includes introduction to the study which includes background of the study, objectives, research questions, significance of study and methodology.

Chapter two: is on Literature Review, reviewing key concepts on Micro and Small Scale Enterprises in Ghana, the geo-socio economic dynamics of the Asante Akim South District and the profile of the Rural Enterprises Project II.

Chapter three: looks at the methodology used for the study and an explanation of the sampling method and procedures used to gather the relevant materials and data for the study.

Chapter four: focuses on presentation and analysis of data gathered from the field.

Chapter five: finalizes the study with summary of findings, conclusions and recommendations.

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## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1. INTRODUCTION**

This chapter looks at the conceptual framework on Micro and Small Scale Enterprises and local development. The profile of the Rural Enterprises Project II and the Asante Akim South District were also examined among others.

#### **2.2. THEORETICAL FRAMEWORK OF MICRO AND SMALL SCALE INDUSTRIES**

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 may be used to describe small scale industry: one based on capital requirements and the other based on employment size. The National Board for Small Scale Industries (NBSSI) defines small-scale industry as one whose capital requirements for plant and equipment do not exceed the cedi equivalent of 100,000 United States dollars. The Ghana statistical service defines small-scale industry as one which does not employ more than 29 persons (Boapeah, 1994:10). This second definition is the one commonly used. Firms employing 30 or more persons are normally included in the enforcement of employment and minimum wage legislations in Ghana 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, (Boapeah, 1994).

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).

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

Micro enterprises: - 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

According to Dinye (1991), small-scale industries are defined as manufacturing units employing not more than 30 persons. For the purpose of differentiating small-scale industries 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).

From the above discussions, it is realized that various organizations have different parameters for defining micro, small and medium scale enterprises. For the purpose of this work an operational definition is required. The most commonly used criterion identified from the various definitions is the number of employees of the enterprise. 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). Steel and Webster, (1989) further clarify micro enterprise as those employing fewer than 6 workers.

### **2.3. THE CONCEPT OF DEVELOPMENT**

Todaro (1992) said it best when he described development as needing to be perceived as a multi-dimensional process involving changes in structures, attitudes and institutions coupled with acceleration of economic growth, the reduction of inequality and eradication of absolute poverty. Thus development must encompass the entire gamut of changes by which an entire social system linked to the diverse basic needs and desires of individuals and social groups improves from a condition of life perceived as unsatisfactory and towards a situation or condition of life regarded as materially and spiritually better.

According to Dudley Seers, (1969) the questions to ask about a country's development are: What has been happening to poverty? What has been happening to unemployment? What has been happening to inequality? If the values of all these three indicators have declined, then there has been a period of development for the country concerned. If two or all the three indicators have been worsening, then it would be strange to call the results development even if per capita income doubled.

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According to Todaro, development has three objectives:

1. to increase the availability and broaden the distribution of basic life sustaining essentials such as food, shelter and health to all members of society;
2. to improve levels of living including creation of more jobs, better education and more attention to cultural values. This helps to generate greater individual and national self esteem; and
3. to bring about a wide range of economic and social choice to individuals and nations, freeing them from dependence, servitude, ignorance and human misery.

### **2.3.1. LOCAL DEVELOPMENT**

According to Hart and Murray (2000) local development incorporates eight characteristics. These characteristics are that it is bottom up approach, integrative, strategically driven, collaborative, interactive, multi-dimensional, reflective and assets based.

A bottom up approach refers to priorities which are determined in an environment that depicts the interest of local governments, the business sector, community groups and voluntary organizations.

Integrative means local development takes into consideration making connections vertically and horizontally between stakeholders and across programs. This allows for enhanced capacity which, in turn, allows for seamless policy making and smooth management.

Strategically driven means there is a clear cut direction which is based on local understanding of local issues and aided by a realistic vision of the future. With local development being collaborative, there is involvement of a number of stakeholders working together rather than on an individual basis. For local development to be interactive it should not be perceived as mainly a technical activity better left to others who appear more qualified. Local development is said to be multi-dimensional, when apart from dealing with job creation, business growth and connecting people to jobs within the locality, it also covers a wide range of social action; it involves the most marginalized in local society, but requires the participation of those who may, in relative terms, be asset rich. Local development is reflective when it is always willing to learn from experience regarding what works well under different circumstances and what could work better. Local development is assets based when there is involvement of public funds, private sector funds and contribution from the community to stimulate local development to do more things better and lead to the desired goal of sustainability.

According to the United Nations Capital Development Fund [UNCDF] (2011) poverty-reduction through local development is built upon:

- I. focusing on development of basic public infrastructure investment and service delivery for the poor, mainly in the rural areas of Least Developed Countries. This calls for

increased financing, with major improvements in the policy and institutional framework for delivery, for more effective use of funds allocated.

- II. the potentially key role of effective local government in promoting and improving dialogue and partnership between the state, citizens and their communities, civil society and the private sector in local planning and service delivery.
- III. the need for local capacity building and institutional change and for national decentralization policy reform in Least Developed Countries (LDCs) in order to fulfill this potential.

In Ghana, Kokor (2001) identifies 'local level' as the District (group of communities), Area Councils, and Urban, Town, Zonal and Unit Committees as defined under Ghana's new Local Government System. Local level can be referred to the area from local government level down to the individual household level. Hence, local level development covers the same areas where group or collective action is intensified with common identity and sense of ownership and oneness.

Kokor (2001) further explains with an example that 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. These include the government, nongovernmental organizations, community based organization and churches. The District Assembly is the fulcrum around which all local development activities are carried out. The District Assemblies have the mandate to plan, coordinate and supervise development activities at the local level.

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### **2.3.2. RURAL DEVELOPMENT**

Rural development in general denotes the actions and initiatives taken to improve the standard of living in non-Urban [neighborhoods](#), [countryside](#), and remote [villages](#). These communities characterized by a low ratio of inhabitants to open space. [Agricultural](#) activities may be prominent in this case whereas [economic](#) activities would relate to the primary sector, production of [food stuffs](#) and [raw materials](#). (Wikipedia, 2011)

Rural development aims at finding the ways to improve rural lives with participation of the rural people themselves so as to meet the required need of the rural area. The outsider may not understand the setting, culture, language and other things prevalent in the local area. As such, local people themselves have to participate in their sustainable rural development. In [developing countries](#) like [Nepal](#) and [India](#), integrated development approaches are being followed up. In this context, many approaches and ideas have been developed and followed up, for instance, [PRA- Participatory Rural Appraisal](#) (PRA) and [Rapid Rural Appraisal](#) (RRA) etc. (Wikipedia, 2011)

### 2.3.3 ECONOMIC DEVELOPMENT

Economic development is a broad term that generally refers to the sustained, concerted effort of [policymakers](#) and [community](#) to promote the [standard of living](#) and [economic health](#) in a specific area. Such effort can involve multiple areas including development of: [human capital](#), [critical infrastructure](#), regional [competitiveness](#), [environmental sustainability](#), [social inclusion](#), [health](#), [safety](#), [literacy](#), and other initiatives. It should be noted that economic development differs from [economic growth](#). Whereas economic development is a [policy intervention](#) endeavor with aims of economic and social well-being of people, economic growth is a phenomenon of [market productivity](#) and rise in [GDP](#). (Wikipedia, 2011)

The term economic development implies progressive changes in the socio-economic structure of a country. Viewed in this way, economic development involves a steady decline in agricultural shares in GNP and continuous increase in shares of industries, trade banking construction and services. Further. Whereas economic growth merely refers to rise in output, development implies change in technological and institutional organization of production as well as in distributive pattern of income.

Hence, compared to the objective of development, economic growth is realized easily. By a larger mobilization of resources and raising productivity, output level can be raised. The process of development is far more extensive than economic growth. Apart from a rise in output, it involves changes in composition of output, shift in the allocation of productive resources, and elimination or reduction of poverty, inequalities and unemployment.

Development can be conceived as a Multi-Dimensional processes or phenomena. If there is increase in GNP more than the increase in per capita income then we can say that Development is possible. When living conditions of a population improve then we can say that this is also an indicator of economic Development. (Economics for Development [EfD], 2011)

Rural areas as defined by Abban (1986) are areas with some or all of the following features:

- I. 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;
- II. a Location of the country where the per capita income is significantly lower than the national average; and
- III. 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.

#### **2.4. SMALL SCALE INDUSTRIES AND LOCAL DEVELOPMENT PROCESS IN GHANA**

The promotion of micro and small scale industries is lauded on the fact that large- scale industries has not been an engine of growth and a good provider of employment. Most of the working force in Ghana cannot be absorbed by the large scale and formal sector of the economy. It is based on this that promotion of SMEs, which are viable instruments of economic development can play a vital role in the local areas in Ghana. It is estimated that

SMEs employ 22% of the adult population in developing countries (Daniels & Ngwira, 1993). The SME sub-sector which employs 15.5% of the labour force in Ghana (Parker et al, 1995) has experienced higher employment growth than large-scale enterprises (5% in Ghana).

According to Dinye (1991) small-scale industries play the following roles in the economy:

- I. small-scale industries make use of the nations' idle materials which otherwise would go waste. For example cocoa husk used to produce potash for soap making;
- II. they offer a variety of activities which draw labour from the surplus rural labour force into the productive sector of the economy;
- III. they depend little on imports and therefore conserve foreign exchange;
- IV. they provide a variety of goods and services to satisfy local needs;
- V. they provide outlets for the talents and energies of enterprising individuals because of their ease of entry and exit;
- VI. they provide a seedbed for nursing entrepreneurial skills and testing ground for new industrial enterprises;
- VII. they contribute to community stability, do less harm to the physical environment than large scale industries, stimulate local resource mobilization for investment and generally raise the level of popular participation in the economy;
- VIII. they induce linkages within the industrial sector and with other sectors of the economy;

## **2.5. CONSTRAINTS TO MSE DEVELOPMENT**

According to (UNCTAD, 2011), Micro and Small Scale Enterprises in least developing countries faces the following problems; unfriendly legal and regulatory environment; ineffective Business development services; inadequate access to finance; inadequate public-private sector dialogue; competition brought about by trade liberalization; constraints on women to develop their entrepreneurial potentials.

The cost and cumbersome administrative procedures of legal regulatory environment discourage MSEs from formalizing their businesses. The inability of MSEs to regularize their businesses deprives them from the possibility to secure public contracts, access to credit, renewal of licenses and opportunities for subcontracting work.

Production in the industrial sector is now knowledge-based and competition occurs on the basis of both continuous innovation and price. Entrepreneurs need to muster design, have extensive knowledge of markets and technology, and become innovative. There is the need to support linkages and networking as a key mechanism to facilitate the development of SMEs. Only a small number of MSEs in developing countries benefit from Business Development Services. Most BDS are often confined to urban areas. (UNCTAD, 2011)

In some countries heavy reliance on donors and NGOs for the provision of BDS has resulted in a lack of continuity in their provision. Conflicts between the policies of Governments and donors in the provision of BDS are not uncommon. Governments and NGOs alike develop support programmes without sufficient consultation or knowledge of each other's

programmes, leading to rivalry, duplication of efforts, piecemeal interventions and inefficient use of scarce resources. (UNCTAD, 2011)

Lack of access to medium or long-term credit is a major constraint for those enterprises that wish to expand their activities. Reasons being that SMEs present a high risk to the lender and unfortunately most have poor accounting records and lack any other financial records. While trade liberalization has, in some cases, eased the supply constraints for small firms, it has also presented them with intense competition from foreign goods. (UNCTAD, 2011)

Research shows that although many women own or run microenterprises (and in many cases form the majority of micro-entrepreneurs), few of them enter the formal sector, and, as a result, only a small number of women's micro businesses graduate into SMEs. (UNCTAD, 2011)

Kayanula and Quartey, (2000) listed the following as constraints to the development of SMEs in Ghana and Malawi:

- i. Access to inputs, their availability or cost is an important problem.
- ii. Access to finance remained a dominant constraint to small scale enterprises in Ghana.(Ibid,2000)
- iii. SMEs have difficulty with gaining access to appropriate technology and information on available techniques.

- iv. Distribution channels, which are not efficient and are often dominated by larger firms, pose important limitations to market access for SMEs. In Ghana, demand constraints limited the growth of SMEs.
- v. Trade liberalization has made SMEs face greater external competition and the need to expand market share. For example, tailors in Techiman (Ghana) who used to make several pairs of trousers in a month went without any orders with the coming into effect of trade liberalization. (Riedel et al,1988)
- vi. The problem of regulatory constraints was also cited with issues of high cost of business registration and long bureaucratic administrative constraints.
- vii. SME have inadequate Entrepreneurial & Business Management Skills.

## **2.6. A REVIEW OF GHANA'S INDUSTRIAL POLICIES**

With the attainment of independence, Ghana's drive to modernize its economy through state-led industrialization 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.

These strategies were adopted based on the hypothesis that rapid economic development was feasible provided the state assumed the entrepreneurial function. In pursuing this policy, 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. Manufacturing output's 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. The number of people employed by the manufacturing sector 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).

The deteriorating economic conditions of the 1980s occasioned the implementation of a Structural Adjustment Programme (SAP) and the Economic Recovery Programme (ERP). These programmes aimed at removing distortions in the market mechanism. The trade and industrial policies under these programmes aimed at restoring incentives for the production of food and industrial raw materials and exporting commodities. Other measures undertaken were decontrolling of interest rates, reduction in tariff, abolishing import licensing and revision of the investment code. Trade controls were also removed, and a market mechanism allocated foreign exchange, while price controls were abolished. Aryeetey et al (2004).

According to the Ministry of Trade and Industry [MOTI] (2011) the current key development objectives of Ghana's Industrial Policy are:

1. To expand productive employment in the manufacturing sector;
2. To expand technological capacity in the manufacturing sector;
3. To promote agro-based industrial development;

4. To promote spatial distribution of industries in order to achieve reduction in poverty and income inequalities;

## **2.7. PROFILE OF RURAL ENTERPRISE PROJECT PHASE TWO (REP II)**

According to the Rural Enterprises Project [REP II] (2011), the Rural Enterprises Project II 'is part of the development program of the Government of Ghana to create wealth and reduce poverty in rural areas. It contributes directly to the Ghana Growth and Poverty Reduction Strategy II of the Ghana government. The Project is funded mainly by the Government of Ghana, the International Fund for Agricultural Development (IFAD) and the African Development Bank (AfDB)'.

### **2.7.1 PROJECT GOAL**

REP (2011) outlines the goal of REP-II as, "to contribute to the reduction of poverty and improvement in the living conditions of the rural poor, and especially increase the incomes of women and vulnerable groups through increased self and wage employment. The *immediate project objective* is to contribute to the development of competitive rural micro and small-scale enterprises (MSEs) in participating districts backed by good quality, relevant and sustainable support services".

The overseeing agency for the project is the Ministry of Trade & Industry (MoTI).

## **2.7.2 PROJECT COST AND FUNDING**

The total cost of the Project is US\$ 29.271 Million

## **2.7.3 PROJECT PERIOD AND COVERAGE**

The project, which is currently being implemented in 53 districts in all ten regions of the country, is in its second phase of implementation for an eight year period from 2003 to 2011. The first phase of the project was implemented in 13 districts in the Brong-Ahafo and Ashanti Regions from 1995 to 2002. The 13 districts in the first phase of the project were carried over to the second phase of project implementation making the total number of districts under the project 66. The districts covered by the Rural Enterprises Project phase II and phase I are attached as appendices 1 and 2, respectively.

## **2.7.4 PROJECT IMPLEMENTATION ARRANGEMENTS**

The activities of REP II are mainstreamed into the decentralized administrative system. At the district level the District Assemblies, the National Board for Small Scale Industries (NBSSI) and the GRATIS Foundation implements the project through a partnership arrangement. The two key field units at the district level for project implementation are the Business Advisory Centres (BACs) and Rural Technology Facilities (RTFs).

## **2.7.5 PROJECT SERVICES**

The services of the Project include “training in employable skills for micro and small business creation, apprentices training, technology transfer, rural financial services including

credit delivery and savings mobilization in the rural areas. Others are support to local business associations, support to inter-sectoral policy dialogue, and partnership building on Micro and Small Scale Enterprises (MSEs) promotion”.

The Project has four main technical components: These are Business Development Services (BDS); Technology Promotion and Support to Apprentices Training (TPSAT); Rural Financial Services (RFS) and Support to Rural Micro and Small Scale Enterprises Organizations and Partnership Building (SMSEOPB)

The outcome targets per Project Appraisal include; i. 25,000 new businesses established; ii. 75,000 jobs created; and iii. 6,250 rural MSEs linked to larger and commercial enterprises. [REP II] (2011).

## **2.8. PROFILE OF ASANTE AKIM SOUTH DISTRICT**

In its Medium Term Development Plan, 2010 to 2013, Asante Akim South District Assembly [AASDA], (2010), the profile of the Asante Akim South District in relation to micro and small scale industries is as follows:

### **2.8.1. LOCATION AND SIZE**

The Asante Akim South District is situated at the Eastern part of the Ashanti region. Its eastern boarder forms part of the regional boundary dividing the Ashanti and Eastern Regions. The District also shares common boundaries on the North and North-West

with Asante Akim North District and Kwahu South District on the West. On the South-East is Birim North District in the Eastern Region.

The district covers a total surface area of about 1217.7 square kilometers (472.4 sq miles) which form about five percent (5%) of the total area of the Ashanti Region, and 0.5 percent of the total area of the country. The built environment consists of 369.482 square kilometers with the natural environment forming 848.218 square kilometers of the total land area. (Asante Akim South District Assembly [AASDA], (2010)

The district can be found in the forest zone in Ghana and that, the forest vegetation is conducive for agricultural purposes. Moreover, the district is known for its agrarian nature which is a major source of employment and offers large production of foodstuffs for most people in and outside the District. Its location is an advantage for most travelers along the Accra- Kumasi highways because most travelers buy foodstuffs to their various destinations. This serves as a source of ready market for the farmers. This also goes a long way to add to the nations' revenue and thus, national development. [AASDA], (2010)

### **2.8.2. POPULATION SIZE AND GROWTH RATE**

The population of the District for the censal periods of 1960, 1970, 1984 and 2000 were 36,090; 46,310; 66868 and 96,868 respectively. Between 1960 and 1970 the annual growth rate was 2.5% and the annual growth rate rose to 2.6% between 1970 and 1984. However, the growth rate between 1984 and 2000 decreased to 2.3%. Based

on this trend, it is estimated that the annual growth rate will continue at 2.3% from the 2000 population census until 2010. In turn, the population of the District is expected to be 121,601 by 2010. The population forms about 0.5% of the Ashanti Region's population. [AASDA], (2010)

The current growth rate of 2.3% is less as compared to the region's population growth rate of 3.4% and the nation's population growth of 2.5%. Even though the growth rate is lower than the regional and national rates, in terms of development, the growth rate can be considered to be on the high side. This implies that vigorous family planning education should be mounted to increase the rate of contraceptive use as well as reproductive health education to reduce early births. [AASDA], (2010)

### **2.8.3. AGE AND SEX DISTRIBUTION**

Males represent the dominant sex in the district, constituting 50.4 per cent of the population whilst females make up 49.6 per cent. This gives a sex ratio of 101.7 males to 100 females, as against the regional ratio of 101.3. The sex ratio however deviates from the national figure of 97.9 where females are more than males. [AASDA], (2010)

### **2.8.4. DEPENDENCY RATIOS**

The age sex distribution shows that 48.3% of the population is within the dependent age cohort. Those aged 15-64 years, who form the potential labour force, constitute 51.7% of the total population, giving an age dependency ratio of 1:0.93. This shows that 100 persons in the independent age group take care of 93 persons in the dependent age

group. The crude dependency ratio for the district is much higher than the national average figure of 0.87:1 and about the same as the region's average of 1:0.93. This, however, does not depict the real burden of the dependent population on the independent population. This is because some members of the dependent population might be engaged economically, whilst some of those in the independent population might not necessarily be economically engaged. [AASDA], (2010).

The economic dependency ratio for the district is 1:206, thus every person who is economically engaged takes care of an additional 206 people who are economically inactive. This portrays the extensive burden on those working. Most households have low income as the high level of burden affect savings. The high economic dependency ratio gives an indication of high level of unemployment which calls for measures to be taken to create jobs for the unemployed, to reduce the burden on the working population.

#### **2.8.5. OCCUPATIONAL DISTRIBUTION**

The District has 86.1 percent of its labour force employed while 13.9 percent are unemployed. Of those who are employed, 45.5% are females while 54.5% are males. About 47% of the unemployed are males whilst 53% are female. About 75% out of the employed labour force is engaged in the agricultural sector, 18% in the service sector and 7% employed in the industrial sector. Most of the people engaged in the service and the industrial sector are also engaged in agriculture as a secondary occupation. [AASDA], (2010).

Out of the employed population, 91.4% are self-employed while only 8.6% are employees. The large proportion of self employed individuals with or without employees is a reflection of the subsistent and smallholder nature of agricultural, service, commercial and industrial businesses. This therefore calls for efforts to support the expansion and diversification, through credit, skill training, extension service and other services such as micro, small and medium scale enterprises and farming pursuits.

Generally, the main cause of unemployment is the poor development of the sectors of the district economy with inadequate job opportunities to absorb the growing youthful population. [AASDA], (2010)

#### **2.8.6. DISTRIBUTION OF FACILITIES**

There are 103 settlements in the District. The major ones are Juaso, Obogu and Bompata. 83.5 % of the population lives in the rural area. Service distribution is positively related to population. Distribution of service is skewed towards urban settlements to the detriment of the rural areas. Communities with higher population generally have higher number of services. General observation indicates that services are concentrated in Juaso, Obogu, Bompata, Asankare, and Ofoase than others. [AASDA], (2010)

##### **2.8.6.1 MARKET**

The District has a total of twenty-two (22) markets which include six (6) weekly market centers in the district located at Adomfe, Obogu, Juaso, Dampong, Ofoase and Kyempo. Accessibility to such facilities is vital due to the agrarian nature of the district. Accessibility to the market centers depends on relative locations along the roads. Almost all the areas in the district have access to at least one of the market centers in the district except a few that have problems with transportation due to poor roads. Areas with low access include the southern communities, namely Kokobin, Debiso, Supong, Kpong Praso, Teshipraso, Odumasi and Kuranchi. This low accessibility to markets has resulted from transportation problems and has the effect of causing post harvest losses in those communities. [AASDA], (2010).

#### **2.8.6.2 *BANKING SERVICES***

There are five (5) Banking agencies in the District. These include the Mponua Rural Bank that has agencies in Asankare and Obogu. Asante Akyem Rural Bank has agencies at Juaso and Ofoase. Ghana Commercial Bank has agency at Juaso. Accessibility to such facilities is fairly high in the District but mainly clustered in the northern part of the district.

#### **2.8.6.3. *COMMODITY FLOWS***

The District has 2 main inflows, namely foodstuffs (Fish, legumes and yams) and manufactured goods. Outflows from the District are foodstuffs, forest products (timber, firewood and untreated teak poles), stones/chippings and small quantities of gold. In terms of outflow of agricultural goods from the district, the receiving settlements are

Kumasi, Konongo, Accra, Nkawkaw, and Sunyani. Most of the agricultural goods exported to these places are root and tubers, cocoa, cereals such as maize, starchy staples such as plantains and vegetables. Foodstuffs such as legume, fish and yam are imported from other parts of Ashanti, Western and the Brong Ahafo Region while the manufactured goods originate from Kumasi, Nkawkaw and Konongo. [AASDA], (2010).

Apart from the external exchange of goods, there are internal exchanges of goods in the district. The market centres serve as the focus of the exchange. Goods are brought to, and bought from, these market centres by other communities in the district.

#### **2.8.7. PRODUCTION SECTOR**

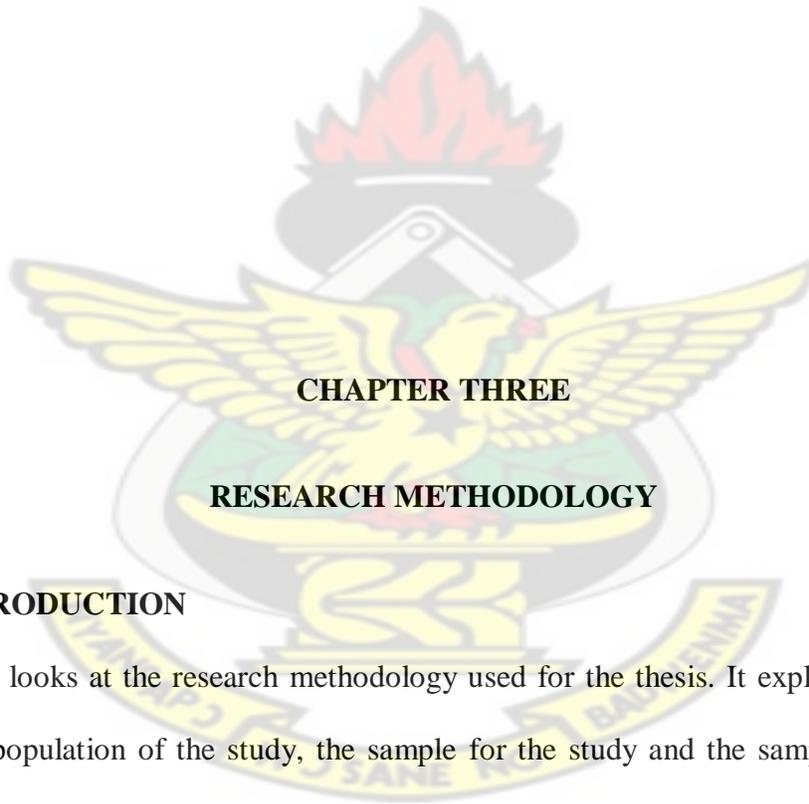
The economy of the Asante Akim South District can be divided into three main economic sectors: agriculture, industry and service. The agricultural sector is mainly crop farming with only minimal livestock rearing activities. The industrial sector, which is the most underdeveloped in the district, involves mainly wood based industries, block factories and agro based industries. Lumbering is also carried out in many parts of the district. The service sector involves mainly sale of farm produce, sale of some manufactured goods, tailoring, hairdressing, communication sector operators and some public and civil servants including teachers in the relatively big communities. [AASDA], (2010).

### **2.8.8. INDUSTRIES**

The industrial sector is the smallest sector in the district, employing only about seven (7) per cent of the employed labour force. It is made up of agro-based industries (61.7 per cent), wood based industries (11.1 per cent) and clay based industries (6 per cent), all of which operate on small scales. Agro-based industry is made up of food processing and alcohol distilling. The wood based industry includes small-scale sawmilling and carpentry. The metal-based industry consists of black smiths, while the clay-based industry includes pottery. No manufacturing facility of industrial significance is available in the District.

Almost all the industries employ labour intensive techniques of production and operate on a small scale. Most of the people employed are apprentices. Over half of those in the sector do not have access to credit facilities. All industrialists self-finance their activities. The explanation may be that the sector is now developing in the district. Unfortunately, the saving habits of the people in this sector are low. Majority of the few people who save, save at home which is rather risky and must be discouraged. The formation of capital for reinvestment and further expansion is very slow. [AASDA], (2010)

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## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1. INTRODUCTION**

This chapter looks at the research methodology used for the thesis. It explains the research design, the population of the study, the sample for the study and the sampling techniques. The data collection method and instruments to be used in collecting data from respondents are also explained. The validity and reliability of the instrument together with data analysis procedures are also discussed.

### **3.2 RESEARCH DESIGN**

The design for this research work is the case study approach. According to Alhassan (2007) a case study involves critical studies of an aspect of a problem. Case studies are useful for individual researchers because they give the opportunity for an aspect of a problem to be studied in depth within a limited time scale. The case study involves an intensive investigation on the complex factors that contribute to the individuality of a social unit- a person, family, social institution or community. The purpose of a case study is to understand the life cycle of the unit through the study of an aspect or a part.

According to Wikipedia (2011) a case study is an intensive analysis of an individual unit (e.g., a person, group, or event) stressing developmental factors in relation to context. The case study is common in [social sciences](#) and [life sciences](#). Case studies may be descriptive or explanatory. The choice of research design depends mainly on the nature, objectives and components of the study.

### **3.3 POPULATION**

The population of the study is made up of one thousand and ninety-two (1092) Micro and Small Scale entrepreneurs who are clients of the Asante Akim South District Business Advisory Centre and thirty (30) management and core staff of the following institutions: the Asante Akim South Business Advisory Centre; the Rural Enterprises Project, Kumasi; The Asante Akim South District Assembly; the Hunger Project, Juaso; and the Department of Cooperatives, Juaso. Therefore the total population of the study is 1122.

The reason for choosing this population is to have first hand information from the MSE operators and the views and experience of the various stakeholders involved in promoting MSEs in the Asante Akim South District. It is also chosen for easy accessibility.

### **3.4. SAMPLE AND SAMPLING TECHNIQUES**

#### **3.4.1 SAMPLING TECHNIQUE**

“Sampling techniques” refers to the processes involved in selecting respondents. 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.

Stratified sampling was used in selecting 92 MSE operators which formed the sample size. Stratified sampling is a sampling technique where the population is divided into sub groups (strata) and respondents are then randomly selected from each group.

According to Agyedu, Donkor and Obeng (2011), the stratified random sampling method is used to select samples in situations where the population is heterogeneous but has definite strata or groups which are homogenous. The same proportion or different proportions may be used to select samples separately from each stratum. If the number selected from each stratum is proportional, then we end up with a “proportionate stratified random sample” and come as near as possible to a representative sample of the whole population.

For selection of MSE operators, stratified sampling was used. The first stage stratification was to stratify the settlements in the district into urban and rural areas. This was to ensure that the final respondents selected are representative of both the urban and rural areas of the district. Four towns, namely Juaso, Obogo, Asankare and Bompata were identified as urban settlements and the rest of the communities in the district classified as rural. The MSE population in the urban areas was 535, with that of the rural areas being 557.

The MSE operators in the urban and rural areas were stratified into the five general trade type groupings of clients by the Asante Akim South Business Advisory Centre. These groupings are agro processing, primary fabrication, traditional craft, agric and forest products and services. This was to ensure proportionate selection from each of these groups and also to ensure that the respondents are not selected solely from a few trade types of MSE operators. The stratified sampling technique was meant to give representativeness to the population so that the findings can easily be generalized.

The purposive sampling technique was used to select respondents from staff of stakeholder institutions. Alhassan (2006), states that in purposive sampling technique, the researcher carefully selects the sample to reflect the purpose of the investigation. The reason for using the purposive sampling was to ensure that the views of technical experts who are involved in the development of MSEs in the Asante Akim South District are obtained. The stakeholder institutions are the Asante Akim South Business Advisory Centre, the Rural Enterprises Project, Kumasi, The Asante Akim South District Assembly, the Hunger Project, Juaso, and the Department of Cooperatives, Juaso.

### 3.4.2 THE SAMPLE SIZE DETERMINATION OF MSE OPERATORS

The sample size of MSE operators was determined using the formula:  $n = \frac{N}{1 + N \alpha^2}$ , where  $n$  = sample size,  $N$  = sample population (Total Number of MSE operators) and  $\alpha$  = the confidence level. Here,  $N = 1092$ , and  $\alpha = 0.1$   $n = 92$ .

The total sample size was 102. This is made up of 92 MSE operators in the Asante Akim South District and 10 management staff from stakeholder institutions mentioned in the population. Two respondents were selected from each of the five stakeholder institutions. For the MSE operators, table 1 below depicts the breakdown of respondents into location, trade type and gender.

**Table 1: Sample of clients**

<b>URBAN SETTLEMENTS</b>							
<b>Trade Type</b>	<b>Number of Entrepreneurs</b>			<b>Number Sampled</b>			<b>% Sampled</b>
	Male	Female	<b>Total</b>	Male	Female	<b>Total</b>	Total
Agro Processing	26	107	<b>133</b>	2	9	<b>11</b>	25
Primary Fabrication	35	2	<b>37</b>	3	0	<b>3</b>	7
Traditional Craft	22	46	<b>68</b>	2	4	<b>6</b>	13
Services	21	246	<b>267</b>	2	21	<b>23</b>	50
Agric and Forest Products	21	9	<b>30</b>	2	1	<b>3</b>	6
<b>Sub Total</b>	<b>125</b>	<b>410</b>	<b>535</b>	<b>11</b>	<b>35</b>	<b>46</b>	<b>100</b>
<b>RURAL SETTLEMENTS</b>							

Trade Type	Number of Entrepreneurs			Number Sampled			% Sampled
	Male	Female	Total	Male	Female	Total	
Agro Processing	63	121	<b>184</b>	5	10	<b>16</b>	33
Primary Fabrication	57	2	<b>59</b>	5	0	<b>5</b>	11
Traditional Craft	10	35	<b>45</b>	1	3	<b>4</b>	8
Services	19	155	<b>174</b>	2	13	<b>15</b>	31
Agric and Forest Products	37	58	<b>95</b>	3	5	<b>8</b>	17
<b>Sub Total</b>	<b>186</b>	<b>371</b>	<b>557</b>	<b>16</b>	<b>31</b>	<b>47</b>	<b>100</b>
<b>Grand Total</b>	<b>311</b>	<b>781</b>	<b>1092</b>	<b>26</b>	<b>66</b>	<b>92</b>	

### 3.5. DATA COLLECTION PROCEDURE

The structured interview guide for the MSE operators was administered to the entrepreneurs by the researcher and five interviewers on face to face basis. The other interviewers were hired and oriented by the researcher to help him cover MSE operators scattered throughout the district. Administering the interview guides face to face enabled the interviewers to visit the entrepreneurs at their work places to understand the settings in which they work and to probe further into critical issues of concern related to the study.

The questionnaires for the staff of stakeholder institutions were submitted personally to the selected staff, who were given time to respond to the questions on the questionnaire. The respondents were given two weeks to complete and the researcher went back to collect the answered questionnaires. Respondents whom the researcher could not access easily, had their questionnaires sent to them electronically through their mails on the internet for them to

complete and sent back to the researcher through the mail. There were numerous follow ups on the respondents of the institutional survey, both on one on one bases and through telephone interaction for clarification and in-depth discussions on some of the response.

The MSE operators were observed at their production centers and workplaces. This was done for the period of six weeks, during which time observations were made and photographs were taken to strengthen the analysis.

### **3.6. DATA COLLECTION INSTRUMENTS**

Data samples were obtained using a combination of interviews, the questionnaire and direct observations. Structured interview guides were used to collect the required data from MSE operators for analysis. A structured interview guide with both open and closed ended questions was designed to find out the role of Micro and Small Scale Enterprises in local development, their views on the outcomes of REP II as well as the challenges of developing Micro and Small Scale Enterprises at the local level.

Structured questionnaires were designed for the stakeholder institutions. These questionnaires were designed to find out the role and challenges of Micro and Small Scale Enterprises in local development. It was also to find out the key strategies and outcomes of the Rural Enterprises Project II in Developing Micro and Small Scale Enterprises in the Asante Akim South District.

Kirlinger (1973) observed that questionnaire are used wildly for data collection in research because they are very effective for securing information about practices and conditions and for enquiring into opinions and attitudes of the subject.

In order to cross-check and substantiate the responses from the MSE operators, the researcher used observation by visiting the clients at their production centers and workplaces.

By combining multiple data collection techniques, the researcher hope to overcome the biases that come from the use of a single data collecting technique.

### **3.7. VALIDITY AND RELIABILITY OF INSTRUMENT**

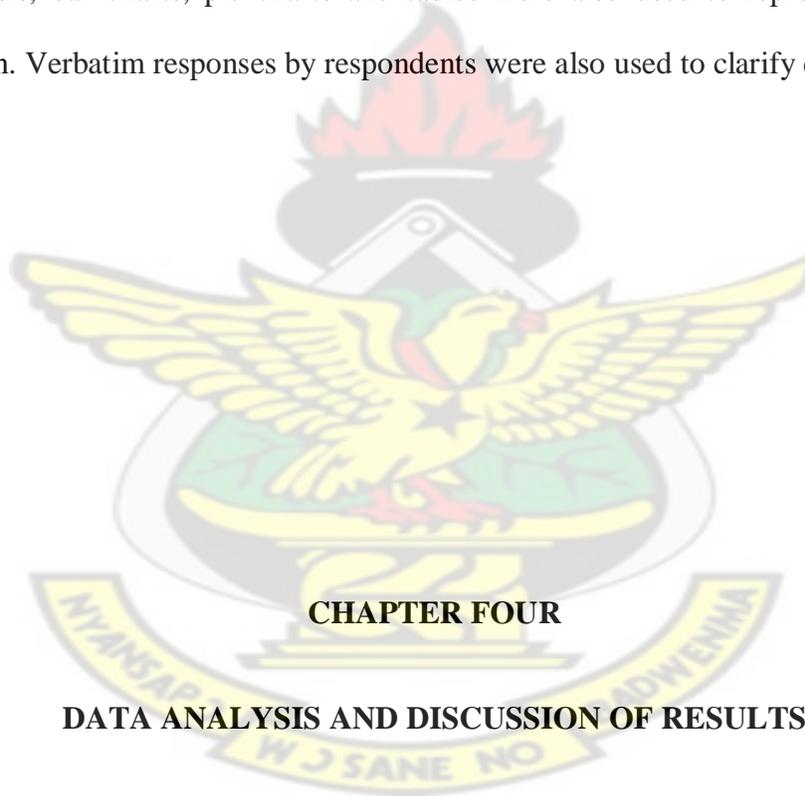
In order to validate the research instruments, the questionnaires and interview guides were piloted on a sample similar to what was used in the Asante Akim South District and challenges and mistakes realized were resolved. Samples of the questionnaire were also submitted to the supervisor and colleagues at the Institute of Distance Learning, KNUST for their comments and the necessary corrections made. This was to check whether the questionnaire designed can answer the research questions posed.

In order to ensure reliability of the questionnaires and interview guides, a test-retest of the questionnaires and interview guides were conducted. This was to assess the stability (consistency) of the measure over a period of time.

### **3.8. DATA ANALYSIS**

In order to ensure simple interpretation and comprehension, the data was mainly analyzed using descriptive tools, such as frequency distributions, percentages, and summarily presented in tabular and graphical forms. Data was disaggregated and presented using Statistical Package for the Social Scientist (SPSS). Each research question was analyzed based on responses given by the respondents and converted to percentages.

Trend analysis, bar charts, pie charts and tables were also used to represent the data for interpretation. Verbatim responses by respondents were also used to clarify data presented.



## **CHAPTER FOUR**

### **DATA ANALYSIS AND DISCUSSION OF RESULTS**

#### **4.1 INTRODUCTION**

This section deals with the analysis and interpretation of the data collected. The presentation is organized along the thematic areas of the study objectives. It includes descriptive information obtained from interviews with MSE operators, staff of stakeholder institutions and reports obtained from the Business Advisory Centre.

Statistics presentations were used in analyzing the data. Tables, bar charts and pie charts were used to present and explain the results where necessary. The data was analyzed and discussed to answer research questions set out in the chapter one. A total of (92) interview guides were issued to randomly selected MSE operators in the district and questionnaires were given to staff of MSE development stakeholder institutions in the AASD.

Out of the 92 interview guides sent out for MSE operators, 90 were retrieved and used in the analysis. All the 10 questionnaires issued to staff of stakeholder institutions were retrieved. This gives a response rate of 98.04%. It is the 90 answered interview guides from MSE operators and the 10 answered questionnaires from staff of stakeholder institutions that were used in analyzing the survey results.

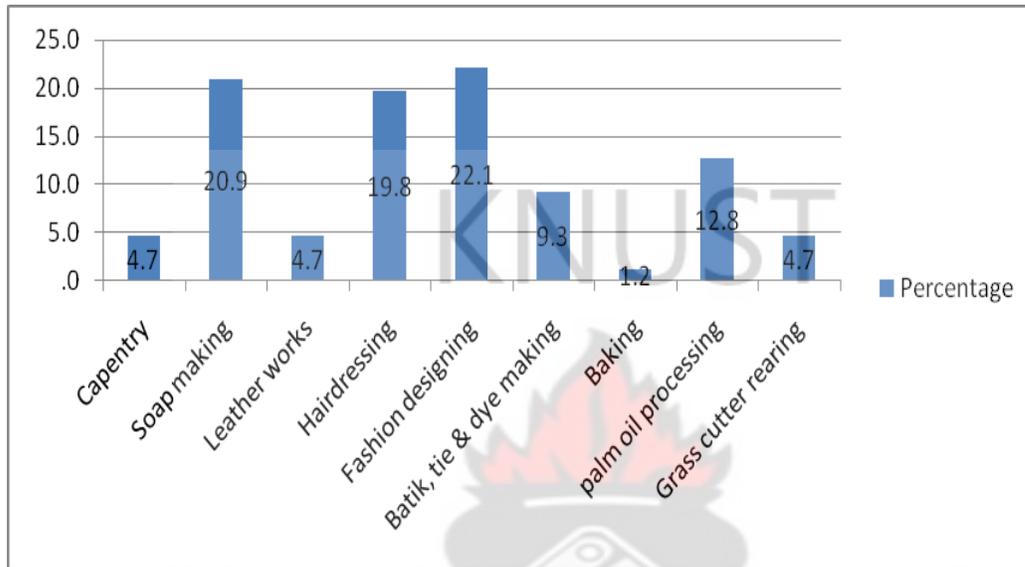
## **4.2. ENTREPRENEURIAL CHARACTERISTICS**

### **4.2.1 TYPE OF MSEs INTERVIEWED**

Figure 1 shows the trade types of MSEs interviewed. Respondents were from all the five broad trade types categorized by the REP II. The trade types are services, agro processing, traditional craft, primary fabrication and agric and forest products. The predominant trade type identified in the survey was the service sector comprising 41.9%, made up of 19.8% hairdressers and 22.1% fashion designers. The study also showed that agro processing was

also prominent in the district, comprising 20.9% soap makers, 1.2% bakers and 12.8% palm oil processors.

**Figure 1: Type of MSEs Interviewed**

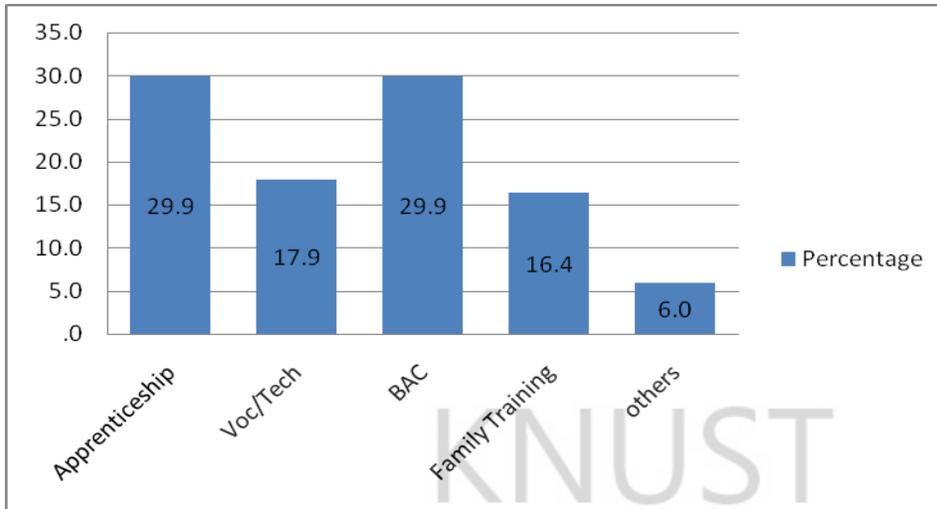


**Source: Field Survey (September 2011)**

**i. SOURCE OF TECHNICAL TRAINING**

The survey results showed that 29.9% of MSE operators interviewed had their training through apprenticeship training and 29.9% also had their training through the programmes organized by the BAC. Family training accounted for 16.4% of skill transfer among MSEs. Non-formal education accounts for 76.2% of skills transfer among MSEs interviewed. This shows that there is the need for programmes to enhance technology transfer in the country apart from the formal technical education system. Figure 2 shows the source of technical training of the respondents.

**Figure 2: Source of Technical Training**



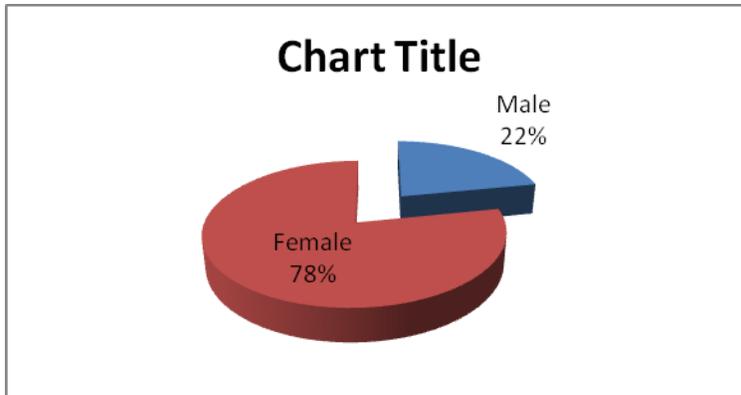
Source: Field Survey (September 2011)

## b. ROLE OF MICRO AND SMALL SCALE ENTERPRISES IN LOCAL DEVELOPMENT

### 4.3.1 GENDER COMPOSITION OF RESPONDENTS

Figure 3 depicts the gender composition of MSE operators interviewed. The figure shows that 78% of respondents interviewed were females while 22% were males, these numbers are in line with the objective of the Rural Enterprises Project II, which is to 'increase the incomes of women and vulnerable groups through increased self and wage employment'. [REP II] (2011),

Figure 3: Gender Composition of Respondents



**Source: Field Survey (September 2011)**

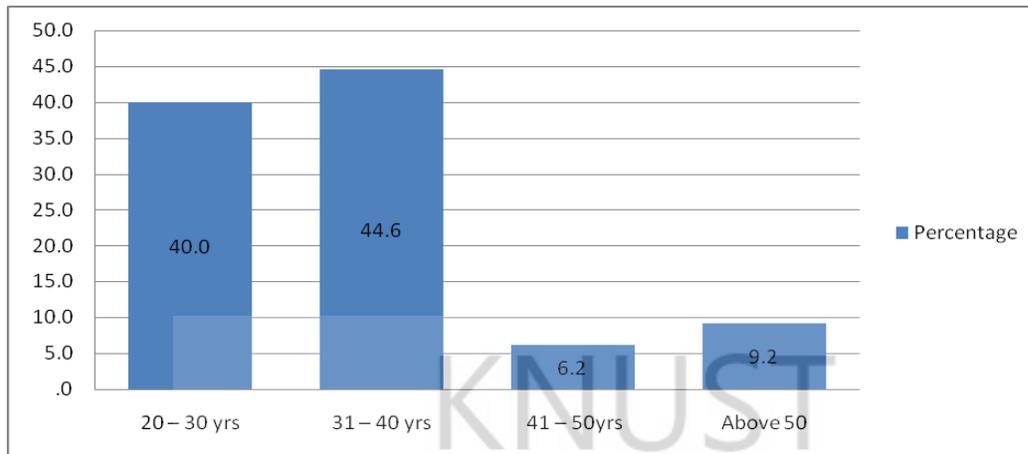
Having 78% of clients of REP II in the AASD being females is in line with local development as postulated by Hart and Murray (2000), that Local development is multi-dimensional, when apart from dealing with job creation, business growth and connecting people to jobs within the locality, it also covers a wide range of social action; it should involve the most marginalized in local society.

The 78% females engaged in the industrial sector as shown by the survey is in contrast to the general employment trend in the AASD as stated in the district profile. According to the AASD medium term development plan 2010 to 2013, of those who are employed in the district, 45.5% are female while 54.5% are male. This shows that if the MSE sub sector is developed it can help bridge the gender imbalance in employment in the AASD.

#### **4.3.2 AGE STRUCTURE OF MSE OPERATORS**

The survey revealed that 84.6% of the MSE operators interviewed are within the age range of 20 -40 years. This shows that the youth - who mainly form the working population - are predominantly into micro and small scale entrepreneurship. Figure 4 depicts the age distribution of MSE operators interviewed.

**Figure 4: Age Structure of MSE Operators**



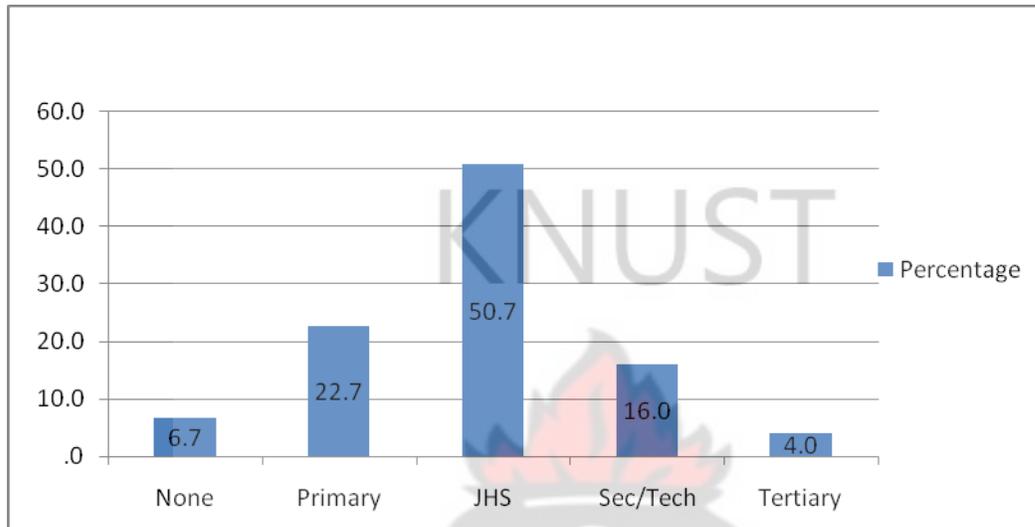
**Source: Field Survey (September 2011)**

### **4.3.3 EDUCATIONAL LEVEL OF MSE OPERATORS**

It came to light from the results of the survey that 22.7% and 50.7% of respondents had their education up to the primary and Junior Secondary Level respectively, making a total of 73.4% being educated up to the first cycle level of education. Four percent of the respondents were also educated up to the tertiary level.

This shows that the Micro and Small Scale sector offers opportunity for the majority of people in the district who are unable to climb the educational ladder. The low level of education of the MSE operators may affect their ability to manage and market their enterprises effectively. Figure 5 shows the educational background of MSE operators interviewed.

**Figure 5 Educational Level of MSE Operators**

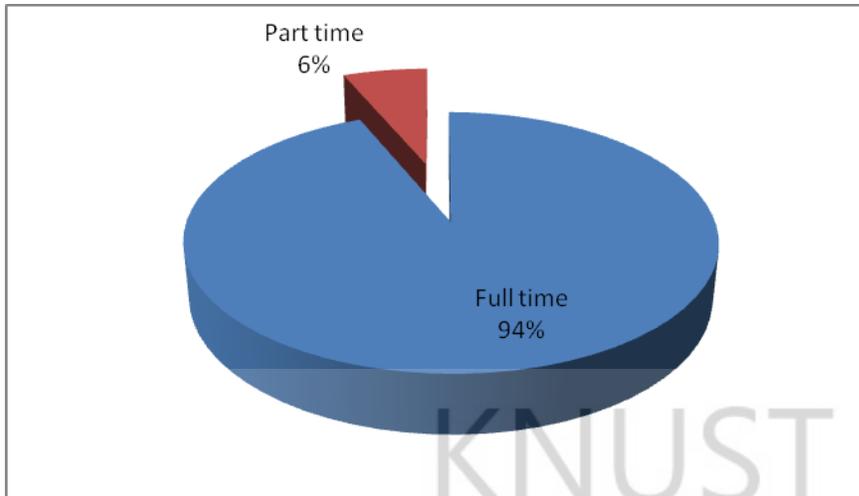


**Source: Field Survey (September 2011)**

#### **4.3.4 FORM OF RUNNING BUSINESS**

The survey revealed that 94% of respondents take their MSE operations as full time ventures. This underlines the importance of MSE activities to the economy of the Asante Akim South District. Figure 6 shows the form of running of businesses by MSE operators interviewed.

**Figure 6: Form of Running Business**



Source: Field Survey (September 2011)

#### 4.4 KEY STRATEGIES USED BY THE RURAL ENTERPRISES PROJECT II IN DEVELOPING MICRO AND SMALL SCALE ENTERPRISES

##### 4.4.1 INVOLVEMENT OF LOCAL GOVERNMENT IN PROJECT

###### IMPLEMENTATION

It came to light from the interviews conducted with the respondents of the Rural Enterprises Project, the Business Advisory Centre and the AASDA that the AASDA plays a pivotal role in the implementation of the project in the district. The AASDA has provided a two room furnished office accommodation to house the BAC. The AASDA pays the salary of two staff of the BAC, namely the Business Development Officer and the Administrative Assistant. They have also provided a desktop computer and its accessories and two air conditioners for the BAC.

The AASDA has also contributed to the operational expenses of the BAC in an increasing proportion with the REP II as shown in table 2 below.

**Table 2 Financing of BAC Operational Cost**

Project year	Contribution	to	Contribution	to
--------------	--------------	----	--------------	----

	Operational Expenses by REP II	Operational Expenses by AASDA
Year 1	100%	0%
Year 2	75%	25%
Year 3	50%	50%
Year 4	25%	75%
Year 5	0%	100%

**Source: Field Survey (September 2011)**

This system of financing recurrent expenses whereby the contribution of the AASDA increases gradually over the years is a good way of integrating the recurrent expenditure of the BAC into the District Assembly system.

The AASDA also oversees general project implementation in the district through its Sub Committee on Micro and Small Enterprises Promotion. The BAC serves as the operating wing of the MSE Sub Committee and is accountable to the AASDA.

The AASDA also ensures that the activities and budget of the BAC are captured in the Medium Term Development Plan and Annual plans of the AASDA and necessary budgetary provisions are made to support them. Involving the AASDA in project implementation ensures that the AASDA sees the project as its own and thereby sees to it that the BAC succeeds in its activities in the district.

- **LEVERAGING OF RESOURCES TO FUND THE OPERATIONS OF THE BAC**

It also came to light through the institutional survey that one of the strategies adopted by the REP II in running the AASD Business Advisory Centre is mobilization of resources from all stakeholders to implement the programmes of the BAC. The various stake holders made up of the Asante Akim South District Assembly, the Rural Enterprises Project II, the National Board for Small Scale Industries, participating Financial Institutions and the clients contribute to running the programmes and activities of the Business Advisory Centre.

The AASDA employs and pays the salary of two BAC staff, provides residential accommodation for the BAC staff, has provided furniture, two air conditioners and a computer and its accessories to the BAC. It provides counterpart funds for both operational expenses of the BAC and to procure start up equipment for clients. It also supports clients to attend trade shows and has funded the construction of a Bamboo service centre under the project.

REP II has contributed resources to the operations of the BAC in the areas of: provision of training and operational funds; provision of counterpart funds for startups; supply of equipment for the bamboo service centre and supply of office equipment and vehicle.

The NBSSI also contributes in running the BAC by paying the salary of two staff of the BAC that is the BAC Head and Driver. They also undertake monitoring activities at the BAC. The

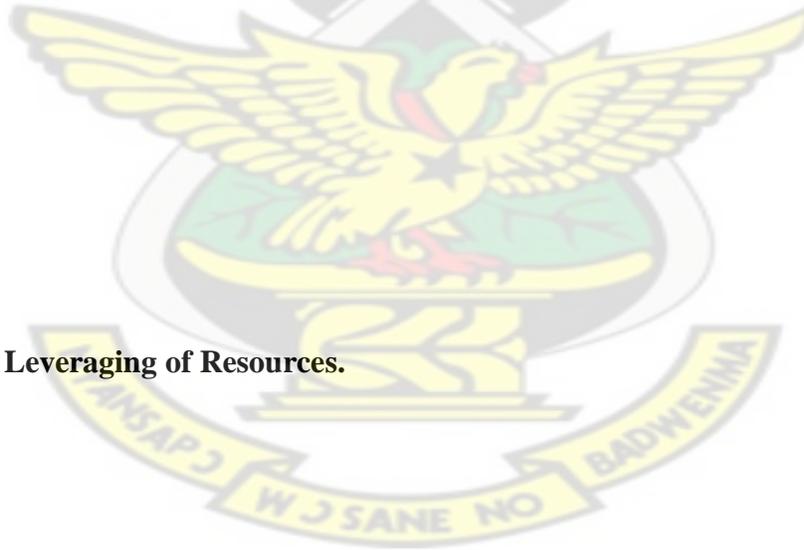
contributions of the various stakeholders to carrying out the activities of the BAC are shown in Table 3 and Figure 7 below.

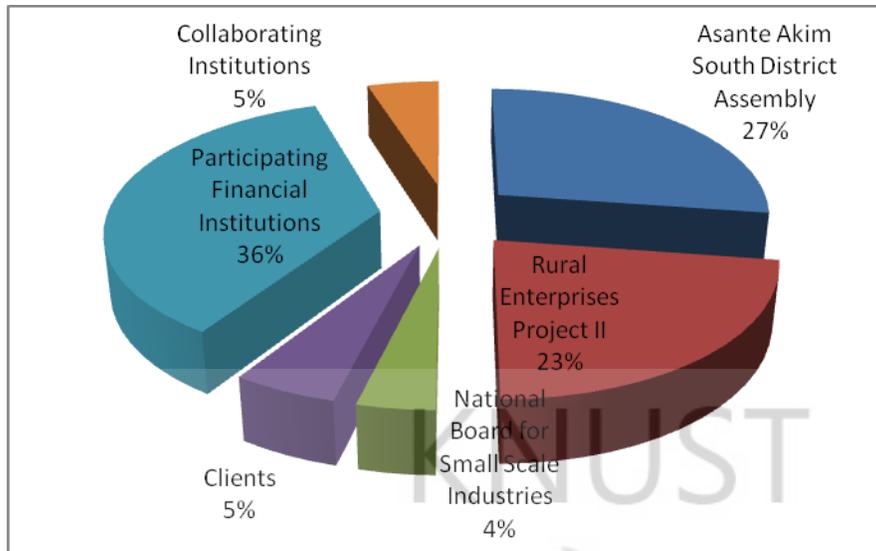
**Table 3: Leveraging of Resources**

Stakeholder/Institution	Amount (GHC)	Percentage
Asante Akim South District Assembly	231,794.62	27
Rural Enterprises Project II	193,285.27	23
National Board for Small Scale Industries	32,633.40	4
Clients	44,221.00	5
Participating Financial Institutions	304,800.00	36
Collaborating Institutions	42,154.58	5
Total	848,888.87	100

**Source: Field Survey (September 2011)**

**Figure7: Leveraging of Resources.**





**Source: Field Survey (September 2011)**

Hart and Murray (2000) argue that local development is assets based when: there is involvement of public funds; there is involvement of private sector funds; and there are contributions from the community to stimulate local development to do more things better and lead to the desired goal of sustainability. They argue further that for local development to be collaborative, then there should be the involvement of a number of stakeholders, working together rather than on an individual basis. UNCTAD (2011) also asserts that in some countries, heavy reliance on donors and NGOs for the provision of Business Development Services has resulted in a lack of continuity in provision of Business Development Services to MSE operators.

#### **4.4.3 COLLABORATION WITH OTHER DEVELOPMENT PARTNERS**

Many development partners implement various programmes to help micro and small scale entrepreneurs. There is the need for these development partners to collaborate with each other to effectively utilize their resources, complement each others' efforts and not duplicate

their activities in the same district. The AASD Business Advisory Centre has been collaborating with the Hunger Project in the area of training and provision of credit to clients. In the area of training, REP II provides 60% of the total cost of training programmes, the Hunger project on its part provides 20% and the clients provide 20% as commitment fees.

Through this collaboration, the Hunger project has also contributed an amount of GHC 19,994 as loans to REP II clients in the AASD. This is quite an impressive form of collaboration: as the REP II trains clients and as these clients establish their enterprises, the clients benefit from the credit line of another intervention – the Hunger project.

In this regard, Hart and Murray (2000) argue that local development must be collaborative and should involve a number of stakeholders, working together rather than on an individual basis.

#### **4.4.4 PROJECT'S UNDERSTANDING OF LOCAL ISSUES**

It was realized from the interview with the stakeholder institutions that prior to the launching of the REP II in the AASD, the project engaged a consultant to undertake a Business Opportunity Identification Survey in the district. A report on this survey was discussed and circulated to all stakeholders of project implementation in the district to guide project implementation. It was also realized that during the first and second year of project implementation, the BAC organized twelve (12) client fora and nineteen (19) Business Orientation Seminars to enable them identify the needs of clients in the district.

It came to light that the project activities are mainstreamed into the AASDA system through the incorporation of BAC activities into the medium Term Development Plan of the AASDA. The creation of the Sub Committee on MSEs serves as a platform for the project, the AASDA and clients' representatives to deliberate on project implementation.

Hart and Murray (2000) asserts that for local development to be strategically driven it means there is a clear cut direction which is based on understanding of local issues and aided by a realistic vision of the future.

According to Wikipedia (2011), rural development aims at finding the ways to improve the rural lives with participation of the rural people themselves so as to meet the required need of the rural area. The outsider may not understand the setting, culture, language and other things prevalent in the local area.

#### **4.4.5 LEARNING FROM EXPERIENCE**

It came to light during the interview with staff of the BAC and the Rural Enterprises project that the project instituted quarterly review meetings, where staff of the BACs met with staff of the Project Coordinating and Management Unit to deliberate on the activities of the previous quarter and to plan for the ensuing quarter based on the report for the past quarter. At these review meetings, BAC Heads presented their reports for their peers review.

The Project also organized annual review workshops where representatives of all stakeholders of the project met to deliberate on project activities during the year and plan for the coming year.

At the district level, the BAC prepares quarterly reports for the main executing bodies, the REP II, NBSSI and the AASDA. These reports serve as the bases for monitoring the activities of the BAC by these institutions. The Jauso BAC also has a comprehensive data base on its clients and activities and this serves as a valuable source of memory on project activities. The activities of the BAC are also reviewed at the district level by the Subcommittee on Micro and Small Scale Enterprises, where representatives of the AASDA, clients and other stakeholders interrogate the activities of the BAC and make inputs into their plans.

Through the recommendation of the midterm review team of REP II, the project employed a Communication Networking and Linkages Officer, whose main task has been information and experience sharing on the project.

Hart and Murray (2000) opine that local development is reflective when it is always willing to learn from experience regarding what works well under different circumstances and what could work better.

#### **4.4.6 FACILITATING MSES ACCESS TO MARKET**

The REP II organizes annual exhibition and trade shows for its clients all over the country. The AASD BAC yearly supports clients to attend this annual exhibition and trade show. Twenty- five (25) clients made up of eighteen (18) females and seven (7) males have been supported to participate in the REP annual clients' exhibition and trade show.

Participating in these trade shows provides a platform for MSE operators to market their products, establish market contact, learn from other MSE operators and identify sources of inputs throughout the country.

According to UNCTAD, (2011), production in the industrial sector is now knowledge-based and competition occurs on the basis of both continuous innovation and price. Entrepreneurs need to muster design, have extensive knowledge of markets and technology, and become innovative. There is the need to support linkages and networking as a key mechanism to facilitate the development of SMEs.

The organization of annual trade fairs for MSE operators in rural areas is also in line with the government of Ghana's policy of increasing demand for locally manufactured goods.

#### **4.4.7 SUPPORT TO START UPS**

Through the institutional survey, it came to light that the REP II has a scheme to support graduate apprentices in starting up their own enterprises in order to not be long attached to the apron strings of their master craftsmen. Under this scheme, trainees who have completed traditional apprentices are provided with a set of equipment and tools that they can start their enterprise with.

Initially the District Assemblies contributed 20% of the cost of equipment and the REP II provided the remaining 80% of the cost. This arrangement has now been changed and the eligibility criteria for clients in a district to benefit from this scheme is for the District

Assembly to show evidence of fulfilling its counterpart fund contribution to the operational expenses of the BAC. The REP II then finances the acquisition of the equipment 100% after the above mentioned obligation is met by the Assembly.

From the interview with the AASD, BAC, the AASDA has so far contributed an amount of six thousand, five hundred and seventy Ghana cedis (GHC 6,570) with the REP II providing Fifty thousand nine hundred and one Ghana Cedis (GHC 50,901) to provide start up kits to one hundred and twenty-one (121) graduate apprentices in the AASD under the Graduate Apprentices Start up Scheme. This is made up of fifty-one (51) males and seventy (70) females.

#### **4.4.8 STAFF CAPACITY BUILDING**

It was realized from the interview with the staff of the BAC and the REP II that the staff of the BAC have benefited from various training programmes organized by the REP II. The training programmes organized for the BAC staff are Information communication technology, data management, monitoring and evaluation, preparation of work programmes and budget and beneficiary needs assessment. Others are training in gender mainstreaming, presentation and facilitating skills, business counseling and enterprise development.

UNCDF, 2011 argues that poverty-reduction through local development calls for local capacity building and institutional change, and for national decentralization policy reform in Least Developed Countries (LDCs) in order to fulfill this potential.

#### **4.4.9 SUSTAINABILITY OF PROJECT ACTIVITIES**

Sustainability of project activities after the exit of the project from the district is a very important issue in project implementation. This is because without putting in place good sustainability measures, the gains made by the project will easily be eroded after the exit of the project.

From the interview with the staff of the BAC and the REP II, it came to light that the following measures have been put in place by the project to ensure sustainability of project activities after the exit of the project from the AASDA. Project institutional structures and activities have been mainstreamed into the AASDA system. Two BAC staff are employed and paid by the AASDA. The AASDA bears part of the operational cost of the BAC and the BAC activities are always incorporated into the Medium Term Development Plan of the AASDA. The staff of the BAC are paid by government institutions, these are the NBSSI and the AASDA, who ensure that the human resources of the project at the district level (a very key asset to the project) will still be in place after the exit of the project.

It was revealed that the project has built a data base of local service providers who have been providing business development services to project clients. The relevance of identifying and using these local service providers is that it makes the service providers available to the clients since they are based at the local level and their services are also affordable compared to service providers in the cities.

## **4.5 THE OUTCOMES OF THE RURAL ENTERPRISES PROJECT II IN DEVELOPMENT OF MICRO AND SMALL SCALE ENTERPRISES IN THE ASANTE AKIM SOUTH DISTRICT**

### **4.5.1 ESTABLISHMENT OF THE BUSINESS ADVISORY CENTRE IN THE ASANTE AKIM SOUTH DISTRICT**

The Rural Enterprises Project II initiated and saw to the establishment of the office of the Business Advisory Center in the AASD in July 2005. This was organized through a tripartite arrangement between REP II, the NBSSI and the AASDA. In this arrangement, the AASDA provided a furnished two office room accommodation with air conditioners. They also employed two staff to the BAC, namely the Business Development Officer and the Administrative Assistant.

The Rural Enterprises Project II also provided logistics for the operations of the office such as a set of desktop computer and its accessories, a photocopier machine and a double cabin Nissan pickup vehicle.

The NBSSI on its part employed two staff to the BAC, namely the BAC Head and driver. The establishment of this Business Advisory Centre in the AASD is a major achievement in bringing business development services to the grass roots to assist local entrepreneurs. The collaboration between these three institutions to establish the BAC in AASD is commendable. The AASD BAC currently handles all the private sector development activities of the AASDA.

UNCTAD (2011) asserts that one area of ensuring poverty reduction through local development is focusing on development of basic public infrastructure investment and service delivery for the poor, mainly in the rural areas of Least Developed Countries. This calls for increased financing, with major improvements in the policy and institutional framework for delivery, for more effective use of funds allocated. Only a small number of MSEs in developing countries benefit from Business Development services. Most BDS are often confined to urban areas.

From the above accession by UNCTAD, it shows that the establishment of the office of the Business Advisory Centre in the AASD is a big step towards local development because it brings business development services to the doorstep of rural MSEs.

#### **4.5.2 TRAINING ACTIVITIES UNDERTAKEN BY THE BAC**

The REP II, since its inception in the AASD, has been organizing various training programmes for MSE operators in the district. Table 4 shows the various kinds of training programmes organized by the BAC in the AASD. In all, 93 training programmes have been organized by the BAC to a total of 1318 clients made up of 885 females and 93 males. This shows that the training programmes of the project have benefitted 67% females and 33% males.

**Table 4: Training Programmes undertaken by the BAC**

<b>Activities</b>	<b>Activity</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>
Community based skills Training	43	152	173	325
Small Business Management Training	12	37	191	228
Marketing Training	3	8	49	57
Credit Management Training	4	9	100	109
Internship Training	4	0	4	4
Literacy and Numeracy Training	2	6	22	28
Occupational Safety and Environ. Mgt.	3	46	102	148
Costing, Pricing & Finishing of Wood Prod.	2	36	0	36
Group Dynamics	4	31	40	71
District Roundtable Meetings	2	38	12	50
<b>Total</b>	<b>79</b>	<b>363</b>	<b>693</b>	<b>1056</b>

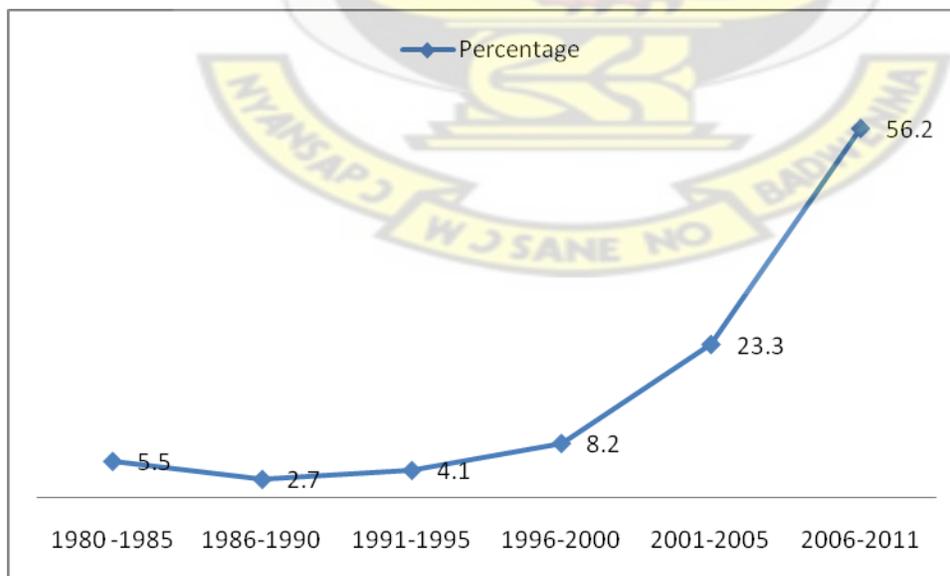
**Source: BAC Status Report (September 2011)**

The training of MSE operators by the AASD BAC is in conformity with the government of Ghana's policy of increasing the supply and improving the quality of entrepreneurial and management skills in the manufacturing sector.

#### 4.5.3. BUSINESS ESTABLISHMENT

One of the main outcome indicators of development projects is the number of businesses established. It is also a main objective of the Rural Enterprises Project to create employment through technology transfer. Figure 8 shows the year of establishment of MSEs interviewed. Of these 87.7% of the enterprises were established from 1996 to 2011, 12.3% established from 1980 to 1995. This shows that since the inception of the REP II in the Asante Akim South District in July, 2005, the establishment of MSEs has been increasing rapidly in the AASD. The rate of MSE establishment in the district increased from 8.2% in 1996 - 2005 to 23.3% in 2001-2005 and to 56.2% in 2006 - 2011.

**Figure 8: Year of Business Establishment**



**Source: Field Survey (September 2011)**

#### 4.5.4 OUTCOMES OF PROJECT INTERVENTION

It came to light during the interview with the BAC and from the BAC status report (2006 – June 2011), that the Juaso BAC has through its activities established 527 enterprises and created 567 jobs. 378 clients of the BAC are currently adopting new and improved technology and 133 graduate apprentices have been able to start their own enterprises. There are 45 active MSE associations operating in the AASD through the activities of the BAC.

**Table 5: Outcome of Project Intervention in the AASD**

<b>OUTCOME INDICATORS (2006 – June, 2011)</b>	<b>MALE</b>	<b>FEMALE</b>	<b>TOTAL</b>
Clients adopting new and improved technology	84	294	378
Active Bank Accounts	39	107	139
New Businesses Established	112	313	527
Increased Production	35	140	175
Increased Sales	33	152	185
New Jobs Created	192	375	567
Improved Packaging	6	53	59
Clients keeping Records	17	89	106
Business Diversification (Product & Business Lines)	19	153	172
Selling Outside Home District	24	62	86
Enterprises established by Graduate Apprentices	54	79	133
Clients having Access to MSE Information	48	181	229
Clients Adopting Good Workshop Safety	6	28	34

**Source: BAC Status Report (September 2011)**

According to the Ministry of Trade and Industry [MOTI] (2011) the key development objectives of Ghana's Industrial Policy are:

- i. To expand productive employment in the manufacturing sector
- ii. To expand technological capacity in the manufacturing sector
- iii. To promote agro-based industrial development
- iv. To promote spatial distribution of industries in order to achieve reduction in poverty and income inequalities

The outcome indicators chalked by the REP II in the AASD helps fulfill the key development objectives of the Ministry of Trade and Industry.

#### **4.5.5 PROMOTION OF TRADE ASSOCIATIONS**

During the interview with the Juaso BAC it came to light that the BAC has been carrying out various activities to strengthen MSE trade associations in the district. Having strong MSE trade associations at the district level helps in establishing a well informed and capable MSE representation that can advocate for resolving issues that affects the operations of MSEs. It also helps in the organization of the MSEs for support that meet their needs.

BAC staff have been forming and strengthening existing trade associations in the AASD by attending their meetings and giving them guidance. Currently the BAC has been working with eighteen (18) active MSE trade associations. A list of these trade associations is attached as appendix 3. The BAC has also organized various training programmes for executives of these MSE trade associations. The BAC has organized four training

programmes in group dynamics and two District Round Table meetings for 122 executives of MSE trade associations in the AASD as shown in table 6.

**Table 6: BAC programmes for MSE Trade Associations**

Type of Programme	Number of Programmes	Male Participants	Female Participants	Total participants
Training in Group Dynamics	4	32	40	72
District Round Table Meeting	2	38	12	50
Total	6	70	52	122

**Source: BAC Status Report (September 2011)**

#### **4.5.6. CONTRIBUTION TO LOCAL GOVERNANCE**

It came to light during the institutional survey that the REP II has spearheaded the establishment of a subcommittee on Micro and Small Scale Enterprises in all the sixty-six municipal and District Assemblies where the project is being implemented, including the AASDA. This subcommittee of the general assembly of the municipality or district seeks to address all issues concerning the private sector and bring them to the notice of the Executive Committee and General Assembly. The AASDA has established its subcommittee on micro and small enterprises and it coordinates all the activities of institutions involved in the development of MSEs in the AASD, so that their efforts are complemented are duplicated.

According to Hart and Murray (2000), one of the characteristics of local development is that development priorities are determined in an environment which depicts the interest of local governments, the business sector, community groups and voluntary organizations.

UNTAD (2011) also reiterates that local development is built on the potentially key role of effective local government in promoting and improving dialogue and partnership between the state, citizens and their communities, civil society and the private sector in local planning and service delivery.

The establishment of the MSE subcommittee as a statutory subcommittee of the General Assembly of the AASDA helps create a platform where MSE operators, policy makers and technocrats can interact to deliberate on issues that affects the private sector. It also serves as a vehicle for bringing issues that affect the private sector to the Executive Committee and the General Assembly of the AASDA, where bye-laws and regulations are promulgated to govern all the sectors of the district.

The REP II is also currently spearheading the establishment of the department of Trade, Industry and Tourism of District Assemblies under legislative Instrument 1961. The establishment of this department at the local government level will ensure decentralization of the trade and industry sector.

#### **4.5.7 RELATIONSHIP WITH THE CENTRAL GOVERNMENT**

It was revealed from the interview with staff of the REP II that the Ministry of Trade and Industry is the supervising ministry of the REP II and that the MOTI is responsible for the overall implementation of the project. The Chief Director of the Ministry chairs the steering committee of the project. The loan agreement with the development partners, which are the International Fund for Agricultural Development Bank and the African Development Bank, are contracted by the Government of Ghana and approved by the parliament of Ghana. The Annual Work Programmes of the project are designed in line with the government policies on micro and small scale industries.

It also emerged from the interview with staff of the REP II that the project supported the formation of a Working Group on Micro and Small Scale Enterprise Promotion (WGME), an inter-sectoral policy forum for policy making situated at the Ministry of Trade and Industry. The WGME is made up of representatives of key public institutions, non-governmental organizations, donor agencies, private sector bodies and local trade associations.

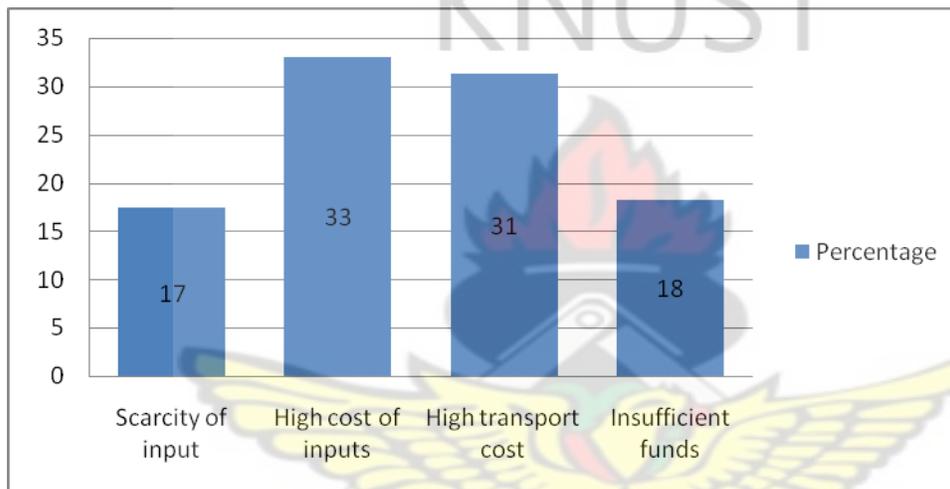
According to UNCTAD, (2011), conflicts between the policies of Governments and donors in the provision of BDS are common. Governments and NGOs alike develop support programmes without sufficient consultation or knowledge of each other's programmes, leading to rivalry, duplication of efforts, piecemeal interventions and inefficient use of scarce resources.

#### **4.6 THE CHALLENGES OF DEVELOPING MICRO AND SMALL SCALE ENTERPRISES IN THE ASANTE AKIM SOUTH DISTRICT**

#### 4.6.1. CHALLENGES IN OPERATING BUSINESS

According to the interview with the MSE operators, high cost of inputs is the main challenge to MSE operators in the AASD, with 33% of respondents affirming this as shown in figure 9. 31% of MSE operators also noted high transportation cost as a challenge to their operations. Other challenges noted are scarcity of inputs and insufficient funds.

**Figure 9: Challenges in Operating Business Enumerated by MSE Operators**



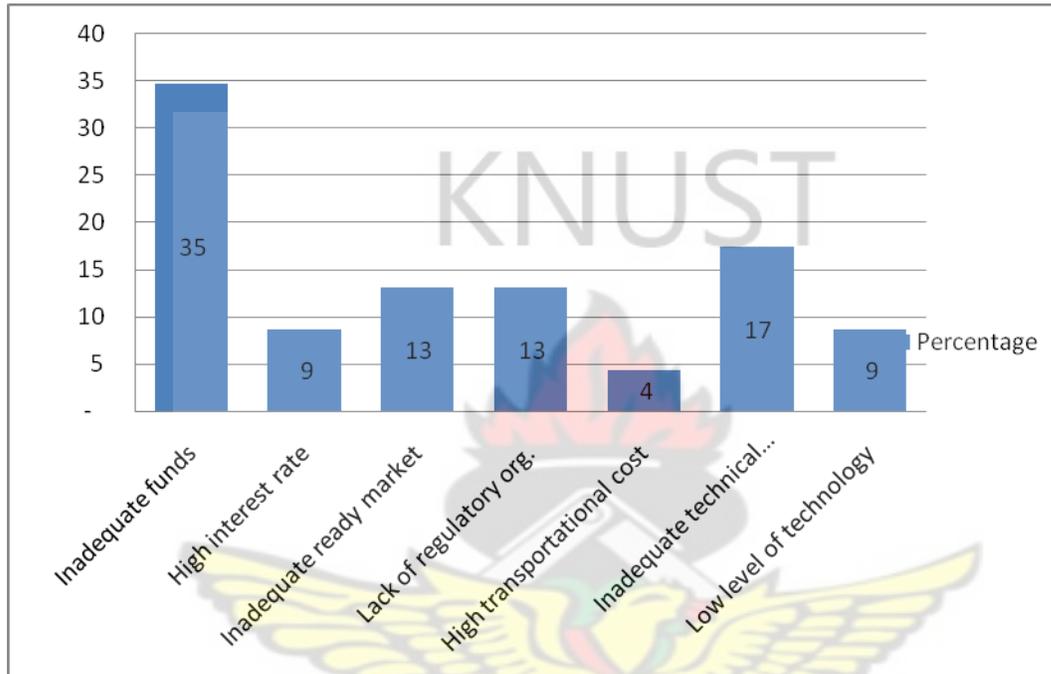
**Source: Field Survey (September 2011)**

The challenges faced by entrepreneurs as per the institutional survey are lack of funds, high interest rate, inadequate ready market, non-availability of MSE support institutions at the district level, high transport cost, inadequate technical and managerial skills and low level of technology used. Figure 10 below shows the various challenges faced by MSEs as enumerated by staff of MSE development organizations.

Both the MSE operators and staff of MSE development organizations mentioned inadequate funds as the topmost challenge facing MSE operators in the AASD.

Problem with land acquisition was also a challenge noted by the MSE operators but never mentioned by the staff of MSE development organizations.

**Figure 10: Challenges of MSE Operators as per the Institutional survey**

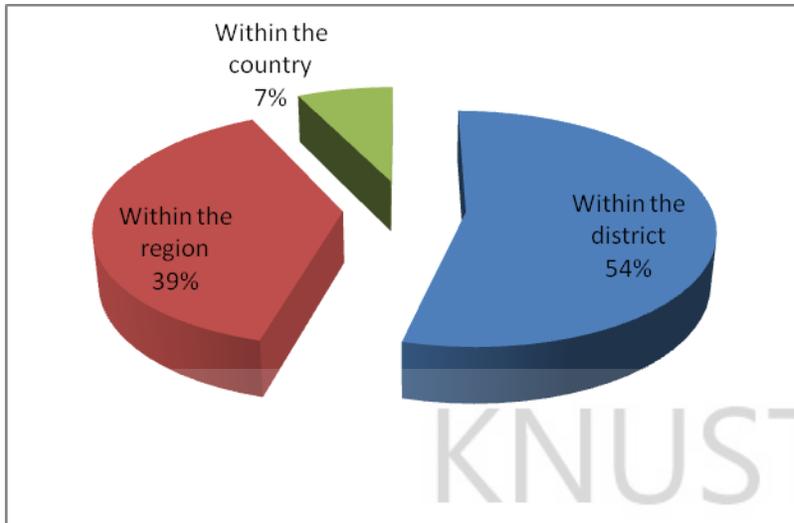


**Source: Field Survey (September 2011)**

#### **4.6.2 SOURCE AND PLACE OF PURCHASE OF INPUTS**

From the interview with the MSE operators, it was realized that all the inputs used by respondents could be purchased within the country, with even 54% of the inputs obtainable in the AASD as shown in figure 11.

**Figure 11: Place of Purchase of Raw Materials**



**Source: Field Survey (September 2011)**

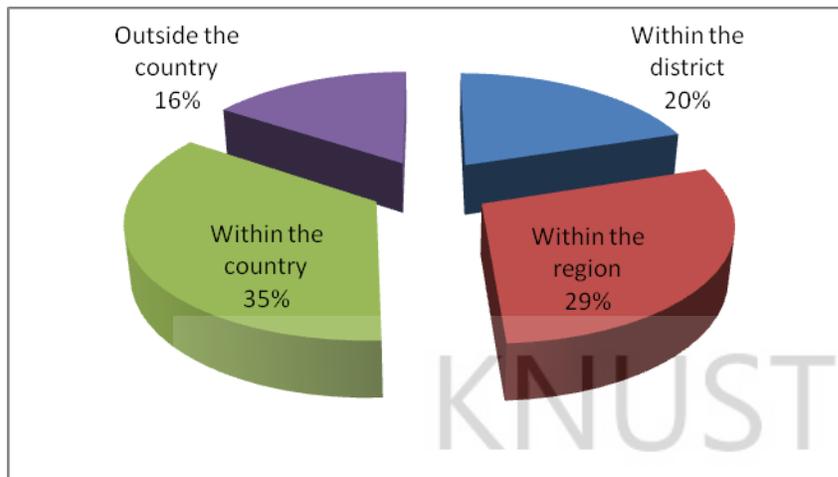
It also came to light from the interview with the MSE operators that 16% of their inputs were imported from outside the country as shown in figure 12 below.

Kayanula and Quartey (2000) noted that access to inputs, their availability, or cost, is an important problem and whether they were based primarily on imported or domestic inputs a constraint to the development of SMEs in Ghana and Malawi.

The government of Ghana has as one of its policies on industry, to promote the production and utilization of local raw materials and inputs.

According to Dinye (1991) small-scale industries depend little on imports and therefore conserve foreign exchange. It was revealed from the survey with MSE operators in the AASD that 16% of inputs of MSEs are imported from outside the country.

**Figure 12: Original Source of Raw Material**



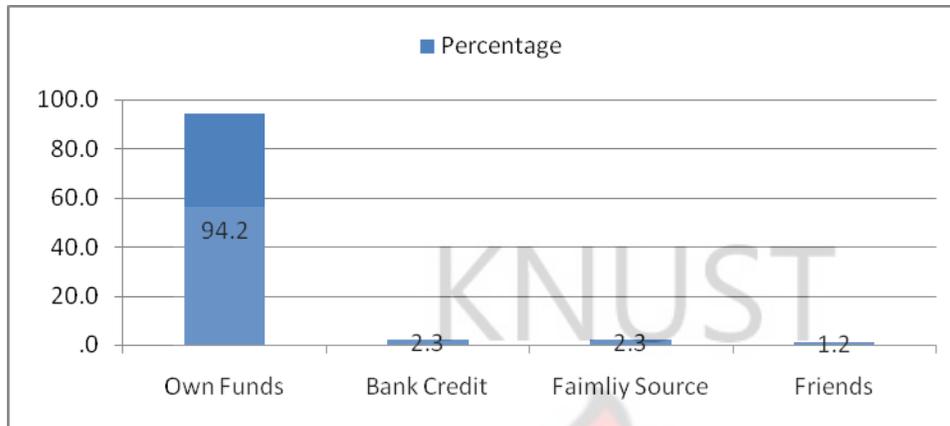
**Source: Field Survey (September 2011)**

#### **4.6.3. SOURCE OF WORKING CAPITAL**

It was revealed through the survey that the main source of working capital for the entrepreneurs interviewed was own funds. This was made up of 94.2% as shown in figure 13. This corroborates the complaint by MSEs of their inability to access credit funds. Only 2.3% of MSE operators interviewed have access to credit support from financial institutions.

UNCTAD, (2011) in relation to credit delivery to MSEs, asserts that lack of access to medium or long-term credit is a major constraint for those enterprises that wish to expand their activities. SMEs present a high risk to the lender and most of them have poor accounting records and the lack of other financial records.

**Figure 13: Source of Working Capital**

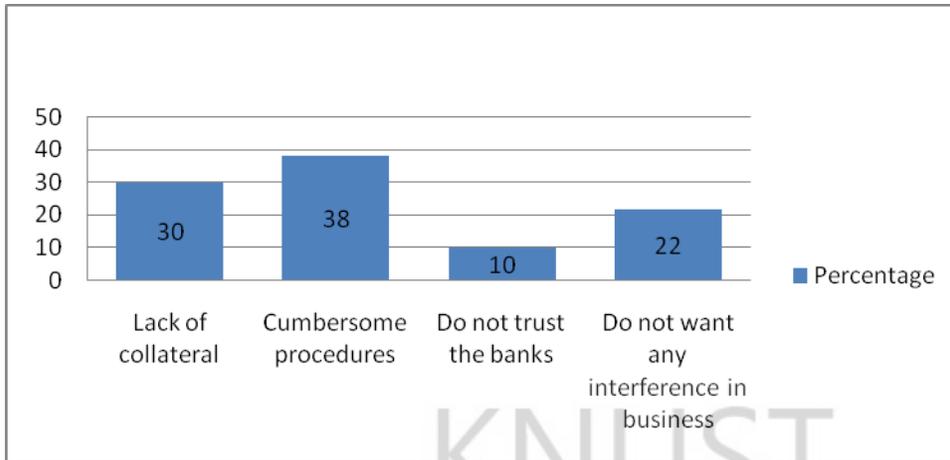


**Source: Field Survey (September 2011)**

#### **4.6.4. REASONS FOR NOT ACCESSING BANK LOAN**

The survey with MSE operators revealed that the major reasons for their inability to access credit from financial institutions are cumbersome procedures - 38% and lack of collateral - 30%. Other reasons cited by respondents for not taking bank loans are lack of trust in financial institutions and that they do not want interference in their business operations. The results are depicted in figure 14 below.

**Figure 14: Reasons for not Taken Bank Loan**

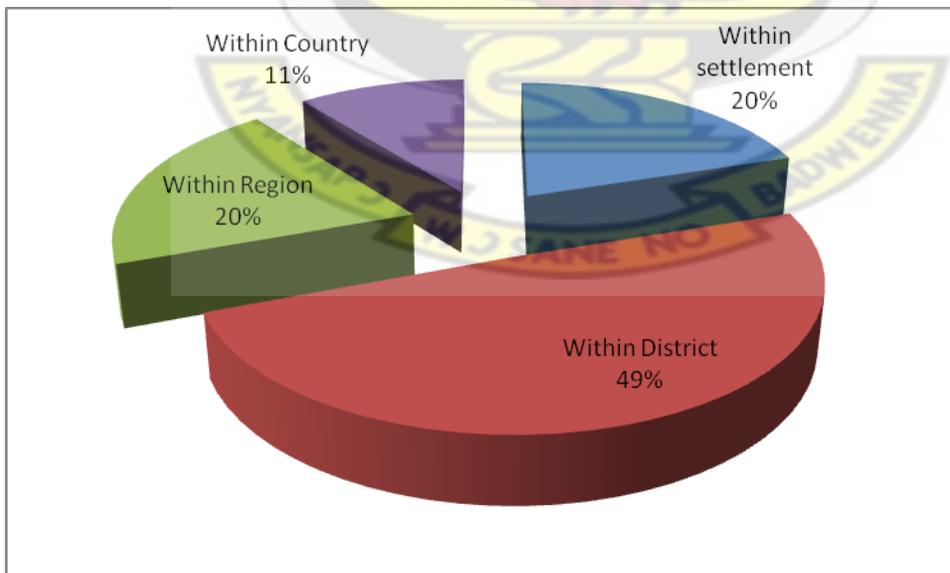


**Source: Field Survey (September 2011)**

#### 4.6.5. MARKET DISTRIBUTION OF MSE OPERATORS

Marketing of products is very essential to the development of every business enterprise. It was revealed during the survey that 69% of MSE operators market their products within the AASD. None of the MSE operators export their products outside the country as shown in figure 15. This shows that there is so much to be done to achieve the government of Ghana's policy of increasing the export of locally manufactured goods.

**Figure 15: Market Distribution of MSE Operators**

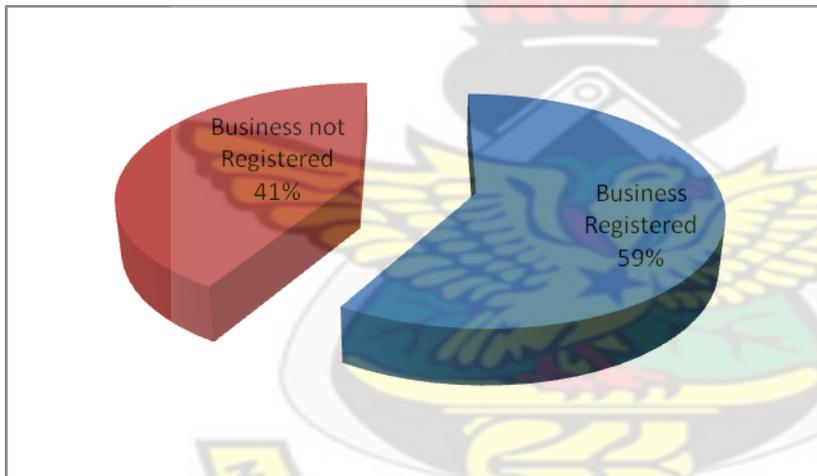


**Source: Field Survey (September 2011)**

#### 4.6.6. REGISTRATION OF BUSINESS

Business registration is a prerequisite for the development of a successful business enterprise. It was revealed from the survey that 59% of the MSE operators interviewed had registered their businesses with the Registrars General of Ghana while 41% of respondents have not registered their businesses as shown in figure 16.

**Figure 16: Business Registration**



**Source: Field Survey (September 2011)**

The percentage of MSE operators who have registered their business in the AASD is contrary to the accession by UNCTAD (2011). They claim the cost and cumbersome administrative procedures of legal regulatory environment discourages MSEs from formalizing their businesses, which deprives them from the possibility to secure public contracts, access to credit, renewal of licenses and opportunities for subcontracting work.

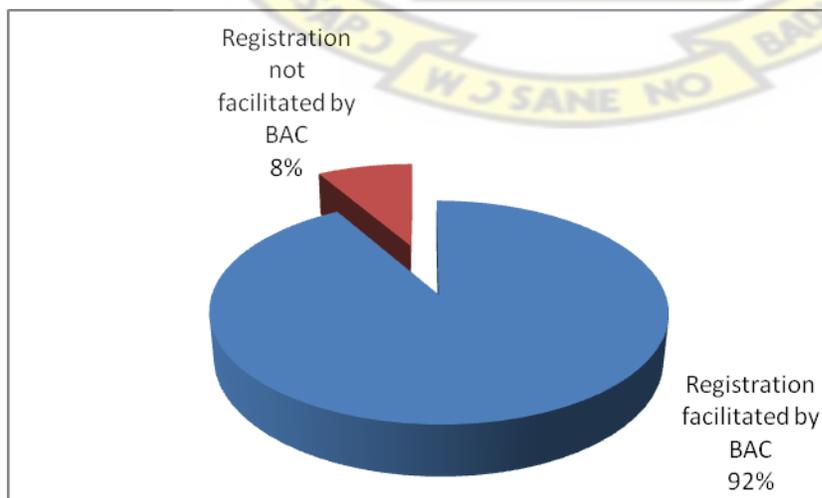
The high rate of MSEs in the AASD who have regularized their businesses with the registrars general of Ghana may be due to the facilitating and supporting role played by the BAC. This is discussed in the next session.

#### 4.6.7 FACILITATION OF BUSINESS REGISTRATION

It was revealed from the survey that the BAC facilitated the registration of business of 92% of MSE operators interviewed who have registered their businesses as depicted in figure 17. The support given by the BAC to the MSEs in registering their business is a reflection of the high percentage (59%) of MSEs interviewed who have registered their enterprise.

The Rural Enterprises Project organizes educational campaigns with the Registrars General Department to sensitize MSE operators in the district on the need and modalities for registering their business. After this the project pays 60% of this cost for the clients. The challenge with this system of supporting the clients to register their business is that it is not sustainable after the exit of the project.

**Figure 17: Facilitation of Business Registration by the BAC**



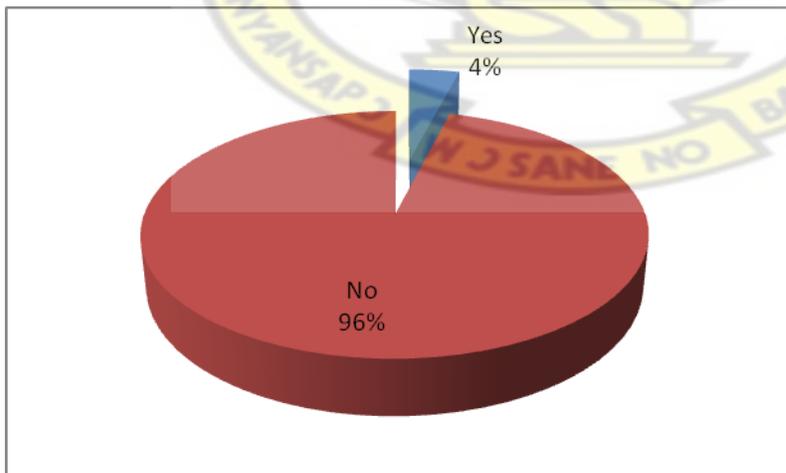
**Source: Field Survey (September 2011)**

These services provided by the AASDA BAC whereby they facilitate registration of businesses of MSEs is in line with the government of Ghana's policy of formalizing small scale businesses to help them get access to business support services and incentives.

#### **4.6.8 CERTIFICATION OF PRODUCTS WITH GHANA STANDARDS BOARD OR FOOD AND DRUGS BOARD**

It was revealed through the survey that 96% of respondents have no working relationship with the Ghana Standards Board or the Food and Drugs Board as shown in figure 18 below. Only 4% of respondents have a working relation with these regulatory bodies, whereby the regulatory bodies visit them to give advice and check their production process. However none of the MSE operators in the AASD have certified either their production process or their products with any of the regulatory bodies in the country.

**Figure 18: MSEs Working Relationship with Regulatory Bodies**



**Source: Field Survey (September 2011)**

#### 4.6.9. FACILITATING ACCESS TO CREDIT

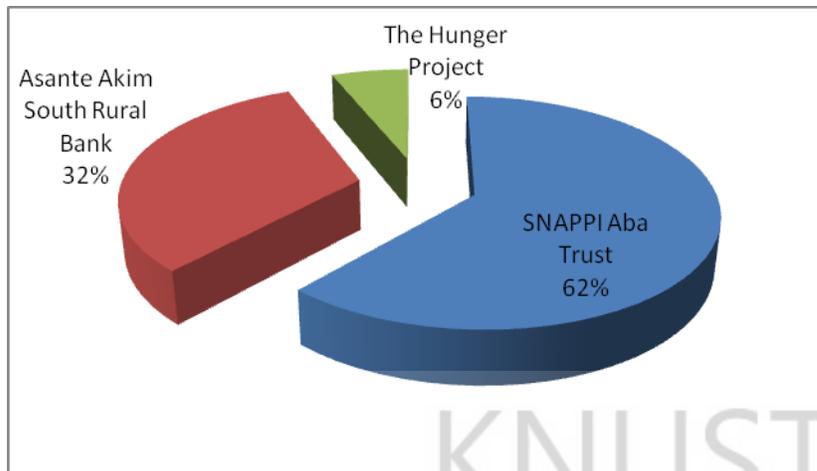
Interview with the staff of the BAC revealed that with the inception of REP II in the AASD, the BAC has, through its affiliation with two financial institutions and a Non Governmental Financial Organization, facilitated the disbursement of an amount of GHC 324,794 to 650 MSE operators in the AASD. These institutions are the SNAPPI Aba Trust, the Asante Akim South Rural Bank and the Hunger project. Table 7 and figure 19 shows the credit disbursement by these financial institutions from their own funds to MSE operators in the AASD since July 2005 when the REP II was launched in the district.

**Table 7: Disbursement of Credit to Project Clients**

Financial Institution	Number of MSE Operators Supported with Credit	Amount Disbursed to REP II Clients (GHC)
SNAPPI Aba Trust	401	200,450
Asante Akim South Rural Bank	209	104350
The Hunger Project	40	19,994
Total	650	324,794

**Source: BAC Status Report (September 2011)**

**Figure 19: Disbursement of Credit to Project Clients by Financial Institutions**



**Source: Field Survey (September 2011)**

In relation to credit delivery to MSEs, UNCTAD (2011) asserts that lack of access to medium or long-term credit is a major constraint for those enterprises that wish to expand their activities. Unfortunately, SMEs present a high risk to the lender due to poor accounting records and a lack of other financial records.

#### **4.6.10 CHALLENGES OF WOMEN MSE OPERATORS**

Some of the challenges faced by women entrepreneurs as iterated by staff of the stakeholder institutions interviewed are that women MSE operators in the AASD have little self-confidence and a negative self image. They also have a challenge of conflicting role demands and time constraints. Women MSE operators also have a relatively low educational level as compared to their male counterparts.

According to response from the interview, REP II tried to address these issues by training BAC staff on gender issues with special emphasis on supporting women. They also organized training for MSE operators to build their confidence and learn to manage their

businesses. They also introduce women friendly technologies to assist women to start and diversify their business.

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## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

#### 5.1 INTRODUCTION

This chapter summarizes the findings of the research, as well as providing conclusions and recommendations based on these findings.

#### 5.2. SUMMARY OF FINDINGS

The summary of findings are based on the four main research questions which are

- i. What is the role of micro and small scale enterprises in local development?
- ii. What are the key strategies used by the Rural Enterprises Project II in developing micro and small scale enterprises in the AASD?

- iii. What are the outcomes of the Rural Enterprises II on development of micro and small scale enterprises in the Asante Akim South district?
- iv. What are the challenges of micro and small scale enterprises in the Asante Akim South District?

The major findings of the study are:

Research question one asked what is the role of micro and small scale entrepreneurs in local development. It was revealed that 78% of respondents interviewed were females. This shows that Micro and Small Scale Enterprises serves as a source of employment for the vulnerable in society such as women. This is in line with local development as postulated by Hart and Murray (2000), that local development is multi-dimensional. Apart from dealing with job creation, business growth and connecting people to jobs within the locality, local development also covers a wide range of social actions; it should involve the most marginalized in local society. It was also revealed from the survey that Micro and Small Scale Enterprises serves as a source of employment for the youth in the AASD. 84.6% of the MSE operators interviewed were within the age range of 20 -40 years. Since the inception of the REP II in the Asante Akim South District the BAC has through its activities established 527 enterprises and created 567 jobs. 378 clients of the BAC are currently adopting new and improved technology. Businesses have been established in trades such as soap making, batik, tie and dye making and grass cutter rearing.

Research question two explored the key strategies used by the REP II in developing micro and small scale industries. It came to light from the institutional survey that the Rural

Enterprises Project II initiated and saw to the establishment of the office of the Business Advisory Center in the AASD in July 2005. This was done through a tripartite arrangement between REP II, NBSSI and the AASDA. The establishment of the BAC in the AASD has brought business development services to entrepreneurs in the AASD.

Results showed that the AASDA oversees general project implementation in the AASD through its Sub Committee on Micro and Small Enterprises Promotion. The BAC serves as the operating wing of the MSE Sub Committee and is thereby accountable to the committee. The budget of the BAC is captured in the Medium Term Development Plan and Annual plans of the AASDA and necessary budgetary provisions are made to support them. The AASDA also contributes financially to the implementation of the project in the district, by paying staff salary and contributing to BAC's operational funds, among others.

Funds are mobilized from all stakeholders to implement the programmes of the BAC. The various stakeholders who include the Asante Akim South District Assembly, the Rural Enterprises Project II, the National Board for Small Scale Industries, participating Financial Institutions and the clients, all contribute to the implementation of the activities of the Business Advisory Centre.

A Business opportunity Identification Survey was conducted by REP II prior to launching the project in the AASD. The BAC also organized twelve (12) client fora and nineteen (19) Business Orientation Seminars during the first and second years of project implementation. These programmes helped the BAC to assess the economic needs of the AASD.

The AASD has supported twenty- five (25) clients, made up of eighteen (18) females and seven (7) males, to participate in the REP annual clients' exhibition and trade shows. Participating in the annual trade shows provide a platform for MSE operators to network with each other to improve on their businesses. The REP II has collaborated with the AASDA to provide one hundred and twenty-one (121) graduate apprentices, made up of fifty-one (51) males and seventy (70) females, in the AASD with startup tools and equipment under the Graduate Apprentices Start up Scheme. Some of the graduate apprentices are into fashion designing, auto mechanics and carpentry.

The Rural Enterprises Project institutional structures and activities have been mainstreamed into the AASDA system. The staffs of the BAC are paid by government institutions who include the NBSSI and the AASDA. The project has also built a database of local service providers who have been providing business development services to project clients.

Research question three explored the outcomes of REP II on the development of micro and small scale industries in the AASD. The REP II, through the BAC, since its inception in the AASD, has been organizing various training programmes for MSE operators in the district. In all, 93 training programmes have been organized by the BAC to a total of 1318 clients, made up of 885 females and 93 males. This shows that the training programmes of the project have benefited 67% females and 33% males. This is in line with the objective of the Rural Enterprises Project II, which is to 'increase the incomes of women and vulnerable groups through increased self and wage employment'.

It was further revealed that 87.7% of respondents interviewed established their enterprises from 1996 to 2011, with 12.3% establishing their enterprises from 1980 to 1995. The rate of MSE establishment in the AASD increased from 8.2% in 1996 - 2005 to 23.3% in 2001-2005 and to 56.2% in 2006 - 2011.

Research question four asked what were the challenges of micro and small scale enterprises in the Asante Akim South district. It was revealed that inadequate funds was a challenge facing MSE operators in the AASD, which was affirmed by both MSE operators and staff of MSE development organizations. They further affirmed that inadequate ready market and low levels of technology are further challenges faced by MSE operators.

The major reasons for the inability of MSE operators to access credit from financial institutions are cumbersome procedures and lack of collateral. Other reasons mentioned by respondents for not taking bank loans are lack of trust in financial institutions and that they do not want interference in their business operations. There is concern of bank officials dictating to them on how to run their business, which could lead to harassment. This situation notwithstanding, the BAC has facilitated the disbursement of an amount of GHC 324,794 as credit to 650 MSE operators in the AASD.

It was also revealed that 96% of respondents have no working relationship with the Ghana Standards Board or the Food and Drugs Board. Only 4% of respondents have a working relation with these regulatory bodies. None of the respondents have certified either their production process or their products with any of the regulatory bodies in the country.

### **5.3. CONCLUSION**

The AASDA is very much involved in the implementation of the REP II in the district, thereby seeing the project as its own project. Various stakeholders contribute to funding the activities of the BAC and this ensures that implementation of the project is not solely dependent on foreign donor funds. This also ensures that the burden of project financing does not overstrain only a few organizations. Enough structures and measures have been put in place such as the conducting of Business Opportunities Identification Surveys, Client Fora and the establishment of the MSE subcommittee, to ensure the REP II staff understands local issues. The REP II has helped build the capacity of staff of the BAC. This implies that the BAC staff are capable and abreast with innovative and practical business development tools to help the MSE operators in the AASD. Project activities will be sustained after the exit of REP II from the Asante Akim South district.

The establishment of the BAC in the AASD has brought business development services such as technical and management training, business counseling and referral services closer to MSE operators in the AASD. The implementation of the REP II in the AASD has increased the establishment of Micro and Small Scale Enterprises in the district with 87.7% of respondents interviewed having established their enterprises from 1996 to 2011. The capacities of local trade associations are being developed. The establishment of the MSE subcommittee provides a platform for the private sector to interact with policy makers in the AASD. This ensures that the concerns of MSE operators are brought to light at the General Assembly and the BAC carries out activities in line with the policies of the AASDA. The

Ministry of Trade and Industry, which is the supervising ministry for all industrial development activities in the country, is in charge of the overall implementation of the REP II.

The MSE operators are at a disadvantage when competing with foreign imports due to the high cost of inputs, even though these inputs are locally based. The high interest rate coupled with inadequate funds limit MSE operators in expanding their enterprises. The cumbersome procedures of the financial institutions deter respondents from accessing credit. The market size of MSE operators is limited because their products are not certified by the regulatory organizations. As a result, they cannot sell in the well-established trading centers, which in turn prevents them from expanding their businesses to make more profits.

#### **5.4. RECOMMENDATIONS**

Based on the findings of the study, the following recommendations are made to help promote MSEs for local development in Ghana:

The BAC must be encouraged to intensify training in literacy and numeracy for the MSE operators to compensate for their limited education. This will help them keep basic records and do business effectively.

The Rural Enterprises Project must allow MSE operators to bear more of the cost of registering their enterprises, in order to ensure sustainability of the business registration process. This initiative should be in addition to the current assistance provided by the Rural Enterprises Project to certain MSE operators for registering their businesses with the Registrar General's Department.

The Ministry of Local Government and Rural Development should replicate the establishment of the subcommittee on micro and small scale enterprises in all Districts, Municipal and Metropolitan Assemblies in the country.

The Ministry of Local Government and Rural Development should ensure the implementation of the LI 1962, which stipulates the implementation of administrative decentralization in the local government system. This initiative will ensure the establishment of the Department of Trade and Industry in the Metropolitan, Municipal and District Assemblies. This department, when established, will absorb the BAC structure and ensure that delivery of business development services at the local level becomes a permanent part of the local government system. Implementing administrative decentralization will be in conformity with the assertion by the UNCDF (2011) that poverty-reduction through local development is built upon the need for local capacity building and institutional change and for national decentralization policy reform in Least Developed Countries (LDCs) in order to fulfill this potential.

The Government of Ghana should pursue the renewal of the third phase of the Rural Enterprises Project, so that apart from the 66 districts that have benefited from the project's services, other districts can also benefit.

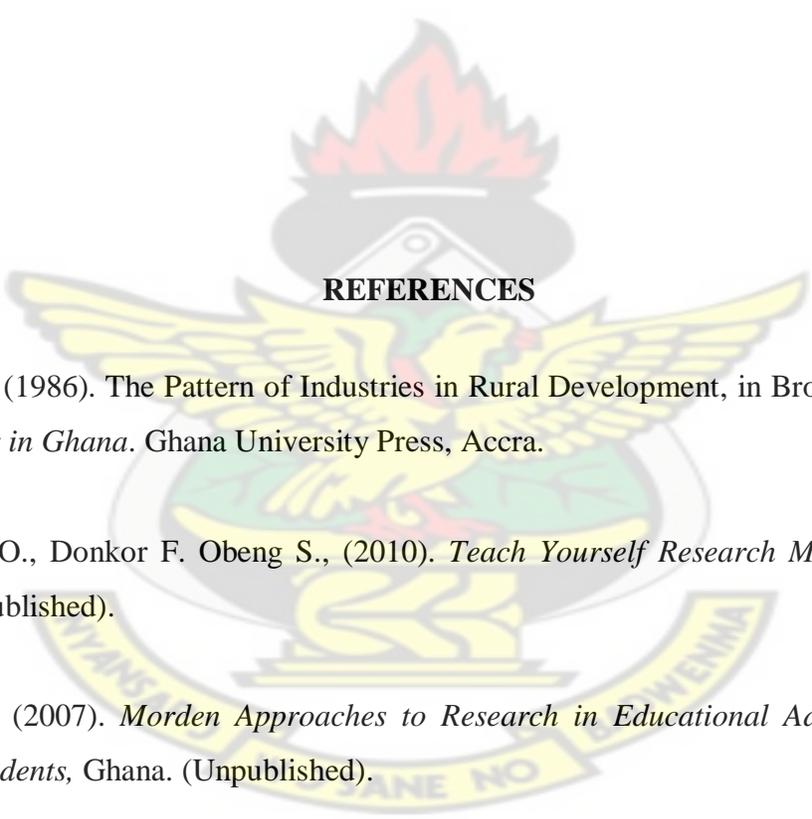
The BAC should increase training in banking culture and credit management to assist MSE operators appreciate their relationship with, and obligations to, financial institutions. Financial institutions in rural areas should also simplify and cut down their loan appraisal procedures so that it will be friendly to the predominantly little educated rural MSE operators, so as to enable them access credit facilities from the banks.

The BAC should continue to support vulnerable groups in the AASD such as women and the physically challenged, to enable them also stand on their feet.

## **5.5. DIRECTIONS FOR FUTURE RESEARCH**

Due to the importance of finance to the development of micro and small scale enterprises in developing countries, I recommend that future research can be carried out on; the impact of credit facilities on the activities of MSE operators.

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The logo of Kwame Nkrumah University of Science and Technology (KNUST) is centered on the page. It features a yellow eagle with its wings spread, perched on a green shield. Above the eagle is a red and orange flame. The shield is set within a circular frame containing the university's name in Akan: 'NYANSEM' at the top, 'WENEMMA' at the bottom, and 'NE NO' on the right side. The word 'REFERENCES' is printed in bold black capital letters across the middle of the logo.

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## APPENDICES

### APPENDIX 1

#### RURAL ENTERPRISES PROJECT II DISTRICTS

Serial No.	Region	District	District Capital
1	Greater Accra Region		
		Dangme East	Ada Foah
2	Eastern Region		
		Afram Plains	Donkorkrom
		Abura Asebu Kwamankese	Abura Dunkwa
		Fanteakwa	Begro
		Manya Krobo	Krobo Odumase

		West Akyem	Asamankese
		Birim North	New Abirem
		Asougyaman	Atimpoku
3	Central Region		
		Assin South	Assin Kyekyewere
		Asikuma Odoben Brakwa	Asikuma
		Twifo Hemang Lower Denkyira	Twifo Praso
		Mfantsiman	Saltpond
		Ajumako Enyan Essiam	Ajumako
4	Volta Region		
		Nkwanta	Nkwanta
		North Tongu	Adidome
		South Tongu	Sogakope
		Krachi East	Dambai
		Krachi West	Kete Krachi
		Kadjebi	Kadjebi
5	Northern Region		
		West Mamprusi	Walewale
		East Mamprusi	Gambaga
		East Gonja	Salaga
		Zabzugu Tatale	Zabzugu
		West Gonja	Damango
		Central Gonja	Buipe
		Bole	Bole

#### RURAL ENTERPRISES PROJECT II DISTRICTS (CONTINUED)

Serial No.	Region	District	District Capital
6	Upper West		
		Nadowli	Nadowli
		Sissala East	Tumu
		Sissala West	Gwullu
		Jirapa	Jirapa

7	Upper East	
	Bawku West	Zebila
	Kassena Nankana	Navorongo
	Builsa	Sandema
	Garu Temppane	Garu
8	Ashanti Region	
	Asante Akim North	Konongo
	Asante Akim South	Juaso
	Bosomtwe Atwima Kwanwoma	Kuntunase
	Adansi North	Fomena
	Atwima Nwabiagya	Nkawie
9	Western Region	
	Wassa Amenfi West	Asankragua
	Aowin Suaman	Enkyi
	Jomoro	Half assini
	Nzema East	Axim
	Mpohor Wassa East	Daboase
	Bibiani Anwiaso Bekwai	Bibiani
	Sefwi Wiaso	Sefwi Wiaso
	Juaboso	Juabuso
10	Brong Ahafo	
	Sene	Kwame Danso
	Dormaa	Dorma
	Asutifi	Kenyasi
	Asunafo North	Goaso
	Amansie East	Bekwai
	Amansie West	Atsiwa

## Appendix 2

### RURAL ENTERPRISES PROJECT I DISTRICTS

<b>Serial No.</b>	<b>Region</b>	<b>District</b>	<b>District Capital</b>
	Brong Ahafo Region		
		Kintampo North	Kintampo
		Nkoranza South	Nkoranza
		Atebubu Amantin	Atebubu
		Wenchi	Wenchi
		Techiman	Techiman
		Brekum	Brekum
		Jaman South	Jaman
		Tano South	Bechem
	Asante Region		
		Offinso South	Offinso
		Sekyere West	Mampong
		Sekyere East	Sekyere East
		Afigya Sekyere	Effiduae
		Ejura Sekye Dumasi	Ejura



### **Appendix 3**

#### **Local Trade Associations Affiliated with the Juaso BAC**

1. National Association of Hairdressers and Beauticians, Juaso Local
2. Ghana National Association of Tailors and Dressmakers, Juaso
3. Teenage Mothers Association, Juaso
4. Obogu Tailors and Seamstresses Association
5. Ghana National Association of the Physically Challenged, Juaso Local
6. Juaso Carpenters Association
7. United Business Entrepreneurs, Adomfe
8. Asankare Petty Traders Association
9. Adomfe Market Women's Association
10. Adomfe Grass cutter Rearers Association
11. Nkwanta Soap Producers Association
12. Nkwanta Grass cutter Rearers Association
13. Bompata Grass cutter Rearers Association
14. Bompata Soap, Batik and Bakery Association
15. Obogu Soap Producers Association
16. Yawkwei Soap Producers Association
17. Ofoase Carpenters Association
18. God first gari & palm oil producers Association

## QUESTIONNAIRES

### Interview guide for MSE Operators.

Thesis Topic: Promoting Micro and Small Scale Enterprises for Local Development in Ghana. A Case study of the Rural Enterprises Project in the Asante Akim South District.

1. Sex of entrepreneur? Male ( ) Female ( )
2. Age of entrepreneur  
Below 20 yrs ( ) 20 – 30 yrs ( ) 31 – 40 yrs ( ) 41 – 50yrs ( ) Above 50 ( )
3. 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 .....
4. What kind of entrepreneurial training did you have? a. Apprenticeship ( )  
b. Vocational/Technical ( ) c. BAC technical workshop ( )  
d. Family learnt ( ) e. Others.....
5. Nature of business Full time ( ) Part time ( )
6. When was your enterprise established (year)?.....
7. How many people are presently working in the enterprise? (Complete the table below)

Type of Employee	Permanent Employee (s)	Casual Employees (s) Workers
Family	Number =	Number =
Hired Labour	Number =	Number =
Apprentice Labour	Number =	Number =
Own Labour		

8. Source of raw materials?

Type of Material	Place of Purchase	Original source of material

**Place of Purchase:** Within the settlement, within the district, within the region, within the country, outside the country.

**Original source of material:** Within the district, within the country, outside the country

9. What are the problems you encounter in procuring inputs? (Tick as many as applicable in order of severity). (Severity Index: 1- very severe, 2 – severe, 3 – less severe, 4 – not severe)

- a. Scarcity of input ( )    b. Expensive ( )    c. High transport cost ( )
- d. Insufficient funds ( )
- e. Others (specify).....

10. What is the source of your working capital?

- a. Own funds ( )    b. Bank ( )    c. Money Lenders ( )
- d. Family ( )    e. Friends ( )
- f. Others state ( ).....

11. Have you ever received credit facility for your business? Yes ( ) No ( )

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

- a. Lack of collateral ( )
- b. Cumbersome procedures (specify) ( )
- c. Do not trust the bank (specify) ( )
- d. Do not want any interference in business ( )
- e. High interest rate ( )
- f. Others (specify).....

13. What are your problems with regard to finance?

- i. ....  
.....
- ii. ....  
.....  
.....

14. Where do you sell your products?

- a) Within settlement ( )      b. Within district ( )
- c. Within the region( )      d. Within the country ( )
- e. Outside the country ( )

15. Have you received training in any of the following areas?

Type of Training	Organizing Institution 1	Organizing Institution 2
Finance		

Marketing		
Technology Transfer		
Entrepreneurship		
Others		

16. Have you received any support in the form of equipment or machines?

Equipment/Machine	Supplying Organization	Grant or Credit

17. How has the Rural Enterprises project helped you?

Services	Thick if yes
Entrepreneurial training	
Financial Training	
Technical training	
Counseling	
Trade show	
Credit	
Equipment grant	
Registration of business	
Formation of trade Association	
Others (State)	

18. What do you like about the operations of the BAC?.....

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19. What would you like the BAC to do for MSE operators?.....

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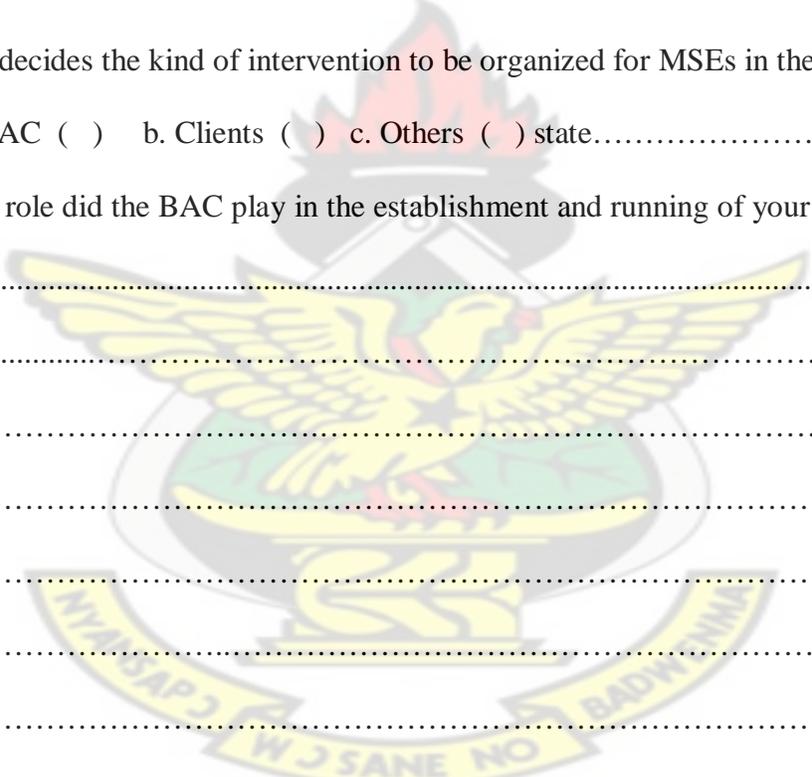
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20. Who decides the kind of intervention to be organized for MSEs in the district?

a. BAC ( ) b. Clients ( ) c. Others ( ) state.....

21. What role did the BAC play in the establishment and running of your business?

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22. Have you registered your business? Yes ( ) No ( )

23. If no, why?.....

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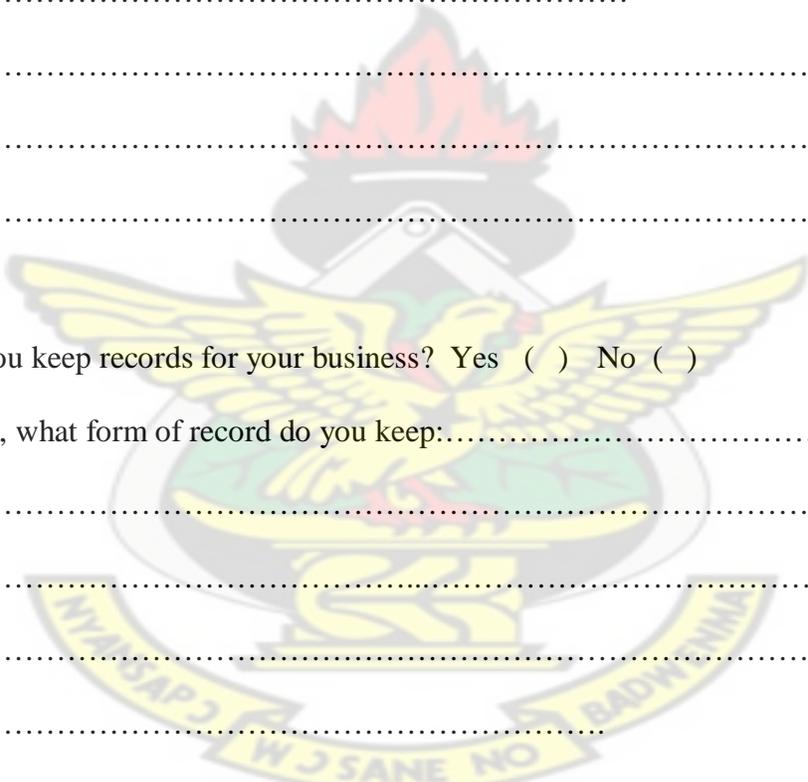
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24. If yes, did the BAC play any role in that? Yes ( ) No ( )

25. If yes, what was their role in it?.....

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26. Do you keep records for your business? Yes ( ) No ( )

27. If yes, what form of record do you keep?.....

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.....  
.....

28. Are your products certified with Ghana Standards Board or Food and Drugs Board?

Yes ( )No ( )

29. If no why?.....

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30. Do you pay tax?      Yes ( )      No ( )

31. If yes what form(s) of tax?.....

32. If no, why?.....

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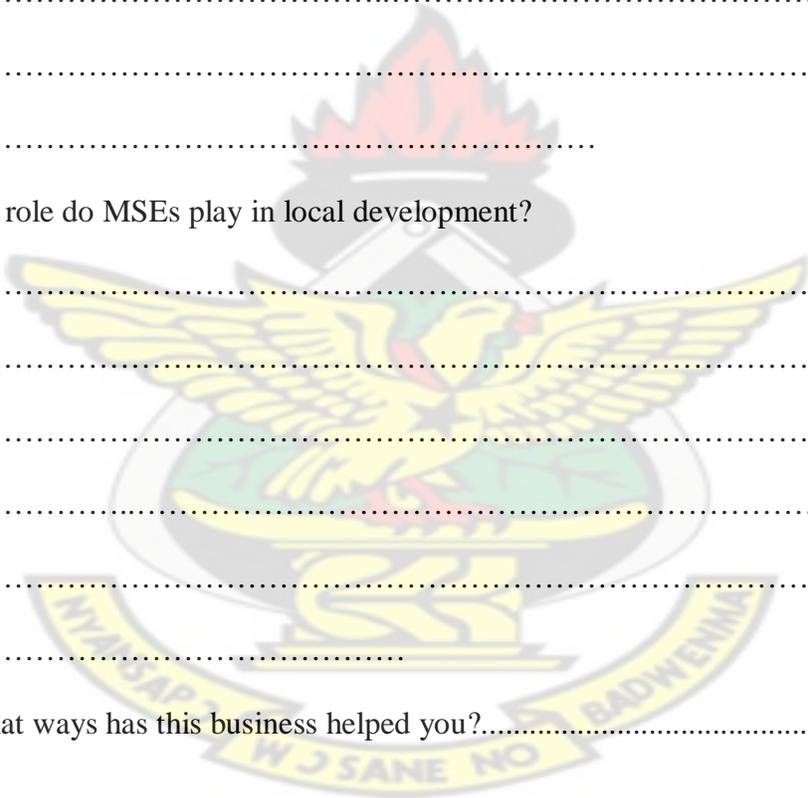
33. What role do MSEs play in local development?

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34. In what ways has this business helped you?.....

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35. What are the challenges in running your business?.....

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36. Do you face competition from any imported products? Yes ( ) No ( )

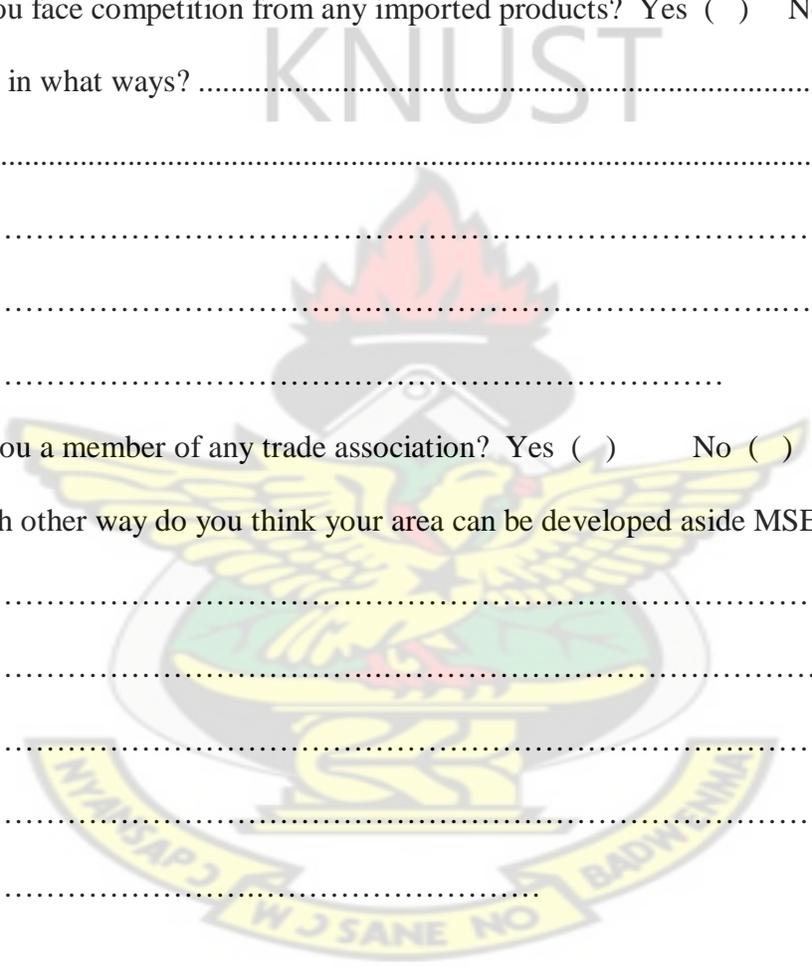
37. If yes in what ways? .....

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38. Are you a member of any trade association? Yes ( ) No ( )

39. Which other way do you think your area can be developed aside MSE promotion?

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## **Questionnaire for Business Advisory Centre**

Thesis Topic: Promoting Micro and Small Scale Enterprises for Local Development in Ghana. A Case study of the Rural Enterprises Project in the Asante Akim South District.

### **General Information**

Position of respondent.....

1. Name and Town or Location of Institution/Organization.....

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.....

2. What are the key strategies used by the BAC in developing Micro and Small Scale Enterprises in the district?.....

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3. How are the BAC's programmes linked with the programmes of the District Assembly?.....

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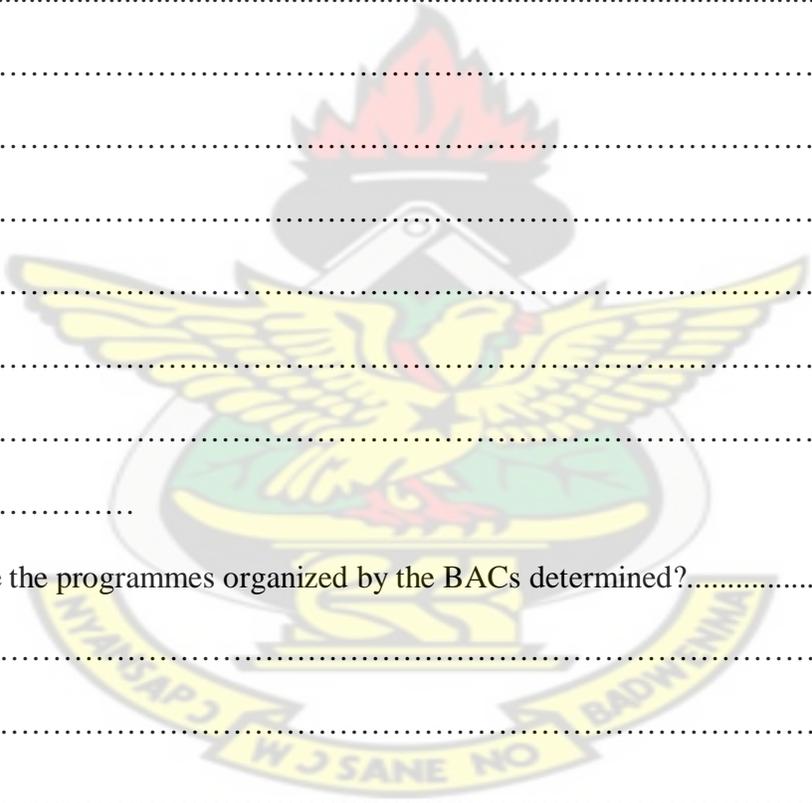
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4. How are the programmes organized by the BACs determined?.....

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5. Is the BAC collaborating with any development organization? Yes ( ) No ( )

6. If yes what are these organizations and in what way?.....

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7. How does the BAC ensure that they understand local issues in the district?.....

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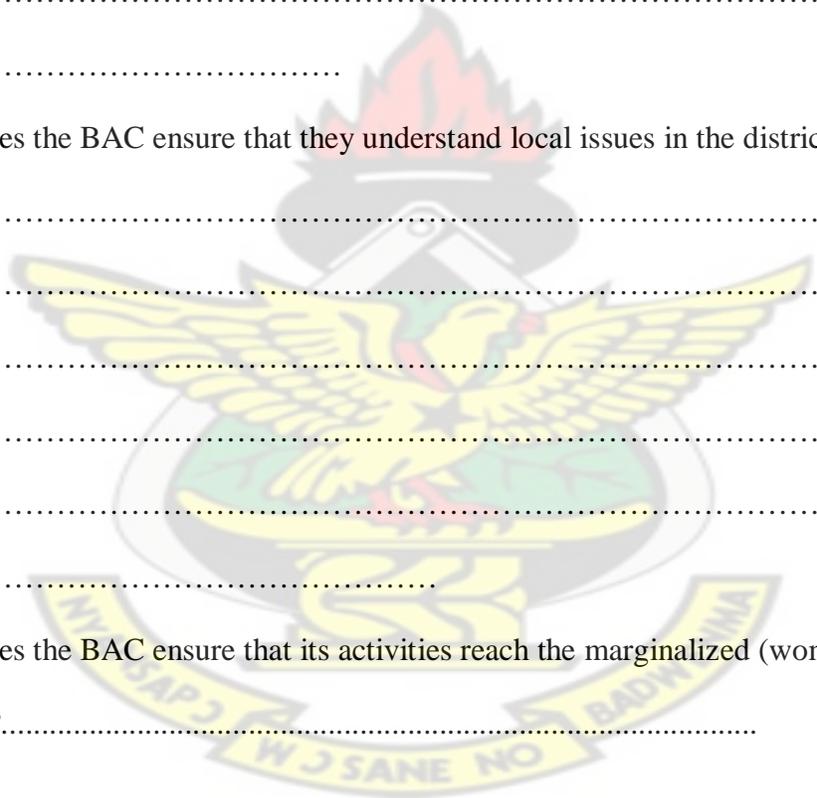
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8. How does the BAC ensure that its activities reach the marginalized (women, disabled) in society?.....

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9. What role does the District Assembly play in the implementation of REP II?.....

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10. Has the staff of the BAC received any training (capacity building) from REP II?  
Yes ( ) No ( )

11. If yes what are these training programmes?.....

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12. What challenges do women face as MSE operators?.....

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13. How does the BAC address this challenge?.....

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14. What are the challenges faced by MSEs at the district level?.....

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15. Provide any relevant information for the improvement of micro and small scale Industries in rural areas.....

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16. How does the BAC support linkages and networking among the MSE operators?

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17. How does the BAC ensure that MSE development programmes are not duplicated by other organizations at the district level?.....

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18. What are the challenges in dealing with MSE operators?.....

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19. What challenges do MSEs face in developing their businesses?.....

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20. What are the challenges your office face in carrying out its activities?.....

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21. What role do MSE operators play in the development of the district?.....

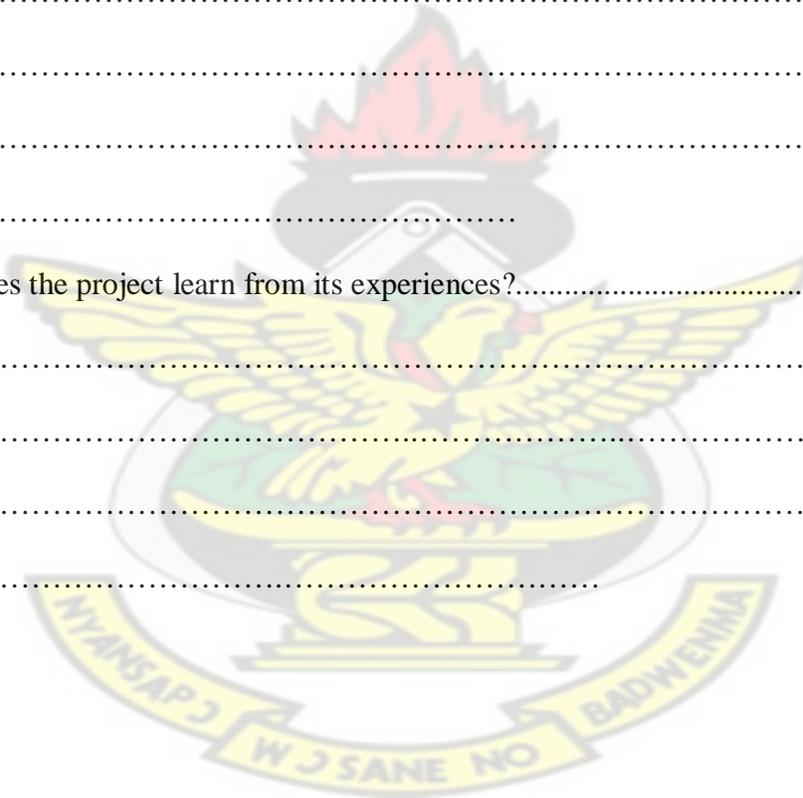
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22. What measures have been put in place to sustain project activities after the exit of the REP II at the district level?.....

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23. How does the project learn from its experiences?.....

.....  
.....  
.....



**Questionnaire for Rural Enterprises Project**

Thesis Topic: Promoting Micro and Small Scale Enterprises for Local Development in Ghana. A Case study of the Rural Enterprises Project in the Asante Akim South District.

1. Position of respondent.....

2. Date of Interview.....
3. Name and town or location of organization.....  
.....
4. Who are the main contributors to the implementation of REP II at the district level?..  
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.....
5. What are the key strategies used by the Rural Enterprises Project II in Developing Micro and Small Scale Enterprises?  
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.....
6. How are the programmes organized by the BACs determined?.....  
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7. How thus the project ensures that its activities reach the marginalized (women, disabled) in society?.....  
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.....
8. What role does the District Assembly play in the implementation of REP II?.....

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9. Has the staff of the BAC received any training (capacity building) from the REP II?

Yes ( ) No ( )

10. If yes what are these programmes?

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11. What challenges do women face as MSE operators?.....

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12. How does the project address these challenge?.....

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13. What are the challenges faced by MSEs at the district level?.....

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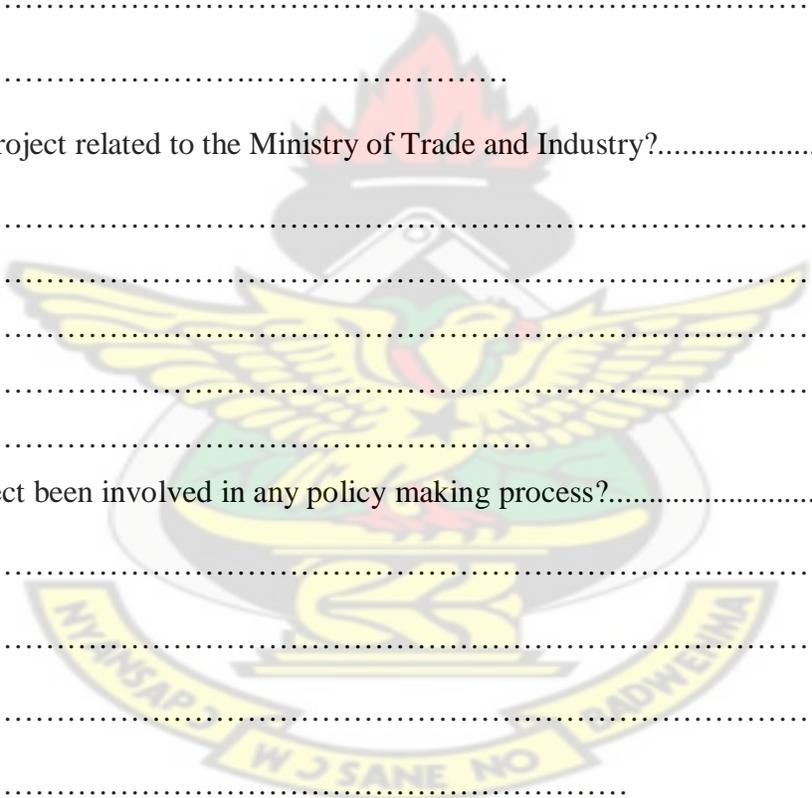
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14. How is the project related to the Ministry of Trade and Industry?.....

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15. Has the project been involved in any policy making process?.....

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16. Do you have any MSE policy that needs to be established to help promote MSEs in the country?.....

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17. How does the project support linkages and networking among the MSE operators?.

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18. How does the project ensure that MSE development programmes are not duplicated by other organizations at the district level?.....

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19. Is REP II collaborating with any development organization? Yes ( ) No ( )

20. If yes what are these organizations and in what way?.....

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21. How does the project ensure that it understands local issues in participating districts?

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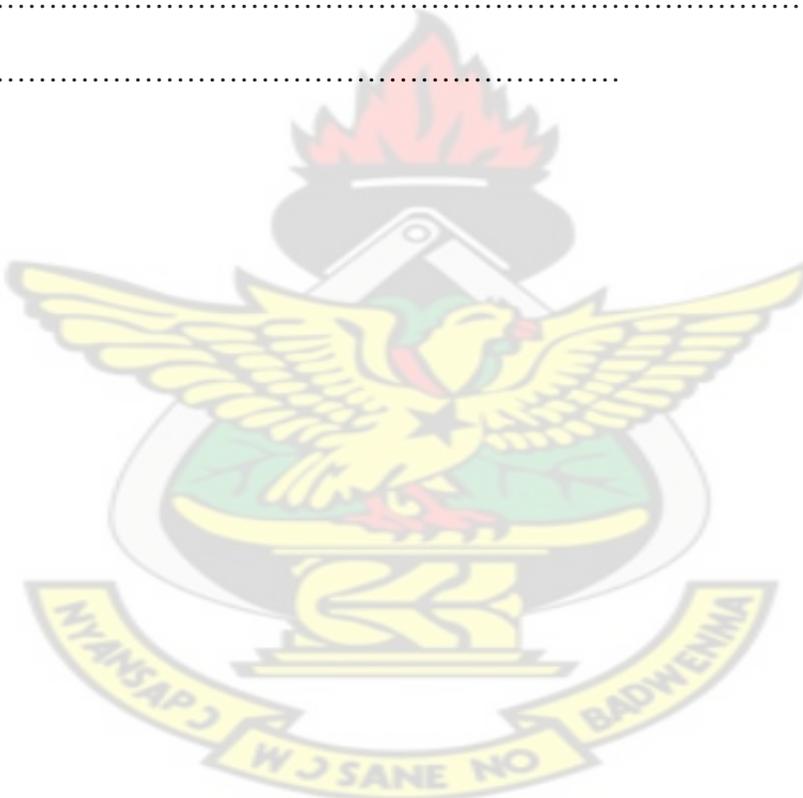
22. How does the project learn from its experiences?.....

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23. What measures have been put in place to sustain project activities after the exit of the REP II?.....

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**Questionnaire for Asante Akim South District Assembly**

Thesis Topic: Promoting Micro and Small Scale Enterprises for Local Development in Ghana. A Case study of the Rural Enterprises Project in the Asante Akim South District.

Position of respondent.....

Name and Town or Location of Organization.....

.....

1. What are the key programmes and activities undertaken by the District Assembly to promote Micro and Small Scale Enterprises in the district?.

.....  
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2. How are the BAC programmes outlined with the programmes of the District Assembly?.....

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3. Which organizations are involved in the promoting of MSEs in the district?

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4. What role does the District Assembly play in the implementation of REP II?..

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5. What are the challenges faced by MSEs at the district level?.....

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6. How does the District Assembly ensure that MSE development programmes are not duplicated by other organizations at the district level?.....

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.....

7. What are the challenges in dealing with MSE operators?.....

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8. What challenges do MSEs face in developing their businesses in the district?.....

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9. What challenges does the District Assembly face in developing the micro and small scale sub sector?.....

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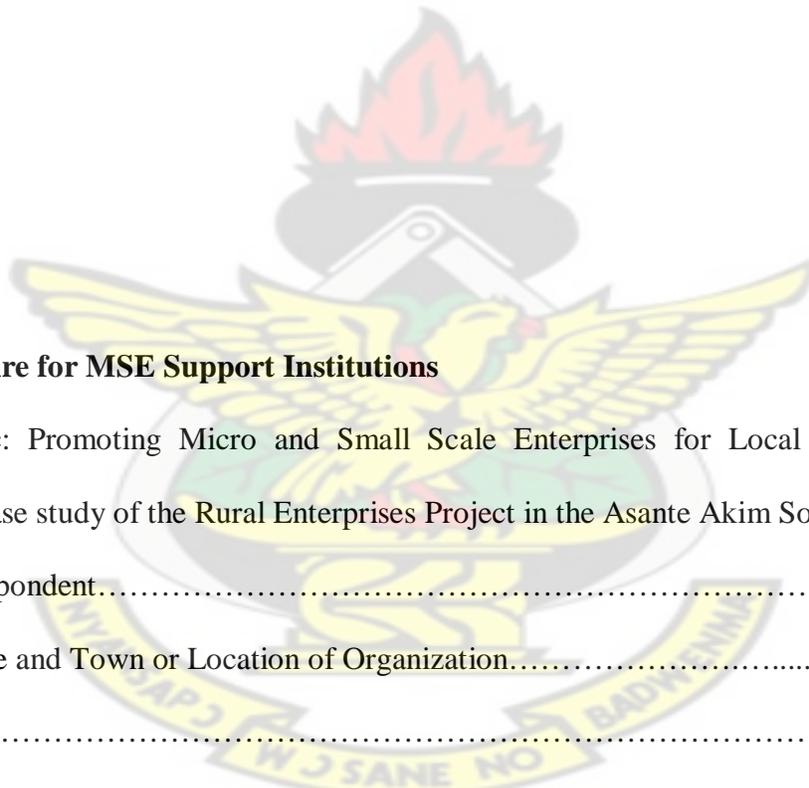
10. What role do MSE operators play in the development of the district?.....

.....  
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.....

11. What measures have been put in place to sustain project activities after the exit of the REP II?.....

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## **Questionnaire for MSE Support Institutions**

Thesis Topic: Promoting Micro and Small Scale Enterprises for Local Development in Ghana. A Case study of the Rural Enterprises Project in the Asante Akim South District..

Status of respondent.....

1. Name and Town or Location of Organization.....

.....

2. What are the key strategies used by your institution in developing Micro and Small Scale Enterprises in the district?

.....

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3. How are the programmes of your institution linked with the programmes of the District Assembly?

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4. How are the programmes organized by your institution determined?.....

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12. How does your institution ensure that its activities reach the marginalized (women, disabled) in society?.....

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13. What role does the District Assembly play in the implementation of your activities in the district?.....

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6. What challenges do women in the district face as MSE operators?.....

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14. How does your institution address this challenge?.....

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15. What are the challenges faced by MSEs at the district level?.....

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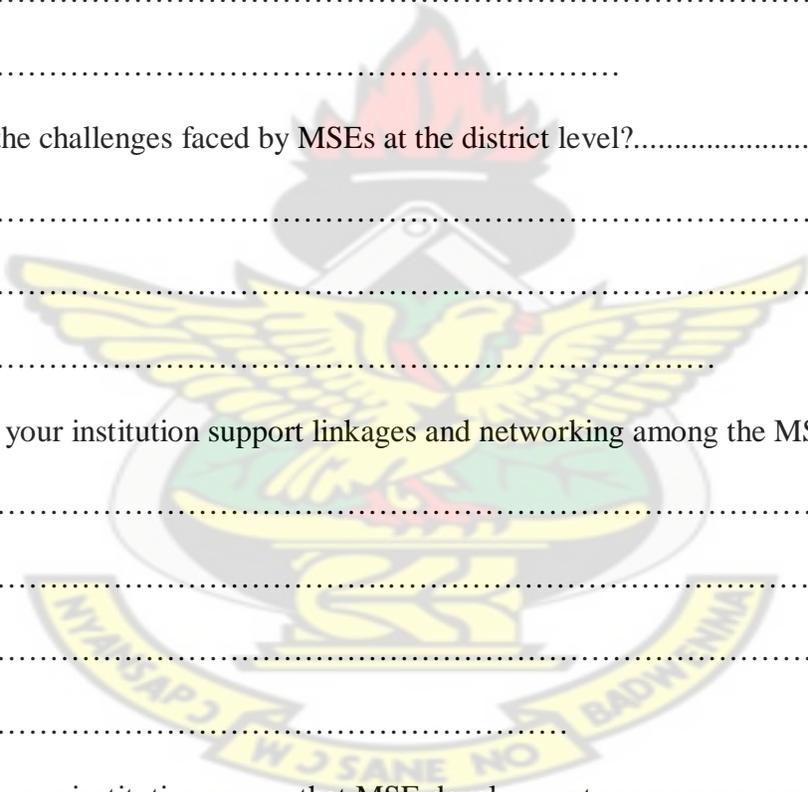
16. How does your institution support linkages and networking among the MSE operators?...

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.....

17. How does your institution ensure that MSE development programmes are not duplicated by other organizations at the district level?.....

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18. Is your institution collaborating with any organization at the district level?      Yes ( )  
No ( )

19. If yes what are these organizations and in what way?.....  
.....  
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20. What challenges do MSEs face in developing their business?.....  
.....  
.....  
.....

21. What are the challenges your office face in carrying out its activities?.....  
.....  
.....  
.....

22. What role do MSE operators play in the development of the district?.....  
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23. How does your institution learn from its experiences?.....

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