ASSESSING THE IMPACT OF HUMAN RESOURCE DEVELOPMENT ON THE
PERFORMANCE OF SMALL AND MEDIUM SCALE BUSINESSES "CASE STUDY OF
SELECTED SME's IN THE KUMASI METROPOLIS''

KNUST

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A thesis submitted to the Department of Managerial Science, Kwame Nkrumah University of
Science and Technology in partial fulfillment of the requirements for the degree of

MASTER OF BUSINESS ADMINISTRATION (HRM OPTION)

School of Business, KNUST

College of Art and Social Sciences

August, 2012

DECLARATION

I hereby declare that this submission is my own work towards the Master Of Business Administration (MBA) and that to the best of my knowledge, it contains no material previously published b another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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I dedicate this work to my lovely wife **Rebecca Amoah** and my mother **Doris Frimpong**.

ACKNOWLEDGEMENT

I give thanks and praise to God for seeing me through my Master of Business Administration course, amidst much difficulties and misfortunes. My sincere gratitude also goes to my supervisor, Mr. J.K. Turkson, whose insightful suggestions and supervision has seen me through in producing this thesis.I am highly indebted to the following for their wonderful and great support: Mr. and Mrs. Sakyi Duodu, Doris Frimpong, Dina Obeng, Michael Karikari, Francis Agyemfra, Mr. and Mrs. OtiBoateng, the Manor family (Nsenie) and madam Grace. Finally, special thanks and deep appreciation go to Mrs. Rebecca Amoah, my wife for her unfolding love and support. She has been a blessing to me. God bless her

GOD BLESS THEM ALL!
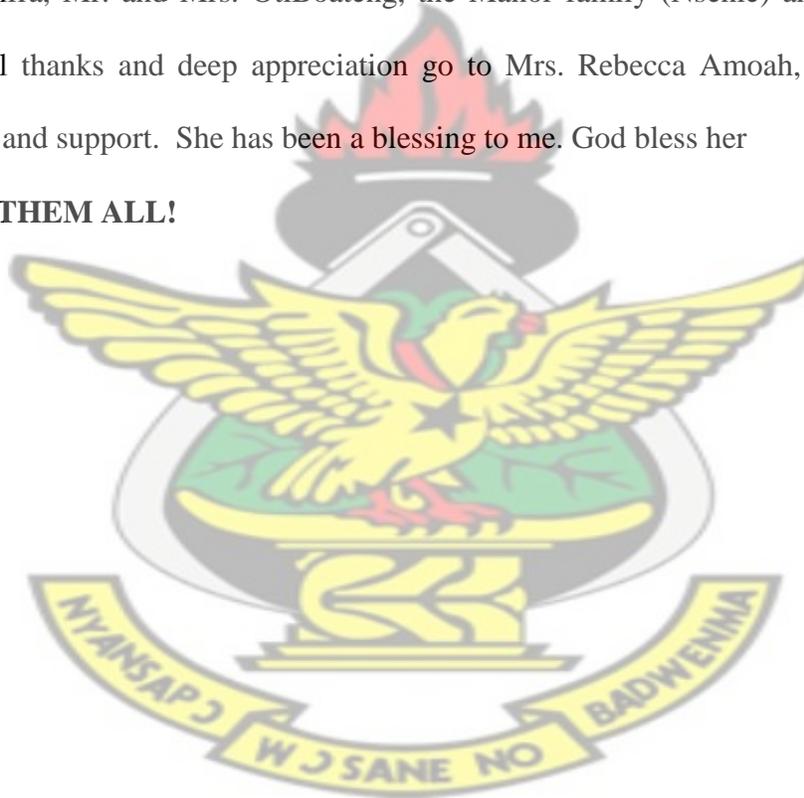
ABSTRACT

The role and importance of SME's in Ghana economy has been the subject for increased attention particularly in the 1990's up to date. SME's have been known to be the backbone and industrial hob for development in nation building. What then is the development agenda for its short, medium and long term goals in enhancing the business growth survival and development. This study investigated the impact of Human Resource Development of selected SME's in Kumasi Metropolis.The study therefore sought to assess howHuman Resource Development activities and practices have been used to the benefit of SME`s. The researcher used in-depth interview technique in gathering the data. The respondents were required to respond to different sets of questions posed by the researcher to solicit for the appropriate responses. The findings revealed that majority of the SME`s do not haveHuman Resource Development policies and programmes that would ensure their growth and survival. Again, managers of the SME`s run a one-man-show, where the owner or manager takes all the major decisions concerning the business. As such, the owner decides at his or her own will, as to when and who to have training and development. The study therefore, recommends that training and development programmes such as short and regular courses, workshops and other advanced learning courses are needed for the different categories of business within the SME`s sector.

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LIST OF ABBREVIATIONS

SME's	Small and Medium-Size Enterprises
HRD	Human Resource Development
HRM	Human Resource Management
KMA	Kumasi Metropolitan Area
NBSSI	National Board for Small Scale Industries
GSS	Ghana Statistical Service
SPSS	Statistical package for social scientist software
MOTI	Ministry of Trade and Industry
JICA	Japan International Cooperation Agency
GRATIS	Ghana Regional Appropriate Technology and Industrial Service
USDAF	United State Development Agency Fund.
RPED	Regional Project Enterprise Development
CIPD	Chartered Institute of Personnel and Development
UNIDO	United Nation International Development Organization
OECD	Organisation for Economic Corporation and Development
EU	European Union
EC	European Commission
GEDC	Ghana Enterprise Development Commission

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CHAPTER ONE

INTROUDCTION

1.0 Background of the Study

It is often said that an organization is only as good as its people. Organizations of all types and sizes, including schools, retail stores, government agencies, restaurants, and manufactures, have at least one thing in common. That is they all need people; Human beings (Human capital) to run the organization. It is therefore incumbent for all of them (organizations) to employ competent and motivated workers to ensure the growth and survival of the organization. To compete and thrive, this need has become even stronger as organizations grapple with the challenges presented by a fast paced, highly dynamic and increasingly global economy.

There is a growing recognition of the important role Small and Medium Enterprises (SMEs) play in economic development. They are often described as efficient and prolific job creators, the seeds of big businesses and the fuel of national economic engines. Even in the developed industrial economies, it is the SME sector rather than the multinationals that is the largest employer of workers (Mullineux, 1997). Governments at all levels have undertaken initiatives to promote the growth of SME's.The SME's plays a pivotal role towards economic development regardless of an economy's size. It creates employment, increases production base and provides support to large scale enterprises. Economic revival after the East Asian crises of 1990's and global financial crises of 2009 have forced the policy makers to look towards stronger domestic markets being led by SMEs. The smaller firms have responded well to the deregulation and liberalization of trade and investment regimes. A survey by the Organization for Economic Corporation for Development (OECD, 2004) revealed that about 90% of total

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enterprises in OECD are SMEs. Another report, based on 670 Asian organizations concludes that one-half of the SMEs expect to grow significantly in future as they can react and innovate more quickly and have closer customer relationships.The SME sector plays the role of absorbing more labour intensive production processes. Therefore they can be seen to be contributing more towards the socio-economic development through reduction in unemployment. It is an established fact that SMEs have led to a transition of agriculture-led economics towards industry and services for an environment where small and large firms are integrated and attract greater foreign investment and ensure stable terms of trade (Bhattacharyya, 2006).

In the European Union (EU) SME sector employs two thirds of total labour force. The key factor towards employment in the EU. The SMEs have more recently adopted sophisticated Human Resource Development (HRD) strategies for better performance in the medium to long term (Hayton, 2003). The human capital and knowledge as intangible assets for SMEs are becoming increasing important in taking future investment decisions and according to the diagnostic approach adopted by Milkovich and Boudreau (2000), the HRD process is divided into four phases as follows;

a. Clarity of firm objectives

b. Evaluating the external conditions

c. Choosing training regimes having long term outcomes

d. Evaluating the outcomes regulation

The early efforts in HRD focused more on promoting behaviors designed to deliver firm strategies and were mainly addressing the relationship between employee behavior and

company strategy (Snell, et al, 2001). However firms have now shifted towards focusing more on training aspect and innovative skills for remaining competitive in the market, suggesting the fact that as the competitive conditions change, firms evaluate their strategies to strengthen their present and future positions. The owners of SMEs always aspire for efficient and organized enterprise which achieves high rating in terms of profits but not necessarily compliments the employees with high level of motivation under the recent themes in management factors such as reward and motivation plans, acquisition of new technology and skill development are cornerstones for realizing the firm's objectives(Scheduler and Jackson, 1989).

In addition to this the newly created value of intellectual capital assets, skills, creativity and information provide an edge to a firm's competitiveness in the market. The quality of employees has been recognized as the most important tool for the long term sustainability of an enterprise. SME's should therefore ensure a motivated, highly; trained workforce who must form the backbone of any would be enterprise or firm. There is no other source of competitive advantage. "Others can copy our investment, technology and scale – but not the quality of our (employees) people," Jack Welch, former CEO of General Electrics in an interview in Fortune, summarizes the importance of the human resource development and human capital base of his firm adding: "We spend all our time on our (employees) people …. the day we screw up the (employees) people thing, this company is over" (Fortune, 21 June, 1999).

Many firms and enterprises are too quick to downsize or "right size" in the pursuit of cost cutting initiatives. Other strategic decisions including mergers and acquisitions may threaten the culture that had human resource development as part of its core capabilities. However, the

overwhelming evidence seems to be that enterprises do not fully understand the strategies of institutions who embark on Human Resource Development.The demand for the multifaceted talent is increasingly viewed as an area of interest for public policy researchers and practitioners. Home grown research in attracting and managing talent is important as SMEs particularly in developing countries lack capabilities and infrastructure to make the most of their human capacities and as a consequence tend to have cover levels of average productivity of labour (Brown et al, 2001).

Training of individuals working in firms is a serious need for any emerging industry (SMEs). Factors such as weak in-house training, lack of in-house capabilities for formalized learning, limited knowledge about external training opportunities, desire for short-term results, budget constraints, limited number of trainees, and absence of local peer groups are recognized as the main hindrances of SMEs.The role of HRD practices in an organization or enterprise for improving efficiency and knowledge has been effective for the SME development. Johnson and Devins (2003) have explored the potential of sustained HRD practice for SMEs in UK's work force and concluded that it has significantly contributed towards firm development and there is significant improvement still needed towards increasing the supply of multiple skills which in turn can bring manifold advantages to the structure of the firm and more importantly influencing the performance of the firm in the Long run. There is a link between HRD efforts in SMEs and its contribution to the competitive advantage of firms. The enterprise with regular capacity building initiatives gains more in the long run and the improvement emanates through innovation and diversification which is realized by new ideas generated by the employees in the firm.

The innovative efforts are most often not limited to the introduction of new products, services or procedures, but may also include the developing of internal operational mechanism in firms to foster technological awareness. SME's that critically evaluate their business environment and seek to understand their industry and competitive conditions tend to adopt the most suitable set of HRD practices. The SMEs that consider the competitive situation and human resource strategy simultaneously survive the test of time better.The success of a firm depends on its short and long term objectives that aim at promoting a culture of learning in an integrated organizational structure, up-to-date technology, high quality of inputs and more importantly a human resource that responds to firm's goals. Considering this, HRD is therefore very important for firm's longer run strategic development (Juani, et al, 2008).

It is evident that the real-life activities of the HRD function go far beyond the core activities of employee development into Public Relations, Marketing and Financing the HRD function itself. This includes "Playing Politics" at senior management level anticipating expectations and attitudes among employees from the highest to the lowest level. The HRD function has to pay attention to a particular point of vulnerability-that training or learning is one of the first business activities to be cut when times are hard and budgets are scrutinized (Donnison, 1993).There is little evidence that SME Owners are particularly attracted to training, either for themselves or their staff, and many have argued that such training has often not been cost-effective, nor has it had the impacts desired. Some argue that this is due to lack of education, inward-looking orientation and lack of perspective of many owner-managers, or their individualism, stress on personal independence and the desire for control (Stanworth and Gary, 1991; Storey 1994).

In Ghana, many findings suggest that the SME's sector is very large and appear to be growing rapidly, accounting for one-third to three-quarters of total employment. About 90% of companies registered are micro, small and medium enterprises, providing employment and income to a large portion of the urban-labour force serving as an important contributor to the economy of Ghana (Aryeetey et al, 1994 and Registrar General's report, 1994). If SME's play such significant role in the economy, and are said to be the engine of economy growth in Ghana, then what accounts for the large number of enterprises start up and close down every year? This thesis is concerned with the mechanisms and programmes available in ensuring the growth and survival of SME's through the effective human resources development.This impulse therefore for this research work is to investigate or look into the Human Resource Development of selected SMEs within the Kumasi metropolis, and assesses the loyalty and motivation of employees' available training opportunities and skill development, in improving the growth and survival of SMEs.

1.1 Problem statement

The role and importance of SME's in Ghanaian economy has been the subject of increased attention particularly in the 1990's up to date. One of the numerous reasons for this attention has been the belief that the health and vigorous SME's sector is crucial to the performance of the economy, and can thus be considered as an engine of growth and synonymous with economic success for the Ghanaian economy.Small and medium scale enterprises have been known to be the backbone and industrial hob for development in nation building (Stokes and Wilson; 2010).In any time of the year, many new ventures are created, but an almost equally large number of business close or die. Research suggests that nearly one half, (50%) of new

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businesses cease trading or fail within the first three years, and between 15% and 20% do not even last one year. (Barclays Bank Small business Bulletin, 2000, cited by Stokes and Wilson).What accounts for this disturbing phenomenon? Would SME's then be able to effectively champion the course of nation building? What is the relationship between the business failure rate (Business churn) and its human resource development? What is the developmental agenda for its short, medium and long term goals in ensuring the business growth, survival and development?

1.2 Objectives of the study

There are two main objectives to the study. These are General objective and Specific objectives.

1.2.1 *General objective*

The general objective of this study is to assess and address the Human Resource Development needs on the performance of selected SMEs in the Kumasi Metropolis.

1.2.2 *Specific objectives*

The specific objectives of the study are as follows;

    i.   To determine whether HRD functions are carried out in selected SME's in the Kumasi Metropolis.

    ii.   To identify how HRD processes are applied in selected SME's in the Kumasi Metropolis.

    iii.   To establish how HRD policies and activities are aligned to the business goals of selected SME's in the Kumasi Metropolis.

iv.   To make appropriate recommendations in improving HRD policies and activities in selected SME's in the Kumasi Metropolis.

1.3 Research questions

The following are the research questions to be asked in relation to the research objectives.

i.   How are HRD functions carried out in selected SME's in the Kumasi Metropolis?

ii.   How are the HRD processes applied in selected SME's in the Kumasi Metropolis?

iii.   How are HRD policies and activities aligned to the performance of selected SME's in the Kumasi Metropolis?

iv.   How can HRD policies and activities be improved in selected SME's in the Kumasi Metropolis?

1.4 Significance of the study

There is no doubt that people are the most critical of a business resources because it is people that plan and control all other assets; they innovate, design and operate systems and raise the capital necessary to put plans into effect that achieve corporate objectives. Yet in difficult times, when expenses reduction seems necessary, among the first items to be cut are human resource development items such as training and development, instead of receiving increased attention of both managers and the academicians.

It is therefore necessary to access the impact of human resource development within in order to curb the rather alarming rate of business churn and to find more improved ways to ensure their survival, growth and development in the Kumasi Metropolis.

1.5 Brief Methodology

In this research work, documentary sourceslike research works (Thesis), archival materials, books, journals, articles, reports, papers and unpublished works were used. Snowball sampling method will be used in dealing with entrepreneurs and employees of selected small and medium enterprises in answering questionnaires. The selection would be necessary because of the rather large and several types of small and medium business enterprises within the formal and informal sectors.Again, in-depth interview, face to face interview as well as telephoning withpersons, officials and experts ininstitutions and organization in theSME sectors would be consulted for more detailed information.

1.6Scope of the study

The main target group for this study was a cross-section of selected SME's in the informal sector in the Kumasi Metropolis. The study covered a total of 135 respondents made up of 15 SME's from all three business categories of Manufacture, Retail and Service. The study conducted a well structured and pilot- tested interview and questionnaire. In all, 135 responses were solicited and compiled at the end of the session, but some of the respondents refused to answer a few of the questions posed to them, either because it affected the sensitivity of their private life or they just did not want to answer.

1.7 Limitations of the study

The major challenge was the difficulty of getting top-level business gurus and entrepreneurs to grant interviews and solicit for practical first hand experiences as well as unwillingness on the part of prospective respondents to answer the questionnaires. Most of the small scale

entrepreneurs and managers, as well as few employees in the informal sectors were either semi-literates or illiterates and as such could not appreciate the rationed for the study. They thought the study could be used for other purposes like taxation, and especially when there is much media noise about closing down of unregistered businesses, and the threat of prosecuting employers who fail to pay the social security's contributions of their employees.The other difficulties include limited financial resources, travelling to institutions and sectors for consultations, advice and expert knowledge, especially those that don't have offices in the Ashanti region, and Kumasi in particular.

1.8 Organization of the study

The research work has been arranged into five chapters. Chapter 1 deals with the introduction which covers background of the study, problem statement, objectives of the study, research questions, significance of the study, methodology, scope of the study, limitations and organization of the study. Chapter 2 deals with the literature review, Chapter 3 on methodology, Chapter 4 on data presentation analysis and discussion, and Chapter 5 on summary of findings, conclusion, and recommendations.
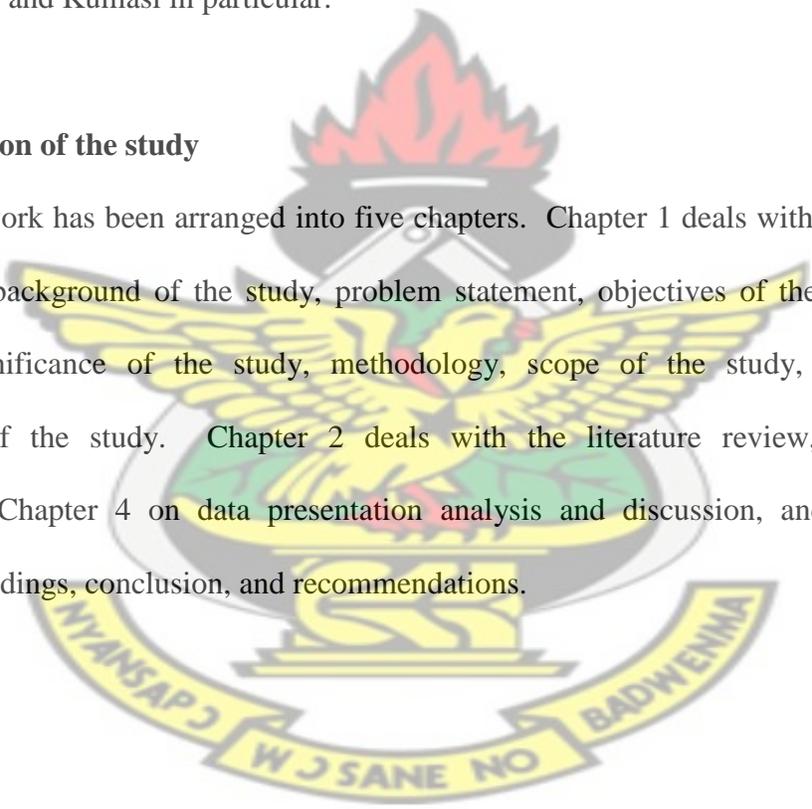
CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The previous chapter describes the introductory part of the research and emphasises on the need to embark on the research and other related issues. However this chapter deals with the various contributions made on this topic by some writers and considers small and medium enterprise in particularand Ghana in general, and how HRD has contributed to its growth or decline. In this section a critical look at definition and explanation of the key concepts associated with the topic are given.

2.1 Relationship between HRM and HRD

Human Resource Management (HRM) is an intricate subject which can be defined as the effective selection and utilization of employees to at least achieve the goals and strategies of the organization as well as the goals and needs of employees (Goel, 2009). HRM is divided into primary and secondary functions. The primary functions are directly involved with obtaining, maintaining, and developing employees, whiles the secondary functions either provide support for general management activities or are involved in determining or changing the structure of the organization. The primary functions include human resource planning activities used to predict how changes in management strategy will affect future human resource needs; goal employment opportunity activities intended to satisfy both the legal and moral responsibilities of the organization through the prevention of discriminatory policies, procedures, and practices like hiring, training, appraising, and compensating employees; staffing (recruitment and selection) activities designed for the timely identification of potential applicants for current and

future openings and for assessing and evaluating applicants in order to make a selection and placement decision; compensation and benefits administration for establishing and maintaining an equitable internal wage structure, a competitive benefits package, as well as incentives tied to individual, team, or organizational performance; Developing employee relations through employee communications system in addressing their problems and guidance, health, safety and security activities seek to promote a safe and healthy work environment and lastly human resource development activities to ensure that organizational members have the skills or competencies to meet current and future job demands (Armstrong, 2007).The secondary function has to do with organization or job design activities concerned with interdepartmental relations; performance management and performance appraisal system used for establishing and maintaining accountability; and research and information including Human Resource Information Systems (HRIS) to help make enlightened human resource decisions.

Functionally HRM can be divided into five distinct sub-functions as Human Resource Planning, (HRP) Human Resource Administration (HRA), Human Resources Development (HRD) Industrial Relations (IR) and Human Resource Information systems (HRIS).However it is the HRD which is the major concern for this research work. The HRD is the most proactive sub function of the specification because it began at the level of training needs identification, conducting climate surveys and actually conducting trainingprogrammes. Training is an ongoing but short-term process while organizational development is goal directed and long term. Both have a direct role in organization corporate culture building (Goel, 2009).

2.2 HRD Interventions

HRD Interventions may vary from one organization to another depending upon their needs, based on diagnostic studies.The factory system dehumanized and deskilled various jobs. By enriching workers roles HRD satisfies the needs of advancement growth, self-respect, recognition, creativity and autonomy. Under career development plans, workers are more or less assured about their future. Other HRD mechanisms such as counseling, monitoring, quality of work life, etc. enable workers to lead an integrated life which is mostly partitioned by the factory system into two lives, the organizational life and the personal life.

Traditional HRD methods (such as training, job-rotation, etc) have their relevance and usefulness. However, they are inadequate to bring about the kind of system-wide change which is visualized in the concept of HRD.In traditional methods, top management personnel have the attitude that all is well with them, and it is only the lower level which needs to be trained and developed.Suchattitude makes HRD programmes ineffective because by keeping the interdependent and interacting higher levels out, the levels continue to remain plagued by forces of mistrust, jealousy and authoritarianism. But HRD programmes gradually enrich the entire socio- technical system about a system-wide change(Kirkpatrick, D.L. 1995).

2.3 HRD Policies and Practices

These are general statements, which guide thinking and action.Sound HRD policies are an essential base for sound HRD practices which provide the base for management by principle as contrasted with management by expediency. In their absence decisions are taken on an ad hoc basis which results many times in improper emphasis given to significant characteristics,

criteria or circumstances of a problem. The HRD policies can be formulated to cover the following; selection, training, compensation, arrangement of work, employee services and industrial relation. These HRD policies are closely associated with that aspect of HRM that is concerned with investing in people and developing the organisation's human capital. The elements of such processes are:

Learning:

Defined as a relatively permanent change in behaviour.

Development:

The growth or realization of a person's ability and potential through the provision of learning and educational experiences.

Training:

The planned systematic modification of behaviour through learning events, programmes and instruction, which enable individuals to achieve the levels of knowledge, skill and competence needed to carry out their work effectively.

Education:

Thishas to do with the development of the knowledge, values and understanding required in all aspects of life rather than the knowledge and skills relating to particular areas of activity (Armstrong, 2007).

a. *Individual learning and development*

Individual learning and development employs concept that emphasises discussions and joint discussions by the employee and the supervisor on the specific developmental experience necessary to fulfill the mutual goals of organizations.

b. *Manpower development.*

Manpower development is ongoing process that forecast and projects an organization`s future manpower requirement. Manpower development focuses on such issue as whether the organization is ready to compensate for the loss of experience from retiring employees and if employees are adequately prepared to implement organizational changes (Mills et at, 1998).

2.4 Approaches to HRD.

The following are the approaches to HRD.

Systematic TrainingModel.

Traditionally, HRD functions have focused mainly on training related task and formal learning activities. This systematic training model at best includes identifying training needs as they relate to the "business" of the organization. HRD interventions are only prescribed when skill and knowledge deficits inhibit the achievement of business goal or are likely to do so in the future. Companies that experience continuous change and require innovative and influential ways to manage their human resources adopt this model. In this approach knowledge is not a thing that can be attained or taught, but rather a continual flow with transformational potential for both individual and organizational learning together. This flow and movement of knowledge should receive influence from the part history of the organization, the rate of change within the company the energy (or lack thereof) or internal and external partnership.

Clutterbuck, (1991)call this the "Orchestral of HRD'' where all the parts work synchronously to create a cohesive whole.

a. *Reciprocal Approach:*

This perspective comes partly from humanistic and partly from consensus interests. It regards development of people as the most important asset for improving or sustaining organizational performance. The emphasis of HRD program is on developing roles, role relationship appraisal systems, training job design, etc. It therefore assumes that HRD is important for growth of the organization, since growth of an organization is linked to growth of people. It is in the interest of the organisation to develop human resources. The growth of the organization must form an integral part of an HRD programme. Growth of individuals, without that of the organization is not sustainable; hence HRD programme should aim at development of the system as a whole in respect of organization analysis and management.The interdependence between individual growth and work is not noticed in many HRD programmes to rationalize the work of organization in many cases (Hayton, 1983).

b. *Synoloic Approach:*

The synoloic approach is a continuous need in business to monitor and improve staff performance, when the need is more critical and the world`s markets are in various states of recession. There is no doubt that people are the most critical of a company's resources, because it is people that plan and control all other assets, whether fixed, portable or liquid. People also innovate, design and operate systems and raise the capital necessary to put plants into effect that achieve corporate objectives. Many companies adopt this approach because it represents a hyper-comprehensive approach to individual performance improvement as it examines critically not only factors lying within conscious but also ways of influencing unconscious decisions that account for much of human behaviour. This approach produces dynamic results,

because it taken into account changes and enriches a manager's repertoire for professional and personal growth (Hacket, 1997).

2.5Training

Reynolds (2004) point out training as learning that should be reserved for situation that justify a more directed exported approach rather than viewing it as a comprehensive and all – pervasive people development solution' and that the conventional training model has a tendency to emphasize subject-specific knowledge rather than trying to build core learning abilities. Training is the use of systematic and planned instrument activities to promote learning which is also known as ''Learner-based training'. It involves the use of formal processes to impart knowledge and help people to acquire the skills necessary for them to perform their job satisfaction.

2.5.1*Training models*

The following are source of the training models

(a)*Transfer training:*

Reynolds (2004) asserts that, transfer of expertise by outside exports is risky since its design is often demanded from the context in which work is created. Here training is seen to be remote from reality and the skills and knowledge acquired can appear to be irrelevant. This usually applies to management or supervisory training, but even the manual skill learnt in a training centre may be difficult to transfer.

(b)_Systematic training_:

This is systematically and specifically designed, planned and implemented to meet defined needs. It is provided by people who know how to train and the impact of training is carefully evaluated. This concept was developed in the 1960's for the industrial training board of Britain and consists of a simple four-stage model as:

a. Identify training needs

b. Decide what sort of training is required to satisfy needs

c. Use experienced and trained teachers to improvement training.

d. Follow up and evaluate training to ensure that it is effective (Boydell, 1996).

(c)_Just-in-time training_:

This is training that is closely linked to the pressing and relevant needs of people by its association with immediate or imminent work activities. It is delivered, as close as possible to the time when the activity is taking place. The training is based on an identification ofthe fastest requirements, priorities and plans of the participants, who will be briefed on the line situations in which their learning has to be applied (Boydell, 1996).

2.6 Training Techniques

The following are some of the training techniques available

(a) Instruction:

This is based on skills analysis and learning theory, which should follow these six stages

i. There must have a plan for presenting the subject matter and using appropriate teaching methods, visual aids and demonstration aids;

ii. Presentation should consist of a continuation of telling and showing-explanation and demonstration;

iii. Explanation should be as simple and direct as possible, the trainer explains briefly the ground to be covered and what to for, teaching first things fast and then proceed from the known to the unknown, the simple to the complex, the concrete to the abstract, the general to the particular, and the observation to reasoning;

iv. Demonstration should be an essential stage in instruction;

v. Practice consist of the learner imitating the instructor and then constantly repeating the operation under guidance;

vi. Follow-up continues during the training period for all the time required by the learner to reach a level of performance equal to that of the normal experienced (CIPD, 2000; Honey and Mumford, 1992).

(b) *Lecture:*

This is used to transfer information to an audience with controlled content and timing when the audience is large, there may be no alternative to a ``straight lecture'' if there is no scope to break it up into discussion groups. A lecture is a talk with little or no participation except a question-and-answer session at the end. For lecture to be effective and successful, it must reinforce learning with appropriate usual aids (but not too many) (CIPD, 2000; Honey and Mumford, 1992).

(c) **Discussion**:

The objectives of this technique are to;

1. Get the audience to participate actively in learning

2. Give people an opportunity of learning from the experience of others

3. Help people to gain understanding of other points of view

4. Develop self-expression. (CIPD, 2000, 2001: Honey and Mumford, 1992)

(c) Case-Study:

This is a history or description of an event or set of circumstances that is analyzed by trainees in order to diagnose the causes of a programme and work out how to solve it. Case studies are mainly used in courses for managers and team leaders because they are based on the belief that managerial competence and understanding can best be achieved through the study and discussion of real events. Case studies usually aim at promoting enquiry, the exchange of ideas and the analysis of experience in order that the trainees can discover underlying principles that the case study is designed to illustrate (CIPD, 2000, 2001: Honey and Mumford, 1992).

(d) Role Playing:

Is where the participants act out a situation by assuming the roles of the characters involved. There is interaction between two people or within a group. It is especially prepared with briefs written for each participant explaining the situation and, broadly, their role in it. Alternatively, role playing could merge mutually from a case study when the trainees are asked to test their solution by playing the parts of those concerned. It enables trainee to set expert advice and constructive criticism from the trainer and their colleagues in a protected training situation. It increases confidence as well as developing skills in handling people (CIPD, 2000, 2001: Honey and Mumford, 1992).

(e) Simulation:

This is a training technique that combines case studies and role-playing to obtain the maximum amount of realism in classroom training. The aim is to facilitate the transfer

of what has been learnt off the job to on-the-job behaviour by reproducing in the training room, situations that are as close as possible to real life. Trainees are thus given the opportunity to practise behaviour in conditions identical to or at least very similar to those they will meet when they complete their course(CIPD, 2000, 2001: Honey and Mumford, 1992).

(f) Groups Exercises:

In group exercise the trainees examine problems and develop solutions to them as a group. The problems may be one entirely unrelated to everyday work or a case study. The aims are to give members practice in working together and to obtain insight into the way in which groups behave in tackling problems and arriving at decisions. They can be used as part of a team-building programme and to develop interactive skills(CIPD, 2000, 2001: Honey and Mumford, 1992).

2.7 Blendedlearning

Ralphs, et at, (1986) defined blended learning as "An approach to training design that involves the use of a combination of delivery methods and in some cases learning methodology.

Snell, et al, (1991) describes it as, "The combination of different modes of delivery that take into account the learners environment, motivation and learning styles with different theoretical approaches. This creates a multi-layered and richer palette of learning methods. It is aimed at making the different parts of the learning mix complementary and mutually supportive in meeting learning needs. A blended programme might be planned for an individual using a mix of self managed learning activities defined in a personal development plans, e-learning facilities, group action learning activities, coaching or mentoring, and instruction provided in

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an in-company course or externally within a training course as complementary mix of different training activities that take place. Eg; a skills development course for managers or team leaders might include some instruction on basic principles but much time would be spent on case studies, simulations, role-playing and other exercises (Little et al, 1987).

2.8 Development

Development as defined by Harrison (2002, p. 78) as "Learning experiences of any kind, whereby individuals and groups acquire enhanced knowledge, skills, values or behaviours. It outcomes unfold through time, rather than immediately, and they tend to be long lasting''.

It is an unfolding process that enables people to progress from a pursuant state of understanding and capability to a future state in which higher level skills, knowledge and competences are required. In development programmes there is an emphasis on personal development planning and manned learning from experience (Armstrong, 2007 and Harrison, 2002).

2.9.1 *Types of development*

The following are some types of development

(a) *Personal development planning***:**

This is carried out by individuals with guidance, encouragement and help from their managers as required. A personal development plan sets out the actions people propose to take to learn and to develop themselves. They take responsibility for formulating and implementing the plan, but receive support from theorganisations and their managers. Tracy et al, (1995) call it a "self organized learning frame work".

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(b)*Planned experience***:**

It is experimental learning that can take place by planning a sequence of experience that meets a learning specification for acquiring knowledge and skills that will prepare people to take on increased responsibilities in the same or different functions and occupations. A programme is drawn up which sets down what people are expected to learn in each department or job in which they are given experience. Planned experiences used to be known as "Job Rotation" and, has also learn referred to as the 'look's tour method of moving trainees from department to department. It has incurred much justified criticism because of the time wasted by them in locations where no one knows what to do with them or cared(Ralphs et al,1986).

(c)*Action Learning*:

Action learning can be defined as "methods of helping managers develop their talents by exposing them to real problem". They are required to analyze them, formulate recommendations, and then take action. It accords with the belief that managers learn best by doing rather then being taught. In 1989,Revans produced the following formula to describe his concept:L (Learning = P (programmed learning) +Q (questioning, insight). (Revens, 1979).

(d)*Outdoor Learning:*

This involves exposing individuals to various 'Outward Bound' type activities; sailing, mountain walking, rock climbing, canoeing, carving, etc. It places participants, operating in teams, under pressure to carry out physical activities that care completely unfamiliar to them. The rational is thatthese tests are paradigms of the sort of challenge people have to meet at work but their unfamiliar nature means that they can learn more about how they act under pressureas team readers or team members. It involves a facilitator helping participants to learn individually and collectively from their experiences (Juani et al, 2008).

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(e) *Mentoring***:**

Clutterbuek (2004) defines mentoring as off-line help from one person to another in making significant transitions in knowledge, work or thinking. Bassi et al,(1997) also suggest that mentoring prepare individuals to perform better in the future and groom then for higher and greater things, ie: career advancement. Mentoring is the process of using selected and trained individuals to provide guidance, pragmatic advice and continuing support, which will help the person or persons allocated to learn and develop. It involves learning on the job, which must always be the best way of acquiring the particular skills and knowledge the job holder needs. It must be noted that there is no standard mentoring procedures (Aguinis, 2007: Armstrong, 2007).

(f)*Coaching:*

Hirsh and Carter (2002) state that coaching is aimed at the rapid improvement of skills, behaviour and performance, usually for the present job. A structured and purposeful dialogue is at the heart of coaching. The industrial society (1999) defines coaching as the art of facilitating the enhanced performance learning and development of others. It takes the form of a personal (usually one-to-one) on-the job approach to helping people develop their skills and levels of competence. It is collaborative ongoing process in which the manager interacts with his employee(s) and takes an active role and interest in their performance. It also involves directing, motivating and rewarding employee behaviour. Coaching is concerned with long-term performance and complimentary good work, as well as helping correct and improve expectations and standards (Aguinis, 2007).

2.9 Learning

Learning has been defined by Lee(1996) as the process of increasing one's capacity to take action. Reynold et al, (2002) defined learning as the process by which a person acquires new knowledge, skills and capabilities, whereas Honey and Mumford (1996) explained that learning has happened when people can demonstrate that they know something that they did not know before (insights, realizations as well as facts) and when they can do something they could not do before (skills). But Argyris (1993) points out that learning is not simply having new insight or a new idea. Learning occurs when we take effective action, when we detect and correct error. How do you know when you know something? When can you produce what it is you claim to know.

2.9.1 *Learning theory*

The effectiveness of learning will be strongly influenced by the context in which it takes place. Birchall and Lyons (1995) belief that for effective learning to take place at the individual level it is essential to foster an environment where individuals are encouraged to take risks and experiment, where mistakes are tolerated but where means exist for those involved to learn from their experience? The main theories focuses on difference aspects of the learning process as applied to people in general and these include the following:

(a) *Experiment learning theory*

This takes place when people learn from their experience by perfecting on it so that it can be understood and applied. People then become active agents of their own learning, creating an environment in which they are stimulated to think and act in ways that help them to make good use of their experience through facilitation (Reynold et al, 2002).

(b) *Social learning theory*

This has to do with learning through social interactions. Wenger (1998) suggests that we are participants in "communities of practice" (groups of people with shared expertise who work together) and that these are core primary sources of learning, whiles Bandura (1977) also views it as a series of information processing steps set in training by social interaction.Skinner (1974), expresses the belief that changes in behavour take place as a result of an individual's responses to events or stimuli, and then ensures consequence (rewards or punishment). Individuals can be conditioned to repeat the behaviour by positive reinforcement in the form of feedback and knowledge of results. However Gagne (1977) later developed the stimulus – response theory, which relates the learning process to a number of factors, including the following;.

a. Drive: there must be a basic need or drive to learn

b. Stimulus: people must be stimulated by the learning process.

c. Response: People must be helped by the learning process to develop appropriate responses, in knowledge, skills and attitudes that will lead to effective performance.

d. Reinforcement: Responses that need to be reinforced by feedback and experience until they are learnt

2.9.2 *Learning* **methods**

Watkins and Marsick (1993) gave the spectrum of learning as two forms; that is informal learning and formal learning.

*Informal learning***:** This is an experimental learning. People can learn 70% of what they know about their job informally, through processes not structured or sponsored by the organization. A study by Erantet al (1998) established that an organization adopting a learner-centered perception, formal education and training provided only a small part of what was learnt at

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work. Most of the learning described to the researcher was non-formal, neither clearly specified nor planned. Effective learning was, however, dependent on the employees' confidence, motivation and capability. Some formal training to develop skills was usually provided, but learning from experience and other people at work predominated.Reynolds (2004) notes that, the simple act of observing more experienced colleagues can accelerate learning conversing, swapping stories, co-operating on tasks and offering mutual support and solidity in the process. This kind of learning is often informal in nature – is thought to be vastly more effective in building proficiency than more formalized training methods.

Formal training: This is a planned and systematic way of learning which involves the use of structured training programmes consisting of instruction and practice. This start with induction and involves the specification of learning programmes and the planning of learning events, with an emphasis on self-directed learning accompanied by a blend of other learning approaches as appropriate. It continues with performance and development review that identify learning needs and define how they will be met, by self-managed learning, making use of coaching, mentoring and formal training courses.

2.10 Career development

This is an on-going process by which individuals' progress through a series of stages, each of which is characterized by a relatively unique set of issues, themes, and tasks. Career development involves two distinct processes; career planning and career management.

Career planning involves activities performed by an individual often with the assistance of counselors and others, to assess his or her skills and abilities in order to establish a realistic career plan. Career management involves taking the necessary steps to achieve that plan, and

generally focuses more on what the organisation can do to foster employee career development (Goel, 2009).

2.11 Organisational development

It is a process to enhance the effectiveness of an organisation and the well-being of it's members through planned interventions that apply behavioural science concepts. It emphasizes both macro and micro organizational changes are directed at individuals, small groups, and teams. The role of organizational development is therefore to function as a change agent facilitating change by consulting with and advising line managers on strategies that can be used to effect the desired change (Harrison, 2000).

2.12 Definition of small and medium scale enterprises

Small opportunities are often the beginning of great enterprises. Without exception every one of our present day examples of big business started in a small way. Railroads, telegraph, telephone, automobile, steel, oil, department stores, chain stores, cut-rate stores, discount and mail-order houses were all introduced by individuals with an idea and not much else. Often these businesses were begun under the shadow of considerate public opposition and individual condemnation. But this is not unusual. The resistance faced by the innovator of business methods from those who dominant the invades are the natural reaction of change. Each successful innovator appears to go through a period of experimentation and adjustment to find proper policies and methods. This is followed by emulation by others, including, eventually, the injured and resentful competitors. Then comes acceptance by the public and the industry of the new method as the way of proven efficiency. The development of an idea into a business,

the exploitation of a patent into an industry – these typify many successful products now familiar to all. Such significant innovation almost invariably have been pioneered by self-employed, small-medium scale enterprisers. Though the giant corporations and "mass production" firms loom important in terms of total production, it is small business that actually constitutes the backbone of the world's economy.What exactly constitute a small business? When does it become medium-sized business? And when does it become a large enterprise?

Many have tried to define small and medium enterprises based on various considerations. Some definitions focus on numerical parameters in order to differentiate between smaller and medium-sized business types. The European Commission (EC) initiated an important set of definitions of the small and medium-size enterprises (SME's) that introduced a further category of the 'Micro' enterprise to reflect the growing importance of very small businesses. These definitions are based on headcount, turnover and balance sheet value as shown below:

Table2.1: EU definition of small scale business

Category	Headcount	Turnover	Balance sheet (total)
Medium	50-249	<€ 50m	<€ 43 m
Small	10-49	<€ 10m	<€ 10m
Micro	1-9	<€ 2m	<€ 2m

Source: The European Union http:// europa.eu.int.

SME thresholds (as adopted by the European Communities in 2005, revised from 1996 thresholds). To overcome some of the difficulties associated with the above quantitative thresholds, other non-quantitative proponents like the "The Committee of inquiry on small

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firms set up by the UK government, which became known as the Bolton Report (1971), proposed that a small firm has three essential characteristics.

a. Has a relative small share of their market place in economic terms.
b. It is managed by owners or part owners in a personalized way, and not through the medium of formalized management structure;
c. It is independent in the sense of not forming part of a large enterprise, and it's ownership is relative free from outside influence

Alternative Definitions

World Bank since 1976 - Firms with fixed assets (excluding land) less than

US$ 250,000 in value are Small Scale Enterprises.

Grindle*et al*. (1989) - Small scale enterprises are firms with less than or equal to

25 permanent members and with fixed assets (excluding land) worth up

to US$ 50,000.

USAID in the 1990s - Firms with less than 50 employees and at least half the output is sold (also

refer to Mead, 1994).

UNIDO's Definition for Developing Countries:

Large - firms with 100+ workers

Medium - firms with 20 - 99 workers

Small - ' ' 5 - 19 workers

Micro - ' ' < 5 workers

UNIDO's Definition for Industrialised Countries:

Large - firms with 500+ workers

Medium - firms with 100 - 499 workers

Small - ' ' $\leq$ 99 workers

From the above definitions, it can be deduced that there is no exclusive definition for small firms thus, an operational definition is required. However the Bolton report later supplemented these general qualities (below) by more specific, quantitative measurements depending on the industry type.

Table2.2: Bolton Definition of SME

Road Transport	Five Vehicles or less
Manufacturing	200 employees or less
Catering	All excluding multiples Brewery and managed houses
Construction	25 employees or less
Mining & Quarrying	' ' ' '
Retailing	Turnover of £50,000 or less
Miscellaneous	' ' ' ' '
Services	' ' ' ' '
Motor Trades	Turnover of £100,000 or less
Wholesale Trades	' ' ' £200,000 or less

Source: Adapted from the Bolton Committee (1971) Report.

Some theorist also advocate that small businesses may be divided into various categories depending upon such factors as size, location, volume of business, nature of activities engaged in and goods or services offered.A business is considered a manufacturing enterprise if it is engaged primarily in receiving materials in one form and after working on them, distribute them in an altered form. This includes processors of farm products, local Craftsmen or artisans, Bottling plants, and similar enterprises.Merchandising businesses have as their objectives the selling of goods at a profit. They buy finished good from wholesalers or manufactures and retail (or wholesale) them to others for consumption (or resale). There are all Merchants, whether retailers or wholesalers. Most retail stores are small businesses.The service businesses offer trade –specialist services to consumers, merchants, or even to manufacturers. They are staffed by technicians with skills for hire. Most of the common type of service establishment

performwork on goods owned by the customer or upon the person for the client. Many others perform services of a different kind, such as rendering special advice for a fee. A "service" may be defined as an intangible economic good, nonreversible or non-returnable, whose value does not depend primarily upon some material article that may or may not be a managerial to an entrepreneurial economy in which growth was being fuelled by small and medium sized enterprises.The Bolton Report finalized their thought on small and medium size businesses as follows;

"We believe that the health of the economy requires the birth of new enterprises in substantial numbers, and the growth of some to a position from which they are able to challenge and supplant the existing leaders of industry. This seedbed function therefore appears to be a vital contribution of the small firms sector to the Long-run health of the economy. We cannot assume that the ordinary working of market forces will necessarily pressure a small firm sector large enough to perform this function in future" (Bolton Report, p,124).
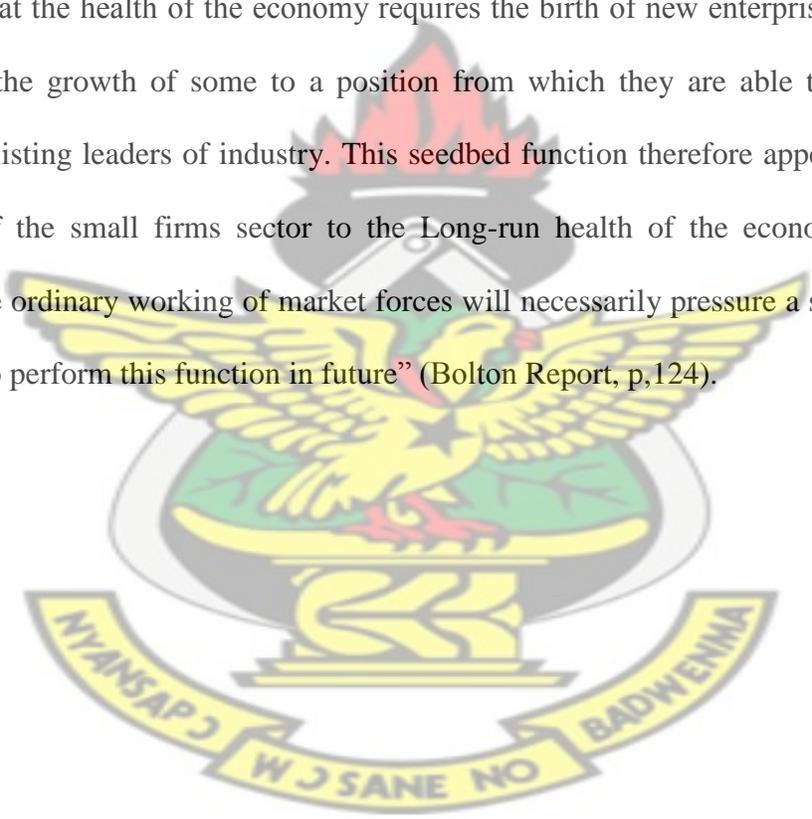
2.13 CONCEPTUAL FRAMEWORK
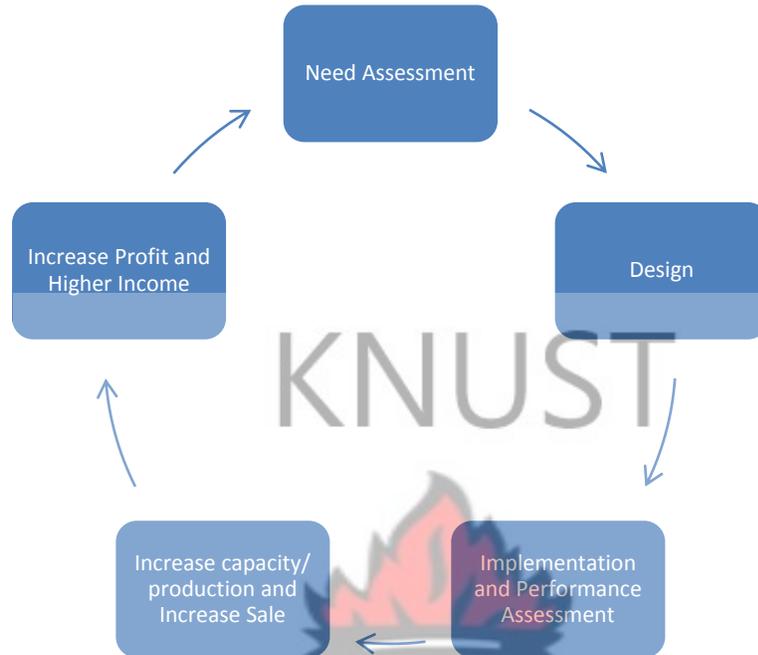
Fig. 2.1 Conceptual framework

Source: Bassi et al, 1997: p.52

The greatest assets of all organizations are their people. Therefore, it is paramount to provide their people (staff) with the necessary and appropriate skills to achieve the goals and aspiration of the business. Personal development has to do with acquiring the individual with skills, knowledge and attitude for the development of the individual in the organisation. From the above conceptual framework, there should be need assessment to find out which area has job-gap so as to give it the necessary attention. When the need (job-gap) has been identified, the appropriate training and development should be designed to solve the need to the benefit of the business. After the design work, implementation of the plan should be executed as planned.

The implemented plan should be assessed to verify, if the particular need for which the training was done is achieved. When the need for job-gap had been solved, this would increase the

capacity of the employees which will eventually lead to increase production. Increase in production would lead to higher sales and higher sales would lead to higher profit and higher profit would lead to higher income to the employees which would ensure better living conditions for more and greater output.The desire for higher achievement and to produce more as a result of training and development, would itself create a need (job-gap) for which would have to be solved. Thus starting the whole processes again and again.

CHAPTER THREE

METHODOLOGY

3.0 Introduction to methodology

This chapter would like to describe the method of the study and the profile of the SME sector in Ghana, and Kumasi in particular. In this study, the researcher adopted a case study strategy in order to conduct investigation into the impact of HRD on the performance of SME's in the Kumasi Metropolis, and this would provide the readers with opportunity to observe, identify, compare and understand the need for HRD in running SME's.

In depth interview techniques were used for data collection, because the SME's sector is dominated by small-scale businesses both within the formal and informal sectors, engaged in kente weaving and tie and dye (textiles), publishing and printing, automobile repairs, electronic repairs, handicraft, chop-bar, carpentry, drink bars, petty traders, etc. Most of the owners or managers and employees of these small scale businesses are semi-literate or illiterates as such reading and writing is a problem. The workers or employees of these businesses also lack the ability to read and write because the businesses are often family owned and once the owner lacks literacy he or she finds it much easier to employee family numbers without necessarily looking at their educational background. To facilitate the smooth running of the study therefore, the respondents were carefully selected under the three broad categories of retail, manufacturing, and service businesses to give a fair representation of SME's in Kumasi Metropolis. The respondents were required to respond to   questions posed by the researcher under the three broad categories of businesses.As part of data collection the researcher found it necessary to study the various reports, recommendation made on the studies of HRD in SME's

from recognized private and government agencies. The significant of this section shows a convergent manner and systematic steps that were taken during the data collection as follows; the research design being the first step followed by the source of data, (Primary and Secondary data), then the population sample techniques, Data Collection Instruments, Data analysis techniques and Organisational profile.

3.1 Sources of data

Both primary data secondary data were used for analysis

3.1.1 *Primary data*

The primary data which is first hand information was collected through the use of interviews conducted by the researcher and was analyzed qualitatively. The primary data was obtained from owners, managers and workers or employees of small-scale businesses in the Kumasi metropolitan assembly. Questionnaires were also administered to the respondents to solicit for appropriate responses.

3.1.2 *Secondary data*

The secondary data used in this work was obtained from recognized private and public business agencies, reports, findings and recommendations from the following GRATIS Foundation, JICA, National Board for small-scale enterprises (NBSSI), Empretec, Register generals department, SPEED and USDAF

3.2 Population

Kumasi Metropolitan Area (KMA), is the administrative centre of the Ashanti Region, has many SME's cutting across all three broad categories of retailing, manufacturing and service.

According to Ghana Statistical Service (GSS, 2007), there are about 3,415 SME's in KMA. This number forms the population that the researcher chose the sample size.

3.3 Sampling size method

The UNIDO's definition of SME's for developing countries was used as the prime base for the sample. The definition classified SME's as follows:

Micro – firms with less than 5 workers

Small – firms with 5 – 19 workers

Medium – firms with 20 – 99 workers

Large – firms with 100+ workers.

The above definition was used because that captures a typical Ghanaian economy, and for that matter Kumasi Metropolis. Multiple sampling was used in arriving at the sample size. First, there was identification of SME's from all three broad areas of manufacturing, retailing and service. Then using the UNIDO'sInstruments definition, some selected SME's were picked purposively. In all 15 enterprises; 5 from each of the three broad categories that employed between 5-19 people and 20-99 people, (small and medium) were chosen. Though this sample figure of 15 may not be the true representation of the rather large number of SME's in KMA, they have been purposively and strategically selected from the non-formal sector as a typical prototype of SME's in KMA. Each of the 5 selected enterprises from the three broad categories were put into a box. The researcher then randomly picked 3 enterprises each from retail and service category, and 2 enterprises from the manufacturing sector. This was done on the basis of adding employees together for all of them to be involved in the study. The number of respondents when put together from the randomly picked enterprises of the three broad categories were One Hundred and Thirty five (135). The breakdown is as follows:

Retail – 30 respondents

Manufacturing – 58 respondents

Service – 47 respondents

In all 135 respondents was the sample size for the study.

3.4 Data Collection

The data collection instrument used for this study were interview and questionnaire. Semi-structured interview was used because the researcher in order to achieve the objective of the study used this method depending on the three broad areas of the specific context of business categorization in relation to the research topic.Questions and discussions were recorded and transcribed. In addition to note taking,this was mainly because as stated earlier, majority of the respondents of the study were semi-literate or illiterate; as such reading and writing in answering questionnaires could pose a challenge for the study.Again, in order to gather valid and reliable data relevant to the research questions and objectives, this instrument was used since it could also and indeed add to the quality of information through the flow of conversation and additional questions explored through the respondents responses. Last but not the least, the limited time at the researcher's disposal accounted for using this instrument. However questionnaires were used to solicit for biodata and other personal information,

3.4.1Interview

Here the face-to-face conversational interview encounter was used to solicit for the required answers to the prepared questions and statements based on the objective of the study and the research questions. Upon the pre-determined questions and statements, the researcher

administered the questions by audio recording after seeking the consent and permission from the respondents and explaining to them the purpose and reason for which the study was being conducted. The interview was done according to the three broad categories of the small-scale businesses as stated earlier. First 8managers of the small businesses were contacted and interviewed from each category. Employees belonging to the same category were also contacted and interviewed from the selected SME's. It should be noted that although audio recording was used in soliciting for the appropriate responses, some managers preferred using the questionnaire because they did not feelcomfortable having their voices on tape even though employees on the other handwere so eager to speak, and to have their voices on tape. Furthermore, discussions were held with supportive agencies of SMEs, to collate expert knowledge and technical view in their dealings and workings with SMEs.

3.5 Data analysis techniques

The research analysis involved qualitative and quantitative data analysis. The completed questionnaires were edited, coded, and analysed by computer using the Statistical Package for Social Scientist Software (SPSS). The advantage of using quantitative and qualitative research methods are that the former can be used to measure outcomes while the latter can provide a greater depth of understanding about complex interactions, tacit processes, and often hidden beliefs and values.

3.6 General overview Of "SME's" sector in Ghana

There have been various definitions given for small-scale enterprises in Ghana but the most commonly used criterion is the number of employees of the enterprise (Kayanula and Quartey,

2000). Confusion often arises in respect of the arbitrariness and cut off points used by the various official sources. In its industrial statistics, the Ghana Statistical Service (GSS) considers firms with fewer than ten (10) employees as small-scale enterprises and their counterparts with more than ten (10) employees as medium and Large-sized enterprises. Ironically, the GSS in its national accounts considered companies with up to 9 employees as SMEs (Kayanula and Quartey, 2000).An alternative criterion for defining SMEs has been the used of value of fixed assets in the firm. However, the National Board for Small Scale Industries (NBSSI) in Ghana applies both the "fixed asset and number of employees" criteria, which defines a small scale enterprise as a firm with not more than nine 9 workers, and has plant and machinery (excluding land, buildings and vehicles) not exceeding Ghana ten million cedis Gh¢10,000,000). The Ghana Enterprise Development Commission (GEDC) uses one million Ghanaian cedis (GH¢1,000,000) upper limit definition for plant and machinery. The difficulty here has to do with the process of valuing fixed assets, and secondly the continuous depreciation of the local currency as against major trading currencies often makes such definitions outdated (Kayanula and Quartey, 2000).

Steel and Webster (1991) and Osei et al (1993) used an employment cut-off point of 30 employees in defining small-scale enterprises in Ghana. Osei et al (1993), however classified small-scale enterprises into three (3) categories as;

   i.   Micro-employing less than 6 people

   ii. Very small-employing 6-9 people

   iii. Small-between 10 and 29 employees.

Furthermore, the survey report by the Regional Project on Enterprise Development Ghana Manufacturing survey paper classified firms into:

i.   Micro enterprise, less than 5 employees

ii.   Small enterprise, 5-29 employees

iii.   Medium enterprise, 30-99 employees

iv.   Large enterprise, 100 and more employees

Source:(Teal, 2002; International Research Journal of finance and Economics, issue 39, 2010; p 221).

According to (Mensah, 2004) data from the Registrar General indicates that 90% of companies registered are micro, small and medium enterprises. This group has been identified as the catalyst for the economic growth of the country, as they are a major source of income and employment. The Ministry of Trade and Industry (MOTI) in 1998 estimated that the Ghanaian private sector consists of approximately 80,000 registered limited companies and 220,000 registered partnerships. In Ghana, this target group is defined as;

i.   Micro enterprises: Employing up to 5 employees with fixed assets (excluding reality) not exceeding the value of $10,000. (Ten thousand dollars)

ii.   Small enterprises: Employ between 6 to 29 employees with fixed assets of $ 10,000. (Ten thousand dollars)

iii.   Medium enterprises: Employ between 30 to 99 employees with fixed assets of up to $ 1 million (one million dollars)

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In Ghana, SMEs can be categorized into urban and rural enterprises. The urban can be sub-divided into "Organized" (Formal) and "Unorganized" (informal) enterprises. The organized ones mostly have paid employees with a registered office, whereas the unorganized category is mainly made up of artisans who work in open spaces, temporary wooden structures, or at home, and employ few or in some cases no salaried workers. (Kayanula and Quartey, 2000).

They rely mostly on family members or apprentices. Rural enterprises on the other hand are made up of family groups, individual artisans, women engaged in food production from local crops. The major activities with this sector include:-Soap and detergents, fabrics, clothing and tailoring, textile and leather, village blacksmiths, tin-Smithing, ceramics, timber and mining, bricks and cement, beverages, food processing, bakeries, Wood furniture, electronic assembly, agro processing, chemical-based products and mechanics (Osei et al; 1993; Kayanula and Quartey, 2000).A typical profile of Ghanaian private sector is highly skewed with 90 percent (90%) of companies employing less than 20 persons.

Small and Medium enterprises view management and support services as cost prohibitive and non-adding, as such they have not taken full advantage of government sponsored business support services such as the National Board for Small Scale Industries (NBSSI) which operates in the ten (10) regional capitals under the ministry of trade and Industries and the Ghana Regional Appropriate Technology and Industrial services (GRATIS), a foundation that provides skills training and basic working capital tools for start-ups.

In summary most studies in developing countries (including Ghana) indicate that the smallest firms are the least efficient, and there is some evidence that both small and large firms are relatively inefficient compared to medium-scale enterprises (Little et al 1987). It is often argued that SMEs are more innovative than larger firms. Many small firms bring innovations to the market place, but the contributions of innovations to productivity often takes time, and the larger firms may have more resources to adopt and implement them(Strokes et al 2000).

3.7 Organisational framework

With reference to the study, the following enterprises were the selected SME's chosen for the study;

      Manufacturing

a) T. SAMS ALUMINIUM AND TRADING ENTERPRISE

b) AGO DUAPA FURNITURE WORKS

      Retail

c) ISAAC O. ANSAH T &G PRODUCTS ENTERPRISE

d) THE LORD CARES ENTERPRISE

e) LITTLE SEED ENTERPRISE

      Service

f) YAW BOAKYE TRANSPORT SERVICES

g) QUICK SOLUTIONS MICRO FINANCE

h) ALFABOF CATERING SERVICES

Three of the above SME's profile, one from each section is outline below:

Profile of T.SAMS ALUMINUM and Trading Enterprise

T.Sams Aluminum Enterprise was established in the year 2004 and has since grown tremendously over the years. It is an indigenous privately own business registered with Mr. Tetteh Sampson as the Chief Executive Officer (CEO). It has now gained prominence in the Ghanaian market. This is attributed to the increase in the construction industry. The staff strength consists of a manager (CEO) and 40 employees and is located at Boukrom Estate F-line.

Mission

Provision of quality aluminum and glass products at highly affordable prices and still ensure quality product.

Vision

It hopes to expand it scope of operation in order to become one of the largest aluminum company in Ghana and to gain a strong market presence in the West Africa Community in the next few years.

Main activities

The company specializes in the following operations; Glazed aluminum/glass doors and windows, wall cladding, office partitioning, sliding doors, curtain walls, burglar proof doors and windows. The company engages in employment and training of people, thereby helping to reduce the unemployment rate in the country. The study therefore, hopes to assess the training and the development of staff in the company.

Profile of Isaac OwusuAnsah T & G Product Enterprise

The company was established in 2008by Isaac OwusuAnsah as the Chief Executive Officer (CEO). The company is located at Breman- New York and has another branch at Kronom all in Kumasi. It has approximately 15 staff members.

Mission

To provide excellent and quality T & G products to its customers by applying proactive business values.

Vision

The enterprise vision is to become the market leader in T & G product in Ghana by the next 10 years.

Main Activities

It carries out the business of import and resale of T & G products by providing products and services to meet the changing needs and wants of its customers. It has also specialized in providing waterproof materials, interior decorations, panel and wall ties among others.It also motivates staff by means of offering adequate compensation to them to strive for higher performance relating them with team work, trust and respect. The researcher wants to find out if the motivation for higher performance involves training and development of the staff.

Profile of Alfabof catering services

Alfabof catering services was established in November 2000. It is located at Kronomnear Nana K. Gyasi cement and iron rods company. The restaurant was initially established to provide services to the guest in the Alfabof Hotel and clients in its filling station. However, in 2002 the

restaurant service was expanded and open to the general public. The company has staff strength of 15, made up of 9 females and 6 males.

Mission

Providing and delivery nutritious and delicious recipe to its clients.

Vision

To expand its services in all major capital cities in Ghana within five years.

Main activities

Alfabof is engage in providing catering services to institutions, honouring orders for parties, workshops, hotel services, wedding and funeral programmes among others. It also ensures dedication, commitment, respect, and good human relationsof its staff towards their clients. Theresearcher therefore wants to assess whether training and development programmes are organised for the staff in ensuring effective and efficient service delivery.
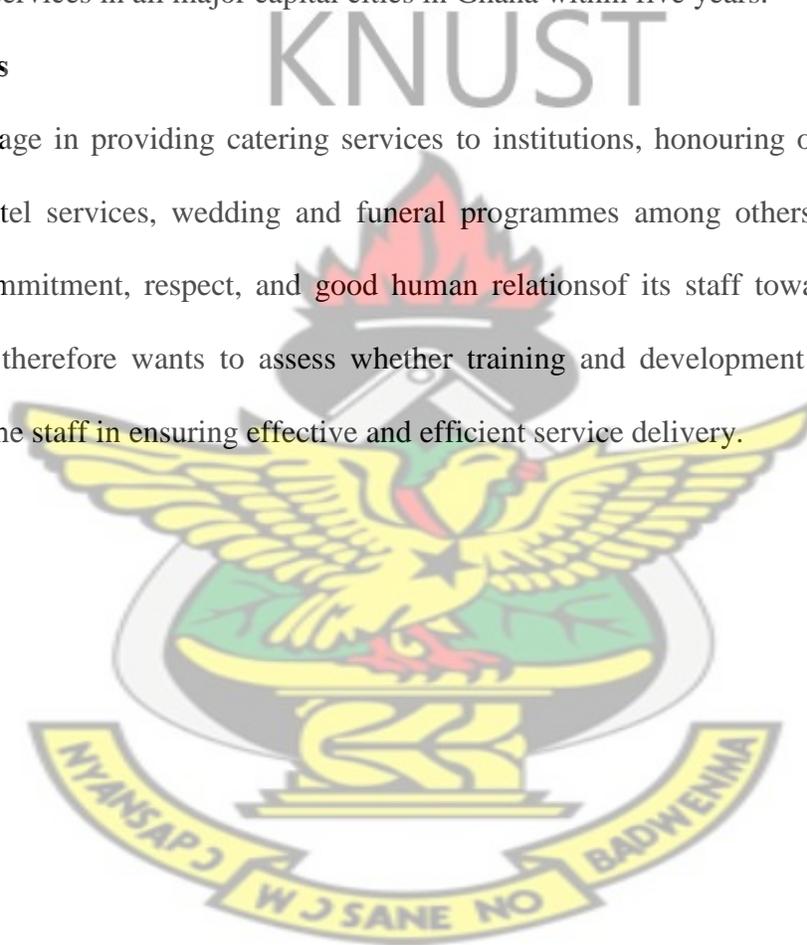
CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.0 Introduction

The purpose of this chapter is to analyse the field data and examine the findings in the light of

the objectives of the study. It also dealt with the analysis of the data that were collected out of

the interviews and questionnaires given out. The responses from the respondents are described,

analysed and inferences made to the benefits of human resource development to SME's. The

quantitative data was thoroughly discussed in relation to the objectives of the study. Analyses

and discussions of field data have been presented in the form of tables, graphs, pie charts and

bar charts.

Table 4:1 Sex of Respondents

	FREQUENCY			PERCENTAGE
SEX	MANAGERS	EMPLOYEES	TOTAL	%
MALE	6	97	103	76
FEMALE	2	30	32	24

Source: field data, 2012.

From table 4.1, On the issue of gender, 103(76%) were males and 32(24%) were females. Out

of the total number of 103 males, 6 were managers and 97 were employees. In the case of the

females, out of the total number of 32; 2 were managers and 30 were employees. The above

information shows that the total male population surpasses that of the total female population

for the selected SMEs. This may be so because of the old age culture belief that the place of the

woman is in the kitchen.

Table 4:2 EducationalAttainment

Level	Frequency	Percentage %
Basic	36	27
2ⁿᵈ Cycle	27	20
Tertiary	15	11
No Education	45	33
Others	12	9

Source: field data, 2012

From table 4.2, as to the educational level of the employees, 36 (27%) had basic education, 27 (20%) respondents had second cycle education, 15 (11%) respondents had tertiary education, 45 (33%) respondents had No education and 12 (9%) responded to others. Those who responded to others explained that they stopped school midstream when they were either in the elementary school or basic school and as such it was difficult to classify them as having completed school.

Table 4:3 AgeDistributions

Age (Years)	Frequency	Percentage
18 – 25	6	4
26 – 33	24	18
34 – 41	42	31
42 – 49	30	22
50 and above	33	24

Source: field data, 2012

From table 4.3, on the issue of age distribution, 6 (4%) respondents were between 18 – 25years, 24 (18%) respondents werebetween 26 – 33years, 42 (31%) respondents were between 34 – 41year; and 30 (22%) respondents were between 42 – 49year; and 33 (24%) respondents were 50years and above. The table above indicates that a greater portion of the respondents fell within the ages of 34 – 41. This attests to the fact that in every economy, it is those who have energy and enthusiasm formthe majority of the working class (Aryeetey, 2001).

Table 4:4 Business Plan

Response	Frequency	Percentage
Yes	50	37
No	85	63

Source: field data, 2012.

From table 4.4, On the issue of business plan, 50 (37%) responded in the affirmative and 85 (63%) responded negatively. This may be due to lack of knowledge in basic fundamental principles in business.

Table 4:5 OrganisationalStructure

Response	Frequency	Percentage
Yes	50	37
No	85	63

Source: field data, 2012.

On the question of business organisational structure, 50(37) responded in the affirmative and 85 (63%) responded in the negative as to whether there is organisational structure. This may also be due to lack of knowledge as to the need for business organisational structure.

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Table 4:6 HRD Policy

Response	Frequency	Percentage
Yes	34	26
No	101	74

Source: field data, 2012.

On the question of the availability of Human Resource Development (HRD) Policy, 34 (26%) responded that there is one in place and 101(74%) stated that there is none in place. This may be due to the lack of knowledge and the importanceaccorded and attached to having HRD policy considering the educational level of the respondents.

Table 4:7 HRD Processes Carried Out

HRD Process	Frequency	Percentage
Workshop	95	70
Seminar	9	7
Conference	11	8
Others	20	15

Source: field data, 2012.

From the table 4.7, On the issue of how HRD processes are carried out, 9 (7%) respondents said through 'Seminar', 95 (70%) responded through 'Workshop', 11 (8%) responded through 'Conferences', and 20 (15%) responded to 'Others'. It can be deduced that, even through majority of the respondents stated they do not have a laid down policy on HRD (from the table 4.7), almost all the respondents had gone through HRD processes in one form or the other.

Table 4:8 StagesofHRD

Stages of HRD	Frequency	Percentage
On Employment	85	63
When Profit is falling	18	13
When Employee Turnover is high	14	10
When there is a job-gap	9	7
Others	9	7

Source: field data, 2012.

From the table 4.8, On the issue of stages of HRD, 85 (63%) responded on employment; 18 (13%) responded when profit is falling; 14 (10%) responded when employees turnover is high; 9 (7%) responded when there is a job-gap; and 9 (7%) responded to 'Others'. The above information reveals that HRD takes place mostly on employment. This may be so because, new entrants need to be orientated on the rules and regulations of the job and also to create the necessary safety and job related awareness (work culture and environment).

4.9 Attendance to Training

Onthe issue of attendance to training, 135 (100%) responded in the affirmative. This reveals that all respondents have received some kind of training before. This means that SME's value the importance of training on their output. However the difficulty is where to get finance to embark upon more training and development programmes.

4.9Sponsorship of Training

Sponsor	Frequency	Percentage
Firm	85	63
Government	30	22
Others	20	15

Source: field data, 2012.

From the table 4.10, on the issue of who bears the cost of training, 85 (63%) said the firm; 30 (22%) responded Government and 20 (15%) responded "Others". The researcher learnt that some agencies like GRATIS foundation, NBSSI, VAT service and other international donors like USADF and JICA do run training programmes for SME's.

4.11. Pre-Post training assessment
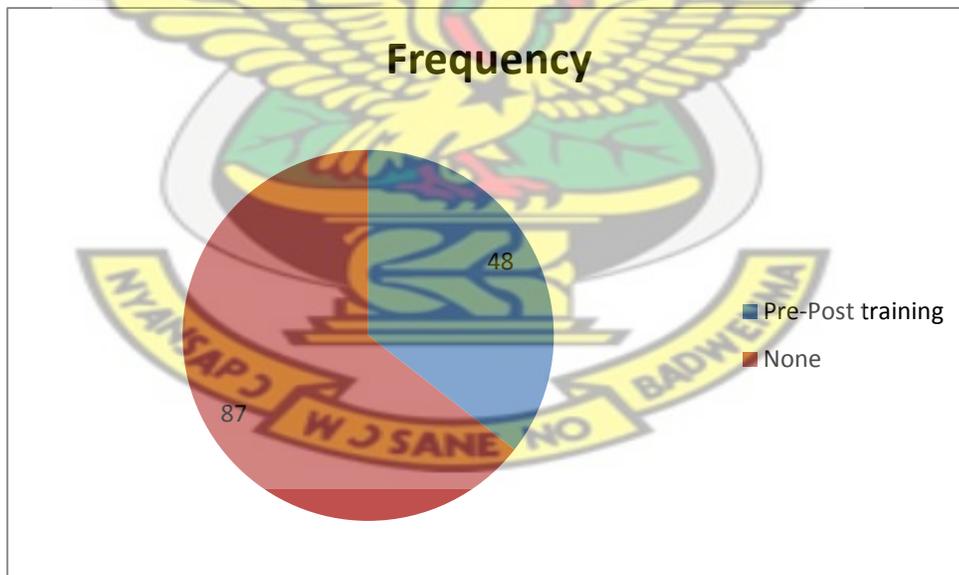
Figure 4:1 Pre-post training Assessment

Source: field data, 2012.

From figure 4.1 on the issue of whether there exited pre-training and post training, 48 (36%) responded in the affirmative and 87 (64%) responded negative. This can be explained by the fact that most of the firms regarded on-the-job training as the best form of training they can offer.

4:12 Working experience
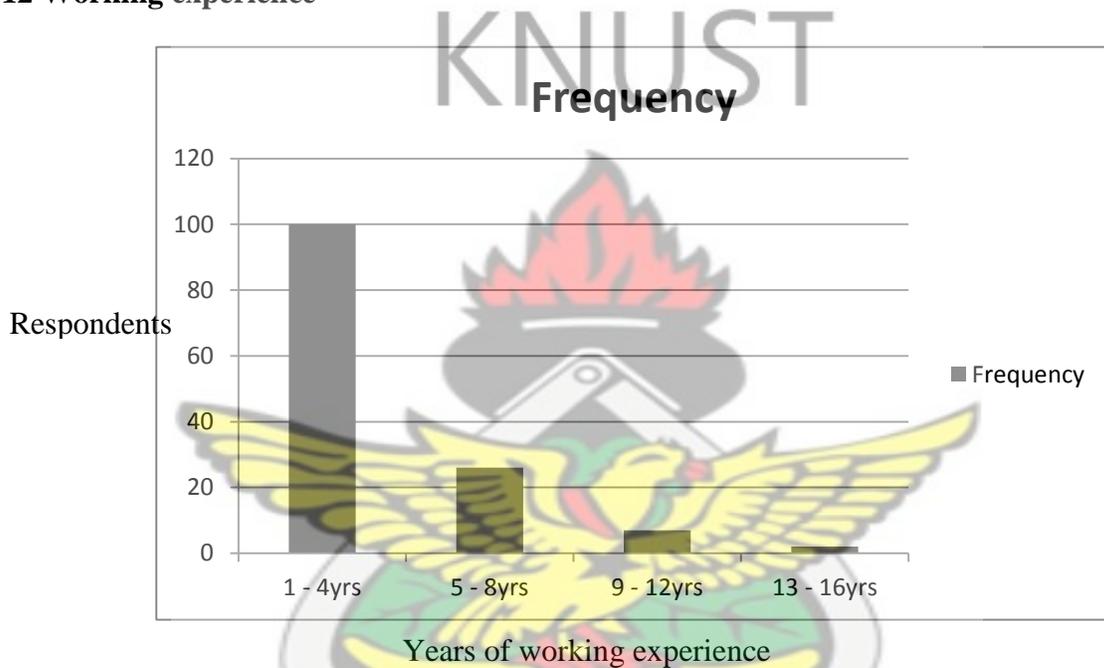
Figure: 4:2 Years of working experience

Source: field data, 2012.

From figure 4.2, on the issue of working experience, 100 (74%) had working experience between 1-4years;26 (19%) respondents had worked between 5-8years;7 (5%) respondents had worked between 9-12years; 2(1%) respondents had worked for 13-16years. According to the respondents, they were using the early part of their training years to acquire skills and knowledge to enable them gain the mastery and competence, with the hope of establishing their own business in the near future.

Table 4:13Training assessment

Response	Frequency	Percentage
Very Good	13	10
Good	35	26
Bad	80	59

Source: field data, 2012.

From 4.12, on the issues of training assessment,13 (10%) responded very good; 35 (26%) responded good and 80 (59%) said it was bad. Majority of the respondents explained that the only way training assessment was done was based on the number of years one had served on the job.

4:14Training Options Rating

Figure 4.3 Training Options
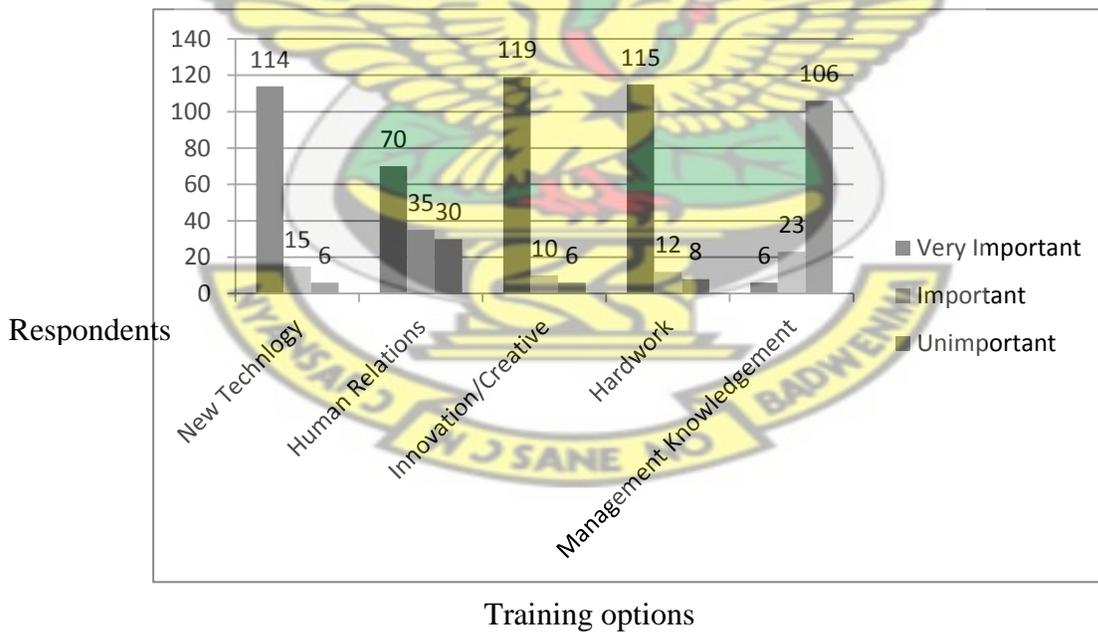
Figure 4.3 Training Options

Source: field data, 2012.

From figure 4.5,onthe issueof areas that deserves the needed attention for training, the following were the responses:

For New Technology, 114 (85%) respondents said it was very important, 15 (11%) said it was good and 6 (4%) respondents said it was unimportant,

For Human Resource, 70 (52%) respondents said it was very important; 35 (26%) responded that it was important; and 30 (22%) respondents said it was unimportant.

In the case of Innovation/ Creativity

119 (88%) responded very important; 10 (7%) responded important and 6 (4%) responded unimportant.

On the issue of Hardwork, 115 (85%) said it was very important; 12(9%) said it was important and 8 (6%) said it was unimportant. They hinted that to succeed one has to use the brains and not through hardwork alone.

On the issue of Management knowledge, 6 (4%) responded very important; 23 (17%) responded important and 106 (79%) responded unimportant. From the chart, it revealed thatrespondents gave much rating to all the areas for training except in the case of management knowledge. This may be due to the fact thatthey do not acknowledge management knowledge as crucial and essential for the survival of the business. During the interview some respondents commented that they knew of big businessmen and businesswomen who had never been to school before yet, they have managed to succeed in the world of business.

4:15 Is Training Critical
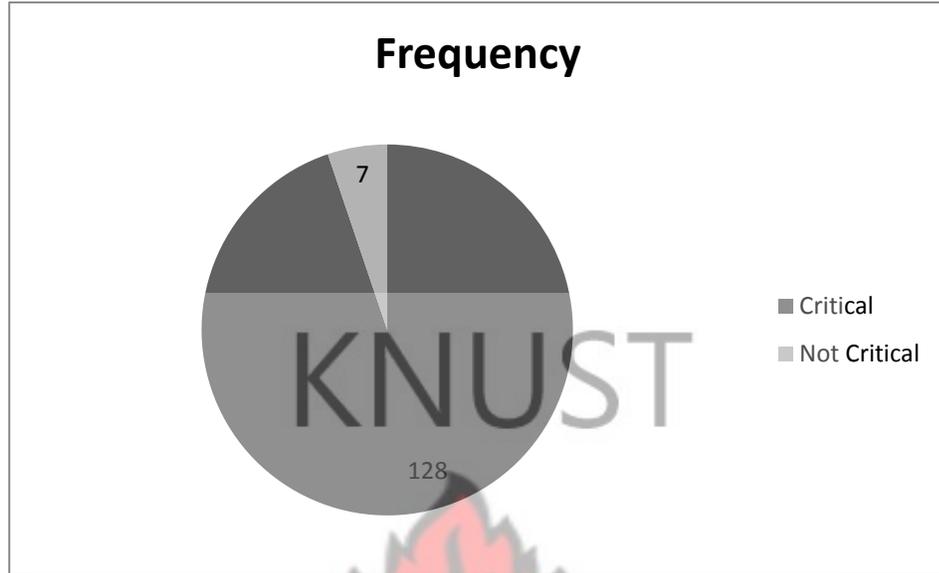
Figure 4:4 Is training critical

Source: field data, 2012.

From Figure 4:6, on the issue of whether training is critical to the survival of the business, 128 (95%); said it was critical and 7 (5%); responded not critical.As to the frequency of training and development period, responses varied. However, majority said the decision rested on the manager.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter seeks to summarize the findings analyzed from the data gathered through in-depth interviews and the use of questionnaires in chapter four. It also dealt with the conclusion of the study which was derived from the findings of the data collected. Lastly, this chapter touched on the recommendations and the possible solution to the problems identified from the data collected, and a future area of study.

5.1 Summary of findings

The findings of the study are outlined below:

5.1.1 *Gender issue*

From the study, findings revealed that there were more males than females. The males were (76%) than females (24%).

5.1.2 *Low educational level*

The findings of the study revealed that almost half of the respondents, thus 45%, did not have educational qualification. That is, they lacked formal education which may be useful in building their capacity.

5.1.3 *Inadequate organizational structure*

From the findings of the study, it came to light that, though some of the businesses had in place Business Plan, Organisational Structure and a laid down policy, they were not adequate since those who responded negatively outnumbered those who responded in theaffirmative.

5.1.4 *Compliance with Human Resource Development (HRD)/ Training processes*

Findings from the study revealed that all the respondents had had some form of training and had gone through some HRD process. The HRD processes were carried out through the following ways; workshop, seminar, conference and others.

5.1.5 From the findings of the study, it came to light that, HRD processes (training) took place at various stages, as such priority was placed on employment as against the rest which includes; when profit was falling, when there was a job-gap and when employee turn-over is high.

5.1.6 *Insufficient training assessment*

Findings of the study revealed that, there was insufficient training assessment needs. For Pre-Post assessment training needs, 64% of the respondents did not go through pre-post training assessment before embarking on training. This was because the managers did not see the need or importance of the training assessment. To them having on-the-job training was what was necessary. This accounted for the poor rating ascribed to the training assessment needs.

5.1.7 *Lack of funds for training*

From the findings of the study it came to light that, firms financed training themselves with support from some agencies like GRATIS foundation, NBSSI, VAT service and other international donors like USADF and JICA who do run training programmes for SME's. The managers of the firms were quick to add that, they were not readily enthused to train their workers. The reason being that, workers turnover in SME's are high and this makes the cost of training outweighs the benefit that should have been derived from the training.

5.1.8 *Priority areas*

Responses from the correspondents as to which priority area would they like training to be intensified. The following were categorised in order of importance and urgency.

(a) The need for hardwork

(b)The need for creativity and innovation

(c)The need for new and appropriate technology

(d) The need for good Human relation

(e) The need for management knowledge.

From the findings, it came to light that majority of the respondents had very little or no educational background as such most of them did not appreciate the importance and need to have management knowledge. Respondents agreed to the advantages to be derived from training, but gave various reasons for their inability to embark on training programmes and activities. Some of the reasons includes; lack of funds, lack of government support services, lack of new technology, lack of prudent management skill and development.

5.2 Conclusion

With reference to the findings of the study, the researcher came up with the following conclusion using statistical data. SME`s in Kumasi Metropolis lack human resource activities and programmes and even those who undertook training were through informal means, reactive and aimed at solving immediate workplace problems rather than long term development of employees. It would therefore be prudent if a national policy is drawn for SME`s to compulsorily undergo basic business and management skills to ensure proper and efficient running of their businesses. SME`s should therefore have a formal structure of business organizations to ensure that things are done in the formal order and not left to the caprices and whims of the manager (or owner) to have his or her way.

There should be the need for regular training and development, seminars and exhibitions to expose SME`s to new forms of technology and modern day business practices. The study also concluded that may SME`s had no HRD policies, processes and programmes. Most of the managers and employees of SME`s had little or no formal education and as such run the businesses any how. Managers took all major decisions without consulting. It also came to light that, the employees low level of education made them not to appreciate the concept of HRD and for that matter relegated HRD (management knowledge) to the very bottom on their scale of importance. There is therefore the need to educate employees and managers as to need to have knowledge in Need Assessment, Design, Implementation and Evaluation Assessment.

This should be done through regular training course, seminars, exhibitions, exchange programmers and designing locally appropriate technology to meet the businesses need and

goal. SME`s should be run like any formal business with basic business structures, forms and procedures. There is therefore the need to employ qualified Human Resource Personnels to handle the business, no matter how small the business is. From the researcher's point of view, most SME's remain small because of the desire to remain small in order to have firm control of the business.

5.3 Recommendations

With reference to the findings of the study, the following recommendations have been outlined for implementation with the hope of solving the Human Resource Development needs of SME's in the Kumasi Metropolis.

5.3.1 *Training and development skills*

The study has revealed that educational level is very low. Most of the respondents possessed limited formal education or no education at all. It is therefore recommended that entrepreneurial training and labour skills development should be considered as urgent and critical for the growth and sustenance of the business.

5.3.2 *Adequate support structure*

The study has revealed that most businesses lacked the basic principles of business management and were without Organisational Structure, Business Plan and Laid down HRD Policies. It is therefore recommended that businesses should have adequate support structures like organisational organography, spelling out duties and responsibilities, command and control structures (reporting system), to ensure the smooth running of the business.

5.3.3 *Training needs assessment*

From the study, it was revealed that there was insufficient training assessment (pre-post training assessment). This is because of weak management skills, no strategic plan for sustain growth, lack of technical know-how and necessary modern technological acquisitions. It is therefore recommended that, businesses should come together and form associations and partnerships with recognised bodies and agencies like NBSSI, GRATIS, JICA among others, to take advantage of sponsored business support services. The exchange of ideas, views, technological knowledge through workshops, seminars and exhibitions would expose the business training needs assessment. Again the need forin-depth knowledge on HRD to evaluate the business training needs should be paramount.

5.3.4 *Access to funds*

The study also revealed that businesses were bedevilled with lack of funds for training and development because of low productivity leading to low revenue hence low profit.Also, the loyalty and commitment of the workers are unknown, so investing in such a venture could be dangerous. Access to sources of funds including collateral requirements are difficult to come by for SME's. It is therefore recommended that businesses liaise with organised bodies like Association of Ghana Industries (AGI), JICA, NBSSI, Empretec, Ministry of Trade and Industry, Private Sector Development and President's special initiatives to co-share the cost of training and development, for the benefit of SME's. Again banks and other financial (micro) institutions should be willing to offer available funds and necessary logistical and managerial support to SME's to help solve the problem with extreme working capital volatility.

5.3.5 *Further Area of study*

It is the hope of the researcher that, since this study was skewed towards the non-formal SME's which are small in size and employ less people (UNIDO's definition), and the rather low level of education in this sector,future research should aim at the formal sector SME's which are much more bigger and larger in terms of sizes and also because they have comparatively higher andbetter educational background as compared to those in the informal sector.

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KNUST

APPENDIX

I wish to introduce myself to you as a Master of the Business Administration (MBA) student of the school of Business, Kwame Nkrumah University of Science and Technology. As part of the programme, I am required to write a thesis whose title is "Assessing the Impact of Human Resource Development of Small and Medium Scale Business". Your organization has granted me permission to use it as one of my case study organizations. Consequently, sampled employees, of which you are a member, are required to fill in the following questionnaire. I would therefore be grateful if you could please spare some few minutes of your precious time to answer all the questions that follows.

You are assured that all the data/information you provide would be treated with utmost confidentiality. I thank you in advance for your co-operation.

1.   Sex of Respondents   A. Male [ ]   B. Female [ ]

2.   Educational Level attained.

      A. Basic [   ]   B. Second cycle [   ]   C. Tertiary [   ]

      D. No Education [   ]   E. Others [   ]

3.   Age

      A. 18 – 25yrs [   ]   B. 26 – 33yrs [   ]   C. 34 – 41yrs [   ]

      D.42 – 49yrs [   ]   E. 50 and above [   ]

4.   Do you have a Business Plan?   A. Yes [   ]   B. No [   ]

5.   Do you have an Organizational Structure?   A.Yes [   ]   B. No [   ]

6.   Do you have a laid down HRD policy?   A. Yes [   ]   B. No [   ]

7. How is the HRD Policy carried out?

A. Through Training and Development [   ]   B. Through Mentorship [   ]

C. Through Apprenticeship [   ]   D. Others [   ]

8. At what stage does HRD take place?

A. On Employment [   ]   B. When profit is falling [   ]

C. When employee turn-over is high   D. When there is a job-gap [   ]

E. Others [   ]

9. Have you attended a training course before?   A.Yes [   ]   B. No [   ]

10. Who sponsored the training?

A. The firm [   ]   B. Government [   ]   C. Others [   ]

11. Do you have a Pre-Postraining assessment plan?   A. Yes [   ]   B. No [   ]

12. How long have you been in this business?

A. 1-4yrs [   ]   B. 5-8yrs [   ]   C. 9-12yrs [   ]   D. 13-16yrs [   ]

E. 17 and above [   ]

13. How would you rate the training assessment need?

A.Bad [   ]   B. Good [   ]   C. Very Good [   ]

14. In which area do you want your staff to get training? Please rate?

	Very Important	Important	Unimportant	Neither Unimportant nor Important
New Technology				
Human Relations				
Innovation/Creativity				
Hardwork				
Management Knowledge				

15.   Would you regard HRD as critical to the survival of the business?

A. 2-5 [   ]   B. [   ] 6-8   C. 9-11 [   ]   D. 12-14 [   ]

E. Above 15 [   ]

16.   How would you rate the HRD activities of the business?

A.Necessary [   ]   B. Very Necessary [   ]   C. Not Necessary [   ]

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