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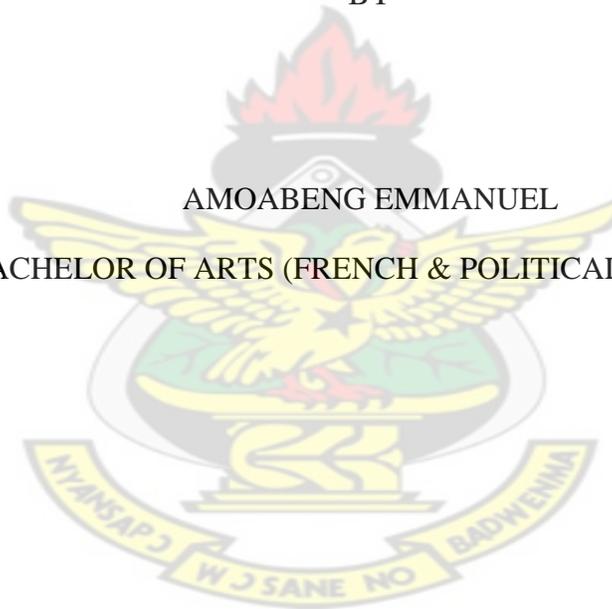
FINANCIAL MANAGEMENT KNOWLEDGE AMONG ENTREPRENEURS IN THE
POULTRY INDUSTRY: A CASE OF THE DORMAA MUNICIPALITY

KNUST

BY

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BACHELOR OF ARTS (FRENCH & POLITICAL SCIENCE)



OCTOBER, 2011

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A DISSERTATION SUBMITTED TO THE INSTITUTE OF DISTANCE LEARNING,
KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY,
KUMASI, IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE
AWARD OF THE DEGREE OF MASTER OF COMMON WEALTH EXECUTIVE
BUSINESS ADMINISTRATION (CEMBA).



OCTOBER, 2011

DECLARATION

I hereby declare that this submission is my own work towards the CEMBA and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the university, except where due acknowledgement has been made in the text.

AMOABENG EMMANUEL _____

(PG 3034209)

Signature

_____ Date

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Certified by:

MR. JOSEPH OSCAR AKOTEY _____

(Principal Supervisor)

Signature

_____ Date

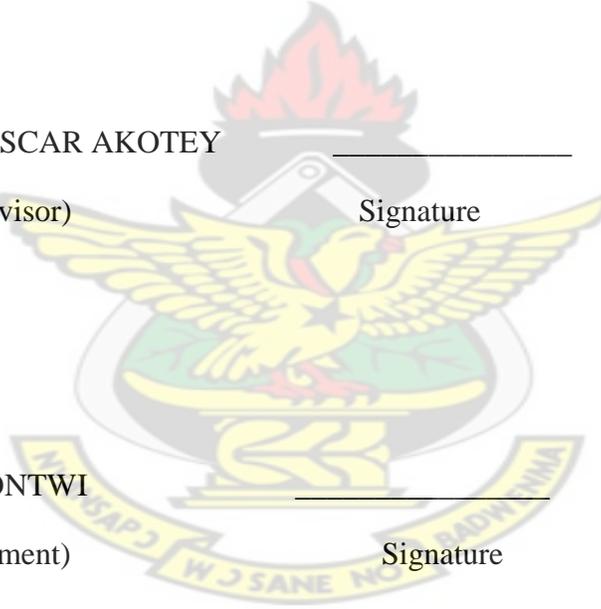
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PROF. I. K. DONTWI _____

(Head of Department)

Signature

_____ Date



DEDICATION

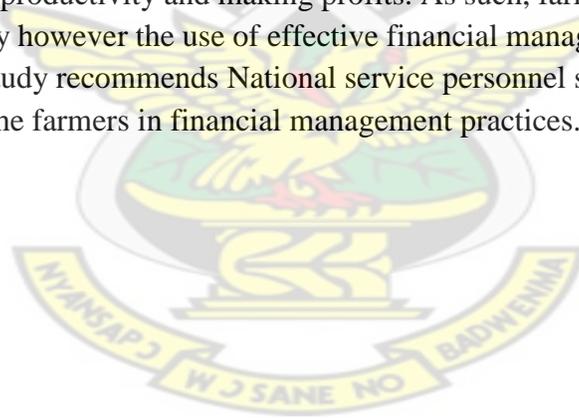
This work is dedicated to the Most High God whose divine guidance and strength has made it possible for me to successfully complete this programme and second to my dear father of blessed memory, Williams Ansu AMOABENG and, my mother Martha Tutuaa, and my children, for making me what I am.

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ABSTRACT

This study is important because available literature indicates that, most poultry businesses tend to collapse some few years after being set up (Bank of Ghana, 2008; Tham-Agyekum & Appiah, 2010). The situation has been attributed to limited knowledge in financial management practices employed by farmers. This therefore necessitates a study to find out the financial management of the poultry industry in order to propose measures to streamline the situation. Despite the importance of professional financial management to the growth of a poultry business, farmers often consider it as a difficult task (Loggia, 2006) and therefore the decisions they make are guided by vague estimates and guesses based on their past experience of farming (Johl & Kapur, 2001). In the light of the above challenges, this study seeks to investigate the financial management knowledge among farmers in the poultry industry: using Dormaa Municipality as a case study. The research would be a survey with the use of a qualitative method of analysis. Primary and secondary data were used for the study and these emphasized on information collected through questionnaire and books/journals respectively. The study showed that the poultry industry in Ghana and for that matter Dormaa Municipality is contributing effectively the growth and development through the provision of food, employment and taxes to the economy. Many of the farmers are particular about productivity and making profits. As such, farmers employ all means to ensure efficiency however the use of effective financial management practices has been minimal. The study recommends National service personnel should be posted to the sector to assist the farmers in financial management practices.



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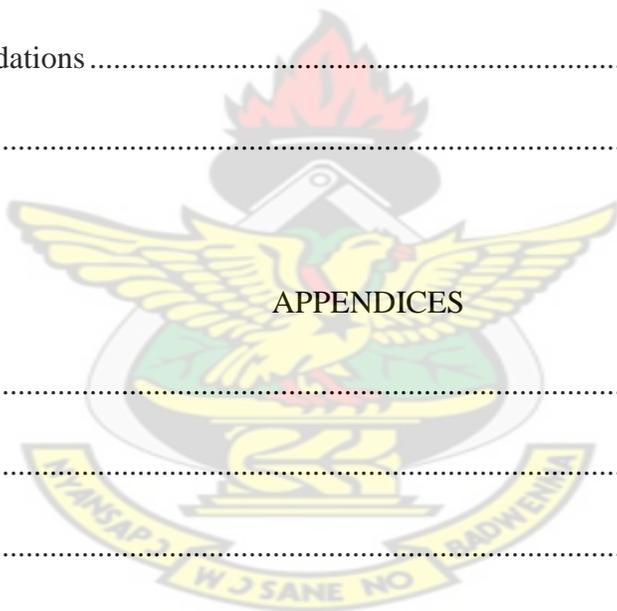
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CHAPTER ONE

INTRODUCTION

1.0 Background to the Study

Poultry businesses play a vital role in the economic development of a country. Most successful companies around the globe started as family owned businesses. In order for businesses to develop into excellent companies, they need to inculcate certain practices and philosophy and maintain a good balance between family and business matters. The majority of Ghanaian poultry farmers run businesses which are medium and small scale enterprises and are managed by the owners.

Poultry farming can be defined as the practice of raising domesticated birds such as chickens, turkeys, ducks, and geese, as a subcategory of animal husbandry, for the purpose of farming meat or eggs for food. More than 50 billion chickens are reared annually as a source of food, for both their meat and their eggs. In total, the UK alone consumes over 29 million eggs per day. Some hens can produce over 300 eggs a year.

Poultry farmers manage farms that raise chicken or other poultry to produce meat and/or keep hens to produce table eggs or fertile eggs for hatching. In the areas of commercial poultry farming, they are referred to as farmers, managers/owner, or entrepreneurs. It is interesting to note that majority of the ownership or control lies within a family, and in which two or more family members are directly involved. It is also a complex, dual system consisting of the family and the business; family members involved in the business are part of a task system (the business) and part of a family system.

The key to success for owner-managers in Small and Medium Scale Enterprises (SMEs) is a good Financial Management practice. Such farmers are willing to take risks on the road to success. Hall and Young (1991) found that poor management, particularly poor financial management, was the main reason for failure of most SMEs including

poultry keeping. Overwhelmingly, owners ascribe their failure to problems in operational management, involving the day-to-day running of the businesses. As an entrepreneur, developing and managing business is difficult at most. In order to successfully manage and budget the firm's finances, the entrepreneur itself will need to demonstrate strong leadership skills, profound business management skills and an in depth knowledge of finances (cash flow). All of these characteristics play a strong and vital role to good Financial Management and successful business outcome. Financial management is important because a good financial management system enables owners of businesses to accomplish daily financial objectives which ultimately lead to profit and value maximization.

Lack of knowledge about principles of financial management and financial matters have been ascribed as one of the major cause of the folding up of most family businesses (Marianne & Jeanne, 2003). A good financial management system helps the owner to be better micro-entrepreneurs by enabling them to avoid investing too much money in fixed assets, maintain short-term working capital needs to support accounts receivable and inventory more efficiently, and set sales goals. They need to be growth oriented, not just an "order taker", improve gross profit margin by pricing their services more effectively or by reducing supplier prices, direct labour, among others that affect cost of goods sold. It also helps managers to operate their business more efficiently by keeping selling and general administrative expenses down more effectively, perform tax planning, plan ahead for employee benefits, and perform sensitivity analysis with the different financial variables involved.

1.1 Problem statement

The Ghanaian economy is based largely on agriculture, which accounts for 41 percent of Gross National Product (GNP). About 60 percent of the labour force is engaged in this sector, most operating crop farms or mixed crop and livestock /poultry farming. According to a survey (MOFA/DFID, 2002) the livestock/poultry component serves as a 'safety net', providing an important source of ready cash for emergency needs. Thus, even though livestock and poultry contributes only 7 percent to the agricultural GNP (FASDEP, 2002) their role in rural livelihoods and food security is enormous.

Livestock and poultry populations in Ghana have remained low perhaps because no ethnic group relies entirely on them for its livelihood (unlike in some parts of Africa). The national per capita animal protein consumption is one of the lowest, in Sub-Saharan Africa, estimated at some 53g per day (Batas, 1993) which is lower than the recommended 65g. The estimated poultry product consumption is 12 eggs and 1.2kg meat, per annum (World Poultry Survey, 2008). The World average is 154 eggs and 9.7kg meat, respectively.

A number of different strategies can be adopted to revive the Ghanaian poultry industry not only to produce adequate animal protein for the population but also survive through growth and profitability. One of such strategy is proper financial management knowledge.

Despite the importance of professional financial management to the growth of a poultry business, farmers often consider it as a difficult task (Loggia, 2006) and therefore the decisions they make are guided by vague estimates and guesses based on their past experience of farming (Johl & Kapur, 2001). In the light of the above

challenges, this study seeks to evaluate the level of financial knowledge among poultry farmers and how such knowledge can help them to expand their poultry business and increase their profitability using Dormaa Municipality as a case study

1.2 Objectives of the Study

The objectives of the study are:

1. To investigate financial management practices among poultry farmers.
2. To examine the relationship between level of knowledge on financial management and actual financial management practices in poultry industry.
3. To identify the sources of financial management knowledge among farmers of the poultry industry.

1.3 Research Questions

In line with the objectives of the study, the following research questions will guide the study:

1. What are the types of financial management practices among poultry farmers?
2. What is the relationship between level of knowledge on financial management and actual financial management in the poultry industry?
3. What are the sources of financial management knowledge among farmers of the poultry industry

1.4 Significance of the Study

The study is important because available literature indicates that, most poultry businesses tend to collapse some few years after being set up (Bank of Ghana, 2008; Tham-Agyekum & Appiah, 2010). The situation has been attributed to limited

knowledge in financial management practices employed by farmers. This therefore necessitates a study to find out the financial management of the poultry industry in order to propose measures to streamline the situation.

In addition, the study would provide relevant financial guidelines that would be useful to the stakeholders in the poultry industry such as Farmers, Banks, the National Poultry Association, Ministry of Food and Agriculture, Dormaa Municipal Assembly, and other institutions to strategize on new and best ways to assist the poultry industry in the Municipality in the areas of financial management.

It is also expected that the study would enhance better practices in the financial management of poultry industries. This would add to the existing body of knowledge on financial management in the poultry industry in Ghana and would serve as a platform for further research into issues related to the growth and development of poultry industry in the Dormaa municipality, in particular and Ghana in general..

1.5 Scope of the Study

The study evaluates the financial management knowledge among farmers in the poultry industry in Dormaa Municipality. The Dormaa Municipality is located at the Western part of the Brong -Ahafo Region. It lies within longitudes 3° West and 3° 30' West and latitudes 7° North and 7° 30' North. Jaman District is bound on the north and on the east by the Dormaa East District, in the South and southeast by Asunafo and Asutifi Districts respectively, in the southwest by Western Region and in the West and northwest by La Cote d'Ivoire. The Municipal Capital is Dormaa-Ahenkro, located about 80 kilometres west of the regional capital, Sunyani. (See appendix A)

The study covers only broilers and table egg registered commercial poultry farmers in the Dormaa municipality.

1.6 Limitations of the Study

The difficulty in responding effectively to questionnaire was encountered since many of the poultry farmers were very busy and could not get time to respond to the questions on time. This therefore reduced the rate at which questionnaire were returned and properly answered. due to financial, logistic and time constraints the sample chosen for the study is very small in relation to the entire population of poultry farms in Ghana.

1.7 Overview of Research Methodology

The research employed qualitative method of analysis. Primary and secondary data were used for the study and these emphasized on information collected through questionnaire and books/journals respectively.

1.8 Organization of the Study

The study is organized in five chapters. Chapter one consists of the background of the study, the statement of the problem as well as the research question, objectives, the significance of the study, limitation of the study and the organization of the study.

Chapter two reviews literature on financial management. The chapter shows the extent of knowledge generated in respect of financial management knowledge in the poultry sector.

Chapter three describes the research methodology. The target population, the sample size and sampling technique, the research instrument and data collection procedures are outlined. The data analysis, interpretation, and discussions are contained

in chapter four. Chapter five provides the summary, conclusions and recommendations of the study.

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CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Financial management entails planning for the future of a person or a business enterprise to ensure a positive cash flow. It includes the administration and maintenance of financial assets. Besides, financial management covers the process of identifying and managing risks.

The primary concern of financial management is the assessment rather than the techniques of financial quantification. A financial manager looks at the available data to judge the performance of enterprises. Managerial finance is an interdisciplinary approach that borrows from both managerial accounting and corporate finance.

Some experts refer to financial management as the science of money management. The primary usage of this term is in the world of financing business activities. However, financial management is important at all levels of human existence because every entity needs to look after its finances.

2.1.1 Meaning, Objective & Scope of Financial Management

As is known, finance is the lifeblood of every business; its management requires special attention. Financial management is that activity of management which is concerned with the planning, procuring and controlling of the firm's financial resources.

The scope and coverage of financial management have undergone fundamental changes over the last century. During 1930s and 1940s, it was concerned on raising adequate funds and maintaining liquidity and sound financial structure. This is known as the 'Traditional Approach' to procurement and utilization of funds required by a firm. Thus, it was regarded as an art and science of generating and spending of funds. In the words

of Paisco, "In a modern money using economy, finance may be defined as the provision of money at the time it is wanted." The traditional approach emphasized the acquisition of funds and ignored efficient allocation and constructive use of funds. It does not give sufficient attention to the management of working capital (Maness, 1988).

For optimum financial decisions, the objectives of financial management shall be clearly defined. They should be so laid down that they contribute directly towards the achievement of overall business objectives. Objectives provide a normative framework within which a firm is to take decisions. Financing is the functional area of objective of the business and contribute directly towards it. The main objectives of a business are survival and growth. In order to survive ups and downs in the business, the business must earn sufficient profits and it should also maintain proper relations with shareholders, customers, suppliers and other social groups. The financial management of an organisation must seek to achieve the following objectives:

1. To ensure adequate and regular supply of funds.
2. To provide a fair rate of return to the suppliers of capital viz. shareholders.
3. To ensure effective utilization of funds by maintaining proper balance between profitability, liquidity and safety.
4. To generate and build up sufficient surplus for expansion and growth through ploughing back of profits.
5. To minimize cost of capital by developing a sound capital between various securities issued by the company.
6. To coordinate the activities of the finance department with the activities of other departments in the organisation.

2.1.2 Financial Management: Levels

Broadly speaking, the process of financial management takes place at two levels. At the individual level, financial management involves tailoring expenses according to the financial resources of an individual. Individuals with surplus cash or access to funding invest their money to make up for the impact of taxation and inflation. Else, they spend it on discretionary items. They need to be able to take the financial decisions that are intended to benefit them in the long run and help them achieve their financial goals.

Financial management involves a wide spectrum of a business' financial decisions and these include: Creation of wealth, Generation of cash and Provision of adequate return on investment (Parkinson & Ogilvie, 1999).

All over the world Financial Management plays an important role in the economy of businesses. It is also important in all aspect of our lives and any type of business including the small scale businesses such as petty trading.

Financial Management is an important factor in determining the well being of business entities; whether they are small, medium or large. It's a unique economic and organizational characteristic; Financial Management literacy should therefore be well placed to have important socio - economic and political roles in resource utilization and income generation. Pinches (1990), also defines Financial Management as “the acquisition, management and financing of resources for firms by means of money, with due regard for prices in external economic markets”

In as much as Financial Management plays vital roles in the sustenance of businesses, many countries have initiated policies for its promotion. These include establishment of credit institutions for the disbursement of funds, establishment of small

scale boards to provide special expert services and training, providing enabling environment for smooth running of their businesses and encouraging many potential farmers to start their own businesses, But these however have had little impact in most countries in the sub-region in comparison with the general policy of various governments. Financial Management is “the branch of financial economics that is concerned with questions of business funding and the management of a business in the interest of shareholders” (Oxford Dictionary of Finance and Banking, 2005; 4th Edition). According to Baker (1991), “Financial Management is a decision making process concerned with planning, acquisition and utilizing of funds in a way that achieves the firm’s desired goals”

Financial literacy is the ability to understand finance. More specifically, it refers to the set of skills and knowledge that allow an individual to make informed and effective decisions through their understanding of finances (OECD 2008).

Farmers who are engaged in poultry business contribute their support to their family, community, and the country as a whole. Financial management education will go a long way to grow their business and to promote farmers’ business development.

One major factor in achieving wealth maximization or profit maximization is how well one finances are managed and this depends to a large extend on the level of literacy in financial and business management of the operator. Therefore it is important that all business operators of any kind subject themselves to the study of the basic principles and practices of financial and business management in order to obtain their desired goals.

Their contributions could be maximized if given the appropriate education in financial and Principles of Financial Management

2.1.3 Principles of Financial Management

Good financial planning cannot be underestimated. Many surveys have identified that around 74percent of business closures were attributable to poor financial management. A good business will have a business plan that incorporates financial budget for projected sales, expenses, net profits, staff needs and capital acquisition (purchase of assets).

1. Management should have other strategies to ensure the available cash in their business is effectively used. They may sell off idle assets, watch for wastage, and consider factoring and leasing.
2. Large companies have found that special cost centers enable different managers to overview how costs are progressing against budget. Production, marketing, administration, research and development may be cost centers. A small business usually has one cost centre. All businesses need to minimize expenses and ensure a senior person is controlling expenses. Costs are made up of two types.
3. Fixed costs – such as monthly rent, insurance and leasing charges that do not vary with volume or sales
4. Variable costs – vary with the volume of business
5. Revenues may be controlled by varying the sales mix and the target markets. As effective pricing policy meets or beats competition, seeks a greater market share and sells surplus stocks.
6. Unconscionable conduct usually falls into two major categories; those practices that are illegal, either deliberately or through ignorance, and those practices that may be unethical, through the use of unacceptable actions, generally dictated by the society in which we live.

7. Ethics is a set of principles by which our actions are judged by others. It is about how we make decisions to do the right thing and involves honesty, fairness, caring and courage to make the right decision. Businesses can sometimes have dilemmas in deciding between the interests of shareholders, staff, customers, the environment and the wider community.
8. Unethical behavior is unacceptable conduct. Excuses are often used and rejected as reasons. Certain types of conduct such as asset stripping, giving gifts for favors, illegally obtaining information through others, disposing of waste in the wrong manner and taking advantage of staff, are all unethical and in certain circumstances may be illegal.

2.1.4 Choice of Sources of Finance

A company can raise funds from different sources e.g. shareholders, debenture holders, banks, financial institutions, public deposits etc. Before raising the funds, it has to decide the source from which the funds are to be raised. The choice of the source of finance should be made very carefully by taking a number of factors into account such as cost of raising funds, conditions attached, charge on assets, burden of fixed charges, dilution of ownership and control etc. For example, if the company does not want to dilute the ownership, it will depend on any source of finance other than investment in shares.

2.1.5 Investment of Funds

The funds raised from different sources should be prudently invested in various assets -short term as well as long term to optimize the return on investment. In taking decisions for the investment of long term funds, a careful assessment of various

alternatives should be made through capital budgeting, opportunity cost analysis and many other techniques used to evaluate the investment proposals. A part of the long term funds should be invested in working capital of the company. While taking decision for the investment of funds in long term assets, management should be guided by three basic principles, viz. safety, profitability and liquidity. In taking decisions for the investment of funds in working capital, the finance manager must seek cooperation of marketing and production departments in estimating the funds which are to be involved in carrying of inventories in finished product and credit policy of the marketing department and in raw material and factory supplies of the production department.

2.1.6 Management of Cash

It is the prime responsibility of the finance manager to see that an adequate supply of cash is available at proper time for the smooth running of the business. Cash is needed to purchase raw materials, pay off creditors, to pay to workers and to meet the day to day expenses of the business. Availability of cash is necessary to maintain liquidity and credit-worthiness of the business. Excess cash must be avoided as it costs money. If there is any cash in excess, it should be invested in near cash assets such as investments etc. which may be converted into cash within no time. A cash flow statement should be prepared by the department to know the correct need of cash is essential to achieve the goal of profitability and liquidity. The finance manager should decide in advance how much cash he should retain to meet current obligations of the company.

The financial manager is under an obligation to check the financial performance of the funds invested in the business. There are a number of techniques to evaluate the performance viz. Return on Investment (ROI), budgetary control, cost control, internal

audit, ratio analysis and break-even point analysis. The financial manager must lay emphasis on financial planning as well.

2.1.7 The Concept and Definitions of Poultry

Poultry is a category of domesticated birds kept by humans for the purpose of collecting their eggs, or killing for their meat and/or feathers. These, most typically are members of the super order Galloanserae (fowl), especially the order Galliformes (which includes chickens, quails and turkeys) and the family Anatidae (in order Passeriformes), commonly known as "waterfowl" (domestic ducks and domestic geese). Poultry also includes other birds which are killed for their meat, such as pigeons or doves or birds considered to be game, like pheasants (Food and Agriculture Organization [FAO], 2010).

Poultry farming is the practice of raising poultry, such as chickens, turkeys, ducks, and geese, as a subcategory of animal husbandry, for the purpose of farming or producing meat or eggs for food (Kingori, Wachira and Tuitoek (2010). More than 50 billion chickens are reared annually as a source of food, for both their meat and their eggs. Chickens farmed for meat are called broilers, whilst those farmed for eggs are called egg-laying hens. Some hens can produce over 300 eggs a year. Chickens will naturally live for 6 or more years. After 12 months, the hen's productivity will start to decline. This is when most commercial laying hens are slaughtered (www.wikipedia.com). In total, the United Kingdom alone consumes over 29 million eggs per day.

Poultry production is a very important source of livelihood for most rural communities. This is because it provides ready cash for emergency needs (Tham-

Agyekum & Appiah, 2010), supplies the fast-growing human population with high quality protein, contributes significantly to food security, poverty alleviation and ecologically sound management of natural resources (Guëye, 2002). Since there is a continuing rise in the cost of production of cattle, sheep and goat meat consumer preferences have shifted now for poultry meat (white meat) given the ecological, economic, social and health advantages it has over the other types of meat (red meat) (Onuekwusi, 2001).

2.1.8 Origin of Poultry

Recent research suggests there may have been multiple origins in distinct areas of South and Southeast Asia, including North and South China, Thailand, Burma and India about 8000 years ago (Dessie & Olga, 2010; Tham-Agyekum & Appiah, 2010). The history of chickens (*Gallus domesticus*) is a bit of a puzzle. They were first domesticated from a wild form called red jungle fowl (*Gallus gallus*), a bird that still runs wild in most of southeast Asia, likely hybridized with the grey jungle fowl (*Gallus sonneratii*).

Recent evidence suggests that domestication of the chicken was already under way in Thailand, Vietnam and the South East Asian jungles over 10,000 years ago, and spread into neighbouring regions to the east such as China, and towards the west in India where it was conventionally thought to have been domesticated (Kingori, Wachira & Tuitoek, 2010). Fowl had been known in Egypt since the 18th Dynasty, with the "bird that lays every day" having come to Egypt from the land between Syria and Shinar, Babylonia (www.wikipedia.com).

Another school of thought believes that the domestic fowl originated from the wild jungle fowl that is still found in the jungles of some parts of South East Asia. The wild

jungle fowl, *Gallus gallus* (there are a number of sub-species) was first domesticated in the foothills of the Himalaya Mountains approximately 5000 years ago. They were probably first kept in captivity to supply food for their owners, for sport and to satisfy a desire to own.

As time passed, the practice of keeping fowls spread through Persia to the Mediterranean countries in the west and through Asia to China in the east. Owners in close proximity to each other selected their breeding stock for particular characteristics in their birds and so there developed in these different localities a type of bird based on appearance that was peculiar to a locality. These groups of birds with the same characteristics became known as breeds, the breed name usually being the name of the region of their development e.g. the leghorn breed was developed originally in the Leghorn district in Italy. (www.wikipedia.com, 2010)

2.1.9 History of poultry farming

The start of the poultry industry was most likely based on the village flock where ownership was more on a communal basis with the birds running free by day and perching in trees as a protection against predators at night. It was but a short step to confine the birds to an enclosure at night for protection. In many developing countries today the typical village birds forage for their nutritional needs and are given household scraps if these should be available. This same situation exists with farmyard flocks. Over time and as the domestic fowl spread to other cultures, it became the forerunner of today's poultry industry.

It was soon found that birds managed more intensively performed better than those left to forage, particularly where the nutritional needs were met. However, there was a

penalty for the increased density used - that of an increase in the incidence of disease. When populations of animals are housed at high densities, it provides an ideal situation for the concentration and transfer between individuals of infectious disease causing organisms. The modern poultry industry began in the late 19th century in Europe and America as breeders began to stress meat and egg production. Although eggs were artificially incubated in ancient China and Egypt, this method of hatching poultry was not used on a commercial scale until the 1870's.

There are many breeds of fowls, but only a small number are used for commercial production. In the commercial poultry production world there are two types of birds- the egg and the meat type (Guëye, 2002). These are so described not because they are restricted to producing one or the other product but because they produce either eggs or meat more efficiently.

2.2 Poultry Production in the Dormaa Municipality

Poultry production in the Municipality first started in 1970 in a community called Yaakrom which shares boundary with La Cote d'Ivoire. It was started with 50 layers from Pomaze Farms in Kumasi. According to Dormaa Poultry Farmers Association (2009), the registered poultry farmers are currently two hundred and eighty-seven (287) of which ten (10) are women. Notwithstanding the registered figures from the association, there are still over six hundred (600) farmers who are not part of the association but operate poultry farms.

All the poultry farms in the municipality are privately owned which emphasize the belief that the private sector in the municipality is an engine of growth. Few poultry farmers in the municipality have received Regional and National Farmers' Awards. The

Municipality has a hatchery called St. Charles Farms Limited in Masu a suburb in Dormaa Ahenkro the municipal capital, and an egg tray factory own by Janak Industries Limited. These facilities have worked to boost the sustainability and survival of the poultry industry.

2.2.1 Benefits of Poultry Production

Commercial production of poultry comes along with a number of benefits. The ability of poultry to adapt to most areas of the world, the low economic value per unit; the rapid growth rate of poultry and the rapid generation time; all make poultry an ideal starting point for beginning animal agriculture and a rich source of animal protein for human food (Gueye, 2002). Besides, poultry is a convenient livestock for small farms and for family subsistence, because of the relatively small size of individual birds. Eggs in their natural state are less perishable than meat and dairy products, and may be processed in many ways for safe storage and transportation.

In addition, poultry meat and eggs are highly nutritious. The meat is rich in proteins and is a good source of phosphorus and other minerals, and of B-complex vitamins. Poultry meat carries an advantage over red meat (beef and mutton) in having less age of fat than either beef or mutton, and is therefore, termed as non-fattening and good dietary source for the prevention of hardening of arteries--a common ailment (Tham-Agyekum & Appiah, 2010). Poultry meat is economical, quick and easy to prepare and has a number of desirable nutritional and organoleptic properties (Nazri, 2003). Currently, China with the largest economy in the world has increased its consumption in animal protein of which poultry meat is part (Kingori, Wachira& Tuitoek, 2010).

2.2.2 Challenges Facing the Poultry Industry

It is generally accepted that poultry production is a key source of livelihood to most rural communities in Ghana. However, the industry is confronted with a number of challenges. The major challenges facing the poultry industry include lack of credit facilities, insufficient maize for feed and competition from imported poultry products (Modern Ghana News, 2010).

Alam and Khan (2000) also identify some challenges facing poultry farmers in Ghana as uncompetitive interest rate, lack of high subsidizing cost of maize production and tariffs to enable poultry farmers to compete with influx of imported poultry products which threaten their jobs and employment generation for the youth.

Studies conducted by (Tham-Agyekum & Appiah, 2010) concluded that most banks in the country are unwilling to finance poultry production. In the view of Tham-Agyekum and Appiah (2010) the ADB is the main bank that has supported poultry farmers through the provision of credit and animal husbandry training. Even then, most small-scale poultry keepers have not received credit from the ADB as they fail to meet the benchmarks set for gaining access to credit (Modern Ghana News, 2010). A case in point is in the Ga West Municipality of the Greater Accra region where the bank is able to provide long-term credit to farmers who have appropriate collateral that guarantees loan repayment while small-scale poultry farmers without land titles do not have access to loans from the bank (Tham-Agyekum & Appiah, 2010).

Similarly, a study by Dessie and Olge (2010) found that financial institutions in Ethiopia have been reluctant to lend to poultry farmers for a number of reasons, including the remoteness of clients, the lag between investment needs and expected revenues, lack of usable collateral, and high risks due to environmental factors such as

weather, pests, diseases and price. Banks also complain that most of the farmers do not keep farm records which makes it difficult to monitor their activities especially credit management decisions. Thus, gaining access to credit constitute the major challenge to most poultry farmers. Hence, it is vital to find out the contribution of ADB towards helping farmers to secure funds to finance their poultry projects, which is the thrust of this study.

Obtaining quality poultry feed also presents a challenge to poultry famers. Poultry feed by its quality and price is the major factor in determining the cost of poultry products -eggs and broilers and profitability of the poultry farm (Alam & Khan, 2000). The prices of feed have been constantly increasing. Due to recent global changes in the price structure of the cereal grains and other feed stuffs, the poultry industry at present is handicapped on account of high feed cost which have gone over to more than 60percent of the total cost of production (Kingori, Wachira & Tuitoek, 2010).

The poultry industry is also bedevilled with diseases. Disease risks are high in commercial poultry production systems (Kingori, Wachira & Tuitoek, 2010). The outbreak of the deadly Avian Influenza in the Asian and Eastern parts of Europe had negative effects on the poultry industry in the country ((Tham-Agyekum & Appiah, 2010). The disease resulted in massive reduction in the sale of poultry products, particularly poultry meat. Consumers of poultry products either reduced their patronage or shifted to other animal products entirely. The situation resulted in low sales to farmers and consequently drove a good number of them out of business, following the collapse of their poultry farms (Tham-Agyekum& Appiah, 2010).

Inappropriate housing also impact negatively on production. Some farmers do not provide appropriate shelter to house birds. Hence the animals are affected by the vagaries of the weather which tends to affect productivity. A survey of commercial poultry production in Nigeria showed that more than half of the surveyed poultry farms did not provide adequate housing or shelter for their chickens (Onuekwusi, 2001). Consequently, birds were subject to predation, theft and rain water which reduced productivity drastically.

It is worth noting that each of the challenges discussed above - along with how farmers manage them- impact farm income, productivity, and access to credit. These challenges among others could lower farmers' anticipated income and have negative effects on their standard of living, ability to provide for themselves and their families, ability to build capital, and ability to access credit from lenders (Alam & Khan, 2000; Kingori, Wachira & Tuitoek, 2010).

2.2.3 Financial Management of poultry farmers

Financial management consists of all those activities that are concerned with obtaining money and using effectively. Within a business organization, the financial entrepreneur must not only determine the best way to raise money. They must also ensure that projected uses are in keeping with the organization's goals (Pickens, 1970).

Effective financial management thus involves careful planning. It begins with the determination of the firm's financing needs. Money is needed both to start a business and keep it going. The original investment of the owners, along with money they may have borrowed, should be enough to get operations under way. Then it would seem that

income from sales could be used to finance the firms continuing operations and to provide a profit as well. This is exactly what happens in a successful firm over long run.

But sales revenue does not generally flow evenly. Both income and expenses may vary from season to season or from year to year (Pickens, 1984). Temporary funding may be needed when expenses are high or income is low. Then too, special situations such as the opportunity to purchase a new facility may require more money than is available within a firm³. In either case, the firm looks to outside sources of financing.

2.2.4 Financial-Management Practices and Knowledge

Households in the Surveys of Consumers reported on financial-management practices. These ranged from savings and cheque accounts to credit cards, mortgages, home equity loans, and investments. To look at the different types of financial practices, measures of financial management behaviors and financial product ownership were combined. Practices were categorized as cash-flow management, credit management, saving, investment, and other. Table 1 lists the behaviors or products used to analyze each type of practice.

A fairly large percentage of individuals reported what are considered “good” cash-flow management practices: 89 percent of households had a checking account, 88 percent paid all their bills on time, and 75 percent reconciled their checkbook every month.

However, fewer than half reported using a spending plan or budget. For the credit management practices, although nearly four-fifths of respondents had a credit card, only one-third compared offers before applying for a card. As to saving practices, the data show that while 80 percent and 63 percent had a savings account and an

emergency fund, respectively, only 39 percent were saving for long-term goals, such as for education, a car, or a home. There was also a wide range in the investment practices reported by households.

2.2.5 Knowledge on financial management

Johan, et al,(2005) are using the model approach by including owner-manager and company characteristics and management practices in an intertwined way is necessary when exploring their effects on small business financial performance. The results show that the owner-manager and company characteristics such as experience, education, and financial knowledge, knowledge of cost accounting, company size and age have no direct significant paths have been found between the owner-manager and company characteristics and management practices. But there are several significant paths from the management practices to financial performance.

According to Amit & Schoemaker (1993), a firm's resources are defined as stocks of available factors that the organization owns or controls. Resources are converted into final products or services by using a wide range of other firm assets and bonding mechanisms, such as technology, management information systems, incentive systems, trust between management and labor, and so on. Therefore, capabilities refer to a firm's capacity to deploy resources, usually in combination and applying organizational processes, to generate a desired result. Capabilities are information-based, tangible or intangible processes that are firm specific and developed over time through complex interactions among the firm's resources. Unlike resources, capabilities are based on developing, carrying and exchanging information through the firm's human capital.

Gavin (2003) argued that trajectories for key financial variable and farmers maximize business value over a finite time horizon are seen to depend on whether debt or equity is cheaper. The author using empirical evidence from three years of detailed primary sources data on one and fifty new business startups in Scotland then compared the predicted trajectories with actual trajectories. Evidence largely confirms predictions of the model, for the cheap equity ease, as capital and sales rises steadily; debt is retired rapidly, except when interest rates on long-term debt are low. A significant progress has been made in encouraging small business owner\managers to install and use accounting information systems. For example, in a survey of over 360 small businesses in Georgia, DeThomas and Fedenberger (1985) found a high standard of financial recordkeeping. Around 92 percent of respondents had some form of record-keeping beyond check stubs and deposit receipts. D'Amboise and Gasse (1980) studied the utilization of formal management techniques in small shoe manufacturers and small manufacturers in the plastics industry in Quebec, Canada, found out that a cost accounting system was in operation in about 88 percent of businesses studied.

2.2.6 Sources of Financial Management Knowledge

Sound financial management plays a major role in the survival and growth of every business. In a research conducted on the survey of consumers Hilgert & Hogarth (2003) identified certain source of management knowledge which adds to sound financial management practices in Households financial management practices. If knowledge is linked to behavior, then it is important to know where poultry farmers obtain their financial knowledge. They observed that consumers reported learning from a variety of sources, but experience, friends and family, and the media were among the

top sources for all households. For each practice—cash-flow management, credit management, saving, and investment—households with low index scores were less likely to report learning from any of these sources. For example, 46 percent of those with low index scores for cash-flow management reported learning from personal experience, compared with 63 percent of those with medium index scores and 73 percent of those with high index scores. The largest variation among the index scores within each behavior related to personal experience—respondents with high scores were more likely to report learning from personal experience. This large variation may reflect, in part, the motivation of those with high index scores to seek out information and apply it to personal circumstances. According to them, “one could argue that there is a difference between reading about money management and actually engaging in financial behaviors that provide more concrete learning experiences” (Hogarth., et al, 2003).

In that study, the correlation between sources of financial knowledge and financial practices was found to be significant. Generally, households that reported learning a lot from personal experience and from friends and family were more likely to have higher index scores. For example, within the cash flow management index, households that reported learning from these sources had a 71 percent chance of scoring high, while those that did *not* report learning a lot from personal experience, friends, and family had a 63 percent chance of scoring high. Using the media and the Internet to learn about financial-management topics was important for credit practices. Households that reported learning a lot from the media and the Internet had a 50 percent chance of being in the high index group for credit management practices while households that did not report learning a lot from these sources had a 42 percent chance of being in the high

group. High school or college courses were also found to be a statistically significant way to learn about financial topics for those scoring high on the credit management index (McChlery., et al (2004).

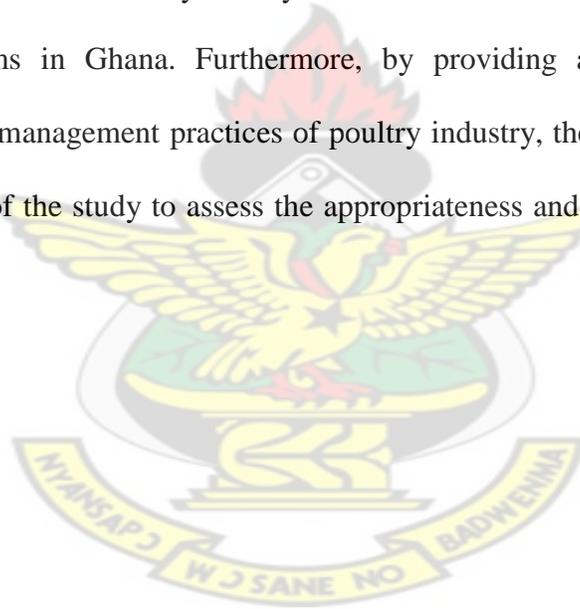
McChlery, et al (2004) identified the following as barriers to the development of robust financial management systems:

1. The lack of internal accounting staff, where there were such staff but they were unqualified, untrained or unmotivated, which could act also as a significant barrier to the development of sound systems.
2. Some of the accountants the firms engaged did not appear to add any value to, and appeared to lack an awareness of the needs of, small businesses. Many firms expressed disappointment at the limited support and advice made available by some of their external accountants. Particularly, they perceived that they received little advice on development of their financial systems, especially management accounting aspects.
3. Poor targeting and delivery of training and other support also acted as a disincentive to systems development.

The study revealed an interesting findings in the sense that some of the factors were found to be both catalysts as well as barriers in the development of sound financial management systems. For example, they found that owners/directors of firms could act as significant barriers to the development of sound financial management systems, particularly where they felt inadequate or uncomfortable with financial information whilst other owner/directors were highly motivated in developing their systems. The availability of affordable computers and suitable software has played an important part

in promoting the practice of sound financial management. In a survey of 129 small manufacturing businesses in the province of Quebec, (Raymond & Magnenat-Thalman, 1982) discovered a preponderance of accounting-related applications among computer software in use, particularly in the areas of accounts receivable, payroll, accounts payable, general ledger, sales analysis, and inventory.

The factors that McChlery et al (2004) identified were those that prevailed in U.K firms. This study will try to see whether the same factors apply in the case of small firms in Ghana. The factors that Hogarth et al (2003) identified were those that prevailed in USA Households. This study will try to see whether the same factors apply in the case of poultry farms in Ghana. Furthermore, by providing an overall picture of the knowledge and management practices of poultry industry, the farmers would be able to use the results of the study to assess the appropriateness and effectiveness of their own practices.



CHAPTER THREE

METHODOLOGY

3.0 Introduction

This section of the research discusses the research methodology employed to collect relevant data for the study. The research design, target population, sample size

and sampling procedure, research instruments, data collection procedure and data analysis are presented.

3.1 Research Design

The study employed a descriptive survey design. Descriptive research design is a scientific method which involves observing and describing the behaviour of a subject without influencing it in any way (Neuman, 2000). In the view of Key (1997) descriptive design is used to obtain information concerning the current status of the phenomena to describe "what exists" with respect to variables or conditions in a situation. The design is used to observe natural behaviours without affecting them in any way. In a descriptive sample survey, the objective is to obtain estimates of basic descriptive characteristics (such as means or proportions) for the whole population or particular subpopulations of interest. The methods involved range from the survey which describes the status quo, the correlation study which investigates the relationship between variables, to developmental studies which seek to determine changes over time (Sarantakos, 2006). Thus, a descriptive study is undertaken in order to ascertain and be able to describe the characteristics of the variables of interest in a situation. This is done through the use of strategies and procedures to describe, clarify and interpret existing variables that constitute a phenomenon.

A major demerit of the descriptive survey is the difficulty of ensuring that the questions to be answered in descriptive survey are clear and not misleading. This is so because survey reports can vary significantly because of the exact wording of questions (Setert & Hofnung (1997). Neuman (2003) also claims that the method may produce

unreliable results because questions asked may eat into private matters that people may not be willing to talk about.

Even then, the descriptive survey was found to be most appropriate for this study. This is mainly due to the fact that the design is considered to be relatively easy to conduct because data are fairly easy to obtain and interpret by the use of simple descriptive statistics (Blaike 2000; Sarantakos, 2006). The present study adopted the descriptive design because it was relatively easy to apply and also had the advantage of producing a variety of responses from a wide range of respondents in the Dormaa Municipality on issues regarding knowledge on financial management, and the constraints to sound financial management as well as the impact of financial management on productivity in the poultry sector.

3.2 Target Population

The target population of a study constitutes the group of persons, objects or institutions that defines the objects of the investigation (Patton, 2002). For the purpose of this study, poultry farms in the Dormaa Municipality constituted the population for the study. There are 287 registered poultry farmers in the Municipality as at December 2010 (Dormaa Poultry Farmers Association, 2010). In this study, the population is equated to the sample frame. A sample was drawn from the above population as the constraints of time and resources did not permit the inclusion of the entire population in the study.

3.3 Sample size and sampling procedure

Sample size refers to basic questions such as how large or small must the sample be for it to be representative (Sarantakos, 2006). The probability method was employed

to select a sample for the study. To obtain a reliable representative of the population, stratified-randomly sampling method was used due to the poultry classification. Hence, the population was sub-divided into three homogenous groups of poultry farmers (the large scale, the medium scale and the small scale). The lottery sampling method was used to select poultry farmers from each stratified group for the study. By this approach all the poultry farms within the Municipality were classified into large, medium and small scale. The sample frame for the study constituted 110 small scale poultry farmers, 97 medium scale poultry farmers and 80 large scale farmers. A lottery method was employed to select 35 respondents from the small scale farmers, 44 from the medium scale and 34 from the large scale respectively to make up 113 for the study. This was done by listing the names of the farms in each subgroup on a piece of papers and later folded. The papers were put into a box and mixed up thoroughly. The farms were picked randomly to ensure fair representation for the study. The reason for adopting this approach lies in the fact that the study concentrated on all poultry farms where financial management has been identified as a key factor in their success or failure (FAO, 2008). The non-probability procedure is used largely because it is deemed the appropriate means of getting respondents who are knowledgeable and well abreast with the subject matter of interest (Sarantakos, 2006).

The researcher used the formula below to determined sample size for the study

IFAD sample size formula:

$$n = \frac{t^2 \times p(1-p)}{m^2}$$

Description of variables in the formula

n = required sample size

t = confidence level at 95percent (standard value of 1. 96)

p = estimated proportion of the study population with similar characteristics.

m = margin of error at 5percent (standard value of 0.05)

With proportion of poultry farmers that require knowledge in financial management in their day-to-day operations (p) set at 92 percent which is equivalent to 0.92 the sample size for the study is calculated as follows:

Calculation of the sample size

$$n = \frac{1.96^2 \times 0.92(1-0.92)}{.05^2}$$

$$n = \frac{3.8416 \times 0.0736}{0.0025}$$

$$n = \frac{0.28274}{0.0025}$$

$$n = 113.096 \sim 113$$

The calculated sample size (n) of 113 poultry farmers was selected for the study. Purposive sampling method was used to select the respondent for the study.

3.4 Sources of data

Primary data constituted one source of information for the study. The administration of questionnaires formed the basis of primary data. Data collected from this source focused on the background characteristics of respondents, level of knowledge of poultry farmers in financial management; financial management practices adopted by

the poultry farmers in the management of their farms and impact of financial management on productivity of farms.

In the case of secondary sources, information from published and unpublished sources including journals, textbooks, periodicals, the internet as well as reports and official documents from MOFA and poultry farmer associations were used to support the primary data.

3.5 Data collection instruments

The questionnaire was used to collect data for the study. Prior to designing the instrument, a thorough literature search was conducted to determine and categorize concepts and variables used in similar past studies. These were then be modified to suit the goal of the present study.

The instruments comprised a mix of open-ended, close ended and Likert scale questions. For questions that require a 'yes' or 'no' response, the instrument provided an opportunity for respondents to explain the response they chose. The questionnaire elicited responses on issues regarding the background characteristics of respondents, their financial management practices, knowledge on financial management and sources of financial management.

3.6 Pilot study

In line with the research, the questionnaires were pre-tested to selected poultry farmers and key informants in the Dormaa East District in the Brong Ahafo Region. The Municipality was chosen due to its similar characteristics with the selected location in

terms of the similar geographical conditions and similar poultry production undertaken by the people.

The questionnaire was administered to five (5) poultry farmers that were randomly selected. The pre-test provided an opportunity to assess the appropriateness and practicability of the data collection instruments. The results helped to restructure some of the questions to suit the actual study. Items that sounded ambiguous were also taken out of the questionnaire.

3.7 Data analysis

Data collected from the field were analyzed using descriptive statistics. The Statistical Package for Social Sciences (SPSS version 16.0) was employed to process and analyze the instruments. Percentages, proportions, frequencies, charts and diagrams were used to present the results and draw relations and trends between the variables involved in the study.

3.8 Limitations of the Study

The respondents' complained about the bulky and sophisticated nature of the questionnaires vis-a-vis the short period of time given to fill them. As a result of this, some potential respondents adopted nonchalant attitudes towards filling them. Appeals by the research assistants and in some cases, the Poultry Farmers Association, eventually led to the acceptance of the questionnaires. However, few of the farmers still failed to return them.

Another problem encountered in the field had to do with the farmers' reluctance to cooperate due to (i) suspicion that disclosing information may lead to increased taxation of their corporate profit (ii) Apathy towards government's gesture to

assist them. They complained bitterly that many promises were made to them in the past, but none was fulfilled. As in all research efforts of this nature, time was also a major constraint. The myriad of problems encountered during the fieldwork emanating from suspicion, lack of confidence in government and the nonchalant attitudes displayed by some poultry operators were minimized through persuasion. Most farmers especially those falling under the categories of small-scale and medium enterprises, became very interested and cooperative on listening to our explanations on the real benefits derivable from the outcome of the study, through the Dormaa Poultry Farmers Association. It was only in a relatively few companies that even this explanation was met with apathy or outright hostility.

On the whole therefore, there is both hope and confidence that this effort has succeeded in eliminating, or at least minimizing, the potentially negative consequences of the problems enumerated above.

3.8: An Overview of Dormaa Municipality

The mainstay of the Municipality economy is Agriculture. Currently, it employs about 60 percent of the Municipality economically active labor force. Most of the Municipality's households are engaged in farming or agricultural related activity. Farming in the Municipality is largely carried out on small-scale basis. The average acreage cultivated ranges between 6 – 10 acres for all crops. Despite its importance to the economy, much of the agricultural potentials in the Municipality remain untapped.

Presently, the main food crops cultivated in commercial quantities in the municipality include maize, plantain, cassava, yam, cocoyam, tomatoes and pepper. The Municipality is also known for the production of cocoa and coffee. In the past, poultry

farming have not been pronounced in the Municipality. However, many farmers are now engaged in the sector. Such farmers are located in Dormaa-Ahenkro, Nkrankwanta, Aboabo Amaasu, Kuren, Daanyame Gonokrom, Kofi-Babukrom and Yaakrom. Livestock such as cattle, sheep, goats and pigs are reared in the municipality. However, they seem to have received the least attention in all aspects of management, nutrition, breeding and health. Non-traditional farming which hitherto was not practiced is now gaining roots. Notable among are grass cutter, mushroom, snail and beekeeping. At the moment the poultry industry specifically table egg production is operating at a large, medium and small scale levels. Currently, there are 287 poultry farmers of which 10 are women.

The table 3.1 below explains the distribution of table eggs layers and broilers in the Dormaa West Municipality in the Brong Ahafo region of Ghana

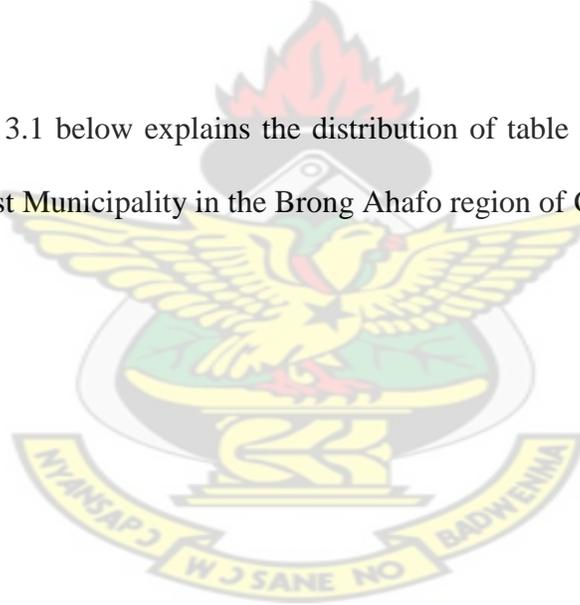


Table 3.1: Range of Holdings as at 2009

Number of Farmers	Number of birds
5	100,000 and above

10	35,000 – 99,000
25	10,000 - 34,000
97	2,000 – 5,000
150	100 – 2,000

Source: Field Survey, 2009

Through hard work of poultry farmers in the Dormaa Municipality, there has not been any outbreak of Avian Influenza. This was through the practices of Bio-Security Measures adopted by farmers on their farms. Few number of the farmers have received several best Regional and National Farmers' Awards. Notably, among them are; A.M Unity Farms Limited (2007) and the current award winner for 20100, B.M Unity Farms Limited and the current regional best poultry farmer, Madam Janet Serwaa (Aban Tawiah Farms Limited. There is a hatchery at Masu, a suburb of Dormaa Ahenkro, the municipal capital which started operation in 2003 with the aim of supplying the needed Day Old Chicks to farmers at affordable prices in Dormaa. It is worth noting that the municipality has a factory that manufactures crates for the table eggs market and for export to neighbouring countries such as La Cote D'Ivoire and Bourkina Fasso.

CHAPTER FOUR

PRESENTATION AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter describes the data analysis collected from the field. The main objective of the study was to determine knowledge on financial management practices among poultry farmers in the Dormaa Municipality. The analysis centered on key themes including the socio-demographic characteristics of respondents, type of financial management practices and knowledge among poultry farmers, correlation between knowledge and financial management practices of poultry farms, sources of financial management knowledge.

4.1 Respondents Socio-demographic characteristics

With respect to socio-demographic data, key information that the study sought included age, gender, marital status, level of education, business ownership, period of operations and number of birds, sources of fund and number of employees.

Age of Respondents	Frequency	Percent (%)
20-29	6	5.5
30-39	32	29.1
40-49	45	40.1
50-60	22	20
60 and above	5	4.5

Source: Field Survey, 2011

Table 4.1 shows that, 40.9% of respondents are aged 40-49 and 4.5 percent for 60 and above. This shows that majority of the farmers are young with 83 percent between ages 30 and 49 years. According to National Federation of Independent Business Research and Education Foundation (1981), people in all age groups become entrepreneurs. Entrepreneur in the middle age are considered more energetic. Energy

level is very important for all businesses, particularly the poultry industry, need people at the middle age to set a brisk pace. Young businesses also do not frequently possess the many and varied skills needed for businesses. The poultry business involves lifting heavy loads such as feeds fast movement from one place to another.

Out of 110 respondents, 89.1 percent of the respondents are male while 10.9 1 percent females. This shows that males are more interested to be a successful entrepreneurs comparing to their females counterparts. Males are considered to have more leadership qualities embody all of the important characteristics. A key addition here is the ability of the male entrepreneur to stimulate, relate to, and empathize with his employees, officers, directors, and shareholders. To lead effectively, he must be able to recognize and encourage the best qualities, psychic ones as well as economic, in other people.

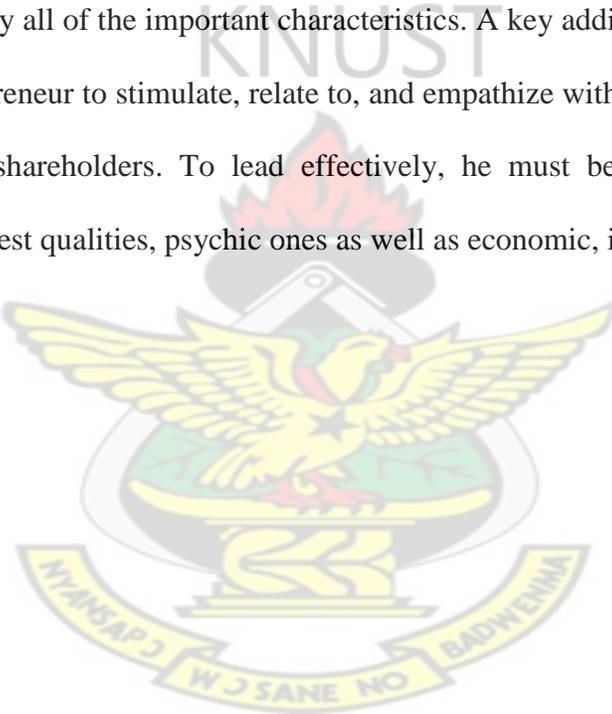


Table 4.2: Level of Education

Level of Education	Frequency	Percent (%)
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Tertiary	25	22.7
senior/tech/voc	25	22.7
O/level and A/level	48	43.6
Basic/junior/MSLC	12	10.9
Total	110	100.0

Source: Field Survey, 2011

Besides the fact that majority of them were youth and very energetic, table 4.2 showed that, respondents were moderately educated because 43.6 respondents' possess Ordinary level and Advanced level, 22.7 respondents finish their senior/tech/voc, 22.7 respondents are degree holders comparing to only 10.9 respondents who have Basic/junior/MSLC education. This indicates that, more than half respondents are moderately educated to run their farmers effectively. One needed to be abreast with the present day economic and competitive environment to run a business. The poultry business involves modern and innovative ways of acquiring information from different sources such as the media, courses outside school, Internet among other sources to enhance their knowledge about current medication, outbreak of diseases and good sources of obtaining day old chickens and good feeds or rations which are the main components of poultry production. It is interesting to note that poultry farming involves different types of book keeping systems which may either manual or computerized. This required people of at least moderate education in order to achieve success in their enterprises.

Table 4.3: Distribution of Poultry Business Size

Distribution of Business	Frequency ('000)	Percent (%)
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Size		
Small	26	23.6
Medium	56	50.9
Large	28	25.5
Total	110	100

Source: Field Survey, 2011

Business Size of Dormaa West Municipality

Table 4.3 shows the distribution of business size in Dormaa Municipality and the business is measured with the number of birds that is owned by the poultry entrepreneur and it is separated by three categories like small (below 5000), medium (between 5000-10000) and large (10000 and above)(FAO's Poultry classification, Aning,2006). Overall, medium business owners are in the high range because these farmers has acquired some experiences with time as compared with small scale farmers which are battling with challenges, in order to compete effectively with the medium and large scale the survey results shows that the small scale farmers have difficulty of acquiring bank loans due to lack of collateral security. The banks have identified poultry business as a risk venture and therefore refusal to grant them credit at the start up stages.

Additionally, medium size business owners can sometimes rely on friends and family members who volunteer to work to get out a difficult project or order to save money (Reynolds, 2001). Medium firms can focus their efforts on a few key customers or on precisely defined market niche, which is a specific group of customers. Many large businesses must compete in the mass market or for large market segments. Smaller firms can develop products for particular groups of customers or to satisfy a need that other

companies have not addressed (Gamblin, 2001). Beside that large businesses also show quite high level, that is, 41 percent of the poultry industry in Dormaa Municipality.

In a comparative sense it can be noted that large businesses, because of their capacity to focus on wide niches, can develop enviable reputation for quality and services (Burpee, 2001).

4.2 Financial-Management Practices

Poultry farmers indicated that they go through some financial-management practice, ranging from very basic money management skills (tracking expenses, paying bills on time) to more sophisticated ones (diversifying investments). They also provided information on their use of some financial products. These ranged from savings and current accounts to credit management, risk management, cash flow management, investment and other practices. The study investigated practices which were categorized as cash-flow management, credit management, risk management, saving, investment, and other. Table 4.4 lists the products and behaviours' used to analyze each type of practice.

Table 4.4: Financial Management Practice

Table 4.4a: Credit management

Financial Management Practice			Percent		Total Respondents
	Yes	No	(%) N=110	(%) No	
Credit management					
Do assess credit/ loan	110	0	100	0	110
Pay loan balances in full each month	56	54	50.3	49.7	110
Review credit reports monthly	72	38	65.5	34.5	110
Compare cost before applying for an offer	61	49	55.5	44.5	110

Source: Field Survey (2011)

For the credit management practices, all of respondents had assessed a credit or loan. About 50.3 percent agreed to paying all loan balances in full each month and 65.5 percent said they reviewed credit reports monthly. 55.5 percent of respondents compared offers before applying for an offer. From this table above, poultry farmers in the municipality demonstrated moderate credit management practices.

Table 4.4b: Saving

Saving			%		Total
	Yes	No	Yes	No	
Have savings account	94	16	85.5	14.5	110
Have welfare fund	22	88	20	80	110
Save for long-term goals such as education, car, or home	42	68	38.2	61.8	110
Have certificates of deposit i.e. fixed deposit	42	68	38.2	61.8	110
save regularly by putting money aside	67	43	60.9	39.1	110

Source: Field Survey (2011)

As to saving practices, Table 4.4b shows that while 85.5 percent and 60.9 percent had a savings account and saves regularly by putting money aside respectively. About 38.2 percent of farmers were saving for long-term goals, such as for their children education, a car, or a building. Twenty (20) percent and 38.2 percent have welfare fund and have certificates of deposit i.e. fixed deposit respectively. These practices do not demonstrate good saving culture among the farmers in Dormaa. Some of the farmers said they rather prefer re-investing their profit in their business of poultry to savings in the banks which attracts a very low interest rate in Ghana.

Table 4.4c: Investment

Investment	Yes	No	%		Total
			Yes	No	
Have capital spread over different types of investments	41	69	37.3	62.7	110
Have any social security plan/account	29	81	26.4	73.6	110
Have any investment account	31	79	28.2	71.8	110
Calculated net worth in past two years	24	86	21.8	78.2	110
Have public stock?	36	74	32.7	67.3	110

Source: Field Survey (2011)

There was also a narrow range in the investment practices reported by farmers in Table 4.4c. For example, although 37.3 percent reported having capital spread over different types of investments and 28.2 percent had investment accounts, 26.46 percent said that they had social security plan or account, about one-fourth reported holding public stock, and about one-fifth said that they calculated net worth in past two years. Looking at these low figures, it can be said that poultry farmers in Dormaa in general do not have good investment practices. However, among these respondents, some medium and large scale farmers have diversified investments such as feed milling factories, hardware businesses, transport businesses and others.

Table 4.4d Cash-flow management

Cash-flow management	Yes	No	%		Total
			Yes	No	
Have current account	100	0	100	0	110
Pay all bills on time	82	28	74.5	25.5	110
Have financial record keeping system or track expenses	82	28	74.5	25.5	110
Reconcile cheque book every month	64	46	58.2	41.8	110
Use a spending plan or budget	96	14	87.3	8.7	110

Source: Field Survey (2011)

From Table 4.4d above all of the farmers reported what are considered “good” cash-flow management practices: 100 percent of the farmers had a current account, 74.5 percent paid all their bills on time, and 74.5 percent have financial record keeping system or track expenses. However, little more than half reported reconciling cheque books every month. A greater number of them, 87.5 used a spending plan or budget. Farmers in Dormaa municipality from the survey demonstrated high cash flow management practices but need to monthly reconciliation of cheque books with their book keeping records as the only fit fall. Some of the farmers attributed these to bank poor service system of technology.

Table 4.4e: Risk Management

Risk Management			%		Total
	Yes	No	Yes	No	
Have security protection(egg security man/fence.etc)	66	44	60	40	110
Have taken any Insurance policy?	0	100	0	100	110
Do you insure goods when moved from the place of purchase to destination or vice versa	6	104	5.9	94.1	110
Do have regular visit from veterinary officers	26	84	23.4	76.6	110
Do buy feed from approved source(egg GAFCO)	22	88	20	80	110
Do delegate work to others	24	86	24	76	110

Source: Field Survey (2011)

From Table 4.4e above, 60 percent of farmers said they had security protection such as fence walls and security men. This was popular among the large and medium scale farmers in Dormaa. Most of the small scales have their farms located closer to their residents and they therefore think they do not need such securities. It is surprising to observe that no farmer in Dormaa has taken any form of insurance policy on their farms including the two best national poultry farmers. They claim there is no such policy for the poultry farmers. When asked whether they insured goods when moved from the place of purchase to destination or vice versa, only 5.9 percent said they take such a policy. Even among those that answered the question posed were from the large scale farmers. The researcher considers this as a bad practice as farmers could lose all their life birds or eggs from one place to another and could be a drain on their long and short term investment. When asked whether they had regular visit from veterinary officers and bought feed from approved source (e.g GAFCO), only 23.4 and 20 percent respectively reported practicing these. The researcher expects farmers to invite

veterinary officers to visit them regularly since they have technical ideas and can give good advice on feeding requirements and medication. Also, majority of farmers prepared their own feed and do not buy from the approved source like GAFCO. However, most of the large scale farmers have their own feed mills and to some extent they have qualified veterinary officer. Good management practices required that entrepreneurs do delegate work to others. This was only observed among medium and large scale farmers who have accountants and supervisors. In the small scale however it was observed that the farmer does everything on his or her own.

Table 4.4f other financial experiences

Other financial experiences	Yes	No	%		Total
			Yes	No	
Built a house?	68	42	61.8	38.2	110
Do own taxes each year	29	81	26.4	73.6	110
Often or always plan and set goals for financial future	58	52	52.7	47.3	110
Have computerized accounting system	20	90	18.2	81.8	110
Do read about financial management books	6	104	5.5	94.5	110

Source: Field Survey, (2011)

In Table 4.4, other financial management experiences such as: built a house, own taxes each year, often or always plan and set goals for financial future, had computerized accounting system and read about financial management books reviewed 61.8, 26.4, 52.7, 18.2 and 5.5 respectively. Despite, modern development of technology, computerized accounting system showed a very low used in Dormaa municipality. With

the exception of large scale farms, none of the medium and small scale farms used computerized accounting systems which enhanced efficient productivity. Only few of them read about financial management books to enhance their knowledge.

The Table 4.4 has been computed by using the overall averages of individual practices to arrive at Table 4.5 in order to be able to analyze the data on financial management practices pictorially. The responses indicated that 67.8% of respondents use credit management as against 22.2% who do not. In a similar vein 29.3% of respondents invest as against 60.7% who do not (Table 4.5). The findings is buttressed by Hilgert and Hogarth (2003) who identified certain source of management knowledge which adds to sound financial management practices in Households financial management practices. If knowledge is linked to behavior, then it is important to know where poultry farmers obtain their financial knowledge. They observed that consumers reported learning from a variety of sources, but experience, friends and family, and the media were among the top sources for all households. For each practice—cash-flow management, credit management, saving, and investment—households with low index scores were less likely to report learning from any of these sources

Table 4.5: Financial Management Practice of Poultry Farmers

Financial Management Practice	Percentage Average of Respondents
Credit management	67.8
Saving	48.6
Investment	29.3
Cash-flow management	78.9
Risk Management	22.2
Other financial experiences	32.9

Source: Field Survey, 2011

Also Table 4.4 indicates a fairly large percentage of farmers reported what are considered “good” cash-flow management practices: 100 percent of them had a current account, 74.5 percent paid all their bills on time, However, fewer than half (58.2%) reconciled their checkbook every month. Also, 87.3 reported using a spending plan or budget. For the credit management practices, all respondents said they have taken loans or a credit, fifty five point five percent compared offers before applying for a loan or credit... As to saving practices, the data show that while 85.5 percent and 20 percent had a savings account and a welfare fund, respectively, only 38.2 percent were saving for long-term goals, such as for child education, or a car. There was also a close range in the investment practices reported by the farmers. For example, 28.2 percent reported having investment accounts, 26.4 percent have social security plan or accounts and 37.5 percent have capital over different types of investment.

4.3 Financial Management Knowledge of Poultry Entrepreneur

While most studies have looked at financial knowledge at the aggregate level, this research investigates the linkage between specific financial behaviors and knowledge about specific financial topics. The measure of knowledge reported here is based on a quiz containing true–false questions that was part of the Surveys of poultry farmers. The quiz covered cash-flow management, general credit management, saving, investment, risk management, and a broad category of other financial-management topics. Overall, poultry farmers correctly answered two-thirds (64.8 percent) of the questions. Farmers were most knowledgeable about savings (scoring about 76.7 percent) and least knowledgeable about the risk management (scoring 54.7 percent). These scores are contrary to similar financial knowledge quizzes (Hilgert & Hogarth, 2003) that

identified certain source of management knowledge which adds to sound financial management practices in Households financial management practices. They noted that, if knowledge is linked to behavior, then it is important to know where poultry farmers obtain their financial knowledge. They observed that consumers reported learning from a variety of sources, but experience, friends and family, and the media were among the top sources for all households.

Table 4.6: Knowledge in Financial Management (Credit Management and Savings)

Table 4.6a: Credit Management

Question	Correct answer	Percentage Answering correctly
Credit Management		
Creditors are required to tell you the APR that you will pay when you get a loan	True	65
If you expect to carry a balance on your credit card, the APR is the most important thing to look at when comparing credit card offers	True	70.2
Using extra money in a bank savings account to pay off high interest rate credit card debt is a good idea.	True	81.7
If you are behind on debt payments and go to a credit counseling service, they can get the federal government to apply your income tax refund to pay off your debts.	False	72.8

Source: Field Survey, 2011

The overall average of the above table 4.6a is computed to obtain 72.4 percent of the total questions answered correctly. This shows a high knowledge of credit management.

Table 4.6b: Savings

Savings		
You should have an emergency fund that covers two to six months of your expenses.	True	80
If you have a savings account at a bank, you may have to pay taxes on the interest you earn.	True	70
If you buy certificates of deposit, savings bonds, or Treasury bills, you can earn higher returns than on a savings account, with little or no added risk.	True	68.3
With compound interest, you earn interest on your interest, as well as on your principal.	True	88.4

Source: Field Survey, 2011

The overall average of the above table 4.6b is computed to obtain 76.7 percent of the total questions answered correctly. This shows that the poultry farmers adequate knowledge on savings even though this may not be put into practice.

Table 4.6c: Investment

Investment		
The poultry business requires long term investments.	True	87.1
Adequate capital is required in the establishment of poultry farms.	True	89.0
The earlier you start saving for fixed deposit, the more money you will have because the effects of compounding interest increase over time	True	52
Your poultry farm is not part of your investment	False	44.2

Source: Field Survey, 2011

In the area of investment management knowledge in table 4.6c above, the average knowledge was 68.0 percent which shows that farmers have moderate knowledge in investment.

Table 4.7: Knowledge in Financial Management (Risk Management and Other Financial Experiences)

Table 4.7a: Risk Management Knowledge

Question	Correct answer	Percentage of respondents Answering correctly
Risk Management		
Insurance policy are meant to compensate you in case of losses	True	70.0
Good bio security measures entitled the farmer to compensation in case of eventualities	True	41.0
Entrusting your farm to family members add value to your business	False	52.8
Delegation of responsibilities to others do not enhances efficiency and productivity	False	55.6

Source: Field Survey, 2011

The risk and others in 4.7a and 4.7c forms 54.7 percent of the knowledge from respondents. Farmers did not demonstrate knowledge in these areas which are very sensitive to the poultry industry and lead to success and failures of most business.

Table 4.7b: Cash flow management

Cash flow management		
Cash flow is inflow and outflow of money generated from business operations	True	89.0
Timing of cash flow will affect the evaluation of financial position of you business	True	40
Financial statement is used to evaluate financial position in farms	True	75.0
Budgeting means plan for future expenditure	True	70.0
Your budget is a financial statement of what you expected to happen within your business over the next 12 months	True	70.0

Source: Field Survey, 2011

The cash flow management is dimed as a core component of financial management. In this quiz of survey, poultry farmers in Dormaa municipality demonstrated their knowledge by scoring 68.8 percent which demonstrate above average score. This was also shown in the questionnaire of product and behavior.

Table 4.7c: Other Financial Experiences

Other financial experiences		
The use of ICT applications (computers, photocopiers, etc) in the financial management of the business helps to maximize profits	True	45.5
Employing accountants to handle the accounting operations add value to your business	True	80.4
Collateral security is a major requirement for accessing loans from banks and individuals	True	65.0
Bankruptcy is your inability to meet your financial obligations	True	52.6
Making payments late on your loans can make it more difficult to take out a loan	True	79.0

Source: Field Survey, 2011

The researcher summarized the quiz results from Table 4.6 and 4.7 and overall averages of the percentages was computed in terms of credit management, savings, investment, cash flow management, risk management and others to obtain Table 4.8 for the bar chart. The bar chart in Figure 4.1 shows that farmers in the poultry industry in Dormaa municipality are knowledgeable in savings which scored 76.7%, credit management 72.4%, cash flow management and 68.8% respectively as against risk management 54.7% and other financial experiences.

Table 4.8: Financial Management Knowledge

Financial Management Knowledge	Percent (%)
Credit management	72.4
Saving	76.7
Investment	68.0
Cash-flow management	68.8
Risk Management	54.7
Other financial experiences	64.0

Source: Field Survey, 2011

After the researcher had determined the knowledge base and practices of financial management knowledge of the poultry farmers in Dormaa municipality, the researcher further went on to determine correlation between their knowledge on financial management (independent variable) and financial management practices (dependent variable) by the use of Spearman rank correlation coefficient. Table 4.9 was used for the determination.

Table 4.9: Knowledge and Practices of Financial Management

Financial Management Practices	Knowledge(percent)	Practice(percent)
Credit management	72.4	67.8
Saving	76.7	48.6
Investment	68.0	29.3
Cash-flow management	68.8	78.9
Risk Management	54.7	22.2
Other financial experiences	64.0	32.9

Source: Field Survey, 2011

The spearman rank correlation was calculated ($r_s = 0.714$). This shows that there is a correlation between the knowledge of financial management and it practices among poultry farmers in Dormaa Municipality, though not strong. The output result is shown in table 4.10

Table 4.10

Correlations			Knowledge	Practice
Spearman's rho	Knowledge	Correlation Coefficient	1.000	.714
		Sig. (2-tailed)	.	.111
		N	6	6
Practice	Practice	Correlation Coefficient	.714	1.000
		Sig. (2-tailed)	.111	.
		N	6	6

The coefficient of determination was also computed ($r^2 = 0.509$), which shows that among the poultry farmers in Dormaa Municipality 50.9% of their financial

management practices can be explained by their financial management knowledge and 49.1% of their practices is being explained by other factors.

Table 4.9 examined financial management knowledge and financial management practices of poultry farmers. The researcher then examined the relationship between knowledge and financial management practices in the area: savings knowledge and savings practices, risk management knowledge and risk management practices, cash flow management knowledge and cash flow management practices and credit management knowledge and credit management practices.

4.4 Saving and Knowledge of Saving

One of the most widely recognized financial management principles is to save regularly, generally by setting aside some amount for savings before paying for expenses. Although 85.5% of the poultry farmers in the research reported having a savings account in the practical sense only 48.6% practice savings which does not link with the knowledge they possess in financial management knowledge of the true or false questions they were tested which shows 76.7%, for example their response in the question whether they practice saving for long term goals or having certificate of fixed deposit, only revealed 38.2% and 38.2% respectively overall, fewer than half of the poultry farmers saved. Further revelation shows that poultry farmers in Dormaa municipality prefer reinvesting their capital in the poultry industry rather than putting it into their savings accounts which attract only 3 percent simple interest per annum.

4.5 Risk Management Knowledge and Risk Management Practices

Risk management practice is one of the key components in a business set up. One cannot overlook such practices in the poultry industry which involves a lot of risk

(such as diseases and other on for seen contingencies). The research results about respondents knowledge on risk management was not encouraging, there was an average score of 54.7percent. One would have loved to see a higher score in this knowledge area. The practices were even worse, responses from respondent on risk management practices as to whether they have insurance policy revealed that no farmer/entrepreneur have taken any insurance policy for his farm. In the same way only 23.4percent, 20percent and 24 percent have regular visit from the veterinary, buying feed from approved dealers and delegate authority to others respectively. Those who reported buying feed from approved source were mainly from the large scale farmers such as A M Unity farms.

4.6 Knowledge and Cash-Flow Management

Perhaps the most basic financial practice is to pay bills on time, and 74.5 percent of poultry farmers reported following this practice. Research results about respondent's knowledge on cash flow management and cash flow management practice were positive; they were an average score of 60 and 78.9 percent respectively. In all practices within the cash flow management respondents demonstrated their good practices by given satisfactory responses. For example in the areas of financial record keeping 74.5 percent reported keeping record books and 58.2 percent reconcile their check books monthly. Eighty seven point three percent of the respondents use spending plane or budget. This then show that poultry farmers in Dormaa municipality demonstrated high skill and knowledge in cash flow management practices.

4.7 Credit Management and Credit Knowledge

One cannot be a successful entrepreneur without taken loans or credit. The poultry industry involves a very huge outlay of capital (fixed and current assets). They need other equity or debt funding. Not surprisingly all the respondents response that they take a loan apart from their personal savings and other source of funds. The research in the knowledge area reveal that 72.4 percent of the respondents said they have knowledge on credit management, this also reflected in their practices when 65.5 percent said they review credit reports monthly, and 55.5 percent a little above half also said they compare cost before applying for an offer.

4.8 Sources of Financial Knowledge

Given that knowledge is linked to practices, then it is important to know where poultry farmers obtain their financial knowledge. The poultry farmers reported learning from a variety of sources, but personal experience, media, poultry association, and other farmers were among the top sources for respondents (Table 4.10).

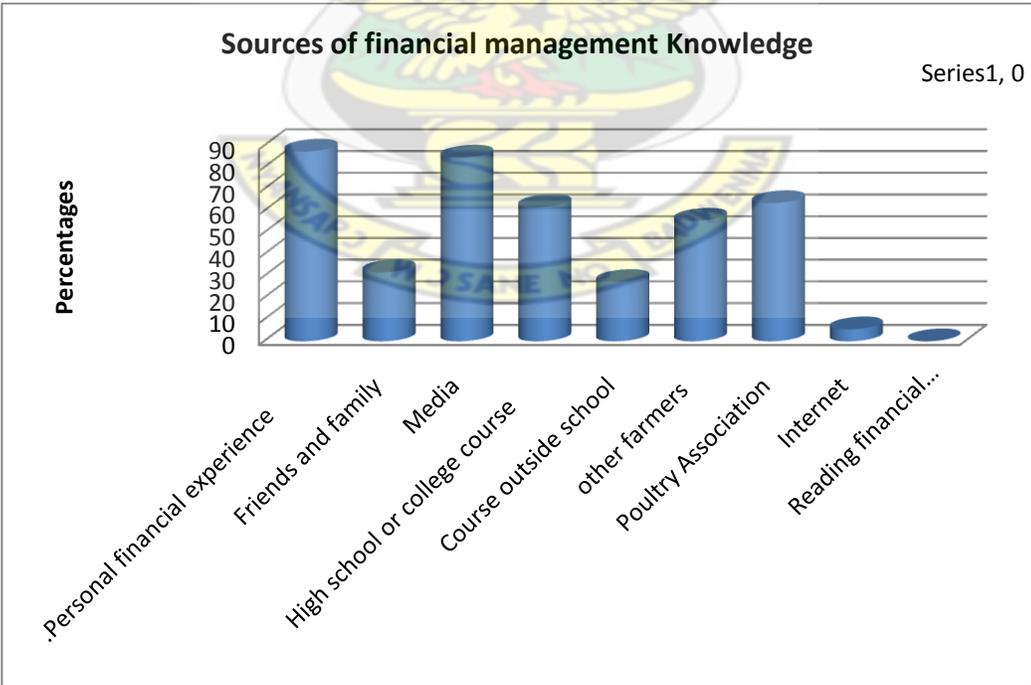
Table 4.11: Sources of Financial Management Knowledge

Learning Source	No. of Respondents	Percent (%)
Personal financial experience	96	87.3
Friends and family	35	31.8
Media	93	84.5
High school or college course	68	61.8
Course outside school	30	27.3
other farmers	61	55.5
Poultry Association	70	63.6
Internet	6	5.5
Reading financial management books	0	0

Source: Field Survey, 2011

From Table 4.11, the farmers reported on various sources of financial management knowledge, the highest among them as shown from the table above include: personal financial experience (87.3percent), media (84.5percent),poultry association (63.6percent) respectively, and this show that majority of the poultry farmers in Dormaa municipality consider media information on financial management knowledge from the FM station, The poultry industry has a lot challenges such as buying of feed/chicken and various medications and the risk nature of the industry have help the farmers to acquired a lot of experiences especially how to manage their capital. However the usage of ICT (internet) to improve the efficiency and productivity of farmers' knowledge's was almost nil. Only 5.5percent reported using the net this is due to unavailability of net work and computers in most of the farms visited.

Figure 4.1: Sources of Financial Management Knowledge



Source: Field Survey, 2011

The bar chart above shows the distribution of sources of financial management knowledge. This depicts that personal experience as a source of financial management knowledge recorded the highest

Table 4.12: Sources of Financial Management Knowledge

Test Statistics

	Sources of financial management knowledge
Chi-Square	120.887 ^a
Df	7
Asymp. Sig.	.000

Source: Field Survey, 2011

The researcher then tested to see whether the poultry farmers in Dormaa Municipality do actually have financial management knowledge source or not.

Null Hypothesis

Ho : Poultry farmers in Dormaa Municipality (DM) do not have financial management knowledge sources

Alternative Hypothesis

H₁ : Poultry farmers in DM do have financial management knowledge sources. From the chi square test the significant figure is 0.000, which is less than 5 percent significant level of accepting the null hypothesis that poultry farmers in Dormaa municipality do not have financial management knowledge sources. The researcher then accepted the alternative hypothesis and concluded that poultry farmers in Dormaa municipality do have financial management knowledge sources.

CHAPTER FIVE

SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSIONS

5.0 Introduction

The purpose of this chapter is to (a) present a summary of the findings, (b) draw conclusions based on the results of the study and (c) suggest recommendations for the solution of the problems identified and also implications for further empirical study.

5.1 Summary

In a developing country like Ghana, the share of the business activity by the small firm has increased considerably over the last decade of the 20th century. Though the contribution of these small firms towards employment generation is highly recognized, their contribution to the country's revenue generation seems to be negligible.

Even though it is expected that these livestock and that matter poultry contribute significantly to the country's revenue generation and protein intake, its contribution has been inadequate due to lack of knowledge in Financial Management practices

The mixed-method strategy was adopted for this study to reduce the possibility of personal bias by not depending on only one method of approach or response coming from one or few farmers.

The entrepreneurs are moderately educated with minimum education level of Basic education. The common business types among the farmers are mainly table eggs layers and broilers. Business periods are categorized as start-up (0-5years), stability

(between 5- 10years) and success (10 years and above) and mostly farmers are in the stability stage.

Most of the farmers agree that when the company is going to face bankruptcy, liquidity in the firm will decrease. 55 percent agree with the statement and 45percentof them are partially agreed with it. Besides that, 53percent farmers agreed that solvency indicates the financial strength of the company in the longer term to which the organization is equipped to face business risks comparing to 43percent partially agreed with the statement. 86 respondents partially agreed that financial management is necessary since the starting of the business and 76respondents partially agreed that financial management prevent financial crisis. Majority of the respondents with the moderate practice for financial management indicate the high score of 80 percent with the score of 20 percent for high practice.

Most of the farmers agree that over the long term, stocks have the highest rate of return on money invested because 56percent agree with the statement. 78percent partially agree that budgeting is financial management instrument and 75 partially agree that budgeting means plan for future expenditure. Even 58 respondents partially agree and 41 respondents agree that budget is a financial statement of what you expected to happen within your business over the next 12 months, but 1 respondent disagree with the statement. Majority of the respondents with the moderate knowledge in financial management indicate the high score of 87 percent with the score of 13 percent for knowledgeable. Farmers were most knowledgeable about cash-flow management (scoring about 80 percent) and least knowledgeable about the risk management topics

(scoring 57 percent). Most of these scores are in line with similar financial knowledge quizzes.

In general, these sources have “just in time” availability for people who want to learn on their own—those farmers who want to access education and information resources when they are preparing to make a decision and at times and places that are convenient for their business. Media sources, brochures, and Internet materials on new drugs, medications and different types of chickens may be all that are necessary for the business.

There is also no significant difference between management practice and knowledge of Dormaa poultry entrepreneur in financial management. Knowledge and practice were related to one’s experience. Knowledge is important to establish whether someone really knows what to do with the business they are involved in.

5.2 Conclusions

The poultry industry in Ghana and for that matter Dormaa Municipality is contributing effectively the growth and development through the provision of food, employment and taxes to the economy. Many of the farmers are particular about productivity and making profits. As such, farmers employ all means to ensure efficiency however the use of effective financial management practices has been minimal.

Farmers are actively implementing their knowledge on financial management practices in their poultry business. It is important to note that such arrangements have led to an expansion in the poultry industry in the Dormaa Municipality. Farmers have

acquired skills in financial management through workshops and periodic capacity building seminars on financial management

5.3 Recommendations

There is the need for clear national development objectives to meet the needs of the poultry sector. Sound policies and regulations pronouncement do not guarantee achievement of anticipated results because of what is encountered during execution, such as inconsistency of policy implementation. Government can accelerate the development of markets for financial services suited to the special characteristics of the poultry sector by promoting product innovation and building institutional capacity. This should be done through easy accessibility to credit through specialized or development oriented banking or financing institutions. Funds being made available through these sources should be given at preferential interest rates.

Government should promote policies that will facilitate the rapid development of the agro based and solid mineral based raw materials for industrial development. Some existing industries rely on some raw materials which are currently being exported unprocessed at give-away prices, only to import the processed by-products at exorbitant prices.

The poultry industry should be particular about timing the delivery of financial education because of its key importance. Not only is it necessary to educate farmers about financial-management topics through methods that fit their learning preferences, but it is also necessary to present the material at a “teachable moment.”, and which provide information which is immediately relevant and applicable. However, consumers may national service personnel; especially accountants should be made available to

assist the farmers in bookkeeping and other accounting systems so as to increase their financial management knowledge.

The municipality needs silos for storage, especially during boom times .Poultry feed require about 60 per cent of maize. Scarcity of maize during greater part of the year has led to the collapse of some farms. The government should encourage potential investors to import yellow maize to supplement local production which is woefully inadequate.

Farmers of poultry sector should avail themselves with the various training programmes organized by bodies like; Empretec Foundation, National board for small scale industries National Poultry Farmers Association and the Ghana National Chamber of Commerce and Industry, to polish their knowledge in financial management and other management topics. This will help improve their trading activities. Easy accessibility to credit through specialized or development oriented banking or financing institutions. Funds being made available through these sources should be given at preferential interest rates.

The government could also assist by establishing a well funded National Credit Guarantee Fund that will act as buffer for credit facilities from banks and other financial institutions over and above the equity provided under SME'S..

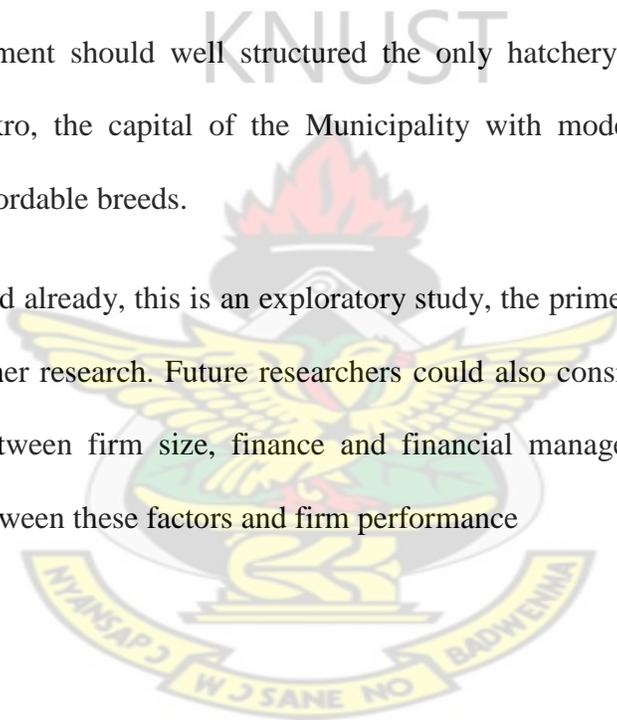
There is the dire need for the provision of good infrastructural facilities such as roads, electricity, water supply and telephone facilities. It is necessary for the three tiers of government to provide improved infrastructural support services with a view to stimulating entrepreneurs.

Uninterrupted and cheap power supply should be provided for the benefit of the poultry sector and other entrepreneurs in economy to ensure increase in production.

Timing the delivery of financial education may also be important. Not only is it necessary to educate farmers about financial-management topics through methods that fit their learning preferences, but it is also necessary to present the material at a “teachable moment.”, and which provide information which is immediately relevant and applicable.

Government should well structured the only hatchery at Maasu, a suburb of Dormaa Ahenkro, the capital of the Municipality with modern breeds too help get reliable and affordable breeds.

As stated already, this is an exploratory study, the prime objective of which is to encourage further research. Future researchers could also consider an area such as; the relationship between firm size, finance and financial management practices and the relationship between these factors and firm performance



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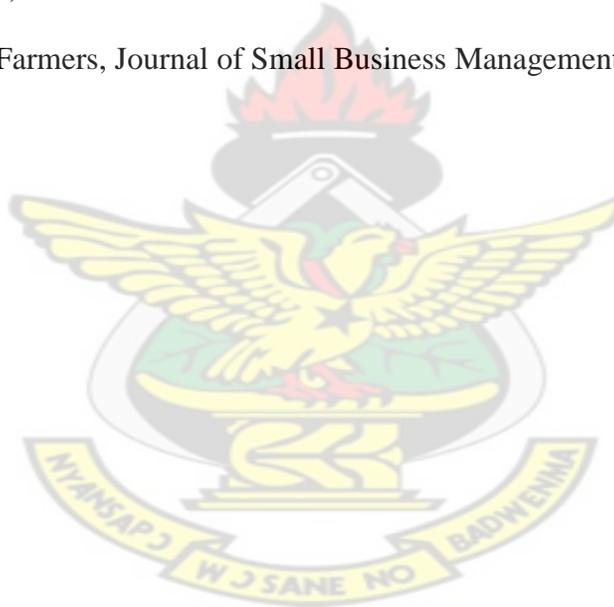
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APPENDIX A

QUESTIONNAIRE

KNUST

INSTITUTE OF DISTANCE LEARNING

Topic: FINANCIAL MANAGEMENT KNOWLEDGE AMONG ENTREPRENEURS
IN THE POULTRY INDUSTRY: A CASE OF THE DORMAA MUNICIPALITY.

This questionnaire has been designed to solicit information for purely academic purposes and your anonymity is guaranteed. I shall be grateful if you would answer them to the best of your ability. Indicate your answer(s) by a tick like this (), a short answer and a simple explanation where necessary”.

Thank you.

To be completed by owner/manager, the Entrepreneur, Proprietor (or equivalent)

Instructions: A number of questions provide a statement with a score between 0 and 5 alongside. A score of 0 represents total disagreement with the statement whilst a 5 represents total agreement. Please circle one of the numbers as regards your opinion. Other questions will require you to tick either Yes or No. Do not write your name or the entrepreneurs name in any part of the questionnaire.

SECTION A: socio-demographic background.

1. Age

22-28

30-36

37-45

46-54

55 and above

2. Gender

male

female

3. Marital status

single

married

divorced

4. Business period

- Below-5years
 5-10years
 10 years and above

5. Business type

- Table eggs layers only
 Broilers only
 Broilers & layers.

6 Level of Education

- Tertiary
 Post sec
 Senior/tech/voc
 Basic/Junior/MSLC
 No formal education

7. Business Operated from

- Own Farm
 Rented Farm

8. Business ownership

- Sole proprietorship
 Partnership
 Limited Liability

9 Number of birds

- Below-5000
 5000-10000
 Above-10000.

10. Start-up capital

- GH¢5000
 GH¢5000GH¢10000
 GH¢10000-GH¢15000
 GH¢15000-GH¢20000
 GH¢20000-GH¢25000
 GH¢25000-GH¢30000
 Above-30000

11. Source of Fund

- Family Savings
 Personal Savings
 Sale of Assets
 Friends Contribution
 Loans
 Other (Specify)

12. Total fixed asset

- Below-GH¢10000
 GH¢10000-GH¢20000
 GH¢20000-GH¢30000
 Above-GH¢30000

13. Number of employees:

- Below10
 Between 10 and 30
 30 and 50
 Between 50 and 100
 Above 100

14. Annual business sales

- Less than GH¢50,000
 BetweenGH¢50,000andGH¢100,000
 Between GH¢100,000 and GH¢200,000
 Between GH¢200,000 and GH¢500,000
 Above GH¢500,000

SECTION B: Financial Management Practices and Management

15 Cash-flow management

A . Have current account	Yes <input type="checkbox"/>	No <input type="checkbox"/>
B . Pay all bills on time	Yes <input type="checkbox"/>	No <input type="checkbox"/>
C . Have financial recordkeeping system or track expenses	Yes <input type="checkbox"/>	No <input type="checkbox"/>
D . Reconcile checkbook every month	Yes <input type="checkbox"/>	No <input type="checkbox"/>
E . Use a spending plan or budget	Yes <input type="checkbox"/>	No <input type="checkbox"/>

Credit management

A . Have you assessed credit/ loan	Yes <input type="checkbox"/>	No <input type="checkbox"/>
B . Pay loan balances in full each month	yes <input type="checkbox"/>	No <input type="checkbox"/>
C . Review credit reports monthly	Yes <input type="checkbox"/>	No <input type="checkbox"/>
D . Compare cost before applying for a loan	Yes <input type="checkbox"/>	No <input type="checkbox"/>
E use a spending plan on budget.	Yes <input type="checkbox"/>	No <input type="checkbox"/>

16 Saving

A . Have savings account	Yes <input type="checkbox"/>	No <input type="checkbox"/>
B . Have welfare fund	Yes <input type="checkbox"/>	No <input type="checkbox"/>
C Save for long-term goals such as education, car, or home	Yes <input type="checkbox"/>	No <input type="checkbox"/>
D .Have certificates of deposit i.e. fixed deposit	Yes <input type="checkbox"/>	No <input type="checkbox"/>
E save regularly by putting money aside	Yes <input type="checkbox"/>	No <input type="checkbox"/>

17 Investment

A . Have capital spread over different types of investments	Yes <input type="checkbox"/>	No <input type="checkbox"/>
B . Have any social security plan/account	Yes <input type="checkbox"/>	No <input type="checkbox"/>
C .Have any investment account	yes <input type="checkbox"/>	No <input type="checkbox"/>
D . Have mutual funds?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
E . Calculated net worth in past two years	yes <input type="checkbox"/>	No <input type="checkbox"/>
F . Have public stock?	Yes <input type="checkbox"/>	No <input type="checkbox"/>

18 Other financial experiences

A .Built a house?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
B .Do own taxes each year	Yes <input type="checkbox"/>	No <input type="checkbox"/>
C .Often or always plan and set goals for financial future	Yes <input type="checkbox"/>	No <input type="checkbox"/>
D .Have computerized accounting system?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
E .Do you read about financial management books?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
F . Is your farm insured?	Yes <input type="checkbox"/>	No <input type="checkbox"/>

19 Risk Management

A . Do you know of insurance cover?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
B . Have you taken any Insurance policy?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
C . Do insure your goods when they are moved from the place of purchase to your destination or vice versa	Yes <input type="checkbox"/>	No <input type="checkbox"/>
D . Are you aware that good bio-security measures entitled you to compensation of any loss occurring?	Yes <input type="checkbox"/>	No <input type="checkbox"/>

SECTION C Knowledge In Financial Management

Circle as appropriate

Credit

Creditors are required to tell you the APR that you will pay when you get a loan?	True <input type="checkbox"/> /False <input type="checkbox"/>
Creditors are required to tell you the APR that you will pay when you get a loan?	True <input type="checkbox"/> /False <input type="checkbox"/>
Using extra money in a bank savings account to pay off high interest rate on debt is a good idea?	True <input type="checkbox"/> /False <input type="checkbox"/>
If you are behind on debt payments and go to creditors, they can reschedule your loan payment with a commission?	True <input type="checkbox"/> /False <input type="checkbox"/>

Saving

You have a welfare fund that covers two to six months of your expenses.	True <input type="checkbox"/> /False <input type="checkbox"/>
If you have a savings account at a bank, you may have to pay taxes on the interest you earn.	True <input type="checkbox"/> /False <input type="checkbox"/>
If you buy certificates of deposit, fixed deposit, or Treasury bills, you can earn higher returns than on a savings account, with little or no added risk.	True <input type="checkbox"/> /False <input type="checkbox"/>
With compound interest, you earn interest on your interest, as well as on your principal.	True <input type="checkbox"/> /False <input type="checkbox"/>

KNUST

Investment

The earlier you start saving for social security fund, the more money you will have because the effects of compounding interest increase over time.	True <input type="checkbox"/> /False <input type="checkbox"/>
Employers are responsible for providing the majority of funds that you will need for social security fund.	True <input type="checkbox"/> /False <input type="checkbox"/>
Over the long term, stocks have the highest rate of return on money Invested	True <input type="checkbox"/> /False <input type="checkbox"/>

Other

Making payments late on your bills can make it more difficult to take out a loan.	True <input type="checkbox"/> /False <input type="checkbox"/>
Your bank will usually call to warn you if you write a check that would overdraw your account.	True <input type="checkbox"/> /False <input type="checkbox"/>
Budgeting is financial management instrument	True <input type="checkbox"/> /False <input type="checkbox"/>
Budgeting means plan for future expenditure	True <input type="checkbox"/> /False <input type="checkbox"/>
Your budget is a financial statement of what you expect to happen within your business over the next 12 months	True <input type="checkbox"/> /False <input type="checkbox"/>
Cash flow is inflow and outflow of money generated from business Operations	True <input type="checkbox"/> / False <input type="checkbox"/>
Financial statements can be used to evaluate financial position in a company	True <input type="checkbox"/> / False <input type="checkbox"/>
Capital is the money with which the business is started.	True <input type="checkbox"/> /False <input type="checkbox"/>
Bankruptcy is inability of your company to meet its financial obligations.	True <input type="checkbox"/> /False <input type="checkbox"/>

Knowing the method to calculate the tax payment may help you to	
save more tax payable	True <input type="checkbox"/> /False <input type="checkbox"/>
Cost of capital is one of the criteria to measure cash flow.	True <input type="checkbox"/> / False <input type="checkbox"/>
Timing of cash flow will affect the evaluation of financial position.	
	True <input type="checkbox"/> /False <input type="checkbox"/>

SECTION D: Sources Of Financial Management Knowledge

1. How did you acquire knowledge on financial management ?

- a.....
- b.....
- c
- d.....

2. What is the most important way you have learned about finances?:
.....

3 .State the effective ways have you learnt to manage capital

- A.....
- B
- C
- D

SECTION E: Enhancement of Effective Financial Management Knowledge.

1. Given your time and the way you like to learn, specify the ways that would be effective for you to learn about managing your money

- a.....
- b.....
- c.....

2. Will you want to employ full time accountant who will educate you alongside his work? Yes No

If, yes why,?.....

3. Will you want to access the services of an accountant from a pool?
Yes No

4. Have you received training from a business development body on acquiring financial knowledge
Yes No

5 If yes indicate the extent of benefit from the training
.....

6. Have you received assistance from a business development body in accounting systems development
Yes No

7. Would you be more willing to support training events on financial related Seminars/Workshops if they were:

a. Out with work hours? Yes No

b. Highly relevant topics? Yes no

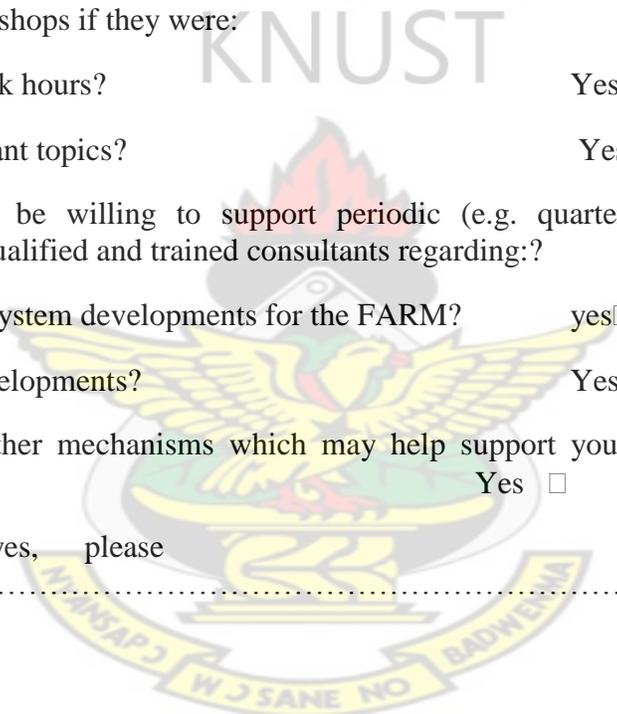
8. Would you be willing to support periodic (e.g. quarterly) advisory visits by appropriately qualified and trained consultants regarding:?

a. Accounting system developments for the FARM? yes No

b. Strategic developments? Yes No

9 .Are there other mechanisms which may help support your financial management knowledge? Yes No

10 .If yes, please specify.....



Appendix B

Spearman Rank Correlation Coefficient

$$r = 1 - \frac{6 \sum d^2}{n(n^2 - 1)}$$

r = Rank Correlation Coefficient

d = $R_x - R_y$ (Deviations between the variables)

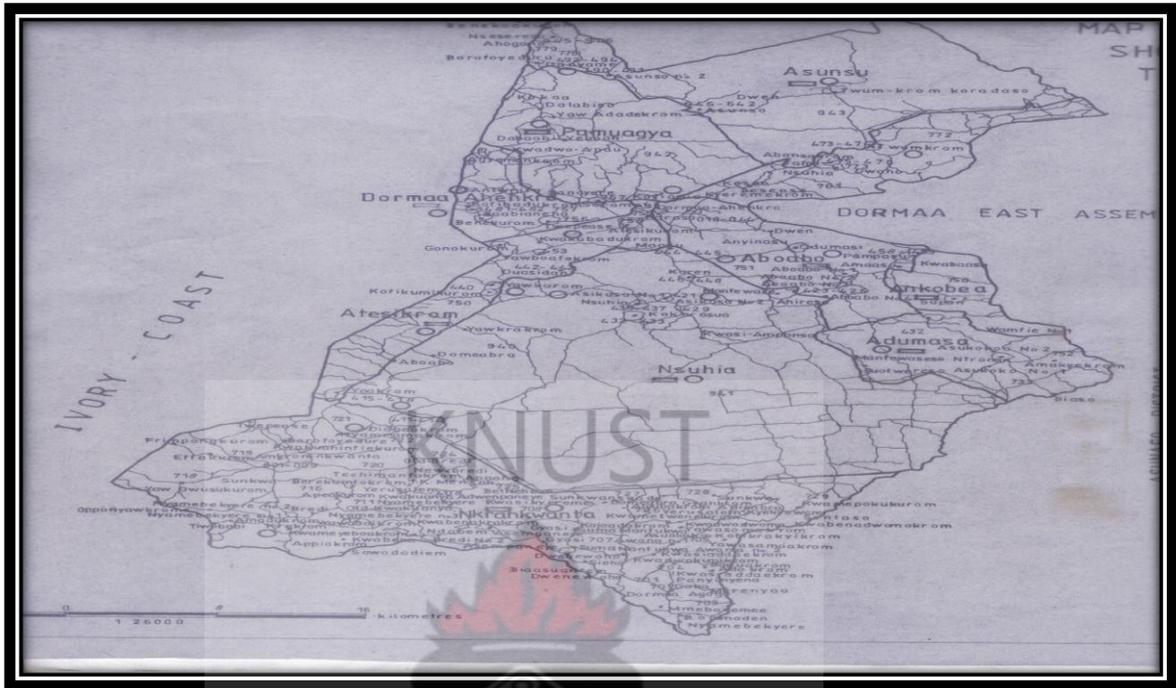
n = Number of observations

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Appendix C

Municipal Map showing the key boundaries, major settlements etc.



(Source: Town and Country Planning Unit, Municipal Assembly)

