

UNIVERSITY FOR DEVELOPMENT STUDIES, TAMALE

THE NATURE OF BUSINESS DEVELOPMENT SERVICE AND ITS
IMPACT IN THE IMPROVEMENT OF MICROENTERPRISES IN THE
CENTRAL MARKET OF TAMALE METROPOLIS.

BY

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DECLARATION

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

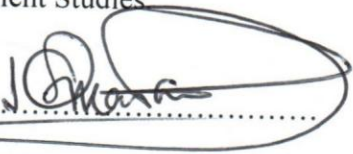
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ABSTRACT

The study sought to appraise the role of Business Development Services in the Tamale Metropolis of the Northern Region of Ghana. The research problem was as a result of less developed small scale enterprises which have been plagued by seemingly neglect, poor planning, and lack of social capital. A descriptive study design was used to gather information from business development agencies and micro enterprise owners in the Tamale Metropolis. Both purposive and stratified simple random sampling methods were used to select the respondents. Questionnaires were respectively administered to the business development agents and micro enterprise owners. The data was analyzed by means of descriptive and inferential statistics using the Statistical Product and Service Solutions (SPSS). The study revealed that microenterprises are aware of the existence of business development services in the Tamale metropolis. However, many microenterprises agreed that the Business Development Service in the area provides variety support packages for the improvement of their business, financial support was identify as the most frequent support from these Organizations. The rest, especially, insurance agencies have no packages or products for the micro enterprise owners.



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DEDICATION

I dedicate this work to my sons, Timalima Najimudeen Kaleem, Anam Zooya Najimudeen Kaleem, Timtooni Mashoud Kaleem and my dear Mom, Tolihatu Ibrahim for making my studies possible.



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CHAPTER ONE

INTRODUCTION

1.0 Background to the Study

Small businesses constitute an important feature of the economy of most countries. In developing economies, this characteristic is reinforced by the overwhelming presence of microenterprises (MEs), regularly run by modest entrepreneurs with low human capital, who engage in survival activities since they lack better alternatives for a living (Biggs, Grindle & Shodgrass, 1998). Although the proliferation of these units may be seen as a consequence of the job markets failures and downturn, their contribution to the increase of non-agricultural labour force in some developing countries is high, making many governments recognize their importance and place considerable emphasis on their promotion (Daniels & Mead, 1998). Promoting these enterprises have been an issue of the development reports and programs of international agencies such as the World Bank, the Inter-American Development Bank (IDB), the Economic Commission for Latin America and the Caribbean, and the European Commission, which regard these units as market-based strategy for poverty alleviation.

The main intervention mechanism for microenterprise support has been traditionally the operation of microfinance programs and institutions, whose market has widened during recent years (Simanowitz, 2001). Likewise, no financial services, in particular, Business Development Services (BDS) including technical assistance and training are developing as well with the support of some organizations and government agencies (Suzuki, 2002;





Miehlbradt, (2002). Although the market for these services have not developed as has microfinance services, the fact that business development is not only about money, but about skills, training, and knowledge, makes its provision a relevant area in research and policy, and potentially, an issue where efforts of government and non-government organizations can render fruits. The developments of microenterprises in developed countries are not bad compare to less developed parts of the globe this is as a result of well-developed relation between the microenterprise and the existing business development services such as insurance and related services.

Business Development Service can be understood as a package of conditions providing the elements for the businesses to prosper in a market based economy, where several complementing institutions and organizations play a role. Perhaps the most acknowledged elements for small business development are financial and non-financial services. The former is compounded by the well-known models of Microfinance, as well as other services like deposits, insurance, and payment services. The later includes a broad range of services attempting to provide the entrepreneurs some basic assets for livelihood, particularly human capital, by developing skills and knowledge (Carney, 1998).

These services are often referred to as Business Development Services (BDS): training, technology transfer, marketing assistance, business advice, mentoring and information, which are aimed at helping the entrepreneurs, improve the performance of their businesses (Goldmark, 1996). It has been established among scholars and development agencies that financial BDS at the level of Micro Enterprise have walked toward sustainability by providing loans and charging interest rates to cover for the opportunity

cost of the service, thus market provision has improved over time. Such a development has spread over the smallest enterprises too, helping the middle and upper poor with entrepreneur activities to sustain and expand their businesses (Johnson & Rogaly, 1997: 12). By contrast, Non-financial BDS markets have not developed, and still have to “demonstrate that they can create profitable markets for their services” (Harper, 2001).

The reasons explaining why BDS markets for small businesses have not taken off are many. A first element is that most small business people do not consider buying other services different from financial, such as technical or management training, counselling or marketing information. Thus, convincing them that they need them, or making them actually buy them when they recognize they need the services is an important issue in developing this market. Second, since micro-entrepreneurs “wear many hats” in their businesses and most BDS are delivered as classes or sessions out of their businesses, the willingness to demand such services is lessened even when they are provided through a subsidized program, because of the high opportunity cost the entrepreneur face undertaking these services. Another reason is that BDS are more difficult to deliver than financial services, due to the large range of problems the MEs face making general methods of training, advice provision, and counselling, unsuited in many cases, reducing the value of the services to the entrepreneurs (Schreiner, 1999).

It has been proposed that on-call responses to specific problems rather than general instruction can be a more promising area in Business Development Services, but provision also difficulties because the extended trained staff needed to cover such a broad menu of specific problems the small businesses confront with, and the small scale of transactions that would raise the cost of provision of the service. In addition, deepening



human capital in the form of entrepreneurship goes beyond of what can be taught in short courses transferring business skills. It is more difficult to form an entrepreneur culture and transfer skills than providing financial services like giving loans to purchase inputs (Schreiner & Woller, 2003), although the former is able to provide a long run sustainability of the business rather than a one period benefit. A final reason is that BDS have been traditionally offered in conjunction with loans and other financial services (Goldmark, 1996), or “informally provided, or are “embedded” or “bundled” within other business relationships” (Harper, 2001). Thus, many entrepreneurs indirectly demand BDS as an eligibility requirement for receiving another service benefit, like financial resources.

1.1 Statement of the Problem

Micro-enterprise development as strategy to help low-income individuals achieve economic self-sufficiency as important tool of developing the "informal sector" of both the developed western economies as well as the Less Developed Countries (LDCs) economies have been plagued neglect, poor planning and lack of social capital Krishnaraj and Kay, (2002) .

In the developing world, as pointed out by Chu (1995), easily one third of labour force earn their living in what is known as the “informal sector”, the portion of the self-employed population whose very small, or "micro-enterprises", are often not registered, taxed, or counted in national statistics. Many of the self-employed workers are, in most cases, unable to find jobs in the formal sector of the economy.

Some find that self-employment is a means to simultaneously earn an income and care for their families, and still others feel they can best use their skills by operating their own enterprise. Micro-enterprises cut across gender, and experiences have shown that they play a major role in income and employment generation. Realizing the significance of micro and small-scale enterprises (MSE) particularly in the LDCs, new initiatives at assisting these countries are being directed at micro-enterprise development. The significance of this new initiative is demonstrated through the 1997 Micro-credit Summit in Washington which gave support to the goal of the Consultative Group to Assist the Poorest (CGAP) that aims to strengthen donor collaboration, funding and best practice in the field of micro-finance (Aid Budget, 1997-98).

Women-owned businesses make up one of the fastest growing segments of microenterprise. In Latin America and the Caribbean, women own and operate 30-60 percent of such companies. Moreover, they often face even greater obstacles than their male counterpart in getting credit from formal sources.

Increased income in the hands of women is most often invested in health, education and housing for their families. Micro entrepreneurs do not only hugely contribute to national income, but they also create reliable social safety networks for their families and communities. Despite the important role microenterprises play in the development of developing economies especially Ghana, it's still faced with many challenges. Microenterprise and other important agencies such government and non-governmental organizations place much emphasis on finance to start businesses to the neglect of important business development services which can ensure sustainability in business. The emphasis on this has even made government of Ghana establish rural banks and even



make commercial bank to reserve part of their loan portfolio for microenterprise lending. In developing countries, microenterprises comprise the vast majority of the small business sector as a result of the relative lack of formal sector jobs available for the poor. Microenterprises in developing countries, then, tend to be the most frequent form of business.

The sector is a very challenge one in the area of capital, skill labour, customers, information and management. Aside the capital for business relevant issues such as business development services is needed for sustainability of established business. In developed countries this is not a greater challenge since there are array of business development services to promote the operations of microenterprises. In Ghana, northern region is one of the most vulnerable and where poverty is high thereby denying most people the right to better education and some basic needs like shelter. Although the area is much agrarian in nature the capital Tamale has recently predominant microenterprise in nature with various categories of enterprises ranging from small shops, shoe makers, carpenters and other service providers. There are numerous numbers of both financial and non-financial services otherwise known as business development services which provide services to people of Tamale in their day to day activities.

The study will therefore seek to investigate the nature of business development service and its impact in the development of microenterprises in the central market of Tamale Metropolis.

1.2 Research Objectives

The general object of the research is to investigate role of business development services in the improvement of microenterprises in the Tamale Metropolis, evident from central market.

The specific objectives are to:

1. Identify business development agencies providing services to microenterprises in the Tamale central market of the Metropolis.
2. Investigate the nature of Business Development Services being provided to microenterprises in the Tamale central market of the Metropolis.
3. Identify the contribution of Business Development Services to the growth of microenterprises in the Tamale Metropolis.
4. Examine the challenges of microenterprises in accessing business development services.

1.3 Research Questions

The following research questions guided this study.

1. What type of services do Business Development Services provide to microenterprise in Tamale central market of the Metropolis?
2. To what extent are business developments agencies providing services to microenterprises in the Tamale central market of the Metropolis?
3. What are the contributions of Business service providers to the growth of microenterprises in the Tamale central market of the Metropolis?



4. To What extent are microenterprises accessible to Business Development Services in the Tamale central market of the Metropolis?

1.4 Significance of the Study

The study is significant because it will serve as a guide for the Ministry of Trade and Industry (MTI) Tamale Metropolitan Assemble and other stakeholders to modify and improve strategies of business development services in the Tamale metropolitan area and Ghana at large. The emergent of microenterprises has in no small way impacted positively on the life's of most vulnerable especially women in a global perspective, as a result this work could serve as measure for further research in the development of the microenterprises. This would be inferred from the data gathered from the respondents, and the suggestions offered by the researcher. The study would among other things, serve as a pivot on which further research works in the area could take off.

1.5 Limitation of the Study

Constrains are bound to occur in any research activity. Even though it was categorically explained to the sampled microenterprise owners and managers of the BDS agencies that the study was purely for academic purpose, some microenterprise owners still thought it was a deliberate act by the Assembly to increase their taxes, as such were not willing to disclose information on their income and expenditure. Most of these respondents especially majority of the microenterprise owners could not read the questionnaire and for that matter the researcher had to explain each question to them. It took the researcher a lot of time to convince some of the BDS agencies to attend to the questionnaire since some of them openly admitted that, they did not want to give information due to tax



purposes. Further, even though confidentiality was guaranteed, most of the respondents did not complete the questionnaire. All these challenges might have influence their responses and therefore, the validity of the study can be compromise.

1.6 Delimitation of the Study

Due to the inadequate resource and time, it was impossible for the researcher to cover the whole metropolis which could have painted a better picture, therefore the researcher concentrated on the capital of the metropolis Tamale. Further, the study was narrowed to Tamale central market only, because there are many market in Tamale and for that matter findings of this research is concerned with only the microenterprises and BDS agencies in the Tamale central market.

1.7 Organization of the Study

This research work is organized into five chapters. The first chapter, which is the introduction, deals with the background to the study, statement of the problem, objectives, research questions, significance and delimitation of the study. The second chapter is the review of related literature. Issues on the nature of business development services provided to microenterprises, the contribution of business development services to the growth of microenterprises and some of the problems of microenterprises in accessing business development services are discussed. Whilst the Research Methodology is found in Chapter Three, the data gathered are analyzed and discussed in Chapter Four. Finally, the conclusion and recommendations are captured in Chapter Five.



CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This Chapter reviews related literature of the study. The review of the literature for the study is presented under the following headings.

1. the meaning of microenterprise
2. some international concerns about micro enterprises
3. microenterprises in Ghana
4. the nature of business development services provided to micro enterprises,
5. challenges of microenterprises in accessing business development services

2.1 Meaning of Microenterprise

In many countries, microenterprises, small, informally organized commercial operations owned and operated mostly by the poor constitute the majority of businesses. They account for a substantial share of total employment and gross domestic product and they contribute significantly to poverty reduction.

USAID defines “microenterprise” as a firm of 10 or fewer employees, including unpaid workers, which is owned and operated by someone who is poor. They are often the chief economic defense of the most vulnerable households in high-risk environments, such as civil conflict, or during natural disasters. As the predominant source of income and employment for hundreds of millions of people worldwide, the microenterprise sector’s influence on individuals, households, and national economies is clear and profound.





These sources suggest that micro-operations faced unique barriers, rely more on networks and family structure, and employ social capital. Micro-operations must overcome a multitude of barriers including difficulties in accessing capital, distribution channels, business support, and markets (McElwee, 2006). Often, low production volumes limit economies of scale. Many of these operations have overcome scarcity of resources by developing and relying upon economic, social, and even kin-based networks (Miller and Besser, 2005). These networks provide micro-entrepreneurs with a sense of shared trust, accountability, and business acumen Friedman. (1992). In addition, clusters of similar micro-operations within specific communities provide important horizontal linkages that help micro-operations propagate, develop, and thrive (Khan and Ghani, 2004).

The craft/artisan literature points to the relative weakness of micro-producers relative to their buyers (Berma, 2001; Cohen, 1998). Control tends to rest in the hands of the buyers, partly due to the inability of the producers to access or be exposed to the final consumers. Many micro-operations also suffer from raw material quality, cost variability, and lack of managerial skills (Berma, 2001). In addition, there often exists inertia to change, with many micro-enterprises falling back on traditional methods rather than experimenting with new technologies. To overcome some of these barriers, many micro-operations rely upon their family and kin networks to provide labor. Other forms of support such as cooperatives and government agencies have been able to help micro-operations only to a limited degree (Berma, 2001; Cohen, 1998).

In recent years the number of NGOs supporting micro-credit programs in developing countries such as India has grown steadily (Sankaran, 2005). For example, NGOs in India

are playing a critical role in organizing individuals into borrowing groups and establishing links with commercial, rural, and cooperative banks (Kropp and Suran, 2002). Indeed, the number of NGOs participating in micro-credit programs has grown dramatically from 1,030 in 2000-2001 supporting 4.5 million families to 3,023 NGOs in 2003-2004 supporting 16.7 million families (Sankaran, 2005).

2.2 International Concerns About Micro-Enterprises

Around the world, millions of low-income entrepreneurs are building better lives for themselves and their families by starting and expanding tiny businesses (Biggs, Grindle and Shodgrass, 2003). According to them, the vast informal sector of the economy is comprised of micro-enterprises - micro-businesses with one to ten workers, including the owner. Poor families launch micro-enterprises to generate income, build savings, and acquire assets as a cushion against natural disasters, illness or death, and other crises. As these enterprising households pull themselves out of poverty, they can improve their access to safe drinking water and more nutritious food, improve their housing, and educate their children (Simanowitz, 2001)

In the United States for example, the microenterprise development field and its trade association, the Association of Enterprise Opportunity AEO, have defined a microenterprise as a business with five or fewer employees. Many of these businesses have no employees other than the self-employed owners. Additionally, such microenterprises generally need less than \$35,000 in loan capital and do not have access to the conventional commercial banking sector. Most organizations in the field also focus their services on those micro entrepreneurs who, as defined by federal government



standards, are low-to-moderate income. By definition, most of these entrepreneurs are minorities, recent immigrants, women, disabled or for other reasons have special challenges that reduce their ability to access traditional credit and other services (Fisher, T.; Sriram, M. S. 2002).

The microenterprise field has many years of history in the European countries. While the term “microenterprise” was in common use internationally by the late 1970s, it came into domestic use about a decade later. Traditionally, the business sector had been categorized into three groups: large, medium, and small. The U.S. Small Business Administration (SBA, 1991) defines a small business as having up to 500 employees. In 1991, the SBA recognized microenterprise as a separate or distinct category of business. During the 1990s, the microenterprise field grew rapidly in the United States. Starting with a small number of non-profit organizations testing developing country models, the field now has service providers in every state, a national trade association (AEO), a growing number of state-level associations and financing intermediaries, and several research and policy organizations. The Aspen Institute and FIELD (Microenterprise Fund for Innovation, Effectiveness, Learning and Dissemination) has collected data on the organizations in the field since 1992. The first directory, in 1992, listed 108 organizations that identified themselves as working in the field. By 2002 this number had grown to 650 organizations. Of these, 554 are organizations that provide direct services and 96 are support organizations that offer funding, training and technical assistance to these practitioner organizations (Aspen Institute and FIELD, 1992).





Just like other countries, microenterprise in Ghana has similar stories to tell about its contribution to the development of micro entrepreneurs and the nation at large. A study of the Ghanaian economy by Aryeetey and Kanbur (2005) shows that agriculture contributes about 40% to the gross domestic product and 50% of all employment. Majority of those working in this sector of the economy are small business owners. However for the majority of the rural folks, studies by McKay and Aryeetey (2004) indicate that small-scale agriculture forms their main economic activity. Although agriculture provides employment for the rural folks, however Heintz (2005) argues that the risk of poverty is highest amongst agricultural workers.

2.3 Microenterprises in Ghana

In Ghana, microenterprises have mostly been defined by the number of persons engaged. Steel and Webster (1991), defined small scale enterprises as productive unit with hired labour that involved enough investment in capital or skills to constitute a barrier to entry but small enough to be managed by one person. This definition indicates the microenterprises are usually very small business with simple organizational structures employing little capital. National Board for Small – Scale Industries (1992) also defined SSEs as production units that are engaged primarily in manufacturing, functioning outside the residential premises with an investment in machinery equipment and tools of not less than Gh¢1,000 and or which engaged nor less than five people (Steel and Webster, 1991)

International Labour Organization (1970) defines microenterprises as a sector whose entry by new enterprises is comparatively easy; enterprises in this sector rely on

indigenous resources and family- owned; they operate on a small scale in unregulated and competitive markets and are labour- intensive and use adopted technology. Their workers usually have skills acquired outside the formal schooling system. According to Deakins .D (1996) contended Small-Scale Enterprises in three major criteria that are:

1. The number of employee's definition
2. Turnover definition
3. The characteristics definition

The number of employees' definition classifies small firms by some maximum number of employees. However, this will depend on the nature of capital intensity, which varies from one industrial sector to another. Thus, less than 200 employees were considered for manufacturing, whereas less than 25 employees were considered appropriate for construction.

Turnover definition maintained that in Bolton Report (1971) 50,000 cedi as a turnover definition for Small-Scale Enterprises in retail trade. (Inflation might make 50,000 cedi nearer to 1,000,000 today). Bolton in characteristics definition gave three essential characteristics of the small businesses.

1. It has a small share of the market
2. It is managed by its owners or part owners
3. It is operated independently (Bolton Committee, Committee of Inquiry on small firms).





Considering the above definition, one can deduce that Small-Scale Enterprises by their work or operation have acquired certain peculiar characteristics that differentiate them from the large scale productions. The characteristics can be enumerated as follows:

1. Low capital base
2. Labour intensity
3. Ease of entry
4. Reliance on indigenous materials and low technology
5. Managed by its owners or part owners and not through the medium of formalized management structures; and
6. Workers usually have skills acquired outside the formal systems (that is through apprenticeship).

Also in Ghana, microenterprises can play a meaningful role in economic development of the country if the government creates the necessary environment and support the needs of the sector. This is because the Ghanaian economy is heavily dominated by microenterprises since the fail attempt to develop the economy after the attainment of independence through the import substitution industrialization strategies. Which were characterized by the establishment of large scale industries mainly in the public sector failed to make any significant contribution to the economic development of the country?



By supporting the development of microenterprises, it will serve as a strong base for industrial development of the nation. According to Stanley and Mose (1995) sees indigenous base industrialization process as a means of mobilizing capital towards productive ventures. Due to low capital requirement, individuals can set up their own firms through their own resources, thereby, serving as means of mobilizing funds for economic activities. United Nation Economic Commission for Africa (UNECA), focus on Africa Industries (1991) states that microenterprises can make contribution to the technological base of a Country. This cue was taken from the USA where more than 40% of major innovations originate from microenterprises and individual investors.

Although assistance has been given to microenterprises in Ghana, the sector has not been making reasonable contribution to the economic development of the Country, though some have made immerse contribution to the economy. According to Hug (1989) Small scales enterprises provide the bulk of the people employed in manufacturing in developing countries. In Ghana about 70% of the total manufacturing employment is provided by the SSEs. A recent nation-wide survey of all industrial establishments by the statistical Service in (2003) reveals that the SMEs contribute about 97% and employ 46% of the total industrial labour force.

2.4 The Need for Microenterprise in Ghana

Around the world, millions of low-income entrepreneurs are building better lives for themselves and their families by starting and expanding tiny businesses. The vast informal sector of the economy is comprised of micro-enterprises - micro-businesses with one to ten workers, including the owner. Poor families launch micro-enterprises to generate income, build savings, and acquire assets as a cushion against natural disasters,

illness or death, and other crises. As these enterprising households pull themselves out of poverty, they can improve their access to safe drinking water and more nutritious food, improve their housing, and educate their children. This is grass-roots development.

- 1 Micro-Enterprise use local product and skills.
- 2 Micro-enterprises are labor intensive and create jobs.
- 3 Micro-enterprises improve the income of the entrepreneurial poor.
- 4 Micro-enterprises are a catalyst for comprehensive community economic development.
- 5 Micro-enterprises provide most of the goods and services that meet people's basic needs in developing and redeveloping countries (such as the former Soviet states).
- 6 Often micro-enterprises are the only economic organizations that function in a time of crisis.
- 7 Micro-enterprises require small amounts of capital to enter the market and produce results quickly.
- 8 The small size of micro-enterprises makes them simple to operate.

There are more than 1 billion micro-enterprises worldwide. The income from these micro businesses enables the working poor to take some control over their lives. Additionally, the benefits of micro-enterprise development extend to the broader society. In both transition economies and the developing world, micro-enterprises play an important role in the nation's economic growth and job creation for those unable to find employment in the formal sector. Through micro-enterprise, the poor become business owners, build assets, and invest in their communities. International private volunteer organizations



(PVOs), indigenous nongovernmental organizations (NGOs), and government-sponsored development organizations, such as the United Nations Development Programme (UNDP), the World Bank, and the U.S. Agency for International Development (USAID), all realize the value in helping to create and sustain micro-enterprises.

2.5 Effort by Government of Ghana in Promoting Microenterprises

The Bank of Ghana's over the years have played important role in promoting the financing of Micro, Small and Medium Enterprises (MSME) in the country. It began x from the Credit Guarantee for Small Borrowers scheme in 1969 through the Development Finance Department of the Bank. The Bank was further instrumental in administering the IDA-financed Fund for Small and Medium Enterprise Development (FUSMED) Project, and also with the Private Enterprise and Export Development (PEED) Project, as well as other direct projects that were ended after Bank of Ghana decided to focus on its core areas of operation. Currently, Bank of Ghana is actively participating in the Rural Financial Services Project (RFSP). This project was supported by donors such as the International Development Agency (IDA) of the World Bank, the International Fund for Agricultural Development (IFAD), and the African Development Bank (AfDB). It is aimed at broadening and deepening financial intermediation in rural areas through measures such as; Capacity Building of the Informal Financial Sector, Capacity Building of Rural and Community Banks, and the establishment of an Apex Bank for Rural Banks in Ghana.

From 1990, support for micro, small and medium enterprises was intensified with the establishment of the National Board for Small-Scale Industries (NBSSI). In 1991, the





NBSSI was merged with the Ghanaian Enterprises Development Commission (GEDC) and this made the NBSSI to take over the functions of the latter - in particular the delivery of credit to small scale entrepreneurs. Its main financing window was a USD30 million Fund for Small and Medium Enterprise Development (FUSMED) - that was provided under the World Bank's small and medium enterprises project and managed at the Bank of Ghana. The fund offered credit to enterprises in all sectors of the economy except primary agriculture, real estate and trading. However the repayment performance turned out to be less than satisfactory.

Currently, the projects that are on-going for the MSME sector include the Financial Sector Improvement Project, Financial Sector Strategic Plan (FINSSP), the Rural Financial Services Project (RFSP), the United Nations Development Programme (UNDP) Microfinance Project, the Social Investment Fund (SIF), the Community Based Rural Development Programme (CBRDP), Rural Enterprise Project (REP), and Agricultural Services Investment Project (ASSIP).

A recent impact assessment of the plethora of MSME financing programs that have been implemented across the country suggests that significant challenges remain in ensuring the effectiveness of MSME programs. The study found that access to finance was a significant problem for MSMEs, even though other problems such as low cash flow, energy, high cost of non-labour inputs, increasing competition, and high cost of credit were also cited. The next section outlines some of the remaining challenges facing the microfinance sector in Ghana.

2.6 The Nature of Business Development Services Provided to Micro Enterprises

The term Business Development Services was coined in the 90's by the Committee of Donor Agencies for Small Enterprise Development (CDASED) in order to replace the term 'non-financial services'. The 2001 BDS guide defines BDS as: Services that improve the performance of the enterprise, its access to markets, and its ability to compete. The definition of "business development services" includes a wide array of business services, both strategic and operational. BDS are designed to serve individual businesses, as opposed to the larger business community (CDASED, 2001). This definition explicitly excludes services directed at the wider business environment. However, in practice, lobby and advocacy are often included in Business Development Services.

According to CDASED, (2001), Business Development Services include wide variety of services that helps enterprise to carry out the day to day internal and external activity in order to meet the corporate goal. It includes training, consultancy and advisory services, marketing assistance, information, technology development and transfer, and business linkage promotion. They went further to make an assertion that; a distinction is sometimes made between "operational" and "strategic" business services. Operational services are those needed for day-to-day operations, such as information and communications, management of accounts and tax records, and compliance with labour laws and other regulations. Strategic services, on the other hand, are used by the enterprise to address medium- and long-term issues in order to improve the performance of the enterprise, its access to markets, and its ability to compete. For example, strategic services can help the enterprise to identify and service markets, design products, set up facilities, and seek financing. The market for operational services may already exist,



since there is often articulated demand and willingness to pay for these services. In contrast, markets for strategic services for microenterprise have largely failed to develop, and they are the focus of most donor interventions in BDS.

However, what constitutes a "strategic" service may vary according to time and circumstances. For example, communication services may simply facilitate normal business operations for larger enterprises, but for micro enterprises they may be a crucial vehicle for strategic reorientation. Responding to the immediate SE demand for lower-end services may also lead to greater demand for higher-end services, so they are a legitimate focus of donor interventions to build SE competitiveness. For this reason "business development services" are defined broadly here to include a wide array of business services, both strategic and operational. This implies a variety of markets through which such services may be provided, with different structures (competitive or concentrated), patterns of evolution, and implications for how to intervene.

Some types of BDS are supplied on a "stand-alone" basis by specialized service providers. Sometimes, providers bundle BDS together with other services or products for example, when assistance in adopting new technologies is combined with design and training services. The delivery of BDS as part of business-to-business relationships including supplier/buyer, subcontracting, and franchise and licensing relationships is particularly common for smaller firms. In these cases, BDS are delivered as part of another transaction for example, design assistance received by SEs who sell their products to larger firms, or training received as part of the purchase of equipment. Business associations and informal business networks are another vehicle for delivering



services to SEs. Designing interventions to promote BDS market development within these "business systems" is a challenge for donors.

In addition to different types of services and types of delivery mechanisms, there are different types of payment mechanisms for BDS. The price of the service may be charged as a direct fee, as a component of the price of a bundled service (e.g., when SEs accept a lower price for their products in exchange for technology assistance from buyers), or on a commission basis (e.g., when marketing service providers are paid upon successful sale of SE products). There is some evidence that SEs are more willing to use services offered on a commission basis than on a fee basis, since this type of payment mechanism reduces risks and cash-flow requirements.

To conclude from the above, many kinds of BDS in developing countries may not be easily visible, particularly to donors and other outsiders. Recent research indicates that BDS are already being provided sustainably to very small enterprises on a for-profit basis. This local grassroots BDS provision is often ignored by the development community due to the significant cultural and financial divide between for-profit providers and donors. Thus, statements which have often been made in the past, indicating that the provision of BDS by the private sector is negligible, should be revisited, and treated with some caution.

2.7 The Contribution of BDS to the Growth of Microenterprises

In recent years, Medium Size Enterprise Development has gained prominence internationally as a strategy to help low-income individuals achieve economic self-sufficiency. It is a development strategy that addresses issues and provide opportunity for





mass population in the informal sector that otherwise would have been neglected and forgotten by the formal sector of the economy. As pointed out in the study by Friedman (2001), the importance of micro-enterprise development lies not in the number of people who take advantage of it, but in a whole new approach to combating poverty. This new approach is one that recognizes and builds on the talents and efforts of low-income people; that invests in the expansion of low-income economies rather than simply maintaining consumption, and that builds assets, skills businesses, homes rather than simply maintaining income.

The integrated MSE development strategy that helps stimulate self-employment opportunities in neighbourhood and promote community-building initiatives among small businesses and other individuals, organizations, and associations in the community is intended to help stimulate the development of social capital within the low-income communities. To achieve this objective, the MSE community building program must be tailored to neighbourhood scale and conditions; focus on specific improvement initiatives in a manner that reinforces values and builds social and human capital; and collaboratively linked to the broader society to strengthen community institutions and outside opportunities for residents. This complements the "asset-based" community development approach that starts with existing capacities of resident and workers and the association and institutional base of the community (Mayoux A. J. 2002).

Several approaches have been discussed in literature with respect to raising capital among the low-income residents of the informal sector of the LDCs economy. These have been categorized as either informal finance or micro-finance (Schreiner, 2001). The informal



finance derives from the grassroots, bottom-up demand of the poor for appropriate financial services, while micro-finance derives from donor-driven, top-down supply. A number of institutions have played a major role in providing financial and support services to low-income individuals and groups in the LDCs. As pointed out earlier, credit unions play a vital role in stimulating economic growth by providing loans and other financial services to micro-enterprise in Africa.

Among major institutions that have made significant contributions to micro-lending and services in Africa are Africa Revitalization program (ARP), Sustainable Development (SD), World Council of Credit Unions (WOCCU) and African Confederation of Cooperative Savings and Credit Association (ACCOSCA). By providing access to credit without collateral requirement, they have effectively helped to fight poverty in the poor communities of the LDCs economy. Grameen Bank is another example of informal financial institutions in Bangladesh that guarantees not just confessional lending but ensures people's right to credit. For over two decades now, the bank has been directly concerned with financing micro-enterprise in rural areas of Bangladesh.

The Grameen Bank is a success story where the bank is now owned today by the borrowers themselves with ninety five percent of who are women from the poorest households in rural Bangladesh (Shams, 2002). The Grameen Bank example demonstrates appropriate strategy for community building through micro-credit operations that target the poor and the disadvantaged.

The worsening economic condition and employment crises witnessed in Sub-Sahara Africa and in many other developing countries, have led many development practitioners



and policy makers to pay increasing attention to the micro and small enterprises sector as provider of employment and as a viable means of ensuring stability and growth in these economies (Parker and Torres, 1994). Micro-enterprise which is defined as businesses with one to ten workers take advantage of the labour supply characteristics in LDCs to better maximize the capital/labour function (Puglielli, 1997). By their nature, micro-enterprises are exceptional form of business with unique fiscal needs that are usually classified as micro-loans or micro-credit. Micro-credit programs are designed to provide small amounts of capital to the poor to enable them to generate their own income. Though, micro-loans represent a significant and growing part of economic activity in developing countries, they are nevertheless excluded from the formal economic system and, in particular,

As more initiatives and programs are developed and implemented by a wide range of institutions across the globe to provide economic support for the low-income communities, micro-enterprise development has become one of the most diverse and dynamic approaches to poverty alleviation (Fairley, 1998). Unlike large-scale industry, which concentrates in urban areas where services are more readily available, micro-enterprises can be found throughout a country. Thus, micro-enterprise can be a dynamic vehicle for indigenous participation in manufacturing (Puglielli, 1997). According to Livingstone (1991), the promotion of micro-enterprises in developing countries is justified because of their ability to foster economic growth, alleviate poverty and generate employment. More significantly, small businesses tend to be in sectors that use labour-intensive production techniques, which reduces entry costs into the market and tolerates a less-skilled labour force. They are particularly important in underdeveloped economies

where high information costs and fragmented markets favour firms with an intimate knowledge of local conditions and clientele that can use this information to produce and market for local needs (USAID-NPI, 1995). Besides, the flow of entrepreneurs emerging from a vigorous small business sector can greatly add to economy's overall flexibility and growth potential.

The cornerstone of micro-finance is the granting of access to credit without collateral to individuals and groups in the poor and informal sector of the LDCs as well as inner-city and poor suburban areas of developed economies. Such micro-lending is the type of credit rationing that provides small loans of working capital in the range of \$50 to \$300 to the self-employed people. According to Foundation for International Community Assistance (FINCA, 2001) findings, the micro-entrepreneurs can invest the money to make their labours far more productive through innovative investment that gives them opportunity to make more money on every item.

2.8 Challenges of Microenterprises in Accessing Business Development Services

The unorganized small business sector is significantly being affected, among other factors, by a competitive and efficient banking system, labour regulations, sectorial policies, land use and zoning regulations, transaction costs in dealing with government, and licensing and permit arrangements that inhibit entry and competition in a sector (USAID-NPI, 1995). Because small businesses take on markedly more risk than larger enterprises and generally with little or no collateral, standard credit sources in the form of commercial or development banks are customarily inaccessible to these firms in a manner conducive to efficient productive investment. The institutions of MSE development and





micro-financing which over the years have occupied a major role in the macroeconomics of LDCs have specific needs for credit.

According to Chu (1995), micro-enterprise, whether a stall at an open air market, a woodworking bench, or a metalworking lathe requires working capital and fixed asset financing, just as other businesses do. However, the formal financial sector has long considered this market segment un-bankable. Because conventional banks are historically created to serve large corporation accounts, with a heavy infrastructure of multiple layers of professionals and extensive plant, property, and equipment, and organized internally to deal with a relatively low number of large loans, they have not been able to serve well the interest of small-scale enterprises.

As pointed out by Puglielli (1997), the formal financial sector's lending are not conducive to micro and small-scale dynamic and heterogeneous activities of the informal sector. The monetary cost, however, is exorbitantly high. According to Haggblade et al. (1990), many LDCs are characterized by significant high real interest rate in the informal sector than in the formal sector where in some cases the real interest rate is negative.

Businesses need capital, suppliers, equipment, buildings, customers, employees, and, above all, proper management. We shall investigate how we can find out the needs of any specific business, and we shall see that they do not always need what they believe they need. Nevertheless, small- and micro- businesses do face difficulties. In particular:

Capital: most entrepreneurial business people are short of capital, since they have more ideas than they have money to put them into effect. Nearly most small business people state that their biggest or even their only problem is shortage of capital. This is not

always correct. Banks may not be an option if the business lacks collateral to secure a loan or the loan is too small or too risky to justify a bank's transaction cost. Families may be willing to lend money, but when this source is exhausted the small company needs to turn elsewhere MFIs may be the solution since their mass-marketing lending method.

Customers: every business needs customers, but micro- and small- business people often find it particularly difficult to sell enough of their products or services to keep them busy and earn a reasonable living. They cannot afford to hire professional salespeople or advertise; big international companies are not competing in remote rural markets, and the small-businesses are at a disadvantage even in their own villages. They are far less able to sell their goods in the growing urban areas, where people often need the products, because the large firms can afford to use modern marketing tools. The Internet may offer some hope. Particularly in the craft market, small rural craftspeople are able to access national and international markets through the Internet. Access to and an understanding of the Internet can open new markets for previously isolated businesses. Another possibility is for a small business to join with other businesses to reach more customers than it is possible to reach on its own. The quality of goods or services may cause customers to purchase someplace else, but often it is a lack of customer service that turns customers away. Microenterprise owners may not realize that how they treat their customers has as much to do with their sales as the products and services themselves.

Joint activities: small-business people often need to cooperate with one another to obtain reliable and economical supplies of raw materials, to market their goods, and to present their views to government and the general public. Individually it is difficult to





order large amounts of raw materials and get quantity discounts, market their products outside their local area, and be heard by government and the public. Yet, any form of cooperation requires initiative from an experienced person who has the time and ability to organize it. Frequently, the only way micro- and small-businesses can compete with larger ones for sources of supply, for markets, and for government attention is through cooperative efforts.

Information: micro- and small-businesses are often unable to take advantage of services provided by government, development agencies, or NGOs because they do not know about them. They may also lack information on emerging markets for their services and products. Here again joint activities and the Internet help bridge the communications gap, as does the radio in rural Honduras, MFIs informing their clients of training and marketing opportunities, and development organizations like Global Brigades.

Management: finally, and most important, micro- and small-business people are in need of management assistance. They must compete with managers and management techniques, which have been tried and tested in large firms. We have already defined small business as those where management is, in a sense, a part-time activity, carried on by someone who is mainly a craftsperson or a shop assistant. Small-businesses cannot afford to hire full-time managers, so their owners have to learn to “do it themselves.” Micro-businesses are often new operations, and children have not had the opportunity to learn from their parents. Small-business people sometimes need more capital, but they nearly always need management training. Better management can help them make better use of their limited capital. Many small-business people fail to realize that if they do get a

loan they will have to repay it with heavy interest charges. Better management can also help them identify low cost marketing techniques and design their products and services to appeal to their customers.

In summary, assessing the less developed state of non-financial services for micro-enterprises, both in scope and in sustainability, the coordinated actions of governments and international agencies should support efforts to transform governmental and non-governmental organizations that render non-financial support services to the micro-enterprise sector so that MSE can gradually reach the same levels of clientele, cost coverage, and institutional self-sufficiency. Equally significant is the enabling environment. The micro-enterprise sector will make no progress in the absence of an environment conducive to the conduct of its activities. The governments should continue their efforts to develop a regulatory framework that offers incentives for greater productivity and environmental responsibility. Narrow interest on individuals should give way to community-building and development by strategically building strong, concrete, mutually beneficial partnerships and interactions between local low-income individuals and groups in neighbourhoods with support to start business that could help stimulate self-employment opportune



CHAPTER THREE

METHODOLOGY

3.0 Introduction

This Chapter describes the methods and research procedures for the study. The sub-topics discussed are: study design, study area, study area population, study population, sampling techniques, research instrument, data collection procedure and data Analysis

3.1 The Study Design

The exploratory, cross sectional study design was employed in this research. The respondents were microenterprises in the Tamale central market and some business development agencies in the metropolis.

3.2 The Study Area

The study was conducted in the Tamale Metropolis located in the Northern region of Ghana. Appendix 1 depicts the map showing Tamale metropolis of the Northern Region of Ghana.

3.3 The Study Area Population

The study was conducted in the Tamale central market in Tamale Metropolis; it's one of the 18 districts in the Northern Region of Ghana (GSS, 2010). The Metropolis is boarded to the north by the Savelugu-Nantong District, to the east by Yendi District, to the west by Tolon-Kumbungu District, and to the south by Gonja-East Districts.

Tamale Metropolis covers an area of 720km². The Metropolis had a population of 293,881, accounting for 16.1% of the total population of the Northern Region of Ghana (1,820,806) in the 2000 Census. In terms of sex ratio, there were 146,979 males and



146,902 females in the metropolis; the sex ratio of male to female was 100.1 and intercensal growth rate was 2.8 in 2000 (GSS, 2010).

In terms of age structure and distribution, the Metropolis had 40.7% of the population within the 0-14 age group, 55.2% within the 15-65 age group, and 4.1% above the age of 65. With regard to occupational distribution, the Metropolis had 68.8 % of the workforce in the private informal sector, 17.3% in the private formal sector, and 12.0% of the workforce in the public sector and 1.9% in other sectors (GSS, 2005). The Metropolis has 27 Electoral Areas and three Members of Parliament.

In the area of administration, Tamale Metropolitan Assembly is headed by the Chief Executive and Coordinating Director. There are 81 Assembly men and women. Two-thirds of the members of the Assembly are directly elected by the electorates. The remaining one-third is appointed by the Central Government. The Assembly meetings are presided over by the Presiding Member. The three members of Parliament are ex-officio members of the Assembly.

There are Government Agencies like the Controller and Accountants-General's Department, Statistical Service, Internal Revenue Service, Information Service, Ghana Health Service, Birth and Death Registry, Fire Service, Social Welfare and the Judiciary Service which render services in the Tamale Metropolis. The others include: Urban and Feeder Roads, Highway Authority, Public Works Department, Ghana Education Service, Ghana Water Company, Community Water and Sanitation Agency, Ministry of Women and Children Affairs, Lands Commission, Survey Department, Forestry Commission, Town and Country Planning, Ministry of Agriculture, Community Development, Rural



and Cottage Industries, Parks and Gardens, Waste Management Department, Environmental Protection Agency, among others, who can be invited to the Assembly to give technical advice or serve on various committees composed by the Assembly. There are also non-governmental organizations (NGOs); community based organizations; faith based (religious) organizations and traditional authorities who work and serve as community stakeholders in the Metropolis.

3.4 The Study Population

The study population comprised 1000 micro enterprises and 250 business development service providers that were located in the Tamale central market. According to the GSS (2010), the Tamale Metropolis and its surrounding communities cover an area of 720km². The total business service providers was in 5 categories; media, formal banking sector, microcredit enterprise, insurance and NGO's.

3.5 The Sampling Techniques

A sample is a carefully selected subset of the population. It is done in such a way that it will be representative of the population. According to the Business Development Department of the Tamale Metropolitan Assembly, (2009) a database of microenterprises and business development service providers within the metropolis revealed that, there were 1000 registered microenterprises and 250 business development service providers operating in the central market of the metropolis. According to Mitchell and Jolly (1988), for a target population of 5000, a sample size of 357 is representative at 95% confidence level (Mitchell and Jolly, 1988). For representativeness and objectivity, 100 of the registered micro enterprises and 25 of



business development service providers summing to 125 samples were used as the expected sample size out of which data was obtained from 123 available respondents.

By the purposive sampling technique, all the 25 business development service providers were selected; this selection was based on the researcher ability to reach and get the necessary data from Business Development Services for the study. Also, 100 micro enterprises were selected with the help of a simple, stratified proportional random sampling method. Microenterprises were grouped in to five strata depending on businesses operating in the Tamale central market. Each group or strata had opportunity to pick from a yes or no basket, the researcher wrote yes or no on pieces of papers for potential respondents to choose and there only 20 yes under each group. The potential respondents who picked yes papers finally were the respondents whom questionnaires were administered to. For example out of 250 food stuff sellers only 20 yes was mixed with the 230 No for them to choose, only those chose yes were part of the sampled. The Table 1 show targeted number and number of questionnaire retrieve.



Table 1.1 Targeted population and questionnaires returned

| Target Group | population | Targeted Number | Returned Questionnaires |
|--------------------------------|------------|-----------------|-------------------------|
| Micro Enterprise | | | |
| Food stuff sellers | 250 | 20 | 20 |
| Cosmetic Sellers | 200 | 20 | 20 |
| Transport Services providers | 180 | 20 | 20 |
| Provision & Beverage Sellers | 220 | 20 | 20 |
| Plastic & Other hardware Sell. | 150 | 20 | 20 |
| BDS Agencies | | | |
| Media | | 5 | 4 |
| Financial/Formal Banks | | 5 | 4 |
| Microfinance Institutions | | 5 | 5 |
| N,GO'S | | 5 | 5 |
| Insurance Companies | | 5 | 5 |
| TOTAL | | 125 | 123 |

3.5 The Research Instrument

Before the administration of the questionnaire, field assistants were recruited and trained. As a necessary part of the research process, a pretesting of the instrument, involving some selected microenterprises and BDS providers in Yendi and Salaga Municipal Assemble Area was conducted in November 2011. The rational and the key objective of the pretest was to help the researcher:

1. To assess the appropriateness and reliability of the questionnaire

2. Rehearse the data collection procedure in order to appraise its appropriateness; and
3. Find out possible flaws and problems with regards to the chosen instrument and operational procedures with a view to effecting any changes, modifications, corrections and adjustment as deemed appropriate.

The questionnaire developed by the researcher (Appendix 1) to solicit information from the respondents, in most cases the questionnaire is widely used in for collecting data in educational research because of its effectiveness for securing factual information about practices and conditions of which the respondents are presumed to have the knowledge. The technique subsequently helps in the stage of data analysis. Generally, the questionnaire has a high degree of transparency and accountability as compared to interview technique. In addition, the method and procedures in the questionnaire design can be made available to other parties for verification. The questions were framed in simple, precise language and motivating enough to obtain the willingness and keen co-operation of the respondents. The questions were grouped under five main themes on the study. Both close-ended and open-ended items were included in the questionnaire. The questionnaire was organized into five sections;

Under the first section, four items were used to gather views on demographics of the micro enterprises. Under the second section, five items were used to gather views on the accessibility to business services by the micro enterprises. Under the third section, four items were used to gather views on the contribution of business development services to



micro enterprise growth. Under the fourth section, four items were used to gather views on demographics on business development agencies and under the last section; four items were used to gather views on the nature of business service providers.

3.6 Data Collection Procedure

The aim of descriptive research is to enhance knowledge and or to understand the current status of a phenomenon in terms of what exist. These are achieved through relevant, accurate and appropriate data collection, analysis and interpretation. Anderson (1995) asserted that data collection is a stage in the research whereby a researcher gathers any relevant information for the solution of the research problem under study.

As deemed appropriate, the researcher sent a letter from the head of Business Department, University for Development Studies to concerned parties to arrange for space and convenient time for administering the questionnaire. This prior notice was important for it gave the respondents ample time and surety on the confidentiality of the responses and are for only academic purpose.

The researcher established rapport with the respondents in the BDS agencies and the microenterprises within the central market. This was to do away with any possible hostilities, anxiety and apathy, which could hinder the progress and success of the study. The researcher used the month of December, 2012 for the data collection.

Complete questionnaire were retrieved from the respondents in the study area with about 98.4% (123 questionnaires) return rate after three weeks duration.



3.7 Data Analysis

The research instrument (questionnaire) was edited to ensure that all the items of each instrument were answered by each respondent. Editing ensures that “data are clean i.e. free from inconsistencies and incompleteness” (Kumar, 1999: 200). According to Anderson of (1995), analysis of data involves organizing, summarizing and applying appropriate statistical procedures in answering research questions for study.

The responses were tallied (item by item), and where necessary, the raw scores were put into identical classes which were later on converted into percentages by means of a computer software; the Statistical Package for Social Scientist (SPSS).

The background information was analyzed according to content and where necessary frequency distribution tables were generated to show the spread of the scores. Both close and open-ended items were analyzed. The main themes on the Likert-type scales were also analyzed using simple percentages. Where the respondents were to specify their answers, as it is the case of the last theme, their responses were also analyzed according to content. Differences in opinions were also analyzed according to what each group stated.

3.8 Conclusion

The chapter reviewed the research method used for the study. It concentrated on the sampling methods adopted to select the respondents. The research instrument, its administration and data analysis have also been described.



CHAPTER FOUR

PRESENTATION OF ANALYSIS AND DISCUSSION OF RESULTS

4.0 Introduction

The study was undertaken to investigate the nature of business development service and its impact in the development of microenterprises in the central market of Tamale Metropolis

Data were collected from 123 respondents made up of both BDS agencies and microenterprises in the central market sampled for the study, and this chapter provides the results and discussions.

4.1 Socio-Demographic Background of Respondents

Table 1.2-1.4 summarizes the socio-demographic characteristics of the respondents. Issues covered included age, gender ethnicity and education.

4.2 Age and Gender of the Respondents

The data in Table 1.2 shows the gender and age distribution of respondents of the BDS agencies and microenterprises in the Tamale Metropolis, evident from central market. Of the 123 respondents, 19 were males (15.45%) and 104 females (84.55%), out of which 79 (64.2%) of the respondents aged within the range of 21 and 30 (Table 2), this means majority of the respondents are within the age of working class according to the labour law in Ghana and perhaps; they can make inform decision and work effectively to improve upon their businesses. The respondents aged between 11 and 20 were 10 (8.1%) and while respondents who aged between 31 and above recorded 34 representing 27.5 percent. The age 11 and 20 recoded (8.1%) which could have negative impact on the



literacy rate in the study area since that age group is within the school going age, this may be attributed to the high school dropout in the North or may be as a result inadequate attention by parents towards girl child education. As the age passes on once ability to reason, work and take sound decisions concerning his or her business reduce, this may as a result why aged 31 and above recorded only (27.5%).

A number of reasons may be assigned to the gender disparities. First, there is a gender disparity in the study area and the country at large. Again microenterprise commonly employs women since they are vulnerable in accessing the needed capital to start business in this sector of the economy. This may be used to confirm this definition that, most of these entrepreneurs are minorities, recent immigrants, women, disabled or for other reasons have special challenges that reduce their ability to access traditional credit and other services (Fisher, T.; Sriram, M. S. 2002).

Table 1.2 Age and Gender of Respondents

| Age-group | Male | | Female | | Total | |
|-----------|------|---------|--------|---------|-------|---------|
| | Freq | Percent | Freq | percent | Freq | percent |
| 11-20 | 2 | 1.6 | 8 | 6.5 | 10 | 8.1 |
| 21-30 | 11 | 8.9 | 68 | 55.3 | 79 | 64.2 |
| 31-above | 6 | 4.9 | 28 | 22.8 | 34 | 27.5 |
| Total | 19 | 15.4 | 104 | 84.6 | 123 | 100 |

Source: Field Data, 2011.





4.1 Ethnicity of Respondents

The data in Table 1.3 show the ethnic background of the respondent. According to the data, 79 (63.4%) that is more than half of the respondents were Dagombas. This may be as a result of Tamale being the largest community of the Dagombas, consequently this large percentage may help businesses since there will be little challenge regarding communication. The Akan and foreign vendors came second recording the same figure which reflected 18 representing (14.6%) each. This may be attributed to economic migration where by individual seek green pastures in strange lands. The least recorded ethnic group of the respondents was Gonjas, evident from the data in table 3. Of the 123 respondents 9 which represented (7.3%), this may be as result of them investing in some other market in the metropolis.

Table 1.3 Ethnicities of Respondents

| Responds | Frequency | Percent (%) |
|------------|-----------|-------------|
| Dagombas | 78 | 63.4 |
| Akan | 18 | 14.6 |
| Gonjas | 9 | 7.3 |
| Foreigners | 18 | 14.6 |
| Total | 123 | 100 |

Source: Field Data, 2011

4.2 Educational Background of Respondents

Generally, in a situation like Northern Ghana, where 86% of females and 60% males (Ghana Statistical Service, 2003) cannot read and write in the English language, it

certainly will have a great impact on development particularly in the rural areas. From the findings in Table 1.4, a high level of respondents has no any form of education, this is evident when 42 of the respondent representing (34.1%) out of the 123 sampled for the study did not have any form of education. This was follow by the respondents who had basic Junior High School education, it recorded 28 representing (22.8%) from the 123 sampled figure for the study, with reference to Table 1.4, Tertiary education recorded 23 representing (18.7%) the respondents with tertiary education are likely to be employees from the BDS agencies, since most of these institution will require higher certificate for recruitment to deliver better services. The Senior High School education recorded 16 representing (13%) of the total respondents and finally, the school for life educational program which is a nongovernmental organizational contributing to improve on the literacy rate in the study area recorded 12 representing (11.4%).

One can therefore, conclude, that inadequate formal education can be a contributive factor to the under development of microenterprises in the central market because education is often seen as bedrocks to development.

Table 1.4 Educational Backgrounds of Respondents

| Responds | Frequency | Percent (%) |
|-----------------|-----------|-------------|
| Tertiary | 23 | 18.7 |
| S h s | 16 | 13.0 |
| J h s | 28 | 22.8 |
| School for life | 14 | 11.4 |
| Not at all | 42 | 34.1 |
| Total | 123 | 100 |

4.3 Type of Business Development Service Provision

The responses in relation to the first research question (What type of services do Business Development Services provide to microenterprise in Tamale central market of the Metropolis?) which was addressed to only the 23 Business Development Agencies in the Tamale metropolis. Are presented in Table 1.5-1.8, they were discussed under: how often microenterprises visit the offices, Types of services provided, Types of ownership and the Fees charged for the services rendered by BDS agencies.

4.4 How often Microenterprises Visit the Offices of BDS Agencies

The data in Table 1.5 show that, 8 (34.8%) out of the 23 sampled BDS respondents said microenterprises do not visit their office at all. Another 6 (26.1%) indicate that not often do microenterprises visit them for support, while 4 (17.4%) get very often visit from the microenterprises in the study area and 5 representing (21.7%) of the 23 BDS often have visit from microenterprise in the central market.

According to the data in Table 1.5, there are generally poor attendances for support by the microenterprises may be as a result of microenterprises lacking adequate knowledge on the benefits of BDS on the improvement of businesses. Another explanation could be that most small business people do not consider buying other services different from financial, such as technical or management training, counselling or marketing information and finally, BDS provider might have not brand or package their services attract the attention of the microenterprises.



On this note one can conclude that, there is a tendency that microenterprises in the Tamale central market may lack the necessary support such as capital, skill training, etc to improve on their business and consequently can lead to collapse of businesses.

Table 1.5 How often microenterprises visit BDS agencies.

| Response | Frequency | Percent (%) |
|------------|-----------|-------------|
| Very often | 4 | 17.4 |
| often | 5 | 21.7 |
| Not often | 6 | 26.1 |
| Not at all | 8 | 34.8 |
| Total | 23 | 100.00 |

Source: Field Data, 2011

4.5 Types of Services Provided by Business Development Agencies to Microenterprises

The data in Table 1.6 show that 11 (47.82%) of the respondents were providing financial credit to microenterprise in the area this may be attributed to fact that, financial BDS at the micro enterprises level have walked towards sustainability by providing loans and charging high interest to microenterprises, 6 (26.10%) stated capacity building and financial credit, 5 (21.74%) provided advocacy programme, while 1 (4.34%) indicates the provision of capacity building. As pointed out by Puglielli (1997), the formal financial sector's lending are not conducive to micro and small-scale dynamic and heterogeneous activities of the informal sector, the monetary cost, however, is exorbitantly high.



There is the likely hood that human capital will be lacking or inadequate to improve upon businesses as a result of low capacity building programs and agencies for microenterprises in the study area. There reason for this low percentage could be that, BDS agencies may finds it difficult to provide capacity building training for microenterprises since micro entrepreneurs “ wear many hats” in their businesses. This means that willingness and demand for BDS by microenterprises vary among in entrepreneurs.

Table 1.6 Types of services provided by BDS

| Response | Frequency | Percent (%) |
|--------------------------------|-----------|-------------|
| Capacity building | 1 | 4.34 |
| Financial credit | 11 | 47.82 |
| Advocacy programmes | 5 | 21.74 |
| Capacity builds. & fin. Credit | 6 | 26.10 |
| Total | 23 | 100.00 |

Source: Field Data, 2011

4.6 Types of Ownership of Business Development Agencies

Even though much effort has been made by government to developed microenterprises the percentage of public ownership of BDS agencies in the Tamale metropolis is not encouraging. This is evident in Table 1.7 when 19 (82.6%) of the 23 sampled BDS agencies were privately owned, according to the data in Table 1.7, only 4 (17.4%) of the BDS agencies indicated to been publicly owned.



The reasons for the ownership disparities may be that, first, private individuals and organization may identify the BDS market as lucrative venture for making high profit and also authorities in the government agencies may under play their duties in regulating the formation of BDS agencies. This may have negative consequences on the improvement of microenterprises in the Tamale central market since private organizations are likely to charge abnormal fees for services they render to microenterprises.

Table 1.7 Types of ownership of BDS

| Response | Frequency | Percent (%) |
|----------|-----------|-------------|
| Private | 19 | 82.6 |
| Public | 4 | 17.4 |
| Total | 23 | 100.00 |

Source: Field Data, 2011

From the find Table 1.7, one may conclude that, there is the possibility that, BDS agencies in the Tamale metropolis will be effective in the provision of services since private organizations ensure effectiveness in other to maximized profit.

4.7 Fees Charged for the Services Rendered by Business Development Agencies

The data in Table 1.8 show that, 17 (86.96%) of the 23 respondents BDS agencies agreed to be providing services to microenterprises at a fee. Whiles 6 (13.04%) of them, predominately, the NGO's did not charge fees for their services. This goes to support the fact that private ownership dominated the business development agencies.



The fees charged by BDS agencies could hamper on the ability of microenterprises to patronize its services to improve on their business operations. The reasons why some BDS agencies not charging fees for their service may be that, they are poverty reduction agencies in the area which aimed at reducing poverty through some intervention in the area. This free service by some BDS agencies may improve on business since the fees that were supposed to pay to BDS agencies can be put in to their businesses to increase their working capital.

Table 1.8 fees charged by BDS agencies

| Response | Frequency | Percent (%) |
|----------|-----------|-------------|
| True | 17 | 86.96 |
| False | 6 | 13.04 |
| Total | 23 | 100.00 |

Source: Field Data, 2011

4.8 Business Development Agencies Providing Services to Microenterprises in Tamale

The responses in relation to the first research question (What type of services do Business Development Services provide to microenterprise in Tamale central market of the Metropolis?) which was addressed to only the 23 Business Development Agencies in the Tamale metropolis are presented in Table 1.9-1.13. They were discussed under; the category of BDS agencies, location of the BDS agencies, how long has your organization been in operation, how often do your organization support microenterprises and the extent organizations wish to make more of its services available to microenterprises in the central market.



4.9 Categories of Business Development Agencies in the Tamale Metropolis

According to findings in Table 1.9, it was clear that media, microfinance and insurance dominated the market with 21.74%. That means more media houses, microfinance institutions and Insurance companies are found in the Tamale metropolis than other business development agencies. This notwithstanding, financial institutions and NGO's were represented with 17.39%.

Table 1.9 Categories of BDS

| Business Category | Frequency | Percent (%) |
|------------------------|-----------|-------------|
| Financial Institutions | 4 | 17.39 |
| NGO's | 4 | 17.39 |
| Media | 5 | 21.74 |
| Microfinance | 5 | 21.74 |
| Insurance Companies | 5 | 21.74 |
| Total | 23 | 100.00 |

Source: Field Data, 2011.

There are number of BDS agencies which cut across almost all aspect of in terms of the provision of service to microenterprises to enable them perform better in their business. This category is very essential in the provision of services related to business development. With these agencies microenterprises in the study area are most likely to benefits on their operations; in shot there is an availability BDS agency in the Tamale metropolis which may enhance the operation businesses by microenterprises in the area.



4.10 Location of Business Development Agencies

According to the data in Table 1.10, it was realized that majority of the 3 (75%) of respondents financial institutions were concentrated in the Tamale central area. This may make it easy for microenterprises in the central market access their service for their business activities.

It might have been difficult for microenterprises found in the Tamale central area to access services from the NGO's since a greater percentage of them were found in the Tamale north area. This is evidenced in Table 10 when 4 (75%) out of 5 NGOs are concentrated at the Tamale north area in the metropolis. This may be attributed to the nature of their work which require convenient and quite environment.

Also, the data in Table 1.10 show that , 4 (80%) of the media houses were located in the Tamale central area , this may be as a result of easy access to information for the general public and it may influence positively on business in the central market since microenterprises may have easy access to their services. Similarly, all the microfinance institutions were found in the Tamale central, this may be as a result of their outsource nature of operation, they normally recruit sales agents identify customers. There is the likelihood their concentration in this area can contribute to their success. Insurance companies seem to have been strategically located according to the data in Table 1.10. They were scattered all over the areas with 20% in the Tamale south, 40% in the Tamale central and the remaining 40% in the Tamale north. This may suggest that, their operation did not matter where organization was located.



One may conclude from the data in Table 1.10 that, a greater number of the BDS agencies in the Tamale metropolis are located in the Tamale central area which may have the tendency of influencing their access by microenterprises in the central since the market is also located in the same area.

Table 1:10 Location of BDS

| Business Category | Tamale South | | Tamale Central | | Tamale North | | Total | |
|-------------------|--------------|-------------|----------------|-------------|--------------|-------------|-------|-------------|
| | Freq | Percent (%) | Freq | Percent (%) | Freq | Percent (%) | Freq | Percent (%) |
| Fin. Inst. | 0 | 0 | 3 | 75 | 1 | 25 | 4 | 100 |
| NGO's | 0 | 0 | 1 | 25 | 3 | 75 | 4 | 100 |
| Media | 0 | 0 | 4 | 80 | 1 | 20 | 5 | 100 |
| Microfinance | 0 | 0 | 5 | 100 | 0 | 0 | 5 | 100 |
| Insur. Comp. | 1 | 20 | 2 | 40 | 2 | 40 | 5 | 100 |

Source: Field Data, 2011.

4.11 How Long Has Your Organization Been Operating in the Tamale Metropolis

The findings in Table 1.11 show that, out of the 23 BDS respondents, 14 (60.90%) operated in for about 6-and above years, 4 (17.39%) of the respondents operated within the age of 1-2, while 3 (13.04%) out of the total respondent operated within 3-4 years and 2(8.70) operated within the ages 3-4 years. Many BDS agencies have operated in Tamale metropolis for long and can be attributed to the fact that, the metropolis is the capital for the region and often serve as landing point for new agencies from the south. This is because the metropolis is strategically located and can be easily access by businesses in





the metropolis and be young. And also the fast growing entrepreneurial activities over years in the area has influence many BDS agencies to invest in the area to contribute their quota to the development and self-reliance of micro entrepreneurs in the Tamale metropolis. Though there are new entries to the BDS market, most of the BDS agencies have operated in the metropolis for quite a long time and for that matter developed business strategies in other to deliver well. There are also possibilities that microenterprises can trust the agencies due the fact that they operated for long and for matter their resources used in operating their businesses can be entrust to these agencies.

Table 1.11 How long has your organization exited

| Response | Frequency | Percent (%) |
|-----------|-----------|-------------|
| 1-2 years | 4 | 17.39 |
| 3-4 years | 2 | 8.70 |
| 5-6 years | 3 | 13.04 |
| 6- above | 14 | 60.90 |
| Total | 23 | 100.00 |

Source: Field Data, 2011

4.12 How Often Does Your Organization Support Microenterprises?

The data in Table 1.12 show that, out of the 23 BDS respondent, 6 (34.78%) indicated occasional support to microenterprises. This may be that their services relating to microenterprises are not much or microenterprises rarely go to these BDS agencies for support. Also according to the same data, 5 (21.73%) of the respondents BDS agencies never supported microenterprises in the central market, this could be as a result of the BDS agencies undermining the contribution of microenterprises to their business, it may

also be that microenterprises do not meet the conditions to get BDS agencies service in the area. Further, 6 (26.10%) BDS agencies indicate frequent support to microenterprises and the least of 4 (17.39%) of the 23 BDS respondents support microenterprises very frequently. This (17.39%) of the BDS respondents are likely to be financial support agencies since microenterprises may prefer finance to any other service. It may imply that, support services by BDS agencies to microenterprises may be inadequate hardness on the improvement of their businesses. Outputs among microenterprises in the central market are likely be low which can manifest to low come levels among them and businesses can eventually collapse in the long run.

Table 1.12 Organizational support to microenterprises

| Response | Frequency | Percent (%) |
|---------------|-----------|-------------|
| Very frequent | 4 | 17.39 |
| Frequent | 6 | 26.10 |
| Occasional | 8 | 34.78 |
| Never | 5 | 21.73 |
| Total | 23 | 100.00 |

Source: Field Data, 2011

4.13 What Extent do your Organizations wish to Make more of its Services Available?

According to the finding in Table 1.13, majority of 18 (78.26%) of the BDS agencies wish in a large extent to make more of their services available to microenterprises in the central market, while 7 (21.74%) indicated to some extent wish to make more of its service to microenterprises in the central market. This willingness of the BDS agencies



to introduce more new services to microenterprises in the area can be attributed to fact that, agencies may identify more investment opportunities concerning microenterprise development in the area. Generally, almost all BDS agencies in the area wish to make more of its services to microenterprises in the Tamale central market and there is likelihood that appropriate policies and packages will be introduce to enhance the operation of microenterprises in the study area.

Table 1.13Wish to make more of its services available

| Response | Frequency | Percent (%) |
|-------------------|-----------|-------------|
| To a large extent | 18 | 78.26 |
| To an extent | 7 | 21.74 |
| Not at all | 0 | 0 |
| Total | 23 | 100.00 |

Source: Field Data, 2011

4.14 Contribution of Business Development Services to the Growth of Microenterprises

The third research question (What are the contributions of Business service providers to the growth of microenterprises in the Tamale central market of the Metropolis?) was addressed to the 100 sampled Microenterprises in the Tamale central market. This research question seeks to identify the contribution of business development agencies to the growth of microenterprises in the Tamale central market. Table 1.14-1.17 resents responses in relation to; how long has your business been in operation, how well has your business improve without the support of BDS agencies, Have you had expansion in your

business enterprise as a result of support from BDS agencies and Whether the existence of business development agencies are important to microenterprises in the central market.

Table 1.14 How long has your business been in operation

| Response | Frequency | Percent (%) |
|------------|-----------|-------------|
| 1-5 years | 26 | 26.00 |
| 6-11 years | 53 | 53.00 |
| 12- above | 21 | 21.00 |
| Total | 100 | 100.00 |

Source: Field Data, 2011

The data in Table 1.14 show that 53 (53%) of 100 microenterprises respondents existed between 6-12 years. This means microenterprises in the study area have existed for a period between 6-11 years. In terms of business strategies, business with this number of years should be able to tell whether they are in their growth stages or not. Also 26 (26%) of the respondents stated they have operated between the ages of 1-5, while the least age in business was between 12 years above. The (26%) representing age 1-5 could be explain as new persons identifying potentials in the sector there by investing recently in it. These might have for this long time as a result of interventions by BDS agencies in the Tamale metropolis, it could also be that entrepreneurs in this sector have manage their businesses well for the purpose of survival and finally, most microenterprises support their families with the income that they generate from their businesses. There is the tendency that microenterprises in the Tamale central market will get support from BDS agencies in the area since the duration of operations of most of them are encouraging.



Therefore, the BDS agencies may invest them without fear for the microenterprises to improve on their operations.

Table 1.15 How well has your business enterprise improved over the years

| Performance | Frequency | Percent (%) |
|-------------|-----------|-------------|
| Very well | 9 | 9.00 |
| Not well | 28 | 28.00 |
| Some how | 63 | 63.00 |
| Total | 100 | 100.00 |

Source: Field Data, 2011

According to the data Table 1.15, the microenterprises that agreed to have been doing very well without the support of business development agencies were only 9 (9%), which was woefully inadequate. But some agreed to have been some how well in terms of their performance without the support of the business development agencies. They rather were greater with 63 (63%) of the 100 respondents. Performing somehow better could mean that they need more of the support of the business development agencies to perform very well.

In addition 28 (28%) also concluded that they were not doing well without the support of the business development agencies. They argued that most of the business they started collapsed as a result of not having the support from most of the BDS agencies in the Tamale metropolis. This may be concluded that, the (28%) of sampled respondents may not survive without the intervention of the BDS agencies. It common among businesses that owner do not usually business earning and their personal gains which affects records in terms of real performances of local businesses. One can therefore conclude from the



above that, microenterprises in the Tamale central market are not performing due to the inadequate support from BDS agencies in the Tamale metropolis. Microenterprises needs timely and innovative interventions by BDS agencies to enable them compete with the bigger enterprises for the market share in the metropolis.

Table 1.16 Have you had expansion in your business enterprise

| Response | Frequency | Percent (%) |
|----------|-----------|-------------|
| Yes | 18 | 18.00 |
| No | 72 | 72.00 |
| Total | 100 | 100.00 |

Source: Field Data, 2011

The data in Table 1.16 show that 18 (18%) of the microenterprise respondents have agreed to the fact that, they have had expansion over the years as a result of the support they receive from business development agencies in the study area. It's clear, according to the Table 16 that, microenterprise getting support from the business development agencies is small in number looking at the percentage.

In addition, 72 (72%) being majority of the microenterprises respondents in the Tamale metropolis disagreed to have had some form expansion as a result of interventions by the business development agencies. This may go on to confirm what some of the respondents said about how uneasy it is working with BDS services especially financial credit. The lack of expansion of microenterprises in the central market may be attributed to the inadequate support services by the BDS agencies in the study area; it could also be that microenterprises in the area did not invest in the businesses they could operate better



there making wrong decisions which will adverse impact on outputs and income levels among them.

Table 1.17 Important of BDS agencies

| Response | Frequency | Percent (%) |
|----------|-----------|-------------|
| Yes | 83 | 83.00 |
| No | 17 | 17.00 |
| Total | 100 | 100.00 |

Source: Field Data, 2011

The data in Table 1.17 show that, as many as 83 (56%) of the respondent microenterprises agreed that the existence of business development agencies are not only important to only the growth of their businesses but also important to other important objectives such as survival, social responsibility, profit etc. While only 17 (17%) of the respondents disagreed to the fact that the existence of the business development agencies has any bearing on other objectives in business. This may mean that majority of the microenterprises in the Tamale metropolis will in the future demand support from the BDS agencies in the area; it could be that, because some BDS agencies provide social services/ amenities to the community their existence is importance. Their existence of BDS agencies in the Tamale metropolis could influence microenterprises to demand support services in the future to improve on their businesses.

4.15 Problems of Microenterprises in Accessing Business Development Services

The final research question (To what extent are microenterprises accessible to Business Development Services in the Tamale central market of the Metropolis?) was addressed to only the selected 100 Microenterprises in the Tamale central market of the metropolis.



This research question seeks to identify some of the challenges microenterprises face in accessing Business Development Services in the Tamale metropolis. There discussed under the following, the level of difficulty in getting financial support to expand your business, how often have you ever been denied access to business services by business development service providers and whether or not there is easy access to business development services by microenterprises. Responses provided by the respondents are shown in the Tables 1.18-1.20.

Table 1.18 Difficulty in getting support from BDS agencies.

| Response | Frequency | Percent (%) |
|----------------|-----------|-------------|
| Very difficult | 68 | 56.00 |
| Difficult | 27 | 39.00 |
| Somehow | 5 | 5.00 |
| Total | 100 | 100.00 |

Source: Field Data, 2011

The data in Table 1.18 show that majority 68 (68%) of the 100 microenterprise respondents indicated that, it was very difficult getting supports from BDS agencies for business. 27 (27%) of the respondent sampled for the study also indicated that it was difficult getting assistance from the BDS agencies, while only 5 (5%) of the respondents indicated somehow difficult.

According to the results in Table 18, one may conclude that there are inadequate accesses of microenterprise to the BDS agencies in the Tamale central market for support, this may be as a result of microenterprises not meeting the condition and terms of the BDS



agencies, it could also be that, BDS agencies have limited or little consideration with regards to packages concerning the development of the microenterprise sector in the study area. Consequently, this may have a negative impact on the improvement of the microenterprises in the Tamale central market which could lead to collapse of business.

Table 1.19 How often have you ever been denied access to BDS

| Response | Frequency | Percent (%) |
|------------|-----------|-------------|
| Very often | 87 | 87.00 |
| Often | 9 | 9.00 |
| Not often | 4 | 4.00 |
| Total | 100 | 100.00 |

Source: Field Data, 2011

According to the data in Table 1.19,an overwhelming of 87 (87%) of the 100 sampled microenterprises in the central market have very often been denied access to BDS by BDS agencies in the Tamale metropolis. In addition, 9 (9%) and 4(4%) of the respondents indicated often and not often denial of BDS by BDS agencies respectively in the Tamale metropolis. This denial of service by the BDS agencies to the microenterprise may be that, microenterprises in the Tamale central market may approach wrong agency for support, it could be that microenterprise are not educated on the procedures in accessing support from specific agencies. This is likely to impact negatively on the development of microenterprises in the Tamale central market since entrepreneurs will not go for support for the fear of been denied the support. Hence, performance could be low in terms productivity in the market and tax earn by



government at the market is likely to low since microenterprises cannot afford to pay taxes on their businesses.

Table 1.20 there is easy access to BDS by microenterprises.

| Response | Frequency | Percent (%) |
|----------|-----------|-------------|
| True | 6 | 6.00 |
| False | 94 | 94.00 |
| Total | 100 | 100.00 |

Source: Field Data, 2011

The data in Table 1.20 show that, access to business development service by microenterprise to improve upon their businesses is not easy. This is evident when as many as 94 (94%) of the 100 respondents disagreed to there is easy access to BDS for the improvement microenterprises in the Tamale central market. From the data in the Table 20, one may conclude that, microenterprise in the Tamale central market do not easily get support from BDS agencies in the study area, this may said to have contributed to the underperformance of microenterprises in the central market.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5 Introduction

This Chapter presents the summary and conclusions of findings of this study. Recommendations, which may help to alleviate some of the problems and means to promote effectiveness in the delivery of BDS in the study area, are also made.

5.5 Summary

The study investigates the extent to which BDS helps in the improvement of microenterprises in the central market of the Tamale metropolis. It was conducted with 123 respondents comprising 23 Business Development Agencies and 100 microenterprises in the Tamale central market. The questionnaire, made up of close and open-ended items, was used to elicit information from respondents.

The study centered on four main areas, namely: Identify business development agencies; nature of Business Development Services; contribution of Business Development Services to the growth of microenterprises; and examine the challenges of microenterprises in accessing business development services. The findings of the study were:

1. Variety of BDS providers existed and provides services to microenterprise at different levels in Tamale Metropolis to improve the operations of their business activity. The most common BDS in the Tamale Metropolis included the following; Media, Formal Banking, Microfinance, Insurance and NGOs.





2. It was identified that majority of BDS are strategically located in the Tamale Metropolis, for instance 100% of the respondent microfinance institutions was located at the Tamale central while 80% of the respondent media was also located at the same area in the metropolis. The operations of most NGOs in the Tamale Metropolis are conducive in residential areas; this is endorsed with 75% of the respondent NGOs located in the Tamale North.
3. The most common type of service provided by BDS in the Tamale Metropolis to microenterprises is the usual microcredit. This is manifested when 47% of the respondents BDS providing financial credit to microenterprises in the Tamale central market. The capacity building/financial credit type of service recorded 26% of the respondent BDS in the Tamale Metropolis. It was realized that, insurance which is very essential in business operations recorded nothing which means they were not having insurance packages for microenterprises. A few of the insurance companies also provided microcredit to microenterprises in the Tamale central market.
4. The microenterprises in the Tamale central that recorded to have been doing very well without support from BDS in the Tamale Metropolis were insignificant evident with only 9% of the total respondent. A significant number of 28% and 63% recorded not doing well and somehow well respectively.
5. It is very difficult for microenterprises in the Tamale central market to access BDS to improve their operations. This finding was accepted by 56% from the respondent microenterprises in the Tamale central market. Also 39% of respondent microenterprises in the Tamale central market to have faced difficulty

in accessing BDS services. According to the microenterprises in the Tamale metropolis denial of service by BDS providers is very often. This recorded 71% from respondent microenterprises in the Tamale central market.

5.6 Conclusion

The following conclusions are drawn from the findings of the study.

1. The variety of BDS operating in the Tamale Metropolis can help improve the activities of microenterprises within the Tamale central market.
2. The location of most BDS providers in the Tamale metropolis can increase the level at which microenterprises in the Tamale central market can access BDS services to improve their business operations.
3. These notwithstanding, a greater number of NGO's were located in the Tamale North, which was far from the Tamale Central Market. It was therefore difficult for the microenterprises to access most of the services that were mostly NGO oriented.
4. It was observed that, microcredits appear to be the most dominant service provided by BDS to improve the operations of the microenterprises in the Tamale central market of the metropolis.
5. It was noted that insurance as an important component of modern day microenterprises, was not common to microenterprises in the Tamale metropolis.
6. The various opinions of the respondents showed that all services provided by BDS providers are essential for the improvement of microenterprises in the Tamale central market of the Tamale metropolis.



7. A blend of the suggestions from the respondents shows that it is not easy for microenterprises in the Tamale central market to access BDS service in the metropolis to support their operations.

5.7 Recommendations

The following recommendations are drawn from the findings of the study.

1. It is clear that the issue of one size fits all for microenterprise in the Tamale Central market needs to change. There is the need to develop specific responses for specific needs and the microenterprise market needs to be clearly defined in terms of size, sector and business cycle
2. Business Development Service Providers need to be more visible and need to market themselves more broadly especially to microenterprises in the Tamale Central market.
3. From the responses of microenterprises, there needs to be a much more concerted effort to identify and harness business experience when offering business support service, i.e. the business development service advisor/mentor should have business experience superior to that of the person that they are trying to help. It is unfortunately perceived that people employed in organizations offering business development service often do not have the insights about running a small business, are under skilled and know less than the client seeking assistance or support. Corporate support and greater use of retired business people and executives would be one way to harness experience for the greater good, while keeping costs down at the same time.





4. Feasibility studies, wherever possible, should precede the development of business plans and should offer the prospective business owner an insight into whether or not to take up the business they have decided on. Training programmes need to be offered that help microenterprises do their own feasibility studies.
5. Business development service providers need to streamline their processes to promote far more efficient turnaround times at all levels within these organizations. While business development support does require substantive information from clients in order to assist them, consideration should be taken of the time factor. That is more time per advisory session should be granted.
6. A loan fund for business support, which could be paid back once the business, was up and running is recommended according to the micro entrepreneurs. It is felt that the government could play a role in supporting such a fund. Subsidized services based on a means test, and on the feasibility of the proposed business could also be explored. Alternatively, business loans to cover BDS could be secured from financiers provided that the affordability was ensured.
7. Whatever the case, it was felt that appropriate and integrated risk mitigation arrangements must be set up between service providers and clients in order to help achieve transformation goals and creative means to achieve the needs of micro entrepreneurs.
8. Business development Agencies should develop satellite centers to specifically cater for the needs of microenterprises to avoid bigger unnecessary competitions

between bigger companies and the microenterprises since they are small in cope and mostly do not get attention all the time.

9. The metropolitan Assembly should have a business development officer in their Tamale central market revenue office to always by way of firsthand information advice the microenterprises on the need for business development services. If possible the Assembly should from time to time organize advocacy programmes on the benefits of business development services for the microenterprises since their revenue generation depends on how much information is available to them at what times. This will in the long run boost the Assemblies revenue.
10. It is also recommended that, the TMA should form a regulatory body to ensure that BDS provider compromise some of their fees charge for services they render. For instance, some microfinance institutions charge as high as 75% interest with a shorter repayment period.
11. Generally, ownership of BDS agencies is largely private and has a direct impact on the fees/prices charged for services rendered. Although, some handful of these services are provided by the Government but it is not enough to improve the general performance of the micro enterprises in the Tamale central market and therefore much more need to be done.
12. Finally, microenterprise should put themselves into association(s) to be able to channel their grievances through the right channels for proper redress since most of their had complained of business development agencies not handling them properly



5.8 Suggestion for Future Research

The study was a pioneering attempt at investigating the role of Business Development Service in the improvement of microenterprises in the Tamale metropolis, evident from the Tamale central market. The study covering such a broad area which employ majority of Ghanaians would have been much more useful if a countrywide study was undertaken so as to generalize its findings for the country. In this regard, the combined resources and expertise of the Department of Business Studies of the University for Development Studies, the Ministry of Trade and Industry (MTI) and the NBSSI, could be harnessed for future research into the role of BDS in the improvement of microenterprises in all the major markets in the country.



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APPENDIX 1

QUESTIONNAIRES FOR DBS AGENCIES

.THE NATURE OF BUSINESS DEVELOPMENT SERVICE AND ITS IMPACT IN THE IMPROVEMENT OF MICROENTERPRISES IN THE CENTRAL MARKET OF TAMALE METROPOLIS

I am conducting a research in partial fulfillment of the requirement for the award of master of art degree in business planning and micro – finance management at the university of development studies. The research is being conducted to investigate the role of business development service in the improvement of microenterprise in the Tamale Metropolis, evident from the central market. Please, confidentiality and anonymity of respondents are guaranteed. Attached are questions for your views.

INTRODUCTION

Please, tick or circle the response you choice or supply the answer where necessary

SECTION A: DEMOGRAPHICS OF RESPONDENTS.

1. Name of organization.....

2. Gender of Respondents

[] Male

[] Female

3. Age of the respondent:.....

4. Education background of respondent:.....

5. Ethnicity of the respondent:.....

SECTION B: THE NATURE OF BUSINESS DEVELOPMENT SERVICE

6. How often do microenterprises visits your office for support service?

a. Very often

b. Often

c. Not often

d. None of the above

7. What type of business support service does you organization offer microenterprises?



- a. Capacity building
- b. Financial credit
- c. Consultancy
- d. Advocacy
- e. Other (please specify.....)

8. Which of the following categorize your organization belong?

- a. Public organization
- b. Private organization

9. There are fees charged on the services your organization render to microenterprise

- a. True
- b. False

SECTION C: BUSINESS DEVELOPMENT SERVICE PROVIDING SERVICE TO MICROENTERPRISE IN THE TAMALE METROPOLIS

10. Which of the following is your organization

- a. Financial institution
- b. Microfinance
- c. Media institution
- d. Insurance company
- e. NGO?

11. Where is your organization located?

- a. Tamale central
- b. Tamale north
- c. Tamale south

12. How long has your organization been operating in the tamale Metropolis?

- a. 1-2 years
- b. 3 -4years



- c. 5-6 years
- d. Above 6 years.

13. How often does your organization support small scale business in the tamale metropolis?

- a. Very often
- b. Often
- c. Occasional
- d. Never

14. To what extent does you organization which to make more of its service to microenterprise in the Tamale metropolis?

- a. To a very large extent
- b. To an extent
- c. None of the above



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QUESTIONNAIRE FOR MICROENTERPRISE

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INTRODUCTION

Please, tick or circle the response you choice or supply the answer where necessary.

SECTION A: DEMOGRAPHICS OF RESPONDENTS.

1. Name of organization:.....
2. Gender of respondent's
 - a. ☐ male
 - b. ☐ Female
3. Age of respondents:.....
4. Educational background of respondents :.....
5. Ethnic origin of the respondent:.....

SECTION B: CONTRIBUTION FOR BUSINESS DEVELOPMENT SERVICES TO THE GROWTH OF MICROENTERPRISE

6. How long has your business been in existence?
 - a. 1 – 5 years
 - b. 6 – 11 years
 - c. 12 year and above
7. How well do you think your business has improved over years as a result of support from business development service providers?



- a. Very well
 - b. Somehow
 - c. Well
 - d. None of the above.
8. You have been able to expand your business due to the support you had from business service providers?
- a. True
 - b. False
9. In the existence of business development service agencies important
- a. Yes
 - b. No

SECTION C: ACCESSIBILITY TO BUSINESS DEVELOPMENT SERVICE

10. What is the level of difficulty in getting support to expend your business
- a. Very difficult
 - b. Difficulty
 - c. Somehow difficult
 - d. Not difficult
11. How often have ever been denied access to business service by business providers?
- a. Very often
 - b. Often
 - c. Not often
12. There are easy accesses to Business Development Service to improve on your business in the metropolis
- a. True
 - b. False.