

THE IMPACT OF BUSINESS DEVELOPMENT SERVICES ON MICRO
ENTERPRISES IN THE ASANTE AKIM SOUTH DISTRICT OF THE ASHANTI
REGION

BY

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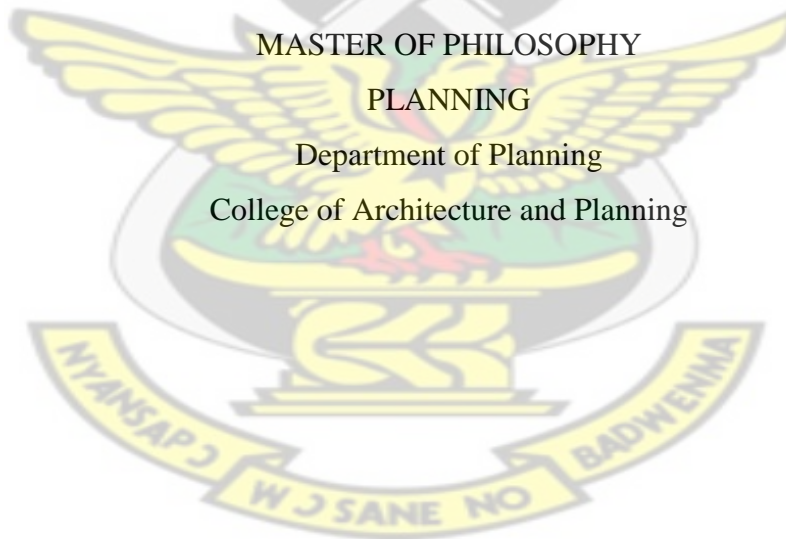
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DECLARATION

I hereby declare that this thesis is my own work produced from an independent research carried out under supervision and that, to the best of my knowledge; no part of it has been published or presented for the award of any other degree of the University, except where permissible references from other sources have been made and duly acknowledged.

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ABSTRACT

The research work investigated the impacts of training in Market access, Technical assistance and Technology development on Micro enterprises in the Asante Akim South District of the Ashanti Region. The study addressed the characteristics of Market access, Technical assistance and Technology development and how the various categories have helped in the growth of Micro Enterprises. Two different hypothesis for the before and after situations were used and it was investigated through the survey of two hundred and twenty-nine (229) micro enterprises MEs who were randomly selected from the northern, southern, eastern and western part of the district. The head of the Business Advisory Center was also interviewed. The well-structured questionnaire were administered to MEs sampled. The MEs questionnaire administered included demographic profiles, characteristics of BDS, impact assessment tables showing the before and after situations, recommendations and suggested solutions. After the data was collected, it was analysed using simple statistical techniques (tables and percentages) and descriptive statistics.

The findings revealed that before the introduction of training in Market access, Technical assistance and Technology development, there was no significant relationship between the activities of MEs and growth but after the introduction of BDS there was a significant relationship between the activities of MEs and growth. The major recommendation was the need for policy makers to bring back the non-formal education programme to correct the educational deficiencies among the uneducated and more importantly draw policies that aims at making Senior High School the minimum educational level. By so doing there will be a generation that will be able to appreciate the need for training and also a generation whose formal education will facilitate the training process.

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DEDICATION

I dedicate this work to a very dear friend Alexander Acheampong Adjei for his unflinching support.

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LIST OF ABBREVIATIONS AND ACRONYMNS

AASDA	Asante Akim South District Assembly
BAC	Business Advisory Centre
BDF	Business Development Fund
BDS	Business Development Services
BUSAC	Business Advocacy Challenge Fund
DFID	Department for International Development
EU	European Union
GABSO	Ghana Association of Barbers and Salon Owners
GDP	Gross Domestic Products
GPSDF	Ghana Private Sector Development Fund
GSS	Ghana Statistical Services
IFC	International Finance Corporation
ILO	International Labour Organisation
M&E	Monitoring and Evaluation
MDGs	Millennium Development Goals
MEs	Micro Enterprises
MSMEs	Micro, Small and Medium Scale Enterprises
NBSSI	National Board for Small Scale Enterprises
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Co-operation and Development
SME	Small and Medium Scale Enterprises
SPEG	Sea-freight Pineapple Exporters of Ghana
TD	Traditional Development
UNDP	United Nation Development Programme
VAT	Value Added Tax

CHAPTER ONE

INTRODUCTION

1.1 Background to the study

Business Development Services is one of the areas in which development partners have been most active in their support of developing and transition economies. This trend has to continue due to the important contributions BDS makes to building up human capital in Small and Medium Scale Enterprises and to facilitating sound business decisions and good business practices (Organisation for Economic Co-operation and Development, 2004).

Human capacity building is the “process of equipping individuals with the understanding, skills, and access to information, knowledge, and training that enables them to perform effectively” (Tachiki, 1994). Capacity building and training have long been recognized as an important component of most research-for development activities. Business development services have the goal to increase sales of Micro Enterprises and reduce costs so that the business can grow and become more profitable. This growth and enlarged profitability leads to more income for ME owners, more jobs in the community and growth for other MEs in the same market (International Labour Organisation, 2003).

There is a growing appreciation of the important role MEs play in the economic development of a country. 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 ME sector rather than the multinationals that is the largest employer of workers (Abor and Quartey, 2010).

Micro Enterprises are the developing world’s most powerful economic forces, comprising the lion’s share of employment and Gross Domestic Product. Micro Enterprises with the training in market access and input supply, technology and product development can be key parts of thriving, globally competitive industries, creating the large numbers of jobs needed to reduce poverty. In the right business environment, SMEs can grow into large firms, changing the game locally, carving their niche globally (International Financial Corporation, 2011). Micro enterprises

need to cope with reduced demand in their traditional markets and develop products and services for new markets and new opportunities arising during the crisis.

The development of Micro Enterprises has long been regarded as crucial for the achievement of broader development objectives, including poverty alleviation, economic development and an increase in per capita income. Business services consist of a range of professional services and support services. This includes knowledge-intensive and creative professional services (such as management consultancy, design activities, marketing services and architectural and engineering services) and Information Technology services, but also labour recruitment services and support services such as security services and industrial cleaning activities(*Nora et al, 2012*).

Business Development Services are defined as those non-financial services and products offered to entrepreneurs at various stages of their business needs. These services are primarily aimed at skills transfer or business advice. A range of business support options have been developed and can be applied to develop small businesses. However, key benchmarks need to be applied in order for such support to be effective.

Business development services are important because they can assist entrepreneurs to run their business more effectively and, if appropriately applied, can act as an enhancer of access to finance and as an alternative form of “collateral” in circumstances where tangible collateral may be an impediment to meeting traditional security requirements. While the state has offered strategic direction in terms of the development of Micro Enterprises from time to time, there is as yet no coherent and focused delivery of such support available throughout the country.

MEs have a range of different “needs” that are critical to their survival and growth. The nature of these will be influenced by sector and stage of ME development but will relate to their ability to, for example, find customers, design products, enhance productivity, improve administration, communicate effectively, and access new technology. The degree to which these needs are met will have a major influence on business success. Financial services are a critical part of this immediate environment but cannot meet all business needs; Environments that are conducive to the development of Micro Enterprises that provide relevant differentiated services to meet

these needs on an informal or formal basis. Potentially, formal private companies, informal private companies and public/non-profit organisations offer these services to MEs. In the most entrepreneurial situations, private sector companies and formal and informal networks are the most important players. MEs dominate the stock of businesses and the majority of these will start and remain small – nearly 95% of all firms are micro enterprises employing fewer than ten people; 75% have no employees (Young, 2013).

Many donors have long held the view that MEs need more than finance and have intervened in a variety of ways to support the provision of non-financial services to MEs. The analysis of this experience that has created a new, different focus on market development. In particular there is now widespread acceptance that: The results of many interventions in relation to outreach, sustainability and impact have been disappointing;

A key cause of poor performance has been a supply-led orientation where development agencies decreed what was good for MEs (rather than listening intelligently to them); the key general points in a "market-friendly" environment have not been transferred to BDS for MEs; the prevailing view has been that many BDS should be an extension of the state. Indeed many donor-supported interventions, especially in low income countries, have contributed to massive distortion of markets; Donors failed to learn key lessons from microfinance, notably that poor people (and MEs) are prepared to pay realistic prices for useful services; they are discerning consumers (just like everyone else), desirous of good services, not charity.

In Ghana, available data from the Registrar General indicates that 90% of companies registered are micro, small and medium enterprises. This target group has been identified as the catalyst for the economic growth of the country as they are a major source of income and employment (Mensah, 2004). Micro Enterprises in Ghana are said to be a characteristic feature of the production landscape and have been noted to provide about 85% of manufacturing employment of Ghana (Aryeetey, 2001). MEs are also believed to contribute about 70% to Ghana's GDP and account for about 92% of businesses in Ghana. MEs therefore have a crucial role to play in the creation of employment and their contribution to economic growth of countries.

To improve the survival rate of MEs, it is therefore important to increase the knowledge base of owners/managers about what factors motivate employees, so as to ensure employee satisfaction. Knowledge has long been argued to be one of the main sources of the competitive advantage of firms (Conner and Prahalad, 1996; Grant, 1996). Firms need adequate information to be able to survive on the market. Knowledge provision which is by these business development services is therefore crucial for the survival of these firms.

Business Development Services (BDS) are services that improve the performance of the enterprise, its access to markets, and its ability to compete. The definition of 'business development service' includes an array of business services [such as training, consultancy, marketing, information, technology development and transfer, business linkage promotion], both strategic [medium to long term issues that improve performance] and operational [day-to-day issues]. BDS are designed to serve individual businesses, as opposed to the larger business community" (Committee of Donor Agencies for Small Enterprise Development, 2001).

BDS are a very important means of supporting the development of micro enterprises (MEs), which are known to create employment, generate income and contribute to economic development and growth. Employment and income generation are particularly important as far as impoverished rural areas, vulnerable communities and groups are concerned. In this sense, supporting BDS is an important means of achieving the Millennium Development Goals (MDGs) by addressing poverty and empowering the poor and vulnerable groups (IBLF/UNDP, 2003; UNDP 2004:5).

The focus on BDS is important because it can contribute to development goals such as economic growth, employment generation as well as poverty alleviation. BDS generally seek to raise the profitability and enhance the growth and competitiveness of enterprises, which directly raise incomes (UNDP, 2004:8). BDS delivered to MEs can lead to employment generation, thus absorbing excess labour, innovation and adding value to goods and services, flexibility in responding to dynamic and volatile markets, and fiscal contributions to hard-pressed governments (DFID, 2000; UNDP 2004:8).

While the state has offered strategic direction in terms of ME development from time to time, there is as yet no coherent and focused delivery of such support available throughout the country. There is a range of obstacles facing entrepreneurs needing support. The lack of managerial know-how places significant constraints on ME development. Even though MEs tend to attract motivated managers, they can hardly compete with larger firms. The scarcity of management talent, prevalent in most countries in the region, has a magnified impact on MEs. The lack of support services or their relatively higher unit cost can hamper MEs' efforts to improve their management, because consulting firms are often not equipped with appropriate cost-effective management solutions for MEs. Despite the numerous institutions providing training and advisory services, there is still a skills gap in the ME sector as a whole (Kayanula and Quartey, 2000; Abor and Quartey, 2010).

These services are provided by donors and governments either free of charge or at very little cost and yet Micro enterprises have weak managerial and workforce skills. Therefore, this thesis focuses on Micro enterprises training and the impact of Business Development Services on the ME sector development by taking Asante Akim South as the study area. The various categories and approaches of BDS, the role of the sector and the usage of different type of BDS services, MEs and their roles and challenges.

1.2 Statement of problem

MEs in Ghana make up the vast majority of enterprises, and account for a substantial share of gross domestic product (GDP) and the workforce. However, MEs often lag behind in many dimensions of performance. This is widely believed to result from constraints MEs face, including access to finance, weak managerial and workforce skills, inability to exploit scale economies in production, and imperfect information about market opportunities, new technologies and methods of work organization.

In many cases they also suffer from cumbersome bureaucratic procedures for setting, operating and growing a business, and investment climate constraints that are burdensome to them than to their larger counterparts. As a result, many MEs remain small; fail to export, and experience higher transaction costs and rates of business failure (World Bank, 2007).

The micro enterprise is dominated by one person, with the owner/manager taking all major decisions. The entrepreneur possesses limited formal education, access to and use of new technologies, market information, and access to credit from the banking sector is severely limited. Management skills are weak, thus inhibiting the development of a strategic plan for sustainable growth. This target group experiences extreme working capital volatility and lack of technical know-how and inability to acquire skills and modern technology and this intends impede growth opportunities (Mensah, 2004).

BDS are a very important means of supporting the development of micro enterprises (MEs), which are known to create employment, generate income and contribute to economic development and growth (UNDP, 2004:5). Business Development Services (BDS) are defined as those non-financial services and products offered to entrepreneurs at various stages of their business needs. Business Development Services helps to enhance the services of Micro Enterprises in that they provide the requisite tools and skills needed to ensure the effective running and growth of these enterprises. These services are primarily aimed at skills transfer or business advice.

Business development services are important because they can assist entrepreneurs to run their business more effectively and, if appropriately applied, can act as an enhancer of access to finance and as an alternative form of “collateral” in circumstances where tangible collateral may be an impediment to meeting traditional security requirements. Also, using professional business development services would help MEs to access better technology and to manage their business more successfully and efficiently.

In response, most developed and developing countries have put in place a variety of programs offering financial products and subsidized business development services (BDS) to MEs. There have been several state-sponsored organisations and para-statal organisations working exclusively for the small industries sector BDS programs include skills development for workers, management training, technology upgrading, quality control and productivity improvement, market development, network formation and export promotion. Governments and development agencies have provided incentives for small businesses, offered potential entrepreneurs training and

advice, set up business incubators, and sponsored courses in entrepreneurship and management (*Wongtchowskwi et al, 2013*).

While the ME constraints noted above are usually used to justify these programmes, many governments also introduce ME programs to address social and developmental challenges such as poverty alleviation, poor working conditions, job creation and promotion of strategic industries and exports. Early BDS programmes were introduced often haphazardly by different ministries; most remained small and involved direct delivery of BDS services to MEs by public sector agencies. Over the past decade, there has been a trend towards reforming ME support programs, incorporating market principles and demanding greater accountability from responsible agencies through impact evaluation studies.

These reforms notwithstanding, ME programmes are rarely evaluated, and then mostly in high income countries such as the US, evaluation studies have demonstrated that enterprise support programs such as the Manufacturing Extension Partnership can significantly improve firm performance as compared to a control group (Jarmin, 1999).

By contrast, developing country governments rarely evaluate their ME programs, and when they do, most rely on beneficiary satisfaction surveys or simple case studies which cannot tell program administrators (development partners) whether a program is working. The ME sector are supposed to have all the brilliant ideas which has to be translated into successful businesses with the various BDS training available but the reverse is what we see.

In the absence of research on which ME programmes work, why and how programmes can be better designed and implemented to maximize economic benefits to firms and workers, most developing countries continue to spend scarce resources on ME support programs, many of dubious value. This report is therefore to rigorously assess the impacts of Business Development Services on Micro Enterprises in Ghana.

1.3 The objectives of the study

The main objective of the study is to assess the impact of Business Development Services on Micro Enterprises development; and identify the challenges and constraints confronting the delivery process.

The specific objectives of the study include:

- To find out the impacts of Business Development Services on Micro Enterprises.
- To find out the problems and challenges associated with Business Development Service delivery.
- To make policy recommendations for the delivery of Business Development Services.

1.4 The research questions

The research seeks to answer the following questions:

- i. What are the impacts of Business Development Services on Micro enterprises?
- ii. What are the problems and challenges associated with Business development Service delivery?
- iii. What are the policy recommendations for the delivery of Business Development Services?

1.5 Study Hypothesis

To guide the study to arrive at meaningful results hypothesis will be tested before and after the research to ascertain whether Business Development Services has made any impact on Micro Enterprises. The hypotheses are as follows:

- Ho: Before the introduction of Business Development Services there was a significant relationship between the activities of MEs and business growth
- H1: Before the introduction of Business Development Services there was no significant relationship between the activities of MEs and business growth

- Ho: After the introduction of Business Development Services there was a significant relationship between the activities of MEs and business growth.
- H1: After the introduction of Business Development Services there was no significant relationship between the activities of MEs and business growth

1.6 The Scope and justification of the Study Area

Geographically, the study will be limited to the Asante Akim South District Assembly in the Ashanti Region due to resource and time constraint. The study focused on how Business Development Services in the Asante Akim South District Assembly has impacted on the activities of Micro enterprises. The impact assessment was limited to a period of five years that is between the year 2007 and the year 2012.

The study district also has adequate data on trainings conducted and also extensive data on MEs operations can be provided to enable impacts to be assessed. The researcher has had the opportunity to work with the district before and the personnel are hardworking and they will be able to furnish me with the necessary information needed.

1.7 The significance of the study

A lot of interventions have been put in place to address issues in the ME sector but to no avail. This study therefore creates a platform for the Business Advisory Center of National Board for Small Scale Enterprises to assess whether they are achieving the aim of job creation and increases in sales with regards to the achievement of the goals of Business Development Services Training that is increasing employment and productivity.

Also, as far as the main aim of the research is concerned which is to look at the impact of Business Development Services on Micro Enterprises in the district, the research has vital importance of showing the various components of BDS in solving problems of the sector and also facilitating growth. The research will also offer Business Advisory Center the opportunity to learn some lessons and also improve upon the delivery of their services.

Lastly, the findings, conclusions and recommendations on BDS and MEs are likely to contribute to the existing limited body of knowledge and further research in the Asante Akim South District and beyond.

1.8 The organisation of the work

The study was divided into five (5) chapters. The first chapter gives an introduction of the linkages between Business Development Services and Micro Enterprises which involves the various definitions of important issues, the objectives, research questions and justification for the study.

The second chapter looked at the concepts of Micro Enterprises, Business Development Centers. The study is looked at from both the global, national and the district point of view. It is to give an understanding of the topic from a broader perspective.

The chapter three will talk about the profile of the Asante Akim South District. This involves the physical, demographic and economic characteristics. It gives the conditions in the district which favours the growth of these enterprises and factors which enhance the development of the district. The research methodology is also dealt with in detail.

The chapter four talks about the data analysis and presentation and it is where the collected data is analysed in relation to the existing situation on the ground.

The chapter five describes the major findings, conclusion and recommendations. Recommendations are given to the various issues discussed in the findings in relation to the objectives and the research questions.

CHAPTER TWO

THEORETICAL AND CONCEPTUAL FRAMEWORK

2.1 Introduction

Micro Enterprises play a very important role in the economy in both developed and developing countries. They are said to be the engine of growth of economies and as such has received a lot of attention. Business Development Services are the non-financial services provided to small enterprises to help them perform effectively with the aim of contributing to poverty alleviation, economic growth and employment generation and as a result plays a vital role in the development of the Micro enterprises. This chapter describes Business Development Services and how it is linked to the growth of Micro Enterprises. The first aspect focuses on the various concepts of BDS, their evolution and the role they play in MEs development. The second aspect describes MEs from the perspective of different countries and committees, their characteristics, roles and constraints to the development of any nation and a conceptual framework of Business Development Services.

2.2 Theoretical Framework of Business Development Services

2.2.1 The Human Capital Theory

Human Capital theory was proposed by Schultz (1961) and developed extensively by Becker (1964). Becker has explained in his publication titled “Human Capital: A theoretical and Empirical Analysis to special reference to education” that Human Capital Theory has been developed in the sixties due to the realization that the growth of physical capital has only small part of growth in the growth of income. Relatively, the emergence of education and skills training in military technology has also played an important part in the discovery of this theory.

This theory roots from branch of economics, which is Labor Economics. Labor Economics study is on workforce in general, but the major difference is that it focuses on quantitative terms, thus has the most accurate predictability than other social sciences. (Schultz, 1961), introduced return-on-investment, which highlights the cost-benefit analysis of training and education. Gary Stanley Becker developed the human capital theory based on Schutlz’s research on return-on-investment. Becker also

introduced the concept of general-purpose human capital and firm-specific human capital that is widely used by human resource development practitioners worldwide.

According to the theory, Human capital theory suggests that education or training raises the productivity of workers by imparting useful knowledge and skills, hence raising workers' future income by increasing their lifetime earnings (Becker, 1994). It postulates that expenditure on training and education is costly, and should be considered an investment since it is undertaken with a view to increasing personal incomes. The human capital approach is often used to explain occupational wage differentials.

Human capital can be viewed in general terms, such as the ability to read and write, or in specific terms, such as the acquisition of a particular skill with a limited industrial application. In his view, human capital is similar to "physical means of production", e.g., factories and machines: one can invest in human capital (via education, training, medical treatment) and one's outputs depend partly on the rate of return on the human capital one owns. Thus, human capital is a means of production, into which additional investment yields additional output. Human capital is substitutable, but not transferable like land, labor, or fixed capital.

In order to develop capabilities for identifying and analyzing business development needs, a firm requires skilled and talented human resources. The pool of skilled human resources is what is tantamount to human capital for the firm. The value of the human capital is indicated in the knowledge, competence and other personal attributes found in the ability of a firm's workforce to perform tasks and deliver desirable results. This ability is usually gained through education, training and experience (Sullivan and Sheffrin, 2003; Duke J 2011).

The human capital theory is based on the premises that the learning capacity of people is comparable to other natural resources involved in the production process. As such, where these resources are effectively developed, managed and exploited, the results are often profitable for both the firm and society as a whole. In order to grow the human capital in a way that would lead to higher productivity and macroeconomic growth, more schooling or learning is required (Livingstone, 1997; Duke J 2011).

The amount and quality of schooling therefore strongly determine the value of the human capital. However, the theory of human capital suffers some major criticisms. It is argued that unlike physical or financial capital, human capital is not an independent asset for a firm. It is an abstract phenomenon or term that, at best, can only be considered in conjunction with or in the context of the firm's human resources. Therefore, a truly quantitative value cannot be assigned to it, like most other organizational assets. Training is a component of human capital that workers acquire after schooling, often associated with some set of skills useful for a particular industry or useful with a particular set of technologies.

2.3 Definition of Concepts

2.3.1 Business Development Services

When it comes to the topic of Micro Enterprises, most experts will readily agree that it continues to challenge governments, donor agencies and practitioners around the world. Responding to these challenges has produced innovations in approaches that improve practices and deepen the understanding of small enterprises and their role in local and national economies. While the advantages of MEs and their contribution to national economic and social development are recognized by many, the methods for MEs promotion are the subject of debate and revision.

According to (White, 2004), Micro Enterprises face different challenges with regards to growth and as a result Donor agencies have attempted to work with governments to address these challenges. Over time, donor agencies, along with governments, academics and other actors have established a body of knowledge to build upon these experiences.

The Committee of Donor Agencies for Small Enterprise Development, established in 1976, has played a significant role in this regard. According to (Goldmark 1996), study of Business Development Services, was found that Donor agencies have been providing support for business development services such as training, technology transfer, marketing assistance, business advice, mentoring, and information for entrepreneurial activities since the mid-1970s. These services have traditionally been called non-financial services and have generally been provided in packages along with other financial and non-financial services.

The Committee of Donor Agencies 2001 has done a comprehensive study on Business Development Services and they define it to include training, consultancy and advisory services, marketing assistance, information, technology development and transfer, and business linkage promotion. Business Development Services (BDS) refers to a wide range of non-financial services provided to small enterprises (SEs) to help them operate efficiently and to grow their business with the broader purpose of contributing to economic growth, employment generation and poverty alleviation (Miehldradt and McVay 2003; Otieno et al, 2009).

(Esim 2001) states that BDS consists of a wide range of non-financial services critical to the entry, survival, productivity, competitiveness, and growth of micro and small enterprises. (GAGEL 2005) defines Business Development Services (BDS) to comprise a wide range of non-financial services provided by public and private suppliers (BDS providers) to entrepreneurs who use them to efficiently operate and make their businesses grow and (ILO 2003) also defines Business Development Services as: “the wide range of services used by entrepreneurs to help them operate efficiently and grow their businesses with the broader purpose of contributing to economic growth, employment generation, and poverty alleviation.”

All the above definition states Business Development Services as non-financial services but (Lammermann, Zamorano and Guichandut, 2007), agrees partially with the first definition a part from stating that they are non-financial services, also states their combination with financial services and they shed light on this definition by saying Business Development Services (BDS), as the different kinds of additional non-financial support services that accompany the provision of loans.

“BDS” as the multiple kinds of non-financial services accompanying microloans (UNIDO 1999) states BDS to include information (by direct contact and publications) and referral; general business counseling with regard to such issues as loan packaging and the preparation of business plans; management training and specialized advisory services such as market research; facilitation of business linkages, technology acquisition and use; and enterprise restructuring and expansion.

The Committee of Donor Agencies for Small Enterprises Development 2001, categories BDS into Operational Services and Strategic Services. Operational

business services (OBS) are mainly private goods that have a direct and predictable outcome on a firm's performance (Altenburg and Stamm, 2004). Operational services are those needed for day-to-day operations, such as information and communications, management of accounts and tax records, and compliance with labor laws and other regulations.

The operational services is further divided into three categories; those that are termed as basic operational services which are services that have to be obtained externally through the telephone and those that may be provided internally like transport of inputs and final products; a second group of operational business services looks at those services which an enterprise is obliged to contract to comply with laws and regulations. For micro enterprises contracting the services of external providers is usually the only medium to obtain these services since the volume of their operation does not allow them to employ specialists in these areas; the third group of operational business services is what is known as the advanced operational services which has to do with contracting a specialist in the product design which will have a direct and predictable outcome on productivity, efficiency and ability to compete.

Altenburg and Stamm, 2004 definition of operational services as private goods is also stated by the committee of donor agencies on businesses development. Private goods have clearly identified owners and that they are rival and excludable. In operational services the contractor is able to predict in advance the results of his investment, even though he may not be able to predict the outcome of the enterprises performance.

Strategic business services (SBS) are services that enhance the long-term capacity of an enterprise to compete, mainly by enriching its knowledge base and/or by increasing its capability to acquire, process and apply information (Altenburg and Stamm 2004). This group is mainly composed of training, consultancy and advisory services, provision of information, research and development, and some forms of technology development and transfer (Altenburg and Stamm 2004).

Strategic services are used by the enterprise to address medium- and long-term issues in order to improve the performance of the enterprise, its access to markets, and its ability to compete. For example, strategic services can help the enterprise to identify and service markets, design products, set up facilities, and seek financing. Some

strategic services like consultancy and business advisory services have a highly uncertain and unpredictable outcome that cannot be assessed prior to transaction.

The market for operational services may already exist, since there is often articulated demand and willingness to pay for these services. In contrast, markets for strategic services for MEs have largely failed to develop, and they are the focus of most donor BDS interventions. Business development services (BDS) are all services meant to assist a business person to start, manage and expand their business operations.

The spectrum of BDS is broad, ranging from operational BDS like communication and transport needed for the day-today operation of a business, to strategic BDS like training and consultancy services needed to gain the business management know-how (Olming K. 2004:18). BDS generally seek to raise the profitability and enhance the growth and competitiveness of enterprises, which directly raise incomes.

BDS interventions at the micro firm level can lead to enhanced economic security and incomes, thus permitting poor entrepreneurs, not least women, to invest in nutrition, housing, health and education of their families. Equally, BDS delivered to MSMEs can lead to employment generation, thus absorbing excess labour, innovation and adding value to goods and services, flexibility in responding to dynamic and volatile markets, and fiscal contributions to hard-pressed governments (DfID, 2000; UNDP 2004:8).

Non-financial services generally involve entrepreneurship training that talks about building up knowledge on elementary business principles and practices; business management, accounting and bookkeeping services which include cash flow management, and improving the capacity of small scale entrepreneurs to run their business activities over the long term; market services which involves market investigations, training and facilitation; access to cost-effective technologies and vocational/technology training; business planning, which deals extensively with analysis of investment proposals, especially term-finance proposals, appraising their technical and financial feasibility and linking up with financial institutions for funding requirements; and product and process quality assessment (IFAD, 2004).

The standard view of thinking about the topic has been that Business Development Services are those non-financial services and products offered to entrepreneurs at

various stages of their business needs. These services are primarily aimed at skills transfer or business advice. All these scholars have one thing in common and that Business Development Services comprises of a range of non-financial services important for the growth and survival of Micro Enterprises and they are provided in order to procure an entrepreneur with new ideas and boost the productivity, profitability and competitiveness of the enterprise.

2.3.2 Differences between Small and Large firms

i. Uncertainty

With regard to ‘uncertainty’, three dimensions are identified:

The first is the uncertainty associated with being a price-taker, which can be considered to be the inverse of the Bolton definition, which emphasised the small share of the market place.

The second source of uncertainty for small firms is their limited customer and product base – a classic example being where small firms simply act as subcontractors to larger firms. Such firms are open to ‘subcontractor vulnerability’ (Lyons and Bailey, 1993), which is created not only by dependence on dominant customers, but also upon the extent to which output is specialised to particular customers, the specificity of investment decisions made, and the probability that the customer will withdraw the custom. Even for subcontractors as a whole, the smaller firm clearly perceives itself to be more vulnerable than the larger firm and acts accordingly (Lyons and Bailey, 1993).

The third dimension of uncertainty relates to the much greater diversity of objectives of the owners of small firms, compared with large firms. Many small business owners seek only to obtain a minimum level of income rather than maximising sales or profits (Storey 1994). Small business owners do not have to concern themselves with reporting their actions to external shareholders and so ‘performance monitoring’ effectively does not exist. For a small firm, the relationship between the business and the owner is very much closer than it is between the shareholder and the large firm, and so the motivation of the owner of the small firm is a key influence upon the small firm performance (Storey, 1994).

This contrasts with the large firm literature, which emphasises the importance of control. Here, the central issue is how the owners of the business ensure that the managers of the business act in their interest, and how senior managers exert control over more junior managers. This form of 'internal' conflict is largely absent in small firms (Storey, 1994) where ownership and control are located in the hands of a few people or even a single individual.

Therefore, the central distinction between large and small firms is seen to be the greater external uncertainty of the environment in which the small firm operates, together with the greater internal consistency of its motivations and actions (Storey, 1994).

ii. Innovation

A second key area of difference between small and large firms is their role in innovation. Conventionally, the role small firms play in innovation relates to their 'niche' role where: "it is the ability of the small firm to provide something marginally different, in terms of product or service, which distinguishes it from the more standardised product or service provided by the larger firm" (Storey, 1994: 11- 12). Small firms are more likely to introduce fundamentally new innovations than larger firms, a feature often attributed to small firms having less commitment to existing practices and products (Pavitt *et al.* 1987).

iii. Evolution

The third area of difference between a large and small firm is the much greater likelihood of evolution and change in the smaller firm (Storey, 1994). Management theorists (e.g. Scott and Bruce, 1987) see the transitions made by small firms into becoming larger ones as a multiple-stage change, unlike Penrose (1959) who views it as a single-stage change. Thus, small firms that become larger undergo a number of stage changes which influence the role and style of management as well as the structure of the organisation (Scott and Bruce, 1987). Here, the key point is that the structure and organisation of the small firm is more likely to be in a state of change, as the firm moves from one stage to another, than is the case for larger firms (Storey, 1994).

Uncertainty, innovation and firm evolution are thus the essential dimensions in which small firms differ from larger. They should be explored as a ‘bottom-up’ way of theorising about small firms, rather than implicitly assuming that a small firm is a ‘scaled down’ version of a larger firm (Wynarczyk *et al.*, 1993).

2.3.3 Micro Enterprises

According to Megginson and Bryd (2009), in defining a small business certain qualitative factors are important and need to be taken into considering:

- i. -Management is independent, because the manager usually owns the business
- ii. -Capital is supplied and ownership is held by an individual or a few individuals
- iii. -The area of operations is primarily local, although the market is not necessarily local
- iv. -The business is small in comparison with the larger competitors

There is no single universally accepted definition of MEs. The definition varies from country to country based on geographic and economic conditions. Due to its ease of collection, the most commonly used variable is the number of employees. The EU and a large number of OECD, transition and developing countries set the upper limit of number of employees in the SMEs between 200-250, with a few exceptions such as Japan (300 employees) and the USA (500 employees) (OECD, 2004) because firms differ in their levels of capitalization, sales and employment.

Micro Enterprises 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 ME sector rather than the multinationals that is the largest employer of workers (Mullineux, 1997). Although most people are familiar with large companies such as Toyota and Sony, it is the micro enterprises (ME) that drive the Japanese economy. SMEs account for 99% of the companies and 71% of the labor forced in Japan. (Dennis,1994).

(a) Bolton Commission

Bolton (1971) attempted to overcome the problem of small firm definition by formulating what it called an ‘economic’ definition and a ‘statistical’ definition. The

economic definition regarded firms as being small if they satisfied three criteria which are:

- They had a relatively small share of their market place
- They were managed by owners or part-owners in a personalised way, and not through the medium of a formalised management structure
- They were independent, in the sense of not forming part of a larger enterprise.

Under the statistical definition, the Committee stated that a firm is said to be small if it had the following criteria:

- The size of the small firm and its contribution to GDP, employment, exports, etc;
- The extent to which the small firm sector's economic contribution has changed over time;
- Applying the statistical definition in a cross-country comparison of the small firm's economic contribution

The Bolton Committee definition has been criticised by several authors especially (Storey 1994). The Committee clearly talks about the incompatibility of the economic and statistical definition of the term. Taking the 'economic' definition first, the Bolton criterion that a small business is 'managed by its owners or part-owners in a personalised way, and not through the medium of a formal management structure' is incompatible with its 'statistical' definition of small manufacturing firms as having up to 200 employees (Storey, 1994).

Storey 1994 also states the works of Atkinson and Meager (1994) which demonstrate that managerial appointments are made when firms reach a size between ten and twenty workers. At that size, owners are no longer the exclusive source of managerial decisions. Once a business has over 100 employees, the owners of businesses are starting to assemble significant teams of managers and have to devolve responsibilities to those teams.

It is unlikely that a firm with more than 100 employees could be managed in a 'personalised way', and would require a more formal management structure, suggesting that the Bolton 'economic' and 'statistical' definitions are incompatible

(Storey 1994). The criticism of the Bolton Committee definition centre mainly on the apparent inconsistencies between defining characteristics based on number of employees and those based on managerial approach (Ahbor and Quartey 2010)

(a) The European Commission

To conquer the various problems associated with the Bolton Committee report, the European Commission in February 1996 adopted a communication setting out a single definition of SMEs to be adopted after 31 December 1997. The commission stated that to qualify as an ME both the employee and the independence criteria must be satisfied and either the turnover or the balance sheet total criteria.

The European Commission states that 98% of all European enterprises are micro and small enterprises. According to this statistics 91% are micro enterprises and 7% are small enterprises. The European Commission's definition of microenterprises encompasses the size of the enterprise that is less than 10 employees, its annual turnover and its balance sheet. The table 2.1 below shows the enterprise category.

Table 2. 1 - European commission definition of ME

Enterprise category	Headcount	Turnover	Balance sheet total
Medium-sized	> 250	≤ €50 million	≤ €43 million
Small	<50	≤ €10million	≤ €10 million
Micro	<10	≤ €2 million	≤ €2 million

Source: European Commission

The UNIDO also defines SMEs in terms of number of employees by giving different classifications for industrialized and developing countries (Elaiian, 1996). The definition for industrialized countries is given as follows:

- Large - firms with 500 or more workers;
- Medium - firms with 100-499 workers;
- Small - firms with 99 or less workers.
- The classification given for developing countries is as follows:

- Large - firms with 100 or more workers;
- Medium - firms with 20-99 workers;
- Small - firms with 5-19 workers;
- Micro - firms with less than 5 workers.

It is clear from the various definitions that there is not a general consensus over what constitutes an SME. Definitions vary across industries and also across countries. World Bank since 1976 also define MEs as Firms with fixed assets (excluding land) less than

US\$ 250,000 in value is Small Scale Enterprises.

Chua 2004 categorized the focus of microenterprises activities into the following:

- Trading which refers to buy and sell activities; stationery vending or ambulant vending such as market vending, street vending etc.
- Basic processing – example food processing which results in products like smoked fish, baked goods, fruit preserves. Others include sewing, repacking of rice and handicraft making.
- Service which includes manicure, pedicure, hairdressing, vulcanizing, shoe making, tailors etc
- Transport activities which includes tricycles, taxis or private cars, boats
- Agri-based microenterprises which do not refer to crop production but to business activities arising out of the trade, sale and processing of agricultural produce.

2.4 Country Definitions

2.4.1 The Ghanaian Situation

Micro, small and medium-scale enterprises are extremely important to the economy of any country whether developed or developing. They play a critical role in development and in Ghana the case is not different. Micro enterprises (MEs) in Ghana perform a strategic role by accounting for 95% of the total number of business establishments (GEPC, 2008). These numbers suggest that MEs contribute substantially to employment and income generation.

In Ghana, small scale enterprises have been variously defined, but the most commonly used criterion is the number of employees of the enterprise, total investments and sales turnover. In applying this definition, confusion often arises in respect of the uncertainties and cut off points used by the various official sources.

As contained in its Industrial Statistics, the Ghana Statistical Service (GSS) considers firms with less than 10 employees as Small Scale Enterprises and those with more than 10 employees as Medium and Large-Sized Enterprises. Ironically, the GSS in its national accounts considered companies with up to 9 employees as Small and Medium Enterprises.

An alternate criteria used in defining small and medium enterprises is the value of fixed assets in the organization. However, the National Board of Small Scale Industries (NBSSI) in Ghana applies both the 'fixed asset and number of employees' criteria. It defines a Small Scale Enterprise as one with not more than 9 workers, has plant and machinery (excluding land, buildings and vehicles) not exceeding 1000 Ghana Cedis.

The Ghana Enterprise Development Commission (GEDC) on the other hand uses a 10 million Cedis (now GHS 1,000) upper limit definition for plant and machinery. A point of caution is that the process of valuing fixed assets in it poses a problem. Secondly, the continuous depreciation in the exchange rate often makes such definitions out-dated.

Steel and Webster (1990), Osei et al (1993) in defining Micro and Small Scale Enterprises in Ghana used an employment cut off point of 30 employees to indicate Small Scale Enterprises. The latter however dis-aggregated small scale enterprises into 3 categories:

- (a) micro –employing less than 6 people;
- (b) very small, those employing 6-9 people;
- (c) Small –between 10 and 29 employees.

In Ghana, the Business advisory Centre under the National Board for Small Scale Enterprises categorizes business activities in to the following:

- Service Enterprises – hairdressing, dressmaking

- Agro-processing – soap making, oil palm producers
- Agric and forest – grass cutter production, cassava processors
- Primary fabrication and repairs – electricians, carpenters
- Traditional craft – batik making, kente weaving

These categories in Ghana are suited to the geography of the nation in terms of the raw materials produced by the state and the nature of economy activities practiced by Ghanaians. It is to be noted that most micro, small and medium scale enterprises do not think they need Business Development Services. In a lot of instances, they use the services informally provided to them that is information from friends, relatives, the media but do not opt for formal BDS which is provided through special arrangements, conditions or contracts between a business development agency and the owner of the business.

2.4.2 The South African Situation

The most widely used framework in South Africa is the definition of the National Small Business Act 102 of 1996, which defines five categories of businesses in South Africa. The definition uses the number of employees (the most common mode of definition) per enterprise size category combined with the annual turnover categories, the gross assets excluding fixed property. The definitions for the various enterprise categories are given as follows:

- Survivalist enterprise: The income generated is less than the minimum income standard or the poverty line. This category is considered pre-entrepreneurial, and includes hawkers, vendors and subsistence farmers. (In practice, survivalist enterprises are often categorised as part of the micro-enterprise sector).
- Micro enterprise: The turnover is less than the VAT registration limit (that is, R150 000 per year). These enterprises usually lack formality in terms of registration. They include, for example, *spaza* shops, minibus taxis and household industries. They employ no more than 5 people.
- Very small enterprise: These are enterprises employing fewer than 10 paid employees, except mining, electricity, manufacturing and construction sectors,

in which the figure is 20 employees. These enterprises operate in the formal market and have access to technology.

- Small enterprise: The upper limit is 50 employees. Small enterprises are generally more established than very small enterprises and exhibit more complex business practices.
- Medium enterprise: The maximum number of employees is 100, or 200 for the mining, electricity, manufacturing and construction sectors. These enterprises are often characterised by the decentralisation of power to an additional management layer.

2.4.3 The Malawian Situation

In the case of Malawi, the official definition of enterprise sizes dates back to 1992. The definition is based on three criteria; the level of capital investment, number of employees and turnover. An enterprise is defined as small scale if it satisfies any two of the following three criteria, that is, it has a capital investment of US\$2,000 - US\$55,000, employing 5 - 20 people and with a turnover of up to US\$110,000 (using 1992 official exchange rate). For manufacturing enterprises, capital investment is taken to mean the cost of plant and machinery, including working capital and the cost of land and buildings.

2.5 Women Entrepreneurs

Micro and small enterprises, many of which are run by women, are recognized as an important tool to create new opportunities and to generate additional sources of income (UNECE 2014).

As of 2013, it is estimated that there are over 8.6 million women-owned businesses in the United States, generating over \$1.3 trillion in revenues and employing nearly 7.8 million people. Women-owned firms continue to diversify into all industries. The industries with the highest concentration of women-owned firms are: health care and social assistance (53% of firms in this sector are women-owned, compared to a 29% share overall), educational services (45%), other services (41%), and administrative support and waste management services (44%). The industries with the lowest concentration of women-owned firms (in industries contributing 2% or more of the business population) are construction (where just 7% of firms are women-owned),

transportation and warehousing (11%) and finance and insurance (20%) (The 2013 state of women-owned Businesses Report).

According to World Bank estimates, micro enterprises (MEs) contribute about 70percent of Ghana's GDP and account for about 92percent of businesses in Ghana out of which Forty-four percent of these enterprises are female-owned. Women contribute more than 50 percent of informal sector businesses. Women are particularly disadvantaged in meeting their business growth needs as they face a number of difficulties, including; land tenure issues stemming from their treatment under existing land tenure customs; low awareness of business laws; lack of education and skills in financial transactions and sound business practices and risk aversion in transitioning from micro to small and medium sized businesses (Kipnis H, 2013).

2.6 Monitoring, Evaluation and Impact Assessment

Monitoring and Evaluation provides government officials, development managers, the private sector and civil society with better means for learning from past experience, improving service delivery, planning and allocating resources and demonstrating results as part of accountability to key stakeholders. Monitoring presents what has been delivered and evaluation answers the question "what has happened as a result of the intervention?" Monitoring and evaluating program performance enables the improved management of the outputs and outcomes while encouraging the allocation of effort and resources in the direction where it will have the greatest impact.

M&E can play a crucial role in keeping projects on track, create the basis for reassessing priorities and create an evidence base for current and future projects through the systematic collection and analysis of information on the implementation of a project. Until recently, M&E has primarily met donor needs for proving or legitimizing the purpose of the program by demonstrating the effective use of resources. The legitimization function demonstrates whether reforms are having the desired effect in order to be accountable to clients, beneficiaries, development partners and taxpayers for the use of resources (IFC 2008).

Impact Assessment is an aspect of evaluation that focuses on ultimate benefits. It sets out to assess what has happened as a result of the intervention and what may have happened without it. Where possible impact assessment tries to differentiate between

changes that can be attributed to the program from other external factors that may have contributed as well as examining unintended changes alongside those intended (IFC 2008:22).

According to Grossmann M. (2005) there are three different steps or phases that can be identified in the impact assessment process:

1. Appraisal of the expected effects/ impacts (inherent to the programme logic)
2. Formulation of impact strategy –what is going to be measured?
3. Formulation of impact methodology –how are the impacts measured/ assessed?
4. Modalities of carrying out the impact assessment

2.6.1 Appraisal of the expected effects/ impacts

Crucial for the execution of an **impact assessment** is to appraise the expected effects and impacts that the programme has on the target group. Such an appraisal is based on the inherent programme logic as formulated during the design of the project. Normally, each programme has a set of expectations and objectives, which should be causally linked to the various programme activities.

The information can be compiled in a short matrix that lists the expected objectives, activities and expected outcomes (including “hard impacts”, such as the number of businesses assisted, number of jobs created, business growth, according to the project documents). It should also contain a column to indicate whether these concrete outcome measures have been achieved.

In case they have not been achieved, it would be necessary to follow-up on why they have not been met. It also serves for transparency purposes –an assessment that also indicates weaknesses, why expectations were not met and how this is going to be addressed in the future, is more credible than an assessment that only reflects positive outcomes (achieving only positive outcomes is hardly ever true for any programme).

2.6.2 Formulation of the Impact Assessment Strategy

The second step in the impact assessment process is to identify the purpose and strategy of the assessment. The core question is: what should be measured? This step

is closely linked to the appraisal, which indicates the areas where the programme is supposed to have impacts.

Accordingly, the impact measures should reflect the objectives of the intervention and also help to indicate whether they have been met or not. Most assessments are broader than just assessing the impacts of programme activities on the target group. In many cases, additional issues are addressed, such as the cost-effectiveness of activities or the satisfaction with the received services.

Different measures have been proposed for assessing BDS programmes. They include measures such as the scale and outreach of the programme (number and group characteristics of beneficiaries), satisfaction and retention (degree of client satisfaction and repeat usage of services), impacts attributed to the services (what are the effects/ changes in business behaviour attributable to the service), and cost-effectiveness/ sustainability (attribution of costs to the services delivered).

The range of measures used depends on the programme objectives. Even for similar programmes, these measures can vary across countries. It is possible to keep a range of core-measures for all programmes, which can be complemented by country-specific measures. In brief, the purpose of the impact strategy is to develop a set of measures and terms of references linked to the programme and (expected) impacts.

2.6.3 Formulation of the Impact Methodology

A number of methodologies exist to conduct impact assessments. The central concern of these approaches is the issue of attributing programme activities to observed impacts. These methodologies refer to the “hard” impacts as such and not necessarily to other assessment purpose (e.g. cost-effectiveness assessment or evaluations). In general, four different methodologies can be identified for the attribution of impacts (Oldsman and Hallberg 2001: Grossmann 2005). These methodologies are Experiments, Quasi-experiments, Non-experiments and Qualitative approaches.

2.6.4 Experiments

One approach often claimed to be the “gold standard” (Oldsman and Hallberg 2001, p.17: Grossmann 2005) of impact assessments is the experiment with random assignment. Experiments are studies involving intervention by the researcher beyond

that required for measurement. The usual intervention is to manipulate some variable in a setting and observe how it affects the subjects being studied. The researcher manipulates the independent variable and then observes whether the hypothesized dependent variable is affected by the intervention (Cooper and Schindler 2011).

In this context, the target group is randomly assigned to a treatment group, receiving the service or training and a control group, receiving no or a different service/ training. It needs to be assured that all businesses have an equal chance of being assigned to either the treatment or control group. One difficulty is to assure that the individual participants do not differ other time that is if someone drops out before the end of the training.

In addition, it is difficult to justify the possibility that some businesses seeking support may obtain no or different support if randomly selected into the control group (it is crucial that businesses do not know in what group they are). Finally, such an approach is time intensive and costly and requires sufficient resources for the screening and conducting of the experiment.

(a) Quasi-Experiments

Quasi-experiments are similar to experiments with the important differences that the participants are not randomly assigned to different groups but selected according to their characteristics. Participants/ clients having received the service are compared with similar participants or clients who have not received the service. Observed differences can be attributed to the received service.

Although such an approach is cheaper than a random experiment and does not lead to the same ethical constraints, its major weakness is the difficulty of matching participants/ clients. There will always be a selection bias, for example, only motivated businesses might use the service, that are then compared to businesses that have not used the service (and thus might be less motivated).

It can thus be quite difficult to entirely attribute the impacts to the received services, as other, unobserved, factors might also influence the outcome. Another challenge is to obtain information on non-participating businesses. In an ideal case, it might be possible to co-operate with other BDS providers who provide this comparative

information. However, this would require a high degree of transparency and willingness to co-operate.

(b) Non-Experiments

Non-experiments with reflexive controls are often used when no comparable information is available. In this case, participants/ clients performance is assessed before and after a specific intervention. Again, the major challenge is one of attribution: unobserved factors (example an improved economic context) might lead to observed changes and not the programme per-se. In cases where a causal relationship between and intervention and an outcome can be established, it might be a useful way of establishing causal relationships.

(c) Qualitative Approaches

Finally, more qualitative approaches to assess impacts are often used when it is difficult to establish experiments or to follow-up participants/ clients over time. One approach is, for example, to solicit participants' personal opinions on impacts or to use external experts (business consultants) to assess impacts based on measurable information (financial information) and interviews with business owners.

Another approach is to conduct in-depth case studies with a core group of businesses, which are traced over time. Businesses are observed in more detail, where researchers look at how owners manage their businesses, what decisions they take, how they react to external constraints. Although such an approach is time consuming and only likely to cover a limited number of businesses, it might be a very useful approach to identify factors (including those external to a specific intervention) that influence businesses' performance. It might also serve to establish or verify the causal relationships between the intervention and impacts and might be used complementary to other impact methodologies

2.6.5 Modalities of Carrying Out the Impact Assessment

The final step is to design and carry out the impact assessment. First of all, it involves the strategic question whether the assessment should be carried out on a continuous basis, on a regular basis or only once. Conducting pure impact assessments are rather

likely to be carried out on a regular basis or once, especially if the design is based on experimental approaches.

In more practical terms, the conduct of impact assessments is often faced with several constraints, many of which were already discussed with the different methodologies. The choice of the methodology and the actual conduct depend on issues such as the availability of data, the nature and the quality of the data needed and the resources and facilities required obtaining this data. Generally, the more decentralised, diverse and complex the data, the more difficult it is to obtain sufficient and especially good quality data. These constraints should be taken into account when planning and designing the assessment.

A well designed impact assessment can capture the real impacts of a project, be they positive or negative, intended or unintended on the lives of the project participants. An impact assessment can therefore demonstrate whether the money allocated to a project is actually having an effect on the lives of the project participants. This alone should create a greater demand from donors and greater incentives for implementing agencies to measure the results of their work (Miehlbradt 2001).

Experience shows that, even where the results of an assessment show that impact is not as significant as expected, or where negative impacts are revealed, honesty in reporting can be appreciated by donors, as it suggests willingness by the implementing agency to learn from its programming, whereas less transparent and defensive reporting tends to evoke skepticism. The impact assessment process can create space for dialogue, and the results can provide a basis for discussions on how to improve programming and where best to allocate future resources.

Results from some impact assessments supported by the Feinstein Center demonstrate unintended impacts that differ from, and are possibly more significant than the expected impact associated with the stated objectives of the project. If these assessments had not been carried out these impacts would not have been captured or documented, and the opportunity to use this information in designing future projects would have been lost. Aside from the internal organizational learning benefits derived from measuring impact, the results from impact assessments, when rigorously

applied, can be used as a powerful advocacy tool to influence the formulation of policy and best practice guidelines for humanitarian programming.

A more systematic approach to impact measurement in the humanitarian sector can only help to improve accountability, not only to donors and external stakeholders, but more importantly to the recipients of humanitarian aid. It will also answer the fundamental questions that are rarely asked, what impact are we really having, and do these aid interventions and activities really work? This can only lead to better programming and a more effective use of humanitarian funds. Overall, a greater emphasis on measuring and demonstrating impact can only enhance the image and credibility of donors, and humanitarian organizations within the sector.

The impact of any BDS can and indeed must be judged at one or all of four different levels, in order to answer a number of different questions:

- (a) The facilitator funder: can support be withdrawn, has the facilitating institution created a viable market for the BDS in question, or will continuing subsidy be needed ?
- (b) The BDS provider: is the provision of the BDS a profitable business?
- (c) The businesses which are served: does the BDS assist them to survive and grow, are they willing and able to pay for it?
- (d) The owners/employees of the businesses: are they earning more money, or are more jobs being created, as a result of the BDS?

The Committee of Donors for Small Enterprise Development suggests that three categories of performance measurement are relevant for BDS. These three categories are:

- Client impact, in terms of changes in ME performance (example sales, value added, profitability), or broader social and economic impact (employment, poverty alleviation).
- Institutional performance, according to indicators of outreach, cost effectiveness, and sustainability.
- Market development, measured for example by the price and quality of services available, ME awareness, trial and repeat usage, the level of

satisfaction of SEs, and the extent to which BDS providers are reaching previously underserved populations.

Unfortunately, these categories are relevant at the institutional level rather than at the level of specific services. A major challenge in evaluating BDS is that specific BDS, no matter how well delivered, and may not be effective in changing ME performance because of a poor business environment or the absence of other elements on which ME performance hinges.

For example, providing an ME with needed technology, training and technical assistance, though valuable, may be useless if other problems (that is lack of communication facilities, unreliable electricity) remain unsolved. In the same way, it also can be difficult to attribute specific changes in ME performance to the specific BDS.

It is for these precise reasons that performance measures should also consider how much value MSEs place on the BDS provided/delivered to them. There are many ways to measure value from the point of view of the ME clients or beneficiaries. One of the easiest ways to measure value is to determine if MEs are willing to pay for the BDS.

Unfortunately, in an environment where MEs have very little cash to spare and BDS competes with other basic and critically needed investments (inputs, production or processing equipment), it will be difficult to measure BDS value in this way. Another complication will be that the MSEs may not be able to appreciate how the BDS will actually have an impact (example increased sales, improved profits) on their businesses and thus will not be able to evaluate if the BDS would be worth investing in.

2.7 BDS Actors and Roles

BDS actors are entities involved in the activities of Business Development Services in the market. BDS actors are Small enterprises which are profit-oriented MEs, including “survivalist enterprises”, that are the potential and actual clients of BDS (UNDP 2004). Small enterprises are the demand side of the market, are microenterprises and MEs that are mostly profit-oriented and are the actual or

potential clients of BDS providers (Committee of Donor Agencies for Small Enterprises Development 2001).

BDS providers provide services directly to MEs and may include for-profit firms, individuals, NGOs, national and sub-national government agencies, industry associations; BDS facilitators on other hand support BDS providers through functions such as product development, building capacity, promoting good practice, external evaluation, quality assurance, advocacy. Facilitators may include NGOs, industry and employers' associations, government agencies, donors; project offices.; Donors also provide funding for BDS projects and programmes and last but not least Governments who may provide funding for BDS and "public goods" such as information, education and training and other services, such as provision of infrastructure (UNDP 2004).

2.7.1 Capital Asset Relevant Business Development Services

Physical - The provision of home-based business space, power, water, factory sheds, business incubators, land tenure, roadside rights, transport, and common service equipment; Social - The development of co-operatives, self-help groups, business associations, clusters, networks, franchising, chambers of commerce. Assistance with information and with linkages to customers and to suppliers; Natural- Promotion of sustainable use of raw materials, recycling, pollution reduction, waste disposal; Human - Training, advice, counselling, consultancy, in technical skills, 'entrepreneurship' and in business management.

This categorization is useful because it highlights the fact that Business Development Services include a wide range of different development services. It also points out the importance of locating Business Development Services in a wider context while at the same time adapting them to individual business' needs.

2.8 Traditional Approach Versus Market Approach

During the 1980s to the 1990s, BDS was delivered directly by agencies implementing the programs and projects. As a result, this service was provided free of charge or heavily subsidized. The business support model was heavily supply driven, predominantly centrally organized and administered by governments, and heavily financed by foreign donors (Caniels & Romijn, 2005).

The failures necessitated a number of paradigm shifts in the support models. First was the approach under which service delivery was organized along commercial lines with the indirect facilitative role of donors, NGOs and developmental agencies. The traditional approach was developed by the Committee of Donor Agencies in the second half of the 1990s and was considered binding by many development co-operations. (Basilio 2010) calls it the direct delivery approach.

The Traditional Development (TD) approach to the delivery of BDS has been through intervention in the BDS markets at the level of the BDS transactions, UNDP (2004). In this approach Business Development Services is provided directly to clients i.e. Micro Enterprises. (UNDP 2004) states another defining feature of this approach which is the fact that “public subsidies played an important role in enabling MEs to obtain BDS either at no or very low cost. The expectation is that as the subsidies are withdrawn, BDS providers will charge for those services in order to attain financial sustainability.”

According to (GAGEL 2006), “Experience in countries all over the world – in industrialized countries of the North as well – show, however, that only large enterprises hire BDS providers on their own initiative and pay fully for the services.” He also states that “larger enterprises are seen as being capable and having the resources to seek out and pay for such services, the business consultants have usually targeted medium-scale and the upper range of small businesses - those businesses that can afford to pay for the services. Therefore micro and small enterprises have usually not benefited from such business-like BDS services to date.”

(Basilio 2010) stipulated some of the shortcomings of the traditional approach to include; BDS delivery could not be sustained beyond the life of projects through which they are funded and the cost to impact ratio of this model was quite high and (UNDP 2004) was not left out in this study as they stated some of the impacts of the traditional approach as the provision of BDS, usually by one institution, can lead to local monopoly power, Provision of subsidized services (especially permanent ones) can crowd out existing and potential new BDS providers and BDS providers develop a wide range of services but these tend to be supply-driven, outreach is relatively low and limited by the subsidies available.

In response to the traditional approach, the Committee of Donor Agencies for Small Enterprise Development prepared new Guiding Principles in 2001. These emphasised the importance of facilitating the development of commercial service markets. It envisaged that commercialisation of BDS provision, would improve the effectiveness and efficiency of service delivery. This in turn would boost the sustainability and the numbers of businesses that could be supported, (Bussel P. 2005). The ‘conventional’ approach to BDS, emphasized donors’ (supply-side) view of what was good for MEs, and focused on training and counseling while MEs were seen as grateful beneficiaries of charity. These top-down programs suffered from widespread corruption and inefficiency, and lacked outreach, impact and relevance (ibid 2005: Otieno 2009).

These failures have resulted in a number of paradigm shifts in the support models for MEs ranging from a commercial approach to a market development approach to BDS. According to (Eschborn 2005), “The traditional approach of direct service delivery by donor-funded programmes was shifted to service provision by private sector actors. Projects in the market approach aimed at facilitating market mechanisms between service supply and demand, reducing market barriers, improving service provider capacity and stimulating demand, ensuring that a well-functioning service market is in place when projects are phased out.”

The Market Development Paradigm on the other hand emerged from a convergence of innovative practices, research and pioneering thinking. Under the market development approach, BDS must be demand driven, relevant, participatory and cost effective. The desirous result is that numerous SEs buy the, BDS of their choice from a wide selection of products offered (primarily) by unsubsidized, private sector suppliers in a competitive and evolving market (McVay & Miehlbradt, 2001).

In addition, services should be regarded as commercial products and companies that receive them as customers rather than beneficiaries. Furthermore, providers should always charge fees, and these fees should usually be high enough to secure the provider's financial sustainability (Swiss Agency for Development and Cooperation, 2000). The market facilitation which was promoted starting the late 1990s to early 2000s and under which organisations are encouraged to develop local markets for BDS and have BDS delivered by commercial providers. “It’s starting point is that

outreach and sustainability cannot be achieved through direct provision (UNDP 2004).

Business Associations and informal business networks are another vehicle for delivering services to MEs. Designing interventions to promote BDS market development within these “business systems” is a challenge for donors through subsidies by donors and governments, (Committee of Donor Agencies for Small Enterprise Development, 2001).

Rather, the MD approach seeks to facilitate a sustainable increase in demand and supply of services, where subsidies are replaced by private payment for services” With ever-growing investments in BDS interventions, development organizations and donors are most interested in; Performance that is how efficiently and effectively the services were delivered to their intended audiences; Impact that is how BDS interventions translate into livelihood and business opportunities, economic growth and increased employment among the poor, and Client Satisfaction which has to do with how much value clients place on the BDS.

(Miehlbradt 2001) describes BDS markets as the context for all BDS programs, because programs offer services to MEs which, most likely, other suppliers are also offering. In order to get the most out of programs, it is important to understand the BDS market context in which they operate. BDS programs affect the markets in which they operate because they are acting as a competitor in the market place. It is important to understand the market to avoid harming those existing systems that benefit SEs.

The traditional approach to business development services is alleged to have certain weaknesses and it is stated by (Stamm and Altenburg, 2004):

- Lack of financial sustainability- Most services are delivered on a highly subsidised basis. Service Providers thus depend on continuous public support. In view of the fact that most countries are cutting back on public expenditure, they are forced to cancel or substantially reduce many support measures.
- Insufficient outreach - Even in times marked by high government revenues or deficit spending, or substantial inflows of foreign aid, business services usually only reach a relatively small percentage of the target group.

- Lack of business orientation-Public service providers often operate on the logic of public administration, e.g. budget allocation is not linked to programme performance, employees do not act in a business-like fashion, and beneficiaries are not treated as clients. Incentives – both for not designed to actively search for linkages with the business sector and to strive for client satisfaction.
- Poor quality. Since service providers and clients work in accordance with different incentive systems, operational routines, and even different mindsets, service supply is often not tailored to the needs of clients. In addition, products delivered at low cost or for free may “induce a debilitating dependency and cynicism over quality and value.”
- Crowding out of private competitors- Service delivery at highly subsidized rates distorts markets and hampers the emergence of commercially viable service providers.

2.8.1 BDS Market Assessment

Before designing interventions to develop BDS markets, it is critical to understand existing markets in order to identify weaknesses and opportunities, the reasons behind the lack of demand for or supply of services, and the extent of market distortions. This understanding can help to identify local mechanisms of service delivery and payment, choose the intervention strategy and instrument, identify local institutions and networks to build upon, and provide a baseline for measuring progress in market development (Committee for Donor Interventions 2001).

The scope should fit the objectives of the organization. For both BDS facilitators and BDS providers, the relevant "BDS market" will need to be defined according to the specific type of service, target clientele, and geographical coverage.

According to the Committee for Donor Interventions 2001, when doing a BDS market assessment, it is important to consider: what those in small enterprises are aware of, currently want and are willing to pay for, and what might be successfully marketed to them in the future. While recognising the difference between "perceived needs" and "real needs", appropriate weight should be given to perceived needs, relative to the more traditional expert assessment of real needs.

Note also that it is difficult to determine willingness -to-pay in underdeveloped and/or distorted markets, and for services which are totally unknown locally, and that test-marketing may be more reliable than a survey; differences in consumer segments, for example: which types of MEs are acquiring services, and which aren't; gender differences; differences in desired features of the services; informal and indigenous sources of supply; services bundled with other goods and services or delivered as part of business-to business relationships; the potential crowding out effect of direct or subsidized provision of services by donors and governments; and evolution of BDS markets over time.

Businesses and their employees measure their own success by their incomes, which, for most people, are measured in money. BDS are intended to assist businesses, and their employees, and should be subject to the same measurement. Increased earnings, for owners or employees, are the basic purpose and intended impact of BDS, and are quantifiable.

It is therefore not surprising that most of the above assessments used increases in incomes as the main indicator of success. Incomes are notoriously difficult to measure, for many obvious reasons; other indicators, such as numbers employed or quantities sold, are also not easy, but can be used as proxies for income increases.

2.8.2 BDS Demand and Supply

Successful development of the BDS market has to address BDS demand as well as supply. Focusing on BDS supply only will hardly be effective, since many supply-side constraints originate from MEs' lack of appreciation and minimal usage of BDS.

Demand-oriented strategies are in general more promising. However, the risk that activated demand cannot be satisfied due to qualitatively or regionally insufficient service supply.

A case in point is MEs' current low usage of productivity & performance enhancing services in relation to latent demand, which partially reflects negative impacts of government and donor sponsorships, but also relates to fundamental skills and managerial deficits. The choice of demand-side and supply-side interventions to develop BDS markets should correspond to the market development constraints and

opportunities identified in the market assessment study (Committee of Donor Intervention 2001).

Ultimately, BDS should be demand-driven. SMEs need the services to enhance their business operations and should not be forced upon them. There is the need therefore for NBSSI to gear their attention to stimulate demand for BDS in the region. The choice of demand-side and supply-side interventions to develop BDS markets should correspond to the market development constraints and opportunities identified in any market assessment. For example demand-side interventions include information to raise ME awareness of the potential benefits of BDS, such as matching grants.

Supply-side intervention options include introducing new models of doing business and developing new products and services, as well as technical assistance, training and other capacity-building for BDS providers. Some interventions can work on both sides. Example is strengthening business-to-business linkages and quality assurance that builds client confidence in services being offered.

2.8.3 Driving forces for BDS demand

In general, any policy action geared at removing market barriers and enhancing competition strengthens the demand for BDS. Specific attention has to be given to increase collective purchasing power. That is taking collective action, through clusters or associations. Helping Micro Enterprises form clusters or wider associations can improve the efficiency of the market by enabling MEs to purchase BDS in bulk.

This could also facilitate information exchange among MEs and Business Development Services providers. While forming a group can be time consuming the existing core of MEs could fairly easily be supported in establishing an association. This association, likely a voluntary one financed through a small subscription, would form the nucleus for growing small enterprises as reforms take shape (*Mehta et al*, 2007).

Improving MEs' access to (investment) finance ;Removing barriers to international trade including imports; Promoting business registration and formalization, among others by streamlining business licenses, introducing one-stop services, and improving information on registration requirements and procedures. Provide

information about potential service providers to MEs; Demonstrate BDS value by providing demand subsidies to purchase BDS. To achieve public benefit and ensure that all small enterprises have access to good services, a demand subsidy could be used, particularly in the early stages of market development (*Mehta et al, 2007*).

Improving tax coverage and compliance by reviewing and simplifying tax laws, improving access to tax-related information, and containing corrupt taxation practice and Implement a new approach towards enforcement of norms and standards based on certification by accredited providers.

2.8.4 Strengthening BDS supply

A big constraint is likely to be the absence of sufficient reliable and experienced BDS providers. BDS supply should primarily be strengthened by improving academic education in BDS-relevant areas such as taxation, accounting and controlling, business diagnostics, market analysis, business strategy and planning, as well as supply-chain and quality management. Technical assistance and training, sometimes coupled with financial support, are effective at stimulating BDS provided they enter a market with sufficient potential demand and ability to pay for their services. Technical assistance and training should cover technical skills and business skills, marketing, pricing and management (*Mehta, Virjee , Evans and Wathobio, 2007*).

Promoting provider networks by strengthening professional organizations, organizing provider forums and promoting the use of electronic media in information exchange is very important in strengthening BDS Supply and facilitating the growth of social enterprises. Not-for-profit social organizations could be supported so that they can provide BDS while retaining their social agenda and not-for-profit status. Not-for-profits might be interested in establishing a subsidiary business to facilitate the entry of others into the BDS market (*Mehta , Virjee , Evans and Wathobio,2007*).

Removing entry and transaction barriers and regulatory constraints, this concerns in particular restrictions for foreign investors, as well as tax withholding on BDS provision to incorporated clients. Supporting the formation of confederations or networks, probably within the jurisdiction of a single ME, could greatly enhance the ability of BDS to work together and experience mutual learning as the BDS market grows (*Mehta, Virjee , Evans and Wathobio, 2007*). In addition, market transparency

may be enhanced by associations and public institutions maintaining and publishing lists of service providers deemed to be qualified in a specific field, such as Bank of Ghana's list of licensed banks in the country.

2.8.5 BDS Providers, Clients and Payments

The Committee of Donor Agencies for Small Enterprises Development (2001) states that BDS are supplied on a “stand-alone” basis by specialized services providers. It is known that certain providers bundle BDS together with other services or products, for instance, when assistance in adopting new technologies is combined with design and training services. The delivery of BDS as part of business-to-business relationships which includes supplier/buyer, subcontracting, franchise and licensing relationships is common for smaller firms.

BDS providers that offer services to MEs, can be divided into two; independent service providers and embedded service providers. Independent service providers offer a business development service outside the normal product chain. Their main purpose is to offer one or more services to other businesses that are in need of knowledge, expertise or other support. Embedded services entail that the service is provided by someone in the product chain. The distributor or manufacturer provides an additional service on top of the delivery of the normal product. Micro enterprises can easily access business support through embedded services, if they have long-lasting relationships with their suppliers and buyers, (Bussel, 2005).

BDS providers can be further divided into three categories; formal private companies, informal private companies and public/non-profit organizations. Formal companies are the companies that are most common, that are registered and operate according to official rules. Business Associations and other branch organizations are also part of the formal companies. Informal companies are small scale and less visible than formal companies, but provide simple, necessary services for enterprises that cannot afford the service of formal companies. Public/non-profit organizations are government agencies that provide a service or NGOs and other non-profit organizations like technical schools.

Payment for BDS has various methods. The two most common methods are fee for service and embedded fees. In the Fee for service; the customer pays the BDS

provider a fee, up front, for the service they are going to deliver whilst in the embedded fee; the fee for the service is included in the price that is paid for the product. There are some other payment methods used by BDS providers and BDS clients that are less common:

- Cross subsidizing; meaning that a business provides a service that is not profitable to keep his customers satisfied, and subsidizes that service by using the profit from another part of his business
- Third party payment; a big company pays the small enterprise to offer a service to the poor, while advertising his own business and thereby getting a return for his payment
- Piggy-backing on micro finance; the micro finance institute offers a BDS for a small fee, this way the clientele of the micro finance can be used and fixed costs can be covered by the micro finance donors.

BDS clients can be all actors within the supply chain, as long as they are the recipient of some service, (Vries 2010). BDS are often located in urban areas and designed for medium and large companies. This means that MEs that operate mostly in rural areas, who are often poor, do not have the means to access these services. They are too far away, too expensive and sometimes, the BDS providers often do not promote or advertise their services enough for MEs to know they exist (ILO 2003).

2.9 Types of Business Development Services

The focus of BDS generally seeks to raise the profitability and enhance the growth and competitiveness of enterprises, which intends directly raise incomes, improves economic growth, generate employment as well as poverty alleviation. Business Development Services can be divided into the following fields.

2.9.1 Market Access and Input Supply

Micro Enterprises often pay for services that help them deal with various marketing problems. Depending on the types of opportunities available, marketing and input supply services may be provided to MEs by small wholesalers, brokers, or other commercial intermediaries, most of which are MEs themselves (Barton, 1997).

Marketing helps a business focus its efforts on satisfying customer needs in such a way as to make a satisfactory profit. The concept comprises three basic elements: a customer orientation, a goal orientation the use of the systems approach. The concept emphasizes the truth that the survival of any business depends on providing service (Megginson and Byrd, 2009).

MEs may not be able to get the needed attention of suppliers when demand or production levels are low hence leading to restricted choice of service suppliers and terms of trade. The services provided under market access include; Trade fairs and product exhibitions, Development of samples for buyers, Market information, Subcontracting and outsourcing, Marketing trips and meetings, Market research, Market space development, Showrooms, Packaging and Advertising.

Programs that create access to markets focus on developing links between small businesses and major markets. Such programs typically aim to help a specific type of business: those in certain neighborhoods or sections of cities, operating in specific industries, or owned and controlled by certain types of entrepreneurs (McQueen, Weiser, Burns 2007).

Assistance with market access may take many forms, including facilitating the establishment of trading relationship between rural or urban small enterprises .With large, urban-based or international ones; facilitating collaborative marketing, and market research; providing market information; facilitating promotion, including trade fairs and exhibitions as well as developing and implementing mass media or targeted promotional campaigns; analysing value chains and proposing measures to improve them, etc. These services are mostly provided by business associations, NGOs and government agencies (Otieno, H. and Kiraka, K).

Input supply is the service that link business owners to their suppliers. The services provided under input supply include; linking small businesses to input suppliers, improving suppliers' capacity to provide regular supply of quality inputs, facilitating the establishment of bulk buying groups and Information on input supply sources. Efforts to support small enterprises to access inputs in a cost effective and able manner may include providing information about suppliers and facilitating collaborative or joint procurement (Otieno, H. and Kiraka, K).

Local market potential needs to be considered since they are the immediate buyers, despite their limited purchasing power, rural people are potential consumers of products available in the rural areas – but often at prices they cannot afford. As a result, strategic market niches should exist for alternative products of an acceptable quality manufactured by MEs. It may also be possible to sell artisanal products manufactured by MEs on national, regional or international markets. As a result of progress in both market globalization and telecommunications, developing countries now have more access to market information and thus are more aware of available markets (for textiles, carpets, jams, dried fruits, etc.).

However, both national and international markets are very competitive and usually more demanding in terms of quality criteria, and, despite their market potential, Micro enterprises still find it difficult to access markets where they can sell their agricultural and non-agricultural produce. These difficulties arise because of lack of suitable skills, information and market-related services that would enable poor entrepreneurs to compete in the market place.

Market information services contribute to reducing transaction costs for entrepreneurs to access markets. Basic market support services comprise market studies and investigations, access to price/market information, and market facilitation (e.g. links and business contacts between producers and buyers). The potential for creating market niches is often undermined by the limited capacity of MEs markets. Since increased competition between small-scale entrepreneurs might lead to market saturation, potential entrepreneurs rely on market information to guide decisions about establishing MEs.

These services may be delivered on a permanent or temporary basis, depending on the types of markets involved. Empowering entrepreneurs by means of appropriate skills might, in turn, improve their position vis-à-vis market constraints and create additional employment opportunities along the ‘marketing chain’ (transport, processing/marketing enterprises).

2.9.2 Infrastructure

Infrastructure is the basic physical systems of a country's or community's population, including roads, utilities, water and sewage. And these systems are considered

essential for enabling productivity in the economy. Some programs use short- and long-term capital for direct investments in business ventures or real estate projects providing affordable space to businesses. Real estate projects may also include industrial development, especially of spaces such as business incubators, which combine low-cost space with additional services (*McQueen et al, 2007*).

The services provided under infrastructure includes; Storage and warehousing, Transport and delivery, Business incubators, Telecommunications, Courier, Money transfer, Information through print, radio, TV, Internet access, Computer services and Secretarial services. Provision of business infrastructure includes the construction, operation or maintenance of markets, industrial parks or sheds, business incubators, storage and cooling facilities, power, information and communication technology (ICT) infrastructure (Otieno, H. and Kiraka, K).

2.9.3 Training and Technical Assistance

Training is one of the most common BDS. It includes developing business or technical knowledge or skills changing attitudes, such as mindset, bias, cultural values (e.g. gender bias); enhancing awareness and knowledge of policies, laws, regulations, diseases, the environment and gender (Otieno, H. and Kiraka, K). According to Community Action Partnership (2001), it encompasses diverse topical areas that can serve a range of business sizes and needs and these services include assistance such as marketing, management, finance and strategic planning.

The strong demand among MEs and their employees to participate in training programmes is gaining greater prominence as MEs will pay for training programmes that meet their specific needs. Institutions that offer training and technical assistance to MEs do it with the aim to enhance the management skills of employees. The various services provided under training and technical assistance include; Mentoring, Feasibility studies and business plans, Exchange visits and business tours, Franchising, Management training, Technical training, Counselling/advisory services, Legal services, Financial and taxation advice and Accountancy and bookkeeping.

2.9.4 Technology and Product Development

Technology and product development is another type of business development services. The services provided under Technology and product development include; Technology transfer/commercialization, Linking small businesses and technology suppliers, Facilitating technology procurement, Quality assurance programs, Equipment leasing and rental and Design services.

Technology and product development also include research and development of appropriate technologies; promoting, distribution and installing such technologies, developing distribution channels for the technologies and advising on appropriate technologies. The technologies are often developed as "public goods". Because they are simple and easy to copy, It is hard to commercialise the transfer and hence the development. Product development includes support to small enterprises to develop, test and launch new products or services.

2.9.5 Alternative Financing Mechanisms

Lastly, alternative financing is provided for business owners. The services provided under Alternative financing mechanisms include; factoring companies that provide working capital for confirmed orders, Equity financing and facilitating supplier credit.

The types of Business Development Services differ from countries to countries. Advanced nations provide highly sophisticated services to their clients' while less advanced countries provide the basic ones to ensure their survival. These services cannot always be found in developing countries, and some of the more sophisticated services may not even be necessary, as basic services are often needed most (DFID, 2004).

According to Harper (2000) following Carney (1998), proposes an interesting approach to BDS. He categorizes business development services by the capital assets which people need to live on: physical, social, natural and human. Carney describes physical assets as the provision of home-based business space, power, water, factory sheds, business incubators, land tenure, roadside rights, transport, and common service equipment; Social assets as the development of co-operatives, self-help groups, business associations, clusters, networks, franchising, chambers of commerce;

Natural assets involves the promotion of sustainable use of raw materials, recycling, pollution reduction, waste disposal; Human assets involves training, advice, consultancy, technical skills, 'entrepreneurship' and in business management.

This categorization is useful because it highlights the fact that Business Development Services include a wide range of different development services. It also points out the importance of locating Business Development Services in a wider context while at the same time adapting them to individual business' needs.

2.10 Business Development Services in Ghana

Business Development Services at the global level is structured but the same cannot be said for Ghana. Activities under the Business Development Services in the Asante Akim South District Assembly (Status report, 2012) include:

- Client forum
- Business Orientation Seminar
- Community Based Skills training
- Marketing/Study Tour
- Training for LTAs
- Credit Management
- Clients' Exhibition and Trade Show
- Internship Training
- Literacy and Numeracy
- Business Registration (RGD)
- Needs Assessment/ Business Counseling

2.10.1 Types of Business Development Services Providers

Private Businesses or private-sector companies are formal and informal networks and are the most important players in BDS (Miehlradt and McVay, 2003). BDS offered by private companies are both more sustainable and more likely to have an impact because they must be responsive to the needs of business operators. Private BDS providers range from multinational consulting firms, small companies with a national or regional outreach to informal micro enterprises serving local MEs. Some countries have established public government agencies that provide some BDS to MEs.

The main issue is that the market is not sufficiently developed for private providers to offer these services, or that, owing to their smallness; MEs are unable to pay the full cost of the services. Examples of such agencies are the National Board for Small Scale Enterprises (NBSSI), NGO's also provide business development services to MEs and they are mostly financed by donors and governments, some development companies have been established to provide specific support to MEs.

These are often formed by donors alone or in collaboration with other stakeholders; Business Associations are membership organizations of businesses. They typically provide information and policy advocacy on behalf of members. Others extend the range of services to training, licensing, workspace, access to ICT and there also exist many individual providers of training, advisory, accounting and other services to MSMEs. Some of these are licensed, while others operate informally (Otieno, H. and Kiraka, K).

2.10.2 BDS Organisations

A BDS organization is any organization with a mandate to provide business development services to the business community. BDS organizations can be public or private sector institutions, and registered as a non-profit organization or as commercial business (Olming K. 2004:18). Business Development Services are often provided through Business Advisory Centres or similar units in institutions that offer a mix of services.

The National Board for Small Scale Industries is the apex governmental body for the promotion and development of the Micro Enterprises (ME) sector in Ghana. It was established in 1985 by an Act of the Parliament of the Third Republic of Ghana because the government viewed the sector as having the potential to contribute substantially to reducing the high unemployment rate and to the growth of the economy of Ghana.

The activities of NBSSI fall into two broad categories: financial and nonfinancial services. Financial services aim to improve NBSSI clients' banking culture and accounting practices. They also include extending credit through its loan schemes to entrepreneurs for both working capital and the acquisition of fixed assets and the Non-financial services are advanced by Business Advisory Centres (BACs), which

are the extension wings of the NBSSI operation across the country. BACs provide “...relevant information, training and guidance to individuals that will make the entrepreneur a well-rounded, competent and confident businessperson and to enterprise associations, to increase the general business culture and business knowledge sharing.” The following objectives guide the operations of NBSSI:

- To contribute to the creation of an enabling environment for the development of small-scale enterprises.
- To contribute to the development of an entrepreneurial culture in Ghana.
- To facilitate access to credit for small enterprises.
- To provide non-financial support for sustainable small-scale enterprise development

2.11 MSMES Associations in Ghana who have undergone BDS

2.11.1 Sea-freight Pineapple Exporters of Ghana

Sea-freight Pineapple Exporters of Ghana (SPEG) was formed in 1994 as a spin-off from the Horticultural Association of Ghana. With the initial membership of 5 exporting companies, SPEG now has active members. The management of export logistics represents ‘strategic’ and, at the same line, ‘operational’ BDS delivery. In fact, the provision of export logistics services contributes to the long-term and strategic objective of pineapple producers to access and create a solid market position on new export markets.

In other words, the provision of export logistics BDS is ‘strategic’, since it positively impacts the long term export performance of member firms, substantially increases their potential of revenue generation, and stimulates processes of firm upgrading to meet the standards of the new export markets. At the same time, SPEG export logistics BDS are also ‘operational’, since the handling of exports is part of the day-to-day operations of the firms and of SPEG. These activities relate to advocacy, training, business upgrading, producers certification and technical research, and improved control over the distribution chain.

2.11.2 Ghana Association of Barbers and Salon Owners (GABSO)

The Ghana Association of Barbers and Salon Owners (GABSO) was established in 1995 by 27 barbers and salon owners and had its origins in Accra. The creation of GABSO mainly responded to the need to; train and certify professional barbers on sanitation and health-related issues, ; Monitor and enforce professional and hygienic standards among members,; Restore the confidence of the general public towards the profession, thus recovering the potential demand for the services of members.

The core activities of GABSO relate to the provision of Business Development Services to members, and the association has played different functions according to the delivery mechanisms and the nature of the services. The association prevalently plays a BDS facilitator role with respect to the diffusion of professional expertise, health and hygienic standards and technical knowledge on the use of new products.

In fact, GABSO has developed a series of partnerships with the National Institute for Vocational Training, the Ministry of Health, NBSSI, and the main input suppliers, for the organization of training programs for its members. As the years went by GABSO has developed a special partnership with input suppliers in terms of knowledge transfers (workshops organized by suppliers), better distribution network of inputs in rural areas, and ‘implicit’ marketing partnership between the association and the suppliers. The executives of GABSO provide business advisory service to members both at the regular meetings and on-call. The service is basically provided free of charge to members, which nonetheless value the upgrading suggestions of the executives and regularly participate to the meeting.

2.12 Overview of Donor-Funded BDS in GHANA

After several years of efforts to build a consensus on principles for selecting and supporting intermediaries in micro, small and medium enterprise, the Committee of Donor Agencies for Small Enterprise (SE) development turned its attention to Business Development Services (BDS), the wide array of non-financial services critical to the entry, survival, productivity, competitiveness, and growth of MSMEs. These crowded efforts of the donor community to assess the generally unsatisfactory performance of past interventions in BDS, review current innovations and good

practices, and develop a more effective strategy for BDS as one instrument of private sector development.

The ultimate objective of donor intervention in Business Development Services (BDS) is to improve performances of MEs in developing countries, as a means to achieve higher economic growth and employment, reduce poverty, and meet social objectives. Better BDS is only one means to these ends. Improving ME performance requires many ingredients, such as a policy environment conducive to enterprise competitiveness, access to financial and non-financial services, and expanding markets for ME products and services. Over the years, Ghana has benefited from these interventions. Some of the current, BDS assistance programmes and projects are summarized below.

2.12.1 BUSAC (Business Advocacy Challenge Fund)

The aim of this fund was to make an impact by enabling the private sector, including business membership organizations, trades unions and media to influence public policy formulation by undertaking appropriate research, developing evidence based policy positions and advocating those positions with government and other private sector institutions/organization that may be targeted by the action. It is made up of ME Associations and organizations.

BUSAC is funded by DANIDA and helps the private sector through its associations of businesses, the labour market and within the media). Individuals or individual businesses that have good ideas about removing blockages and bureaucratic conditions that affect business operations in the country will have to apply through their association. The fund is mostly to promote user demand driven mechanisms, even though it has some money also for supply driven actions, to reach out and encourage small associations and weak groups to apply.(directory of funds in Ghana, march 2005)

2.12.2 GPSDF (Ghana Private Sector Development Fund)

The GPSDF was funded by the Italian Ministry for Foreign Affairs in December 2007 in order to continue to support the effort of the Government of the Republic of Ghana to promote private sector development. The fund allows beneficiary MEs to finance

capital goods, spare parts, consumable production inputs and services and to provide a lifeline to MEs to foster economic development and reduce poverty in the country. The donors for the programme include the Italian Government and the Government of Ghana.

2.12.3 Empretec Ghana Foundation

Empretec inspires entrepreneurs in developing countries and countries with economies in transition to start grow and develop their businesses. The main beneficiaries are aspiring entrepreneurs, women entrepreneurs, small businesses, young people and employees of large public or private firms. Empretec has helped to build high quality, growth oriented, internationally competitive enterprises through training, business advice and access to technology and financial services, as well as collaborate with government and other agencies to achieve their developmental goals. United Nations Conference on Trade and Development (UNCTAD) was the main donor for the programme.

2.12.4 Business Development Fund

The Business Development Services (BDS) Fund was set up as part of the MEs project, to assist with matching funds to improve on the ability of the small scale business to get expert advice from consultants to improve their operations. The ME Project which is under the Business Development Fund will support interventions directed at specific priority sectors (such as agribusiness, construction, furniture, and textiles, horticulture, tourism) and interventions directed at broader market issues (such as access to information and export promotion activities).

Technical support to the MEs through a matching grant scheme, which pays for up to 50% of the cost of eligible services required to address any of the challenges. The Ghana Micro, Small and Medium Enterprise Project aims to enhance the competitive and employment levels of Ghanaian MEs through supporting entrepreneurship development and developing and strengthening the capacity of local intermediaries to deliver financial and non-financial services to MEs as well as building the capacity of MEs to make productive use of these services.

2.12.5 GRATIS Foundation

The GRATIS Foundation has the directive to promote small-scale industries in Ghana and the foundation does it through transferring appropriate technologies to small-scale industries. The foundation undertakes training, manufacturing and the supply of machine tools, plants and equipment. It operates through a network of Intermediate Technology Transfer Units (ITTUs), which is known as the Regional Technology Transfer Centres (RTTCs).

The RTTC exist in nine regions of the country and it is responsible for providing hands-on short and long term training for small business entrepreneurs in areas such as metal fabrication and design, textiles, pottery and soaping and others. GRATIS Foundation has also provided training, business and technical advice, access to equipment and tools to enable artisans and entrepreneurs have a hands-on experience. The Foundation has also introduced women in rural areas to equipment that has been designed and manufactured by GRATIS/ITTU.

The services provided by GRATIS and the RTTCs are made possible through the support of the Government of Ghana, the European Union and the Canadian International Development Agency (CIDA). The services provided by GRATIS and the RTTCs are made possible through the support of the Government of Ghana, the European Union and the Canadian International Development Agency (CIDA).

2.12.6 The Rural Enterprise Project (REP)

The objective of creating wealth and improving living conditions in rural areas is the reason why the Rural Enterprise Project was created. The project also attends especially to the incomes of women and vulnerable groups through increased self-employment. The Project provides the MSEs with a development package, which involves a mix of business development services, technology transfer, support for apprenticeship training, and rural finance services.

The project was identified in October 1992, and approved by the IFAD Executive Board in December 1993. The IFAD loan became effective in February 1995, and will close in March 2002. The Ministry of Environment, Science and Technology, is

the responsible ministry in Ghana and the project is implemented by a Project Coordination and Monitoring Unit based in Kumasi.

The Ghana Regional Appropriate Technology Industrial Service, the National Board for Small Scale Industries, the Department of Feeder Roads, the Bank of Ghana, the Association of Rural Banks and fifteen participating rural banks work together as implementing agencies in the project. UNOPS supervises the loan as IFAD's Cooperating Institution. The total cost of the project was estimated to be USD 9.3 million of which USD 7.68 million is funded by IFAD, USD 1.18 million by the GOG and USD 0.45 million by the participating banks. As at 31 December 1999, USD 5.5 million had been disbursed.

The objective of the project is to increase rural production, employment and income in order to alleviate poverty through the increased output of small off-farm enterprises. This is being accomplished by: facilitating access to new technology and business advice; promoting easier access to financial services; improving the efficiency of existing small rural enterprises, supporting the creation of new enterprises, and removing communication constraints through feeder road rehabilitation.

The project was designed to build on the Government of Ghana's economic reforms and to encourage individuals and other private sector actors in rural areas to take advantage of opportunities created by the opening up of the economy. The design gives special attention to the most vulnerable households, socially disadvantaged women, unemployed youth and those who have been apprenticed to a trade but lack the capital or experience to start a business.

2.13 Role and implications of NGOS And Donors intervention in BDS

Vakil (1997:2006) as stated by Lewis D and Kanji N. (2009:11) defines NGOs as "self-governing, private, not-for-profit organizations that are geared to improving the quality of life for disadvantaged people". Traditionally the role of NGOs and donors was to provide Micro Small and Medium Scale Enterprises with BDS themselves. They would provide BDS that were highly subsidized and therefore not sustainable in the long run.

If NGOs provide BDS they are the competitors of commercial enterprises that offer the same services. Because the NGO is donor funded they can provide the service at a much lower cost than the commercial enterprise, thereby harming the profit and development of a sustainable market because commercial providers will not see any reason for continuing their activities.

NGOs are dependent on donors for their funds, and those funds can stop coming at any time. If this happens the BDS that was provided by the NGO will also disappear and small enterprises will be without support. Because of this role, NGOs should act as facilitators that support the BDS providers in offering better services to MEs. This way the market will develop in a commercial and sustainable way, and the BDS providers can benefit from the knowledge and funds from the NGOs in offering their services.

The development of BDS markets to provide greater outreach and sustainability shifts donor focus to the approach and impact, and may involve less control and predictability for the donor than an institutional development approach. There are fewer guarantees that the desired outcome will be achieved in the form originally anticipated.

The funding agency must be willing to accommodate this, allowing the market to decide the balance between quality and price in BDS delivery. When players in BDS markets become aware of donor involvement, they may become oriented more towards the donor than to their own clients. While any intervention distorts the market, some of the more adverse effects can be avoided if donors are willing to adopt a low profile when intervening in BDS markets (Committee of Donor Intervention 2001).

2.14 Importance of Business Development Services

Business development support services such as training, advisory services, mentoring are not adequately integrated with access to finance strategies to serve as real risk mitigation support. Entrepreneurs who lack collateral – i.e. most black entrepreneurs and women – can boost their chances of accessing and paying back finance if they have the right business development support, in the form of training, focused advice and mentoring. Business development services are important because they can assist

entrepreneurs to run their business more effectively and, if appropriately applied, can act as an enhancer of access to finance and as an alternative form of “collateral” in circumstances where tangible collateral may be an impediment to meeting traditional security requirements (IFC 2006).

BDS facilitators usually implement publicly subsidised short-term programs that should exit once the market for a certain business development service or services has developed or move on to new market development issues. Business development mainly helps firms identify and take advantage of new opportunities in the market. More specifically, it facilitates firms’ ability to: develop new markets; capture a wider share of customers within existing markets; assess the fit or match between the firm’s current assets with its need to maintain and/or expand the business; and, build and manage relationships with third parties or partners (Duke, 2001).

2.15 Characteristics of Micro Enterprises

MEs make up the largest portion of the employment base in Ghana and are the bedrock of the local private sector. In Ghana, MEs contribute about 85% of manufacturing employment and account for about 92% of businesses. There are a number of characteristics of MEs in developing countries under the broad headings: labour characteristics, sectors of activity, gender of owner and efficiency. In terms of activity, they are mostly engaged in retailing, trading, or manufacturing (Fisher and Reuber, 2000; Abor and Quartey, 2010).

In Ghana, MEs can be categorized into urban and rural enterprises. The former can be subdivided into “organized” and “unorganized” 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; Abor and Quartey, 2010). They rely mostly on family members or apprentices.

Rural enterprises are largely made up of family groups, individual artisans, women engaged in food production from local crops. The main activities within this sector include:- soap and detergents, fabrics, clothing and tailoring, textile and leather, village blacksmiths, 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; Abor and Quartey, 2010).

2.16 Importance of Micro, Small and Medium Scale Enterprises

Well-managed and healthy MEs are a source of employment opportunities and wealth creation. They can contribute to social stability and generate tax revenues. According to the International Finance Corporation (IFC), there is a positive relationship between a country's overall level of income and the number of MEs per 1,000 people. The World Bank's Doing Business reports indicate that a healthy ME sector corresponds with a reduced level of informal or "black market" activities (WBCSD, 2004).

MEs are more labour-intensive and tend to lead to a more equitable distribution of income than larger enterprises. They play an important role in generating employment and thus alleviating poverty, often providing employment opportunities at reasonable rates of remuneration to workers from poor households and women who have few alternative sources of income (UNIDO, 1999).

For corporations, MEs can constitute an important source of local supply and service provision to larger corporations. They usually have extensive local knowledge of resources, supply patterns and purchasing trends. Developing countries also represent a huge, largely untapped market for large corporations (WBCSD, 2004). Large corporations can develop a new customer base that may not be accessible to the primitive distribution networks of these corporations.

MEs contribute to a more efficient allocation of resources in developing countries. They tend to adopt labour-intensive production methods and thus more accurately reflect the resource endowments in developing countries where labour is plentiful and capital is scarce. To the extent that these enterprises operate in "informal" markets, the factor and product prices they face also provide a better reflection of social opportunity costs than the prices faced by large enterprises (UNIDO, 1999).

MEs also represent an important source of innovation. They tend to occupy specialized market "niches" and follow competitive strategies that set them apart from

other companies. This might include re-engineering products or services to meet market demands, exploring innovative distribution or sales techniques, or developing new and untapped markets. This often makes them good local financial institutions that have successfully served the ME market in developed countries which is highly profitable, according to United Nations Conference on Trade and Development (UNCTAD) (WBCSD, 2004).

For local communities, MEs often have a key interest in community development. Being local, they draw upon the community for their workforce and rely on it to do business. They provide goods and services tailored to local needs and at costs affordable to local people. They are important sources of employment, particularly for low-skilled workers, as well as women and young people, who usually make up the greatest proportion of the unemployed in emerging economies. Their flat management structures mean that their personnel must fulfill multiple roles, which makes them less vulnerable to unemployment during periods of economic downturn (WBCSD, 2004).

Their small size and flexibility allow them to adjust to local market fluctuations and to weather local market shocks more comfortably. MEs support the building of systemic productive capacities. They help to absorb productive resources at all levels of the economy and contribute to the establishment of dynamic and resilient economic systems in which small and large firms are interlinked. They also tend to be more widely dispersed geographically than larger enterprises, support the development and diffusion of entrepreneurial spirit and skills, and help to reduce economic disparities between urban and rural areas.

The importance of Micro Enterprises has been a serious concern to policy makers and the United Nations Development Programme in 2007 shows the common types of support services required by MEs which includes financial services, advisory services, human resource development, market access, infrastructure, network and associations and technology

2.17 Constraints to MSMEs Development

Despite the wide-ranging economic reforms instituted in the region, MEs face a variety of constraints owing to the difficulty of absorbing large fixed costs, the absence of economies of scale and scope in key factors of production, and the higher

unit costs of providing services to smaller firms (Schmitz, 1982; Liedholm & Mead, 1987; Liedholm, 1990; Steel & Webster, 1990). Below is a set of constraints identified with the sector.

2.17.1 Lack of Entrepreneurial & Business Management Skills

Entrepreneurial and Business management skills pose a lot of constraints to MEs development. Even though MEs tend to attract motivated managers, they can hardly compete with larger firms. The scarcity of management talent, prevalent in most countries in the region, has a magnified impact on MEs.

Furthermore, absence of information and/or time to take advantage of existing services results in weak demand for them. Despite the numerous institutions providing training and advisory services, there is still a skills gap among the ME sector as a whole (Abor and Quartey 2010). MEs have difficulties in gaining access to appropriate technologies and information on available techniques. This limits innovation and ME competitiveness. Besides, other constraints on capital, and labour, as well as uncertainty surrounding new technologies, restrict incentives to innovation.

MEs have limited business knowledge, poor management, inadequate planning and inexperience. Many owners tend to rely on one-person management and seem reluctant to vary from this managerial pattern. Most small businesses are started because someone is good at a specific activity and not because he/she has a managerial skill. Because the business resources are limited, it cannot afford to make costly mistakes, yet because the organization is so small the owner cannot afford to pay for managerial assistance to prevent bad decisions (Megginson and Byrd 2009).

2.17.2 Finance

Inadequate finance is the primary cause of new business failure. MEs identify financing, especially medium to long-term finance, as their topmost obstacle to growth and investment. These obstacles come at two levels. In least developed economies, and in some transition and developing economies deficiencies in both the macroeconomic and microeconomic environments pose challenges: high budget deficits and unstable exchange rates and legal, regulatory and administrative environment poses major obstacles to access of MEs to financing (OECD, 2004).

Access to finance remained a dominant constraint to small scale enterprises in Ghana. Credit constraints pertaining to working capital and raw materials are very common issues. This stems from the fact that MEs have limited access to capital markets, locally and internationally and as a result, MEs often cannot obtain long-term finance in the form of debt and equity. Without adequate funds, the small business owner is unable to acquire and maintain facilities, hire and reward capable employees, produce and market a product or do the other things necessary to run a successful business (Megginson and Byrd 2009).

2.17.3 Domestic Demand

The business environment varied markedly among MEs in Ghana, reflecting different demand constraints after adjustment. There were varying levels of uncertainty caused by macroeconomic instability and different levels of government commitment to private sector development. Recent economic policies have led to a decline in the role of the state in productive activity but a renewed private investment has created new opportunities for MEs. Nonetheless, limited access to public contracts and subcontracts, arising from cumbersome bidding procedures and lack of information, inhibit MEs participation in these markets.

2.17.4 Burdensome Government Regulations and Paperwork

If you want to upset small business managers, just mention government regulations and paperwork. This is one of their least favorite subjects and with good reason. Small firms are subject to many of the same regulations as their larger competitors. The regulations are often complex and contradictory which is why many MEs find it difficult to comply with governmental requirements. Most MEs do not disobey the laws on purpose but are often unaware of all the pertinent regulations and requirements (Megginson and Byrd, 2009).

2.18 Policies for Promoting MES Development in GHANA

Micro enterprise promotion in Ghana was not impressive in the 1960s. Dr. Nkrumah (President of the First Republic) emphasized state participation but did not encourage the domestic indigenous sector. The local entrepreneurship was seen as a potential political threat. To worsen the situation, the deterioration in the Balance of Payments

in the 1980s and the overvaluation of the exchange rate led to reduced capacity in the import dependent large-scale sector. Rising inflation and falling real wages also forced many formal sector employees into secondary self-employment in an attempt to earn a decent income.

As the economy declined, large-scale manufacturing employment stagnated. According to Steel and Webster (1991), small scale and self employment grew by 2.9% per annum (ten times as many jobs as large scale employment) but their activities accounted for only a third of the value added. To enable the sector perform its role effectively, the following technical, institutional and financial supports were put in place by government.

2.18.1 Government

Government, in an attempt to strengthen the response of the private sector to economic reforms undertook a number of measures in 1992. Prominent among them is the setting up of the Private Sector Advisory Group and the abolition of the Manufacturing Industries Act, 1971 (Act 356) which replaced a number of price control laws, and The Investment Code of 1985 (PNDC Law 116) which seeks to promote joint ventures between foreign and local investors. In addition to the above, a Legislative Instrument on Immigrant Quota which grants automatic immigrant quota for investors has been enacted. Besides, certain Technology Transfer Regulations have been introduced.

Government also provided equipment leasing, an alternative and flexible source of long term financing of plant and equipment for enterprises that cannot afford their own. A Mutual Credit Guarantee Scheme was also set up for entrepreneurs who have inadequate or no collateral and limited access to bank credit. To complement these efforts, a Rural Finance Project aimed at providing long term credit to small scale farmers and artisans was set up.

In 1997, government proposed the establishment of an Export Development and Investment Fund (EDIF), operational under the Exim Guarantee Company Scheme of the Bank of Ghana. This was in aid of industrial and export services within the first quarter of 1998. To further improve the industrial sector, according to the 1998 Budget Statement, specific attention will be given to the following industries for support in

accessing the EDIF for rehabilitation and retooling: Textiles/Garments; Wood and Wood Processing; Food and Food Processing and Packaging.

In addition, a special monitoring mechanism has been developed at the Ministry of Trade and Industries. In a bid to improve trade and investment, particularly in the industrial sector, trade and investment facilitating measures were put in place. Visas for all categories of investors and tourists were issued on arrival at the ports of entry while the Customs Excise and Preventive Service at the ports made proactive, operating 7-days a week. The government continued supporting programmes aimed at skills training, registration and placement of job-seekers, training and re-training of redeployees. This resulted in a 5% rise in enrolment in the various training institutes such as The National Vocational and Training Institute (NVTI), Opportunity Industrialisation Centres (OIC).

2.18.2 Creating an Enabling Environment

In many developing countries, economic liberalization has been accompanied by structural reforms aimed at creating an enabling environment for entrepreneurial and private-sector activities, the objective being to increase the level of investments – both domestic and foreign – with a view to sustaining growth.

Among other things, these reforms have addressed ways of improving the business and legal environment: legal and administrative procedures for establishing business concerns; and design of entrepreneurship-friendly support policies (fiscal reforms; training policies for staff of enterprises; changes in market intelligence service infrastructure; enhancement of the business advisory industry; and development of financial medium scale enterprises). In most cases, working groups or ad hoc measures to supervise such reforms have been established with the support of donor agencies, particularly with regard to support policies for the private sector.

It is increasingly recognized, however, that such policies have rarely devoted sufficient attention to issues linked to developing the private sector. Given the hostile environment faced by entrepreneurs mainly characterized by uncertainties and strong entry barriers – small, private-sector activities in rural areas must be backed up by policies and measures aimed at supporting the development of MEs as instruments for

poverty reduction. Other possible measures might be to adopt fiscal and legal policies for entrepreneurs in rural areas and to foster rural-urban business support policies.

In view of the correlation between infrastructure development and the promotion of entrepreneurial activities, MEs policies should be backed up by policies for the development of rural infrastructure. Investments in MEs related rural infrastructure should mainly concern the rehabilitation and upgrading of rural road networks to improve connections with markets and include rural electrification programmes as a precondition for the development of local institutions and/or businesses that provide services to rural entrepreneurs (for example small, multi-purpose business centres in rural areas).

Another important dimension of the enabling environment concerns the facilitation of constructive dialogue among private-sector actors and other concerned stakeholders: governments, financial institutions, business service providers (private and public), NGOs, donors and so on. In some countries, this dialogue may draw upon permanent or semi-permanent forums where stakeholders discuss progress in defining institutional ME frameworks. Specific institutions, such as rural business associations and other advocacy groups and/or individuals that represent the interests of rural MEs should be empowered to play an active role in the elaboration of such frameworks.

2.18.3 Institutions

A BDS organization is any organization with a mandate to provide business development services to the business community. BDS organizations can be public or private sector institutions, and registered as a non-profit organization or as commercial business (Olming, 2004:18). Business Development Services are often provided through Business Advisory Centres or similar units in institutions that offer a mix of services.

The National Board for Small Scale Industries is the apex governmental body for the promotion and development of the Micro Enterprises (ME) sector in Ghana. It was established in 1985 by an Act of the Parliament of the Third Republic of Ghana because the government viewed the sector as having the potential to contribute substantially to reducing the high unemployment rate and to the growth of the

economy of Ghana. The activities of NBSSI fall into two broad categories: financial and nonfinancial services.

Financial services aim to improve NBSSI clients' banking culture and accounting practices. They also include extending credit through its loan schemes to entrepreneurs for both working capital and the acquisition of fixed assets and the Non-financial services are advanced by Business Advisory Centres (BACs), which are the extension wings of the NBSSI operation across the country. BACs provide "relevant information, training and guidance to individuals that will make the entrepreneur a well-rounded, competent and confident businessperson and to enterprise associations, to increase the general business culture and business knowledge sharing." The following objectives guide the operations of NBSSI:

- To contribute to the creation of an enabling environment for the development of small-scale enterprises.
- To contribute to the development of an entrepreneurial culture in Ghana.
- To facilitate access to credit for small enterprises.
- To provide non-financial support for sustainable small-scale enterprise development

2.19 Conceptual Framework

A conceptual framework "lays out the key factors, constructs, or variables and presumes relationships among them". (Miles and Huberson 1994:440; Jabereen, 2009:51). The conceptual framework illustrated below indicates the various variables involved in the research. It was applied to examine the relationship and impact of Business Development Services and Micro Enterprises. A range of issues has been identified as influences on Micro Enterprises development. These include market access, training, technical assistance, technology and product design and finance.

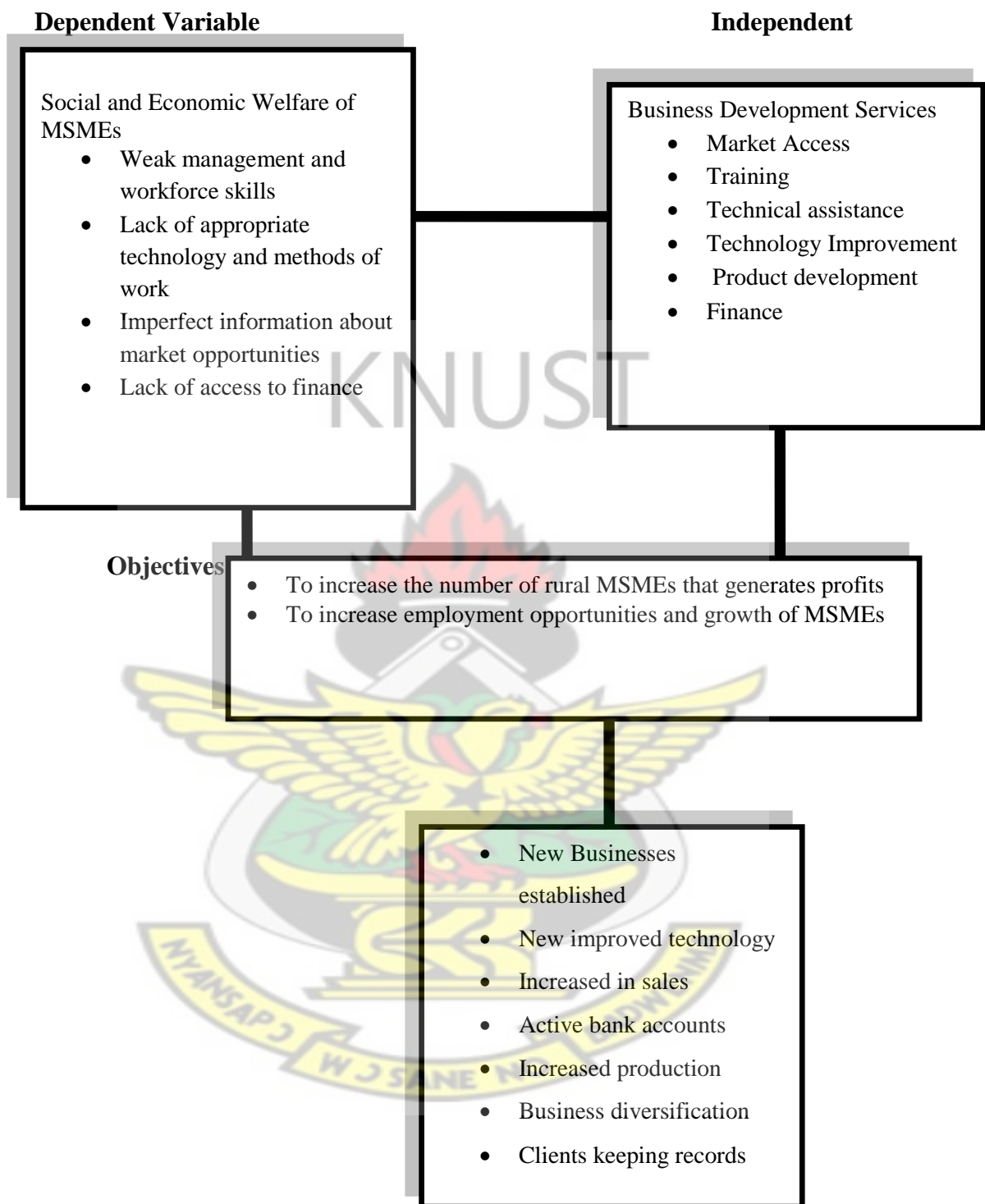
Deriving an understanding of how these factors is connected and how they contribute to the wellbeing of MEs requires an integrated conceptual framework. The first of these insights is the understanding that individual outcomes can only be understood within a larger ecological context. The second insight could be referred to as dynamic connectedness in that, processes in the different layers of this ecological context may well effect changes in all other levels. Layers are interconnected such that the

developmental path that any one individual will take is determined by the interaction of factors at a number of levels (Sheila Greene and Co. 2010).

There is the dependent variable, the independent variable, the objectives and the impacts. The Micro Enterprises depend on training that is Business Development Services. These trainings include market access and input supply; technical assistance; technology improvement and product development. These BDS trainings are to improve the social and economic wellbeing of these MEs. The Micro enterprises are faced with constraints of weak management and workforce skills; lack of appropriate technology and methods of work; imperfect information about market opportunities and lack of access to finance. The set of objectives for this interventions include; to increase the number of rural MEs that generate profits and to increase employment opportunities and growth of MEs. The achievement of these objectives will lead to the establishment of new business, job creation, new and improved technology, increases in sales and the opening of active bank accounts which are the impacts of the training.



Figure 2.1 - Conceptual Framework



Source: Authors' Construct (2013)

CHAPTER THREE

PROFILE OF STUDY AREA AND RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the profile of the study area and the research methodology. The main issues addressed in this chapter include the characteristics of the research area, the research design and techniques for data collection and analysis.

3.2 Profile of the Study District

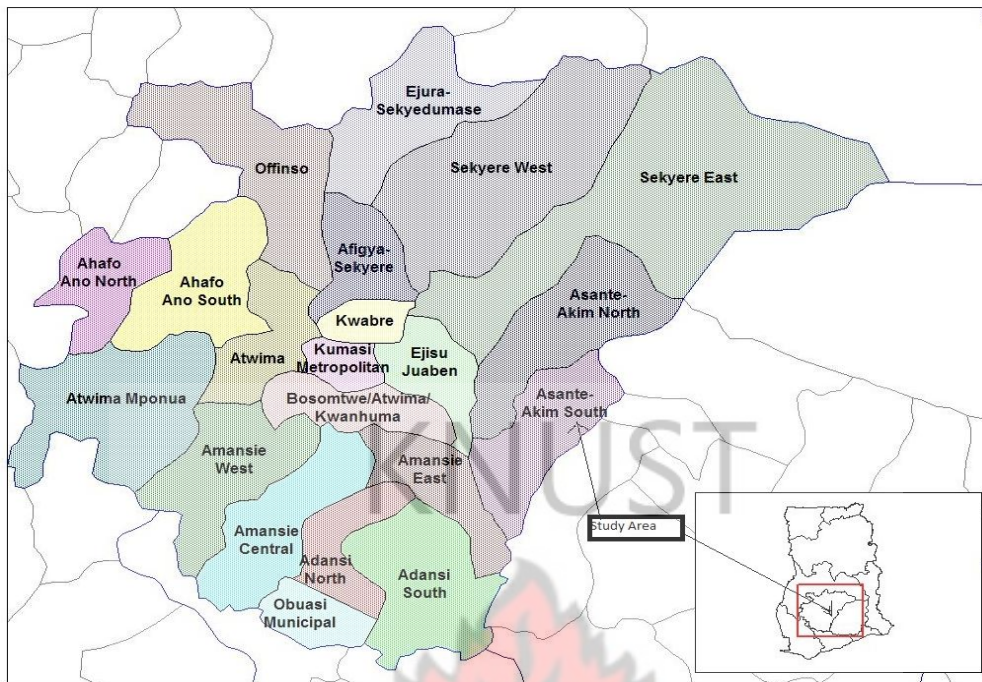
(a) Location and Size

The Asante Akim South District was carved out of the Asante Akim District in 1988. The district has a land area of 1,217 km² (472.4sq. miles) drained by the Bosompra, Kume, Subin and Anum rivers and a number of perennial and seasonal streams. The Kwahu-Mampong – Kintampo ridge passes through the district in the east. The district is situated in the eastern part of the region and is the gate way to Ashanti from the Eastern and Greater Accra Regions. The strategic location of the district makes it easier for micro enterprises to thrive since many foreigners pass through the district (Asante Akim South Assembly (AASDA), 2010)

It is bounded in the north and northwest by the Asante Akim North Municipal and in the west by the Ejisu-Juaben Municipal. Bekwai Municipal /Bosome-Freho is on its southwest border; and the eastern border which coincides with the boundary between the Ashanti and Eastern Regions is shared with the Kwahu South, Kwahu West and Birim North Districts all in the Eastern Region. The district is bounded to the north and west by municipal areas giving the district a ready access to market.

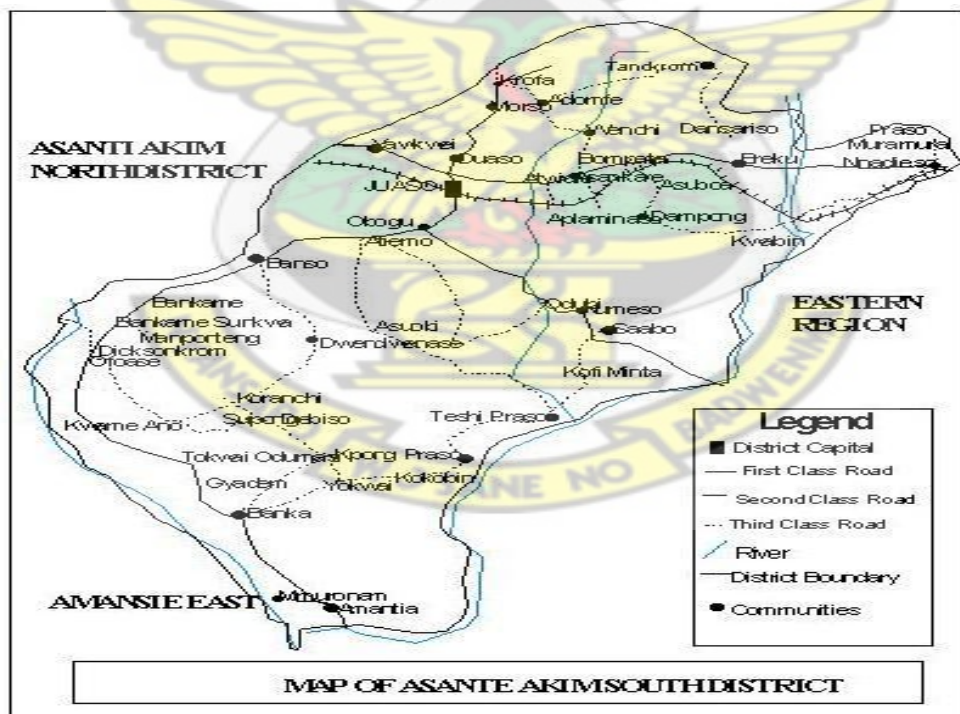
There are in all, one hundred and three (103) settlements; the major ones being Juaso, Obogu, Adomfe, Dampong, Morso, Kurofa, Asankare, Adomfe, Bompata and Ofoase. The people are mainly Akans (Akuapems, Kwahus, Akims, Fantes and Ashantis) playing host to other ethnic groups like Ewes, Krobos, Guans, Gas and people from the northern part of Ghana.

Figure 3. 1- Study Area in Regional and National Context



Source: http://en.wikipedia.org/wiki/Asante_Akim_South_District

Figure 3. 2 - Asante Akim South District Map



Source: AASDA 2012

(a) Population

The district population is 117,245 representing 2.5% of the Ashanti Regional population (4,780,380). Juaso, the district capital, has a population of 8,421. 49.6% of the population is female and the 15-54 age cohorts constitute 52% of the population yielding a significant labour force. (Population and Housing census, 2010).

21.6% of the economically active population is engaged in the services sector dominated by trading in agricultural produce and manufactured goods. Industry, mostly agro-processing, pottery, wood works employs only 6% of the working population (AASDA, 2010).

(b) Climate and Vegetation

The district has a uniformly high temperature throughout the year ranging between 26 C in August and 30 C in March - April whilst rainfall ranges from 1500mm to 1700mm during its double-maxima annual rainfall periods of April - June and August - October. The fairly uniform distribution of temperature and rainfall enhances the cultivation of both cash and food crops. Tree crops like palm tree grows in the district and this enhances palm oil production.

The entire district falls within the moist semi-deciduous forest region (i.e. vast forest lands) where different species of tropical hardwoods with high economic value abound. These include Odum, Mahogany, Ofram, Teak, and Wawa. (AASDA, 2010). Micro enterprises involved in primary fabrication precisely carpentry would benefit from the vast tropical hardwood that are available in the district.

(c) Industrial Sector

The industrial sector employs six per cent of the employed labour force. It is made up of agro-based industries (61.7 per cent), wood based industries (11.1 per cent) and clay based industries (6 per cent), all of which operate on small scales. Agro-based industry is made up of food processing, alcohol distilling and palm oil production. The wood based industry includes small-scale sawmilling and carpentry which is also called the traditional craft. The metal-based industry consists of black smiths, while the clay-based industry includes pottery (AASDA, 2010).

The industrial sector employs labour intensive techniques of production and operate on a small scale. Most of the people employed are apprentices. The industry needs to undertake training in market access, technology and product development to help these industries to grow.

The industrial sector in the district is made up of:

- Food processing (rice and corn milling);
- Cassava processing mostly into gari with a big potential for cassava starch and pallets;
- Palm kernel and oil palm processing;
- Carpentry / Wood Processing (i.e. sawn lumber, manufacturing of furniture, doors and windows, etc);

3.3 Community based Skills Training

The business development services sector which community based skills training is a major component plays a key role in the district. In this regard, training programmes in the areas of bee keeping, grass cutter rearing, bead making, batik tie and dye making are provided for people who are either employed or unemployed and are interested in learning the trade. These community based programmes helps in the establishment of new business ventures, helps creates jobs and increases incomes of the people's involved.

3.4 Outcome indicators

According to the status report of the BAC in 2012, the implementation of activities and programmes in the district as at December, 2012 resulted in a number of outcomes. The key among the outcomes includes the following:

- 461 new businesses established.
- 598 new jobs created.
- 163 clients are keeping business records for decision making.

Table 3. 1 - Outcome Indicators from 2006 – 2012 at AASDA

No	OUTCOME INDICATORS (2006 – Dec. 2012)	MALE	FEMALE	TOTAL
1	Clients adopting new and improved technology	120	385	505
2	Active Bank Accounts	56	150	206
3	New Businesses Established	130	331	461
4	Increased Production	56	197	253
5	Increased Sales	56	211	267
6	New Jobs Created	198	400	598
7	Improved Packaging	13	76	89
8	Clients keeping Records	33	120	163
9	Business Diversification (Product & Business Lines)	27	164	191
10	Selling Outside Home District	43	94	137
11	Enterprises established by Graduate Apprentices	60	97	157
12	LTA s with Improved Leadership	19	31	50
13	Clients having Access to MSE Information	68	210	278
14	Clients Adopting Good Workshop Safety	12	34	46
15	Supplying Goods to larger enterprises	23	51	74

Source: Status report 2012

3.5 Research Methodology

The methodology that was applied by the study was chosen in order to acquire information and deduce conclusions about the effects of Business Development Services on MEs. This section focuses the techniques that have been used for the study with the aim of achieving the research objectives. The Business Advisory Center of the National Board for Small Scale Industries will be used for this study. This institution is involved in the training and development of MEs.

3.5.1 Research Design

The research design that was used in the study is the survey. Surveys are used to collect data for non-experimental designs. In a survey, the investigator selects a group of respondents, collects information to answer the research questions. The group of

subjects is usually selected from a larger population through some type of probability sampling, which allows accurate inferences about a large population from a small sample Macmillan, (2004:194).

Surveys are versatile in being able to address a wide range of problems or questions, especially when the purpose is to describe the attitudes, perspectives, and beliefs of the respondents, and can be conducted with written questionnaires or interviews Mcmillan, (2004:195).

According to Mcmillan, (2004:195), the most important advantage of the written survey and that many questions can be asked, respondents can be assured of anonymity, lower cost, and the ability to reach a fairly large sample. The methodology employed in this research also entailed a combination of questionnaire, personal interview, focus group discussions, library and desk research. Descriptive statistics is the main means of analysis which was used to assess the impacts of Business Development Services of Micro Enterprises. The survey will enable the researcher to employ almost all the key within the industry.

3.6 Sampling

3.6.1 Sample Frame and Sample Size Determination

The Business Advisory Centre (BAC) of the National Board for Small Scale Industries in the district has 5,228 clients since its inception in 2005. The centre has conducted 174 trainings which include training in community based skills, small business management and rural financial seminar. The three trainings mentioned has 536 clients which were obtained from the database of the BAC in the district. The district was divided into four parts using the cardinal points North, South, East and West with the centre at Dwendwenase and the communities were randomly selected based on them. Samples were drawn from each of the stratum that is the North, South, East and West. The population of the micro enterprises is tilted towards the north so three communities that is obogu, Bompata and Juaso was selected from the north.

Simple Random Sampling was used to select respondents from each region using a lottery method which was compared to the beneficiaries from the list available from the BAC office. Enterprises which was selected and could not be found was replaced

by those who could be found. The use of the stratified and simple random sampling ensured randomness, fair distribution and representativeness.

Purposive sampling was used to select the head of the Business Advisory Center in charge of the micro enterprise at the Asante Akim South District Assembly. This is because He was directly in charge of the micro enterprises and had in-depth knowledge of the project.

Table 3. 2 - Communities Interviewed

COMMUNITIES	SAMPLE
Obogu	70
Bompata	56
Asankare	23
Yawkwei	8
Juaso	40
Ofoase	8
Tokwai	10
Saabo	7
Kumeso	7
Total	229

Source: Authors Construct (2013)

By using the mathematical method with a 5% margin of error, the sample size was calculated as:

$$n = \frac{N}{1 + N(e)^2}$$

Where: n = sample size; N= sample frame; and e = margin of error or significance level. In this study, N = 536 (i.e., total number of clients trained in business development services) and e = 0.05 (i.e., significance level chosen).

$$\text{Therefore, } n = \frac{536}{1+536(0.05)^2} = \frac{536}{2.34} = 229.059 \approx 229$$

Hence the sample size for the study is two hundred and twenty-nine (229) beneficiaries of Business Development Services' programme.

This sample size was shared among the five business categories which include the service enterprise, agro-processing, agric and forest, primary fabrication and traditional craft.

3.7 Sampling Technique

Ideally, the entire population should have been studied one by one, however, it is impossible or unfeasible to do this and therefore one must settle for a sample. According to Black and Champion (1976), sample is a portion of elements taken from a population, which is considered to be representative of the population.

First approach is to identify program beneficiaries from the database of NBSSI. A second approach is to administer a purposive firm survey to a sample of program beneficiaries. The advantage of this approach is that surveys can be used to elicit different details about the respondent's program participation experience, satisfaction with support services provided and pre and post treatment data on firm performance.

3.8 Study Variables

According to McMillan, (2004:31), a variable is a type of concept or characteristic that can take on different values or be divided into categories. The variables used for this study is shown on the table below.

Table 3. 3 - Study Variables and data requirements

Measure/Indicators		Data Required	Data Source
Job creation	Number of jobs created	Employment details	Organisational records
	Number of people trained	workshop/attendance list	Organisational records
	Number of monitoring exercises undertaken	Details of monitoring	Trainees
Business establishment	Number of training workshops organized	workshop/attendance list	Organisational records
	Number of businesses established	Labour details	Organisational records
	Number of monitoring exercises undertaken	Details of monitoring	Trainees
New technology	Number of trainings on new technology organized	workshop/attendance list	Organisational records
	Number of clients adopting new and improved technology	workshop/attendance list	Organisational records
	Number of monitoring exercises undertaken	Details of monitoring	Trainees
Sales	Number of clients with increased sales	Sales records	Organisational records
	Number of monitoring exercises undertaken	Details of monitoring	Trainees

Source: Authors Construct, 2013

3.9 Validity and Reliability of Research Instrument

Validity is the extent to which a test measures what we actually wish to measure. Content validity is the extent to which a measuring instrument provides adequate coverage of the investigative questions guiding the study. If the instrument contains a representative sample of the universe of subject matter of interest, then content validity is good (Cooper and Schindler 2011:281).

A pilot study was conducted to refine the methodology and test the instrument that is the questionnaire before administrating the final phase. Issues raised by respondents were corrected and questions refined. Also the questions were also given to a specialist in the area to check the validity of the instrument.

The questionnaire clearly showed a before and after table on the various indicators of MEs growth in ten selected communities. The relevant information was collected on the relationship between MEs activities and their growth. The interviews, conclusions and inferential statistics model used to test the relationship validated the instrument.

A measure is reliable to the degree that it supplies consistent results. Reliability is a necessary contributor to validity but not a sufficient condition for validity (Cooper R. and Schindler, 2011:283). The extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable (Joppe 2000; 1; Golafshan 2003).

The reliability of the study was expressed through the use of chi square statistics which is used to determine whether there is a significant difference between the expected frequencies and the observed frequencies in one or more categories. Also since the instruments were developed based on data from respondents, then the instruments are consistent with the objectives of the study.

3.9.1 Data collection

In the collection of the data, both qualitative and quantitative research approach was used. Quantitative data is data that can be measured in terms of values and figures and qualitative data deals with data that can be observed but not measured. This research seeks to employ the use of questionnaires and interview guides.

The various methods of data collection which will be used for the study has both advantages and disadvantages. In the use of the questionnaire; it is less expensive, has a greater anonymity and can be distributed in a number of ways but the disadvantage is that it should contain the appropriate questions otherwise the success rate can be poor and also it should be given to literates to give easy understanding.

3.9.2 Sources of data

For the purpose of this research, and in order to achieve the objectives both primary and secondary data will be collected. The secondary data will contribute toward the formation of background information, needed by both the researcher in order to build

constructively the project and the reader to comprehend more thoroughly the survey outcome.

According to Mcmillan, (2004:61), primary sources are original articles and reports in which researchers communicate directly to the reader the methods and results of their studies. The primary data was collected from clients who received training in community based skills development under the BAC in the Asante Akim South district. Secondary data sources include employment, sales and bank information's, the project monitoring report, and published and unpublished works from journal articles, reports and working papers which were extensively reviewed.

3.9.3 Techniques of Data Collection

Primary data will be collected in three ways; a questionnaire survey will be conducted with selected MEs, a focus group discussion will be conducted for the various categories of respondents and lastly interviews will be carried out with Business Development Services Providers. In this research, the questionnaires were used to collect both quantitative and qualitative data from beneficiary clients of community based skills development training and the officers in charge of the Business Advisory Centres.

The questionnaire consists of both open-ended and close-ended questions in order to allow respondents to express their views on certain issues. The respondents was asked to identify the impact of BDS in their lives and the socio-economic development of their district. Secondly respondents was asked to comment freely on how they will want the BDS to contribute more towards their wellbeing and also share their views before and after the trainings were conducted.

Three National Service Persons were recruited and trained as research assistants who help in the data collection due to time constraint on the part of the researcher. However, they were closely monitored by the researcher to ensure that they did the right thing. Field observation as a qualitative data collection tool was also used to complement the questionnaire.

3.9.4 Techniques of Data Analysis and Presentation

The responses from the personal interviews and questionnaires was grouped and classified into meaningful categories after editing. Data from the field were edited and coded correctly to make meaning out of them. Editing on the other hand was done to correct errors, check for non-responses and accuracy. Coding was done to facilitate data entering and comprehensive analyses. Appropriate Graphs and tables was drawn using SPSS to arrange figures in order to be able to do a clear and an unambiguous analysis. Data will therefore be analyzed based on meanings expressed through words and by classifying data into meaningful categories.

3.9.5 Models Specification

3.9.5.1 Chi square

The null hypothesis is a particular claim concerning how the data is distributed. The null and alternative hypotheses for each chi square test can be stated as

$$H_0: O_i = E_i$$

$$H_1: O_i \neq E_i$$

If the claim made in the null hypothesis is true, the observed and the expected values are close to each other and $O_i - E_i$ is small for each category. When the observed data does not conform to what has been expected on the basis of the null hypothesis, the difference between the observed and expected values, $O_i - E_i$, is large. The chi square statistic is small when the null hypothesis is true and large when the null hypothesis is not true. Exactly how large the X^2 value must be in order to be considered large enough to reject the null hypothesis can be determined from the level of significance and the chi square table.

The chi square statistic, along with the chi square distribution, allows the researcher to determine whether the data is distributed as claimed. If the chi square statistic is large enough to reject H_0 , then the sample provides evidence that the distribution is not as claimed in H_0 . If the chi square statistic is not so large, then the researcher may have insufficient evidence to reject the claim made in the null hypothesis.

Degrees of freedom refer to the number of values that are free to vary after restriction has been placed on the data. The term “degrees of freedom” is used to describe the number of values in the final calculation of a statistic that are free to vary. It is a function of both the number of variables and number of observations. The degree of freedom is equal to the number of independent observations minus the number of parameters estimated as intermediate steps in the estimation.

3.9.5.2 Ethical considerations

The research took into consideration a number of ethical issues which includes:

- Permission was obtained from NBSSI and heads of the various MSMEs to use their clients for the research
- All secondary materials used were sourced appropriately



CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

The study investigated the impacts of Business Development Services on Micro Enterprises in the Asante Akim South district. In the collection of data there was the administration of questionnaires, personal interview and the extraction of secondary data. The data was analysed and presented based on hypotheses which was structured to focus on variables that are relevant to the growth and performance of Micro Enterprises.

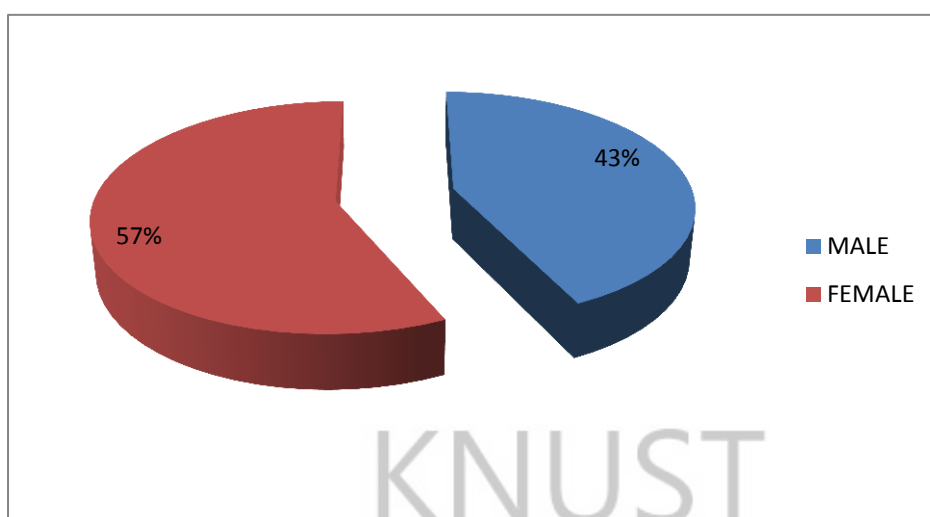
4.2 Profile of Respondents

4.2.1 Age and Gender Composition

Among the sample of 229 respondents who were selected for the study, 132 of the respondents were females who constituted 57% and 97 of the respondents were males who constituted 43% as shown by figure 4.1. Women are mostly engaged in small scale production, which further confirms the fact that most beneficiaries of Business Development Services are female. Majority of MEs were female-owned businesses, which more often than not are home-based compared to those owned by males; they were operated from home and are mostly not considered in official statistics (Abor and Quartey, 2010).

The high concentration of women in this sector implies there is the need to fully understand the impact of Business Development Services programmes on women in the Asante Akim South District. BDS needs to promote non-traditional roles and opportunities for women. The training must focus on improving women's confidence and their ability to challenge the traditional norms in families and communities which retard the successes of businesses. Business Advisory Services need to be more visible and need to market themselves more broadly especially to women. More also need to be done to recruit women into the Advisory Centre so they will help champion the cause of women in small enterprises in the district.

Figure 4. 1 - Gender Structure



Source: Field Study 2014

With regard to age distribution, Table 4.1 shows that 116 out of 229 of the respondents representing 50.7% are within the age group 36-49 years and 67 respondents representing 29.3% are within the age group 20-35 years. Respondents below 20 years represent 7.4%, 10.5% represents 50-60 years and 2.2% represents 60 years and above groups. These two groups represent the majority of respondents and therefore it is safe to say that most of the respondents are above the age of 20 years which is within the economically active age groups which constitute the labour force. It also means that almost 90% of the economically active population is employed by the ME sub sector.

The majority of young people in the developing world face little prospects of securing a job in the formal sector after school and for many self-employment is the only option. As a result helping young people to earn a living through entrepreneurship can make a vital contribution to poverty reduction. Economic growth requires the nurturing of leaders with entrepreneurial skills and attitudes.

Economically active age group is the key tool to developing the human capital necessary for the future. Therefore multiple initiatives exist to promote youth entrepreneurship through Business Development Services Training for those who will want to start their own businesses and also help those with existing businesses acquire the needed skills. 12.7% of the sample interviewed was above the age of 50 which also means Micro Enterprises is also attractive to older people. Older people are also

interested in forming new companies as small businesses offer the most opportunities and flexibility to retirees or those terminated from their regular employment.

Table 4. 1 - Age Distribution of Micro Enterprises

Age	Frequency	Percent
Below 20 years	17	7.4
20-35 years	67	29.3
36-49 years	116	50.7
50-60 years	24	10.5
60 years and above	4	2.2
Total	229	100

Source: Field Study 2014

Table 4. 2 - Gender with the nature of the Micro Enterprises

		NATURE					
		Service	Agro-process	Primary fabri.	Trad. craft	Agric forest	Total
Gender	Male	11	22	13	49	2	97
	Female	33	76	14	9	0	132
Total		44	98	27	58	2	229

Source: Field Study 2014

The table shows the cross tabulation of males and females with the nature of enterprises under the micro enterprises. It is shown that 76 females are engaged in agro-processing as compared to 22 males. In Ghana, the high population growth of about 3% which far exceeds food production of about 2%, has made the role of women in food production, processing and marketing more important in ensuring that people in the country are not underfed and do not suffer from malnutrition (*Okorley et al, 1998*). An important area in agriculture in Ghana is agro processing.

The main agro-processing activity in the area is palm oil processing. It is also realized that 49 males are involved in traditional craft as compared to 9 females. This activity has to do with a lot of basketry and weaving which is classified as manly in our society.

Table 4. 3 - Gender with the various components of Business Development Services

	Market access	Infras.	Training, technical	Tech. product develop	Finance	Total
M	41	5	42	7	2	97
F	27	15	73	16	1	132
	68	20	115	23	3	229

Source: Field Study 2014

From the table 4.1.3, it was found that 73 females are involved in training and technical assistance programmes of the Business Development Services as compared to 42 males. This shows that females do not only dominate in the micro enterprises sector but they also engaged themselves in training activities.

Table 4. 4 - Age with the nature of Enterprises

		Nature					
		Service enterprise	Agro-processing	Primary fabrication	Traditional craft	Agric and forest	Total
Age	Below 20 yrs	9	5	1	2	0	17
	20-35 yrs	17	11	6	33	0	67
	36-49 yrs	16	60	16	22	2	116
	50-60 yrs	1	18	4	1	0	24
	Above 60 yrs	1	4	0	0	0	5
Total		44	98	27	58	2	229

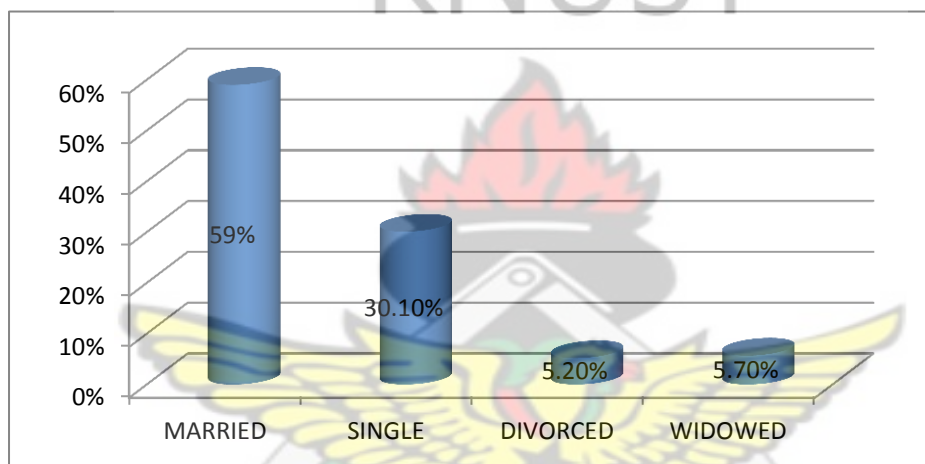
Source: Field Study 2014

The cross tabulation of age distribution with the nature of the micro enterprises sector shows that the age range of 20-35 years and 36-49 years which is considered as the youthful population are mainly involved in agro-processing and traditional craft.

4.2.2 Marital Status

Majority of the respondents 59% were married, 30.1% were single, 5.7% were widowed and 5.2% were divorced. Marriage comes with lot responsibilities of taking care of your spouses and children. A micro enterprise is a business that is privately owned and operated with employees less than 9 and relatively low volume of sales. This implies that majority of the respondents have families to cater for despite the fact that they are entrepreneurs and as a result need to be equipped with business development skills so that they can perform their roles diligently.

Figure 4. 2 - Marital Status



Source: Field Study 2014

4.2.3 Educational Status

Educational status is very important because it affects their initial capital and the management of their enterprises. The study revealed that 31.4% of the respondents have their highest level of education at Junior High School; 28.8% have no formal education; 20.5% have primary education; 17.9% have secondary/technical/vocational education and 1.3% have a university/polytechnic education.

The relevance of this to the study is that, majority in the sample size are literate. They have adequate knowledge judging from their educational qualification, to be able to provide intelligent answers to questions requested of them. However, 28.8% which is the second highest has no formal education and this worrying since some level of education is needed in the MSME sector in order to record growth and performance.

Table 4. 5 - Educational Status

Educational status	Frequency	Percent
No formal education	66	28.8
Primary education	47	20.5
Junior high school	72	31.4
Secondary/technical/vocational	41	17.9
University/polytechnic	3	1.3
Total	229	100

Source: Field Study 2014

Table 4. 6 - Educational Enrollment with the components of Business Development Services

		Components					Total
		Market access	Infras.	Training, tech	Tech. Product dev't	Fin.	
Edu.	No formal Edu.	24	7	34	7	0	72
	Primary Edu.	19	4	19	4	1	47
	Junior high school	11	6	39	10	0	66
	SHS/tech/voc.	14	2	21	2	2	41
	Uni./polytechnic	0	1	2	0	0	3
Total		68	20	115	23	3	229

Source: Field Study 2014

The cross tabulation of education and the various components of business development services shows that 66 out of the 229 has no formal education and are actively engaged in all the various trainings which are being organized by the BAC. Most proprietors of informal MEs have low levels of education. It is important that informal entrepreneurs have access to some form of formal education to facilitate their operations. The analysis has revealed that most of the entrepreneurs have basic education and this is a handicap since it would restrict their ability to learn modern entrepreneurial skills and acquisition of technical capabilities to enhance their economic activities

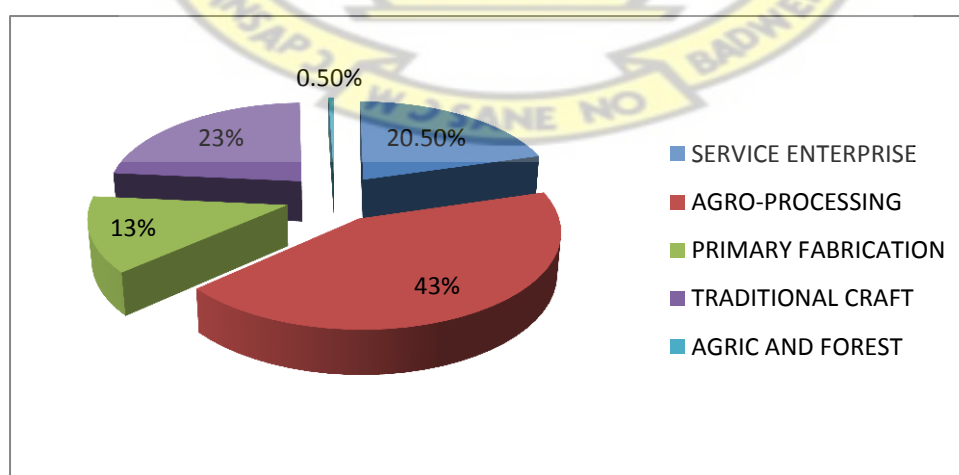
4.3 Nature/Kind of Enterprise

The figure 4.3 shows the nature of enterprises found in the Asante Akim South District. The majority is the agro-processing industry which constitutes 43% of the data collected, Agro-processing (basically in palm oil, shea butter and cassava processing). Traditional craft (cloth weaving, basketry and sculpture) constituted 23%, the service sector plays an important role in the rural economy with about 20.5% being actively involved in the area.

It comprised activities such as dressmaking, food vending, hairdressing, auto electrical and mechanical repair work, primary fabrication is 13% and Specialized agricultural and forestry products and services such as rodent and snail rearing, mushroom and bee keeping accounted for about 0.5%. Evidence suggests that ME processors use rudimentary technologies in their business activities, which hampers their performance and competitiveness. Access to the latest and appropriate processing technologies becomes crucial for ME development.

“The agro-processing industry covers a broad area of postharvest activities, comprising artisanal, minimally processed and packaged agricultural raw materials, the industrial and technology-intensive processing of intermediate goods and the fabrication of final products derived from agriculture” Wilkinson and Rocha (2009) as quoted by DAFF 2012. Majority of the respondents were palm oil producers which is the major economic activity in the area.

Figure 4. 3 - Nature/Kind of Enterprise



Source: Field Study 2014

4.4 Duration of Clients business

Table 4.3 shows the number of years clients have been operating their businesses. The table shows clearly that most of the clients businesses representing 48.5% were established less than 5 years ago. Micro enterprises that established their businesses between 5 and 10 years ago was 33.6%, 10% of the respondents established their businesses between 11 and 15 years and the remaining 7.9% established their businesses over 15 years. Majority of the businesses are within the five year time frame which implies that businesses started around the time the business advisory centre was established in the district and as a results served as a catalyst for the startup of new businesses and the growth of existing ones.

Since the inception of BAC in 2005, 5228 clients have been trained. Some of the training have lasted 10 days, 5 days, 2 days and others daily. Some of the clients since their involvement with BDS have attended training for more than 7 times and hence has helped to enhance their businesses. The number of businesses is on the increase and will continue to increase because BDS is given them the needed ingredients for them to grow. 22% of clients have changed their line of businesses to undertake BDS training in order to learn a new skill to start the businesses of their dreams. Others too have come to learn skills like tie and dye, bee keeping as a hobby or as a part time business

Table 4. 7 - Duration of enterprises

DURATION	FREQUENCY	PERCENT
LESS THAN 5 YEARS	111	48.5
BETWEEN 5 AND 10 YEARS	77	33.6
BETWEEN 11 AND 15 YEARS	23	10
OVER 15 YEARS	18	7.9
Total	229	100

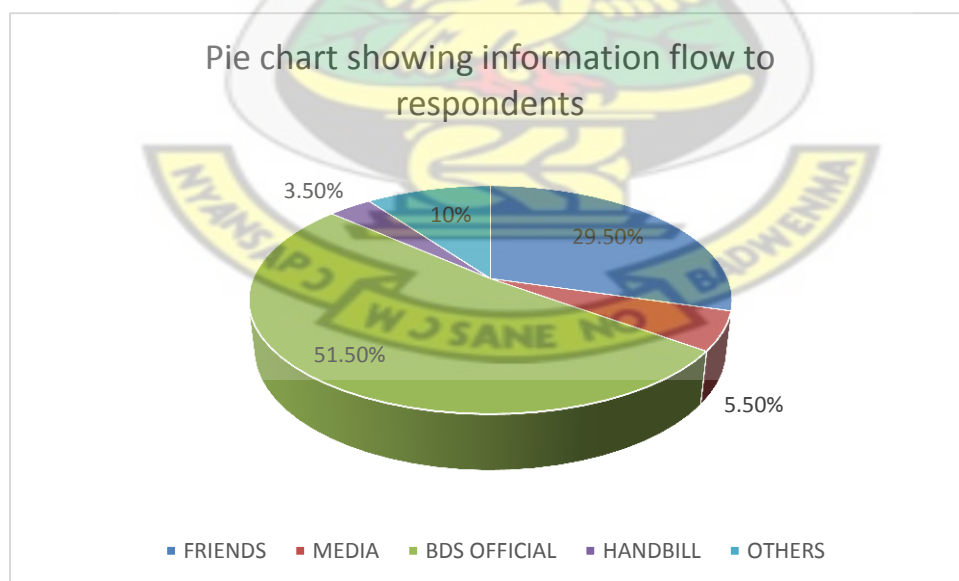
Source: Field Study 2014

4.5 Information flow

The figure 4.4 shows the flow of information concerning the activities of the Business Advisory Centre (BAC) in the district. The respondents who said they were approached personally by the BAC officials to let them know the importance of business development services were 53.3%; 26.2% of the clients interviewed heard about BAC from their friends; 12.7% representing others stated examples like hearing it from community development officers; 4.8% heard from their various information centers that is the media and the remaining 3.1% got the information from reading a handbill.

MEs need to have access to adequate information to enhance productivity and to enable easy market access. The establishment of an ME sector that is active is dependent on quality information. This implies that the BAC is working efficiently to ensure that entrepreneurs and would be entrepreneurs get the needed ingredients to enhance their businesses. Business Development Services has produced many success stories and as a result 90% of clients interviewed said they would recommend the service to friends and relatives as it has impacted a lot on their businesses.

Figure 4. 4 - Information flow



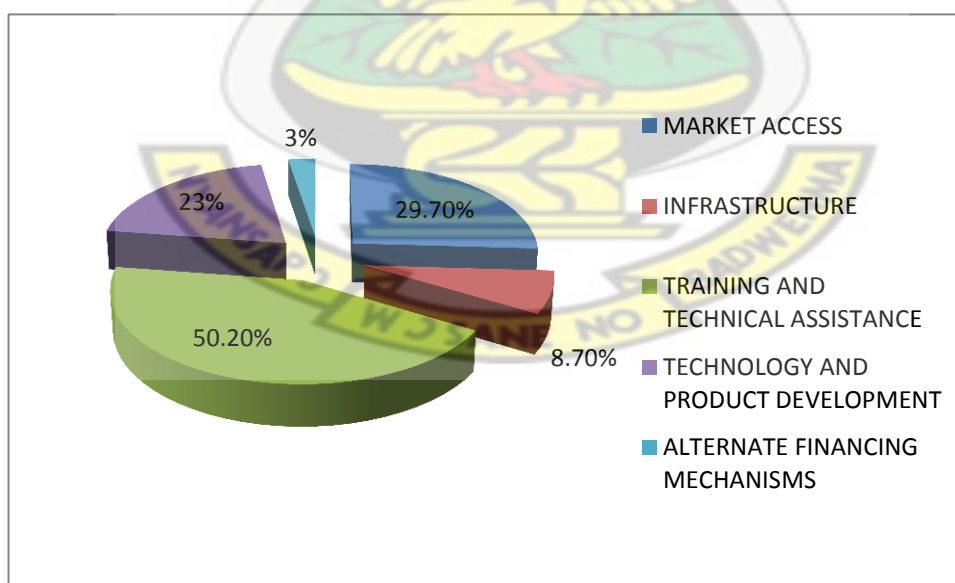
Source: Field Study 2014

4.6 Components of Business Development Services

Figure 4.5 below indicates the various components of business development services. The respondents who have benefited from training and technical assistance programmes was 50.2% ; 29.7% of the respondents have benefited from workshops on market access, competition promotes efficiency and policies that promote intense, but fair competition will result in a strong private sector; 23% benefited from workshops on technology and product development; 8.7% have benefited from workshops on infrastructure.

It is only when MEs get the best infrastructure support that they can thrive like they do in advance countries. The size, characteristics and efficiency of the private sector depends very much on the infrastructure in place and the remaining 3% have benefited from workshops on alternative financing mechanisms. Training and technical assistance consists of workshops on records keeping, business diversification, enhancement of technical skills and clients adopting good workshop safety. These programmes are general in the sense that they run through all the business ventures and as a result are applicable to a lot of the clients.

Figure 4. 5 - Components of Business Development Services



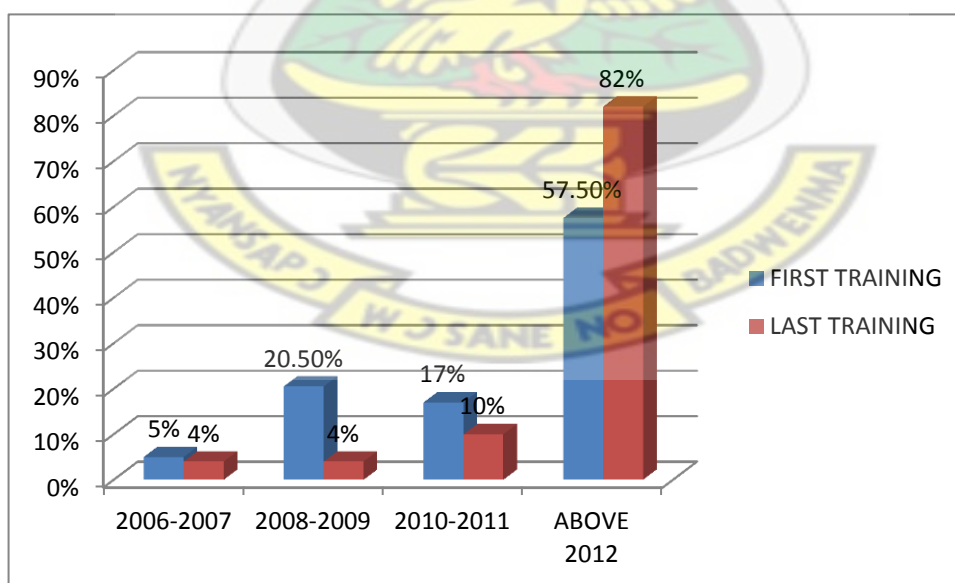
Source: Field Study 2014

4.7 First and Last training

The Asante Akim South District Assembly in collaboration with the National board for Small Scale Industry (NBSSI) and Rural Enterprises Project (REP) officially opened the Business Advisory Centre in Juaso on 11th July, 2005. The district business Advisory Centre carried out its activities successfully under the Rural Enterprises Project Phase II.

The figure below shows the training years from 2006 to years above 2012 since the inception of the BAC in the district. It was observed that between 2006 and 2007 5% took their first training and 4% took their last training; 2008 and 2009 20.5% took their first training and the last training was still 4%; between 2010 and 2011 the number of MEs who went through training drop to 17% and the last training increased to 10%, but from 2012 up to date, the number of people taking training for the first time has increased to 57.5% and the last trainings has increased to 82%. This implies that more people are getting involved in the training programmes because of the number of outcomes in areas of new businesses established, new jobs created, clients keeping business records for decision making and others.

Figure 4. 6 - First and Last training



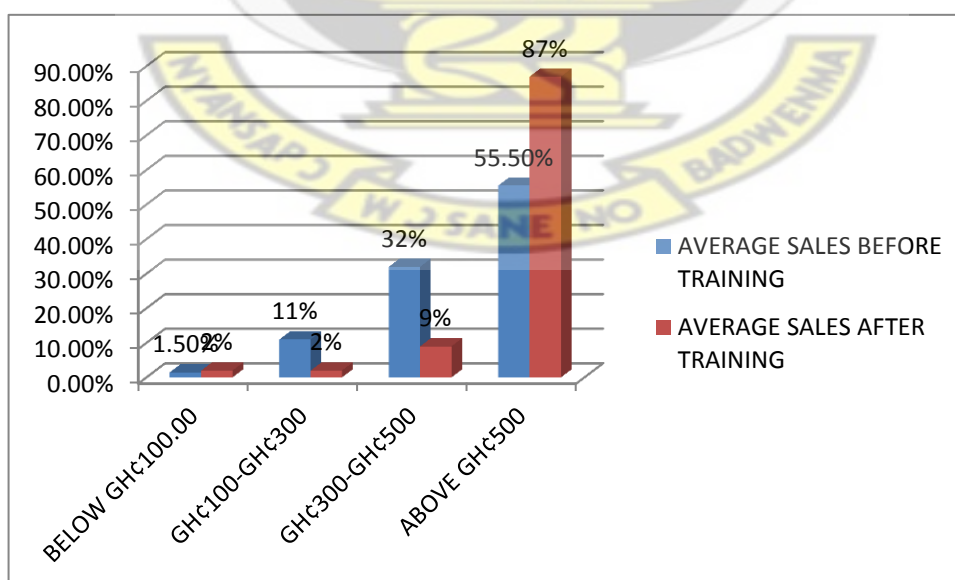
Source: Field Study 2014

4.8 Sales

The figure below shows the annual sales of clients before and after the introduction of business development services by the Business Advisory Centres of NBSSI in the Asante Akim South District. Below GH¢100.00, 1.5% of the respondents had their annual sales before the introduction of BDS and 2% had their annual sales after the introduction of BDS; 11% of the respondents had their annual sales before BDS between GH¢100-GH¢300 and 2% of the respondents had their annual sales after BDS between GH¢100-GH¢300; between GH¢300-GH¢500, 32% had their average sales before BDS and 9% had their average sales after BDS; 55.5% and 87% of the respondents had their annual sales before and after BDS respectively.

This implies that sales of respondents have increased drastically through the last five years that the business development services program was launched in the district. Clients have improved their sales because there have been an improvement in their access to the market and they have adopted new and improved technologies. When you do not have access to BDS training it affects the sales of your enterprise. Training in book keeping and accounting services increases the sales of clients. Training gives clients an upper hand in business management skills, business risks and investment skills.

Fig 4.7: Shows average sales of clients before and after BDS



Source: Field Study 2014

4.9 Criteria for Selection of clients

During the inception of BAC, numbers were of essence but now the situation has changed. To become a member of the BAC, MEs will need to pick a registration form and fill. The cost of the registration is free. After form has been filled, clients will be visited to assess the work they do on regular basis.

Needs Assessment is done on clients in the BAC database and this enables them to know the types of training that clients should have. Training are mostly effective in groups which are the service enterprises, agro-processing, primary fabrication, traditional craft and agric and forest. Twenty-five (25) clients is the target group for every training organized.

4.10 Payment Mode

The cost of the project is normally shared 70:30 or 60:40 which is between the government and the community. This is known as cost-sharing. The government pays the highest amount and the rest is shared for the beneficiaries of the training. The beneficiaries pay in cash if they can afford but if not they can pay in kind through catering for their own lunch during the training, providing palm, water, fire wood or anything that will help make the programme a success.

4.11 Monitoring System

The monitoring process that is undertaken by the service provider is called follow up counseling sessions and during this process it is looked at from two main angles. The first angle is follow up on management training which is done after a month of the training to see whether the training has been understood properly.

On the other hand monitoring is done follow up counseling sessions are done on community based development trainings after one to two months and with that what is called post training is also undertaken. In the post training the service provider goes with certain indicators to see whether training was properly and addresses any problems clients might be facing and later other follow ups are made. Monitoring is undertaken mostly in areas like records keeping, marketing and packaging and business registration.

4.12 Market Access and Input Supply

Market access is an indicator under the business development services that includes improved packaging, selling outside home district, clients having access to MSMEs information and supplying goods to larger enterprises by clients. Out of the 229 respondents interviewed 64 said yes to improved packaging before BDS representing 27.9% and 167 said yes to improved packaging after training representing 73% .When it comes to selling outside the home district 51 respondents said Yes before BDS representing 22.2% whilst 40 respondents said Yes after BDS representing 17.5%. With regards to clients selling outside home district 39 said Yes before BDS which is 17% whilst 169 said yes after BDS which is 73.8%. Last but not least indicator is supplying goods outside home district, 67 respondents said Yes before BDS representing 29.3% whilst 109 said Yes after BDS which represents 47.6%.

This implies that after the introduction of business development services there has been an increased customer base established on the marketing strategies employed. Palm oil production is booming in the district and the training has helped them to improve the packaging of the product making it more attractive for consumers. The products are also now able to be supplied to larger enterprises due to the various marketing strategies adopted.

Packaging can make a product more convenient to use or store and can reduce damage. Good packaging makes products easier to identify, promotes the brand at the store and influences customers in making buying decisions (Megginson and Byrd 2009). Clients also have access to a lot of information on MEs and this is information that concerns their businesses and like the popular saying “information is power”. They are therefore able to learn ways to improve their business to enhance their growth.

Table 4. 8 - Data on Market Access before and after BDS

Indicators	Before		After	
	Frequency	%	Frequency	%
Improved Packaging	64	27.9	167	73
Selling outside home district	51	22.2	40	17.5
Clients having access to MEs information	39	17	169	73.8
Supplying goods to larger enterprises	67	29.3	109	47.6

Source: Field Study 2014

4.13 Training and Technical Assistance

The various indicators under training includes clients keeping records, business diversification, enterprises established by graduate apprentice, LTA's with improved leadership, new jobs created and new businesses established. From the figure 4.9 below 34 of the respondents said Yes to keeping records before BDS representing 14.8% whilst 207 said Yes to keeping records after BDS which represents 90.4%.

With regards to clients diversifying their businesses before training 97 said Yes which represents 42.4% whilst 188 said Yes to diversifying business after training which represents 82.1%. 100 respondents that is 43.7% said Yes they had already established their enterprises whilst 141 which is 61.6% said they established their enterprises after training in BDS. 20.5% of respondents had improved leadership whilst 192 of the respondents had improved leadership skills after the training which represents 83.8% whilst 173 responded Yes to new jobs created after training in BDS and 56 responded No. 186 responded Yes to new businesses established before training in BDS which is 81.2% whilst 85 responded Yes to new businesses established after training in BDS which represents 37.1%.

This implies majority of the clients were very happy about the training they had received in records keeping that it has helped their businesses to grow. Records on sales for the day, month and year has given them an idea about their levels of profit. They are now able to tell whether a product is doing well or not. The heads of the various enterprises have improved upon their skills since the inception of BDS.

MEs are therefore able to manage their enterprises effectively with the skills they have acquired now than before. New jobs have been created for respondents who got into the various programs to get skills on how certain products are done. One of such training is soap production. Most of the clients learnt it from scratch through the training program and it has been a source of employment for them ever since.

Table 4. 9 - Data on Training and Technical Assistance before and after BDS

Indicators	Before		After	
	Frequency	%	Frequency	%
Clients keeping records	34	14.8	207	90.4
Business diversification	97	42.4	188	82.1
Enterprises established by graduate apprentice	100	43.7	141	61.6
Enhancement of technical skills	56	24.5	164	71.6
LTA's with improved leadership	47	20.5	192	83.8
New jobs created	92	40.2	173	75.5
New business established	186	81.2	85	37.1

Source: Field Study 2014

4.14 Technical Assistance and Technology Development

Table shows data on enhancement of technical skills, clients adopting good workshop safety and clients adopting new and improved technology before and after BDS. 56 clients said Yes which represents 24.5% to enhancement of technical skills before BDS whilst 164 which is 71.6% said Yes to enhancement of technical skills after training. With regards to clients adopting good workshop safety before BDS 52 said Yes which represents 22.7% whilst 189 which represent 82.5% said Yes to adopting good workshop training after training. 18 respondents said Yes to adopting new and improved technology before BDS which represents 7.9% whilst 202 which represents 88.2% said Yes to adopting new and improved technology after training.

“Micro enterprises are sources of new ideas, materials, processes and services that larger firms may be unable or reluctant to provide. In small businesses, experiments

can be conducted, innovations initiated and new operations started or expanded (Megginson and Byrd 2009).

This implies that technical and technology improvement which was provided by the Business Advisory Centre has helped MEs to grow. Clients have adopted new and improved technology to enhance their production. For instance the palm oil producers have adopted a new production line called “Zomi” which is very common on the market. Also clients have adopted a lot of safety measures to help them carry on with their work devoid of injuries and workshop accidents.

Table 4. 10 - Data on Technology and Product Development before and after BDS

Indicators	Before		After	
	Frequency	%	Frequency	%
Clients adopting good workshop safety	52	22.7	189	82.5
Clients adopting new and improved technology	18	7.9	202	88.2

Source: Field Study 2014

4.15 Chi Square Analysis

The Chi square test is used to determine whether there is a significant difference between the expected frequencies and the observed frequencies in one or more categories. It is particularly used in tests involving nominal data but can be used for higher scales (Cooper and Schindler, 2011)

Table 4. 11 - Chi Square distribution before and after business development services

	BEFORE					AFTER				
Indicators	O	E	(O-E)	(O-E) ²	(O-E) ² /E	O	E	(O-E)	(O-E) ²	(O-E) ² /E
Market Access	65	80	15	225	2.81	70	80	10	100	1.25
Training	90	100	10	100	1	115	100	15	225	2.25
Technical Assistance	30	29	1	1	0.03	20	29	9	81	2.79
Tech. and Prod. Dgn.	44	20	24	576	28.8	24	20	4	16	0.8
X²					32.64					7.09

Source: Field Study 2014

$$df = (4-1) (2-1)$$

$$= 3$$

In the table 4.8;

O represents Observed Frequencies

E represents Expected Frequencies

$$X^2 = (O - E)^2$$

Where *O* is the Observed Frequency in each category

E is the Expected Frequency in the corresponding category

df is the "degree of freedom" (n-1)

X² is Chi Square

The next step is to decide whether this is a large or a small X² value at a level of significance of 0.05. The number of degrees of freedom is the number of categories minus one. There are k = 4 categories of Business development Services, so that there are d = k - 1 = 3 degrees of freedom. From the appendix, the critical value of X² at 3 degrees of freedom is 7.82.

This means that there is exactly 0.05 of the area under the curve to the right of X² = 7.82. A chi square value larger than this leads to rejection of the null hypothesis, and a

chi square value from the data which is smaller than 7.82 means that the null hypothesis cannot be rejected.

Before the introduction of BDS, The data yields a value for the chi squared statistic of 32.64 and this exceeds 7.82. Since $32.64 > 7.82$, the null hypothesis is rejected, and the research hypothesis accepted at the 0.05 level of significance. The research hypothesis states that before the introduction of BDS, there was no significant relationship between the activities of MEs and business growth.

After the introduction of BDS, the data yields a value for the chi squared statistic of 7.09 and this is lower than 7.82. $X^2 = 7.09$ is not in the critical region for this test and this means that there is insufficient evidence to reject H_0 at the 0.05 level of significance. As a result the null hypothesis that states that after the introduction of BDS there was a significant relationship between the activities of MEs and business growth cannot be rejected at the 0.05 level of significance.

4.16 Challenges facing the BAC and the Clients

Access to finance to organize programmes for clients is a huge problem for the BAC and access to funds for clients to also expand their businesses is restricting business growth. This situation is expected since financial institutions normally perceive MEs as high risk ventures and shy from giving them credit. Further, administrative bureaucracy and demand for collaterals have hindered the MEs to access institutional credit. The responses also point to the ineffectiveness of the various micro credit schemes which had been established to ease access to credit by the MEs.

Also, lack of modern equipment and technology like information and communication technology which will help move businesses forward is non-existent in these communities. Businesses therefore lag behind as compared to their competitors in other areas. Information and communications technologies (ICT), in particular the internet, is changing the way companies do business and transforming service delivery and promoting innovation. Other problems such as access to raw materials, process technologies and marketing were also emphasised.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a highlight of the major findings emanating from the study with respect to the research objectives. It also presents recommendations based on the findings which would help improve the management of future projects. The chapter ends with conclusions of the study.

5.2 Training and Technical Assistance

Majority of the businesses sprang up between 2007 and 2012, implying that businesses started around the time the Business Advisory Centre was established in the district and as a results served as a catalyst for the start up of new businesses and the growth of existing ones. During this period training and technical assistance have been provided to clients to enhance their managerial and technical skills. Clients that have improved their technical skills was 71.6% since they engaged in the training.

Technical training, like soap making, batik, palm oil production need improvement especially in the areas of equipment support and access to credit to enable them grow. Training, in the areas of mentorship, business plans, keeping of records, counseling and advisory services are also undertaken. Clients after the training that kept effective records of their businesses was 90.4% as compared to 14.8% who were keeping records before.

New jobs have been created for respondents who got into the various programs to get skills on how certain products are done. One of such training is soap production. Most of the clients learnt it from scratch through the training program and it has been a source of employment for them ever since.

5.3 Market Access and Input Supply

The introduction of business development services has helped increase customer base owing to the marketing strategies employed. Palm oil production is booming in the district and the training has helped them to improve the packaging of the product

making it more attractive for consumers. The products are also now able to be supplied to larger enterprises due to the various marketing strategies adopted.

Micro Enterprises are able to get the needed attention of suppliers because their production levels have increased and they have several suppliers to choose from. Trade fairs and product exhibitions are constantly organized for clients of BDS to create competition among them and to challenge them to do better. These exhibitions provide a platform to showcase products and help develop links between small businesses and major markets. Provision of marketing information has increased from 17% to 73.8% since the introduction of BDS. Clients have access to rules and regulations governing their businesses.

5.4 Technology and Product Development

Clients have adopted new and improved technology to enhance their production in the areas of linking small businesses and technology suppliers, design services, research and development of appropriate technology, promoting, installing and distribution and advise on appropriate technology.

MEs are also supported to develop, test and launch new products and services. For instance the palm oil producers have adopted a new production line called “Zomi” which is very common on the market. Also clients have adopted a lot of safety measures to help them carry on with their work devoid of injuries at the workshop.

5.5 Sales

Records on sales for the day, month and year has given clients an idea about their levels of profit. They are now able to tell whether a product is doing well or not. The heads of the various enterprises have improved upon their skills since the inception of BDS. They are therefore able to manage their enterprises effectively with the skills they have acquired now than before. MEs require bookkeeping services to be able to have accurate financial records that can enhance decision making and that is what the BAC have provided to the clients.

There is a high concentration of women in this sector which implies there is the need to fully understand the impact of Business Development Services programmes on

women in the Asante Akim South District. The youth in the district is also predominately engaged in this sector due to the unemployment situation in the country.

5.6 Inferential Analysis of the impact of Business Development Services on MES.

Before the introduction of BDS, The data yields a value for the chi squared statistic of 32.64 and this exceeds 7.82. Since $32.64 > 7.82$, the null hypothesis is rejected, and the research hypothesis accepted at the 0.05 level of significance. The research hypothesis states that before the introduction of BDS, there was no significant relationship between the activities of MEs and business growth.

After the introduction of BDS, the data yields a value for the chi squared statistic of 7.09 and this is lower than 7.82. $X^2 = 7.09$ is not in the critical region for this test and this means that there is insufficient evidence to reject H_0 at the 0.05 level of significance. As a result the null hypothesis that states that after the introduction of BDS there was a significant relationship between the activities of MEs and business growth cannot be rejected at the 0.05 level of significance.

5.7 Conclusion

This study focused mainly on the impact of Business Development Services on MEs. The MEs operators were interviewed on various BDS components before the introduction of BDS and after the introduction of BDS. MEs are engines of growth in any economy and training and education will give them the opportunity to grow. The main issues lie with access to information by the operators about their work environment and this is going to help avoid competition and also help them to grow.

Governmental and non-governmental bodies have designed various programs aimed at developing MEs sector. Most of the programs were not given the appropriate backing and as such the impact of the programs could not be felt in the performance and competitiveness of these enterprises.

This is mainly because of the fact that these programmes or policies are not effectively implemented in line with their intended objectives. The NBSSI in collaboration with JICA, community development, partner financial institutions,

Rural Enterprises Programme and the District Assembly is helping to establish and promote MEs growing demand and improve the living conditions of the entrepreneurs. BDS has been successful in achievement of its stated aims like job creation, employment opportunities, and increase incomes of entrepreneurs, growth of businesses in the district and poverty reduction.

5.8 Recommendations

There is the need to take into consideration the gender dynamics in this study. For instance of the 57% of women who are engaged in this sector, 59% are married. By increasing the capacity and skill of these women through periodic training, the output of their businesses will be enhanced through the adoption of new and improved technology, proper branding and marketing of products, good record keeping causing the benefits thereof to trickle down and improve their livelihood and that of their families.

Women run very successful small business ventures in developing countries. However, there are several ways of enhancing women's access to markets and of rendering their activities more effective. First and foremost, a conducive policy framework needs to be created for women which will focus on removing the constraints that prevent women from embarking on ME activities.

Secondly, training and other types of small business support services should continue to be made available to women, bearing in mind their often limited literacy and time. Scaling up women's enterprise activities through the introduction of new technologies is particularly difficult, as men frequently take over when the business becomes more profitable. Safeguarding women's control over the benefits of their enterprises should be foreseen in any action to develop MEs.

Even though 53.3% of the respondents say they were personally approached by the BAC officials to let them know the importance of BDS training, it is not enough; I believe more can be done through intensification of awareness and also the sharing of the success stories of those already in the program. Since 33% of the respondents have no formal education there is the need to adopt more innovative ways of reaching owners of MEs, taking into account their social milieu and educational background.

For example the use of Public Address system, “gon-gon”, and motion pictures should be adopted instead of fliers, internet among others.

There is the need for policy makers to bring back the non-formal education to correct the educational deficiencies among the uneducated and more importantly draw policies that aims at making Senior High School the minimum educational level. By so doing I believe we will be grooming a generation that will be able appreciate the need for training and also a generation whose formal education will facilitate the training process.

Approximately 83% of the MEs operators sell their goods to larger companies, unfortunately these transactions are pre-financed by the MEs, and hence they are compelled to seek for assistance from financial institutions at very high interest rate. This implies that loan servicing takes an important part of their annual income. Policy makers therefore ought to relook at the Bank of Ghana lending rate by pegging it at reasonable levels for the ordinary local entrepreneur so as to allow owners of businesses retain an appreciable portion of their profit.

In order to respond to the specific needs of the MEs, Business Development Services should create value by bringing together information from different sources both local and international. This will enable the integration of the MEs into national and global levels.

Ensure that BDS are provided to the right clientele. This objective implies that BDS should be provided to those who exhibit good entrepreneurial characteristics and who can make a good use of the services. Whether full fees charged for the services or not, the provision of BDS should be considered as a commercial transaction between the entrepreneur and the service provider.

BDS should be demand-driven. Experience shows that institutional service providers often neglect to assess the type of services needed by their clients. Services that are mostly provided to MEs are supply-driven and do not reflect the actual needs of the clients. Creating a greater and more positive impact on the businesses and encouraging clients to start paying for the services they value are the major advantages of a demand-driven service.

Maximum outreach should be encouraged. The MEs have always been able to access some basic services without the assistance of institutional service providers. MEs get useful information from friends, media, and people in the same business. This does not mean that these services are all of good quality but they are needed for the short term. The objective of maximum outreach in terms of helping MEs in the district to obtain good quality BDS, which have a positive impact on their businesses, should be emphasized in the BDS design.

Cost-effectiveness should be ensured. All entrepreneurs strive to control costs to remain competitive or increase profits. This should also be the case for service providers. More clients can be served with the same available resources and the cost of services can be reduced. Some services can be sub-contracted and preferences may be given to groups or associations of the MEs with a view to reducing cost and reaching a larger number of clients.

The government should collaborate with the private sector to put in place the necessary infrastructure like regular power supply, good roads, water in order to encourage setting up of businesses. Many businesses have collapsed as a result of the neglect of these infrastructural services. MEs in Ghana occupy an important role in the economy in the areas of industrial growth, job creation, poverty reduction as well as innovation. Therefore the provision of necessary infrastructure support would go a long way in actualizing this new reality.

Entrepreneurship training is key for the growth of micro enterprises. Small-scale entrepreneurs should be empowered, through well-targeted training (business training), to increase their capacity to run their businesses. Particular attention will be paid to enhancing their knowledge of basic entrepreneurial requirements and constraints. This will be achieved by developing, entrepreneurship training programmes and other types of specific business-oriented training: business planning, cash-flow management as an instrument of financial autonomy, principles of product marketing and quality.

Vocational training and access to technology is very important for MEs growth. Vocational training and access to cost effective, pro-poor business technology will be considered as the building blocks of entrepreneurial support in rural areas.

Intensive exposure to vocational and training programmes (including apprenticeship schemes for young rural people and on-the-job training) and greater access to information on technologies that meet the needs of the entrepreneurial poor has an important impact on Micro Enterprises growth. Through specific instruments/ facilities, public or private institutions and NGOs engaged in pro-poor business-oriented technology research.

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APPENDICES

APPENDIX 1

QUESTIONS FOR MICRO, SMALL AND MEDIUM SCALE ENTERPRISES

The following questionnaire is part of a survey being conducted in partial fulfillment of a Master of Philosophy (MPHIL) degree from KNUST on the topic “the impact of Business Development Services on Micro, Small and Medium Scale Enterprises”. This information is purely for academic purpose and therefore its confidentiality is highly guaranteed. You are therefore kindly requested to provide accurate answers to the ensuring questions. Your co-operation and support will be appreciated.

1. Name of your community:.....
2. Respondent's gender
 - a. Male
 - b. Female
3. Age
 - a. Below 20 years
 - b. 20-35 years
 - c. 36-49 years
 - d. 50-60 years
 - e. 60 years and above
4. Marital Status:
 - a. Married
 - b. Single
 - c. Divorced
 - d. Widowed
 - e. Others, Specify.....
5. Please indicate your highest level of education.
 - a. No formal education
 - b. Primary education
 - c. Junior high school/Middle School
 - d. Secondary/ technical/Vocational
 - e. University/Polytechnic
 - f. Others (Specify).....

6. Nature/kind of organization (please tick as appropriate)
- a. Service Enterprise
 - b. Agro-processing
 - c. Primary Fabrication
 - d. Traditional Craft
 - e. Agric and forest
7. What are the products is your business engaged in?
-
-
8. For how long has your company been in operation?
- a. Less than 5 years
 - b. Between 5 and 10 years
 - c. Between 11 and 15 years
 - d. Over 15 years
9. What is the composition of your management staff if any?
-
-
10. What is the highest academic qualification of the members of your management team?
-
-
11. Where did you obtain information about BDS?
- a. Friends
 - b. Media
 - c. BDS official
 - d. Handbill
 - e. Others (Specify)

Impacts

12. Are you aware of the various components of BDS?
- a. Yes
 - b. No
13. Which component of BDS have you benefited from?
- a. Market Access
 - b. Infrastructure

- c. Training and Technical Assistance
- d. Technology and Product Development
- e. Alternative Financing Mechanisms

14. What type of training did you undertake?

- a. Small Business Management Training
- b. Community Based Training
- c. Internship Training
- d. TPSAT-Technical Training
- e. Others, specify.....

Table showing the various categories of BDS and their indicators in the AASD

CATEGORIES	INDICATORS	Before BDS		After BDS	
		Yes	No	Yes	No
Market Access	Improved Packaging				
	Selling outside Home District				
	Clients having access to MSMEs info				
	Supplying goods to larger enterprises				
Training	Clients keeping Records				
	Business Diversification -Prod n business lines				
	Enterprises Established by Graduate Apprentice				
	LTAs with Improved Leadership				
	New jobs created				
	New business established				
Technical Assistance	Enhancement of technical skills				
	Clients adopting good workshop safety				
Technology Improvement	Clients adopting new and Improved technology				
Product Development	Increased Production				
Finance	Increased Sales				
	Active bank Accounts				

15.

16. What was the duration of the training?

- a. 10 days
- b. 5 days
- c. 2 days
- d. Others,
specify.....

17. How many types of training have you attended?

- a. Less than 3
- b. 3-5
- c. 5-7
- d. 7 or more

18. Prior to the training what were you engaged in?

.....
...

19. When was your first training in BDS?

- a. 2006-2007
- b. 2008-2009
- c. 2010-2011
- d. Above 2012

20. When was your last training in BDS?

- a. 2006-2007
- b. 2008-2009
- c. 2010-2011
- d. Above 2012

21. What are the immediate effects of the training?

- a. Deeper knowledge/understanding of the trade
- b. Proper organization of the way things are done in the trade
- c. Proper management
- d. Others, specify.....

22. What are the long term effects of the training on you as an individual and your community at large?

- a. New jobs created
- b. Increase in sales

- c. New technology and methods adopted
 - d. Creation of business accounts
 - e. Others, specify.....
23. Have you established a new business after receiving the BDS training?
- a. Yes
 - b. No
24. What was the total number of your workers before receiving BDS training?
- a. Less than 6
 - b. 6-9 people
 - c. 10-29 people
 - d. Above 100
25. How many people are employed by your company now?
- a. Less than 6
 - b. 6-9 people
 - c. 10-29 people
 - d. Above 100
26. Have you attended training on the adoption of new and improved technology?
- a. Yes
 - b. No
27. If yes, what is the new/improved technology you adopted?
- a. Packaging
 - b. Branding
 - c. Records keeping
 - d. Others, specify.....
28. The adoption of this new/improved technology has made your work easier?
- a. Strongly agree
 - b. Agree
 - c. Disagree
 - d. Strongly disagree
29. What was the estimated average annual sale of your business before BDS training?
- a. Below Gh¢50
 - b. Gh¢50-Gh¢100

- c. Gh¢101-Gh¢200
- d. Gh¢201-Gh¢300
- e. Gh¢301-Gh¢400
- f. Above Gh¢400

30. What is the estimated average annual sale of your business after BDS training?

- a. Below Gh¢50
- b. Gh¢50-Gh¢100
- c. Gh¢101-Gh¢200
- d. Gh¢201-Gh¢300
- e. Gh¢301-Gh¢400
- f. Above Gh¢400

31. BDS has adequately responded to my needs?

- a. Strongly agree
- b. Agree
- c. Disagree
- d. Strongly disagree

32. Would you recommend the training to someone who is engaged in similar business?

- a. Yes
- b. No

33. In your opinion, what impact has the BDS made on your business and the community in general?

.....

34. What suggestion(s) can you give to enable the BDS improve upon its services?

.....

.....

APPENDIX 2

QUESTIONS FOR BDS PROVIDER

The following questionnaire is part of a survey being conducted in partial fulfillment of a Master of Philosophy (MPHIL) degree from KNUST on the topic “the impact of Business Development Services on Micro, Small and Medium Scale Enterprises”. This information is purely for academic purpose and therefore its confidentiality is highly guaranteed. You are therefore kindly requested to provide accurate answers to the ensuring questions. Your co-operation and support will be appreciated.

1. Name of Institution:.....
2. Place of work.....
3. Position/rank.....
4. How long has your institution been operating?
 - a. Less than 4 years
 - b. 5-10 years
 - c. 11-15 years
 - d. 16 years and over
5. Do you have any collaboration with national and international organisations?
.....
State the Mission Statement of the Institution
.....
6. What goals and objectives does the institution seek to achieve?
.....
7. BDS has been successful in achieving its stated aims?
 - a. Strongly agree
 - b. Agree
 - c. Disagree
 - d. Strongly disagree
8. What have been some of the achievements of the Institution?
.....
9. How are your operations financed?
 - a. Support from government

- b. Support from development partners/collaborators
 - c. Self financing
 - d. Others, specify.....
10. What are the main activities of your clients?
.....
11. What services do you provide for your clients?
- a. Training
 - b. Linking clients to credit facility
 - c. Technical support (e.g. Business Advisory, ICT etc.)
 - d. Opportunity to network
 - e. Other, specify.....
12. Do you conduct M&E on your clients' operations?
- a. Yes
 - b. No
- If yes, what are the key areas of operations that are monitored and evaluated?
.....
13. Is MSMEs a sustainable industry in Ghana?
- a. Yes
 - b. No
14. If yes, provide reasons
.....
15. If No, provide reasons
.....
16. What aspects of the BDS programme would you like to be improved?
.....
17. What are the key challenges facing your institution?
.....
18. What are the key challenges facing your clients?
.....
19. In your view, how can these challenges be solved?
.....
20. What suggestions do you have for the advancement of BDS in Ghana?
.....

APPENDIX 3

Percentage Points of the Chi-Square Distribution

Degrees of Freedom	Probability of a larger value of χ^2								
	0.99	0.95	0.90	0.75	0.50	0.25	0.10	0.05	0.01
1	0.000	0.004	0.016	0.102	0.455	1.32	2.71	3.84	6.63
2	0.020	0.103	0.211	0.575	1.386	2.77	4.61	5.99	9.21
3	0.115	0.352	0.584	1.212	2.366	4.11	6.25	7.81	11.34
4	0.297	0.711	1.064	1.923	3.357	5.39	7.78	9.49	13.28
5	0.554	1.145	1.610	2.675	4.351	6.63	9.24	11.07	15.09
6	0.872	1.635	2.204	3.455	5.348	7.84	10.64	12.59	16.81
7	1.239	2.167	2.833	4.255	6.346	9.04	12.02	14.07	18.48
8	1.647	2.733	3.490	5.071	7.344	10.22	13.36	15.51	20.09
9	2.088	3.325	4.168	5.899	8.343	11.39	14.68	16.92	21.67
10	2.558	3.940	4.865	6.737	9.342	12.55	15.99	18.31	23.21
11	3.053	4.575	5.578	7.584	10.341	13.70	17.28	19.68	24.72
12	3.571	5.226	6.304	8.438	11.340	14.85	18.55	21.03	26.22
13	4.107	5.892	7.042	9.299	12.340	15.98	19.81	22.36	27.69
14	4.660	6.571	7.790	10.165	13.339	17.12	21.06	23.68	29.14
15	5.229	7.261	8.547	11.037	14.339	18.25	22.31	25.00	30.58
16	5.812	7.962	9.312	11.912	15.338	19.37	23.54	26.30	32.00
17	6.408	8.672	10.085	12.792	16.338	20.49	24.77	27.59	33.41
18	7.015	9.390	10.865	13.675	17.338	21.60	25.99	28.87	34.80
19	7.633	10.117	11.651	14.562	18.338	22.72	27.20	30.14	36.19
20	8.260	10.851	12.443	15.452	19.337	23.83	28.41	31.41	37.57
22	9.542	12.338	14.041	17.240	21.337	26.04	30.81	33.92	40.29
24	10.856	13.848	15.659	19.037	23.337	28.24	33.20	36.42	42.98
26	12.198	15.379	17.292	20.843	25.336	30.43	35.56	38.89	45.64
28	13.565	16.928	18.939	22.657	27.336	32.62	37.92	41.34	48.28
30	14.953	18.493	20.599	24.478	29.336	34.80	40.26	43.77	50.89
40	22.164	26.509	29.051	33.660	39.335	45.62	51.80	55.76	63.69
50	27.707	34.764	37.689	42.942	49.335	56.33	63.17	67.50	76.15
60	37.485	43.188	46.459	52.294	59.335	66.98	74.40	79.08	88.38