AN ASSESSMENT OF THE EFFECTS OF GHANA'S TRADE POLICY ON AGRO-PROCESSING SMEs IN THE EASTERN REGION

By

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DECLARATION

I hereby declare that this submission is my own work towards the Msc, and that to the best of my knowledge, it contains no material previously published by another person or material which has been accepted for the award of any degree of the university, except where acknowledgement has been made in the text.

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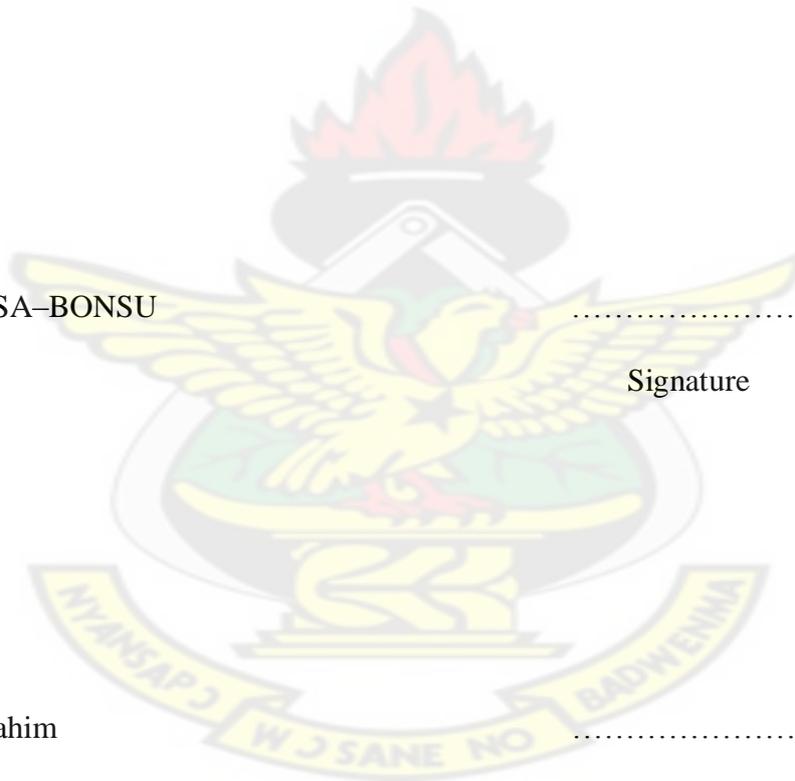
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ABSTRACT

Trade remains an integral part of the development process in the world. Ghana, a developing country, has a rich agricultural base on which various agro-processing SMEs depend to provide an economic livelihood for many Ghanaians in the informal sector. There have been several attempts since independence to harness the potential of agriculture through a robust agro-processing sector designed to provide the needed linkages between agriculture and industry. However many agro-processing SMEs are still confronted with several challenges including lack of access to appropriate technology; limited access to international markets, the existence of laws, regulations and rules that impede the development of the sector; weak institutional capacity, lack of management skills and training, and most importantly finance.

This study attempted to examine the awareness levels of Ghana Trade Policy (GTP), the factors that influence the responses to GTP and the effect of GTP programmes and projects in alleviating the plight of most SMEs. Through a blend of quantitative and qualitative techniques, data were extracted from agro-processing SMEs in the West Akim municipal, Akuapim South municipal and Kwaebibirem district using the process-outcome model and a paired t-test in the analysis of the effects of GTP programmes and policy.

The study revealed that generally there were low level of awareness and understanding of the GTP programmes and projects among agro-processing SMEs. These greatly affected the response leading to low or minimal effects of the GTP projects and programmes on agro-processing enterprises in the three districts. The level of awareness is indexed to literacy rates of the entrepreneurs. It was found that SMEs involved in oil palm processing, especially, had a lower rate of literacy and therefore were not aware of GTP programmes that are literacy based as opposed to operators of citrus and pineapple enterprises who had a minimum of secondary education. Also despite relative awareness and understanding of GTP programmes and projects, citrus and pineapple processing SMEs had not taken advantage of these programmes and projects due to accessibility problems and participatory cost. In addition, the majority of sampled enterprises (73%) had been in operation for less than 10 years and therefore had low levels of networking experience, which influenced their accessibility to the GTP. The t-test also revealed that apart from annual output of citrus and pineapple enterprises

that responded positively to GTP programmes and projects, all other indicators tested using the t-test at 5% level of significance responded negatively.

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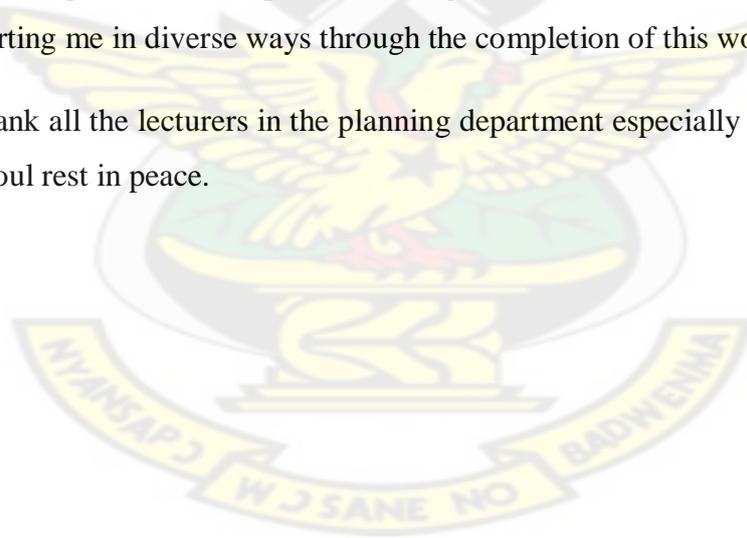
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ACRONYMS

ASSI – Association of Small Scale Industries

BAC – Business Advisory Centre

CEPS – Customs, Excise and Preventive Service

CII – Confederation of Indian Industry

CSIR – Council for Scientific and Industrial Research

EDIF – Export Development and Investment Fund

FAO – Food and Agriculture Organization

GDP – Gross Domestic Product

GEPC – Ghana Export Promotion Council

GIMPA – Ghana Institute of Management & Public Administration

GPRS I – Ghana Poverty Reduction Strategy

GPRS II – Growth and Poverty Reduction Strategy

GRATIS – Ghana Regional Appropriate Technology Institute Service

GSB – Ghana Standards Board

GTP – Ghana Trade Policy

ICT – Information and Communication Technologies

ICCES – Integrated Community Centre for Employable Skills

ILO – International Labour Organization

ISI – Import Substitution Industries

ISSER –Institute of Statistical, Social and Economic Research

ITTU – Information, Technology Training Unit

MDAs – Ministries, Departments and Agencies

MDGs – Millennium Development Goals

MoTI – Ministry of Trade and Industries

MSME – Micro, Small and Medium Enterprise

MVA – Manufacturing Value Added

NBSSI – National Board for Small Scale Industries

NEPAD – New Partnership for African Development

NVTI – National Vocational Training Institute

OECD – Organisation for Economic Cooperation and Development

PSDS – Private Sector Development Strategy

SMEs – Small and Medium Scale Enterprises

SMI – Small and Medium Scale Industry

SQAM – Standards, Quality Assurance, Accreditation and Metrology

TSSP – Trade Support Service Programme

UNIDO – United Nations Industrial Development Organization

CHAPTER ONE

GENERAL INTRODUCTION

1.1   Background

The cornerstone of the Ghanaian economy has, since independence, been the agricultural sector. The sector is mainly subsistence and rural-oriented, and has been growing on average at a rate of 4.6 per cent since 2000. This has contributed to an average of 39.5 per cent to Gross Domestic Product (GDP) between 2000 and 2007, and has resulted in the employment of about 55 per cent of Ghana's population (ISSER, 2008).

Unfortunately, the supply rigidity in agriculture has affected its ability to take advantage of the favourable world price change in recent years. The raw nature of Ghana's exports has left the country unable to attain good value for exports and therefore, compete favourably in the world market. Furthermore, most developed economies are producing artificial replacements for some of Ghana's traditional exports, such as cocoa, causing a drastic reduction in the demand for exports. The cumulative effect of these problems on the king-pin of the Ghanaian economy has led to fluctuating returns on exports. The terms of trade have not been favourable over the past decade, leading to fluctuations in the foreign exchange earnings needed for the country to pursue its development agenda. For instance, by 2007, Ghana's trade deficit had worsened by 28 per cent (ISSER, 2007).

To increase Ghana's lot as a country, some analysts have advocated the diversification of agricultural exports. Others have argued that diversification alone is not enough but should be complemented with adding value to exported raw agricultural products – a system known as agro-processing. These ideas have been with Ghana since independence and have been pursued by various governments. Malaysia – a country that gained political independence in the same year as Ghana – has been able to make the transition from exporting raw products to adding value. Malaysia has a vibrant agro-processing sub-sector which accounts for about 10 per cent of total manufacturing output, and exports to over 80 countries worldwide (Athukorala, 2005). The major industries include the production of refined sugar, wheat flour and baked products, non-alcoholic beverages, edible oil, dairy products, fish and seafood products, beer, canned pineapple, and processed meat. Though the sector is relatively small compared to developed economies, Malaysia generates an annual export value of more than

$1.7 billion, which amounts to two-thirds of Malaysia's total food exports of over $2.8 billion (Athukorala, 2005). The enormous benefit associated with value addition is yet to be realised in the Ghanaian economy. Not only is it expected to raise the foreign exchange earnings, it is forecast to reduce post harvest losses and provide the impetus for farmers to venture into large-scale production. This will raise the income of Ghana's labour force, which represents 55 per cent of the country's population. By extension, this increase will boost standards of living to ensure the country's drive towards middle income status, (NDPC, 2005).

In the Ghana Poverty Reduction Strategy (GPRS I) (NDPC, 2003) document, a moderate rate of economic growth was to be achieved through the creation of an enabling environment for improved agricultural productivity and private sector-led agro-industrial development. In the document, there has been a clear government commitment to foster the processing of agro-products by instituting a broad policy framework and strategies.

The Growth and Poverty Reduction Strategy (GPRS II) (NDPC, 2005) document further indicated broad policy objectives and strategies towards agro-processing to include: increased agro-processing to promote and support the processing, preservation and utilisation of crops, animal and fish products; develop and promote the use of standardised packaging materials and institutionalise the use of weights and measures; facilitate establishment of small-scale agro-processing industries for export; promote the establishment of fish storage facilities, including community level facilities; and facilitate the establishment of small-scale fish processing industries.

The case for international trade is essentially the same as that for domestic trade. As Adam Smith demonstrated in *The Wealth of Nations* (1776), individuals are better off if they specialise instead of trying to be economically self-sufficient. Likewise, countries are better off if they exchange the products and services that they are relatively good at producing for those things that other countries are relatively better at producing (Todaro, 1992). To compete favourably, Ghana must pursue the production and the processing of agricultural produce which the country has absolute and comparative advantage in order to be competitive in the international market.

Achieving the desired benefits of agro-processing-led export requires the development of a robust trade policy. From the restricted trade period during Acheampong's government to trade liberalisation under the Economic Recovery Programme and Structural Adjustment

Programme, the country has witnessed an array of trade regimes which has propelled it to this stage, (Aryeetey, 2000). Ghana's trade policy objectives since 2004, have been to become increasingly involved in regional and global markets; to be able to diversify and strengthen the country's export base, and promote agricultural processing. This, the Ministry of Trade and Industry (MoTI) believed, when achieved would generate competition and put the country on the path to industrialisation. To realise this therefore, two parallel strategies were developed in the Ghana Trade Policy Document. They are:

- An Export-Led Industrialisation Strategy which emphasised promoting competitiveness of local producers in both domestic and international markets, and
- A Domestic Market-Led Industrialisation Strategy based on import competition to protect the interests of the Ghanaian consumer.

MoTI believed that Export-Led Industrialisation Strategy and Domestic Market-Led Industrialisation Strategy, if made to run concurrently, would propel industrial and agricultural productivity forward and move the nation on in its desire to achieve middle income status (MoTI, 2004). **Is that the case after all these years?**

1.2   Problem Statement

Theoretical and empirical studies of the structural changes that accompany the development process have revealed a number of constant patterns. The most basic is a secular decline in the relative weight of the agricultural sector *vis-à-vis* non-agriculture as per capita income increases. This relative decline is observed as a fall in the share of agriculture in value added, employment, trade and per capita consumption. This goes together with a drop in the share of primary agricultural production in the value of the final product, and with a parallel increase in the agro-processing industry value added (FAO, 2000).

Of Ghana's 23 million people, which include a labour force of more than 9 million, at least 55 per cent of the working population derives its living from the agriculture sector, most often as small-scale farmers. Of the country's GDP – $14.6 billion in 2007 – more than 35 per cent comes from agriculture (ISSER, 2007). In Ghana, as in much of Africa, little of the processing of the goods takes place within its borders. A failure by government to harness the benefits from combining agro-processing and agriculture have had a delimiting effect on the country's agricultural future. Although it has been motivated by several policy interventions such as tax holidays to encourage value addition, these interventions to agro-processing

industries have been on an ad-hoc basis without continuity; and they have been directed at specific traditional exports. Undoubtedly, the desired impact of the Ghana's trade policy is yet to be known since it is broader and covers any value addition without specifics to agro-processing in the Ghanaian economy. In effect, Ghana's trade policy has been silent on procedure and processes to stimulate the desired economic growth through the role of agro-processing and this is typified in the following statement: 'The expected structural transformation of the agricultural sector into a vibrant agro-processing industrial sector in the medium term does not seem apparent, given the uncertainty of output and the general performance of the sector' (ISSER, 2007, p119).

As with the Malaysian experience, so many developing economies have observed the potentials of harnessing their agricultural output through processing. One example is in India where the Confederation of Indian Industry's (CII) Erode Chapter, has identified agro-processing as an area with tremendous potential for the district's growth (Madhavan, 2009). The article states that: 'Under the agro-processing, it has suggested the setting up of a central food testing and research laboratory in the next three years at Perundurai, which would provide guidance to food processing units and assist new units on vegetable, fruit and spice processing, and particularly in the extraction of oleoresin for cosmetic, medicinal and dyes from turmeric' (Madhavan, 2009: p1).

Comparatively, Naylor, (1999), attributes Ghana's economic problems in part to changes in its exports. She points to an over-reliance on a limited number of exported products such as cocoa and gold, which she believes worsens Ghana's economic plight because it means Ghana has no control over world market prices of these commodities. 'One feature of the world economy since the Second World War has been a steady decline in the prices of primary commodities (such as cocoa) relative to the price of manufactured goods. Without the capacity to export manufactured goods Ghana has been fighting a losing battle to get adequate prices for its cocoa', (Naylor, 1999, p.22).

Agro-processing enterprises in Ghana operate on small to medium scale and therefore face problems such as complex, bureaucratic and legal regulatory and administrative environment, access to finance, market, plant and equipment. Because of their limited scale of operations, the cost of participation and capacity-building are relatively more disproportionate for SMEs, compared to those shouldered by large firms. At the same time, by default or by accident,

changes and adjustments in the policy, regulatory and institutional frameworks have not always empowered SMEs. The sector and its entrepreneurs are often constrained by opaque discretion, overbearing regulations, expensive delays and, above all, "perverse incentive syndrome" (Thitapha, 2002)

Government policies on SMEs, should take into account the special constraint and opportunities faced by agro-processing sector and aim at strengthening institutions which will address these constraints and maximise exploitation of the opportunities. If Ghana is to achieve the goal of becoming a leading agro-industrial country with an expanded agricultural processing sector; as well as promoting regional and global integration and export diversification as stated in the Trade Support Servicing Programme (TSSP) document (2004), conscious steps are needed to develop a policy framework within which agro-processing industries will thrive.

Thematically, GTP focuses on trade facilitation, production capacity building, trade support services, improvement in standards and domestic trade and distribution. Relating to SMEs, government policies and programmes focus on regulatory and administrative environment, access to information, finance, market, plants and equipment. Other strategic policies for SMEs include expanding markets, which involves the facilitation of innovative marketing schemes to enhance SME's access to domestic and external markets; and entrepreneurial skills development through harmonisation and coordination of programmes and activities of various training agencies so as to enhance the managerial, technical and other competencies of SME operators. Furthermore, the government undertook various measures aimed at creating an enabling environment to enhance enterprise development. These include maintaining macroeconomic stability, review of tax regime, and simplification of licensing procedures (MoTI, 2004).

Ghana, over the past years, has been working towards creating a robust agro-processing industry to spearhead her development agenda. From policies and international agreements, Vision 2020, GPRS I & II, the Millennium Development Goals (MDGs), the New Partnership for African Development (NEPAD), Ghana has inched forward towards expanding her agro-based industries over the years within a relatively volatile trade environment. Since the implementation of the Ghana's Trade Policy in 2004, the situation of agro-processing SMEs does not seem to have changed much. Most of them are confronted

with problems such as access to markets, finance, technology, plants and equipment, skills and inadequate information. The ongoing changes in the number of agro-processing enterprises through these various interventions require a piece of research that outlines knowledge of the trade programmes, the level of response and how it has affected most agro-processing SMEs in Ghana.

1.3   Research Questions

- What is the level of awareness of the programmes and projects outlined in the Ghana Trade Policy?

- What is the level of SME's response to programmes and projects in the Ghana Trade Policy?

- To what extent has the trade policy of Ghana influenced the current performance of agro-processing SMEs in the Eastern Region?

- What are the possible changes, if any, to make the programmes and project contained in the GTP more effective?

1.4   Justification and Significance of the Study

Agro-processing SMEs contribute enormously to the growth, employment, poverty reduction and then the transformation of Ghanaian economy from agrarian to industrial. The significance of the role played by SMEs in Ghana can be seen in the light of four interrelated areas namely the complementary support given to agriculture in providing the growing rural population with remunerative employment; the complementary support given to large scale industries in absorbing growing urban population in gainful employment; providing a check on social erosion; by helping to halt the migration of the well educated people from the rural to the urban areas; and providing locally distributed economic development (Boapeah, 1994). By their nature agro-processing SMEs are more localised and therefore their impact is felt more in their respective communities in the form of improving living conditions of the people in the communities.

The study is to contribute to knowledge on the role of trade policy on agro-processing enterprises in Ghana. This will provide understanding to individuals or corporate organisations that are or want to venture into agro-processing, on the relationship between trade policies and the operations of the enterprise.

Also, the work aims to provide government with insight into the need to institute trade policies specifically in the direction of agro-processing, and aims to stimulate harmonisation between the various sectors in the Ghanaian economy.

1.5 Objectives of the Study

Main Objectives

Based on the research problem and questions, the study examines the contribution of Ghana's trade policy to the development of small and medium-sized agro-processing industries in Ghana

Specific Objectives

- To examine the level of awareness and understanding of Ghana's trade policies and programmes by agro-processing SMEs in the Eastern Region of Ghana.
- To ascertain the factors that influenced the responses of agro-processing SMEs to Ghana's Trade Policies and Programmes in the Eastern Region of Ghana.
- To assess the effect of programmes and projects in the Ghana Trade Policy on the performance of agro-processing SMEs in the Eastern Region of Ghana.
- To draw relevant conclusions for policy.

1.6 Hypothesis

As a guide to assessing the effect of the trade polices and programmes on agro-processing SMEs, the following hypotheses were set to ascertain the effect of the policies and programmes on SME inputs, capacity and output.

H_0: Enterprise plants and machinery has been affected positively after responding to a government trade policy or programme.

H_a: Enterprise plants and machinery has not been affected positively after responding to government trade policy or programme.

H_0: Enterprise annual turnover has been affected positively after responding to a government policy or programme.

H_a: Enterprise annual turnover has not been affected positively after responding to a government policy or programme.

1.7 Scope

Contextually, the study was restricted to analysing Ghana's trade policies and programmes with respect to small and medium-sized agro-processing enterprises in the Eastern Region, during the period of 2000 and 2009. However, references were drawn from other relevant areas and periods to buttress the discussion and ensure clarity of information.

The study covered enterprises operating from fixed premises and employing 1 to 200 employees and not engaged in agricultural activities. Those enterprises with 1 to 9 employees are regarded as small scale enterprises and those with 10 to 200 are regarded as medium enterprises.

In addition, three crops were studied – citrus, palm and pineapple – in the Kwabibirem, Akuapim South and West Akim districts of the Eastern Region of Ghana. It is worth noting that all agro-processing SMEs engaged in citrus processing also processed pineapple. The crop distribution in the districts is shown in table 1.1

Table 1.1: Distribution of Processed Crops in Various Districts

DISTRICT	PROCESSED CROPS	
	Citrus/Pineapple	Oil Palm
Akuapim South	17	2
Kwabibirem	-	101
West Akim	2	12

Figure 1.1 The Study Area in National Context

A MAP OF GHANA SHOWING THE VARIOUS REGIONS

LEGEND

Upper
East

Upper
west
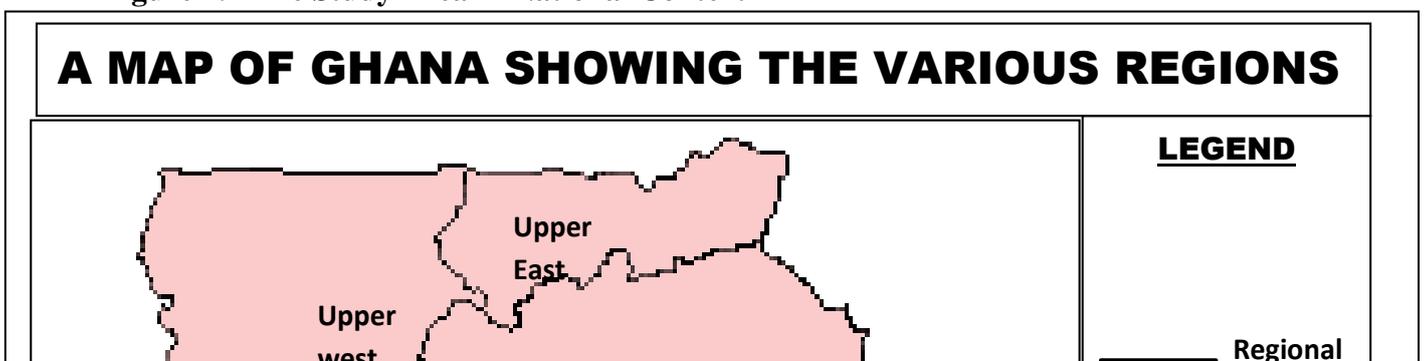
Regional

Figure 1.2 Study Area in District Context

EASTERN REGIONAL MAP SHOWING VARIOUS DISTRIC
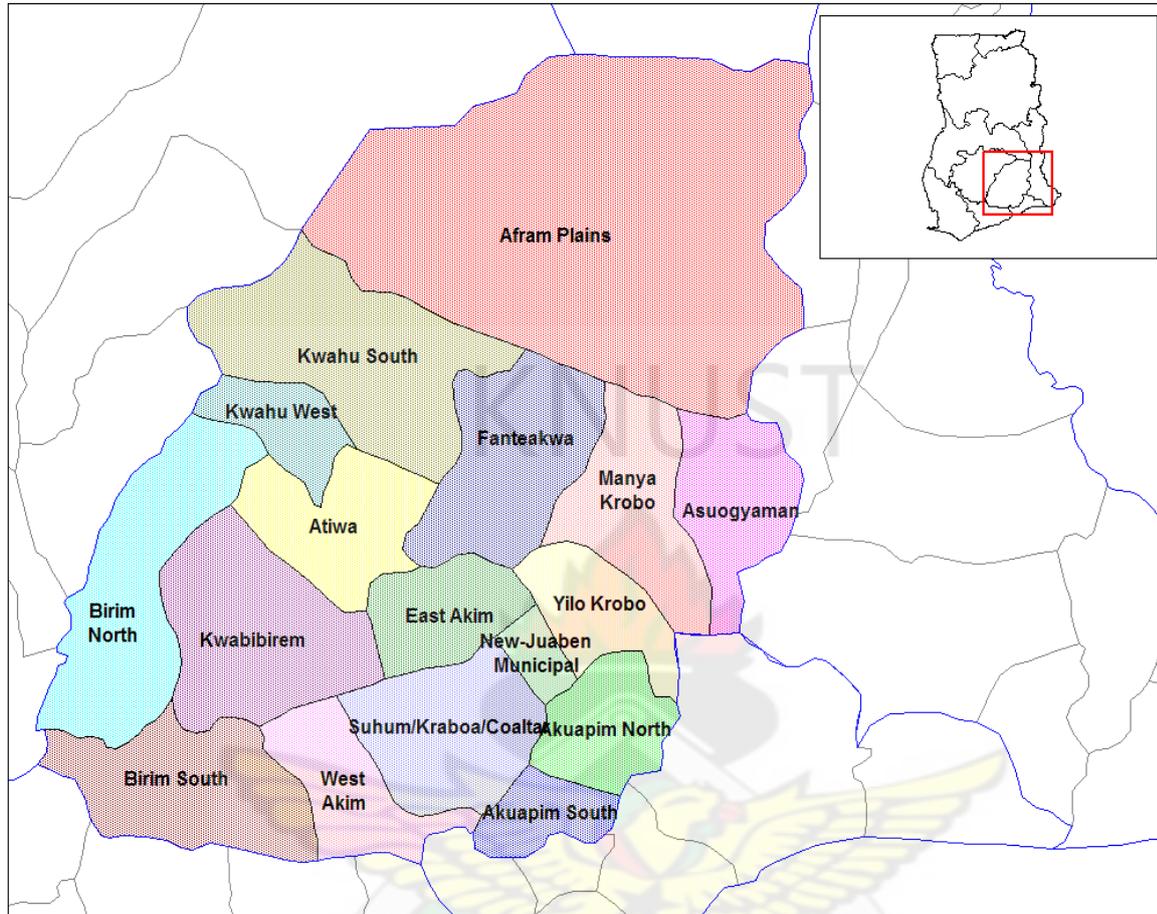
DISTRICTS

Akuapim North	Akuapim South Municipal
Akyemansa new	Asuogyaman
Atiwa	Birim Central Municipal
Birim North	Birim South new
East Akim Municipal	Fanteakwa
Kwaebibirem	Kwahu East new
Kwahu North	Kwahu South
Kwahu West Municipal	Lower Manya Krobo
New-Juaben Municipal	Suhum/ Kraboa/ Coaltar
Upper Manya Krobo new	West Akim Municipal
Yilo Krobo	

LEGEND

Scale 1: 100,

N

1.8   Summary of the Methodology

The study uses the employment limit to define the cut off point between small scale enterprises and medium scale enterprises.

a) Data collection

Both primary and secondary data were used for the study. Personal interviews, questionnaires and other relevant research techniques were employed for information gathering. The methods used for data collection were:

i) Secondary Sources: relevant information and data were extracted from various documentary sources which include National Board for Small Scale Industries (NBSSI) reports, the Ghana Trade Policy document, Trade Support Service Programme and implementation reports from Ministry of Trade and Industries (MoTI).

ii) Primary Sources: information from entrepreneurs was obtained through interviews and questionnaires on their size, age of enterprise, knowledge on GTP, effects of GTP on production capacity, employment, marketability and turn over.

b) Variable

Qualitative
- Level of Awareness of GTP
- Level of Understanding of GTP
  Level of Response to GTP

Quantitatively
- Output
- Turnover
- Employment
- Inputs

c) Sampling

Both probability and non probability sampling techniques were employed in the study. Purposive sampling was used to select three districts (Akuapim South, West Akim and Kwaebibirem) and three processing crops (oil palm, citrus and pineapple) in these districts. One hundred (100) enterprises were selected out of 134 registered small and medium scale oil palm and citrus/pineapple processing enterprises. This sample represented approximately 75% of the population. Pineapple and citrus were merged since all fruit processing enterprises now process both crops. Stratified sampling was employed to ensure representation of the

sample in each of the two processing units, that is, citrus and pineapple as one unit and oil palm as another unit. This was necessary since population was not homogeneous in all processing units.

However seventy-five (75) of the sample responded. In all, data from fifteen (15) citrus and pineapple processing unit and 60 oil palm processing units were used in the study (see table 3.1 for the distribution).

1.9 Problems and Limitations

Some of the entrepreneurs were unwilling to cooperate with the interview. In some cases the questionnaire had to be completed at a later date due to entrepreneur's time schedule. Those who accepted to complete the questionnaires left some questions unanswered. The number of illiterates also slowed the data collection process down especially for oil palm processing. Also there were inconsistencies and contradictions in the information provided and this made analysis difficult

In some situations the owners are detached from the processing sites compelling the researcher to resort to telephone interview and this increased the cost of the study. Most enterprises were scatted and as such, the researcher had to traverse long unmotorable distances to administer questionnaires and conduct interview. Proximity to the resources has compelled most entrepreneurs to operate on the farms.

Also inadequate quantitative data on small scale agro-processing units made it difficult to carry out detailed before and after analysis. The researcher was compelled to rely largely on qualitative investigation and analysis. Also it would be ideal to have a wider coverage in terms of space and crops but due to monetary and time constraint the study was limited to three (3) districts and three (3) categories of processed crops.

In view of these limitations, the researcher in some cases had to visit respondents twice or three times. Where the respondents were illiterates, the questions were asked in the local dialect of the respondents by research assistants. Per the distributive nature of these agro-processing enterprises the research assistants were increased after the pre-testing period.

1.10 Organisation of Study

The entire study is divided into five chapters. Chapter one provides an introduction and covers the research problem, objective of the study, justification and significance of the study, scope of the study, summary of methodology and the limitations of the study. Chapter two focuses on literature review and discusses the theoretical and analytical frame-work for the study. Chapter three dwells on the various methodologies used in the study. Chapter four comprises of presentation and analysis of research data. The last chapter, chapter five, provides the research findings, provides recommendations and conclusion.
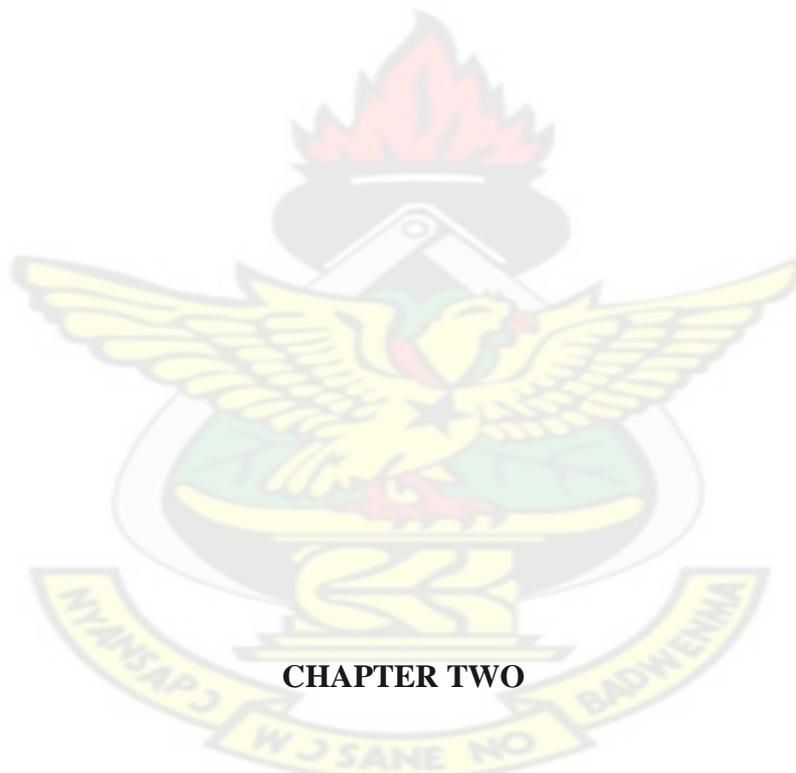
CHAPTER TWO

LITERATURE REVIEW

2.1   Introduction

Based on the definition of the research problem, the study objectives, scope and the identified research issues, it is imperative to present a discussion on the key concepts on trade, small and medium-sized agro-processing enterprises. The chapter contains the nature of development, trade strategies, definition and structure of agro-processing enterprises, a definition of SMEs covering concepts such as size, structure and contribution of SMEs, globalisation and SME development.

2.2   Nature of development

Development is a complex and contentious term that evades easy explanation. Harrison (1988) calls it a state of continuous progress and change that impacts positively on society. Melkote (2001) defines it in much the same way, highlighting that it is a process designed to achieve positive improvements to conditions within society. It generally refers to a process where people are able to make certain choices about their lives that allow them to make improvements to society's quality of life through the achievement of social and economic self-sufficiency, (Toye, 1993 and Cardoso, 1979).

Development by its very nature is suggestive of change over time whether this is articulated in notions of evolution (Cowen & Shenton, 1996), modernity as enlightenment (Pred & Watts 1992), development as class contradiction (Warren, 1980) or modernization as involving a series of stages of growth (Rostow, 1960). In many senses these are the longues durèes of immanent development which lie in stark contrast to the rapidity of the project timeframe of imminent interventions or the timeless romanticism of some post-developmental visions (Hickey & Mohan, 2004)

In recent years, the Millennium Development Goals (MDGs) have been the benchmark on which most developing economies have couched-out their medium-term agenda for development, and Ghana is no exception. The eight goals in the MDGs became the foundation of Ghana's two main medium-term development strategies - The Ghana Poverty Reduction Strategy (GPRS) I and Growth and Poverty Reduction (GPRS) II.

In the light of the huge agricultural potential, Ghana had a vision of becoming a leading agro-industrial country in sub-Saharan Africa by 2015, and therefore drafted a comprehensive policy that was to drive the economy towards achieving the vision. The GTP document clearly indicated the nature of the agricultural sector and the desire to harness this potential by stating that *'Ghana has suitable climatic conditions for the production of a wide range of agricultural products, both for consumption and as inputs to industrial production. Agriculture accounts for 46.7% of GDP and employs the vast majority of Ghana's workforce. Agriculture is predominantly subsistence with low productivity and food crop farmers earn an average of only US$88 a year'* by harnessing these potentials through a trade policy,

economy will be transformed and the lives of those in agriculture will improve through higher incomes. (MoTI, 2004).

2.3   Definition of Trade and Trade Policy

Trade is inevitable in this era of globalisation and for centuries has been sustaining most economies in the world. Be it internal or external trade, and or bilateral or multilateral trade, its role cannot be underestimated in bringing desired levels of transformation in the world today. Simply put, trade is the voluntary exchange of goods or /and services with or without money in an economy or between two or more countries. Transaction is essential to most societies since there is variation in resource endowment across the world (Todaro & Smith, 2008). It is however, imperative to concord that profitability is the driving force of trade as no country will trade with the other if no benefit is associated. There is the need for a structure within which transactions can thrive and that structure is a policy.

Trade policy represents a collection of rules and regulations formulated by a country or a group of countries to enhance trading and promote the standards in which countries can operate to achieve their objectives. Trade policies are set to promote a nation's development plan by generating income and harnessing a country's competitive advantages. Since profitability is the main driving force of trade, trade policies provide countries with the needed pool of resources in their course of economic development. A country may choose an inward-looking trade strategy or an outward-looking strategy depending on the orientation of the country's development plan. Selecting an inward-looking strategy with a lot of supply and demand rigidities may lead to a country's inability to achieve the desired trade policy objectives. Comparatively, in free trade or an outward-looking strategy, there is the need for some level of comparative advantage if a country is to benefit from trading with other nations (Todaro & Smith, 2008).

Proponents of the outward-looking strategy believe that free trade encourages free movement of capital and workers, enterprises, multinational enterprises, and an open system of communication (Streeten, 2007). They further cite efficiency and growth benefits of trade for primary and manufactured goods; importance of substituting large world market for narrow domestic markets, and the success of the 'Asian Tigers' as other areas.

Proponents of inward-looking trade policy on the other hand stress the need for policy to encourage indigenous technologies appropriate to the countries resource endowment, (Streeten, 2007). The proponents advocate that a greater reliance can be achieved only if trade movement of people and communication are restricted as well as keeping out multilateral enterprises in order to allow domestic infant industries to grow.

2.4   Ghana's Trade Policy

Ghana's development agenda of attaining a middle income status by 2015 has been designed using the Millennium Development Goals. Ghana required a policy document that would holistically tackle poverty levels in the country and this led to the formulation of medium-term development policy framework, The Ghana Poverty Reduction Strategy (GPRS) I, and Growth and Poverty Reduction (GPRS) II.

Having attained relative macroeconomic stability and modest economic growth under GPRS I, GPRS II, was directed at attaining middle income status (with a per capita income of at least US$1000) by the year 2015. The frameworks emphasised on changing the structure of the economy by developing the private sector, diversifying the export base and increasing agricultural productivity and rural incomes. To realise these objectives, three thematic areas were considered:

- ▸ private sector competitiveness

- ▸ human resource development

- ▸ good governance and civic responsibility

In the quest to become a middle-income country by 2015 with a per capita income of $1,000 per annum, the GPRS II outlines that an increase in average annual growth rate of GDP from 5% in 2006 to about 8% by 2015 is required. To attain this growth rate, a structural transformation of the productive sectors of the economy is required to ensure that Ghana reduces its dependence on exports and is able to diversify its range of products with higher levels of value-addition.

The recognition of private sector in the implementation of the policies in the GPRS II led government of Ghana to develop a Private Sector Development Strategy (PSDS), which provides the framework for improving the environment within which every Ghanaian business operates, and was aimed at removing or reducing the bureaucratic and institutional

obstacles that slow the pace of private investment and private sector development. (NDPC, 2005)

To complement the PSDS, the GTP provided broad guidelines for efficient regulation of the trade sector, as well as carefully designed interventions to overcome infrastructure bottlenecks, and the effective use of policy instruments to facilitate growth of the productive sectors.

'In view of Ghana's relatively small market, economic growth must necessarily come through increased international trade. This will depend primarily on adding value to Ghana's national resources and enhancing the competitiveness of local production, which in turn can only be achieved through industrialisation', (MoTI, 2004).

GTP covers seven (7) broad areas, namely, multilateral trade; import-export regime; trade facilitation; production capacity; domestic trade and distribution; consumer protection and fair trade; and intellectual property rights. However, in the implementation ten (10) objectives were outlined and based on these objectives implementing strategies were carved to effectively execute the GTP.

A.   Multilateral Trade

GTP focused on international trading rules considering the direct impact role trade has on Ghana's development, especially in the context of globalisation. In this regard, the policy aimed at:

- Full participation in negotiations in multilateral trading fora to ensure Ghana's national interests are secured, and that the trading rules provide the best opportunities for Ghana's development.

- Retain as much policy flexibility at the national level as possible and ensure Ghana retains the right to adequately support domestic producers.

- Promote Ghana's goods and services internationally.

B.   Create a Fair and Transparent Import-Export Regime

To encourage investment and raise competitiveness in both exports and imports and provide lower prices to consumers, the policy aims to:

- Provide simple and clear import and export rules that are transparently applied.

- Provide a level of protection to producers, in order to encourage the development of competitive local industries.

- Ensure that export incentives and any export regulations are effective to support the development of a competitive export sector.

C.   Facilitating Trade

The twin strategies of export-led industrialisation and domestic market oriented industrialisation based on import competition rely critically on the smooth passage of goods and services across Ghana's borders. In this regard, the desire of government is to:

- Ensure speedy and efficient customs clearance and standards inspection for exports, imports and transit goods

- Facilitate the provision of adequate infrastructure and ensure effective management of ports, airports and land borders

- Support exporters to comply with international standards

- Negotiate international standards that are favourable to Ghana's exports

- Ensure exporters have access to adequate trade finance facilities

D.   Enhancing Production Capacity For Domestic And Export Markets

The success of the twin strategies depends primarily on developing supply capacity. In order to develop sufficient and competitive production capacity to take advantage of market access opportunities, the GTP was to:

- Increase access to investment finance and land

- Facilitate an adequate supply of water, road, telecom, electricity and other services to productive enterprises

- Ensure adequate technical training for labour to increase productivity and management efficiency

- Support technological upgrading, and product research and development, particularly for strategic export sectors

- Enforce effective competition rules

- Promote strategic upstream and downstream production linkages

E.   Domestic Trade and Distribution

To make domestic market efficient for the development and distribution of products for both local consumption and export and to promote consumer welfare, the GTP was to:

- Ensure adequate financial, market and transport infrastructure is provided to efficiently distribute goods and services within Ghana

- Support smooth transmission of prices across Ghana through minimum price intervention

- Support producers and consumers to obtain fair prices for sales and purchases

- Promote productive and storage activities to minimise price fluctuations

- Promote Made in Ghana goods to stimulate demand

F.   Consumer Protection and Fair Trade

An environment that promotes fair trade and affords protection to consumers was perceived by government as imperative for the development of efficiently functioning markets and to enhancement in consumer welfare. The Government desired to:

- Develop and enforce effective competition, public procurement and consumer protection legislation.

- Ensure national product standards are effectively enforced on locally manufactured and imported goods

- Ensure consumers have adequate access to information and that their interests are effectively represented in Government policy and interventions

G.   Protection of Intellectual Property Rights

New inventions, innovative ideas, design and creativity contribute to social and economic growth. Protection of intellectual property rights encourages the development of new technologies to increase agricultural and industrial production, promotes domestic and foreign investment, facilitates technology transfer and improves competitiveness. Therefore, the GTP was to:

- Protect and effectively administer intellectual property rights

- Facilitate technology transfer, particularly in strategic sectors

2.5   Classification of Trade Programmes Relating to SMEs

The programmes and projects under the GTP, with reference to SMEs, can be divided into three (3) sections; building the capacity of SMEs, provision of incentives for the acquisition of inputs or resource, and creating the environment to promote marketing of output.

2.5.1   Capacity building/technology

a)   National Board for Small Scale Industries (NBSSI) and National Vocational Training Institute (NVTI)

Government sponsored business support service by NBSSI is an important intervention for SME development in capacity building and it operates in the 10 regional capitals under the Ministry of Trade and Industry. The entrepreneurs are trained in entrepreneurship, management and business skills. The Board together with NVTI and Integrated Community Centres for Employable Skills (ICCES) provides technical and management advisory services for SMEs in all of the country.

b)   Technology and transfer services for SMEs

The GRATIS Foundation has established Intermediate Technology Transfer Units (ITTU), now designated Regional Technology Transfer Centres in Ghana to transfer appropriate

technologies to small-scale industries through training, manufacturing and the supply of tools, plants and equipment to provide support to SMEs through effective transfer of technology and fabrication of agro-processing equipment.

c)   Research and Development Fund for Private Sector

The government needs to support basic and applied research in order to generate new pillars of growth for the economy. For the purposes of encouraging basic research, government established an endowment fund for Science and Technology Research, by providing an initial allocation of ¢5.0 million Ghana Cedis. The private sector and other institutions have been encouraged to contribute to this endowment fund to create a regular flow of resources for basic research (Government of Ghana, 2007).

d)   Tax Incentives for Research

The government has also put in place tax incentives in the Internal Revenue Act, (ACT 592) to step up the commercialisation of research by the private sector.

2.5.2   Marketing of SME output

a)   Exporters' education

The Ghana Export Promotion Council recognises the critical importance of training as a tool for enhancing the capabilities of the exporting community. The Council has therefore, established the Export School to develop training programmes covering production, processing, marketing, packaging procedures and documentation and all other aspects of the export trade.

The training programmes are delivered through seminars and workshops using both local and foreign experts as resource personnel. In recent times, the Council has collaborated with private sector training institutions in upgrading the skills of the export community.

b)   Market Development

The Ghana Export Promotion Council assists exporters to locate foreign buyers for their products, using well established channels such as the Ghana trade missions and trade commissioners abroad, foreign missions in Ghana and trade promotion organisations worldwide.

c)   Trade Facilitation

In order to make the process of exporting easier for non-traditional exporters, the Ghana Export Promotion Council liaises closely with all export-related agencies in Ghana to streamline procedures and documentation. Some of these agencies are the Ministry of Trade and Industry, Bank of Ghana, Customs Excise and Preventive Service, Internal Revenue Services, Ghana Ports and Harbours Authority and Freight carriers.

d)   Export Incentives Schemes

The Ghana Export Promotion Council in close collaboration with the Ministry of Trade and Industry has played a role in the establishment of incentive schemes for exporters some of which are as follows:

- An Export Proceeds Retention Scheme in operation allows exporters to exchange all (i.e. 100%) foreign exchange proceeds from non-traditional export into cedis at comparative rates negotiated with the exporters bankers.
- Bonded warehousing that allows manufacturers to seek customs licence to hold imported raw materials intended for manufacturing for export in secured places without payment of duty.
- Up-front Duty Exemption, which operates alongside the duty drawback system, enables exporters to enjoy 100% duty exemption on imported materials used to produce goods for export.

e)   Standardisation of SME products

The Ghana Standards Board is an established legal entity which provides business development services in product assessment and laboratory services for entrepreneurs. It also provides information on standards in Ghana and at the regional and international levels. The Ghana Standards Board Information Centre also has a comprehensive collection of standards documents in Ghana, as well as a number of search tools to assist in determining and directing SMEs that want to explore the external market. Besides current Ghana standards, the Board also has standards correction from other countries. It has information on technical, legal and regulatory requirements for SMEs to access external markets.

f)   Tax Incentives under Export

A corporate tax rebate allows any manufacturer or any person engaged in agricultural production, exporting part or all of his production, to claim tax rebates of between 40% and 75% of his/her tax liability.

A Custom Duty Drawback that allows exporters to draw back up to 100% of duties paid on material imported to produce goods for export.

2.5.3   Access to Inputs for SMEs

a)   Credit Facilitation for SMEs

The Bank of Ghana's 'Financial Stability Report', November 2008, states that latest credit conditions survey shows a general net tightening of credit conditions for enterprises, with a shift in accommodation from corporates to (SMEs). The most important factors cited by banks as contributing to net tightening are cost of funds and expectations regarding economic activities. Competition from other banks and non-bank financial institutions, however, contributed to easing of credit stance. SMEs, however, continued to benefit from increased access to credit. Under MoTI, NBSSI has various micro-financial schemes to support SME activities.

Table 2.1: Examples of facilities for MSMEs administered by the NBSSI

Facility	Target Beneficiary/Sector	Clients	Interest rate	Repayment Performance
1. PAMSCAD Credit Line	Small Scale Entrepreneurs operating in the rural areas, poor urban areas, women entrepreneurs	1200	20% p.a	87%
2. Revolving Fund Loans Scheme	Small Enterprises in the productive, export and service sectors, but excluding enterprises engaged in trading, primary agric, and real estate	250	20% p.a	69%
3. NBSSI/ NFED Devt Assistance Programme	Literacy groups of the Non-Formal Education Division of the Ministry of Education.	<200	20% p.a	<70%
3. UNDP /ILO/DRHC Micro Concrete Tile Credit Scheme	Micro Concrete Tile Producers under a UNDP/ILO Project arranged for the erstwhile Department of Rural Housing and Cottage Industries.	<200	20% p.a	<70%
4. ENOWID Revolving Loan Fund	Women in development. It was operated largely in the Brong Ahafo, Volta and Western Regions for the Department of Community Development (National Commission for Women and Development)	3,500	20% p.a	96%
5. NBSSI/DED Credit	Micro and Small enterprises in the	<200	20%	75 %

Scheme	Northern, Brong Ahafo and Eastern Regions through the Business Advisory Centres.		p.a	
6. Small and Micro Enterprise Promotion Fund (SMEPF)	Micro and small Enterprise sector in general.	<200	20% p.a	<70%

Source: Compiled from records obtained from the NBSSI

b)   Corporate Tax

To strengthen the role of the private sector in economic development, government has reduced the tax burden on the private sector to spur domestic and foreign investors to expand their activities and invest in new ventures. One such example is the Information Communication Technology (ICT), which aims to enhance further a country's domestic growth and provide a sustainable base for accelerating wealth creation, employment generation and reduce poverty. The corporate income tax rate has been reduced from 32.2 per cent in 2004 to 30 per cent in 2005. It has been lowered further to 28 per cent in 2005 from 25 per cent in 2007 (Government of Ghana, 2005).

c)   Withholding Tax

To further free up working capital of firms and improve their cash flows, the withholding tax rate on the supply of goods and services has been reduced from 7.5 percent to 5 per cent as indicated in the budget statement, 2005.

d)   Tax Incentives under Ghana Stock Exchange

The government is committed to ensuring that the private sector has access to long-term capital. Towards this end, companies listed for the first time on the Ghana Stock Exchange according to 2005 Budget Statement enjoy a reduced corporate tax rate of 25 per cent. Companies already listed on the stock exchange pay a corporate tax rate of 28 per cent.

e)   Tax Incentives under Venture Capital Fund

The government has also announced an enhancement of the tax incentives for venture capital finance companies who participate in the scheme announced in the 2006 budget statement as follows:

- The five -year full exemption from corporate income tax, dividend tax and capital gains tax for eligible venture capital finance companies has been extended to 10 years.

- The 100 per cent chargeable income deduction granted to financial institutions investing in venture capital finance companies has been expanded to include all corporate and individual investors who invest in venture capital financing companies.

- Distributions of interest, dividend and capital gains to inventors in venture capital finance companies are tax exempt.

2.6   Government Policy Support Institutions for SMEs

Implementation of government trade policies and programmes for SMEs, resides in a number of institutions with varying objectives. The key government institution with overall responsibility for the SME sector is the Ministry of Trade and Industries (MoTI). This institution offers two strategies - of export-led industrialisation and domestic market oriented industrialisation based on imports.

The MoTI is required to liaise with all relevant establishments, including public and private sector institutions. In this regard, public institutions established to promote SME programmes in Ghana are numerous. The following are just a few:

i.   National Board For Small Scale Industries (NBSSI)

ii.   Association of Small Scale Industries (ASSI)

iii.   Ghana Regional Appropriate Technology Institute Service (GRATIS)

iv.   Ghana Standards Board (GSB)

v.   Ghana Export Promotion Council (GEPC)

vi.   Export Development and Investment Fund (EDIF)

vii.   Management Development and Productivity Institute (MDPI)

viii.   Ghana Institute of Management & Public Administration (GIMPA)

ix.   National Vocational Training Institute (NVTI)

x.   Integrated Community Centres for Employable Skills (ICCES)

2.7   Summary of Keys Issues

For the purpose of this study, key policies and programmes have been selected to assess SMEs' responses. The responsiveness of SME operators to these policies and

programmes are therefore discussed in the next chapter. Table 2.2, presents the specific policies and programmes assessed in the study.

Table 2.2: Policies and programmes for SMEs

No.	Policies and Programmes for SMEs
1	Training: Entrepreneurship, management and Business Skills by NBSSI and NVTI
2	SME access to Market: Trade Facilitation, Export Incentive Schemes, Exporters Education, private Enterprise Export Development Fund (US $34 million)
3	Standardization of SME products: Technical Regulations, Standards and Conformity Procedures by Ghana Standards Board.
4	SME access to Finance: Business Assistance Fund, NBSSI Revolving Loan Fund Scheme, Export Development and Investment Fund (EDIF), Venture Capital Fund
5	Technology and Transfer Services for SMEs: Ghana Regional Appropriate Technology Industrial Service Project (GRATIS Foundation)
6	Research and Development: 5.0 billion Cedis Endowment Fund for Science and Technology Research
7	Incentives for Private Sector: Corporate Tax Reduction to 25% from 32.2%. Withholding tax reduction to 7.5. % from 5% reduced corporate tax rate of 25% for listing on the Stock Exchange.

Source: Author's construct, 2010

2.8   Definition and Nature of SMEs

In attempting to define SMEs, Dalitso & Quartey (2000), noted that there is no single, uniformly acceptable, definition of a small firm. Firms differ in their levels of capitalisation, sales and employment. Hence, definitions which employ measures of size (number of employees, turnover, profitability, net worth, etc.) when applied to one sector could lead to all firms being classified as small, while the same size definition when applied to a different sector could lead to a different result. Alternative definitions for SMEs have also been coined by various organisations, presented in Table 2.3 is a summary of the alternative definitions.

Table 2.3 Definitions of SMEs by organisations

Organisation	Definitions
World bank (1976)	Firms with fixed assets (excluding land) less than US$250,000 in value is small scale enterprise
Grindle et al (1989:9-10)	Small-scale enterprises are firms with less than or equal to 25 permanent members and with fixed assets (excluding land) worth up to US$50,000
USAID in the 1990s	Firms with less than 50 employees and at least half the output is sold (also refer to mead, 1994)
UNIDO's definition for Developing Countries	Large-Firms with 100+workers Medium –firms with 20-99 workers Small-'' '' 5-19workers Micro- '' ''<5 workers
UNIDO's definition for Industrialised countries	Large-firms with 500+ workers Medium – firms with 100-499 workers Small – '' ''_< 99 workers

SOURCE: **Dalitso &** *Quartey (2000)*

From the alternative definitions above, it can be concluded that there is no unique definition for a small and medium scale enterprise. A study by International Labour Organization (ILO) found more than 50 definitions in 75 different countries, with considerable ambiguity in the terminology used. The enormous variety of criteria applied includes size of workforce or capital; form of management or ownership, production techniques, volumes or scales, client numbers, and levels or energy consumption, (Dalitso & Quartey, 2000).

Gibson & van der Vaart's (2008) 'Proposed Formula for Defining SMEs' indicate that an SME is a formal enterprise with annual turnover, in US dollar terms, of between 10 and 1000 times the mean per capita gross national income, at purchasing power parity, of the country in which it operates. This is achieved by going beyond turnover or revenues of a company, and taking into account the country-specific economic context in which the SME operates, that is, the per capita gross national income at purchasing power parity. The dimensions of the SMEs were, however, obtained by studying distinction between SMEs and microenterprises on one side and SMEs and large firms on the other hand. The observed distinctions are as follows:

Relationship between Microenterprises and SMEs, are:

- formal, that is to say, registered with government ministries or other registration bodies;

- obligated to pay taxes and social security charges, as they are generally too large or visible in the community to avoid paying such governmental charges;

- able to allow their employees to take sick leave and vacations while receiving compensation;

- able and generally willing to provide formal skills training for their employees and providing such training for a substantial percentage of such employees;

- able to finance accounts receivables;

- able to invest in capital with a payback of longer than 12 months; and,

- able and inclined to voluntarily organise or contribute to local community projects or to make some charitable contributions.

Relationship between large firms and SMEs are:

- less likely to have significant personal contacts within high levels of government and the financial sector, and therefore less able to negotiate special fiscal incentives or influence government benefits ("corporate welfare" or "sweetheart deals");

- therefore less likely to be involved with government corruption;

- more often managed by their owners, more centralised in their management, with substantially weaker delegation and departmentalisation;

- more focused on short-term needs and medium-term survival than on long-term profitability or market share;

- less able, and less inclined, to prepare and follow business plans;

- less technologically sophisticated and slower to take advantage of available and affordable technology;

- more flexible and able to adapt quickly to changes in the economic and regulatory environment;

- more often only able to hire (and therefore compelled to train) unskilled workers who generally will not meet the hiring criteria of large firms;

- more likely to be deeply rooted and active in one community;

- more dependent upon personal relationships between management and workers and between management and customers.

Gibson & van der Vaart (2008), however, noted that SMEs may have characteristics of microenterprises and large firms.

One other means of measure used to distinguish SMEs is that of employment due to its simplicity and the ease of data collection. According to Boapeah & Papoe (1992), employment seems to be the most important criterion used in defining the size of enterprises in Ghana. The term 'small scale industries' refers to enterprises that employ between one and 29 persons. Whereas medium-sized enterprises ranged in size from 30 to 200 persons. As the Organization for Cooperation and Economic Development (OCED) (2004) observed, characteristics of the owner-managed independent business are substantially different from those of the small subsidiary firm of a large organisation. Such characteristics radically affect SME responses to policy initiatives.

For the purpose of this study, small-scale enterprises are defined as one with not more than nine workers, whereas medium-sized enterprise ranged from 10-200 persons. This is the adopted working definition of SMEs for the purpose of this study.

2.8.1   Size and Contributions of SMEs: Global Picture

The contributions of SME to the economy of both developed and developing countries cannot be underestimated. SMEs contribute both to total employment and GDP in many countries across the globe. In view of this, the development of the SME sector has been observed as a core element in development strategy to foster economic growth, employment and poverty alleviation. For instance, SMEs in Malaysia employ 5.8 million workers, contribute 32% to GDP and contribute 19% to total national exports, (Sin, 2010). According to Mensah (2004), it is generally accepted that the broad goal of SME policy is to accelerate economic growth and in so doing alleviate poverty

Table 2.4 The size and contributions of SMEs to the economy across selected countries.

Country	Year	Structure of the MSME sector (% of all MSME)			MSME participation in the economy		
		Micro	Small	Medium	MSMEs	MSME per 1000 people	MSMEs Employment(%total)
Sweden	2005	96.2	3.2	0.5	898,454	99.6	39.6
Malaysia	2005	79.4	18.4	2.2	518,996	20.5	65.0
Albania	2004	91.3	7.2	1.5	38,331	12.3	44.4
Chile	2004	81.5	15.1	2.4	700,000	43.9	95.0
Ghana	2004	55.3	42.0	2.7	25,679	1.2	66.0
Malta	2004	95.8	3.6	0.6	30,974	77.2	86.9
New Zealand	2004	91.9	7.6	0.5	334,031	82.3	70.9
Peru	2004	94.4	3.9	1.7	658,837	23.9	92.8
United States	2004	78.8	19.7	1.5	5,868,737	20.0	50.9
United Kingdom	2004	95.4	3.9	0.7	4,415,260	73.8	39.2
Thailand	2002	93.9	5.3	1.1	842,360	13.7	69.0
Egypt	1998	92.7	6.7	0.9	1,649,794	26.8	73.5
South Africa	1997	92.0	7.0	1.0	900,683	22.0	39.0

Source: International Finance Corporation, (2007)

The size and contribution of the SME sector varies greatly across countries. While in Sweden, Malta, New Zealand and United Kingdom more than 70% per 1,000 people is employed by the SME sector, Albania and Thailand is less than 14%. In Ghana, less than 2% per 1,000 people is employed in the SME sector. However, 66% of the work force is employed in the SMEs sector in Ghana. In Chile, Malta and Egypt the share of SMEs to total employment is more that 70%. Table 2.4 shows that where the contributions of SME to total employment are low, it is not less than 39% even in the developed countries such as the United States and the United Kingdom.

This is an indication that developing countries like Ghana cannot ignore the contributions of SME sector to GDP, and employment creation and poverty reduction. Therefore policy environment is necessary for SME growth and development for improved contribution to the economy.

2.8.2   Challenges of SMEs

From research, Mhazo *et al* (2007) discussed a number of factors that may constrain the ability of small- and medium-scale agro-based enterprises in developing countries to effectively manufacture and market processed food products.

- On a macro level, many policies implemented by governments have served to hinder the development of small-scale industries (Dawson, 1994; Simalenga, 1996) cited in cited in Mhazo *et al (*2007).

- At the firm level, limited access to credit (Chakwera, 1996); limited access to foreign currency (Nazare, 2005); lack of appropriate technologies (McPherson, 1996; Mugova, 1996); lack of technological capability; the unreliable supply of raw materials (Mosha, 1983); lack of management skills (Odunfa, 1995); poor product quality control (Jaffee, 1993); and poor markets, amongst other things, have constrained the development of small-scale industries. Cited in Mhazo *et al* (2007)

In classifying challenges in this fashion, governments are offered a clearer view of the solutions to problems bedevilling the growth of SMEs in developing economies.

In addition, Abor & Quartey, (2010) noted that SME development is hampered by a number of factors, including finance, lack of managerial skills, equipment and technology, regulatory issues, and access to international markets.

2.9   Agro-Processing

2.9.1   Defining agro-processing

According to the FAO (1997), the growing complexity of inputs, the impact of innovation processes and new technologies, the sophistication and the growing range of the transformation processes – make it increasingly difficult to draw a clear distinction between what should be considered strictly industry and what can be classified as agro-industry.

A common and traditional definition of agro-processing industry refers to the subset of manufacturing that processes raw materials and intermediate products derived from the agricultural sector. Agro-processing industry thus means transforming products originating from agriculture, forestry and fisheries. The industries that use agricultural, fishery and forest products as raw materials comprise a very varied group. They range from simple preservation (such as sun drying) and operations closely related to harvesting to the production, by modern, capital-intensive methods, of such articles as textiles, pulp and paper.

Also, useful classification of agro-processing industry is in upstream and downstream industries. Upstream industries are engaged in the initial processing of agricultural commodities. Examples are rice and flour milling, leather tanning, cotton ginning, oil

pressing, saw milling and fish canning. Downstream industries undertake further manufacturing operations on intermediate products made from agricultural materials. Examples are bread, biscuit and noodle making, textile spinning and weaving; paper production; clothing and footwear manufacturing; and rubber manufactures, (FAO, 1997)

In Ghana, backyard type processors and factories that have sophisticated machinery and complex systems of organisation and that produce a range of industrial products for the domestic and external markets process the same commodity. According to the United Nations International Standard Industrial Classification of All Economic Activities, agro-industrial production is present in many manufacturing sectors, such as: manufacture of food, beverages and tobacco; textile, wearing apparel; and leather industries; manufacture of wood and wood products, including furniture; manufacture of paper and paper products, printing and publishing; and manufacture of rubber products. These manufacturing sectors are all operating in the Ghanaian economy.

Agro-processing activities according to Mhazo *et al.*, (2007) comprise two major categories; primary and secondary operations. Primary processing operations involve activities such as crop drying, shelling/threshing, cleaning, grading, and packaging characterises the primary processing. Secondary processing operations entail increasing nutritional or market value of the commodity and the physical form or appearance of the commodity through milling grain into flour, grinding groundnuts into peanut butter, pressing oil out of vegetable seeds, pressing juice out of fruit, making cheese out of milk and manufacturing of mince meat.

For this work however, the definition for agro-processing will concentrate on the up stream processing of raw material (food crops) into finished and semi-finished goods. Therefore the discussion will exclude animal raw materials and fishery raw materials.

2.9.2   Global Perspective on Agro-Processing

In industrialised countries, while primary agriculture accounts for a very small proportion of total output, the various industries derived from agricultural transformation represented nearly one-third of total Manufacturing Value Added (MVA) in 1994. The share is even higher (37.6 per cent) in developing countries, where agro-industry is often the main

industrial activity and a major contributor to production, export earnings and employment. However, the share of agro-industries dropped by around three to four percentage points in both developing and industrialised countries since 1980 (FAO 1997).

The major component of agro-industrial activities in both industrialised and developing countries is composed of the food, beverages and tobacco industry, which accounted in 1994 for about 13 percent of total MVA in the industrialised countries and 18 per cent in the developing countries, although the share has also been declining in both groups, (table 2.5).

Table 2.5 Share of agro-industries in total manufacturing value added (MVA)[1] in selected country groups, 1980 and 1994[2]

Country groups	Food, beverages, tobacco (3.1)		Textiles, clothing, leather, footwear (3.2)		Wood products, furniture (3.3)		Paper & products, printing (3.4)		Rubber products (3.5.5)		All agro-industry (3.1-3.4, 3.5.5)	
	1980	1994	1980	1994	1980	1994	1980	1994	1980	1994	1980	1994
Industrialized countries	**13.3**	12.6	8.3	5.7	3.6	3.1	7.9	8.9	1.2	1.1	34.3	31.4
EC	11.9	13.5	8.5	**6.0**	**3.7**	3.4	6.8	7.6	1.3	1.1	32.2	31.6
Japan	11.3	9.4	7.2	4.3	4.4	2.3	8.8	9.2	1.4	1.2	33.1	26.4
North America	13.7	11.9	6.4	4.8	2.8	3.0	11.4	11.3	1.0	1.1	35.3	32.1
Eastern Europe and CIS	20.8	**20.5**	**14.4**	13.7	2.7	3.2	2.2	1.8	1.4	1.1	41.5	40.3
Developing countries	18.2	17.7	15.2	11.4	2.8	2.2	4.3	4.6	1.5	1.7	42.0	37.6
NIEs[3]	15.1	14.5	15.0	10.8	2.4	1.6	4.5	5.0	1.6	1.8	38.6	33.7
Second-generation NIEs[4]	**23.5**	19.7	16.2	13.0	3.2	3.8	3.3	3.8	2.0	2.2	48.2	42.5

Note: ISIC classifications in parentheses. [1] At constant 1990 prices. [2] 1993 for developing countries. [3] NIEs = Argentina, Brazil, Mexico, former Yugoslavia, Hong Kong, India, the Republic of Korea, Singapore and Taiwan Province of China. [4] Second-generation NIEs = Morocco, Tunisia, Chile, Turkey, Indonesia, Malaysia, the Philippines and Thailand.

Source: UNIDO. 1997. International Yearbook of Industrial Statistics 1997. Vienna.

The overall gains in contribution to output by the developing countries were reflected in the faster rates of expansion of their industries compared with those of the industrialised countries during 1980-94 (Table 2.6). Their rate of growth exceeded those of industrial and transition economies for all branches of industrial activity during the 1980s, and again in 1990-94. Rubber and paper were particularly buoyant throughout the period, as was the beverage industry in 1990-94.

Table 2.6 Average annual growth of value added in agro-industries by country groups, 1980-90 and 1990-94[1]

Branch (ISIC)	Industrialized countries		Eastern Europe and CIS		Developing countries	
	1980-90	1990-94	1980-90	1990-94	1980-90	1990-94

Food (3.1.1/2)	**1.8**	1.4	1.7	..	2.6	3.4
Beverages (3.1.3)	1.8	1.2	-1.7	..	2.6	**4.9**
Tobacco (3.1.4)	0.0	-1.4	0.4	..	1.8	2.1
Textiles (3.2.1)	0.2	-1.5	1.1	..	2.2	0.8
Wearing apparel (3.2.2)	-0.6	-2.3	1.7	..	2.4	-1.7
Leather (3.2.3)	-1.4	-4.1	0.0	..	0.7	-3.6
Footwear (3.2.4)	-3.1	-3.5	2.4	..	-0.4	-2.4
Wood products (3.3.1)	1.6	-0.1	2.1	..	2.1	..
Paper (3.4.1)	3.4	1.8	1.2	..	4.3	4.5
Rubber (3.5.5)	2.6	-0.3	1.4	..	4.9	3.9
Total MVA	2.8	-0.4	2.5	-10.1	4.4	3.5

Source: UNIDO. 1997. International Yearbook of Industrial Statistics 1997. Vienna.

From Hirschman's Linkage Hypothesis, which postulates that the best development path lies in selecting those activities where progress will induce further progress elsewhere, the general observation can be made here that, because of its high degree of interdependence with forward and backward activities, agro-industry can play a very important role in accelerating economic activity. The relative abundance of agricultural raw materials and low-cost labour in most developing economies reveals the immense potential of agro-processing industrial development.

2.9.3   Potentials of Agro-Processing

According to Mhazo *et al* (2007), small-scale food processing activities represent a potential source of livelihood for many poor people in Sub-Saharan Africa. The overall potential of agro-processing is huge as it can:

- Increase the value of crops of poor farmers and thus yield higher returns;
- Expand marketing opportunities;
- Improve livelihoods of people;
- Extend shelf-life of commodities;
- Improve palatability of commodities;
- Enhance food security;
- Overcome seasonality and perishability constraints; and
- Empower women who are often involved in agro-processing.

2.9.4   Case study Thailand

'A case in point is Thailand which was among the world's top export performers in the 1980s when its exports expanded by an annual average of 13.2 percent in real terms, accounting for as much as 38 percent of GDP in 1990. Exports continued expanding dramatically during the first half of the 1990s, doubling in value between 1990 and 1995.

Agro-industrial products, which were responsible for more than 65 percent of total exports, were developed by ensuring a market-friendly economic environment and providing adequate financial and support services. Some elements of this success story also shows the potential of agro-industry as a leading sector. Indeed, the number of manufacturing jobs in Thailand doubled between 1978 and 1991, with agro-industry accounting for 60 percent of all workers in manufacturing industries by 1990, and for 15.4 percent of GDP (up from 9.7 percent in 1960). Agro-industry grew at a rate exceeding 8 percent per year from 1980 to 1990 and, by 1990, numbered 32 000 private enterprises or 62 percent of the total number of establishments in the manufacturing industry' (FAO 1997).

2.9.5 Challenges of Agro-Processing

There are several mitigating factors associated with the establishment of agro- processing enterprises or industries. For instance, Shehrawat (2006) identified three problems encountered by entrepreneurs in establishing viable agro-processing industries. They are:

- Technological problems encountered by entrepreneurs
- Institutional problems encountered by the entrepreneurs
- Financial problems encountered by entrepreneurs

Zimbabwe's agro-processing SMEs can be used to illustrate the above three points as they face many of the same challenges endured in Ghana. These include:

- Poor equipment back-up service rendered by dealers, shortages and high cost of equipment and spares;
- Limited access to information from extension service;
- Limited access to appropriate packaging material for processed products, lack of marketing skills;
- Inadequate support services from training institutions, private sector consultants, small enterprise advisors, research institutions and engineering workshops;
- Erratic supply and increased cost of fuel coupled with frequent power cuts;
- Unreliable supply of raw materials, reduced demand for processed food products;
- Poor cash flow emanating from low volumes of raw materials hence low income is realised from processing;
- Failure to meet food processing regulations pertaining to food safety and hygiene practices which need to be adhered to in the industry. Attention to hygiene and basic

food safety procedures is found, at times, to be limited among informal enterprises. Knowledge of specific regulations and legislation governing food safety and hygiene issues is only evident among those processors who market their product through formal outlets. The required costs of meeting the Standard Association of Zimbabwe regulations are viewed by the more informal processors as prohibitive

- High cost of processing equipment; and
- Limited capacity to mobilise capital for equipment purchase and working capital (Mhazo *et al*., 2003).

2.10   Methodology for Assessing Effect

Development is a process that needs to be smoothened and directed by policies through programmes and projects. The methodology in assessing the performance of a development policy or intervention is imperative if the objective of the policy would be attained.

The assessment process of any intervention provides the needed data to affirm the set indicators that feed into the development objective. OECD considers assessment as a process by which information is obtained relative to some known objective or goal. Assessment is a broad term that includes testing which is seen in most quantitative studies where the stated hypothesis is tested. A test or assessment yields information relative to an objective or goal.

2.10.1 Measuring Effects

The intended or unintended change due directly or indirectly to an intervention (programme or project) according to the OECD is termed effects. Relatively to impact, which is a long term attainment of the overall goal of an intervention; effects are short to medium term changes in the specified indicators (Jensen, 2010). The short-term and medium-term effects of an intervention can constitute the outputs while the positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended constitute the impacts (OECD, 2009)

While it is not always easy to quantify effect or impact, it is likely to be reflected in a measure such as additional output, employment, sales or export activity that can be attributed to the existence of the programme. In other words, it is the activity that would not have taken place without the programme, and it is attributable to the firm participating in the programme. This is shown diagrammatically in Figure 2.1(Clark et al 2003).

Figure 2.1 shows, for any given outcome, that policy impact can be considered as the difference between the observed outcome of the intervention, and what would have happened without the intervention. The causal relationship of a development intervention – that stipulates the necessary sequence to achieve the desired objectives beginning with inputs; moving through activities and outputs; culminates in outcomes and impacts, Garbarino and Holland (2009) – can be termed results chain.

Figure 2.1Result Chain showing outcomes of policy

KEY : external influence   Causal Link

SOURCE: PRACTICAL GUIDE TO *EX ANTE* POVERTY IMPACT ASSESSMENT – OECD 2007
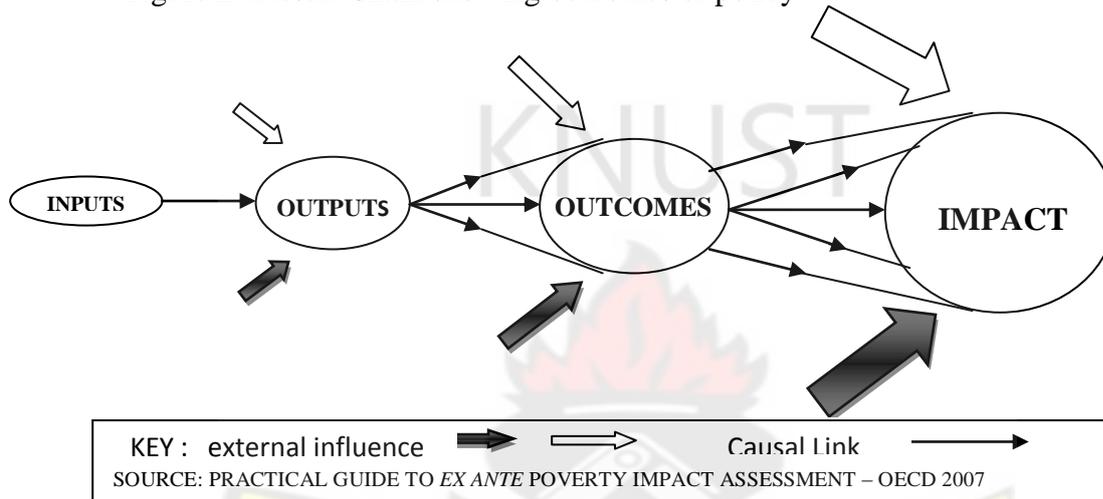
2.10.2 Measuring Effects – Scientific Method and Humanities Tradition

The effects of an intervention could be measured through scientific or experimental and humanities methods. Hulme (2000) argues for quasi-experiment as an alternative to rigid scientific measurement in the social sciences. He noted that the simulation in quasi – experiment could reveal comparative outcomes of an intervention. In furtherance of the discussion, Hulme pointed out two methods, multiple regression and control group method for the simulation. However, Hulme draws attention to the pit falls of these methods especially the need for enormous data and the heterogeneous nature of societies (Mosley, 2000).

The humanities tradition, according to Hulme seeks to provide an interpretation of the processes involved in intervention and of the effects that have a high level of plausibility. It recognises that there are usually different, and often conflicting, accounts of what has happened and what has been achieved by a program. Commonly the bulk of data generated by such an approach is qualitative, although at later stages of analysis some data can be quantified. Such studies cannot usually demonstrate the causal link as they are not able to generate a 'without program' control group. Instead, causality is inferred from the information about the causal chain collected from intended beneficiaries and key informants,

and by comparisons with data from secondary sources about changes in out-of-program areas (Hulme, 2000).

2.11 Conceptual Framework

Figure 2.2 Conceptual Framework for the Study

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                    ┌──────────┐
                    │   MDGs   │
                    └──────────┘
                         │
                    ┌──────────┐
                    │  GPRSII  │
                    │   GTP    │
                    └──────────┘
                         │
              ┌───────────────────────┐
              │ IMPLEMENTING AGENCIES │
              └───────────────────────┘
                         │
          ┌───────────────────────────────┐
          │   SME–PROGRAMMES/ PROJECTS    │
          └───────────────────────────────┘

 ┌─────────────────┐  ┌──────────────────────┐  ┌────────────────────┐
 │ ACCESS TO INPUTS│◄─►│ BUSINESS DEVELOPMENT │◄─►│ MARKETING OF OUTPUT│
 └─────────────────┘  └──────────────────────┘  └────────────────────┘

          ┌───────────────────────────────────┐
          │    IMPLEMENTATION OUTCOME OF       │
          │    SME PROGRAMMES /PROJECTS        │
          └───────────────────────────────────┘

 ┌──────────────────┐ ┌────────────────────┐ ┌────────────────────┐
 │ EFFECTS ON INPUTS│ │ EFFECTS ON CAPACITY│ │ EFFECTS ON OUTPUT  │
 └──────────────────┘ └────────────────────┘ └────────────────────┘
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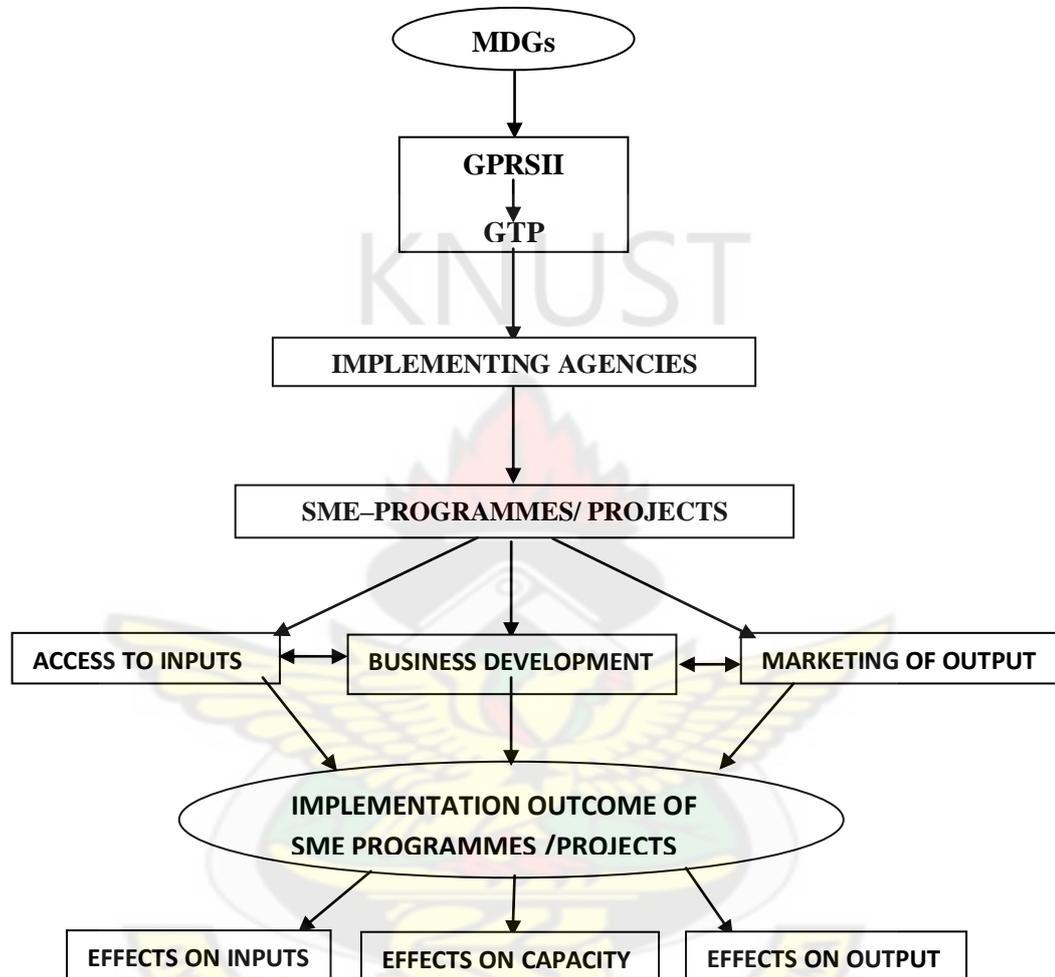
Through Ghana's GPRS I and GPRS II, strategies have been formulated in order that the country meets the MDGs. Several auxiliary policies were to annex the medium term plan so as to support the process of poverty reduction. The GTP was one such policy which aimed at reducing Ghana's dependence on exports of a limited number of primary commodities to a more diversified range of products with higher levels of value-addition.

Using SME programmes and projects, the aim of GTP was to be achieved. These SME programmes and projects include SME access to inputs, SME business development and the marketing of SME outputs. The essence is to generate value addition in order to increase Ghana's revenue accruing to exports, generate the needed linkages between agriculture and

industry, reduce unemployment, provide more stable incomes to the rural communities and ultimately reduce poverty.
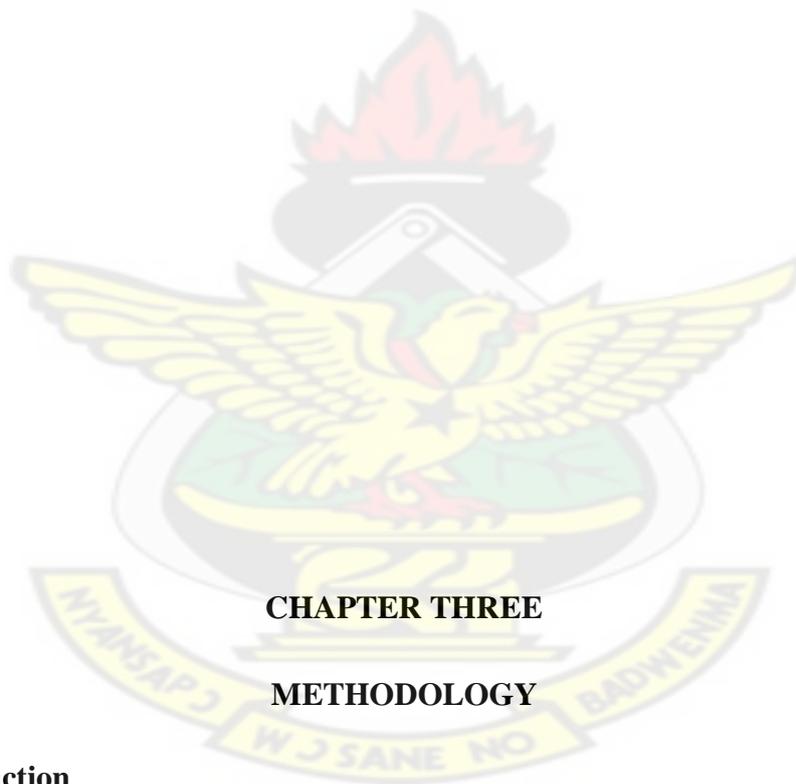
CHAPTER THREE

METHODOLOGY

3.1 Introduction

Having introduced the literature and discussed the various components of the work, the method used to collect the data for analysis is imperative. Since the work aims at knowing the effects of Ghana's trade policy on small and medium scale agro-processing enterprises, the chapter will dwell on the research method used in collecting data from agro-processing SMEs and trade implementing agencies.

3.2 Data collection

According to Kumekpor (2002), a method merely implies a way or a procedure of getting specific things done. However, inherent in even this simple way of conceptualising a method is the idea of a laid-down or accepted or normally adopted way of getting specific things done. Equally implicit in this simple way of thinking about a method is the idea that for any particular problem or work that has to be done, there may be a variety of methods of getting it done.

Consequently, the study employed a case study approach in which data are usually more detailed, varied and extensive (Neumann, 2000). However, the data were subjected to pre-testing and post-testing design. The performance of small and medium scale agro-processing enterprises were examined before and afterwards the implementation of Ghana's trade policy in 2005. This provided empirical basis for drawing conclusions on the effects of trade policies on the agro-processing SMEs.

Data for the study covered two areas namely; SME operators and trade policy implementing agencies. Data on entrepreneurs obtained include the awareness level of government trade policies on SMEs, level of understanding, SME responses to trade policy-initiatives, the effects on enterprise growth and expansion and how their responses can be improved. Questionnaire and interview guides were used in obtaining data from SME operators and key informants from the trade policy implementing agencies. The institutions contacted for the data are MoTI, NBSSI, GEPC, and GRATIS.

The data for the study were gathered from both primary and secondary sources. The primary source involved the use of questionnaires and unstructured interview schedule in obtaining data from SME operators which formed the unit of analysis. The secondary sources of data were gathered from newspapers/journals, articles, the internet, relevant books, past investigations of relevance, official reports and statistics and other secondary sources. Such sources made available for review information on SME definition and related concepts, size and contribution of SMEs, challenges facing SMEs. Data on agro-processing focuses on the definition of agro-processing, potentials of agro-processing, global perspective on agro-processing and challenges of agro-processing were also extracted from secondary sources. On the Ghana's Trade Policy, three documents were studied; Ghana Trade Policy (GTP), Trade Support Services Programme (TSSP) and Trade Support Services Programme (TSSP) Budget.

3.3   Sampling Techniques

Out of the 22 districts in the Eastern Region three were selected purposefully (Akuapim South, West Akim and Kwaebibirem) due to the prevalence of agro-processing activities in the area. Two sample frames were generated, one for small scale and the other for medium scale, within the frame the sample is further stratified based on the type of crop to cover three crops namely oil palm, citrus and pineapple which was purposefully selected because of their prevalence extraction in the districts. This guarantees representatives or fixes the proportion of different strata within a sample (Neumann, 2000). Stratified sampling is used primarily to ensure that different groups of a population are adequately represented in the sample so that the level of accuracy in estimating parameters is increased. Furthermore, all other things equal, stratified sampling reduced the cost of execution considerably. The underlying idea in stratified sampling is that available information on the population is used to divide it into groups such that the elements within each group are more alike (homogeneous) than are the elements in the population as a whole, (Chava & David, 1992). Below is the sampling structure:

Table 3.1 Shows the sample selection criteria for the study

Type of crop	Population	Percentage (%)	Sample	Respondents
Palm fruit	115	$\frac{115}{134}$x 100 = 85	$\frac{85}{100}$ x 100 = 85	60
Citrus and Pineapple	19	$\frac{19}{134}$x 100 = 15	$\frac{15}{100}$ x 100 = 15	15
Total	134	100	100	75

Source: NBSSI and Statistical Service (Author's Construct) June 2010

Table 3.2: shows the distribution of sample in the three districts

DISTRICT	Citrus/Pineapple		Oil Palm	
	Population	Sample	Population	Sample
Akuapim South	17	14	2	1
Kwabibirem	-	-	101	53
West Akim	2	1	12	6
Total	19	15	115	60

Source: NBSSI and Statistical Service (Author's Construct) June 2010

The simple random technique was adopted in selecting samples from the strata for the distribution of questionnaire and semi-structured interview schedule depending on the educational background attained through interaction with operators. In simple random sampling, a researcher develops an accurate sampling frame, selects elements form the sampling frame according to a mathematically random procedure, then locates the exact element that was selected for inclusion in the sample, (Neumann, 2000). Simple random sampling is a sampling procedure that gives each of the N sampling units of the population an equal and known non-zero probability of being selected (Chava & Nachmias, 1992). Each

sampling unit in each sector is listed and given a number. The table of random digits was then applied at some random starting point. Each digit that appeared in the table was read in an order. Whenever a digit appears in the table of random digits corresponded with the number of the sampling unit in the list, that sampling unit will be selected for the sample. This process continued until the desired sample size in each sector was reached.

3.4   Data Analysis Technique

Graphical and tabular illustration were used to discuss the relationship between awareness, understanding and response to government trade policies and programmes for SME development In addition, comparison of situation before the implementation of the trade policies and programmes and after the implementation of the trade policies and programmes were discussed to satisfy the hypothesis for this work. Gaur & Gaur (2009) noted that in conducting before and after survey the paired t-test reveal the relationship between the two regimes. The work therefore adopted the paired t-Test to ascertain the effects of the policies and programmes on SMEs in the Eastern Region. Ho (2006), further indicated that the null hypothesis is rejected if the p-value obtained is less than and accepted if it is greater than the significance level at which we are testing the hypothesis. Gaur & Gaur (2009), stated that in social sciences research, a p-value of 0.05 is generally taken as standard. In other words, a p-value of 0.05 means there is only a 5% chance that you would be wrong in concluding that the populations are different or 95% confident of making a right decision.

3.5   Data Analytical Tool

The process-outcome model

The process-outcome model described below relates to the process through which agro-processing SMEs could pass to achieve growth in the face of the implementation of Ghana's Trade Policy. For the agro-processing SMEs to achieve growth through the GTP, certain strategies were adopted. These include input variables and processes (fig. 3.1). The effects of the GTP on the performance of agro-processing SMEs will depend greatly on the extent to which the suggested strategies or processes have been put into operation. The model examines the extent to which the policy could assist agro-processing SMEs to grow. It suggests that, agro-processing SMEs with the necessary inputs mentioned in the inputs stage can hope to achieve the outlined outcomes if the suggested processes or strategies are

carefully followed through. The input requirement stage describes the necessary inputs which the firms should be able to acquire through GTP for efficient production (refer to fig.3.1)

Fig 3.1 process-outcome model

Inputs	Processes	Outcome
• Adequate credit • Adequate raw materials and spare parts • Adequate information • Quality ideas and innovation for development • Improve entrepreneurial knowledge and skill • Strong demand • Efficient technology • Adequate competitive standards • Competitive environment	• Micro finance and credit schemes • Reduce duties on imported inputs • Provision of technology transfer services • Ensure high quality products through research funds • Encourage exportation through promotion • Provide training and advisory services through assisting institutions • Reducing taxes on productive input	• Increased access to production inputs • Increased output level • Increased employment • Increased profit • Increased efficiency • Increased market

Source: Author's Construct (2010)

The second phase deals with the required strategies or processes or output level that the various actions produced by GTP to ensure the actualisation of the inputs. The framework takes care of SME's output growth with the suggestion that, institutional restructuring and other monetary or fiscal intervention would ensure availability and adequacy of production inputs. Provision of advisory services and development of entrepreneurial skills through training would also ensure acquisition of quality ideas on new developments and experience in entrepreneurship.

The model also suggests that through funding research and export promotion such as trade fair opportunities and the duty drawback system, high quality products could be ensured. Reduction in taxes especially on productive inputs could lower cost of production hence prices are likely to be lower for locally made goods. The reduction in prices could reduce the unfair competition being faced by imported substitutes to SMEs products.

CHAPTER FOUR

ANALYSES OF AGRO-PROCESSING SME RESPONSE TO GHANA'S TRADE POLICY

4.1   Introduction

The three districts for the study have several characteristics in common ranging from topographical to socio-economical. The total land area for the study is estimated at 2651 square kilometres with Kwaebibirem, West Akim and Akuapim South having 1230, 1018 and 403 square kilometres respectively. Generally, the land area is largely plain with few hilly areas notably the Akuapim Togo range which can be found in the Akuapim South district of Ghana. The land area is characterized by semi-deciduous rainforest and savannah grassland with few swamps at the edges of the various rivers in the district.

Demographically, the area for study has a total population of about 363,370 (Government of Ghana, 2000). Kwaebibirem accounts for about 49% of the total population followed by West Akim with 42% leaving the remaining 9% for Akuapim South. The main occupation in these districts is largely subsistent agriculture within a land tenure system. The common crops cultivated include cash crops such as, pineapple and citrus which are mostly found in Akuapim South and some part of West Akim district. The others are oil palm, cassava, cocoa and coffee which are grown in all districts. However oil palm production is more pronounced in the Kwaebibirem district.

Agriculture employs over 55% of the population in the study area. Most micro, small and medium scale enterprises in the study area are agro-based and provide the source of livelihood for the population through incomes and employment. In addition to agriculture is the mining of precious minerals such as gold and diamond which supports the incomes of the people in the three districts.

This chapter will feature the profile of respondents; level of awareness and understanding of respondents on SME trade policies and programmes; level of responses to the various SME trade policies and programmes; the factors that influence the responses to government trade policies on SMEs, and how respondents of these various policies and programmes have been affected in terms of their plant and machinery; number of employees; turnover, and output.

4.2 Profile of Sampled Respondents

The analysis is prefaced with background information of respondents since these characteristics are likely to influence their response to government policies.

Table 4.1 Gender of Respondents by Processed Crops

	Palm Fruit		Citrus and Pineapple		Summary	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Male	42	70.0	13	87.0	55	73.0
Female	18	30.0	2	13.0	20	27.0
Total	60	100.0	15	100.0	75	100.0

Source: Fieldwork June, 2010.

4.2.1 Gender of Respondents

About 27.0% of the entire respondents interviewed were women and 73.0% were men. Of the 26.7% female respondents interviewed, 90% were engaged in palm fruit processing with the remaining 10% processing pineapple and citrus. Despite there being a clear dominance of female labourers as observed on the field compared to male, table 4.1, indicates a male dominance in the ownership of agro-processing enterprises. A situation according to NBSSI, that may hinder the poverty reduction process as there are more women and children in the poverty bracket compared to their male counterparts (NBSSI 2005)

Table 4.2 Age Distribution of Respondents by Processed Crops

	Palm Fruit		Citrus and Pineapple		Summary	
	Frequency	Percent	Frequency	Percent	Frequency	Percent

18 – 25	1	1.7	0	0.0	1	1.3
26 – 35	10	16.7	1	6.7	11	14.7
36 – 45	20	33.3	8	53.3	28	37.3
46 – 55	18	30.0	6	40.0	24	32.0
56 and above	11	18.3	0	0.0	11	14.7
Total	60	100.0	15	100.0	75	100.0

Source: Fieldwork June, 2010.

4.2.2 Age of Respondents

The table above which shows the age distribution of sampled respondents indicates that their ages range from 18 to 56 years and above. Majority of respondents numbering 63 and representing 84.0% of the entire sample population were between 26 and 55 years. One exception to this trend was found with one respondent whose age fell below the 25 year age range. In his case ownership came through inheritance. It is worth noting that only 14% of respondents were above the age of 56, which represented only 11 of the total respondents.

Table 4.3 Level of Education of Respondents

	Palm Fruit				Citrus and Pineapple				Summary			
	Small		Medium		Small		Medium		Palm Fruit		Citrus and Pineapple	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
No formal education	15	29.4	0	0.0	0	0.0	0	0.0	15	25.0	0	0.0
Basic	10	19.6	4	44.4	0	0.0	0	0.0	14	23.3	0	0.0
Sec./Tech./Voc.	21	41.2	3	33.3	5	62.5	6	85.7	24	40.0	11	73.3
Tertiary	5	9.8	2	22.2	3	37.5	1	14.3	7	11.7	4	26.7
Total	51	100.0	9	100.0	8	100.0	7	100.0	60	100.0	15	100.0

Source: Fieldwork June, 2010.

4.2.3 Level of Education

From the table above, it can be observed that of the respondents involved in the palm fruit processing, 24 (40%) had secondary, vocational or technical education and fifteen (15) of them representing 25% having no formal education at all. Fourteen (14) and seven (7) people respectively representing 23.3% and 11.7% have had basic and tertiary education. Eleven

(11) respondents representing 73.3% of those engaged in the citrus and pineapple processing had secondary, vocational or technical education with the remaining four (4) having attained a tertiary level of education. Aside looking solely at the levels of education, the results indicate that all respondents with no formal education were in palm fruit small-scale category and all respondents in citrus and pineapple processing had either secondary/tertiary/technical or university or polytechnic education. From the table above the researcher is being tempted to believe that for somebody to even manage a small scale citrus and pineapple processing enterprise at least some level of education is required. This is so because of all the entrepreneurs engaged in the processing of citrus and pineapple in the Akuapim South district of the Eastern Region have attained secondary, vocational or technical education.

Table 4.4 Frequency of Ownership by Processed Crops

| | Palm Fruit | | | | Citrus and Pineapple | | | | Summary | | | |
| | Small | | Medium | | Small | | Medium | | Palm Fruit | | Citrus and Pineapple | |
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Sole Proprietorship	48	94.1	9	100.0	6	75.0	5	71.4	57	95.0	11	73.3
Partnership	3	5.9	0	0.0	1	12.5	1	14.3	3	5.0	2	13.3
Other	0	0.0	0	0.0	1	12.5	1	14.3	0	0.0	2	13.3
Total	51	100.0	9	100.0	8	100.0	7	100.0	60	100.0	15	100.0

Source: Fieldwork June, 2010.

4.2.4   Ownership of Enterprise

It can be seen from the table above that in terms of ownership of those engaged in the small scale palm fruit processing, 94% are sole proprietorship with the remaining 6% being a partnership enterprise. The remaining nine (9) enterprises in the palm fruit processing venture which are medium scale were also owned solely. On the whole fifty – seven (57) of the palm fruit processing enterprises representing 95% were solely owned. The remaining 5% were owned jointly.

When it comes to those engaged in the small scale citrus and pineapple enterprise, 6 (75%) were solely owned, one (1) was in the form of partnership. Another one (1) enterprise fell in the other category such as institutional ownership. Once again five (5) out of the seven (7) medium scale citrus and pineapple processing enterprises were owned solely. The remaining two (2) enterprises is evenly shared among partnership and the other category. On the whole

11 (73%) of the citrus and pineapple processing enterprises were owned by individuals. It can clearly be seen from the above that majority of the enterprises are solely owned and are small scaled. The dominance of sole proprietorship in small-scale enterprises in Ghana is of great concern. As indicated by Aryeetey (2001), many small-scale industries tend to be sole proprietorships, which tend to disappear upon the retirement or demise of the owner. This situation reduces the number of small-scale enterprises that finally progress into medium-scale and by extension the development of SMEs in Ghana.

Table 4.5 Age of Enterprises

| | Palm Fruit | | | | Citrus and Pineapple | | | | Summary | | | |
| | Small | | Medium | | Small | | Medium | | Palm Fruit | | Citrus and Pineapple | |
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Less than 5 years	21	41.2	4	44.4	1	12.5	2	28.6	25	41.7	3	20.0
6 - 10 years	14	27.5	3	33.3	6	75.0	4	57.1	17	28.3	10	66.7
11 - 15 years	7	13.7	0	0.0	1	12.5	1	14.3	7	11.7	2	13.3
16 - 20 years	6	11.8	1	11.1	0	0.0	0	0.0	7	11.7	0	0.0
21 – 25 years	3	5.9	1	11.1	0	0.0	0	0.0	4	6.7	0	0.0
Total	51	100.0	9	100.0	8	100	7	100.0	60	100.0	15	100.0

Source: Fieldwork June, 2010.

4.2.5 Age of Enterprises

It can be seen from table 4.5 that as many as 42 percent of the palm fruit enterprises (both small and medium scale) were 10 years and below. 11.7 percent enterprises each were between 11- 15 years and 16 – 20 years respectively. Finally 6.7 percent enterprises have been in existence for 21 – 25 years. 70 percent of palm fruit enterprises that were below 10 years, remaining 30 percent were between 10- 25. For those in the citrus and pineapple enterprise, 20 percent of them are less than 5 years while 80 percent of the enterprises were between 6 – 15 years,

4.3   Level of Awareness of Policies and Programmes

The respondents were asked about the level of awareness on selected trade policies and programmes on SMEs in Ghana. The level of awareness of policies and programmes are ranked according to the following categories: very good, good, neutral, bad, very bad. For presentation purposes, the policies and programmes were labelled as follows:

- **TP₁**   Training programmes
- **TP₂**   Market policies
- **TP₃**   Standardisation of SME products
- **TP₄**   SME financial policies
- **TP₅**   Technology and transfer services
- **TP₆**   Research and development
- **TP₇**   General incentives for SMEs
- **TP₈**   Other policies

Table 4.6 General Awareness by Respondents

	Palm Fruit				Citrus and Pineapple				Summary			
	Small		Medium		Small		Medium		Palm Fruit		Citrus and Pineapple	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Aware	34	66.7	7	77.8	7	87.5	6	85.7	41	68.3	13	86.7
Not aware	17	33.3	2	22.2	1	12.5	1	14.3	19	31.7	2	13.3
Total	51	100.0	9	100.0	8	100.0	7	100.0	60	100.0	15	100.0

Source: Fieldwork June, 2010.

4.4   Knowledge of the existence of Policies and Programmes

The table above shows the distribution of respondent's knowledge of the existence of government trade policies and programmes. The table indicates that out of the sixty (60) people engaged in the palm fruit processing 68.3% were aware. With respect to small scale agro-processing 66.7 percent of them were aware but for medium scale 77.8 percent were aware. The table also indicates that 31.7 percent of the palm fruit processing owners are completely not aware of the existence of any government policy and programmes. When it comes to those in the citrus and pineapple processing, 86.7% said they were aware of government trade policies and programmes meant for them. With respect to citrus and pineapple processing enterprises 87.5 percent small scale owners and 85.7percent medium scale owners were aware of GTP programmes and projects. It was only 13.3 percent of owners in the citrus and pineapple venture who said they were not aware of any policy or programme meant for them. Some respondents argue that due to the remoteness of their location they are unable to access information on trade policies and programmes. This was peculiar to the palm processing enterprises. Others attributed the situation to a lack of commitment by policy implementers to distribute information

Table 4.7 Level of Awareness of Trade Policies and Programmes by Palm Fruit Processors

SME TP	Level of Awareness											
	Small-scale Processors						Medium-scale Processors					
	Very Good		Good		Neutral		Very Good		Good		Neutral	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
TP_1	14	5.8	13	5.5	7	2.9	3	6.1	2	4.1	2	4.1
TP_2	11	4.6	18	7.7	5	2.1	2	4.1	5	10.2	0	0.0
TP_3	5	2.1	22	9.2	7	2.9	1	2.0	5	10.2	1	2.0
TP_4	16	6.7	16	6.7	2	0.8	2	4.1	5	10.2	0	0.0
TP_5	3	1.3	17	7.1	14	5.8	1	2.0	3	6.1	3	6.1
TP_6	1	0.4	4	1.7	29	12.2	1	2.0	6	12.4	0	0.0
TP_7	5	2.1	18	7.7	11	4.6	4	8.2	3	6.1	0	0.0
Total	**55**	**23.0**	**108**	**45.6**	**75**	**31.4**	**14**	**28.5**	**29**	**59.3**	**6**	**12.2**

Source: Fieldwork June, 2010.

Table 4.7 shows the distribution of level of awareness that the palm fruits processors have about the various trade policies. It can be seen from the table that of the 34 small scale owners, 14 and 13 of them said respectively said they have a very good and good knowledge of the training programming put up by government to enable them always improve upon their expertise. Seven (7) of them said they are indifferent on this particular programme. On this same training programme, three (3) and two (2) people respectively in the medium scale enterprise said they have a very good and good knowledge. Two (2) people had a neutral stand on this. It can intuitively be said that thirty – two (32) owners representing 78% of the 41 respondents who said they were aware of the existence of some government policies (on training) have at least a good knowledge of it and may have accessed it before.

It can be seen from the table that when it comes to the policy on access to market, 11 and 18 small scale owners said they had a very good and good knowledge of this avenue created by government for them. For the medium scale owners, 2 and 5 of them respectively said they have a very good and good knowledge of it. Nobody had a neutral stand on this.

On the third policy which is the standardization of SME products, it can be seen from the table that five (5) and twenty – two (22) of the small scale owners respectively said they have a very good and good knowledge of it. Seven (7) of them had a neutral stand on this. For those medium scale owners 1 and 5 of them said they had a very good and good knowledge that their products have to meet some acceptable standards.

On the provision of finance to SME's, sixteen (16) respondents each respectively said they have a very good and good knowledge that there is the existence of some funds that they can go for in the form of loans to be repaid later. For the medium scale owners, 2 and 5 people respectively said they have a very good and good understanding of the existence of this facility.

One shocking revelation that came out was that although they were aware of the existence of the facility they find it difficult accessing it. Some of them even complain that you can only access the facility if the political party you are affiliated to is in power. Once again some also said because their crammers are not situated in the district capital they are always not privy to the procedure of accessing the loan and before they could know, all the monies allocated for the SME's are hijacked by a few people.

On the fifth policy which is technology and transfer services, three (3) and seventeen (17) of them respectively said they have a very good and good knowledge about the policy. Fourteen (14) of them said they have no knowledge about the policy. For those medium scale operators, 1 and 3 people respectively said they have a very good and good knowledge about the programme. Three (3) medium scale owners said they have not heard of it.

On research and development, it was only one (1) and four (4) small scale owners who said they have heard the policy. As many as 29 of the small scale entrepreneurs said they have no knowledge of the programme or facility for researching into their work so that there can be improvement in production. For the medium scale owners, a person and 6 people respectively said they have a very good and good knowledge of the policy.

Finally on the level of knowledge on the policy of general incentives for SME's, 5 and 18 of the small scale owners said they have a very good and good knowledge of it. Eleven (11) of them said they had no knowledge. On the part of the medium scale owners, 4 and 3 people respectively said they had a vey good and good knowledge of the policy.

The researcher can therefore say three of the programmes and policies that respondents are aware of are: training programme, provision of finance for SME's and the provision of market for their finished goods. The least known policy is the research and development policy.

Table 4.8 Level of awareness of Trade Policies and Programmes by Citrus and Pineapple Processors

SME	Level of Awareness

TP	Small-scale Processors						Medium-scale Processors					
	Very Good		Good		No		Very Good		Good		No	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
TP$_1$	2	4.1	5	10.2	0	0.0	2	4.8	2	4.8	2	4.8
TP$_2$	4	8.1	3	6.1	0	0.0	3	7.1	3	7.1	0	0.0
TP$_3$	2	4.1	5	10.2	0	0.0	2	4.8	4	9.4	0	0.0
TP$_4$	2	4.1	5	10.2	0	0.0	2	4.8	3	7.1	1	2.4
TP$_5$	2	4.1	2	4.1	3	6.1	2	4.8	2	4.8	2	4.8
TP$_6$	1	2.0	0	0.0	6	12.4	1	2.4	0	0.0	5	11.8
TP$_7$	3	6.1	3	6.1	1	2.0	3	7.1	1	2.4	2	4.8
Total	**16**	**32.6**	**23**	**46.9**	**10**	**20.5**	**15**	**35.8**	**15**	**35.6**	**12**	**28.6**

Source: Fieldwork June, 2010.

Table 4.8 shows the level of awareness (knowledge) that the citrus and pineapple processors have about the various trade policies that have been put in place by government. The table above reports that on training programmes 2 and 5 owners of the small scale citrus and pineapple processors have a very good and good knowledge of the policy. Two (2) persons each in the medium scale citrus and pineapple processing venture respectively said they have a very good and good knowledge of the training programme. Two (2) people had no knowledge about it.

When it came to the policy of access to good, readily available and wider market, 4 and 3 of the small scale owners said they have a very good and good knowledge about the policy. All the six owners (3 peoples each) of the medium scale enterprises said they have a very good and good knowledge of the policy on market. The researcher got to know from his interaction with the respondents that some of them were made to attend an exhibition at the trade fair centre to showcase their products.

On the third policy which is the standardisation of SME's products, two (2) and five (5) of the small scale owners respectively said they had a very good and good knowledge of the fact that their products needed to meet some standards. Two (2) and four (4) of the medium scale owners respectively said they have a very good and good knowledge of the standard that their products are suppose to meet.

When it came to the provision of financial support to SME's, two (2) and five (5) of the small scale owners respectively once again said they had a very good and good knowledge that government has made some funds available that they can access to improve upon their work.

For those in the medium scale enterprise, 2 and 3 people respectively said they have a very knowledge of the existence of the funds. One person said he/she has no knowledge of the policy.

On the issue of the use of technology and the transfer of services in their work, four (4) persons, two (2) peoples each respectively said they have a very good and good knowledge of the policy. Three (3) owners said they had no knowledge at all. For the medium scale owners, 4 persons made up of 2 persons each respectively said they have a very good and good knowledge of the policy. Two (2) of them said they have no idea of the existence of this policy.

The sixth policy which is research and development, it was only person who said he/she has a very good knowledge of the policy. As many six (6) out of seven (7) small scale owners citrus and pineapple processors said they had no knowledge of this particular programme. Again only one person said he/she had an idea of the existence of the policy. Once again as many five (5) out of seven (6) medium scale owners involved in the processing of citrus and pineapple said they had no knowledge of this particular programme.

On the final programme which is general incentives for SMEs, three (3) persons each respectively said they have a very good and good idea of the programme. The remaining 0ne (1) person said he/she had no knowledge. On the part of the medium scale operators, three (3) and a person respectively said they had a very good and good knowledge of the policy. The remaining two (2) said they had no knowledge at all.

Table 4.9 General Level of Awareness of Trade Policies and Programmes

SME TP	TP1	TP2	TP3	TP4	TP5	TP6	TP7	Total	%
Very Good	21	20	10	22	8	4	15	100	26
Good	22	29	36	29	24	10	25	175	46
Neutral	11	5	8	3	22	40	14	103	28

Source: Fieldwork June, 2010. (Combination of tables 4.7 and 4.8)

Figure 4.1 level of awareness of trade policies and programmes

Level of Awareness of Trade Policies and Programmes

Chart showing "Very Good", "Good", and "No" for TP1–TP7:
- TP1: 21, 22, 11
- TP2: 20, 29, 5
- TP3: 10, 36, 8
- TP4: 22, 29, 3
- TP5: 8, 24, 22
- TP6: 4, 10, 40
- TP7: 15, 25, 14
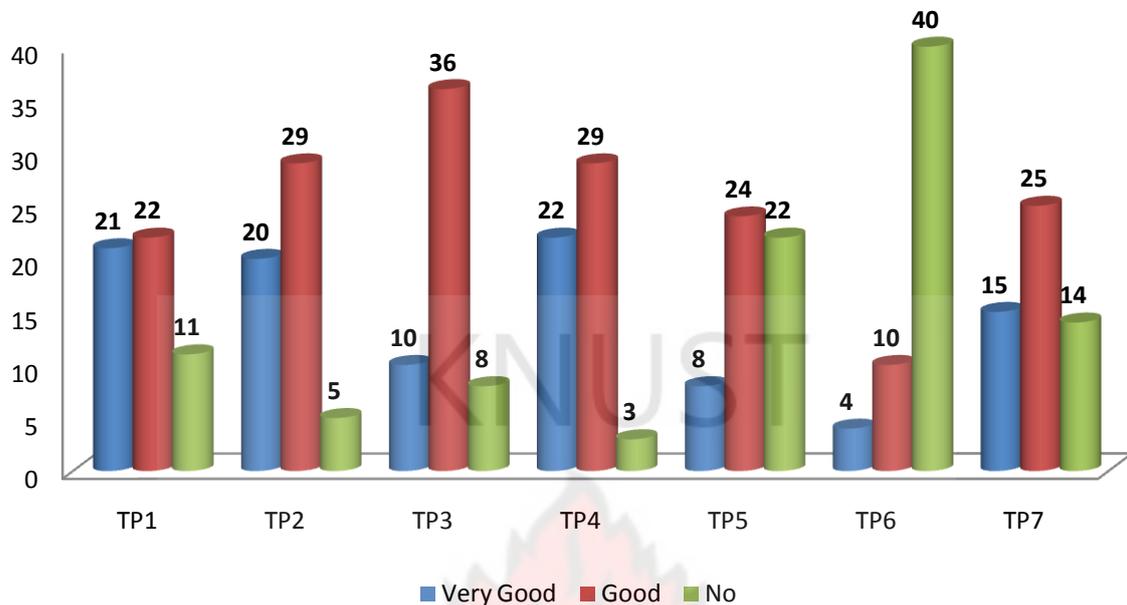
From the figure above, the researcher can say that the policy or programme that is not well known by the respondents is research and development. The policies and programmes that are averagely known by most respondents are standardisation of SME products, access to market and to finance. This is shown in the table and figure above

Most respondents attributed the low awareness of most of the trade policies and programme to ineffective campaign and weak publicity by policy makers. Some respondents believed that policy-makers have little interest in SMEs and therefore feel that they do not have to provide the needed awareness. It is important to note that, research and technology are crucial policy areas where entrepreneurs must focus in order to be competitive in the global market. Unfortunately the study revealed that it is an area with the lowest level of awareness. The reality, according to the study, is that most of the SMEs rely on traditional technology. However, a lack of awareness puts them at a disadvantage to compete both internally and externally. As Aryeetey (2001) observed, applied technology in small-scale enterprise is regarded to be less modern than in larger enterprises.

Table 4.10 Sources of information on SME programmes.

| | Palm Fruit | | Citrus/Pineapple | | Summary | | | | Total | |
| | Small | Medium | Small | Medium | Palm Fruit | | Citrus/Pineapple | | | |
	Freq	Freq	Freq	Freq	Freq	%	Freq	%	Freq	%
Institution	3	2	0	0	5	12	0	0	5	9
Trading Partners	8	3	1	1	11	27	2	15	13	24
Business Partners	20	2	1	1	22	54	2	15	24	45
Media	3	0	5	4	3	7	9	70	12	22
Total	34	7	7	6	41	100	13	100	54	100

Source: Fieldwork June, 2010.

4.5 Sources of Information on SME Programmes

From table 4.6, it was observed that 41 of the palm fruit owners and 13 citrus and pineapple operators respectively said they were aware of the existence of the government programmes and policies. From the table above it can be seen that for the palm fruits processors twenty – two (22) of the respondents representing 54% of those who said they were aware of the existence of the policies said they got most of their information on SMEs from their business partners such as their customers and the banks. This is followed closely by eleven (11) people who said they got theirs from their trading partners. Five (5) and three (3) of the respondents respectively said they had their information through the institutions such as the district assemblies and the media especially the radio.

When it comes to those in citrus and pineapple processing venture, seven (7) of them representing 70% said they got their information on SMEs through the media. The remaining four (4) persons is shared two (2) persons each who said they got their information from their business and trading partners respectively. It can therefore be concluded that majority of the citrus and pineapple owner who averagely have had some level of education gets their information from the media.

4.6   General Understanding of Trade Policies and Programmes

Table 4.11 General Understanding of Trade Policies and Programmes

| | Palm Fruit | | Citrus and Pineapple | | Summary | |
	Small	Medium	Small	Medium	Palm Fruit	Citrus & Pineapple

	Freq	Freq	Freq	Freq	Total Freq	%	Total Freq	%
Understanding	31	6	7	6	37	62	13	87
No understanding	20	3	1	1	23	38	2	13
Total	51	9	8	7	60	100	15	100

Source: Fieldwork June, 2010.

Form the table above, it can be observed that thirty – seven (37) of the sampled palm fruit owners representing 62% indicated that they understood the trade policies and programmes for SMEs by government. The remaining 23 representing 38% said they had no understanding of the policies and programmes. Of the fifteen (15) owners of the citrus and pineapple processors, as many as 13 of them representing 87% said they really understand the various government policies and programmes for SMEs. The remaining two (2) of them said no. Once again, respondents attributed low publicity to their lack of understanding of government trade policies and programmes for SMEs.

4.6.1   Level of Understanding of Trade Policy and Programmes for SMEs

Understanding of government trade policies and programmes for SME development amongst entrepreneurs should not be underestimated. There is a positive relationship between the level of understanding of trade policies and programmes and the rate of response to these trade policies and programmes. The respondents were asked about their understanding of the trade policies and programmes on SMEs, and the results are shown below.

Table 4.12 Level of Understanding of SME Trade Policy and Programme by Palm Fruit Processors

SME TP	Level of Understanding											
	Small-scale Processors						Medium-scale Processors					
	Bad/No		Good		Very Good		Bad/No		Good		Very Good	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
TP_1	7	22	21	68	3	10	1	17	5	83	0	0
TP_2	7	22	20	65	4	13	0	0.0	5	83	1	17

TP$_3$	12	39	17	55	2	6	0	0.0	5	83	1	17
TP$_4$	4	13	23	74	4	13	1	17	5	83	0	0
TP$_5$	13	42	15	48	3	10	2	33	3	50	1	17
TP$_6$	23	74	5	16	3	10	4	66	1	17	1	17
TP$_7$	13	42	17	55	1	3	4	67	2	33	0	0

Source: Fieldwork June, 2010.

The table above shows the distribution of the level of understanding of respondents on the various government policies and programmes on SMEs. The table reports that on the first policy, which is training, three (3) and twenty – one (21) of the small scale owners representing 10% and 68% respectively indicated that they have a very good and good understanding of the programme. Seven (7) of them representing 22% said they had no understanding at all of the policy. For the medium scale owners, five (5) representing 83% said they have a good understanding of the policy with the remaining 17% having no understanding of the policy.

On the second policy which is the access to markets, 13% and 65% respectively said they have a very good and good understanding of the programme where government is more than willing to aid them to readily have access to larger markets for their finished goods. Once again, 22% indicated that they have no understanding of the policy. 83% of the medium scale owners said they have a good understanding of the policy.

When it came to the policy where respondents were asked of their level of understanding that their finished products needed to meet some acceptable standards before they can really benefit from the programme of government providing a ready market for the products, 2 (6%) and 17 (55%) of the small scale entrepreneurs respectively indicated that they have a very good and good understanding of it.   Quite a sizeable number of them representing 39% said they have no understanding of what was been asked. For those in the medium scale enterprises, 83% said they have a good understanding of the policy. The remaining person said he/she has a very good understanding of the policy.

On the fourth policy that the researcher mentioned which is the availability and provision of financial support for SMEs in the form of loans, 4 and 23 of the small scale entrepreneurs representing 13% and 74% respectively indicated that they have a very good and good understanding of the this facility or policy. 13% could not identify themselves with this policy. 83% of the medium scale owners responded by saying that they have a good understanding of the policy. The person left said he/she has no understanding of the policy.

On the policy of technology and transfer services, 13 (42%) indicated that they had no/bad understanding of this policy where technological institutes promote new technological approaches in SME development work. Out of the remaining eighteen (18) small scale entrepreneurs, 15 (48%) and 3 (10%) of them respectively said they have a good and very good understanding of the policy. Three (3) of the medium scale owners said they have a good understanding of the policy. Two (2) and one (1) person respectively said they have no understanding and a very good understanding of the policy.

With regard to the sixth policy which is research and development, as many as 23 of the small scale owners representing 74% indicated that they have no understanding whatsoever that government has tasked some agencies to promote research work by introducing new ideas and methods to help them develop their enterprises. Five (5) and three (3) of them respectively said they have a good and very good understanding that their people are being made for to research into their work to better their lot. Two (2) people, a person each respectively indicated that they have a good and very good knowledge of the policy. The remaining 4 people said they have no understanding of the programme.

On the final policy which is the provision of general incentives to SME owners, 13 (42%) of them (small scale) said they have no understanding of what it means. Seventeen (17) of them representing 55% indicated that they have a good understanding of what is meant by the provision of incentives for them. On the part of the medium scale owners, 4 (67%) and 2 (33%) of them respectively said they have no understanding and good understanding of the policy on the provision of general incentives to SME owners.

Table 4.13 Level of Understanding of SME Trade Policy and Programme by Citrus and Pineapple Processors

SME TP	Level of Understanding											
	Small-scale Processors						Medium-scale Processors					
	No		Good		Very Good		No		Good		Very Good	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
TP$_1$	5	71	2	29	0	0	4	67	2	33	0	0
TP$_2$	0	0.0	7	100	0	0	0	0.0	5	83	1	17
TP$_3$	0	0.0	7	100	0	0	0	0.0	5	83	1	17
TP$_4$	2	29	5	71	0	0	2	4.8	3	7.1	1	2.4
TP$_5$	5	71	2	29	0	0	3	7.1	3	7.1	0	0
TP$_6$	7	100	0	0	0	0	5	83	1	17	0	0
TP$_7$	4	57	3	43	0	0	4	66	1	17	1	17

The table above shows the distribution of the level of understanding of the citrus and pineapple entrepreneurs on the various government policies and programmes on SMEs. The table reports that on the first policy, which is training, two (2) of the small scale owners representing 29% indicated that they have a good understanding of the programme. Five (5) of them representing 71% said they had no understanding at all of the policy. For the medium scale owners, two (2) out of the six of them said they have a good understanding of the policy with the remaining the remaining 4 (67%) saying they have no understanding of the policy.

On the second policy which is the access to markets, all seven (7) entrepreneurs said they have a good understanding of the programme where government seeks to aid them to readily have access to larger markets for their finished goods. Five (5) of the medium scale owners representing 83% indicated that they have good understanding of the policy with the remaining person saying he/she has gotten a very good understanding of the policy.

When it came to the policy where respondents were asked of their level of understanding that their finished products needed to meet some acceptable standards before they can really benefit from the programme of government providing a ready market for the products, all the seven (7) small scale entrepreneurs said they have a good understanding of the programme government seeks to aid them to readily have access to larger markets for their finished goods. Five (5) of the medium scale owners representing 83% indicated that they have good understanding of the policy with the remaining person saying he/she has gotten a very good understanding of the policy.

On the fourth policy that the researcher mentioned which is the availability and provision of financial support for SMEs in the form of loans, 2 of the respondents of the small scale entrepreneurs representing 29% had no understanding of the policy. 5 (71%) indicated that they have good understanding of the facility or policy. Enterprises in the medium scale had 3 and 1 person respectively indicating good and very good understanding. 2 respondents how indicated no understanding.

The fifth policy, out of the 7 respondent for small scales citrus and pineapple processing enterprises, 5 (71%) had no understanding the programme of technological transfer. 2 (29%) had good understanding. For the medium scale, however, out of the 6 respondents, 3(50%) had no understanding and the remaining 3 had good understanding.

On policy six, research and development, all respondents in the small scale citrus and pineapple processing unanimously indicated no to the understanding of the policy. For medium scale however 5 out of the 6 respondents said they had no understanding of the policy. Only one person had good understanding.

Finally the 4 respondents indicated that they had no understanding for the policy on general incentive for SMEs out of the 7 respondents in the small scale citrus and pineapple processing enterprise. 3 however said they had good understanding of the policy. For medium scale, 4 said they had no understanding but 1 each indicated good and very good understanding for the policy.

Table 4.14 General Level of Understanding of Trade Policies and Programmes amongst Respondents

	TP1	TP2	TP3	TP4	TP5	TP6	TP7	Total	%
Very Good	3	6	4	5	4	4	2	28	8
Good	30	37	34	36	23	7	23	190	54
No	17	7	12	9	23	39	25	132	38

Source: Fieldwork June, 2010.

Figure 4.2 Level of understanding of trade policies and programmes
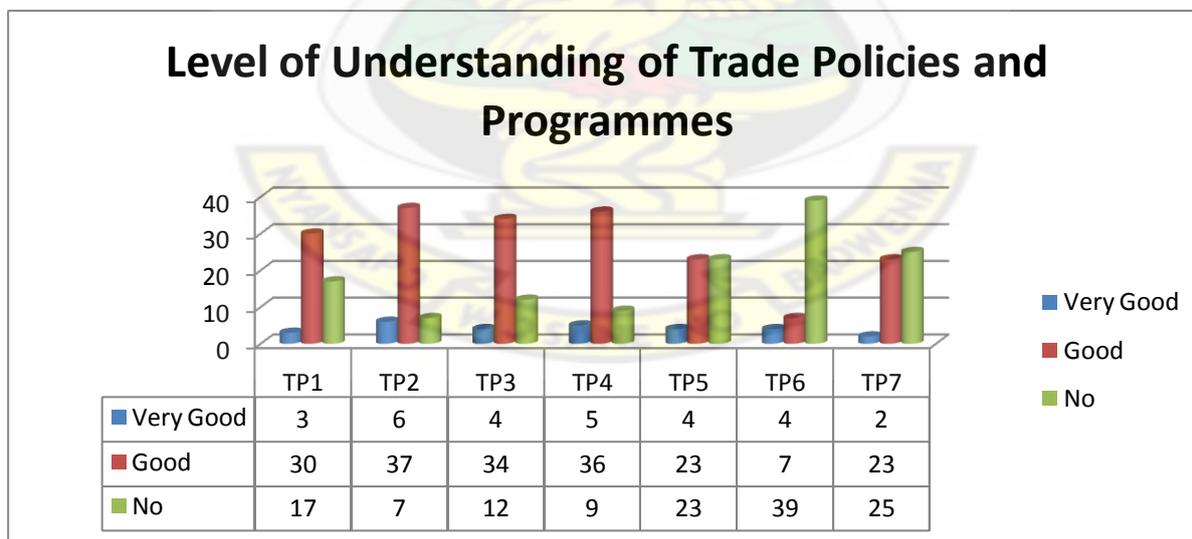
The table above shows the overall (i.e. combination of responses from table 4.12 and 4.13) level of understanding that the respondents had about the various policies. 190 out of the 350 accumulated responses representing 54% indicated that they had a good knowledge or understanding of the policies and programmes. However, only 28 responses representing 8% was of very good understanding of government trade policies and programmes for SME

development. Also 132 respondents, representing 38% had shown no understanding of trade policies and programmes. Figure 5 above shows that SME access to market, standardisation of SME products and SME access to finance to exhibited higher number of people with a good understanding compared to research and development, and technology and transfer services for SMEs. Generally, high understanding in all the trade policies and programmes recorded relatively lower values with incentive for private sector and SME training recording the lowest.

4.7 General Responses to SME Policy and Programmes

The prime objective of SME policy is achieved if enterprises respond to them adequately. The table below shows the responses given by the entrepreneurs.

Table 4.15 General Responses to Trade Policies and Programmes by Oil Palm, Pineapple and Citrus owners

| | Palm Fruit | | | | Citrus and Pineapple | | | | Summary | | | |
| | Small | | Medium | | Small | | Medium | | Palm Fruit | | Citrus and Pineapple | |
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Responses	14	27.5	2	22.2	4	50.0	3	42.9	16	27	7	47
No response	37	72.5	7	77.8	4	50.0	4	57.1	44	73	8	53
Total	51	100.0	9	100.0	8	100.0	7	100.0	60	100.0	15	100.0

Source: Fieldwork June, 2010.

The table above which shows the distribution of the general responses made by both the palm fruit and citrus and pineapple entrepreneurs reports that out of a population sixty (60) palm fruits owners that were involved in the study, as many 73% indicated that they have not made

any positive response to the trade policies. The remaining 27% said they have gone ahead to make a positive response or taken advantage of some of the trade policies. With the citrus and pineapple processing enterprises, 47% of them said they have taken advantage of some of the policies with the remaining 53% responding in the negative.

It can therefore be inferred that majority of the palm fruit processors are either not aware of the procedure they are to follow to benefit from the policies or have simply decided not to take advantage of them.

Tables 4.16 and 4.17 shows the real programmes and policies that the various palm fruit and citrus and pineapple entrepreneurs have taken advantage of.

Table 4.16 Responses to Trade Policy and Programmes by Palm Fruit Processors

SME TP	Level of Responses				Summary of Responses			
	Small-scale Processors		Medium-scale Processors		Resp.		No Resp.	
	Resp.	No Resp.	Resp.	No Resp.				
	Freq	Freq	Freq	Freq	Total Freq	%	Total Freq	%
TP1	7	7	2	0	9	56	7	44
TP2	2	12	2	0	4	25	12	75
TP3	4	10	2	0	6	38	10	62
TP4	6	8	1	1	7	44	9	56
TP5	2	12	1	1	3	19	13	81
TP6	1	13	0	2	1	6	15	94
TP7	4	10	0	2	4	25	12	75
TP8	1	13	0	2	1	6	15	94

Source: Fieldwork June, 2010.

The table above shows the policies that enterprise really took advantage of. Most respondents took advantage of the entrepreneur training programme. This is followed by provision of

finance in the form of loan to them. The table also reports that the policy that respondents did not benefit from or did not take advantage of is research and development. This is followed by technology and transfer services. It can be inferred from the table above that although some owners benefited from some of the policies, a large number of them did not take advantage of it.

Table 4.17 Responses to Trade Policy and Programmes by Citrus and Pineapple Processors

SME TP	Level of Responses				Summary of Responses			
	Small-scale Processors		Medium-scale Processors		Resp.		No Resp.	
	Resp.	No Resp.	Resp.	No Resp.				
	Freq	Freq	Freq	Freq	Total Freq	%	Total Freq	%
TP_1	0	4	0	3	0	0	7	100
TP_2	4	0	3	0	7	100	0	0
TP_3	1	3	1	2	2	29	5	71
TP_4	0	4	0	3	7	100	0	0
TP_5	0	4	0	3	0	0	7	100
TP_6	0	4	0	3	0	0	7	100
TP_7	0	4	0	3	0	0	7	100
TP_8	0	4	0	3	0	0	7	100

Source: Fieldwork June, 2010.

Table 4.17 shows the number of respondents that have taken advantage of government trade policies and programmes. It can clearly be seen from the table above that all the seven (7) citrus and pineapple processing owners who said they have taken advantage of some of the trade policies and programmes one time or the other have indeed really taken advantage of only two policies: access to market and the provision of financial support. Two (2) of them representing 29% indicated that they received some training which was meant to help them

ensure that their finished products or goods meet some particular standards. As it can be seen from the table respondents indicated that they had not benefited or taken advantage of the remaining trade policies.

Generally speaking the high numbers of no responses to the various SME policy initiatives and programmes introduced by government from table 4.15 through to table 4.17 can be ascribed to lack of awareness, rigid procedures and bad experience from constant previous policies introduced by government in the past without any feedback. Some of the entrepreneurs believed that government trade policies and programmes were ways through which government was to collect 'taxes' from them. Other respondents believed that the policies and programmes were meant for female entrepreneurs and entrepreneurs with "enough money". Others thought the policies and programmes could not solve their needs and problems. Since the evidence from the survey indicates low/no responses to most of the policies, the ultimate objectives of the SME policies to ensure employment creation and poverty reduction cannot be achieved unless measures are put in place to beef up these responses.

Table 4.18 Overall responses to the various trade policies and programmes

	TP1	TP2	TP3	TP4	TP5	TP6	TP7	TP8
Responses	9	11	8	7	3	2	4	1
No Responses	14	12	15	16	20	21	19	22
Total	23	23	23	23	23	23	23	23

Source: Fieldwork June, 2010.

The table above shows the overall (i.e. combination of responses from table 4.16 and 4.17) responses of respondents to the various policies. It can clearly be seen that access to markets (TP2) received the highest positive response. This is followed closely by the training policy. Two (2) of the real policies that did not receive any response are general incentives for SMEs and research and development. This is shown pictorially in the figure below.

Figure 4.3 Response to trade policies and programmes

Responses to trade policies and programmes

	TP1	TP2	TP3	TP4	TP5	TP6	TP7	TP8
■ Resp.	9	11	8	7	3	2	4	1
■ No Resp.	14	12	15	16	20	21	19	22
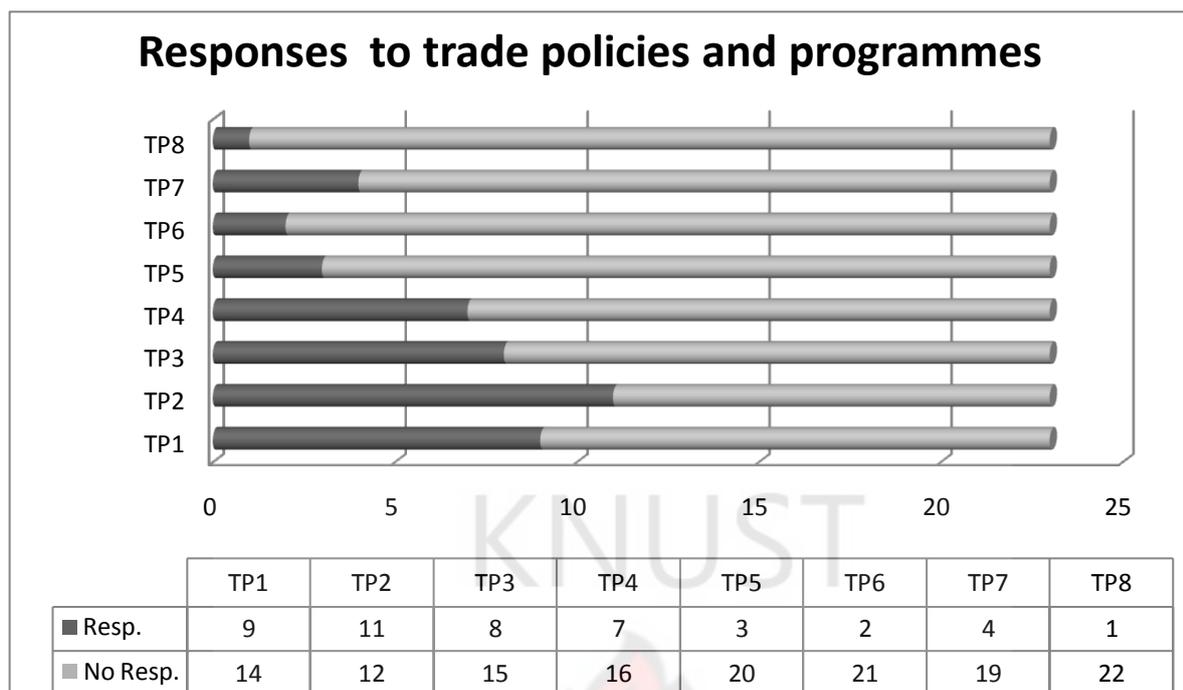
4.8   Effects of Trade Policies and Programmes on Agro-processing SMEs

Policies and programmes outlined are expected to improve or have a useful effect through transformation of small and medium scale enterprises to large scale. Per the definition of the study, a small scale enterprise is one with not more than nine workers and has plant and machinery not exceeding thousand Ghana cedis. In addition, the Ghana's trade policy was intended to improve the performance of SMEs and by extension agro-processing SMEs.

Table 4.19 Effects of Trade Policies and Programmes on Agro-processing SMEs

	Palm Fruit				Citrus and Pineapple				Summary			
	Small		Medium		Small		Medium		Palm Fruit		Citrus and Pineapple	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Effect	10	18.6	1	11.1	3	37.5	2	28.	**11**	18.3	**5**	33.3
No effect	41	80.4	8	88.9	5	62.5	5	71.4	**49**	81.7	**10**	66.7
Total	**60**	**100.0**	**9**	**100.0**	**8**	**100.0**	**7**	**100.0**	**60**	**100.0**	**15**	**100.0**

To know the effects therefore respondents were asked in simple terms if these policies and programmes have impacted on their enterprises. In all 16 (11 from palm and 5 from citrus

and pineapple) responded positively to the effect of policy on their enterprises. Though generally the effect of GTP policies and programmes were low, citrus/ pineapple had comparatively a higher positive effect than oil palm with the former showing about 33% of their population and the later about 18% of their population.

4.9   Analysis of effects of trade policies on SMEs

To facilitate the discussion on the effects of the trade policy on agro-processing SMEs relationship has been drawn between very much awareness, very much understanding and positive response on one side and no awareness, no understanding and no response on the other hand.

Figure 4.4 relationship between very good awareness and understanding and positive response to GTP
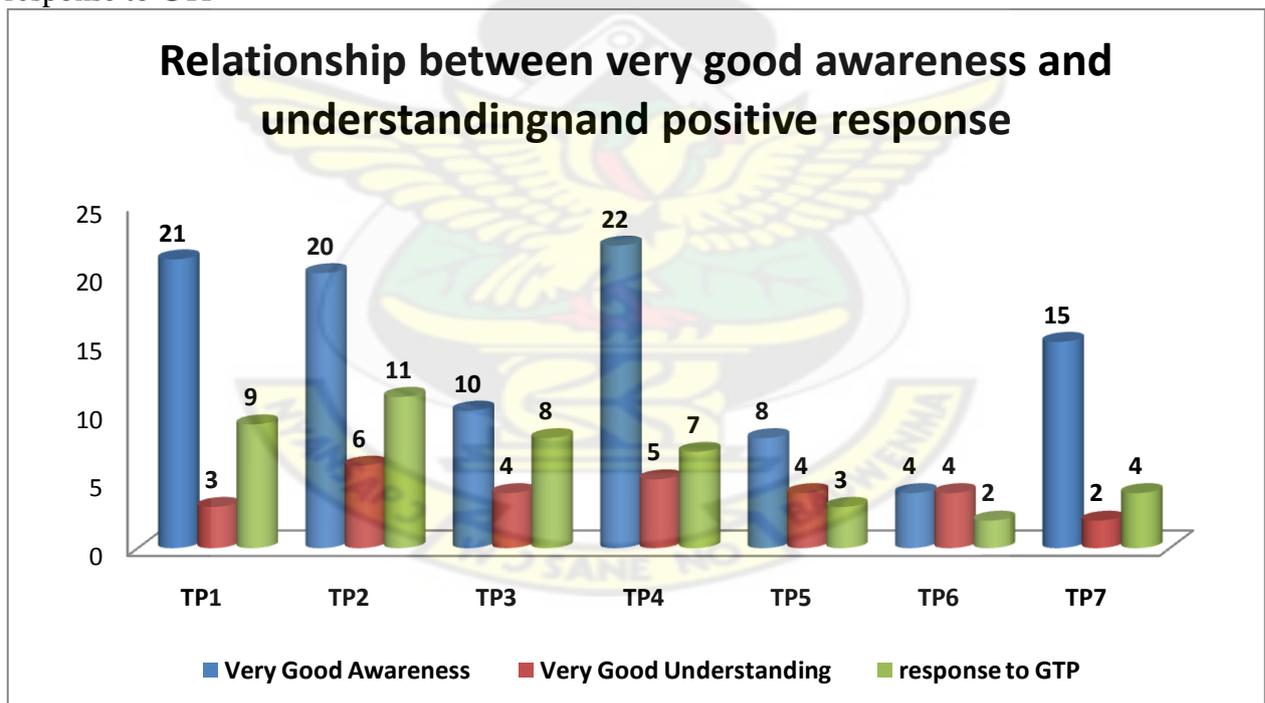
Figure 4.5 Relationship between no awareness and no understanding and no response to GTP

Relationship between no awareness and no understandingn and no response to GTP
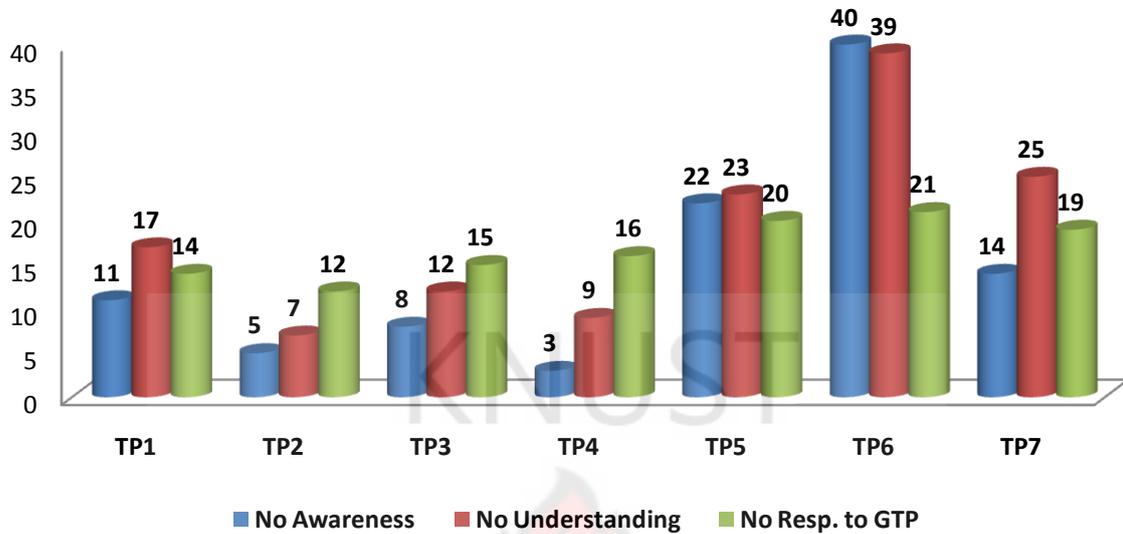
Though individually each group may have responded relatively differently, the total effect is represented above in the figures 4.4 and 4.5 above. SME access to market (TP2) and SME access to finance (TP4) performed positively in terms of awareness, understanding, and the level of responses to government trade policies and programmes. On the other hand, the research and development fund (TP6) and technology and transfer services for SMEs (TP5), performed negatively. It is important to note that though SME training had relatively higher values for awareness and responses, there was low understanding of the programme. Also, incentives for the private sector had relatively higher levels of understanding but the same could not be said for understanding and response.

Generally, from the diagram above, there was a strong relationship between the level of understanding and the level of response to government trade policies and programmes for all three forms of processing. But the same cannot be said for the level awareness and the level of understanding.

Table 4.20 Effects of Policies on Palm Oil, Citrus and Pineapple processing

	t – Test					
	Palm oil		Citrus/pineapple		Summary(small &medium merged)	
	Small-scale	Medium-scale	Small-scale	Medium-scale	Palm oil	Citrus/ Pineapple
Plants &	0.0005	Nil	Nil	Nil	0.0005	Nil

Machinery						
Number of Employees	0.0015	0.1475	Nil	Nil	0.0005	Nil
Annual Turnover	0.0215	0.250	Nil	0.250	0.010	0.187
Annual Output	0.0045	0.1025	Nil	Nil	0.001	Nil

The table 4.20 above represents the t-test values that show the effects of policies and programmes on SMEs before and after the implementation of GTP. The focus was on four variable notably, plants and machinery, number of employees, annual turnover and annual output. These result was related to a *p*-value 0.05 the ideal for social sciences Gaur & Gaur (2009).

4.9.1 Plants and machinery

The table reports a p–value of 0.0005 for people who were undertaking the oil palm processing business on a small-scale basis. With this value, it can be inferred that this category of people did not witness any significant impact from the government policies on their plants and machinery. No value was recorded for those in the citrus and pineapple industry either. The *p*-value for plants and machinery for oil palm (small and medium-scale) is 0.0005, which again infers that the overall impact of government trade policies and programmes was negligible. Table 4.20 above also shows that no value was generated for small and medium-scale for pineapple respectively and by default when small and medium-scale processors were merged the value was also negligible.

4.9.2 Number of employees

Table 4.20 above indicates that as a result of some government trade policies and programmes, the rate of employment in medium-scale oil palm processing was significant because it attained a *p*-value of $0.1475 > 0.05$. The same cannot be said of those in the small-scale area which recorded a *p*-value of 0.0015. The overall (merged small and medium-scale) p–value of $0.0005 < 0.05$ means that no positive impact was experienced in the number of employees.

4.9.3 Annual Turnover

Table 4.20 reports that the p – value for the annual turnover for those in the small-scale oil palm business is 0.0215, which means that there was no positive impact. The p – value for

those in the oil palm medium-scale business is 0.250. This value being greater than 0.05 means that the medium-scale oil palm owners witness a positive impact in their turnover. However the overall p – value of 0.010 means that there was no positive impact of the government trade policies and programmes on the annual turnover of oil palm processors. The situation is much different for those in citrus and pineapple medium-scale business. They both recorded a p – value of 0.250. The overall p – value of 0.187 means that some of the government trade policies and programmes have impacted positively on the annual turnover of palm, citrus and pineapple processors.

4.9.4   Annual Output

Table 4.20 highlights the p – value of 0.0045 for the small-scale oil palm owners and indicates that government trade policies and programmes had no significant impact on their annual output. The medium-scale oil palm operators experienced positive impact from government trade policies and programmes in their annual output with a p-value of 0.1025. However overall p – value of 0.001 means the there was no positive impact of government trade policies and programmes on their annual output. For citrus and pineapple processors, no value was recorded for both small and medium-scales and their overall effect.

The conclusion from these results is that government trade policies and programmes generated no positive impact on plants and machinery, number of employees, annual turnout and annual output for those in the oil palm industry.

For those in the citrus and pineapple sectors, the researcher found out that there was only a positive impact on the annual turnover of the owners. Other areas namely plants and machinery, number of employees and annual output did not witness any positive impact. These results suggest that the reason for the recorded positive impact on the annual turnover could be attributed to the policy of SME access to the market created through trade fairs

CHAPTER FIVE

FINDINGS, RECOMMENDATIONS AND CONCLUSION

5.1   Introduction

Following the analytical discussions of data obtained from the survey, this chapter presents the major findings identified with respects to the research objectives posed in Chapter One. Recommendations and conclusion of the study have also been detailed in this chapter.

5.2.   Summary of findings

The survey has revealed some important critical issues for achieving the ultimate objective of the study. The major findings encompass the specific issues of the study.

5.2.1   level of awareness of policies and programmes

Most of the sampled entrepreneurs, comparatively, were not aware of the government policies and programmes for SME development. The study revealed that out of the 54 respondents that are aware of GTP, there were varying responses in the awareness level as some policies received very good while other had received no awareness at all of the trade policies and programmes.

With the exception of research and development fund, more than half of the sampled respondents were aware of some major policies and programmes for SME development. For example, 22 respondents representing 40.7% indicated that they had very good awareness of SME access to finance, followed by 21 and 20 responses for SME training in entrepreneurship management and business skill and SME access to market, respectively

within the policy classification. In the case of the research and development fund, only 7.4% of respondents had very good awareness, 18.5% had good awareness while 74.1% were not aware. Similarly, the study also revealed a low level of awareness of technology and transfer services. The reality is that only 14.8% of respondents had very good awareness, 44.4% had good awareness, while 40.8% were not aware. The survey found out a relatively better level of awareness of training and finance programmes. The reason could be that much attention may have been given to finance and training than the other policies and programmes.

5.2.2 Level of understanding of policies and programmes

The study revealed that the majority of respondents do not understand the policies and programmes for SME development. The study revealed, averagely, that for all the responses, 37.7% of the sampled respondents indicated that they had no understanding; 54.3% had a good understanding, while only 8% recorded very good understanding of the selected policies and programmes.

The study also showed varied perceptions in the levels of understanding for the specific policies and programmes under the study. The respondents identified research and development fund, and incentives for private sector, as the two policy areas where they had low levels of understanding. The study showed that 78% of respondents indicated they had no understanding for research and development, and 50% also indicated they had no understanding for incentives for private sector, meanwhile, 46% of respondents had no understanding of technology and transfer services policies and programmes. The scenario for SME access to market, standardisation of SME products and SME access to finance were different as they exhibited good levels of understanding compared to very good understanding. This situation could be attributed to a lack of clear and proper explanation to entrepreneurs about the procedures and requirements of these policies and programmes. A situation, according to respondent, affected the level of response to policies and programmes.

5.2.3 General level of responses to policies and programmes

Generally, the study showed a low response level to the selected polices and programmes in the study. Averagely the study revealed 24% responses compared to the 76% from people who did not respond or record any benefit from the policies and programmes. The study showed that responses on SME access to market, training and standardisation programmes were better relative to other policies and programmes. SME access to market received the

highest response to policies as 11 positive responses were realised out of the total positive response. In the area of training, 18% of respondents responded positively to benefitting from training while 82% responded negatively. Some of the entrepreneurs believed that the policies and programmes were a government ploy to collect 'taxes', whilst others thought they were meant for female entrepreneurs and entrepreneurs who had 'enough money'. Respondents also thought the policies and programmes could not address their needs or solve their problems.

5.2.4   Factors that aided SMEs Responses to policy initiatives.

- The study revealed that sole proprietorship was by far the most common form of enterprise ownership and represented 91% of the sampled population with partnership accounting for only 6.78%. This affected the level of responsiveness as most of programmes would be best accessed in associations. For instance according NBSSI, micro credit schemes preferred association to individual businesses. Also due to the high cost of organising training programmes association are preferred.

- The survey also indicated that majority of respondents 46.7% (35) had secondary, vocational or technical education. The number of respondents who were self-trained (no formal education) and those with basic education jointly accounted for 38.7% (29), Respondents educated to tertiary level accounted for 14.6% (11). This indicates a higher level of literacy in agro-processing SMEs in these districts. However oil palm processing enterprises had relatively higher number of illiterates compared to citrus and pineapple processing enterprise which recorded a 100% literate respondents (secondary and tertiary). This influenced the performance of citrus and pineapples as they had higher levels of awareness of the policy, understanding of the policy, response to the policy and effects of the policy as opposed to oil palm.

- Sources of information to SMEs have largely been through trading partners and business partners since 37 respondents, representing 68.5% had their information on SME policies and programmes through such means. Unfortunately, contribution to information on SME programmes by trade policy institution accounted for 9.3% and the media provided 20.2%. This could account for the low level of understanding of trade policies and programmes. It is worthy of note that citrus and pineapple relied greatly on the

media for information on SME polices as it accounts for 70% of their source. This can be attributed largely to the high literacy rate of the respondents as the least had secondary education.

- The study revealed that the majority of responses were found amongst enterprises aged between six and 10 years representing 73.3% of the sampled population with only 14.7% fall between 16 and 25 years. Oil palm had 25 of the enterprises representing 41.7% to be less than 5 years so had little knowledge on most of these policies and programmes.

5.3   Hypothesis

As a guide to assessing the effect of the trade polices and programmes on agro-processing SMEs, the following hypotheses were set to ascertain the effect of the policies and programmes on SME inputs, capacity and output.

5.3.1   Research hypothesis

- Plant and machinery attained a *p-value* of 0.0005 for oil palm processors but no value was generated for citrus and pineapple; the null hypothesis is rejected while accepting the alternate hypothesis at 5% level of significance for both crops. The alternate hypothesis is accepted that enterprises plants and machinery have not been affected positively after responding to a government policy or programme.

- Enterprise annual turnover obtained a *p-value* of 0.0005 for oil palm processors but no value was generated for citrus and pineapple; the null hypothesis rejected at 5% level of significance for both crops. Therefore, enterprises annual turnover has not been affected positively after responding to a government policy or programme.

- Annual output of enterprises had a *p-values* of 0.01 for oil palm processors and 0.187 for citrus and pineapple; the null hypothesis is accepted at 5% level of significance for citrus and pineapple processors but rejected at the same level of significance for oil palm processors. Therefore government trade policies and programmes have positively affected the annual output of citrus and pineapple processors but no positive effect can be concluded for oil palm processors.

- Number of employee of enterprises had a *p-value* of 0.001 for palm processors but no p-value was obtained for citrus and pineapple. The null hypothesis is rejected at 5% level of significant. We conclude that government trade policies and programmes have not affected the number of employees in enterprises.

5.5 Recommendations

This section of the chapter proposes interventions that would ensure greater responsiveness of SMEs to government trade polices and programmes. Based on the outcomes of the above study, for agro-processing SMEs to respond to government polices and programmes and play its useful role in employment creation and poverty reduction, the following interventions have been outlined by the study.

5.4.1 Raising awareness of policies and programmes

Based on the outcomes of the study, the awareness level of these policies and programmes should be raised especially through SME promotion institutions including NBSSI, GRATIS, GEPC, GSB, NVTI, and CSIR, which have the mandate to ensure the success and sustainability of SMEs in the country. This may involve different types of formal and informal meetings, workshops, and seminars at regular intervals. The ultimate, short-term aim of these events would be to create general awareness of the existing policies and programmes for SME development in the country. The government should play a leading role in educating SME practitioners through the established SME promotion institutions on the policy incentives and programmes available to SMEs and how to access them. Alternatively government can empower the various business advisory centres (BAC) with the needed resources to embark on regular enterprise to enterprise education, training and registration so as to ensure that these SMEs benefit from government programmes and projects.

5.4.2 Procedures for accessing policies and programmes

The procedures and requirement for accessing the policies and programmes should be less bureaucratic and simple. Bureaucratic and rigid procedures may cause inefficiencies in policy initiatives and programme delivery to agro-processing SMEs. The policy-makers should ensure that agro-processing SMEs have access to these incentives at a lower cost and in a more effective way. The efficiency and effectiveness of the delivery system of policies and programmes were vital to their uptake and utilisation. Ideally, most of the policies and programmes were targeted at SMEs but on closer inspection of the procedures and requirements, one would observe that they are difficult for the small and medium operators to access.

5.4.3 Effective communication

Effective communication is essential for effective SME policy and programme responses. The communication between policy makers and entrepreneurs should be simple and effective through regular meetings with SME operators for monitoring, review and assessment. The policy-makers and implementers should also see the need to ensure proper 'bottom up' communication from the local level is delivered to ensure the voice of the agro-processing SME sector is heard at the national level. A substantial communication gap remains between agro-processing SMEs and government policy support institutions. The SME business associations remain one of the main mechanisms for proper communication between the policy makers and entrepreneurs and therefore must be encouraged. There should be effective communication at regular intervals for agro-processing SME operators to express their views on the impact of the policies and programmes on their enterprises.

5.4.4   Proper consultations of stakeholders

There is the need to improve consultation and participation of SME business associations through the Association of Small Scale Industries (ASSI) and other well organised associations by setting clear objectives for small-scale operators to contribute their input into policy implementation. SMEs are not managed like large enterprises. Even beyond the fact that they have very different levels of resources, agro-processing SMEs have different characteristics. It is important, therefore to identify the different stakeholders and make sure that all of them can make their opinions, needs and interests heard.

5.4.5   Nature of policies and programmes for SME development

The policies and programmes should be relevant to the needs of agro-processing SMEs. Most often, policy-makers at the national level do not know the real needs of agro-processing SMEs. The needs, aspirations, and interests of agro-processing SMEs should be investigated to provide the basis for the planning and development of policies and programmes for SMEs. Better and timely involvement of their representatives and participation of SME business associations at all level should be a precondition to access their needs and interest and improve the level of SME policy responses.

5.4.6   Role of SME business associations

The SMEs business associations should not rely totally on government policy support agencies. They should find their own path of progress by relying on strategies such as formation of co-operatives and information dissemination that would allow them to access

these policy incentives and programmes. SME business associations should consider networking and forming strategic alliances as a viable option. By identifying and co-operating amongst themselves and the business association, SMEs can gain access to policy incentives and programmes, and also become more resilient and stronger to reap the benefits of these policies and programmes.

5.5 Conclusion

In spite of the policies and interventions introduced to the SME sector over the past decades, the sector has not changed much. Most agro-processing SMEs are still confronted with problems such as access to finance, technology, plants and equipment, skills, marketing, and they rely on inadequate information. The main assignment of this research was to identify policies introduced by government for the growth, development and sustainability of SMEs and for that matter agro-processing SMEs; find out the level of awareness, understanding and examine the responsiveness of agro-processing SME operators to trade policies and programmes.

The study adopted a case study approach. The research was carried out in Koforidua. The study surveyed entrepreneurs from 75 SMEs in three districts. The study revealed that most of the sampled entrepreneurs were not aware of government policies and programmes for SME development in the country. The study also showed varied levels of awareness by respondents to the specific policies and programmes. Generally, the study revealed low responses to the selected trade policies and programmes under the study. It is an undeniable fact that, without adequate responses to government policies and programmes the ultimate goal for SME development policy in trade can not attained.

More importantly, communication and procedures for accessing the policies and programmes should be simple and effective. The nature of the policies and programmes should be tailored to the needs of SMEs. Additionally, implementation of policies and programmes for SME development require regular monitoring, review and assessment. The policies and programmes for SMEs only have the potential to impact upon their activities and operations. It is essential that mechanisms are established to keep track of such changes and assess their impact. One way of measuring the responses and its effect is by receiving systematic feedback from SMEs. Most often, this can be achieved by the SME sector promoting advocacy. This requires the presence of well-organised associations of entrepreneurs from SMEs.

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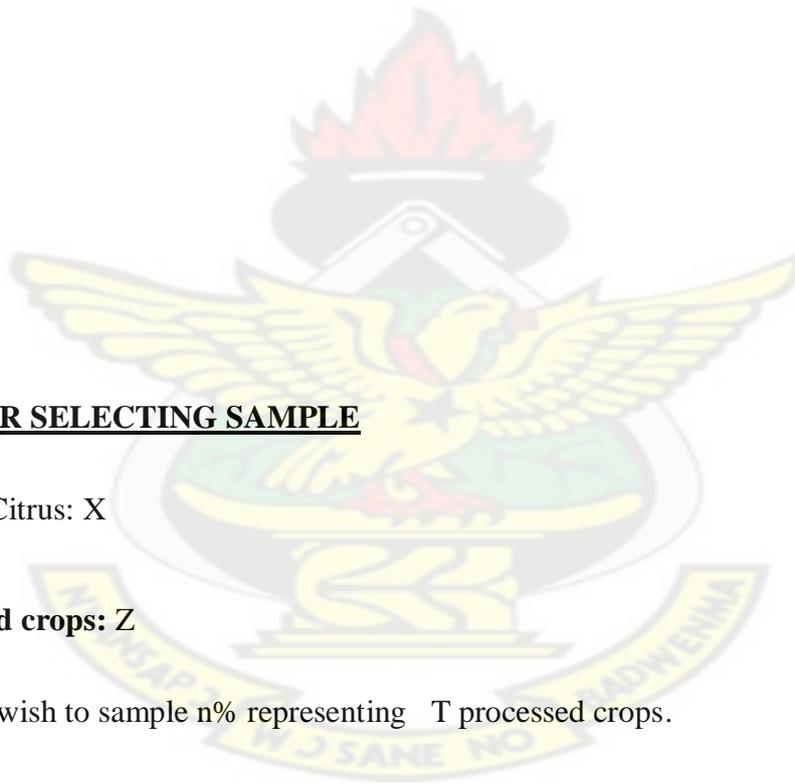
APPENDIX 1

PROCESS FOR SELECTING SAMPLE

Pineapple and Citrus: X

Oil Palm: Y

Total processed crops: Z

The researcher wish to sample n% representing   T processed crops.

Step 1:

The first step is to find the total number of processed crops (Z above) and calculate the percent of crop in each stratum.

Pineapple and Citrus: $X/Z = a$

Oil Palm   : $Y/Z = b$

Step 2:

Next, to select a sample in proportion to the size of each stratum, the following number of processing units should be randomly selected:

Pineapple and Citrus: T x a = α

Oil Palm   **:** T x b =β

This tells us that our sample of T enterprises should be comprised of:

- α enterprises randomly selected from **Pineapple and Citrus**
- β enterprises randomly selected from **Oil Palm**

APPENDIX 2

COLLEGE OF ARCHITECTURE AND PLANNING

FACULTY OF PLANNING AND LAND ECONOMY

DEPARTMENT OF PLANNING

TOPIC: AN ASSESSMENT OF THE EFFECTS OF GHANA'S TRADE POLICY ON AGRO-PROCESSING SMEs IN THE EASTERN REGION

QUESTIONNAIRE FOR AGRO-PROCESSING SME OPERATORS

Name of interviewee:……………………………………………………………….

Date of interview:………………………………………………………………..

Place of interview:……………………………………………………………….

Entrepreneurial characteristics

1.　Type of processed crop.　Oil Palm { }　Citrus { }　Pineapple { }

2.　Sex　Male { }　Female { }

3.　Age of Entrepreneur

Under 18 { }　18-25 { }　26-35 { }　36-45 { }　46-55 { }　56 and above { }

4.　Educational Background
Self-trained: no formal education { }

Basic { }

Secondary/Technical/Vocational School { }

University/Polytechnic { }

Other (specify) { }

5.　Marital Status: Married { } Separated/Divorced { } Widowed { } Unmarried/Single { }.

6.　What form of ownership is the business operated?
Sole proprietorship { } Partnership { } other { }

7.　When was your enterprise established?
Less than 5 years { } 6-10 years { } 11-15 years { }16-20 years { } 21-25 years { }

8.　How many people are engaged in the enterprise now?..

9.　Are you aware of any government trade policy or programme for SME in the country?
Yes { } No { } [if NO, skip to Q12]

If YES, can you mention any specific programme you are aware of?

a……………………………………………………………………............ ....

b……………………………………………………………………............... ....

c……………………………………………………………………………..............
....

10. In addition, to what extent are you aware of the following trade programmes for SME development in the country? Indicate your answer below.

No	Trade Policies and programmes for SME's	Very much aware	Moderately aware	Not aware
1	Training: Entrepreneurship, management and Business skills by NBSSI and NVTI			
2	SME access to market: trade facilitation, Export incentive schemes, Exporters Education, Private Enterprise Export Development Fund (US$34M), Duty Drawback Scheme Education.			
3	standardization of SME products: technical regulations, standards and conformity procedures by Ghana Standards Board			
4	SME access to Finance: business Assistance Fund, NBSSI revolving Loan Fund Scheme, Export Development and Investment Fund (EDIF), Venture Capital Fund			
5	Technology and Transfer Services for SME's: Ghana Regional Appropriate Technology Industrial Service Project (GRATIS Foundation)			
6	Research and Development: 5.0 billion Cedis Endowment Fund for Science and Technology Research			
7	Incentives for private Sector: corporate Tax reduction to 25% from 32.2%, withholding tax reduction to 7.5% from 5%, reduced corporate tax rate of 25% for listing on the stock exchange,			

11. What were your sources of information on SME programme by the government?
Institutions (Specify) { }

Trading partners   { }

Business partners   { }

Media: newspapers/radio/television/(specify)   { }

Other (specify)   { }

12.   If not aware, why are you not aware of the SME trade programmes?
………………………………………………………………………………………
………………………………………………………………………………………
………………………………………………………………………………………
………………………………………………………………………………..................
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13.   Do you understand the trade policies on SME development introduced by the government over past years?
Yes { }   No { }

14.   If YES, indicate your level of understanding below?

N o	Trade policies and programmes for SME's	Level of understanding		
		Low	Medium	High
1	Training: Entrepreneurship, management and Business skills by NBSSI and NVTI			
2	SME access to market: trade facilitation, Export incentive schemes, Exporters Education, Private Enterprise Export Development Fund (US$34M), Duty Drawback Scheme Education.			
3	standardization of SME products: technical regulations, standards and conformity procedures by Ghana Standards Board			
4	SME access to Finance: business Assistance Fund, NBSSI revolving Loan Fund Scheme, Export Development and Investment Fund (EDIF), Venture Capital Fund			
5	Technology and Transfer Services for SME's: Ghana Regional Appropriate Technology Industrial Service Project (GRATIS Foundation)			
6	Research and Development: 5.0 billion Cedis Endowment Fund for Science and Technology Research			
7	Incentives for private Sector: corporate Tax reduction to 25% from 32.2%, withholding tax			

	reduction to 7.5% from 5%, reduced corporate tax rate of 25% for listing on the stock exchange.			

15.　What can be done to improve your understanding of these trade programmes?

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16.　Have you responded or taken advantage of any of the trade programmes on SMEs?　　Yes { }　　No { } [if YES, skip to Q18)

17.　If NO, explain why you have not responded to any government trade programmes on SME's

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18.　If YES, which of the following government policies or programmes on SME's have you taken advantage? Indicate your answer below.

No	Trade policies and programmes for SME's	YES	NO	Benefits derived if YES
1	Training: Entrepreneurship, management and Business skills by NBSSI and NVTI			
2	SME access to market: trade facilitation, Export incentive schemes, Exporters Education, Private Enterprise Export Development Fund (US$34M)			
3	standardization of SME products: technical regulations, standards and conformity procedures by Ghana Standards Board			
4	SME access to Finance: business Assistance Fund, PAMSCAD credit line, NBSSI revolving Loan Fund Scheme, Export Development and Investment Fund (EDIF), Venture Capital Fund			

5	Technology and Transfer Services for SME's: Ghana Regional Appropriate Technology Industrial Service Project (GRATIS Foundation)			
6	Research and Development: 5.0 billion Cedis Endowment Fund for Science and Technology Research			
7	Incentives for private Sector: corporate Tax reduction to 25% from 32.2%, withholding tax reduction to 7.5% from 5%, reduced corporate tax rate of 25% for listing on the stock exchange.			
8	Other			

19. In what way did you benefit form the government trade programmes on SME's?
    a). Individual basis   b). Association basis

20. Have your response to the trade policies and programmes above on SME's impacted on your business? Yes { }   No { }   [if NO, go to Q22)

21. If YES, indicate below the impact on your business

Enterprise level	Before response	After responses
Plants and machinery	Less than 1m { } 1m-4m { } 5m-8m { } 9m-12m { } Above 12 { }	Less than 1m { } 1m-4m { } 5m-8m { } 9m-12m { } Above 12 { }
No of employees	Less than 5 { } 6 – 10 { } 11 – 15 { } 16 – 20 { } 21 – 25 { }	Less than 5 { } 6 – 10 { } 11 – 15 { } 16 – 20 { } 21 – 25 { }

	Above 25 { }	Above 25 { }
Turnover	Less than GH¢5000 annually{ } GH¢5000 – GH¢10,000 { } GH¢11,000 – GH¢20,000 { } GH¢21,000 – GH¢40,000 { } Above GH¢ 40,000 { }	Less than GH¢5000 annually{ } GH¢5000 – GH¢10,000 { } GH¢11,000 – GH¢20,000 { } GH¢21,000 – GH¢40,000 { } Above GH¢ 40,000 { }
Output	Less than 5tonnes annually { } 5 – 10 tonnes { } 11 – 16 tonnes { } 17 – 22 tonnes { } 23 – 28 tonnes { } Above 29 tonnes { }	Less than 5tonnes annually { } 5 – 10 tonnes { } 11 – 16 tonnes { } 17 – 22 tonnes { } 23 – 28 tonnes { } Above 29 tonnes { }

22. If NO, explain why your responses to government trade policies on SME's have not impacted on your business.
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23. What must be done to ensure improved impact from government trade policies on SMEs?
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24. What must be done to ensure that more SME operators benefits fully from government trade programmes on SME's?
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APPENDIX 3

COLLEGE OF ARCHITECTURE AND PLANNING

FACULTY OF PLANNING AND LAND ECONOMY

DEPARTMENT OF PLANNING

**TOPIC: AN ASSESSMENT OF THE EFFECTS OF GHANA'S TRADE
POLICY ON AGRO-PROCESSING SMEs IN THE EASTERN REGION**

INTERVIEW GUIDE FOR TRADE POLICY PROMOTION INSTITUTIONS

Name of
Organisation:……………………………………………………….................

Respondent:……………………………………………………………..........
.....

Date   of
interview:…………………………………………………………..............

1.   Is your organisation aware of Ghana's trade policy introduced in 2004?
      Yes { }   No { }

2.   If YES, mention the agro-processing SME programmes in Ghana's trade
      policy which your organisation is aware of?
      …………………………………………………………………………
      …………………………………………………………………………
      …………………………………………………………………………
      …………………………………………………………………………
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3.   Generally, what is the level of agro-processing SMEs responses to these
      programmes?
      Low { }   High { }   [If High skip to Q5]

4.   If LOW, why? Indicate the factors.
      …………………………………………………………………………
      …………………………………………………………………………
      …………………………………………………………………………
      …………………………………………………………….....................
      ....

5.   If HIGH, why? Indicate the factors
      …………………………………………………………………………
      …………………………………………………………………………
      …………………………………………………………………………
      …………………………………………………………….....................
      ....

6.   Mention specific programmes that agro-processing SME operators have
      responded to.
      …………………………………………………………………………
      …………………………………………………………………………
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7.   What was the level of response?   Excellent { } Very Good { } Average { }
        Below Average { }   Poor { }

8.   What can be done to improve SME responses to government policies?

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9.   Does your organisation contribute to SME responses to Government policies
        on SME? Yes { }   No { }

10.   If YES, how does your organisation contribute to SME responses to polices?
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        ……………………………………………………………………………
        ……………………………………………………………………………
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11.   How can your organisation help improve SME responses to government
        policies?
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