

UNIVERSITY FOR DEVELOPMENT STUDIES

**ASSESSING SUSTAINABLE BUSINESS STRATEGIES OF SMALL
AND MEDIUM SCALE ENTERPRISES IN SERVICE DELIVERY: A
CASE STUDY IN THE WA MUNICIPALITY**

MUMUNI RAUF

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BY

MUMUNI RAUF

UDS/MDM/0426/17

**A TERM PAPER SUBMITTED TO THE DEPARTMENT OF
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UNIVERSITY FOR DEVELOPMENT STUDIES



DECLARATION

Candidate's Declaration

I, Mumuni Rauf declare that besides citing from authorities which have acknowledged, this term paper is the result of my own original research and that, no part of it has been presented for another degree in this University or elsewhere.

Name	Index Number	Signature
Mumuni Rauf	UDS/MDM/0426/17

Supervisor's Declaration

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

Name	Signature	Date
MR. SAMUEL BONYE



DEDICATION

I dedicate this work to the Almighty God for making it possible for the completion of this challenging but essential course successfully, the glory is His. It is again dedicated to my lovely wife Khadija and daughter Suabreen for giving me the moral support throughout my studies.



A work of this nature could not have been possible without the help of the Almighty God for granting me knowledge, good health and wisdom in my educational pursuit.

I owe an ocean of appreciation to my supervisor, Mr. Samuel Bonye of the Faculty of Planning and land management, University for Development Studies, Ghana, who rendered invaluable comments and made constructive criticisms that always made it possible for the continuation of this study.

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ABSTRACT

Small and Medium Scale Enterprises have appeared in the development scene because of their ability to respond to the needs and problems by making good use of the local resources that large scale enterprises have been unable to solve in a satisfactory manner. The study of assessing sustainable business strategy in Small and Medium Scale Enterprises therefore sought to discover the institutions that give support, the strategies employed by Small and Medium Scale Enterprises in their business preparation, sustainability of the support given to the enterprises and the challenges faced by Small and Medium Scale Enterprises and mechanisms put in place to address these challenges. A sample of 91 respondents consisting of entrepreneurs of SMEs was selected for investigation. Basically, descriptive statistics, SWOT analysis and the Kendall's coefficient of concordance were used in data analysis. The findings indicated that ASONGTABA, BAC, Banks, Credit Union, LESDEP, Microfinance Institutions, MTN, PARED and REP were the institutions supporting SMEs. Strategies used include response to client taste, speed to market, product quality and technological innovation. There was growth and expansion of business by those who adopted the major strategies as well as the other strategies to have their objectives realised. As to whether there were challenges faced by Small and Medium Scale Enterprises, almost all the respondents said they were faced by financial challenge ranking it first; technical challenge and administrative challenge had been ranked second and third respectively. The study therefore, recommends that growth and expansion of these enterprises can occur by adopting major service delivery strategies. Any effort to improve upon the performance of Small and Medium Scale Enterprises should consider financial, technical and administrative challenges.



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LIST OF ABBREVIATIONS/ACRONYMS

AFDB :	African Development Bank
BAC:	Business Advisory Centre
BDS:	Business Development Services
DA:	District Assembly
DHMT:	District Health Management Team
WMA:	Wa Municipal Assembly
IFAD:	International Fund for agricultural Development
LESDEP:	Local Enterprise Skill Development and Entrepreneurial Project
MoTI:	Ministry of Trade and Industry
MTN :	Mobile Telecommunication Network
NBSSI:	National Board for Small Scale Industries
PARED:	Partnership in Rural Empowerment and Development
PCMU:	Project Coordination and Management Unit
RCC:	Regional Coordination Council
REP :	Rural Enterprise Project
RFS:	Rural Financial Services
SMEs :	Small and Medium Scale Enterprises
TPSAT:	Technology Promotion and Apprentices Building



CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Small and medium enterprises have been considered as the engine of economic growth and for promoting equitable development. The advantageous aspect of the sector is its employment potential at least capital cost. The labour intensity on the small and medium enterprise sector is much higher than that of the large enterprises. Within the developed and developing countries of the world, it is now generally accepted by policy-makers at local, regional and national level, that small to-medium sized enterprises (SMEs) are becoming increasingly important in terms of employment, wealth creation and the development of innovation (Nieman, Hough and Nieuwenhuizen, 2003). Policy makers who have been confronted with growing concerns about the increases in unemployment, lack of job creation, poor economic growth and globalization believe that entrepreneurship is the solution to these concerns (Thurik and Wennekers, 2004)

The role of small and medium enterprise in the economic and social development of the country is well established. The sector is a nursery and as such a pre-requisite requirement of entrepreneurship; often driven by individual creativity and innovation. The relative importance of small and medium scale enterprise in advanced and developing countries has led and would continue to lead to a reconsideration of the role of small and medium scale enterprises in the economy of nations. There is increasing awareness in the international community of the important role and potential of small and medium enterprises in fostering socio-economic development in both urban and rural settings (Trindade, 1992). The contribution small scale enterprises can make to the development



process in many developing countries have received increased attention in recent years. Not only have a large number of academic studies been carried out in this area, but numerous international and national development agencies have been acting in designing, implementing and evaluating programmes for this type of enterprise (I.S.A. Baud, 1993).

The National Board for small scale industries (NBSSI) is the apex government institution for the promotion and development of micro small scale enterprises in Ghana. It was established by an Act of parliament of the third Republic of Ghana because government views the sector as having the potential to contribute substantially to reducing the high unemployment and to bring growth of the economy of Ghana. Medium and Small scale enterprises account for a significant number of economic activities in Ghana and can play an important role in achieving the development goal for production. The long term goal is for medium scale enterprises to maximize their contribution to the country's economic and social development with respect to production, income distribution and employment and closer integration of women and people in rural areas within the national economy (Ahomka-lindsay, 2007).

In the Northern region of Ghana, bio-physical and socio-economic conditions make the promotion of small scale enterprises a vital component of sustainable rural development. Availability of finance and an effective credit delivery system for small scale enterprises development is not only necessary but urgent (Aryeetey, 1996).

1.2 Statement of the Problem

It has been acknowledged that small and medium enterprises (SMEs) can positively influence the economic growth of developing countries (Kayanula and Quartey, 2000). In Ghana about 90% registered companies are micro, small and medium scale enterprises (Mensah, 2004). These enterprises normally employ less than 29 people as small scale or



between 30 and 100 people as medium scale enterprise (Quartey, 2003). The results of the 2000 Population and Housing Census (PHC) showed that about 80% of the economically active population in Ghana work in the informal sector (Ghana Statistical Service, 2008). This consists of major trade group such as textile, apparel and furnishing, building and material moving which takes persons aged 15 and older as apprentice.

In Ghana the increasing role of household enterprises in the economy attracted past and present governments' attention. The fundamental objective of the Ghana vision 2020 was to reduce poverty via business creation and compliment entrepreneurs' effort with apprentice training. Government has therefore, established institutions in support of this objective. Rural enterprise development has received government recognition in all parts of the country. Government has set up institutions to facilitate skill development and adoption of sustainable strategies among rural enterprises. Among them include the National Board for Small Scale Industries (NBSSI), GRATIS Foundation, and Rural Enterprise Project (Mark, 2012). These interventions aim at providing training in employable skills for small business creation. Besides, there are also about 900 private consultancy firms in Ghana delivering commercial technical service to SMEs (Commonwealth Secretariat, 2010).

Despite all these efforts enterprise development in the Wa Municipality it is believed to be low. Small and Medium scale Enterprises are still operating with many difficulties. It is difficult for unemployed youth to accumulate startup capital or access technical services from supporting institutions. However, no empirical study is conducted to discover or assess the sustainable strategies Small and Medium Scale Enterprises adopt in service delivery in the Wa Municipality.



1.3 Research Questions www.udsspace.uds.edu.gh

The following questions were raised from the problem under investigation.

1. Which institutions give support to Small and Medium Scale Enterprises?
2. What strategies are employed by Small and Medium Scale Enterprises in their business operations?
3. What are the challenges facing Small and Medium Scale Enterprises in service delivery?

1.4 Objectives

The main objective of the study is to find out the sustainable strategies of rural small scale enterprises in service delivery in the Wa municipality. Specifically the study sought to achieve the following objectives:

1. To discover the institutions that give support to Small and medium Scale Enterprises and their areas of support
2. To discover the sustainable strategies employed by small and medium scale enterprise in their business preparation
3. To examine the effect of the support on small scale business on livelihood
4. To discover the challenges faced by small and medium scale enterprises and the sustainable mechanism put in place to address these challenges.

1.5 Justification of the Study

Assessing the sustainable strategies Small and Medium Scale Enterprises used in service delivery is very relevant especially in the Wa Municipality of the Upper West Region of Ghana. This stands unique in the literature of enterprise development in Ghana because no such empirical study is conducted in the Municipality.

The study also discovered the institutions that give support to Small and Medium Scale Enterprises. This serves as an important source of information for rural entrepreneurs to



know where to find support www.mas.que.ac.za to develop their businesses. Given the support, managers of Small and Medium Scale Enterprises will be able to adopt appropriate strategies for their business growth.

It is important to ascertain the level of sustainability of the support given to Small and Medium Scale Enterprises. Knowledge of this will keep the enterprises in operation as they would be able to maintain such support or find alternatives to augment their effort.

Discovering the challenges faced by small and medium scale enterprises and mechanism put in place to address these challenges is significant to the business owners. This is relevant because entrepreneurs would be able to rank their challenges and start addressing them in order of importance.

Finally, the results of the study will add to literature and serve as basis for further studies in case a gap is identified in the field.

1.6 Organization of the Thesis

This thesis consists of five chapters. Chapter one deals with the introduction, the research problem, research question, objectives and the significance of the study. Chapter two is a review of literature on studies related to the sustainable strategies SMEs adopt in service delivery. Chapter three deals with the study methodology addressing specific issues as the study area, study population, sampling procedure, data types and sources, tools of data collection and methods of data analysis. Chapter four deals with data presentation and discussions of results. Finally, Chapter five discusses implications of findings (conclusion) and policy recommendation to address specific issues raised from the findings of the study.



LITERATURE REVIEW

2.1 Introduction

This chapter deals with the review of studies related to the sustainable strategies SMEs use in service delivery. Several issues are therefore discussed within this subject matter. Issues prominently looked at include: the legislative framework for the promotion of SMEs in Ghana, the role of Municipal/District Assemblies in the promotion of SMEs, the role of rural enterprise project, sources of finance and strategies adopted by SMES, features of SMES and the challenges faced by SMEs in service delivery.

2.2 Evolution of Entrepreneurship

It is common place to find the terms of entrepreneurship and small business used interchangeably in the literature, however, Thurik and Wennekers (2004), Longenecker *et al.* (2003) and Burns (2001) suggest the two terms are related but not synonymous. Most texts on entrepreneurship start by defining, or at least attempt to define entrepreneurship. However, by screening the multitude of definitions, one realises that there is no generally accepted or agreed upon definition for the term entrepreneurship, despite all the interest shown in this discipline (Kirby, 2003; Hisrich and Peters, 2002; Gray, 2002). Kuratko and Hodgetts (1995) caution readers by noting that “the study of entrepreneurship is still emerging” and as such the debate must be encouraged and thus the fact that there is no one correct and accepted definition will further encourage debate. Kuratko and Hodgetts (1995) contend that entrepreneurship is an “interdisciplinary concept” and this is evidenced in the multitude of definitions. The interdisciplinary nature of entrepreneurship implies various approaches to aid the understanding of this field. It is necessary to briefly mention these approaches in order to better understand the concept of entrepreneurship. However, this study does not purport to present an all inclusive list but would focus on the



approaches pertinent to it. www.mba.com By considering entrepreneurship in a vacuum, one is likely to ignore the rich texture of its contribution through the ages (Rwigema and Venter, 2004). It is not necessary to list every single name and stipulate the exact dates, but rather to list some of the major contributors to the development of entrepreneurship.

From the documented evidence, entrepreneurship has been around from as far back as 2500BC (Carland *et al.*,1999). They believe that entrepreneurship is one of the oldest established activities of human society. They believe that from the earliest writings (approximately 2500 BC), business activities involving the lending of money at a specified interest rate, were in existence. Many of the Babylonian Laws, dating 2100 BC, regulated and protected businesses

2.3 Legislative Framework for Promoting SMEs at the Local level

The government decentralisation policy as provided by the 1992 constitution and crystallised in the Local Government Act 1993 (Act 462) designates DAs as the administrative, planning, development and rating authority in their areas of jurisdiction. The above policy orientation is further supported by a number of constitutional provisions. Notable among these are the National Development Planning Act 1994 (Act 480), the Civil Service Law 1993 (PNDCL 327), the Local Government (urban, zonal and town councils and unit committees) Instrument (LI 1589) and the District Assemblies Common Fund Act 1993 (Act 455). The above provisions clearly spell out the structure, roles and responsibilities of the DAs. Generally, the Local Government Act, 1993(Act 462) Section 10 mandates the DAs to among other duties:

- Facilitate policies within the framework of national policies for the effective administration and development of their areas;



- "Formulate and execute plans, programmes and strategies for the effective mobilisation of the resources necessary for the overall development of the district";
- "Promote and support productive activity and social development in the district and remove any obstacles to initiative and development;
- To mobilise human, material and financial resources support in their districts for promotion of development;
- To make necessary bye-laws to promote sustainable development in the district.

From the foregoing, it is evidently clear that the DAs as main agents of change at the local level are mandated to take all necessary steps in harnessing available human, material and financial resources for development and this involves significantly, the promotion of SMEs.

When the Statutory functions and structure of the local government is compared with what actually exist in the Wa Municipality, some gaps appear which need to be addressed in order to ensure effective operation and management of the district's affairs especially in the promotion and development of SMEs. The link between the local development planning mechanism and national development planning authority is through the Regional Coordination Council (RCC). The RCC serves as a forum for the coordination and systematization of district level planning and administration. The National Development Planning Commission is the national authority charged with the coordination of all development efforts in the country.



2.4 The Role of Wa Municipal Assembly in Promoting SMEs

The Wa Municipal Assembly (WMA) was established by the Legislative Instrument. It is the highest administrative and political body in the municipality that is charged with the responsibility of formulating and implementing development plans, programmes and projects. Resulting from the mandate given by the Local Government Act 1993 (Act 462), the EMD as the main agent of change at the local level has taken some steps in harnessing available human, material and financial resources for the promotion of SMEs.

i) Legal and Regulatory Function

The EMD through the departments of cooperatives, community development and REP has an inventory of SMEs and cooperative societies operational in the district. The district also has a combined team of personnel from the veterinary services, the District Health Management Team (DHMT), the police and the Department of Cooperatives who are charged with the task of regulating any business or trade which may be noxious or injurious to public health or pose a source of danger to public. It is, however, disappointing to note that though this laudable task force exists, it is virtually inoperative as it is constrained by lack of commitment of the various departments to commit personnel and logistics to the task force resulting in the inability of the EMD to adequately promote SMEs.

ii) Infrastructure Provision

The WMA in its quest to promote micro and small-scale enterprises have provided and improved two markets at Kambali and Konta. This is the Municipality's efforts of increasing commercial activities in the district. In order to create a favourable economic environment for SMEs, the WMA is currently rehabilitating feeder roads from Boli to Wa and Busa to Wa to open up the district. (Louknaan , 2010)



iii) *Financial Support and Training* www.udsspace.uds.edu.gh

The WMA runs an emergency social relief programme. This fund is disbursed to individual entrepreneurs who form themselves into cooperatives. These groups serve as guarantee for each other's loan. The scheme has supported about 154 beneficiaries who are engaged in smock-weaving, basketry, batik tie and dye, bakery and carpentry. Also, through the Department of Community Development and Cooperatives, the district organizes interested communities for training and formation of credit unions. It also assists these organized groups to be legally registered and recognised and link these groups to agencies and financial institutions for support services. (Louknaan, 2010)

2.5 The Role of Rural Enterprise Project/BAC

The Rural Enterprise Project (REP) is part of Ghana Government's efforts to reduce poverty and improve living conditions in rural areas. With a total cost of US\$29.3 million, the project is financed by the Government of Ghana, the International Fund for Agricultural Development (IFAD) and the African Development Bank (AFDB). Implementation of the Project commenced in July 2003. The Ministry of Trade and Industry (MoTI) has since December 2007, assumed responsibility as the Ghana Government Executing Agency for the Project. The overall goal of the REP remains to contribute to alleviate poverty and improve living conditions in the rural areas and especially increase the incomes of women and vulnerable groups through increased self and wage employment. The immediate objective of REP remains to build a competitive rural micro and small enterprise sector in the participating districts. This will be supported by relevant, good quality, easily accessible and sustainable services. The interventions of the project are delivered through the four integrated technical components and supported by the project Coordination and Management Unit (PCMU) as follows: Business Development Services (BDS), Technology Promotion and Apprentices Training (TPSAT),



Rural Financial Services (RFS) and Support to MSE Organisations and Partnership Building. (Louknaa, 2010)

2.6 Sources of Finance and Strategies Adopted by SMES

Many surveys of enterprise finance in Africa point out that start-ups of micro-businesses in most countries are primarily funded by landlords, neighbours, friends and relations (RPED, 1993). Moreover, Hyuha et al. (1993) have noted that informal finance through friends and relations in Tanzania was an important source of agricultural financing. Atieno (1998) has realistic in a survey done in Kenya that about 70% of the respondents got their primary capital from family friends and relatives, while 81% got their working capital from the same basis. In both Ghana and Nigeria, steady growth in the flow of loan applications to informal lenders has been observed, and has been matched by steady increases in the numbers of loans granted by various informal lenders (Aryeetey, 1994)

In Ghana, the NBSSI was recognized to make available financial backing to small-scale industries. The Business Advisory Centre (BAC) that operates under the NBSSI was also established to facilitate access to formal and non-formal sources of credit to small – scale industries. The BAC promotes access to credit by supporting entrepreneurs to form associations; assisting associations to start mutual assurance schemes; assisting individual association members to guarantee for bank lending; disseminating knowledge on bank facilities, dealings and requirements; orienting banking officials with a view to make them acquainted with the potentials and practices of small-scale industrial entrepreneurs; and assisting in the development of business plans of enterprises for funding. Training in entrepreneurship is now generally seen as a strategy to speed the pace of industrial development in Ghana. Providing entrepreneurship training for micro-enterprises is one of the major activities of the BAC



2.7 Definitions and Concepts of SMEs www.uds.edu.gh

Small and medium scale enterprises is an old age phenomena but has not assumed a uniformly acceptable definition. Firms or enterprises varies in their levels of capitalization, sales and employment, hence definitions which employ measures of size (number of employees, turnover profitability etc , when functional to one sector could lead to all firms being off the record as small which may give dissimilar results when applied to different sector.

The first attempt to overcome this definition problem was by the Bolton committee (1971) when they formulated an ‘economic’ and a ‘statistical’ definition. Under the economic definition a firm is regarded as small if it meets the three criteria.

- i. It has a fairly small share of their market place.
- ii. It is managed by owners or part owners in a modified way and not through the medium of a formulated management structure.
- iii. It is independent in the sense of not forming part of a large enterprise.

The committee also devised a ‘statistical’ definition to be used in three main areas.

- a. Quantifying the size of the small firm sector and its contribution to GDP, employment, exports etc.
- b. Comparing the extent to which the small firm sectors economic contribution has changed over time.

Even though, an economic definition as well as statistical definition has been elaborated by the Bolton committee, several criticism have been ensued base on the following reasons; no single definition on criteria was used for smallness’, the definition considered the small firm sector to be homogeneous, however, firms may grow from small to medium and in some cases to large



2.8 Definitions of concepts of SMEs from Ghana <http://www.nbssi.gov.gh>

The definition for small and medium scale enterprises means different thing to different people, but the most commonly used criterion is the number of employees of the enterprise. In an attempt to apply this definition, confusion often arises in respect at the arbitrariness and cut-off points used by the various official sources. The Ghana statistical service (GSS) considers firm with less than 10 employees as small scale Enterprises and their counterparts with more than 10 employees as medium and large-sized Enterprises. Ironically, the GSS in it national account considered companies with up to 9 employees as small and Medium Enterprises.

An alternate criteria used in defining small and medium enterprises is the value of fixed assets in the organization. However the National Board of Small Scale Industries (NBSSI) which is the apex governmental body in small and medium enterprises in Ghana applies both the fixed asset and number of employees' criteria. It defines a small scale Enterprises as one with not more than 9 workers, has plant and machinery (excluding) land, buildings and vehicles) not exceeding 10 million cedis. Steel and Webster (1990), Osei *et al.* (1993) in defining small scale Enterprises in Ghana used an employment cut off point of 30 employees to indicate small scale Enterprises. The latter however disaggregated small scale enterprises into (3) categories;

- i. Micro-employing less than 6 people
- ii. Very small, those employing 6-9 people
- iii. Small between 10 and 29 employees

2.9 Small and Medium Enterprises Development Strategies

The economic rationale for small and medium Enterprises intervention suggests that an SME development strategy is in reality just a private sector development strategy," recognizing that the majority of firms are small, that they may face different constraints



and opportunities than large firms, and that the type of institutions and instrument best suited to their needs may be under provided in distorted and segmented markets. It points government action toward market completing intervention and the elimination of policy biases by

- a. Ironing out market failures that leads to cost disadvantages for SMES, restrict their access to markets and inhibit the development of markets for a range of financial and non-financial services appropriate for small firms.
- b. Improving transactional efficiency in financial, product and input markets relevant to SMES, by facilitating access to information and developing mechanisms to manage risk.

This approach is significantly different with the traditional SME promotion strategies, which is solely based on the direct and subsidized provision of financial and non-financial services to the SME. It dwells much on creating an enabling environment for SME competitiveness and on developing appropriate markets for SME relevant services rather than substituting for them. It tries to widen the coverage and impact of government programs by using the private sector to deliver services. At the institution level, the emerging approach to SME development has many parallels to the recent revolution in microfinance. It was recognized that the overall financial sector was necessary but not sufficient to bring financial services to the poor. To achieve loan-term viability of microfinance institutions, the approach emphasizes institutional strengthening, cost effective delivery and management and the charging of interest rates sufficient to cover the costs of small-scale lending. In the same vein, recognizing that SMES may need different types of services institutions, and delivery mechanisms than larger firms, the government by promoting innovation and building institutional capacity.



2.10 Small Scale Industries and Local Development Process in Ghana

The promotion of micro and small scale industries is lauded on the fact that large- scale industries has not been an engine of growth and a good provider of employment. Most of the working force in Ghana cannot be absorbed by the large scale and formal sector of the economy. It is based on this that promotion of SMEs, which are viable instruments of economic development can play a vital role in the local areas in Ghana. It is estimated that SMEs employ 22% of the adult population in developing countries (Daniels & Ngwira, 1993). The SME sub-sector which employs 15.5% of the labour force in Ghana (Parker et al, 1995) has experienced higher employment growth than large-scale enterprises (5% in Ghana).

According to Dinye (1991) small-scale industries play the following roles in the economy:

- Small-scale industries make use of the nations' idle materials which otherwise would go waste. For example cocoa husk used to produce potash for soap making;
- they offer a variety of activities which draw labour from the surplus rural labour force into the productive sector of the economy;
- they depend little on imports and therefore conserve foreign exchange;
- they provide a variety of goods and services to satisfy local needs;
- they provide outlets for the talents and energies of enterprising individuals because of their ease of entry and exit;
- they provide a seedbed for nursing entrepreneurial skills and testing ground for new industrial enterprises;
- they contribute to community stability, do less harm to the physical environment than large scale industries, stimulate local resource mobilization for investment and generally raise the level of popular participation in the economy;



- they induce linkages [within the industrial sector](http://www.indspira.com.sg) and with other sectors of the economy;

2.9 Why Small and Medium Scale Enterprises

Small and medium scale enterprise does not operate in a vacuum within the industrial sector various reasons accounts for its existence notably among the reasons are as follows: Large scale industry in recent time has not been an engine of growth and a good provider of employment, hence the need for the growth and development strategies for small and medium scale enterprises. In line with this the large scale industry have already receive enormous support through, general trade, finance, tax policy and direct subsidies.

Small and medium scale enterprise have existed to carry out fundamental functions in our country such as mobilize funds which otherwise would have been idle, have been recognize as a seed-bed for indigenous entrepreneurship; are labour intensive employing more labour per unit of capital than large enterprises, promote indigenous technological know-how, use mainly local resources, cater for the needs of the poor as well as adapting easily to customer requirements. From the afore-going it is evidently clear that, the small and medium scale enterprises play a yeoman's role in our society and therefore its existence is very crucial.

2.10 The Role and Characteristics of Small and Medium Scale Enterprises

It is clear that policy makers in their bid to accelerate the rate of growth in low income countries often rely solely on small-scale rural and urban enterprises. These enterprises have been recognized as the engines through which the growth objectives of developing countries can be achieved. They are potential sources of employment and income in many developing countries.



It is estimated that SME employ 22% of the adult population in developing countries (Daniel's 1994; Daniels Ngwira, 1992, Daniels Fisseha, 1992). However, some authors have contended that the job creating impact of small scale enterprises is a statistical flaw; It does not take into account offsetting factors that makes the net impart more modest (Bigger, Griddle and Snodgrass, 1998). It is argued that increases employment of small and medium enterprises is not always associated with increase in productivity. Nevertheless, the important role performed by these enterprises cannot be glossed over.

Due to their flexible nature, SMEs are able to withstand adverse economic conditions. They are more labour intensive than larger firms and therefore, have lower capital costs associated with job creation (Anheir & Seibel, 1987;) Liedholm & Mead, 1987; Schmitz, 1995). Since SMES are labour intensive, they have the tendency of succeeding in smaller urban centers and rural areas, where they can contribute to the more even distribution of economic activity in a region and can thus help to slow the flow of migration to large cities for greener pasture. They also improve the efficiency of domestic markets and make productive use of scarce resources, thus, facilitating long term economic growth.

2.11 Characteristics of Small and Medium Scale Enterprises in Ghana

What distinguishes the SMES from the larger firms is that the latter have direct access to international and local capital markets whereas the former are excluded because of the higher intermediation costs of smaller projects. SME in Ghana can be categorized into urban and rural enterprises. The former can be sub-divided into 'organized' and 'unorganized' enterprises. The organized ones tend to have paid employees with registered office whereas the unorganized category is manly made up of artisans who work in open spaces, temporary wooden structures or at home and employ little or in some cases no salaried workers. They are mostly on family members or apprentices.



Rural enterprises are largely made up of family group's individual artisans, women engaged in food production from local crops.

It is significant to note that small scale enterprises make better use of scarce resources than large scale enterprise. Research in Ghana and many other countries have shown that capital productivity is often higher in SMEs than is case with large scale enterprise (Sleel, 1977; Child, 1971). The reason for this is not farfetched; this is because SMEs are labour intensive with very small amount of capital invested.

Thus, it has been argued that promoting the SMEs sector in developing countries will create more employment opportunities, lead to more equitable distribution of income and will ensure increased productivity with better technology (steel and Webster, 1991).

2.12 Challenges Facing Small and Medium Scale Enterprises

There are outstanding industrial human resources, particularly deficiency of technicians, working in developing countries for SMEs. Furthermore, there are few educational institutions and job-related training centers that meet SME demands for human resources, often ensuing in a mismatch in the labor market. Moreover, few SMEs train their staff from a medium to long-term perspective. This has created a deficiency of manpower and is one of the utmost issues for the development of SMEs.

The majority of SME owners in developing countries run the enterprises themselves, with few possessing the skills to draw up medium to long-term business plans. Furthermore, they are unable to build up technical knowhow through research and development (R&D) due to a lack of financial resources. The lack of managerial and technical know-how seriously inhibits innovative start-ups and business diversification. Many SMEs in developing countries face a unceasing scarcity of funds.





Furthermore, it is tremendously complicated for SMEs to obtain funding from private financial institutions because they usually lack collateral for loans and the know-how to write business plans. Moreover, the loan amounts are small. As a result, they are unable to obtain financial support for medium and long-term investments essential for growth, and therefore are unable to battle in the market. In addition to the lack of funding, another problem for SMEs is their limited right of entry to financial possessions compared to larger companies.

According to UNCTAD (2011), Micro and Small Scale Enterprises in least developing countries faces the following problems; unfriendly legal and regulatory environment; ineffective Business development services; inadequate access to finance; inadequate public-private sector dialogue; competition brought about by trade liberalization; constraints on women to develop their entrepreneurial potentials.

The cost and cumbersome administrative procedures of legal regulatory environment discourage MSEs from formalizing their businesses. The inability of MSEs to regularize their businesses deprives them from the possibility to secure public contracts, access to credit, renewal of licenses and opportunities for subcontracting work.

Production in the industrial sector is now knowledge-based and competition occurs on the basis of both continuous innovation and price. Entrepreneurs need to muster design, have extensive knowledge of markets and technology, and become innovative. There is the need to support linkages and networking as a key mechanism to facilitate the development of SMEs. Only a small number of MSEs in developing countries benefit from Business Development Services. Most BDS are often confined to urban areas. (UNCTAD, 2011).

In some countries heavy reliance on donors and NGOs for the provision of BDS has resulted in a lack of continuity in their provision. Conflicts between the policies of

Governments and donors in the provision of BDS are not uncommon. Governments and NGOs alike develop support programmes without sufficient consultation or knowledge of each other's programmes, leading to rivalry, duplication of efforts, piecemeal interventions and inefficient use of scarce resources. (UNCTAD, 2011)

Lack of access to medium or long-term credit is a major constraint for those enterprises that wish to expand their activities. Reasons being that SMEs present a high risk to the lender and unfortunately most have poor accounting records and lack any other financial records. While trade liberalization has, in some cases, eased the supply constraints for small firms, it has also presented them with intense competition from foreign goods. (UNCTAD, 2011)

Research shows that although many women own or run microenterprises (and in many cases form the majority of micro-entrepreneurs), few of them enter the formal sector, and, as a result, only a small number of women's micro businesses graduate into SMEs. (UNCTAD, 2011)

Kayanula and Quartey, (2000) listed the following as constraints to the development of SMEs in Ghana and Malawi:

- Access to inputs, their availability or cost is an important problem.
- Access to finance remained a dominant constraint to small scale enterprises in Ghana.
- SMEs have difficulty with gaining access to appropriate technology and information on available techniques.
- Distribution channels, which are not efficient and are often dominated by larger firms, pose important limitations to market access for SMEs. In Ghana, demand constraints limited the growth of SMEs.



- Trade liberalization has made SMEs face greater external competition and the need to expand market share. For example, tailors in Techiman (Ghana) who used to make several pairs of trousers in a month went without any orders with the coming into effect of trade liberalization. (Riedel et al,1988)
- The problem of regulatory constraints was also cited with issues of high cost of business registration and long bureaucratic administrative constraints.
- SME have inadequate Entrepreneurial & Business Management Skills.

2.13 Conclusions

Drawing insights from the theoretical review, SMEs in developing or developed countries are pivotal to the growth of the economy especially the informal sector. The necessary support for the SME's should be accorded with all attentions. Besides, legislations necessary to protect the growth and development of SMEs should be put in place to enhance access to financial support and training to uplift entrepreneurial capacity of the small and medium enterprises operators.



METHODOLOGY

3.1 Introduction

The purpose of the research is to gain insight in to the sustainable strategies of small and medium scale enterprise in service delivery. The chapter provides an overview of the study's research methodology detailing the various techniques and tools which lies within both quantitative and qualitative paradigm. The scope of the chapter covers issues as research design, sample and sampling procedure, source of data, data collection technique and data analysis and presentation.

3.2 Research Design

This study is a descriptive and explanatory research that focuses on the survey of small and Medium Scale Enterprise in service delivery. The research employed both qualitative and quantitative methods of which questionnaires, face to face interviews, observation and in-depth interviews were used as research instruments to acquire data. The interview method was adopted in order for respondents to gain a thorough understanding of the problem under study. The study therefore draws evidence from the Wa Municipality.

3.3 Population, Sample Size and Sampling Procedure

The population of the study comprised of all small and medium enterprises operating in the Wa Municipality. The study dealt with SMEs that were registered with the Wa Municipal Assembly at the time of the research.

A multistage sampling procedure was used to classify and study area into zones. The zones were further divided into communities from which entrepreneurs were selected using simple random sampling. Purposive sampling was used to select the National Board for small scale Industries to obtain data on the support enterprises receive. The rationale



behind this technique is that www.nbsi.gov.gh NBSSI is a body that has detail data on the operations of small and medium scale business enterprises. Following Taro (1970) the sample size is determined by a formula specified as:

$$\text{Sample size} = \frac{N}{1 + N(e)^2}$$

Where N = total population

e = margin of error

There are 118 numbers of small and medium scale enterprises in the Wa Municipality. At 5% margin of error, the sample size is calculated as

$$\text{Sample size} = \frac{118}{1 + 118(0.05)^2}$$

$$\begin{aligned} \text{Sample size} &= \frac{118}{1 + 118(0.0025)} \\ &= 118/1 + 0.295 \\ &= 118/1.295 \\ &= 91.11969 \end{aligned}$$

Hence a total of 91 respondents were selected across the Municipality for investigation.

Simple random sampling

The simple random sampling was used to select the 91 respondents across the Wa Municipality who are into small and medium enterprises. A list of the registered businesses was obtained and the lottery method used to select respondents for the study.

Purpose sampling

Purposive sampling was used to select the National Board for small scale Industries to obtain data on the support enterprises receive. The rationale behind this technique is that



NBSSI is a body that has detail data on the operations of small and medium scale business enterprises www.nbssi.gov.gh

3.4 Data Collection

3.4.1 Types and Sources of Data

Data were collected from both primary and secondary sources. Primary data were collected directly from small and Medium Scale business owners through questionnaire administration. This covered issues such as background information of respondents. Institutions from which entrepreneurs receive support from and the kind of support they receive. Secondary data were sourced from the Municipal Assembly and the National Board for Small Scale Industries (NBSSI) on the institutions that offer support to entrepreneurs within the Wa Municipality. This covered the type and level of support given to Small and Medium Scale business owners.

3.4.2 Survey Instruments

Relevant information for the study was obtained from both primary and secondary sources of data. Questionnaires were the main tool to gather data from the primary sources. The importance of using questionnaire was to help obtain first-hand information as well as reach out to a variety of respondents. Participatory Rural Appraisal, precisely interview was applied in gathering data from non-literates or people who have difficulty in reading and understanding the English language.

3.5 Methods of Data Analysis

Questionnaire from field survey were coded and entered into the Statistical Package for Social Scientist (SPSS) worksheet. All necessary transformation of data was done using the SPSS. Quantitative data were analyzed with the use of descriptive statistics. Basically SPSS was used to tabulate and calculate the various descriptions of some important variables.



ANALYSIS AND DISCUSSION OF RESULTS

4.1 Introduction

This chapter presents empirical findings from the field and a detailed discussion is done under each subject matter. First, analysis of findings is done under the socio-demographic characteristics of the respondents. Several variables are being discussed with much focus on the assessment of sustainable business strategies of small and medium scale enterprises in service delivery. The specific objective is to discover the institutions that give support to small scale businesses, to discover the strategies employed by small and medium scale enterprise in their business preparation and the role played by the institutions that give support, to examine the effect of the support on small scale business on livelihood, to ascertain the level of sustainability of the support and to discover the challenges faced by small and medium scale enterprises and mechanism put in place to address these challenges.

4.2 Socio-demographic Characteristics of Respondents

Socio-demographic variables captured include respondent's sex, marital status, ethnicity, religion and level of education. The distribution of these characteristics is shown in Table 4.1.



Table 4. 1: Socio-demographic characteristics of Respondents

Variable	Category	Frequency	Percentage
Sex	Male	53	58.2
	Female	38	41.8
	Total	91	100.0
Marital Status	Single	8	8.8
	Married	79	86.8
	Divorced	4	4.4
	Total	91	100.0
Ethnicity	Waala	57	62.6
	Ashantes	5	5.5
	Frafra	16	17.6
	Dagaaba	13	14.3
	Total	91	100.0
Religion	Christianity	11	12.1
	Islam	80	87.9
	Total	91	100.0
Education	Primary	16	17.6
	JHS	13	14.3
	SHS	22	24.2
	Tertiary	16	17.6
	No education	24	26.4
	Total	91	100.0

Source: Field Survey, 2018

From Table 4.1, out of 91 respondents 53 are males and represents 58.2% while 38 are females and represents 41.8% of respondents in the survey. The results indicate that each category of male and female has a relatively fairly representation in the sample which implies that both males and females entrepreneurs engage in Small and Medium scale Enterprises (SMEs) in the Wa Municipality. However, the fact that the proportion of male population (58.2%) outweighs that of female's proportion (41.8%) suggest that engagement in SMEs is dominated by males than females.

The survey also reveals different categories of marital status of respondents to include single, married and divorced. The results in Table 4.1 indicate that 8.8% is single, 86.8% is married and 4.4% divorced. Married people often have social problems such as household burden in terms of livelihood. Such households need to engage themselves in



strategies that will bring income for sustenance thus underscoring the reason for majority (86.6%) of the respondents to be married couples. The relatively smaller proportion (4.4%) of divorced people in the survey may be directly corresponds to their number in the study population.

It has been discovered from the survey that entrepreneurs in the Wa Municipality are heterogeneous in terms of ethnic backgrounds. Different ethnic groups exist as SMEs operator in the area. They include Waala, Frafra, Dagaaba and Ashantes. Besides, Waala represents 62.6% of the sample. The others are Frafra (17.6%), Dagaaba (14.3%) and Ashantes (5.5%). The greater representation of Waala in the sample suggest their predominance in the study area and to some extent their higher concentration in entrepreneurial activities. On the other hand, the other categories have small populations in the study area.

Furthermore, the distribution of respondents by religion reveals that 11 respondents belong to Christianity which represents 12.1% while those that belong to Islamic religion are 80 and represents 87.9% of the sample. This shows that the dominant religion among the respondents is Islam. This feature is not only found among respondents but the entire study area. However, some Traditional religious believers exist in among the study population but their non-representation in the sample may suggest that they are not engage in SMEs activities. Such category of people may engage in the conversional peasant farming traditionally practiced in the area.

Respondents in the sample have different levels of education. Various categories discovered include Basic education, Secondary education and Tertiary education. Some respondents have also not received education at all. The results in Table 4.1 show that 16

respondents representing 17.6% have not received formal education beyond primary school while 13 representing 14.3% had formal education up to Junior High School. These two categories of respondents together constitute those with basic education. About 22 respondents representing 24.2% of the sample had education up to Senior High School while 16 people representing 17.6% had tertiary education. Respondents with no level of formal education 24 representing 26.4%. This therefore, implies that about 67 respondents representing 73.6% had at least basic education that probably will enable them to read and understand business ethics.

Other variables describing the socio-demography of respondents include age and household size. These are measured differently from those previously discussed. They are continuous variables and are therefore measured in discrete form. The results are shown in Table 4.2.

Table 4. 2: Age and Household Size of Respondents

Variable	Observation	Minimum	Maximum	Mean
Age	91	20	58	34.70
Household Size	91	1	14	6

Source: Field Survey, 2018

The result of the survey also point out from Table 4.2 that the mean age of respondents is 35 ranging from 20 to 58. This suggests that all entrepreneurs are within the working class of the Ghanaian labour force. There is therefore no evidence of child labour or the aged in the production process in the district. On average, a household is made up of 6 people which range from 1 to 14 people. The relatively larger household size in some cases therefore, suggests that members of the household can some be of an important source of assistant to the entrepreneur. This can be areas of financial support or serving as a source of labour to the enterprise. The heterogeneity in respondent's socio-demographic characteristics of respondents will therefore have implication on enterprise characteristics



with respect to product or [service, management, access to support and strategies](http://www.icaspace.com.gh) in business operations.

4.3 Enterprise Characteristics and Managerial Decisions

Entrepreneurs engage in different types of business in different. The average years of experience in business is 9 years ranging from 1 to 34 years. The various SMEs discovered from the survey is shown in Table 4.3

Table 4. 3: Types of Small and Medium Enterprises

Enterprise	Frequency	Percentage
Bakery	1	1.1
Barbering	4	4.4
Boutique	4	4.4
Cosmetics	1	1.1
Electricals	1	1.1
Fitter	3	3.3
Food vender	8	8.8
Hair dressing	1	1.1
Provisions	48	52.7
Sale of animals	2	2.2
Sale of drinks	1	1.1
Sale of motor spare parts	1	1.1
Seamstress	3	3.3
Shea butter extraction	8	8.8
Tailor	3	3.3
Units transfer	2	2.2
Total	91	100.0

Source: Field Survey, 2018

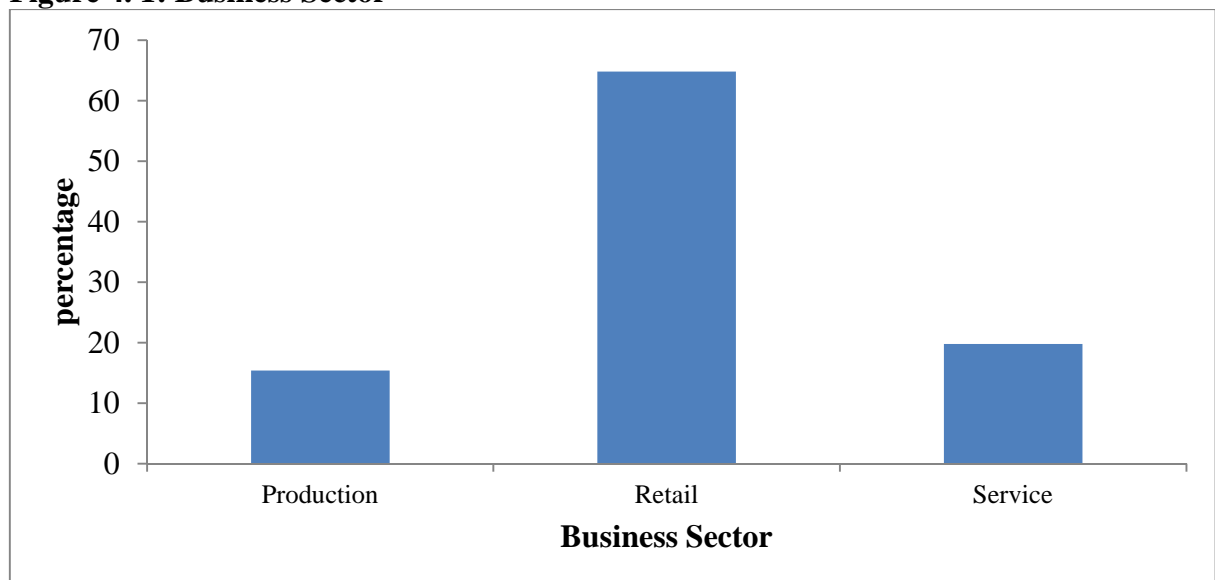
From Table 4.3, about 48 respondents representing 52.7% engaged in selling provisions as their business venture. This is the dominant activity in the area engaged in by all categories of respondents irrespective of their socio-demographic characteristics. Sale of provisions remains the basic enterprise because of its relatively easy formation that requires less technical know-how. Next to the sale of provisions are food vender and shea butter extraction where about 8.8% of respondents engage in both activities. Entrepreneurs that engage in food vender use local raw materials such as farm produce. The relative easy access to raw materials explains why many respondents are engaged in it. Finally, shea butter extraction is a common business especially for rural women in northern Ghana. The



situation of entrepreneurs in the Wa Municipality is not different. Rural women engage in it because of high demand couple with relative availability of raw materials. A list of other minor activities engaged in by entrepreneurs is shown in Table 4.3 with their respective percentages.

Further analysis of the business activities revealed that majority (64.8%) of the entrepreneurs operate as retailers, 18 respondents representing 19.8% operates in the service sector while 14 respondents representing 15.45 operates in the production sector. Details of the business sector operated by respondents is shown in Figure 4.1

Figure 4. 1: Business Sector



Source: Field Survey, 2018



From Figure 4.1, majority of respondents operates in the retail business probably because of easy formation couple with available demand. The production sector remains relatively small because most households engage in peasant cultivation of crops which they consider as subsistence venture and not something for profit making. It is however interesting to know that all entrepreneurs despite the sector of operation have competitors and remain as sole proprietors.

Respondents were therefore asked to share their opinions on the degree of competition. The result points out that 53 of the representing 58.2 % believe that the level of competition is very high, 36 respondents representing 39.6% were of the that the level of competition is moderately high while the remaining 2 respondents representing 2.2% reported that they face limited competition.

Respondents were asked on their areas of competitive advantage and the responses include low price, product quality, technological innovation and speed to market. The result is shown in Table 4.4.

Table 4. 4: Areas of Competitive Advantage

Competitive Advantage	Frequency	Percentage
Low Price	40	44.0
Product quality	31	34.1
Technological Innovation	8	8.8
Speed to market	12	13.2
Total	91	100.0

Source: Field Survey, 2018

From Table 4.4, about 40 respondents representing 44% use low price strategy as a way of breaking through the market. Besides, 31 respondents representing 34.1% focus their attention on product quality as a way of competing with other entrepreneurs. About 12 respondents representing 13.2% use relative speed to market as their competitive advantage while 8 respondents representing 8.8% use product innovation to compete with others in the market. This finding implies that even though many entrepreneurs operate in similar enterprise with very high level of competition yet different strategies are being employed to penetrate into the market and have advantage over others.

Business men sometimes form groups/associations with a common objective to enhance business activities. Small evidence of this was observed from the survey. Only small proportion (20 respondents) representing 22.0% belong to business association. Respondents explain that such associations were formed for different purposes including





access to credit, business expansion, improving on quality, quality service delivery, reduce poverty and for skill development. Despite all the advantages of joining these groups, it was realised that 71 respondents representing 78% have not join these associations. This suggests that many business men in the Wa Municipality will lack opportunity to derive benefits business association can bring to business development.

4.4 Institutions that give Support to SMEs

It was discovered from the survey that institutions give credit, information and training as support to SMEs. The credit is given both in a form of cash and kind while the information and training are on areas of where, when and how to access adopt innovation for business development and growth. The following institutions ever showed interest in supporting SMEs: ASONGTABA, BAC, Banks, Credit Union, LESDEP, Microfinance Institutions, MTN, PARED and REP. they all engage in giving credit, information and training services to business managers.

4.4.1 Credit Support

Credit is an investment capital that entrepreneurs can use to unlock their potentials and therefore extend their production frontier. It was observed that 35 respondents representing 38.5% of the sample have access to credit while the remaining 56 representing 61.5% did not access credit. Credit beneficiaries therefore accessed it from different sources including credit from relatives/friends, Susu, microfinance, NGO and Bank. The source of credit to managers of SMEs is shown in Table 4.5.

Table 4. 5: Sources of Credit

Source of Credit	Frequency	Percentage
Friends/Relatives	2	5.7
Susu	10	28.6
NGO	8	22.9
Microfinance	4	11.4
Bank	11	31.4
Total	35	100.0

Source: Field Survey, 2018

From Table 4.5, credit from the bank which is a proxy to formal credit is the common source to business men and women. It was observed that 11 respondents representing 31.4% of credit beneficiaries accessed credit from this source. This is quite impressive since rural people in the case of Ghana sometimes find it difficult to access formal credit. Constraints with respect to lack of collateral are most often cited. Besides, access to Susu credit is common among the respondents. About 28.6% of credit beneficiaries have access to this source. This finding depicts the case of rural credit demand in Ghana where access to informal credit is featured in the credit market. However, only 5.7% of credit beneficiaries have access to credit from relatives and friends. Credit from NGOs and Microfinance represent the Semi-formal sources of credit. The results point out that about 22.9% and 11.4% of credit beneficiaries have access to NGO and microfinance credit respectively.

4.4.2 Information

The support institutions also render information services to business men and women. Such information is with respect to source of demand and supply of products, product quality, consumers' preference and market orientation. Institutions therefore disseminate information to the clients using different vehicles. Prominent among them include radio, television and workshops. Source of information to clients is shown in Table 4.6.

Table 4. 6: Sources of Information

Source of information	Frequency	Percentage
Radio	30	33.0
Television	54	59.3
Workshop	7	7.7
Total	91	100.0

Source: Field Survey, 2018

From Table 4.6, majority (59.3%) of respondents access business information through television programmes. Secondly, radio announcements play important role in information



dissemination. This is usually through local FM stations in the Municipality. About 30 respondents representing 33.0% of the sample access information through the radio. The use of workshops is also common in creating the awareness of business men and women about the business environment. However, the result of this study shows that only small proportion of clients (7.7%) access information through attendance of workshops.

4.4.3. Training

Support institutions offer training service to the operators of SMEs. The survey revealed that 14 respondents representing 15.4% of the sample received training from support institutions while 77 respondents representing 84.6% did not receive any form of training. The training programmes are organised and delivered to clients by several support institutions. They include: ASONGTABA, MASLOC, LESDEP, Quality First, REP and Sinapi ABA.

Respondents still share the view that some institutions are not willing to offer maximum support to SMEs. About 48 respondents representing 52.7% share the belief that the following institutions could assist but showed no interest. They are Banks, Credit unions, District Assembly, LESDEP, Microfinance Institutions, NGOs and REP. However, their inability to assist is explained by some challenges. Table 4.7 shows support institutions and their areas of weakness.

Table 4. 7: Support Institutions and their Areas of Weakness

Institution	Areas of Weakness
Banks	Collateral, high interest
Credit Unions	High Interest
District Assembly	-
LESDEP	-
Microfinance Institutions	-
NGOs	Inadequate support
REP	-

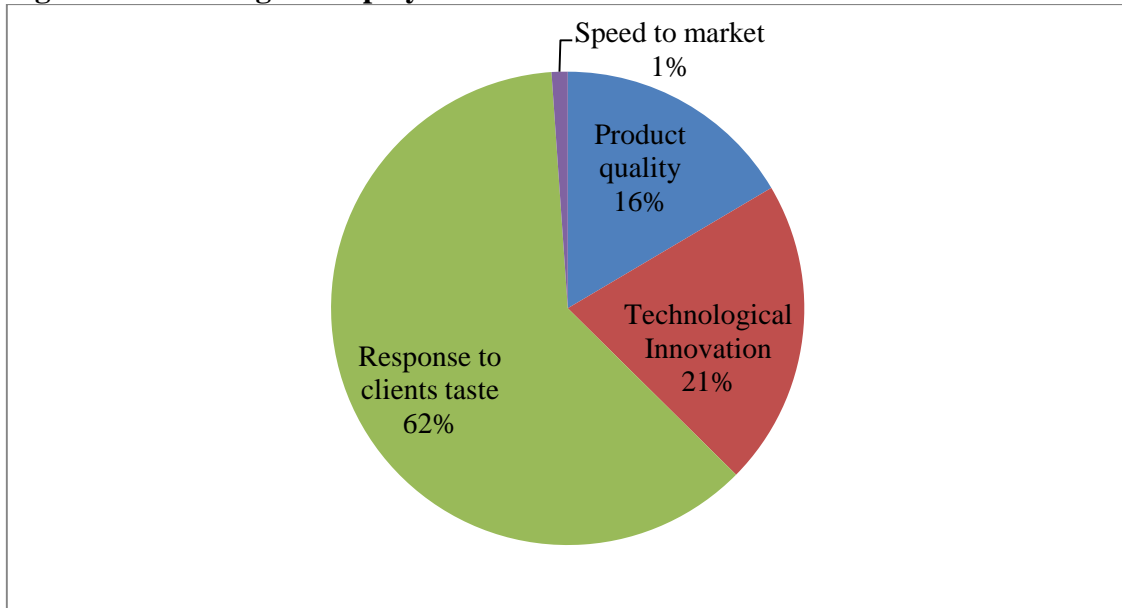
Source: Field Survey, 2018



4.5 Strategies Employ by SMEs in Business Operation

Small and Medium Enterprises use different strategies in their operations. The prominent ones discovered from the field include speed to market, product quality technological innovation and response to clients taste. Figure 4.2 shows the common strategies that are being used.

Figure 4. 2: Strategies Employed



Source: Field Survey, 2018

From figure 4.2, majority (62%) of the respondents use response to clients taste. They share the view that good customer care will enhance business expansion. Next to response to client taste is technological innovation. About 21% of respondents use technological innovation as a strategy to capture the market while 16% use product quality. Finally some try to move their products to the market early enough to capture the attention of consumers.

About 87 respondents representing 95.6% were observed to have Competitive Advantages. Prominent among these advantages include: innovation, product quality,



response to client and speed to market. These advantages lead to business expansion, increase market share and skill development and training.

Apart from the dominant and widely practiced strategies adopted by respondents, other strategies also exist which are sometimes used to achieve competitive advantage. Entrepreneurs therefore use them in addition to the main strategies. Table 4.8 shows the other strategies and the percentage of respondents using them.

Table 4. 8: Other Strategies Employ by SMEs

Other Strategies	Frequency	Percentage
Advertisement	1	1.1
Constant supply	2	2.2
Customer care	33	36.3
Distribution technique	2	2.2
Information sourcing	4	4.4
Low price	13	14.3
Market segmentation	2	2.2
No Strategy	17	18.7
Product packaging	6	6.6
Product quality	3	3.3
Production	1	1.1
Promotions	2	2.2
Research	3	3.3
Response to clients	1	1.1
Speed to market	1	1.1
Total	91	100.0

Source: Field Survey, 2018

It was found out that 58 respondents which represent 63.7% of the respondents believe that there is a symbiotic relationship among the main strategies used and that of the other strategies while 33 respondents representing 36.3% do not share this opinion. Those who believe that the two categories of strategies have symbiotic relationship justify that in a number of ways. The following reasons are the justification of the symbiotic relationship between major strategies employed and other strategies: business growth, constant supply, customer care, experience, increase market share, increase profit, increased knowledge, reduce competition, supervision and tool for appraisal. About 59 respondents representing 64.8% used these strategies together to have their objectives realized and therefore



recommend the utilization of both strategies while 32 respondents representing 35.2% do not share this opinion.

4.6 Effects of Institutional Support to Small Scale Businesses on Livelihood

Further investigations revealed respondents opinion on the effects of institutional support to small scale enterprises. Observation from field revealed that about 32 respondents representing 35.2% confirmed that institutional support has enhanced their livelihood activities. However, 59 respondents representing 64.8% of the sample population failed to agree to the proposition that institutional support has enhanced livelihood.

Elements of livelihood believed to be improved include employment via business expansion and income. About 4.4% of respondents believe that institutional support enhances employment creation, 25.3% confirmed that institutional support improves income while 5.5% maintained that support given by institutions creates business expansion.

Respondents support strongly that the absence of institutional support would have resulted in collapse of business, low market share and low profit. Respondents therefore, maintain that lack of such support services would have collapsed their businesses. The reason given was that such supporting schemes boost and argument their starting capital. Besides, supports in a form of training services gives new ideas with respect to business management.

However, when analyzing the extent of the support on livelihood, respondents shared somewhat pessimistic ideas. About 33.3% indicate that the extent of the support on livelihood is moderately effective, 2.2% maintain that it is not effective at all while only 2.2% stand strongly that the extent of the support is very effective. This therefore provides mixed finding on the extent of the support in livelihood enhancement.



Given that institutional supports has not enhanced livelihood or extend of support on livelihood enhancement not effective by some respondents opinion, provides enough evidence that institutional support to SMEs in the Wa Municipality has not fully achieved the objective of business expansion. Many of the respondents did not feel the effect of the support on their livelihood enhancement.

4.7 Challenges Faced by SMEs

The challenges faced by managers of SMEs were identified from literature. They include financial, technical and administrative constraints. The challenges identified were ranked by respondents according to more pressing ones using a non-parametric statistical method. Specifically, Kendal's Coefficient of Concordance was used to test the level of agreement among respondents on the raking of challenges facing them on their business growth and expansion. Table 4.9 shows the results of Kendal's test.

The challenges were ranked by respondents using a scale of 1-3 with a value of 1 being assigned to the most pressing challenge and 3 assigned to the least pressing challenge. From Table 4.9, the value of Kendall's coefficient (W) is 50.6% with a chi-square value of 92.088. With 2 degrees of freedom, the value of W is significant at less than 1%. This suggests that there is about 50.6% agreement among respondents on the challenges facing them in business operation.

Table 4. 9: Challenges Faced by SMEs

Constraint	Mean Rank	Rank
Financial	1.27	1
Technical	2.03	2
Administrative	2.69	3
N = 91, Kendall's W = 0.506, Chi-square = 92.088, df = 2, Asymptotic Sig = 0.00		

Source: Field Survey, 2018



4.7.1 Financial Challenges www.udsspace.uds.edu.gh

From Table 4.9, respondents ranked financial challenges as the most pressing challenge. It has a mean rank of 1.27 with rank 1. This suggests that of all challenges faced by SMEs, financial challenge is more pressing than all.

4.7.2 Technical Challenges

From table 4.9, respondents demonstrated by ranking technical challenge as the second most pressing challenge which has a mean rank of 2.03 with rank 2. This suggests that of all the challenges that face small and medium scale enterprises is technical challenge ranked second to the financial challenge as it is vividly seen in the literature.

4.7.3 Administrative Challenge

Despite the low education rate among the respondents one would have thought that administrative challenge would have ranked first, but it is rather the reverse. From the Kendall's coefficient test which has been analysed in table 4.9, it is clear that administrative challenge has a mean rank of 2.69 with a ranked of 3.

Respondents are therefore of the view that these challenges result in low business expansion, low market share, low stock, decrease innovation among others. As a result various mechanisms are being put in place as ways of minimizing the effects of the challenges. They include engagement in other livelihood strategies to raise income to augment the business, product differentiation, consultancy to get ideas, motivation and internal and seeking for external support.



Table 4. 10: Strengths, Weakness, Opportunities and Threats of SMEs

Strengths	Weakness	Opportunities	Threats
Adequate capital, Business expansion, Good location, High demand, Innovation, Product quality, Quality personnel, Quality service delivery, Small population.	Delay in support, Inadequate capital, Lack of collateral, Limited time to payback, Not consistent, Poor customer relation, Size of enterprise.	Access to credit, Customer satisfaction, Good will, High population, Increase market share, Product quality, Sales branches.	Competition, High interest rate, High risk, Low supply of inputs, No credit facility, Restrictions, Transport cost.

Source: Field Survey, 2018

Respondents were also asked whether the support institutions have some strength, weaknesses, opportunities as well as threats. It was revealed from the table 4.10 that adequate capital business expansion, good location, quality service delivery services as the strength of the support institutions. Delay in support, inadequate capital, limited time to payback were observed to be the weaknesses while customer satisfaction, access to credit were seen to be the opportunities. The research further reveals that competition, high interest rate and transport cost were the threats aligned to support institutions in their bid to enhance small and medium scale enterprises in service delivery in the Wa Municipality.



SUMMARY, FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarises the findings of the research and draws conclusions. It also offers suggestions and recommendations in relation to the study.

5.2 Summary of Major Findings

This research is focused on assessing sustainable business strategies of small and medium scale enterprises in service delivery, using Wa Municipality as a case study. The study specifically had the following objectives.

- To discover the institutions that give support.
- To discover the strategies employed by small and medium scale enterprises in their businesses preparation and the role played by the institutions that give support.
- To examine the effects of the support on small and medium scale enterprises on livelihood.
- To discover the challenges faced by small and medium scale enterprises and mechanisms put in place to address these challenges.

A questionnaire was used to collect data from 91 respondents which constituted men and women who were into small and medium scale enterprises. It was found out that 64.8% of the entrepreneurs operate as retailers, 18 respondents 19.8% operate in the service sector while 14 respondents representing 15.45% operate in the production sector.

It was also revealed that respondents have different levels of education. Various categories discovered include Basic Education, Secondary Education and Tertiary Education. The research also revealed that 11 respondents belong to Christianity which represents 21.1% while 80 respondents which represent 87.9% belong to the Islamic religion.



Furthermore, the research also revealed that there has been some level of competition in the business sector. The results point out that 53 of the respondents representing 58.2% believe that the level of competition is very high while 36 respondents representing 39.6% were of the view that the level of competition is moderately high.

Also, the findings reveal that, respondents use several strategies in their business preparations. Notably among them include response to client taste, speed to market, product quality and technological innovation. Majority 62% of the respondents use response to clients taste. They share the view that good customer care enhances business expansion. Next to response to clients taste is technological innovation. 21% of respondents use the above strategy to capture the market while 16% use product quality.

Finally, the challenges identified were ranked by respondents according to more pressing ones. It was then revealed that financial was ranked as one indicating how pressing it was followed by technical and administrative.

5.3 Conclusions

From the findings, it can be concluded that the business strategies adopted by small and medium scale enterprises in service delivery has had a positive effect on their business preparation as well as expansion as this was vividly seen among the various respondents.

It is also clearly seen that, there are institutions that give support to small and medium scale enterprises which has enhanced effectively the business growth as well as expansion.

It can be seen that 35 respondents representing 38.5% have access to credit while the remaining 56 respondents representing 61.5% did not access credit.

The respondents agreed that credit from the bank which is a proxy to formal credit is a common source to businessmen and businesswomen. This is revealed as imperative since rural people in the case of Ghana sometimes find it difficult to access formal credit.



It can also be concluded that [respondents from small](http://www.uns.gov.ug) and medium scale enterprises who adopt major strategies as well as other strategies often have their objectives realised because of their symbolic relationship which is couple with the seriousness, hardworking and commitment to their business activities.

5.4 Recommendations

Much is already happening, but much more remains to be done. Experience to date shows that small and medium scale enterprises can benefit a great deal from adapting appropriate strategies in their business preparation as well as growth and that even the deprived person can improved finest, most marginal business if he/she is given the right kind of strategy in the right way. The following recommendations will propel small and medium scale enterprises if they are adhered strictly.

- Institutions should increase the amount of credit facilities given to small and medium scale enterprises to enable them boost their productivity.
- All small scale enterprises support agencies should be encouraged to establish a special programme or desk to address the needs of small and medium scale enterprises.
- People who have benefited from the support institutions should be given training on how to keep proper records of their business so as to determine the success or failure of their businesses.
- Beneficiary of credit from support institutions should cultivate the habit of reimbursing the institutions at the specified time frame to ensure sustainability of the support.



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APPENDIX QUESTIONNAIRE

This questionnaire is seeking your opinion in an effort to solicit information to write a thesis on the topic “Assessing sustainable business strategies of small and medium scale enterprises in service delivery in the Wa Municipality”. This study is being conducted in partial fulfilment of the award of Masters of Science degree in Development Management. Your opinion is therefore needed for academic purpose only and will be treated confidential.

1. Interviewer’ name.....
2. Questionnaire number.....
3. Interview start time.....
4. Interview end time.....
5. Date of Interview...../...../.....

A. Background Information of Respondents

1. Sex of respondent a. Male b. Female
2. Age of respondent.....
3. Marital status a. Single b. Married c. Devoiced d. Widowed/ Widower
4. Household size.....
5. Ethnicity a. Waala b. Frafra c. Dagaaba d. Ashante Specify if any other.....
6. Religion a. Christianity b. Islam c. Traditional
7. Level of education (years spent at school).....

B. Enterprise Characteristics and Managerial Decisions

8. Type of enterprise kept.....
9. Business sector a. Production b. Retail c. Manufacturing d. Service
10. Form of ownership a. Sole proprietorship b. Partnership c. Limited liability company d. Co-operative society
11. Number of years since start up.....





12. Do you have competitors? www.udspolice.uds.edu.gh a. Yes [] b. No []

13. What is the level of competition?

a. Very high [] b. Moderately high [] c. limited []

14. What is your competitive advantage? a. Low price [] b. Product quality []

c. Technological innovation [] d. Speed to market []

15. Do you belong to any business association? a. Yes [] b. No []

16. What is the goal of such an association?

.....

Institutions that give Support to Small and Medium Scale Businesses

17. What is the main source of finance to your business?

18. Do you take credit to support your business? a. Yes [] b. No []

19. What is the source of this credit? a. Friends/Relatives [] b. "Susu" [] c.

NGO [] d. Traders [] e. Moneylender [] f. Microfinance [] g. Bank []

20. What is your source of information about your business development and growth?

a. Radio [] b. Television [] c. Internet [] c. Workshop []

21. Have you ever attended any training programme on business development and /or growth? a. Yes [] b. No []

22. Please list training programmes attended

.....

Has any organization ever showed interest in your business? a. Yes [] b. No []

23. Please list such organization and their area of interest

Private /Government Body	Area of interest



24. Do you think there are [some institutions which could assist you](http://www.mba.pace.edu) but showed no interest in your business? a. Yes [] b. No []
25. Please list such institutions and their area of weakness

Private /Government Body	Area of Weakness

C. Strategies employed by small and medium scale enterprises

26. What business strategies are employed by SMEs to have their objectives achieved?
 a. technological innovation [] b. Product quality [] c. Response to client taste []
 d. Speed to market
27. Do you have competitive advantage to any of the strategies employed? a. Yes [] b. No []
28. If yes, which of the above strategies is cost effective in your business preparation?

29. Why do you consider it as a cost effective business strategy?
 a. Business expansion [] b. Increase market share [] c. Skill development and training []
30. Does the business strategy you employ haven a long/medium/short term effect?
 a. Yes [] b. No []
31. What other business strategies do you adopt apart from your own designed ones?

32. Are the strategies adopted seemed to have symbiotic relationship with that of your business strategies? a. Yes [] b. No []
33. If yes, how?.....



34. Do you use one/combine both yours and the external to have your objectives realized?

a. Yes [] b. No []

D. If yes, would you recommend/advice the utilization of both?

.....

Challenges faced by SMEs

35. Are SMEs in their bid to expand and go through challenges? a. Yes [] b. No []

36. If yes, what are the type of challenges they go through?

a. Technical [] b. Administrative [] c. Financial []

37. Do you have your own improvised remedies to the challenges? a. Yes [] b.

No []

38. If yes, what are they?

39. Are these challenges haven long/medium/short term effect on business expansion of the said SMEs?

40. If any of the three (3), what then is the effect?

41. What administrative/technical mechanism(s) have you employed in addressing these challenges?

E. Roles of institutions to Small and Medium Scale Businesses

42. Do you think communication plays a role in your business? a. Yes [] b. No []

43. Please state some roles that the mass media play in your business development

Source	Role
Radio	
Television	
Internet	



44. Which institutions do you think play the role of communication?
www.uadsbpcce.uas.edu.gh

.....

45. Do you have any institution playing the following roles in your business?

Institution	Role
	Technological development and transfer
	Education with regard to marketing, risk and uncertainty
	Supply of inputs as credit, raw materials
	Actors in the production chain such as those who buy your product in bulk
	Business registration with local units
	Accessing customers

F. Effects of Institutional Support to Small Scale Businesses on Livelihood

46. What are the major constraints you business faces?

.....

Please indicate some of these constraints any institution has made an attempt to address

Institution	Constraint addressed

47. Would you say the support given by these institution has enhances livelihood?

a. Yes [] b. No []

48. Which of the following livelihood outcomes would you say has improved resulting from institutional support? (you can select more than one if applied)

a. Employment [] b. Income [] c. Business expansion d. Social obligation



49. What do you think would have happened to your business without institutional support?

.....
..... To

what extend has institutional support on your business influenced livelihood

- a. Very effective [] b. Moderately effective [] c. Not at all []

G. Sustainability of Institutional Support to Small Scale Business

50. Do support institutions have some conditions attach to their offer?

- a. Yes [] b. No []

51. Have you been fulfilling the conditions of support institutions? a. Yes [] b.No []

52. Does the support the institutions offer regular? a. Yes [] b. No []

53. Please indicate the strengths, weakness, opportunities and threats of support for your enterprise

i. Strength

.....

ii. Weakness

.....

.....

iii. Opportunities

.....

iv. Threats