

**UNIVERSITY FOR DEVELOPMENT STUDIES**

**THE ROLE OF SMALL AND MEDIUM SCALE ENTERPRISES FOR ECONOMIC  
GROWTH: A CASE STUDY OF ZEBILLA IN THE BAWKU WEST DISTRICT**

By

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## DECLARATION

### Student

I hereby declare that this dissertation is the result of my own original work and that no part of it has been presented for another degree in this university or elsewhere:

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### Supervisor

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University for Development Studies.

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## ABSTRACT

The backbone of every economy is the informal sector however most employment opportunities in Ghana are largely hinged on the private sector. Hence, the contribution the sector makes to Ghana's economic development through job creation cannot be underestimated. The role of small and medium scale enterprises for economic growth was undertaken to find out how SME sub-sector in Zebilla has performed and its impact on the economic growth of the country.. Specifically this study intended to figure out: how profitable SME business is; whether infrastructural development could be attributed to the presence of SMEs; if significant number of people are employed within the SME sector; whether the SME market has attracted banks and financial institutions with increase in loans and incentives; whether there is needed inputs to speed up SME activities and if there is need for the government to encourage and develop more opportunities for SMEs in Zebilla. A total of 100 SMEs were randomly selected from Bawku West District. A questionnaire was constructed and distributed to the selected SMEs. The responses were collated and analyzed using Statistical Package for Social Sciences (SPSS). The study revealed that SME was not a significant employer of labour in the district due largely because of the fact that entrepreneurs use family labour to minimize cost. Onion cultivation was dominant in the area and appeared profitable as well. However, SME did not attract the needed infrastructural development like tarred roads, silos and irrigation dams for all year round farming to the area.



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## DEDICATION

I dedicate this work to my father, late mother, wife (Rukaya), daughter (Apuswin), siblings and all my loved ones.



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## CHAPTER ONE

### GENERAL INTRODUCTION

#### 1.0 Introduction

It is recognized that the Small and Medium Scale Enterprises (SMEs) play an important role in income generation as well as employment creation around the globe. Small and medium-scale enterprises (SMEs) are considered to be one of the main driving forces in economic development. They encourage private ownership and entrepreneurial skills, they are flexible and can adapt quickly to changing market demand and supply situations. This chapter contained the background, problem statement, research questions, and research objectives of the study. The chapter also contains information on the justification of study, scope of study, limitations of study and the organisation of the study.

#### 1.1 Background of the Study

Small and Medium Scale Enterprises (SMEs) is accepted globally as a tool for empowering the citizenry and economic growth. It has been associated with the rapid economic growth of countries in Asia and North America. According to Schaper (2002), the significant role SMEs play in development is acknowledged world over. In developed countries such as the USA, where big corporations are dominant, SMEs still play enormous role in the country's economy. Also, according to the report of the Indian working group on science and technology for Small- and medium-scale enterprises, SMEs occupy an important and strategic place in economic growth and equitable development in all countries. Constituting as high as 90% of enterprises in most countries worldwide, SMEs are the driving force behind a large number of innovations and contribute to the growth of the national economy through employment creation, investments and



exports. Owing to the success of the Asian tigers, interest is running high globally particularly in developing countries that are in the rat race to meet up and reduce the economic and development gap. Chinese and foreign experts estimate that SMEs are now responsible for about 60% of China's industrial output and employ about 75% of the workforce in China's cities and towns (Schaper, 2000). These SMEs creates jobs for workers who have been laid off from state-owned enterprises due to the steady transition from communism to a market based economy.

According to Cook and Nisxon (2000), interest in the role of small and medium-scale enterprises (SMEs) in the development process continues to be in the forefront of policy debates in developing countries. Owing to the relevance of SME's, in 2006 the government of Taiwan launched a \$61 million "branding" initiative, which is aimed to push the economy from being production-based to knowledge-based. According to the report in English language version of the online edition of Electronic Engineering Times-Asia print magazine, formerly Asian Sources Electronics Engineer (EE Times Asia) in August 2006, the so-called "Branding Taiwan Plan" is a seven-year program designed to help promising small-to-medium enterprises (SMEs) in developing their own brand, according to the Taiwanese government. This was initiated with the full consciousness of the ability of SMEs to drive the economy particularly in the medium term. Small businesses employ 72,000,000 people (Schaper, 2002). More than 90 per cent of the industries in Indonesia, Philippines, Thailand, Hong Kong, Japan, Korea, India and Sri Lanka are small enterprises (Nixon, 2000).

In Africa, the SMEs sector accounts for almost 90% of all the enterprises, in which they are located in both the rural and urban areas, whereby they provide more equitable distribution of

income in all areas of the countries. This means that the SMEs are the main source of providing employment to the people and stimulate the development of the countries by promoting the entrepreneurship and the business skills amongst communities and strengthen the local production sector as well as the industrial base. Therefore the SMEs in Africa have been considered to be a very important engine for obtaining national development goals, such as poverty alleviation and economic growth (Mokaddem 2006). For example, in South Africa, the SMEs account for about 46% of the total economic activities and 84% of private employment. It is also estimated that about 80% of the formal business sector and 95% of the total business sector are considered to be the SMEs (IISD Canada 2004).

In Ghana efforts have been made by successive governments to reduce poverty and accelerate economic growth by increasing foreign direct investment, diversifying the economy, enacting policy frameworks which favour small business ownership and sometimes initiating employment and entrepreneurship programmes. According to Milford (2000), while quoting from World bank (2000), “enormous store has been placed on its presumed capacity to address extreme poverty, create desperately needed jobs, halt the ongoing de-industrialization process and curtail any further ethnic unrest associated with bleak economic prospects and social collapse”. Ghana remains a country with very high potential but an equally high inertia to develop. The country is blessed with abundant supply of enormous human, agricultural, petroleum, and large untapped solid mineral resources.

SMEs are vital for economic growth and development because they encourage entrepreneurship, generate employment, and reduce poverty (Kayanula & Quartey 2000). However, the

sustainability of SMEs in Ghana is threatened by various business risks that SMEs are exposed to. These risks are both internal and external, as the business world becomes more and more unpredictable. In the Ghanaian context the National Board for Small Scale Industries (NBSSI) classifies SME as an enterprise with turnover greater than US\$200,000 and not more than US\$5 million equivalent. The SME market constitutes the vast majority of businesses in Ghana and over the years, they have evolved to become key suppliers and service providers to large corporations, inclusive of multinational and transnational corporations. Owing to the significance of SMEs in Ghana, this study aims to find out the extent in which SMEs in Ghana understand business risks, assess risks and the risk measures that they use to reduce negative impacts of business risks on their businesses

## 1.2 Problem Statement

Poverty remains a matter of growing concern in many developing countries of the world. Today, as other continents continue to register sustainable economic growth and development, Africa is not only lagging behind but is trapped in a vicious circle of borrowing and donor dependency. Africa has perpetually failed to focus its development efforts on the optimum utilization of the immense natural resources that many countries are endowed with to turn into wealth to propel their economies and people towards a high level of economic and social development. The importance of SMEs in driving economic growth is emphasized in the case of communist East and Central European countries that allowed limited forms of officially-sanctioned SME development as a way of ameliorating poor economic performance and lifting living standards (Patterson, 1993). According to Rowen *et al.*, (1998) the rapidity of industrial development

success achieved in the last thirty years in East Asian economies have been amazing and this is attributed to SMEs.

This may be the same in developing countries of Africa, such as Ghana but the degree of impact on economic growth needs to be properly investigated using local case studies. This study seeks to gather data from all relevant sources on the extent to which SMEs have impacted the Ghanaian economy. The core will be investigating the impact of SME in Ghana's economic growth. The research outcome may either validate it as a viable economic tool in the Ghanaian circumstance or nullify the belief that it drives the country's economic growth. Information gathered from primary sources will answer questions on the size of typical SMEs, ownership patterns, approximated value of assets as well as level of integration of information technology.

### **1.3 Objectives of the Study**

#### **1.3.1 General objective**

The main objective of the research is to assess the role of SMEs to economic growth, the case of Zebilla.

#### **1.3.2 Specific Objectives:**

1. To examine the strength of SMEs in terms of economic growth and infrastructural development.
2. To explore the profitability of doing business at SME level in Zebilla.
3. To examine whether SME is significant employer of labour in this community.
- 4, To determine whether SME businesses in the community have access to credit facility.



#### **1.4 Research Questions**

1. Has the presence of SME brought economic growth and infrastructural development to the community?
2. What is the profit level of engaging in SME business in Bawku West?
3. Are SMEs significant employers of labor in this community?
4. Do SME businesses in this community have access to credit facilities?

#### **1.5 Scope of Study**

In the Ghanaian context the National Board for Small Scale Industries (NBSSI) defines micro enterprise as an enterprise employing five or less labour force. This study was limited only to enterprises with more than five employees and less than 100 employees, which in Ghana are classified under small and medium scale enterprises. Enterprises less than six employees were not included as they are classified as micro enterprises in Ghana (Mensah 2004). Due to constraints of time and finances, the study covered SMEs in Zebilla. So, the scope was only limited to SMEs in urban areas.

#### **1.6 Justification of Study**

Small and Medium-scale Enterprises (SMEs) occupy a place of importance in every country. Because of the important role SMEs play in the development and growth of various economies, they (SMEs) have suitably been referred to as “the engine of growth” of any country” (GPRS II, 2005). SMEs represent a real vehicle for the achievement of national economic objectives of employment generation and poverty reduction at low investment cost as well as the development of entrepreneurial skills.



## 1.7 Research Methodology

The study used mainly qualitative and quantitative research methods. The research methods of this sort rely on data from interviews, documents and case study to understand and explain social phenomenon (Fisher, 2010).

The study adopted a case study Approach. This is a method of inquiry that investigates a contemporary phenomenon within its real life situation. This approach also addresses a situation whereby the boundaries between the phenomenon and the perspective are not clearly evident. Usually, this method of study relies on multiple sources of evidence. The researcher adopted the case study approach because there was no control over the actions in the study as Government policies and decisions are implemented at national and local levels. The case study approach was chosen so that it helped to make an in-depth analysis of the phenomenon.

The researcher with two assistants personally administered the questionnaire in the case of illiterate entrepreneurs to help explain thoroughly the issues on the questionnaire to the respondents. Literate respondents answered the questionnaire on their own. Secondary data were gathered from the annually published statistics of the Ministry of Employment, Annual Records of Association of Ghana Industries (AGI), NBSSI and NGOs. For the review of literature, data were gathered from Ghana Statistical Service (GSS) publications, articles and books on SMEs development in Ghana and the world at large from government sources, international and governmental organizations sources.



### **1.8 Limitations of the Study**

Inadequate time and resources were the major constraints faced by the researcher. A lot of money was spent to print questionnaire, searching for literature and binding of the thesis booklet. Some respondents delayed in completing the questionnaires which limited the researcher's efforts in submitting the final work on time.

Another limitation that the researcher faced was the unwillingness of some respondents to share their knowledge. Some people by their nature were reluctant to give out information. The researcher however, used all means possible to persuade respondents with such behaviour to volunteer the information needed to make the research a success.

Materials: Mass literature on SMEs in scattered form abound but published data on categorizing and ranking of problems facing SMEs in Ghana as well as the contributions of SMEs to our national economic growth and development proved rather difficult to come by. It was easier for the researcher to access data relating to the performer of SMEs in other parts of the world especially the Asian and Western Countries than those pertaining to SMEs in Ghana. This factor thus limited the depth of discussions in the area of contributions of SMEs in Ghana to our economic development and growth.

### **1.9 Organisation of the Study**

The study is organised into five main chapters. Chapter one which is the introduction include background of the study, the problem statement, research questions, the objectives and the justification of the study. It also examines the research design, sampling and the scope of the study as well as organization of the study. Chapter two deals with the review of related literature,



and reviews what other authors or publications have said about the topic. Chapter three provides the methodology comprising the study area and the method used in collecting data for the study. It included the population, sampling procedures used in the collection of data and the instruments used. Chapter four is concerned with presentation and the analysis of the main data collected from the field. Chapter five contains the summary of findings, conclusion and recommendations.

### **1.10 Theoretical Foundation**

Over the years, having worked for different successful businesses in Ghana which are considered small players in the industry, I have developed a keen interest in understanding how these small businesses actually affect our economy. The growth of SMEs have been said to combine the strategies of poverty alleviation and industrialization into a unique package that is beneficial not only to entrepreneurs but to the country at large.

Therefore SME can be seen as a tool for both national development and personal growth. As a person who would love to become an entrepreneur in future, I believe that the knowledge gained from this research would not only help me better understand the status of SMEs in Ghana but would also equip me in strategizing when I intend to start up.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

There is a large literature on SMEs and related issues in general and its impact on national development in particular. Similarly, contribution of SMEs in terms of income generation and job creation in Ghana's economic development cannot be underestimated. This section traces some of the developments in these areas that are especially relevant to the study.

#### **2.1 Contribution of SMEs to Economic Growth**

The definition of small-scale enterprise has been a very controversial issue. The European Union defines a medium-sized enterprise as one with a headcount of 250, a small firm as one with a headcount of less than 50 and a microenterprise as one with a maximum of 10 employees. In the USA businesses with fewer than 100 employees are termed as "small" while "medium-sized business" often refers to those with fewer than 500 employees. The definition by the British Department of Trade and Industry on a small firm as an "independent business, managed by owners and co-owners and having a small market share" is the most acceptable definition and forms a clear global framework for all the measures directed towards SME's (UK Department of Trade and Industry, 2001). To be classified as an SME or a microenterprise, an enterprise has to satisfy the criteria for the number of employees and one of the two financial criteria, i.e. either the turnover total or the balance sheet total. In addition, it must be independent, which means less than 25% owned by one enterprise (or jointly by several enterprises) falling outside the definition of an SME or a micro-enterprise, whichever may apply.



The Bank of Ghana under the Funds of small and Medium Enterprise Development (FUSMED) defined small and micro enterprises as firms with assets (excluding land) of 25million cedis and 5million cedis in constant 1998 prices respectively (Bank of Ghana). Similarly, the National Board for Small Scale Industries (NBSSI) gave the following definitions for small and medium enterprises. It asserts that, micro enterprises employ five or less labour force and also having plant and equipment value of cedi equivalent of 10,000. It also, defined small enterprise as any enterprise employing twenty-five or less employees with plant and equipment value of cedi equivalent of 100,000.

The role of small businesses owned by Ghanaians, set up by individual savings, gifts and loans and sometimes sustained by profit cannot be ignored. According to Schaper (2002) countries that have made economic breakthroughs in the last two decades demonstrate beyond doubt that the development of entrepreneurship has been the sine back bone of economic growth and development. The significant role SMEs play in development is acknowledged world over Schaper (2002). He cited the work of Schell, (1996) who noted that in developed countries such as the USA, where big corporations are dominant, SMEs still play enormous role in the country's economy.

SMEs are the driving force behind a large number of innovations and contribute to the growth of the national economy through employment creation, investments and exports. Owing to the success of the Asian tigers, interest is running high globally particularly in developing countries that are in the race to catch up and reduce the economic and development gap. Chinese and foreign experts estimate that SMEs are now responsible for about 60% of China's industrial

output and employ about 75% of the workforce in China's cities and towns (Schell, 1996). These SMEs create jobs for workers who have been laid off from state-owned enterprises due to the steady transition from communism to a market based economy.

According to Cook and Nisxon (2000), interest in the role of small and medium-scale enterprises (SMEs) in the development process continues to be in the forefront of policy debates in developing countries. Owing to the relevance of SME's, in 2006 the government of Taiwan launched a \$61 million "branding" initiative, which is aimed to push the economy from being production-based to knowledge-based. According to the report in EE Times Asia in August 2006, the so-called "Branding Taiwan Plan" is a seven-year program designed to help promising small-to-medium enterprises (SMEs) in developing their own brand, according to the Taiwanese government. This was initiated with the full consciousness of the ability of SMEs to drive the economy particularly in the medium term. Small businesses employ 72,000,000 people (Schaper, 2002). More than 90 per cent of the industries in Indonesia, Philippines, Thailand, Hong Kong, Japan, Korea, India and Sri Lanka are small enterprises.

## **2.2 An Overview of SMEs in Africa**

Given the critical role SMEs play in supporting sustainable economic growth globally, Africa is yet to catch up with the rest of the world. The development of the private sector varies greatly throughout Africa. SMEs are thriving in South Africa, Mauritius and North Africa, thanks to fairly modern financial systems and clear government policies in favour of private enterprise (IADB, 2004). Elsewhere the rise of a small-business class has been hindered by political instability or strong dependence on a few raw materials. In the Democratic Republic of Congo, for example, most SMEs went bankrupt in the 1990s during the civil war. In Congo, Equatorial Guinea, Gabon and Chad, the dominance of oil has slowed the emergence of non-oil businesses



(Galindo and Schiantarelli, 2003). In Nigeria, SMEs (about 95 per cent of formal manufacturing activity) are key to the economy but insecurity, corruption and poor infrastructure prevent them being motors of growth.

According to AGI (2011), with the discovery of oil, the critical issue facing Ghana is how to avoid some of the pitfalls and negative effects of oil and gas resource that have bedevilled most oil-producing countries, especially those in Sub-Saharan Africa. Experiences abound from sister countries, such as Nigeria (Niger Delta unrest and corruption), Angola (civil war and high cost of living) and Equatorial Guinea (under development and unequal distribution of income).

Africa's private sector is mostly informal micro-enterprises, operating alongside large firms. Most companies are small because the private sector is new and because of legal and financial obstacles to capital accumulation. For most small entrepreneurs in Ghana, the lack of access to financial services is a critical constraint to the expansion of viable micro-enterprises (Adjei, 2010). Between these large and small firms, SMEs are very scarce. In most developing countries, including Ghana opportunities for wage employment in the formal sector of the economy are extremely limited, and the vast majority of the poor rely on self employment for their livelihood (Adjei, 2010). According to the World Bank (2000) cited in (Adjei, 2010), micro, small and medium-sized enterprises together account for 66 per cent of total employment in Ghana. Even in South Africa, with its robust private sector, micro and very small enterprises provided more than 55 per cent of all jobs and 22 per cent of GDP in 2003, while big firms accounted for 64 per cent of GDP.



SMEs are weak in Africa because of small local markets, undeveloped regional integration and very difficult business conditions, which include cumbersome official procedures, poor infrastructure and inadequate financial systems. According to Adjei (2010), better access to financial services would enable entrepreneurs to establish and expand micro-enterprises and thereby improve their income levels and create employment. Even in middle income countries such as Botswana and Egypt, where opportunities for wage employment are greater, many poor households rely on self employment in micro-enterprises for their livelihoods.

Many firms stay small and informal and use simple technology that does not require great use of national infrastructure. Their smallness also protects them from legal proceedings (since they have few assets to seize on bankruptcy) so they can be more flexible in uncertain business conditions. Large firms have the means to overcome legal and financial obstacles, since they have more negotiating power and often good contacts to help them get preferential treatment.

### **2.3 The characteristics of SMEs in Ghana**

The Small and Medium-scale Enterprise (SME) Sector in Ghana includes Micro Enterprises, Small Enterprises, Artisans & Village Industries, Medium Enterprises, Service Sector units & individual sub-sector units. Growth resulting from globalization and liberalization is most visible and profound in the SMEs segment, making SMEs growth engines for economic development (Unibank, 2011).

The choice of small and medium scale enterprises within the industrial sector is based on the following propositions (Kayanula, 2000):

**(a) Large Scale Industry**

- (i) Has not been an engine of growth and a good provider of employment;
- (ii) Already receive enormous support through general trade, finance, tax policy and direct subsidies;

**(b) Small and Medium Scale Enterprises**

- (i) Mobilise funds which otherwise would have been idle;
- (ii) Have been recognised as a seed-bed for indigenous entrepreneurship;
- (iii) Are labour intensive, employing more labour per unit of capital than large enterprises?
- (iv) Promote indigenous technological know-how;
- (vii) Are able to compete (but behind protective barriers);
- (viii) Use mainly local resources, thus have less foreign exchange requirements;
- (ix) Cater for the needs of the poor and;
- (x) Adapt easily to customer requirements (flexible specialisation).

A distinguishing feature of SMEs from larger firms is that the latter have direct access to international and local capital markets whereas the former are excluded because of the higher intermediation costs of smaller projects (AGI.2011). In addition, SMEs face the same fixed cost as Large Scale Enterprises (LSEs) in complying with regulations but have limited capacity to market products abroad.

SMEs in Ghana can be categorised into urban and rural enterprises. The former can be subdivided into 'organised' and 'unorganised' enterprises. The organised ones tend to have paid employees with a registered office whereas the unorganised category is mainly made up of artisans who work in open spaces, temporary wooden structures, or at home and employ little or



in some cases no salaried workers(Kayanula, 2000). They rely mostly on family members or apprentices. Rural enterprises are largely made up of family groups, individual artisans, women engaged in food production from local crops. The major activities within this sector include:- soap and detergents, fabrics, clothing and tailoring, textile and leather, village blacksmiths, tin-smithing, ceramics, timber and mining, bricks and cement, beverages, food processing, bakeries, wood furniture, electronic assembly, agro processing, chemical based products and mechanics ( World Bank, 2004)

It is interesting to note that small scale enterprises make better use of scarce resources than large scale enterprises. Research in Ghana and many other countries have shown that capital productivity is often higher in SMEs than is the case with LSEs (Kayanula,2000). The reason for this is not difficult to see, SMEs are labour intensive with very small amount of capital invested. Thus, they tend to witness high capital productivity which is an economically sound investment. Thus, it has been argued that promoting the SCE sector in developing countries will create more employment opportunities, lead to a more equitable distribution of income and will ensure increased productivity with better technology (Steel & Webster, 1991) cited in (Kayanula,2000)..

#### **2.4 Funding of Small Businesses**

The SME sector constitutes in excess of 90% of the economy of the country (Abbor et al, 2010). The need to provide secured source of financing for this sector cannot be over emphasized. SMEs, if properly structured and capitalized have the potential to grow and spearhead accelerated growth of this economy into a middle income status (GPRSII, 2005). There are some challenges to the SME sector Despite their commendable contribution to the national economy, SMEs in Ghana have not always obtained the required support from

concerned Ministries, Departments and Agencies as well as the Banks, Financial Institutions and other bigger corporate entities. This lack of support is a handicap to developing competitiveness. Indeed, SMEs face a number of problems such as the absence of adequate and timely banking finance, limited capital and knowledge, non-availability of suitable technology, low production capacity, ineffective marketing strategies, lack of capacity to identify new markets, constraints on modernisation & expansions. Access to credit has been one of the main bottlenecks to SME development. Most SMEs lack the necessary collateral to obtain bank loans. To address this issue, the Central Bank of Ghana has established a credit guarantee scheme to underwrite loans made by Commercial Banks to small scale enterprises. Unfortunately, the scheme did not work out as expected. It was against this background that the Bank of Ghana obtained a US\$ 28 million credit from the International Development Association (IDA) of the World Bank for the establishment of a Fund for Small and Medium Enterprises Development (FUSMED). Under the Programme of Action to Mitigate the Social Cost of Adjustment (PAMSCAD), a revolving fund of US\$ 2 million was set aside to assist SMEs (Kayanuka, 2000).

To address such challenges, successive governments in Ghana have tended to look at cosmetic minor changes and relied on inadequate donor supported funds to address the concerns of SMEs. Despite these support systems, and the now institutionalized funding through non-bank financial institution and traditional banks, capacity gaps continue to exist (Adjei, 2010). Capacity Development for SMEs Indeed, despite the strenuous efforts most SMEs put into developing their business and economic growth many SMEs are not aware about various developments and changes in international and domestic trade, incentives and schemes of Government, market development, banking and finance, laws, direct and indirect taxes, Human Resource Management

(HRM), TQM, Six Sigma, quality assurance, productivity, logistics and supply chain management and other related areas (Dankwa, 2012). The result is that SMEs in Ghana have lacked competitiveness and both the banks that finance their operations and the government which supports programmes with tax payer resources have not derived the required benefits.

According to Cork and Nisxon, (2000) poor management and accounting practices have hampered the ability of smaller enterprises to raise finance. This is coupled with the fact that small businesses are mostly owned by individuals whose personal lifestyle may have far reaching effects on the operations and sustainability of such businesses. As a consequence of the ownership structure, some of these businesses are unstable and may not guarantee returns in the long- run. Unfortunately since there is a scarcity of long term investment funds for SMEs (as a consequence of the banks and securities markets shying away from the high risk investments in these sectors), it has become imperative for the Government to set up a scheme that will provide long term funding for the high risk investment needs of the SME sector. Such support to the business sector is in consonance with the recognition that the private sector is the engine of growth of the economy and the policy to promote and support them, is to engage the private sector as an equal partner to help government achieve the country's developmental goals (GPRS II, 2005). It is in this regard that the Venture Capital Trust Fund has formed partnership with financial and non-financial organisations for Small and Medium-Scale Enterprises(s) (SMEs).

## **2.5 Contribution of SMEs to Ghana's Economic Development**

Development essentially has to do with improvement in human well-being, elimination of hunger and poverty, and gainful and productive employment for all the citizens. According to Abbe et al (1999), development means "bringing a nation to an advanced or highly organized state, that is



utilizing all human and material potentials of a nation to bring about growth or advancement. Therefore, national development means the ability to harness all available resources, human and material to bring out the potential of a nation.

Micro and Small Enterprises are the bone of a country's economic development. The government of Ghana in an effort to ensure the growth of these enterprises established the National Board for Small Scale Industries by Act 434 of 1981 and is mandated to promote the growth and development of Micro and Small Enterprises (MSEs) (GIPC,2011).

The National Board for Small Scale Industries (NBSSI) is the apex governmental body for the promotion and development of the Micro and Small-scale Enterprises (MSE) sector in Ghana. Government views the sector as having the potential to contribute substantially to reducing the high unemployment and to the growth of the economy of Ghana. MSEs account for a significant share of economic activity in Ghana and can play an important role in achieving the development goals for production. The long-term goal is for MSEs to maximize their contribution to the country's economic and social development with respect to production, income distribution and employment and the closer integration of women and people in rural areas with the national economy.

In Ghana SMEs are now exposed to greater opportunities than ever for expansion and diversification across the sectors. While developed global markets may be shrinking on account of the financial and economic crises prevailing, Ghana's market size is growing and



opportunities within Africa are also beginning to look attractive for SMEs in manufacturing, food processing, pharmaceutical, IT and agro and service sector, among others.

SMEs are key contributors to Ghana's economy and are playing an increasingly important role in economic growth. In their research work published in the 'International Research Journal of Finance and Economics (2010)' Joshua Abor and Peter Quartey both of the University of Ghana established that SMEs account for 92% of all businesses in Ghana and contribute about 70% of Gross Domestic Product (GDP) of the country. SMEs today account for over 75% of the nation's total employment. The number of SMEs is increasing due to the advent of Oil and Gas in Ghana.

In conclusion, the principal activities of SMEs in Ghana are in agriculture, manufacturing, commerce and service. SMEs therefore have a crucial role to play in stimulating growth, generating employment and contributing to poverty alleviation in Ghana.

## **2.6 Constraints to SME Development**

Despite the wide-ranging economic reforms instituted in the Africa region, SMEs face a variety of constraints owing to the difficulty of absorbing large fixed costs, the absence of economies of scale and scope in key factors of production, and the higher unit costs of providing services to smaller firms (Dankwa, 2012). Below is a set of constraints identified with the sector.

**2.6.1 Input Constraints:** SMEs face a variety of constraints in factor markets (also see Abbor et al, 2010). However, factor availability and cost were the most common constraints. The specific problems differed by country, but many of them were related, varying according to whether the business perceived that their access, availability or cost was the most important problem and



whether they were based primarily on imported or domestic inputs (World Bank, 1993). SMEs in Ghana and Malawi emphasised the high cost of obtaining local raw materials; this may stem from their poor cash flows (Dankwa, 2012).

2.6.2 Finance: Access to finance remained a dominant constraint to small scale enterprises in Ghana (Under the Venture Capital Trust Fund Act, 2004 (Act 680)). This stems from the fact that SMEs have limited access to capital markets, locally and internationally, in part because of the perception of higher risk, informational barriers, and the higher costs of intermediation for smaller firms. As a result, SMEs often cannot obtain long-term finance in the form of debt and equity (Abbor et al, 2010). Many SME's are perceived as risky enterprises; so many financial institutions find it more difficult to finance SMEs. However, there are now some funding schemes for SME's in Ghana including GRATIS, FUSMED, NBSSI/ BAC and MASLOC (Asiama and Osei 2007). Several microfinance institutions such as Pro Credit, Sinapi Aba Trust now also fund SMEs.

2.6.3 Equipment & Technology: SMEs have difficulties in gaining access to appropriate technologies and information on available techniques. This limits innovation and SME competitiveness. In most African nations, Ghana inclusive, the challenge of connecting indigenous small enterprises with foreign investors and speeding up technological upgrading still persists (Muteti 2005). There is a digital divide between the rural and urban areas. With no power supply in most of the rural areas, it is next to impossible to have Internet connectivity in any enterprise. Thus technological change, though meant to bring about economic change even among the rural lot, does not appear to answer to the plight of the rural entrepreneurs.



2.6.4 Domestic Demand: Recent economic policies have led to a decline in the role of the state in productive activity but a renewed private investment has created new opportunities for SMEs (Abbor et al, 2010). Nonetheless, limited access to public contracts and subcontracts, arising from cumbersome bidding procedures and/or lack of information, inhibit SMEs participation in these markets. Also, inefficient distribution channels often dominated by larger firms pose important limitations to market access for SMEs. As noted in the case of Ghana, demand constraints limited the growth of SMEs (AGI, 2011).

## **2.7 Regulatory Constraints:**

Although wide ranging structural reforms have improved, prospects for enterprise development remain to be addressed at the firm-level.

2.7.1 Legal: High start-up costs for firms, including licensing and registration requirements can impose excessive and unnecessary burdens on SMEs. The high cost of settling legal claims and excessive delays in court proceedings adversely affect SME operations. In Malawi, Prohibitive laws like The Business Licensing Act, The Electricity Act, The Control of Goods Act, and The Export Incentives Act, have severely constrained SME development (Makoza & Makoko, 1998).

## **2.8 Lack of Entrepreneurial & Business Management Skills:**

Lack of managerial know-how places significant constraints on SME development. Even though SMEs tend to attract motivated managers, they can hardly compete with larger firms. The scarcity of management talent, prevalent in most countries in the region, has an overstated impact on SMEs.



Majority of those who run SMEs are ordinary lot whose educational background is deficient. Hence they may not be well equipped to carry out managerial duties for their enterprises (King and McGrath 2002). Studies suggest that those with more education and training are more likely to be successful in the SME sector (King and McGrath 2002). As such, for small businesses to do well in Kenya, people need to be well informed in terms of skills and management. SMEs in ICT appear to be doing well with the sprouting of many commercial colleges offering various computer applications. Further, studies show that most of those running SMEs in this sector have at least attained college level education (Wanjohi and Mugure 2008).



## CHAPTER THREE

### METHODOLOGY OF THE STUDY

#### 3.0 Introduction

This chapter contains the study area, research, population of the study area, sampling size, sampling technique, data sources, data collection tools, data collection procedure as well as data processing and analysis and data quality assurance and ethics.

#### 3.1 The Study Area

Bawku West District is one of the 13<sup>th</sup> districts in the Upper East Region of Ghana. It was created in 1988 under the new local government system of 1988 by legislative Instrument (LI) 1442. It lies roughly between latitudes 10° 30'N and 11° 10'N, and between longitudes 0° 20'E and 0° 35'E. The District covers an area of approximately 1,070 square kilometers, which constitutes about 12% of the total land area of the Upper East Region. It is the fourth biggest district in the Region in terms of land area.

The District shares boundaries with Burkina Faso in the north, Bawku Municipality to the east, Talensi-Nabdam District to the west, East Mamprusi District to the south and Garu-Tempane District to the south- east. The implication of the District location is that there exist potential for international and inter-district trade and other bilateral relations. There is therefore the need to take advantage of this strategic location of the District to promote socio-economic development, especially onions trade.



### 3.2 Climate.

The general climate of the District can be summarized by the records at Manga Agricultural Station in the Bawku Municipality, which are representative of the Bawku West District. By the classification of the United Nations Convention to Combat Desertification (UNCCD, 1997) the District falls within the desertification zone of Ghana (EPA, 2003).

The area experiences a unimodal rainfall regime lasting 4 to 6 months and a long dry period of 6 to 8 months in a year. The average annual rainfall, temperature and relative humidity are 956mm, 28.5°C and 56% with potential evapotranspiration of more than 2882mm. There is therefore excessive evapotranspiration over rainfall. The implication is that water availability is a critical issue, that is, there is not enough rainfall for rain fed crop production considering the fact that about 80% of the District's population is engaged in agriculture and fishing. Therefore irrigation is a necessary intervention for sustaining crop production in the District. However, dry season farming such as onion production can be boosted to make up the short fall of the long dry season. Since the activity is more preferred in the dry season to the raining season, more attention could be given to it so that many more people can go into it.

### 3.3 Vegetation.

The District's vegetation is Sudan Savanna consisting of short drought and fire resistant deciduous trees interspersed with open savanna grassland. Grass is very sparse and in most areas the land is bare and severely eroded. Common grasses include *Andropogon gayanus* (Northern Gamber Grass) in the less eroded areas and *Hyparrhenia spp.*, *Aristida spp.*, and *Heteropogon spp.* (Spear grass) in the severely eroded areas. Common trees include *Anogeissus spp.*, *Acacia spp.*



(Thorn tree) and *Triplochiton spp.* Economic trees include *Parkia filicoidea* (Dawadawa), *Butyrospermum parkii* (Sheanut), *Andansonia digitata* (Baobab) and *Ceiba pentandra* (Kapok). In most cases the vegetation is highly degraded by land clearing for farming, fuel wood harvesting, overgrazing, bushfire and harvesting of poles for construction. The activities of illegal miners are also contributing to the degradation of the vegetation in some parts of the District as most of these illegal activities take on agricultural lands, and this therefore has serious implications on soil fertility and crop production. This therefore call for the intensification of forest guards to prevent people from further degrading the land and extension agricultural land such as onion production.

### 3.4 Demography

The demographic characteristics of the Bawku West District are similar to the prevailing characteristics of the predominantly rural districts in the country. These characteristics include large household sizes, high illiteracy rates, that is, about 80 percent in the southern part of the District, high birth and fertility rates. The District has a total resident population of 83,034 in 2000 according to the 2000 Population and Housing Census and this represents 24 percent increase over the 1984 Census figure of 66,973. The population of the District is 9.0 per cent of the total population of the Upper East Region and this is also about 0.3 per cent increase over the 1984 Census figure.

The average growth rate of the District population therefore is about 0.014 per cent per annum unlike in 1984 when it was 3.5 per cent. Even though there is a decline in the national population growth rate from 2.6% to 2.5%, it is highly improbable that the sharp decline in the District's population growth rate could be attributed to fertility. Even the advanced world cannot achieve

this in less than two (2) decades. The obvious reason, in the case of this District therefore, is seasonal migration. However, a JICA supported survey conducted by District Assembly members in December 2003 revealed a total population of 133,889 made up of male population of 61,232 (45.73%) and female population of 72,657 (54.27%).

The total population of the District for 2010 is projected to be 144,546. The implication is that as the population is growing, more jobs or livelihoods for the people need be created or improved to meet the demand, but is sometimes not the case. Therefore, onion production which is carried out district wide is critical and should be supported to serve as job creation or livelihood for the growing population.

### **3.5 Settlement Pattern / Housing.**

The settlement pattern of the District exhibits the typical savannah topology. This settlement type is mostly rural with a dispersed pattern. Apart from Zebilla and Binaba, which exhibit a relatively concentrated pattern, the others have a dispersed pattern. However, there are some emerging settlements which are also exhibiting a relatively concentrated pattern. These settlements include Sapelliga, Teshie, Gbantongo, Tanga and Boya. Another common feature of the settlement pattern and type is the preponderance of the compound farming system. This promotes soil degradation around the compounds due to continuous cropping. The dominant types of housing within the District are mud structures roofed with thatch except in a few cases where zinc roofs are found. The average occupancy ratio is between 5 to 9 persons and sanitary conditions are generally poor. The modern buildings that are springing up in Zebilla, Binaba and a few other settlements recently are mostly for offices and residential accommodation for public servants.



### **3.6 District Economy.**

The main sources of revenue to the District Assembly are basic rates, property rates (bicycle rates), and cattle rates. Other sources include market tolls and store/stall rent from the Zebilla, Binaba and other markets. Revenue generated from the Town and Area Councils is paid to the District Assembly, which in turn makes quarterly allocation of funds to the Councils for their routine operations.

It is, however, to be noted that local revenue generation in the District is too poor. There are certain periods in the year that the Assembly hardly generates anything – (During the hunger gap – i.e. April to July). Therefore, the economy of the district could be boosted when the necessary support for onion production in the district is given because majority of the people in the district are engaged in this venture.

### **3.7 Commerce, Trade and Industry.**

The resource base of the District is agricultural. More than 80 per cent of the population is engaged in agriculture or agriculture related activity and fishing whilst about 10% is engaged in trading. The available industries include groundnut oil processing, shea butter extraction, dawadawa and malt processing, rice parboiling and milling and weaving of smock materials which are done using simple local technology. It is important to note that these small scale industries in the District are mostly engaged in by the female population who are mostly poor and therefore lack capital to enable them produce on large scale. Therefore, if given the necessary support it would stimulate economic growth in the District and go a long way to reduce the poverty level among the female population.



The major marketing centres in the District include Zebilla, Binaba, Sapelliga, Gbantongo (Kukore) and Agatusi. The main items traded in these markets are rice, millet, beans, sorghum and groundnuts. Other items are malt, dawadawa, onions and livestock. All the markets, except Zebilla and Binaba Markets, lack basic facilities like lockable stores, toilets and urinals. The Zebilla market has just been provided with security lights. The rest of the few markets in the District lack stalls/sheds and storage facilities, which pose a security problem especially on market days. Therefore, in order to boost the production and trading of onions in the district, the assembly has to build storage facilities so that onions could be stored for sale and for transportation to other markets within the district outside.

### **3.8 Financial Institutions.**

The Toende Rural Bank and First National Savings and Loans are the only financial institutions in the District. Though the Banks are opened to the general public, only a few financial transactions take place there. This includes payment of salaries and pension to a few public and civil servants, with the majority of public and civil servants still transacting their financial businesses in either Bolgatanga or Bawku. Some farmer groups and traders as well as contractors, businessmen and women transact business with the Bank. There is therefore the need to sensitize people in the District to do business with the Bank and also cultivate the habit of saving in order to make capital available in the District to promote socio-economic development. With these two financial institutions, SMEs are being encouraged to do savings with banks so that they can get financial assistance to expand their businesses in the district.

### **3.9 Road Infrastructure.**

Analysis of the district road network reveals that apart from the main Bolgatanga-Bawku road (incidentally the only trunk road in the District), which passes through Tilli, Zebilla and Kubore, and a section of the Tilli- Binaba feeder road as well as Zebilla -Kansongo, all the other roads in the District are not tarred. The tarred trunk road covers a distance of 31 kilometers. The rest of the roads, which cover an estimated distance of 290.4 kilometers, are classified as feeder roads. These roads are of various degrees of motorability which are further classified as engineered, unengineered and partially engineered.

The engineered roads cover an estimated distance of 235.4 kilometers, the unengineered roads 29.8 kilometers and the partially engineered roads covering an estimated distance of 25.2 kilometers. However, it is important to note that there are a lot of communities in the District which are inaccessible and this greatly affects socio-economic activities, particularly agriculture activities in the District. The implication is that, the poor nature of the transportation system is affecting the carting of the onions from the farm lands to the marketing centres in the district.

### **3.10 Research Design**

A research design is a logical framework which details out directions to a researcher in a study regarding the collection, analysis and interpretation of data on observed phenomenon. According to Fisher (2010), research design refers to the information gathered from subjects and in the case of experimental research, the nature of the treatments that are controlled by the investigator. A research design is an organized collection of procedures used by researchers to collect data (Dunn, 1999). Generally, the choice of an appropriate research design revolved around three main issues namely: the nature of the research problem, the behaviour of the research theme and



the extent of control the researcher has over contemporary events relating to the research issues (Yin, 1984, P.63)

Nonetheless, non-experimental research design was employed for this study. This was used to gain in-depth knowledge of the process or situation (Gyimah, 2007). This is important when the question deals with how something happens and especially when further work is needed to be done on it. However, case studies are recurrently used to evaluate development interventions and it can either be qualitative and or quantitative methods to collect data. Besides, they are focused on detail appreciation of individuals, organization and communities. They are however, detailed appreciation of individuals, groups and social units. The researcher conducting the case study attempts to analyze the variables useful to the study (Fisher, 2010). Twumasi (2001) pointed out that in considering a sampling design the research scientist first of all determines his population Universe. That is he must indicate clearly the features of the population.

### **3.11 Population of the Study**

Population constitutes the total number of all units of a kind that fall in the area of investigation (Fisher, 2010). There is a difference between target and accessible population. Target population is an aggregate of cases about which the researcher would like to make generalization. But the accessible population is the aggregation of cases that conform to the designated criteria that are accessible to the researcher as a pool of subject for a study. The distinction means the researcher usually sample from an accessible population and hope to generalize to a target population.

In this regard the accessible population was made up of hundred (100) SMEs that were established and sponsored by the individuals and registered with SME associations in Bawku



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West District. The study was based in the district. The reason for limiting the study in Bawku West District was that most of the SMEs were based in the district. Also the fact that the SMEs were similar in character the study hoped to obtain valid and reliable results and this would tend to have a degree of the true reflection on all SMEs in the Region. .

### **3.12 Sample Size**

The question about appropriate sample size is given so much attention by researchers (Kwabia, 2001). The main purpose of sampling is to gain information about a population. More so, sampling is intended to provide various types of statistical information of a quantitative or qualitative nature about a population by examining a sample (Gyimah, 2007).

In research, the rationale is to make generalization about the parameters of a population from which the sample would be drawn. Sampling constitutes the use of definite procedures to select a part of a whole to obtain certain characteristics of the whole (population). A sample of 100 respondents was selected for the detailed study. Being a quantitative study, respondents were sampled from six zones in the district. A sample size for each zone of respondents was determined based on sex composition and the urgency of data needed. The respondents of the study included men and women entrepreneurs. Overall, 100 entrepreneurs were sampled for the detail study.

### **3.13 Sampling Technique**

Sampling is the process of selecting a number of individuals for a study in such a way that the individuals represent the larger group from which they were selected (Gyimah, 2007). The individuals selected, form the sample and the larger group is referred to as the population. The



rationale is to make generalizations based on the study of the samples about the parameters of the population from which the sample was drawn (Kwabia, 2001). Sample on the other hand, is a group of elements or a single element, from which data are, determined (Gyimah, 2007)

Different sampling techniques were used to sample the study units. Sampling was done at two levels: small businesses and medium scale businesses. The researcher also employed stratified sampling technique to select entrepreneurs from the various zones to ensure a true representation of each SME. Simple random sampling was used to select businesses in the accessible categories. The simple random sampling technique was used to select the entrepreneurs in order to give each SME an equal chance of being selected. For purposes of gathering reliable and representative data, every female and male entrepreneur in each category had an equal chance of being selected.

### **3.14 Data Sources**

Generally, there are two main sources of data collection approaches in social science research and they include, primary and secondary data sources (Fisher, 2010). Both sources were extensively used in this study. The study relied on two main sources of data; namely, secondary and primary data. The secondary data were sourced because of the need to situate the study in the context of previous studies and the ease with which secondary data could be collected. The primary data were gathered because of the demand for fresh data to address current issues related to the study.

### **3.15 Data Collection Tools**

Questionnaires were the main data collection tools used to obtain primary data. The questionnaires comprised both closed and open-ended questions. The closed-ended questions



facilitated quick data collection whilst open-ended allowed respondents an opportunity to express their opinions.

### 3.16 Data Collection Procedure

Saunders *et al.* (2007) defined secondary data as data that has already been collected for some other purpose perhaps processed and subsequently stored. All research work start from the known to the unknown. For this reason, the researcher normally consults and reads existing literature (Twumasi, 2001). The documents consulted are known as secondary data. Secondary data are information already collected for some other purposes and it can be cheaper and readily available (Fisher, 2010). It may be available from internal sources or may have been collected and published by other organizations. Secondary data can be collected from various sources, which include but are not limited to Books, Magazines, Web sites, T.V, Radio, News papers, Research papers, among others. Secondary data were collected through literature and document reviews, which included existing literature both published and unpublished such as books, journals, newsletters, newspapers and web site. These sources of data were mostly used in the literature review of similar works.

Primary data was collected directly from the field using quantitative methods. For any meaningful data to be collected there is the need to employ an effective instrument to obtain information (Gyimah. 2007). Questionnaires were well formulated questions to probe and obtain responses from the respondents (Twumasi, 2001). The researcher with two research assistants personally administered the questionnaire in the case of illiterate respondents to help explain thoroughly the issues on the questionnaire to the respondents. Literate respondents answered the questionnaire on their own. Secondary data were gathered from the annually published statistics



of the Ministries of Employment and Trade, Records of NBSSI, AGI and GIPC. For the review of literature, data were gathered from publications of SMEs, articles and books on SMEs, SME development in Ghana and the world at large from government sources, international and non-governmental organizations sources.

### **3.17 Data Presentation and Analysis**

Data obtained were edited, coded and categorized for interpretation. The tools for data presentation were charts and graphs and analyzed using the Statistical Package for the Social Scientist Software (SPSS). Descriptive analyses were then made of the data.

### **3.18 Data Quality Assurance and Ethical Consideration**

The structured questionnaire was pre tested in Zebilla Central among entrepreneurs before the actual data collection and checked for the clarity and consistency. Some modifications were made based on the results. Data collectors were appropriately trained for one day. Field questionnaire were checked daily for completeness. Before data were entered in to the computer, they were cleaned and edited, identified errors corrected by reviewing the original questionnaire.

A formal letter written by the researcher to study areas for permission to undertake the study was granted. The letter was directed to all heads of the various associations of entrepreneurs to cooperate and to provide the necessary information. In addition after brief explanation of the purpose of study, verbal consent was obtained from the study participants and those who volunteered to participate were assisted to fill the questionnaire. The confidentiality was assured by excluding their names and the willingness not to participate or withdraw at any point from the study was respected.



## CHAPTER FOUR

### ANALYSIS OF DATA

#### 4.0 Introduction

Analyses are critical examination of materials in order to understand the parts, relationships and to discover the trend – the separation of the research data into its constituents parts (Twumasi, 2001). Therefore this chapter seeks to analyze and present the findings of an empirical component of a study undertaken on a wide range of issues to assess the role of SMEs to economic growth and development, the case of Bawku West district.

However, this chapter presents the results and discussions of the data of the socio-demographic characteristics of respondents, the profitability of doing business at the SME level, the significance of SMEs in terms of job creation, availability of credit facilities to the SMEs and the contribution of government towards the development of the sector.

#### 4.1 Socio-Demographic Characteristics of Respondents

4.1.1 Age is important in every aspect of life and it is used in making economic decisions. Due to its importance this study deemed it as a necessity to determine the age structure of the respondents of the study in order to be able to determine the category of the ages mostly engaged in the SMEs in Bawku West. The 2000 population census indicates that 45% of Ghana's population is under 15 years. The dependants population (below 15 and 64 years and above) is roughly equal to those of working age (15- 64 years) Ghana statistical service (GSS 2002a). The age distribution of a country helps policy makers and the business community to effectively channel resources meant for development. About 91% of the entrepreneurs were between 25 to



60 years and 5% were below 25 years. Only 4% of the respondents were above 60 years. Details of borrowers age is given in the table below:

**Table 4.1 age of respondents**

Variable		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below 25	5	5.0	5.0	5.0
	between 25-60	91	91.0	91.0	96.0
	above 60	4	4.0	4.0	100.0
	Total	100	100.0	100.0	

**Source:** (Field Data, 2013)

#### 4.1.2 Sex of Respondents

The sex composition and age structure of the population are a reflection of known demographic trends (GSS, 2002). According to the 2000 population census women constitute 50.5 per cent translating into a sex ratio of 97.9 males to 100 females. It is known that there are more females than males in Ghana. The reason for this usual pattern is more social and economic than demographic (GSS, 2002). Poverty in Ghana also has important gender dimensions. According to Adjei (2010) the three Northern Regions tend to have female population in the range of 50-52 per cent. He argued further that women experience greater poverty, have heavier time burden and lower literacy rates.

Therefore, to alleviate the suffering of women and to empower them economically, most poverty reduction strategies target the women and provide them with the needed capital for business. For that matter a sample of 100 respondents were interviewed and out of this number women constituted 78% while men were 22%.



## 4.2 The contribution of SMEs to Economic growth and Development

To examine the contribution of SMEs in terms of economic growth and infrastructural development, the researcher sought the views of the major players in the industry in order to have a comprehensive view on the matter.

### 4.2.1 Small and Medium scale Businesses

According to the 2000 Population and Housing Census results, Ghana is mainly an agricultural economy and the main sources of employment are small scale farming, fishing and trading. Agricultural development of Ghana will have a direct impact on both local and national economies. Improved agricultural sector will translate into improved standard of living of the people and increase GDP growth rate. The four major occupations, nationally, are agriculture and related work (49.2%), production and transport (15.6%), sales work (14.2%) and technical work (8.9%), (GSS, 2002). This general pattern is true for the, majority of regions. In the case of women the major four occupations are agriculture and related work, sales work, production and services (GSS, 2002).

This notwithstanding, Bawku West District is dominated with businesses such as groundnut oil processing, shea butter extraction, dawadawa and malt processing, rice parboiling and milling and weaving of smock materials which are done using simple local technology. A good majority of the respondents, 63% were involved solely in the production of onions (table 4.2.1). 11% of the respondents were processing food and only 9% of the respondents were involved in shea butter extraction. Those involved in trading constitutes 7 % and 10 % were engaged in smock weaving. The research revealed that, resource base of the District is agriculture. More than 80 per cent of the population is engaged in agriculture or agriculture related activity whilst about 10% is



engaged in trading. Results from one way analysis of variance shows that there is no significant relationship between type of business and profitability of the business ( $P=0.139$ ). This means that not all businesses at the SME level are profitable. This means that some businesses are more lucrative than others.

**Table 4.2 type of businesses**

Variable		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	onion production	63	63.0	63.0	63.0
	Trading	7	7.0	7.0	70.0
	shea butter extraction	9	9.0	9.0	79.0
	food processing	11	11.0	11.0	90.0
	weaving of smock	10	10.0	10.0	100.0
	Total	100	100.0	100.0	

**Source:** (Field Data, 2013)

#### 4.2.2 The Contribution of SME Sector in terms of Infrastructural Development

To examine the contribution of the SME sector in terms of infrastructural development, the researcher sought the views of the major players in the industry in order to have a broad view on the matter. Infrastructural development of Ghana will have a direct impact on both local and national economies. Improved infrastructure such as roads, electricity and potable water will translate into improved standard of living of the people and increase GDP growth rate. Apart from the main Bolgatanga-Bawku road (incidentally the only trunk road in the District), which passes through Tilli, Zebilla and Kubore, and a section of the Tilli- Binaba feeder road and Zebilla-Kansongo road, all the other roads in the District are not tarred. The tarred trunk road covers a distance of 31 kilometers. The rest of the roads, which cover an estimated distance of 290.4 kilometers, are classified as feeder roads (Bawku West District Assembly, 2013).



A vast majority of respondents, irrespective of sex or age 85% confirmed that there were no infrastructural development in the area as a result of small businesses operational in the district. Although, some respondents 15% particularly those who have been in business for longer periods agreed that there has been housing and electricity as a result of SMEs (table 4.2.2). The relationship between SMEs and infrastructural development was also not significantly related in Bawku West as ( $P=0.989$ ). Results from one way analysis of variance shows that ( $P>0.05$ ). This means that SME has not attracted massive infrastructural development to Bawku West and its environs.

**Table 4.3 infrastructural development**

variable		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	housing projects	5	5.0	33.3	33.3
	Electricity	6	6.0	40.0	73.3
	Others	4	4.0	26.7	100.0
	Total	15	15.0	100.0	
Missing	System	85	85.0		
Total		100	100.0		

**Source:** (Field Data, 2013)

#### 4.3 The Profitability of SMEs in Bawku West District

To examine the profitability of doing business at the SME level in the Bawku West district, the researcher sought the views of the major players in the industry in order to have a comprehensive view on the matter.

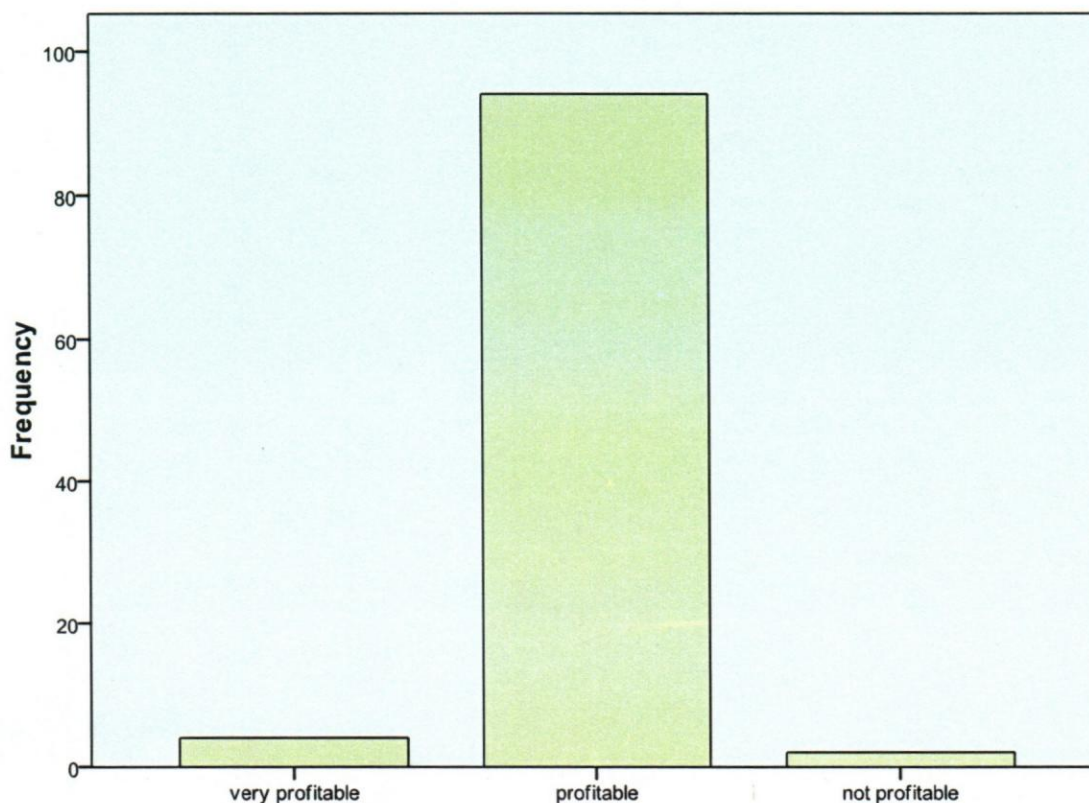


#### 4.3.1 Profitability of SMEs

SMEs are weak in Africa because of small local markets, undeveloped regional integration and very difficult business conditions, which include cumbersome official procedures, poor infrastructure and inadequate financial systems. According to Adjei (2010), better access to financial services would enable entrepreneurs to establish and expand micro-enterprises and thereby improve their income levels and create employment. Even in middle income countries such as Botswana and Egypt, where opportunities for wage employment are greater, many poor households rely on self employment in micro-enterprises for their livelihoods.

The research revealed that more than three-quarters, 94% of the businesses in this study were considered profitable by the owners and/or management staff and 4% of the businesses were described as very profitable (Fig.1). Only 2% of the respondents claimed business was not profitable.

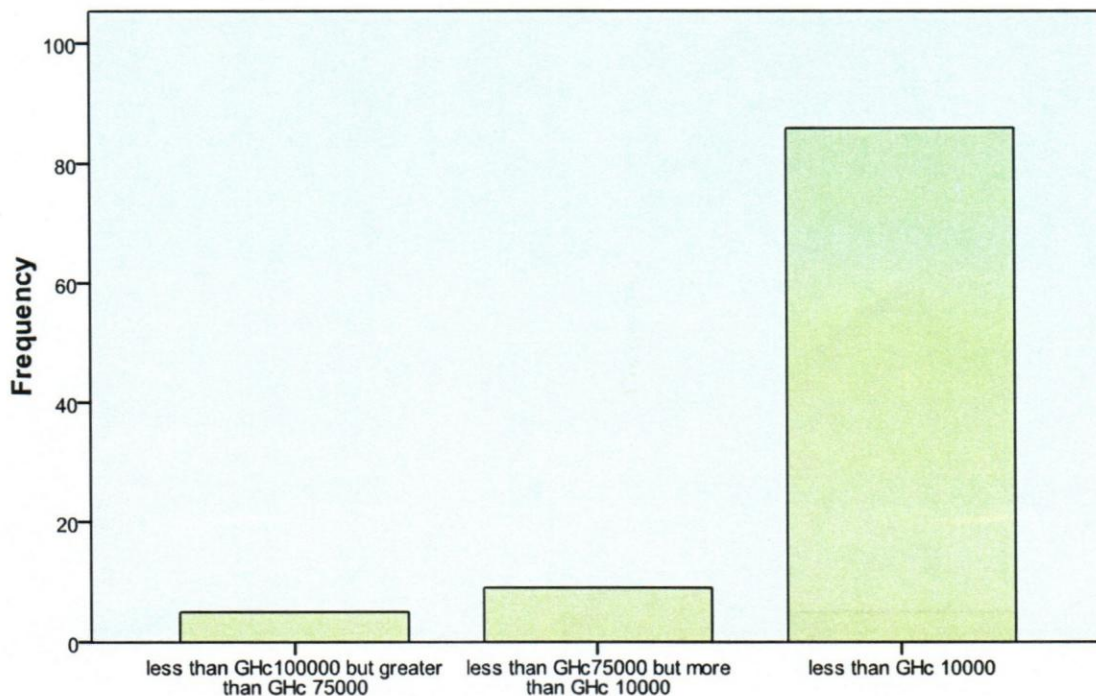




**Fig 1: Profitability of the businesses**

#### 4.3.2 Estimated annual income of SMEs

Although, only 5% of the businesses surveyed made profit of at least seventy five thousand Ghana cedis (GH¢ 75000) per annum while the vast majority of the businesses surveyed, 86% made profits of less than ten thousand Ghana cedis (GH¢ 10000) (table 4.3.2). Those whose annual sale were more than ten thousand Ghana cedis (GH¢ 10000) but less than seventy five thousand Ghana cedis (GH¢ 75000) per annum constituted 9%. Results from one way analysis of variance ( $P=0.001$ ) shows that estimated annual income was also significantly related to profitability as ( $P<0.05$ ). This means that doing business at SME level is profitable in Bawku West District. Indeed, agriculture is a lucrative venture in the district since about 83% of the respondents are involved in agriculture and related activities.



**Fig 2: Estimated annual income**

#### 4.4 Significance of SMEs in terms of job creation within the District

To examine the significance of job creation at SME level in the district, the researcher sought the views of the major players in the industry in order to have a comprehensive view on the matter.

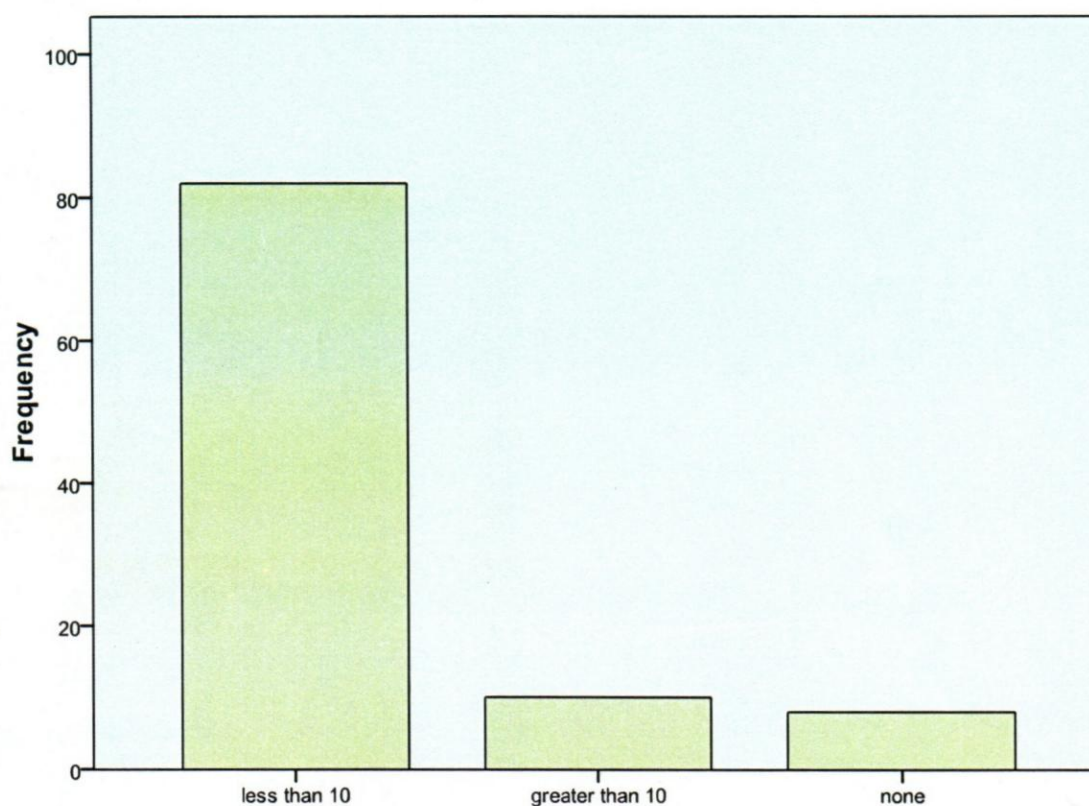
##### 4.4.1 Number of Employees of SMEs

SMEs are the driving force behind a large number of innovations and contribute to the growth of the national economy through employment creation, investments and exports. Owing to the success of the Asian tigers, interest is running high globally particularly in developing countries that are in the race to catch up and reduce the economic and development gap. Chinese and foreign experts estimate that SMEs are now responsible for about 60% of China's industrial

output and employ about 75% of the workforce in China's cities and towns (Schell, 1996). These SMEs creates jobs for workers who have been laid off from state-owned enterprises due to the steady transition from communism to a market based economy.

On the average the staff strength of the SMEs in Bawku West District was generally low. 82% of the SMEs employed less than 10 individuals, although some businesses had up to 10 workers. 84% of the businesses surveyed have not employed a staff in the last year but this is inclusive of those who have no staff. 96% of the businesses surveyed have other small businesses around which sell or produce materials which they need to run their businesses. However, 92% of respondents confirmed that businesses were not started directly as a result of existing SMEs. Results from one way analysis of variance ( $P=0.208$ ) shows that number of people employed was also not significantly related to SMEs in the district ( $P>0.05$ ). This means that SMEs are not significant employers of labour in Bawku West District. Indeed, SMEs are not generating enough employment opportunities for the people in the district.





**Fig 3: Number of employees of SMEs**

#### 4.5 Availability of credit facility to SMEs in the district

To determine whether credit facility is available to SMEs in the district, the researcher sought the views of the major players in the industry in order to have a broad view on the matter.

##### 4.5.1 Financial Credit to SMEs

About 83% of the respondents are in agriculture and related activities in the district. In other words, agriculture is the main stay of the people in Bawku West. All the respondents, 100% confirmed that there were fewer numbers of banks and financial institutions located in the district and as a result access to credit was difficult. Respondents need credit to purchase inputs to expand production. Indeed, close to about 70% of the respondents claimed they have never

received credit. Although there was a significant relationship between type of business and profitability of businesses in the area ( $P=0.001$ ). This means that the profitability of small businesses in the district has led to the opening of a bank and financial institution. Although, the presence of banks did not translate into increase in SME loans and incentives by the Banks to customers since 70% of the respondents claimed they never received loans from the banks.



## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

#### 5.0 Introduction

In this final chapter of this research an attempt is made to review what this study sought to investigate, what its findings are, what conclusions can be drawn from the findings and what recommendations can be made. First, notwithstanding the numerous advantages of small and medium scale businesses in terms of job creation, contribution to GDP and as the engine for economic growth, SMEs still do not get the needed support to realize these objectives. Credit offered to SMEs are small loans called micro credit. Micro credit is touted as one of the many proposed solutions to inadequate capital for SMEs. This thesis went into the impact of SMEs on national development in terms of jobs creation, profitability, contribution to GDP and how credit is accessed, what its benefits has been to SMEs and difficulties of accessing credit. This is a brief recap of the research results and how they stand up to the research questions.

#### 5.1 Summary of findings

The sex composition and age structure of the population are a reflection of known demographic trends (GSS, 2002). According to the 2000 population census women constitute 50.5 per cent translating into a sex ratio of 97.9 males to 100 females. It is known that there are more females than males in Ghana. Poverty in Ghana also has important gender dimensions. According to Adjei (2010) the three Northern Regions tend to have female population in the range of 50-52 per cent. He argued further that women experience greater poverty, have heavier time burden and lower literacy rates. In support of this assertion is the fact, majority of the respondents in this research were women. A total of 100 respondents comprising of 78% women and 22% men were interviewed during the course of this research. Therefore, to alleviate the suffering of owners of



SMEs and to empower them financially, government and non-governmental institutions should target the women entrepreneurs and provide them with the needed support for business.

Age is important in every aspect of life and it is used in making employment decisions. Due to its importance this study deemed it as a necessity to determine the age structure of the respondents of the study in order to be able to determine the category of the ages mostly engaged in the SMEs in the district. The 2000 population census indicates that 45% of Ghana's population is under 15 years. The dependants population (below 15 and 64 years and above) is roughly equal to those of working age (15- 64 years) Ghana statistical service (GSS 2002a). The age distribution of a country helps policy makers and the business community to effectively channel resources meant for development. About 91% of the entrepreneurs were between 25 to 60 years while 5% were below 25 years. 4% of the respondents were above 60 years. Indeed in selecting microfinance clients, institutions rely on an accepted idea that clients in working bracket have high repayment rate and low default rate compared to their unemployed counterparts. Literature supporting this came from Adjei (2010). The respondents' age ranged between 25 to 60 years. Most of them engaged in one form of trade or the other.

SMEs have been fully recognized by governments and development experts as the main engine of economic growth and a major factor in promoting private sector development and partnership (GPRSII, 2005). The development of the SME sector therefore represents an essential element in the growth strategy of most economies and holds particular significance in the case of Ghana. SMEs not only contribute to improved living standards, employment generation and poverty reduction but they also bring about substantial domestic capital and achieve high levels of



productivity. From a planning standpoint, SMEs are increasingly recognized as the principal means for achieving equitable and sustainable industrial diversification and growth. In most countries, including developed countries like Japan, USA, UK etc, SMEs account for well over half the total share of employment, sales and total contribution to GDP. Bawku West lies in the Savanna regions of Ghana and Agriculture is the main stay of the people. But the study focus (Zebilla) is dominated with agriculture. In which agriculture constitute producers of various kinds of crops, shea extraction, food stuffs processing and many more. Onion cultivation was the dominant occupation of the respondents. This supports findings of the 2000 Population and Housing Census reports by the Ghana Statistical Service (GSS, 2002).

The resource base of the District is agricultural. More than 80 per cent of the population is engaged in agriculture or agriculture related activity and fishing whilst about 10% is engaged in trading (Bawku West District Assembly, 2013). The available industries include groundnut oil processing, shea butter extraction, dawadawa and malt processing, rice parboiling and milling and weaving of smock materials which are done using simple local technology. The findings of this research confirmed that about 63% of the respondents were involved solely in the cultivation of Onions. Similarly, 11% of the respondents were engaged in food processing while 9% were involved in shea butter extraction. Those involved in trading and smock weaving constituted 7 % and 10%.

The profitability and sustainability of small businesses could be the reason why respondents generally support the establishment of similar businesses elsewhere in the district. Results from one way analysis of variance showed that there was significant relationship between type of business and profitability of the business as ( $P=0.001$ ). This means that Profitability of SME is

independent of the nature of goods on sale in Zebilla. On the other hand, a vast majority 94% of the businesses in this study was considered profitable by the owners and/or management staff and 4% of the businesses were described as very profitable. Only 2% of the respondents claimed business was not profitable. Indeed, 86% of respondents made profits of less than ten thousand Ghana cedis. Results from one way analysis of variance ( $P=0.001$ ) shows that estimated annual income was significantly related to profitability as ( $P<0.005$ ). This means that doing business at SME level is profitable in Zebilla.

Successive governments in Ghana have attempted to address the problems of SMEs, which is a pointer to the fact that the government has all along appreciated the crucial role and significance of SMEs as the 'soul' of economic growth and development and hence industrialization (GPRSII, 2005). SMEs represent the sub-sector of special focus in any meaningful economic restructuring programme that targets employment generation, poverty alleviation, food security, rapid industrialization and the stemming of rural-urban migration. To a large extent, Ghana's ability to realize the Millennium Development Goals (MDG) hinges on her ability to revamp and reinvigorate the SME sector.

Small and medium scale enterprises remain an important contributor to the development of Ghana as indicated by results in this study. However the use of family labour and casual staff threatens to undermine the potential benefits of such businesses. This cannot be blamed solely on the entrepreneurs because they try to minimize cost of production. SMEs as observed in this study contribute to the establishment of other businesses which service them with raw materials and essential services. Indeed, the staff strength of the SMEs in Zebilla was generally low. 82%

employed less than 10 individuals, although some businesses had up to 10 workers. 84% of the businesses surveyed had not employed a staff in the last year but this is inclusive of those who had no staff. This means that SMEs were not significant employers of labour in Zebilla.

SMEs as observed in this study contribute to the establishment of other businesses which service them with raw materials. The fact that SMEs contribute to industrial development has also been resounded by this research as respondents disagreed that road construction and other developmental projects have come to the community as a result of SMEs. A vast majority of respondents, irrespective of sex or age 85% confirmed that there were no infrastructural development in the area as a result of small businesses operational in the district. Although, some respondents 15% particularly those who have been in business for longer periods agreed that there has been housing and electricity as a result of SMEs (table 4.2). The relationship between SMEs and infrastructural development was also not significantly related in Bawku West as ( $P=0.989$ ). Results from one way analysis of variance shows that ( $P>0.05$ ). This means that SME has not attracted massive infrastructural development to Bawku West and its environs.

All the respondents, 100% confirmed that there was fewer numbers of banks and financial institutions located in the district and as a result access to credit was difficult. Respondents need credit to purchase inputs to expand production. Indeed, close to about 70% of the respondents claimed they have never received credit. Although, the presence of bank did not translate into increase in SME loans and incentives by the Bank to customers since 70% of the respondents claimed they never received loans from the bank.



## 5.2 Conclusion

Small and medium scale enterprises remain an important contributor to the development of Ghana as indicated by results in this study. It is the sector with the potential of solving the unemployment problems currently facing the country. Besides, findings in this research confirm the position of GSS (2000) that agriculture is the major contributor to the GDP of Ghana. Agriculture remains a viable venture in the district with the potential of alleviating the suffering of the people when fully developed. However the use of family labour and casual staff threatens to undermine the potential benefits of such a business. This cannot be blamed solely on the entrepreneurs because they try to minimize cost which is mainly associated with the prohibitive cost of utilities. The fact that the presence of SMEs contribute to infrastructural development has not been supported by this research as respondents disagreed that road construction and other developmental projects have come to the community as a result of SMEs. The profitability of small businesses could be the reason why rural and other financial institutions have opened branches in the district. However, the presence of banks did not translate into increase loans to the poor entrepreneurs. Overall the findings of this research indicate that SMEs are important contributors to economic growth in Ghana. The results of this research work link underperformance and cost of businesses to government actions and inactions.

## 5.3 Recommendations

Motivated by the findings in this research, SMEs in Ghana have a long way to go for the sector to be relevant, productive enough, and play the crucial role it is expected to play in relation to contributing to the growth and development of the economy of Ghana. The challenges of the SMEs in Ghana are overwhelming and can only be effectively tackled using a concerted approach by all stakeholders. That is, the governments, banks, regulatory authorities, tax



authorities, SMEs (owners and management), the employees of SMEs, multilateral and bilateral agencies and donors.

It behooves on the government to create an enabling environment that is devoid of corruption and bureaucracy, and at the same time, motivating and entrepreneurially friendly. It has to be a two-pronged approach for the government efforts to be effective in creating a conducive environment in which SMEs can succeed. It has to be an environment full of opportunities and incentives which would sufficiently attract investors and would-be entrepreneurs including young school leavers who would be motivated enough to opt to be employers instead of looking for non-existing white-colour jobs.

For the government to succeed in reinventing the future of SMEs, it has to extend entrepreneurship to our educational system to make it more functional, relevant and need-oriented and driven. The emphasis should be on modern technology and entrepreneurial studies aimed at producing entrepreneurs. This implies a change in our culture, value system and orientation as well as Ghanaians' overall attitude, ethics and appreciation of the need for every Ghanaians to contribute in making our country better than it is today. The transformation of our educational system has to start from primary through secondary and tertiary emphasizing the cultural reorientation and focus on technological studies through all the stages. Where possible, the technological and entrepreneurial studies can be thought in the indigenous or local dialect to ensure full understanding and appreciation by the pupils and students. This method is bound to enhance fast and full integration of the new values into the culture of these young impressionable Ghanaians.



There is the urgent need for the government to revamp the SME sector of the economy in order to redress the growing unemployment rate in the country, reduce poverty level, enhance standard of living and stimulate economic growth and development. The government as a matter of urgency, should priorities the SME sector giving it devoted practical and visible attention with a view to making it virile, vibrant, focused and productive. The era of 'lip service' attention to the sector should be done away with. Ghana cannot develop without a vibrant SME sub-sector, and so should do all within its arsenal to reverse the situation. Government should readily and freely assist prospective entrepreneurs or existing enterprises to have access to necessary information relating to business opportunities, modern technology, raw materials, markets, plant and machinery, goods and services etc which would enable them to reduce their operating cost and be more efficient and competitive.

#### **5.4 Recommendation for Further Studies**

An in-depth study on contribution of SME to GDP by district should be undertaken, taking into account the different characteristics of each district. This research for example involved SMEs located in a rural area. There is an apparent substantial gap between SMEs in urban and rural areas. Future studies should consider the regional differences when analyzing the impact, future and contributions of SMEs in Ghana.



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## APPENDIX I

### UNIVERSITY FOR DEVELOPMENT STUDIES, TAMALE

#### QUESTIONNAIRE FOR SMALL AND MEDIUM SCALE ENTERPRISES

Questionnaire on research topic:

#### THE ROLE OF SMALL AND MEDIUM SIZED ENTERPRISES FOR ECONOMIC GROWTH

##### Purpose:

The researcher is pursuing a graduate programme at UDS. He is currently conducting a research into the above topic. He would appreciate it if you could assist with the completion of this questionnaire to enable him obtain the desired objectives of the research. The responses are solely for academic purpose. All information obtained would be kept in strict confidence.

##### General Instruction

Please circle appropriately the correct answer or briefly explain.

#### SECTION 1

NAME (OPTIONAL):

AGE:

SEX:



**SECTION 2 (Circle the most appropriate)**

1. **What type of business do you do?**
  - a. Onion cultivation
  - b. trading
  - c. shea butter extraction
  - d. food processing
  - e. smock weaving
  
2. **When did you set up the business?**
  - a. this year
  - b. last year
  - c. 5 years ago
  - d. over 5 years ago
  
3. **How would you say business has been?**
  - a. very profitable
  - b. profitable
  - c. not profitable
  
4. **What is your estimated annual sale?**
  - a. less than GH□ 100,000 but greater than GH□ 75,000
  - b. less than GH□ 75,000 but more than GH□ 10,000
  - c. less than GH□ 10,000
  
5. **How many staff do you have?**

Please specify:.....
  
6. **Have you increased your staff strength in the last year?**

Please specify:.....
  
7. **If yes how many did you recruit?**
  - a. less than 5
  - b. more than 5



8. **How many other small businesses sell/produce things/raw materials you use?**  
Please specify.....
9. **Did they start up because of your business? Y/N**
10. **If yes, how many started because of you?**
11. **Has there been any infrastructure introduced by government because of small businesses around? Y/N**
12. **If yes, what are they?**
  - a. Roads/bus stops
  - b. Street lights
  - c. Housing projects
  - d. Electricity
  - e. Others (please specify).....
13. **How many banks do you think service businesses in your community?**  
.....
14. **Were they around when you started your business? Y/N**
15. **If no how were you financing your business?.....**
16. **Do you have access to credit from these banks? Y/N**
17. **If yes what did you borrow the money to do?.....**
18. **Do you suggest that government should encourage and create opportunities for small businesses in other parts of the region? Y/N**
19. **If yes, why .....**



20. If no, why.....

21. Please feel free to add any additional comment you may want to add:

.....

.....

.....

.....

**Thank You for your Time!**



## APPENDIX II: FREQUENCY TABLE

age of repondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below 25	5	5.0	5.0	5.0
	between 25-60	91	91.0	91.0	96.0
	above 60	4	4.0	4.0	100.0
	Total	100	100.0	100.0	

sex of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	67	67.0	67.0	67.0
	female	33	33.0	33.0	100.0
	Total	100	100.0	100.0	

profitability of the business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very profitable	4	4.0	4.0	4.0
	profitable	94	94.0	94.0	98.0
	not profitable	2	2.0	2.0	100.0
	Total	100	100.0	100.0	

type of business

		Frequency	Percent	Valid Percent	Cumulative Percent
--	--	-----------	---------	---------------	--------------------



Valid	onion production	63	63.0	63.0	63.0
	Trading	7	7.0	7.0	70.0
	shea butter extraction	9	9.0	9.0	79.0
	food processing	11	11.0	11.0	90.0
	weaving of smock	10	10.0	10.0	100.0
	Total	100	100.0	100.0	

**start up time of the business**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid last year	15	15.0	15.0	15.0
five years ago	30	30.0	30.0	45.0
over five years ago	55	55.0	55.0	100.0
Total	100	100.0	100.0	

**what is the infrastructure**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid housing projects	5	5.0	33.3	33.3
electricity	6	6.0	40.0	73.3
others	4	4.0	26.7	100.0
Total	15	15.0	100.0	
Missing System	85	85.0		
Total	100	100.0		

**estimated annual income**

	Frequency	Percent	Valid Percent	Cumulative Percent
--	-----------	---------	---------------	--------------------



Valid	less than GHc100000 but greater than GHc 75000	5	5.0	5.0	5.0
	less than GHc75000 but more than GHc 10000	9	9.0	9.0	14.0
	less than GHc 10000	86	86.0	86.0	100.0
	Total	100	100.0	100.0	

number of staff

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid less than 10	82	82.0	82.0	82.0
greater than 10	10	10.0	10.0	92.0
none	8	8.0	8.0	100.0
Total	100	100.0	100.0	

do you have access to credit from these banks

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	31	31.0	31.0	31.0
no	69	69.0	69.0	100.0
Total	100	100.0	100.0	

if yes why

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid to make north business hub	9	9.0	9.0	9.0
to create employment	61	61.0	61.0	70.0
to grow the economy	14	14.0	14.0	84.0
to reduce poverty	16	16.0	16.0	100.0



if yes why

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid to make north business hub	9	9.0	9.0	9.0
to create employment	61	61.0	61.0	70.0
to grow the economy	14	14.0	14.0	84.0
to reduce poverty	16	16.0	16.0	100.0
Total	100	100.0	100.0	

infrastructure introduced in Bawku because of SMEs

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	15	15.0	15.0	15.0
no	85	85.0	85.0	100.0
Total	100	100.0	100.0	



### APPENDIX III: ANOVA

Type of business and profitability of business

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	8.471	2	4.235	2.080	.130
Within Groups	197.489	97	2.036		
Total	205.960	99			

Infrastructure introduced and small business

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.017	2	.008	.011	.989
Within Groups	8.917	12	.743		
Total	8.933	14			

Profitability of the business and annual income

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.760	2	.380	7.088	.001
Within Groups	5.200	97	.054		
Total	5.960	99			

Number of people employed by the small business

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3.320	1	3.320	1.606	.208
Within Groups	202.640	98	2.068		
Total	205.960	99			

