TOWARDS A FRAMEWORK FOR THE PROMOTION OF TECHNICAL AND MANAGERIAL ENTREPRENEURSHIP CAPABILITIES IN SMALL SCALE INDUSTRIES IN RURAL DISTRICTS - A CASE STUDY OF WEST GONJA DISTRICT IN GHANA

A Thesis submitted to the Board of Postgraduate Studies
University of Science and Technology, Kumasi in
partial fulfilment of the requirements for
the degree of Master of Science in
Development Planning and
Management

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Many people have contributed in diverse ways to the completion of this study. I gratefully acknowledge their help.

To the Directors and members of staff of the SPRING PROGRAMME, both in Ghana and West Germany, I wish to extend my profound gratitude to them.

My sincerest and heartfelt appreciation goes to Mr. Samuel Nyarkoh Boapeah, a Lecturer in the Department of Planning who was my Thesis Supervisor for the great interest he showed in my work. His valuable suggestions, guidance and rich experiences he extended to me punctually, despite his heavy workload, enabled me to complete the work on schedule. I am acutely conscious of my great debt to him. To the members of his family, I appreciate their patience.

I wish to extend my special thanks to the officers contacted in Damongo, Tamale and Accra and my field assistants who helped me in the exercise of data collection.

To my fellow colleagues and particularly my Flat mate, Mr. Kamara, I am grateful for their valuable discussions, advice and encouragement. Mr. S.K. Acquah, of the School of Engineering, deserves much credit for undertaking the typing of this manuscript.

To my parents and in-laws and other family members, mentioning in particular my uncle, J.N. Mushi, I gratefully acknowledge their concern, care and support during my academic career. Special mention is made to Rudith King and Juliana Ayornoo for their constant encouragement and support.

My sponsors, Okumenisches Studienwork e.v. (OSW), West Germany and my employers, SIDO (Tanzania) deserve special mention for having made it all possible morally and materially.

Finally, I deeply appreciate the love, understanding and patience of my Wife, Edna, who during my absence kept the family together. To my dear children, Caroline and the newly born Catherine, I express a fatherly heartfelt thanks for their tolerance and do hope that they will understand when they grow up.

It is widely accepted that rural development in the Third World Countries (TWCs) requires an integrated sectoral approach. Attempts made in rural industrialization are meant to supplement the efforts in other sectors. Although emphasis was laid on modern and large-scale industries, it has been recognized that they are not sustainable and in the rural industrialization process, Small Scale Industries (SSIs) are inevitable. The issue is how to promote such rural SSIs in the light of numerous problems confronting them.

A research was, hence, conducted as a contribution to the efforts in searching for an optimum promotional strategy for rural industrialization. A case study of existing entrepreneurs in SSIs in the West Gonja District, was undertaken. This study area has a major problem of low supply of indigenous entrepreneurship. Additionally, the few existing entrepreneurs possess relatively low level of technical and managerial capabilities. Institutional and government support designated for the sector is uncoordinated and never felt in the area. Also the social and technical environment and the business climate in general is not conducive enough to attract industries. Production risks in SSIs are, hence high and these adversely affect the supply of entrepreneurship.

It is being argued in this study that, an entrepreneur is central to the initiation, survival and growth of SSIs. Unlike past efforts, which used a problem-solving approach, an integrated approach, forging linkages and putting the entrepreneur first is being called for.

The objective of the study was to assess the state of technical and managerial capabilities possessed, their acquisition and diffusion modalities and identification of problems confronted. A look was also made into the institutional framework to see how a pattern of support services could be made practical and accessible to rural SSI entrepreneurs.

manifested in the low level of industrial activities. Surprisingly, however, entrepreneurs were found to possess stocks of capabilities, which were predominantly acquired informally. They financed their operation solely from private means and there were interesting innovation in technological development especially in dye-making and farm implements, among others.

Over 80 per cent of entrepreneurs work single handedly on both production and management aspects and employment generation of only 2.5 persons per enterprise was revealed. Competence in both aspects of production and management is unlikely to be embodied in one person.

No institutional support was availed to entrepreneurs, neither did they know of the existence of such support programmes. Laudable policies and programmes of the government and SSI promotional institutions have never reached the target rural entrepreneurs. Improvement in social and technical infrastructure is still lagging behind.

Consequently, the entrepreneurial capabilities have remained static and measures to generate dynamic capabilities are essential.

Potentials were assessed for strengthening such capabilities and stimulating new entrepreneurs, and it was found out that the District is endowed with a raw material base (agricultural and non-agricultural such as lime and salt respectively). Entrepreneurs also displayed latent talents and, institutionally, it has been recognized that entrepreneurs can be identified, trained and developed and that they come from all walks of life. The National Board for Small Scale Industries (NBSSI) has started an Entrepreneurship Development Programme (EDP) in the urban areas of Kumasi and Accra, and this is being extended to Cape Coast and Tamale.

There was, hence, a ground to suggest that first and foremost, the promotional strategy should centre on the entrepreneurs in order to

strengthen their technical and managerial capabilities. This will enable them come up with viable projects which is the pressing problem. In this way, other problems particularly finance which is felt as the urgent problem would have been minimized. Rather than capital chasing viable projects, characterizing the status quo, "viable projects should chase capital".

The recommendations stressed the need for, as far as possible, the utilization of local resources in an integrated way. The need for technical and managerial training, technology exposure, multi-purpose industrial cooperatives, rural workshop clusters and government support services were suggested. The EDP was seen as a major tool for the stimulation of rural entrepreneurs in a single, comprehensive package.

No new institution was advocated for. Rather a coordination and sychronization of existing institutions whereby the NBSSI, (at the national level and the District Development Planning Unit, at the District level) are responsible, was emphasized.

Implementation of these proposals would have contributed to the reorientation of promotional strategies of rural SSI entrepreneurs.

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CHAPTER ONE

GENERAL INTRODUCTION

1.1 INTRODUCTION

One essential aim of most, if not all Third World Countries (TWCs), is to develop a national/regional industrial capacity. This includes establishing a certain capacity to produce desired products and to develop technological and managerial knowledge for further indigenous development of industry.

Over a number of decades, the above aim has been met by embarking on a series of industrial development strategies which have differed in form and content between countries. However, large-scale capital-intensive import substitution strategy has been widely adopted by most TWCs especially in their early years after independence. Examples could be mentioned of Ghana under Nkrumah, and Latin America in the 1960's. It was contended that through this strategy, the nations could halt dependency on primary products exports and ultimately achieve integrated industrial base, exporting processed products of intermediate and heavy industrial goods.

It goes without saying, that contrary to the envisaged aims, the results have fallen short of expectations in creating a sustainable industrial growth in most TWCs. The tendency has been to import technologies from industrialized nations with limited capabilities to utilize them and even improve upon them.

Consequently, the industries created depend on imported inputs, with little or no effort in developing local raw material base. This has exerted pressure on the meagre foreign exchange available to these countries. They produce far below

capacity, a factor which further compounds the high unit cost of production; hence the high ultimate selling price which is unaffordable by the majority of the people. One other deficient factor, is that such enterprises are urban-based with a neglect of rural economies which remain undiversified. It should be noted that, it is in these rural areas where over 600 million or 50 per cent of the poor live[1]. Thus, any development effort which neglects this sector is undesirable, if improving the quality of life for the majority of the people in the TWCs is at all a goal.

The above results have raised concern of most governments on the role of the Small-Scale Industrial (SSI) sector in the industrialization process. In the past few decades, most TWCs have admitted the inevitability of small-scale industrial policy in their development strategies. The subject has received even more attention, as most TWCs are now emphasizing on rural development and rural industrialization.

SSIs have been found to potray a series of advantages embodied in the provision of basic needs, employment generation, decentralization of industry, technological innovations and diffusion, utilization of local resources and the like. SSIs, hence, constitute one of the viable components of the economy, but they are beset with numerous problems which must not be ignored by government policy.

---

[1] World Bank: "Rural Development" - Sector paper, New York, February, 1975.

The United Nations indicated that, the SSI contribution to development is currently constrained, among others by:

i) small and insecure markets;

ii) raw material shortages;

iii) limited access to institutional finance, especially for working capital;

iv) poor availability of suitable technology and, associated skills;

v) weak management, normally worsening all other problems since entrepreneurs lack capacity to analyse situations and chart ways of minimizing adverse effects;

vi) poor organization of producers; and

vii) unsupportive policies.[1]

It has, hence, became fashionable that over the last two decades, countries have been considering strategies to promote and develop SSIs. However, the promotion of these SSIs has been characterized by such approaches of policy-makers as:

i) provision of incentives, for example, investment tax credits, tax free holidays, grants and subsidies;

ii) provision of infrastructure, such as building of industrial estates, development Banks, transport and communication facilities;

iii) provision of markets by setting tariffs and duties on imported goods, designated national industries granting local purchase preferences and so on.

---

1 FAO, Small-Scale Forest-based processing enterprises, FAO Forestry Paper 79, (Geneva, 1987)

While a certain amount of success has been seen in these approaches, generally, those who take advantage of such policy instruments tend to be the larger, better managed undertakings. Even where a few SSIs are taken into account, they are mainly those located in the urban areas. SSIs in rural areas of Africa and TWCs in general have received only a peripheral attention.

An observation made here is that, such instruments have been promoting the status quo, and do not in themselves address the critical constraints of INITIATION, SURVIVAL and GROWTH of SSI sector, at the centre of which it is contended by the author, is the ENTREPRENEUR. Efforts have been directed largely at existing enterprises mainly centred in the urban environment and trickle - down effects are expected to take place and reach those people who are not yet in business.

The theme of this thesis research, therefore, is to advocate for the reorientation of the SSI promotional strategies, and search for better ways of stimulating rural entrepreneurial spirit as a starting point for SSI promotional efforts in rural districts of Africa in general and Ghana in particular. The West Gonja District in the Northern Region of Ghana is used as a case study. The District potrays typical characteristics of rural areas in Ghana. Agriculture is the mainstay of the district's economy employing over 60 per cent of the economically active population. The remaining 40 per cent are engaged in non-agricultural activities, predominantly in trading, fishing, livestock rearing, crafts and the civil service. Manufacturing activities are negligible in the district.[1]

---

[1] Spring Participants, Development Workshop Report, 1990.

STATEMENT OF THE PROBLEM

Looking at rural economies of most TWCs in terms of their industrial performance, an International Labour Organisation (ILO) report concluded that, a significant impediment in the SSI development is the lack of an adequate supply of indigenous entrepreneurial/managerial capabilities.[1] This is no exception in Ghana and particularly in the West Gonja District, where very low level of industrial activities are recorded despite numerous development potentials for the sector. The District is well endowed with an agricultural raw material base and non-agricultural materials such as lime, clay and water resources.

Generally, the District lacks industries and even with the few existing rural industrial undertakings, there is low supply of entrepreneurship. The commodity flow analysis conducted in the District, showed very insignificant inflow of intra-district local manufactured goods. Virtually all manufactured goods in the District, were from exogenous inflows, indicating a very low level of development of the manufacturing sector. The little that is produced in the few SSIs accounted for only one per cent of the total flow which were mainly agricultural processed products like Gari, enamel and smocks. These were mainly consumed locally except for the special crafts, such as smock-weaving in Daboya, whose market extends outside the District. Analysis of the sufficiency of commodity exchange also revealed that the District is highly insufficient in manufactured goods. It can cater for only 0.5 percent of the industrial goods requirements.[2]

---

1 Kenneth Loucks, Training entrepreneurs for small business creation. Lessons from experience, ILO (1988) Geneva pp.2

2 Spring Participants, Development Workshop Report, 1990

Undoubtedly, there is a pressing need for entrepreneurship development, that is, increasing the supply of manpower which is capable of undertaking business creation. The potential lies in developing SSI entrepreneurs. In this regard, Patel had this to say, "in a small enterprise, the central figure is Entrepreneur, the person who catalyses resources, risks and manages them so as to establish a viable, sustained employments generating entity. He/she, therefore, needs to be identified, motivated, strengthened and supported"[1]. There is, hence, a need to study the capabilities (technical and managerial) inherent in the few SSI entrepreneurs whose capabilities are presently unknown and minimum efforts seem to have been made in improving them at the grassroot level.

It has been argued strongly that, the success or failure of rural industrialization programmes, is going to depend upon the enthusiasm and contribution of the entrepreneur.[2] We inevitably need a new type of entrepreneur to activate the process of industiralization. The entrepreneur is defined operationally in this study as, "the individual who perceives needs, organizes the factors of production, and creates and markets the products.[3] The role the entrepreneur performs is called the "entrepreneurial function" and the process is called "entrepreneurship."

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1. V.G. Patel, Entrepreneurship Development Programme in India and its relevance to Developing Countries, Ahmedabad, EDI-India 1987, pp.1-2.

2 B.A. Ntim, "Low-Cost Technology and the Promotion of Rural Industrial Development" in Brown C.K., Rural Development in Ghana, Ghana University Press, Accra, (1986) pp. 119

3. Keneth Loucks, ILO Training Entrepreneurs for business creation, pp. (v)

Possible causes of low supply of rural entrepreneurship in Ghana, may include, among others; government action of discouraging growth of SSIs by emphasizing on large-scale industries and farming ventures. State has at times participated in production, and intervening in private initiative through such tools as pricing and taxation.

Another major factor noticeable in the study district, which inhibits entrepreneurship supply, is the existence of high risks in rural production. There is inadequate supply as well as inefficient operation of socio-technical infrastructure and economic institutions in the West Gonja District. Guaranteed market, transport and storage facilities, access to credit facilities, technical and managerial knowhow, to mention a few are far from the reach of small-scale industrialists. There is very little attention paid to entrepreneurial training in the light of technical, vocational, business and managerial education at the district level. Such training programmes are done in the cities and trainees are expected to go back to the districts, but this has never been the case. Additionally, such training programmes are not backed with support packages to enable graduates establish their own businesses. They are therefore left with no alternative, but to join the labour force in the urban areas.

The analogy tries to point out that, the objective and perceived risks for SSI production has remained very high in the District. It is the aim of this study to look into the possible ways of minimizing such risks.

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Closely related to the study of entrepreneurship development, is the process of technology acquisition and diffusion. The author sees that there is a significant gap between the areas of innovation and the adaptability of such capabilities to enhance rural small-scale industrial development. The SSIs found in the District such as Shea-butter extraction, Smock-weaving, Pito brewing, blacksmithing and others, still employ very crude and inefficient methods of production, while at the same time similar units in larger towns are already enjoying simple and efficient methods of production.

Some basic capabilities which already exist in the District need to be studied and the gaps identified and filled. At the same time, where basic capabilities are not yet developed, as contended by Dahlman,[1] actions will be required to increase people's awareness of what can be done with modern or rather appropriate technologies. Once such capabilities are acquired, technology needs to be diffused and efficiently used within and outside the District.

Another problem area which receives attention in this study, is the role of institutional framework in promoting SSIs in Ghana, and in the study area in particular. Ghana is among countries with a high number of institutions related to SSI promotion. Such institutions include, for example, National Board for Small-Scale Industries (NBSSI), Ghanaian Enterprises Development Commission (GEDC), Department of Rural Housing and Cottage Industries (DRHCI), National Council for Women and Development (NCWD); Ghana Regional Appropriate Technology Industrial Service (GRATIS), Technology

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1. C.J. Dahlman, Technological change in Industry in Developing Countries, in Finance and Development Publication, World Bank, June, 1989

Consultancy Centre (TCC); Intermediate Technology Transfer Units, (ITTUs); various Non-Governmental Organizations; various Financial Institutions, and Training Institutions. Pathetically, however, the efforts of these institutions are not co-ordinated, especially for smooth functioning at the rural areas.

1.3 OBJECTIVES OF THE STUDY

In the light of the above problems, and the urgency envisaged in contributing towards reorientation of small-scale industrial sector development strategies, the study carries the following objectives:-

i) To establish and assess the state of technical and managerial capabilities possessed by small-scale entrepreneurs in West Gonja District.

ii) To investigate formal and infermal means through which such capabilities were acquired and to examine critically how entrepreneurial supply is affected.

iii) To explore the dissemination process of these capabilities and the problems involved.

iv) To investigate the socio-economic environment in which SSIs operate and to establish the operational criteria by which the pattern of institutional support services could reach the District's SSIs.

v) To suggest, on the basis of the findings, recommendations towards the enhancement of capabilities for SSI entrepreneurs in the rural industrialization process.

.4 SCOPE OF THE STUDY

The study covers and makes inference on entrepreneurs in the household manufacturing - based SSIs and Handicrafts, in the

in the Northern Region of Ghana. The working definition of manufacturing activities in the small scale industrial sector by the World Bank is adopted. Manufacturing is defined as:

> "The mechanical or chemical transformation of inorganic or organic substance into new products, whether the work is performed by power-driven machines or by hand, whether it is done in a factory or in the workers' home, and whether the products are sold at the wholesale or retail"[1]

Small-scale entrepreneurs producing goods considered typical to the northern part of Ghana were, hence, selected. Such goods which could be categorized as intermediate and consumer goods include:-

i) Intermediate goods comprising, hoes, axes, cutlasses, dyes, pots, pans and boats.

ii) Direct consumer goods comprising, pito, edible oil, clothing and gari.

Quantative and qualitative criteria have normally been used to differentiate between large and small-scale industries. In this study, quantitative criteria using employment size as a convenient borderline was used. Hence, entrepreneurs in those industries employing up to ten people were included in the sample.

Although in Ghana, the Statistical Services Department uses up to the thirty people as a borderline for small-scale industry, this was seen inappropriate in the study area for the following reasons:

In the District, no SSI was found employing even up to ten people. Average employment size was 2.5 persons. Additionally the SSIs surveyed are mainly cottage/household manufacturing industries and handicrafts. These generally, depend on family labour.

---

1. World Bank: Employment and Development of Small Enterprises, Sector Policy Paper, Washington 1978

It is felt that the borderline of thirty persons cannot easily apply equally to rural and urban SSIs. Borderline of ten persons has been also applied elsewhere in similar studies, for example in the study of SSIs in Techiman district conducted in 1989.

Developing enterpreneurial capabilities receives attention in this study, however, this is limited to technical and managerial capabilities, viewed as follows:

Technical capabilities encomposses the level of technical skills and training level of entrepreneurs (software), and the type and intensity of machinery, equipment and manufacturing process employed in an industry (that is, the hardware).

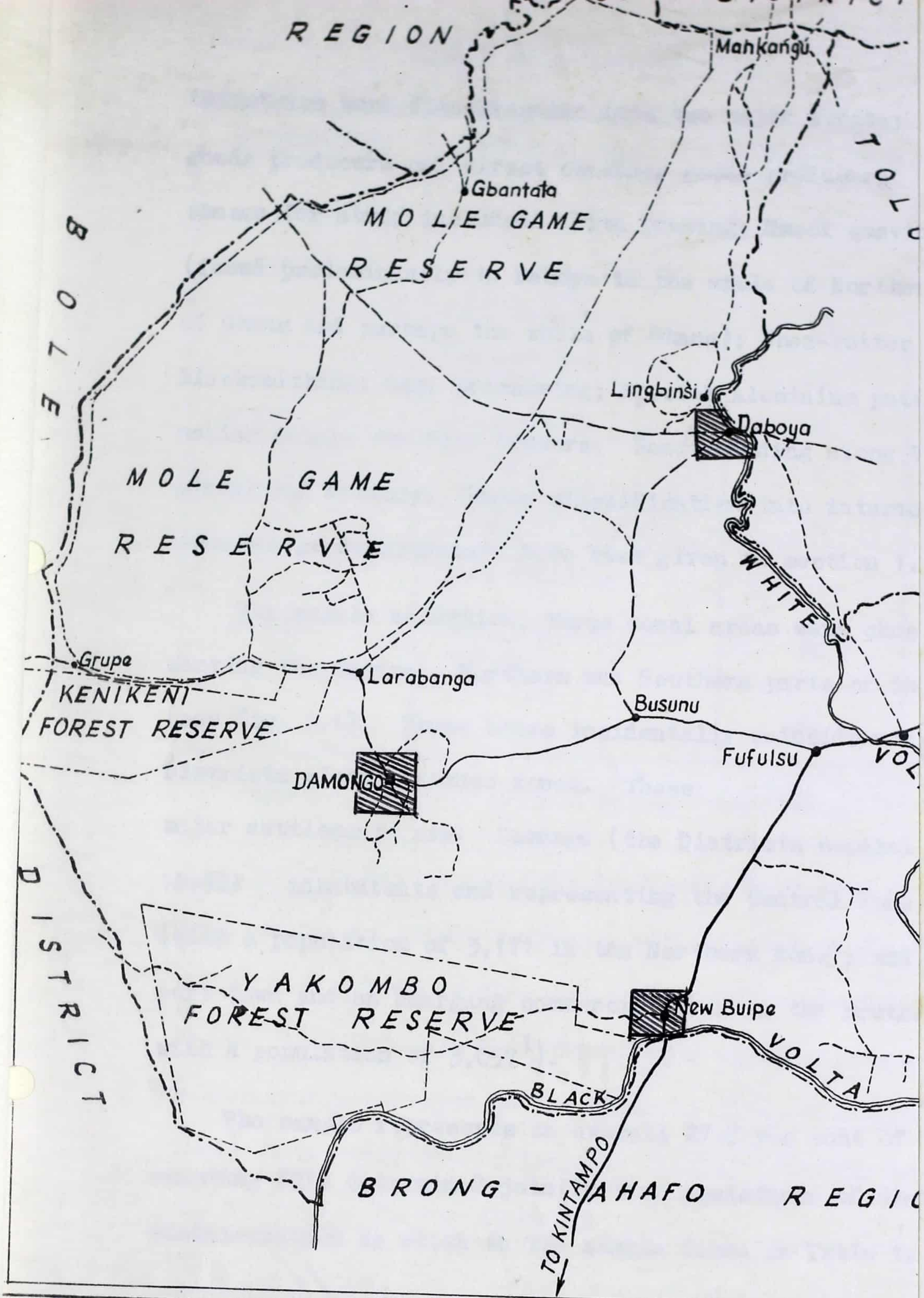
Managerial capabilities, on the other hand, refer to the whole range of management functions an entrepreneur/manager should perform. These include creation of the enterprise, identification and timely procurement of inputs, organization of production, market identification and marketing and planning for future growth and diversification.

Territorially, West Gonja District was chosen due to its spatial imbalance and unique economic problems and that it represents real rural economies in Ghana. Secondly, it formed a research area of the Spring Programme, thus availing some facilities for study.

5 RESEARCH METHODOLOGY

5.1 Sample Selection

A stratified sampling technique was used, firstly, to select a strata of eight categories of SSIs considered typical to the Northern part of Ghana and to the District. Secondly, these



LEGEND

- 1st Class Road
- 2nd Class Road
- 3rd Class Road
- Tracks & Major footpath
- District Boundary
- Study Areas

FIG. I.

WEST

SHOW

industries were disaggregated into two major strata; Intermediate goods producers and direct consumer goods producers. The SSIs chosen for study included: Pito brewing; Smock weaving/sewing (found predominantly in Daboya in the whole of Northern sector of Ghana and perhaps the whole of Ghana); Shea-butter extraction; Blacksmithing; Gari processing; Special Aluminium pots and pans making mainly for Pito brewers; Boat building along Volta lake ports; and Pottery. Their classification into intermediate and consumer goods producers have been given in section 1.4.

For sample selection, three zonal areas were chosen, representing the Central, Northern and Southern parts of the District. (see Fig. 1.1). These zones incidentally coincide with the Districts administrative zones. These major settlements are: Damongo (the Districts capital with 12,522 inhabitants and representing the Central Zone); Daboya (with a population of 3,111 in the Northern zone); and Buipe (a port town and an emerging commercial area in the southern zone with a population of 3,057[1]).

The sample represents an overall 27.2 per cent of the existing SSIs determined jointly with assistance of the District Administration as shown in the sample frame in Table 1.1

---

1. Population figures according to 1984 population Gencus Report.

TABLE 1.1 SAMPLE FRAME FOR SSI STUDY

SETTLEMENTS	TYPE OF SSI	TOTAL NUMBER OF EXISTING SSIs	SAMPLE SIZE	%
DAMONGO	Gari Processing	48	10	20.8
	Pito Brewing	43	10	23.2
	Shea-Butter Extraction	25	6	24.0
BUIPE	Blacksmiths	22	8	36.4
	Potters	8	2	25.0
	Aluminium utensils making	6	2	33.3
	Boat building	5	2	40.0
DABOYA	Smock weaving/ sewing	30	12	40.0
		184	50	27.2

Source: Author's field Survey May, 1990

Other categories of SSIs in the District such as carpentry, soap making and repair services, not included in this study were mainly not typical to the area, and could be treated better elsewhere. Additionally, they formed only an insignificant proportion. Entrepreneurs surveyed in the selected SSIs are considered to be fairly representative to indicate typical problems and views of industrialists in the District.

.5.2 Data Collection

Both primary and secondary data were collected.

i) Primary data were collected through the administration of a questionnaire for existing entrepreneurs in the District. Field assistants were used to supplement the efforts. The respective questionnaire is provided in Appendix 4.0

Also through an interview guide, data were collected from institutions responsible for the development and promotion of SSIs in Accra, Tamale and Damongo. The data concerned goals, objectives, promotional strategies, entrepreneurship development activities, problems and their prospects. The following institutions were contacted.

i) National Board for Small-Scale Industries (NBSSI), Accra

ii) GEDC regional office in Tamale

iii) GRATIS headoffice in Tema

iv) National Vocational Training Institute (NVTI), Accra and Tamale.

v) Department of Rural Housing and Cottage Industries, Tamale,

vi) Selected Banks in Accra, Tamale and Damongo

vii) ITTU in Tamale.

Viii) Technology Consultancy Centre (TCC) and other Consultancy Organizations in Kumasi.

ix) Catholic Mission Credit Union in Damongo, and

x) West Gonja District Assembly.

The respective interview guide is found in Appendix 4.0

ii) Secondary, data were gathered from earlier research work on the sector. Case studies from various countries in their experiences on rural SSI development, and strategies on entrepreneurship development were also analysed and lessons drawn from them to supplement findings from the analysis of the survey data as basis for recommendations. Discussions were held with the Assemblymen and other key persons in the study area on their views and perceptions of the SSI sector. From the institutions visited relevant data were also extracted.

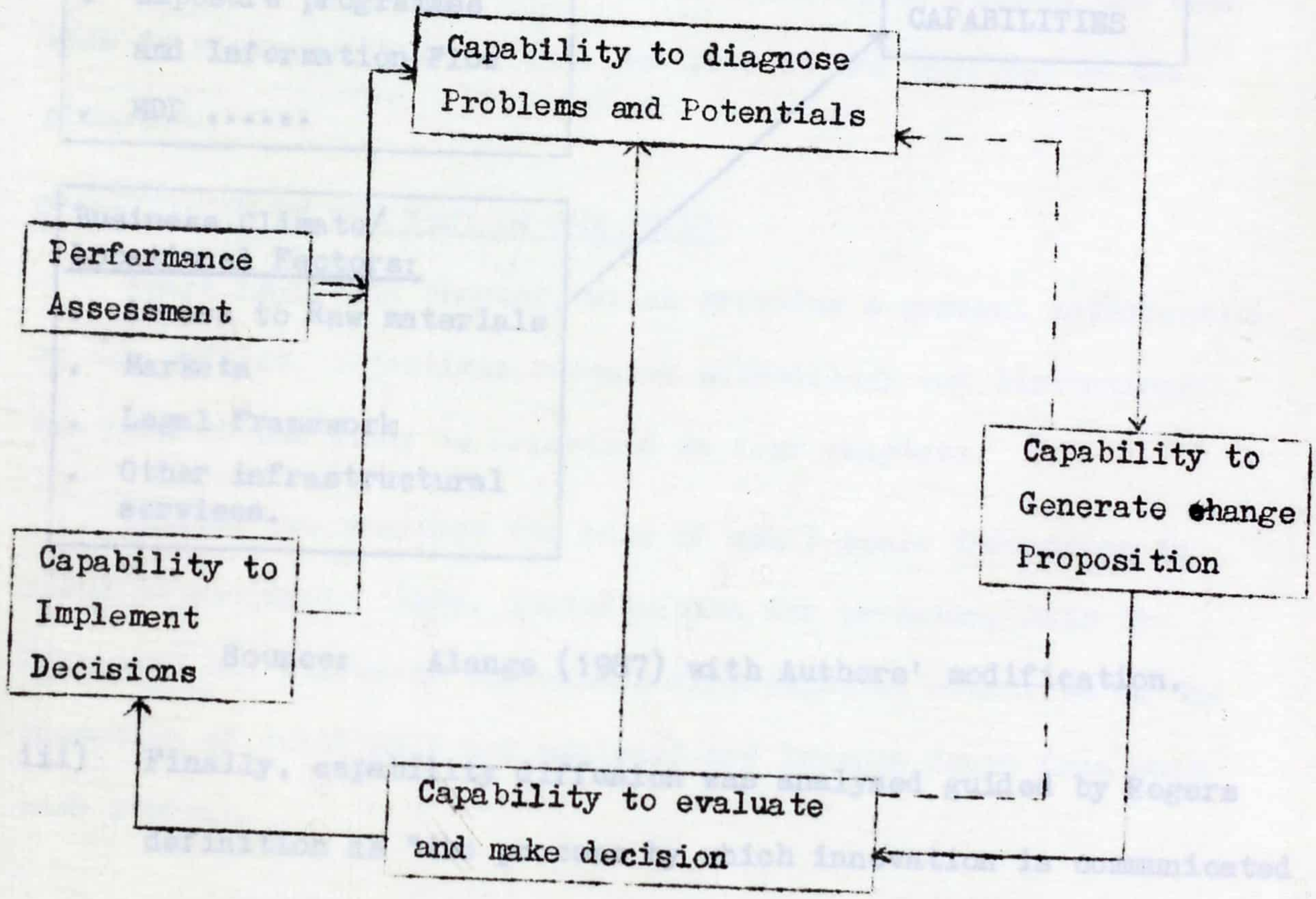
1.5.3 Tools of Analysis and Synthesis

Qualitative and simple quantitative tools were used to analyse the data. In determining profitability of SSI studied, simple financial analysis techniques were used.

Analysis and assessment of capabilities possessed by the entrepreneurs was done under the following framework.

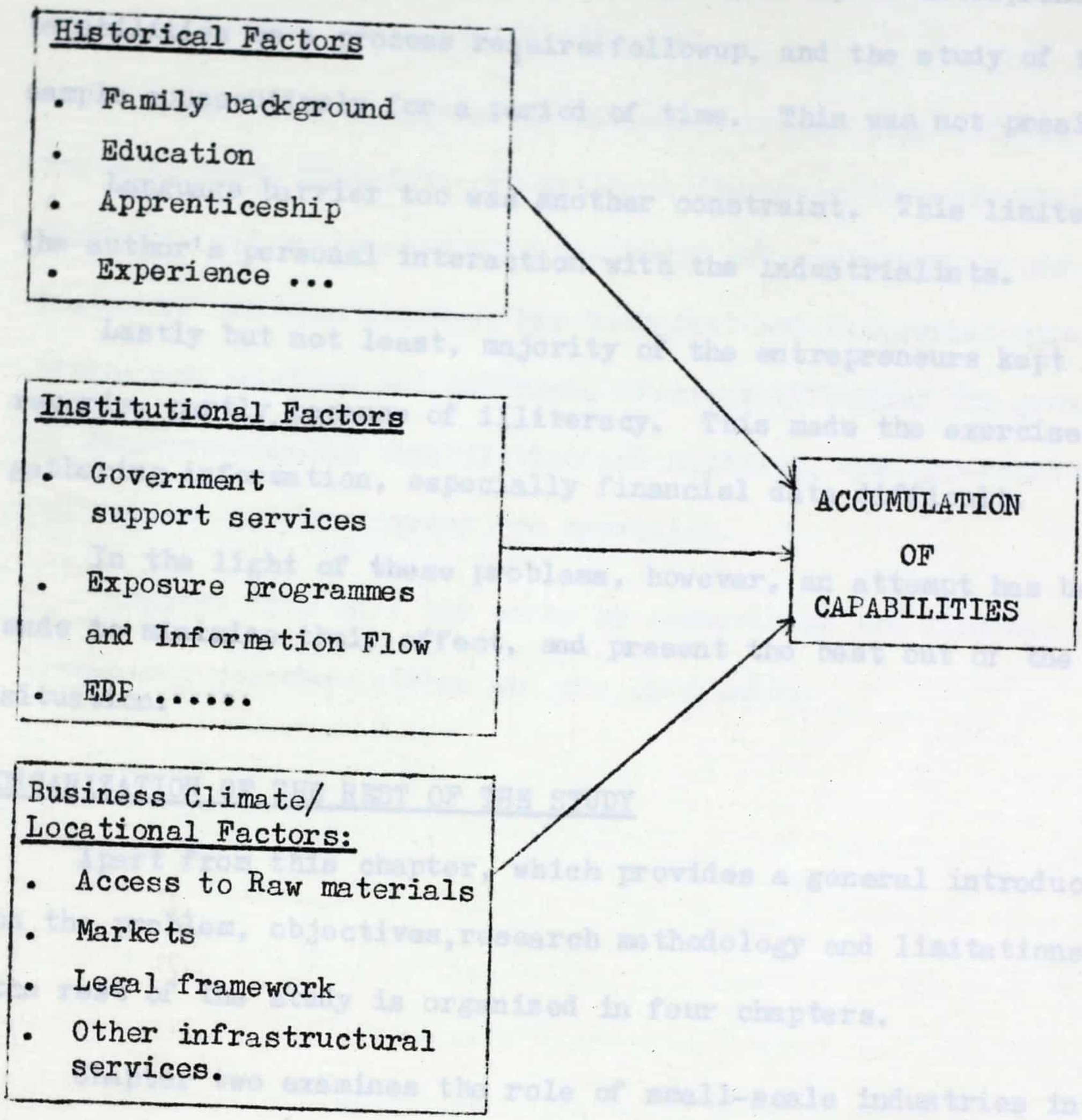
i) Through observations, primary data collected and documents kept, general personal abilities, competences and weaknesses were assessed with the guidance of the following problems-solving model.

Fig. 1.2 A Problem-Solving Model for Capability Assessment



ii) Capability acquisition process were analysed in terms of factors affecting the process and, hence, accumulation of capabilities, over time as shown schematically in Fig. 1.2

Fig. 1.3 Factors Affecting Capability Accumulation



Source: Alange (1987) with Authors' modification.

iii) Finally, capability diffusion was analysed guided by Rogers definition as "the process by which innovation is communicated through channels over time among members of a social system"[1] Hence both endogenous and exogenous diffusion avenues were explored.

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1. E.M. Rogers, The Diffusion of Innovations (New York, The Free Press, 1983)

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LIMITATIONS OF THE STUDY

Inadequate time and limited budgetary resources may be singled out as the major limitations of this study. This resulted in the inability to cover a larger sample and undertake a more comprehensive study of the entire district. Again, study of entrepreneurship capabilities as a process requires followup, and the study of the sample consecutively for a period of time. This was not possible.

Language barrier too was another constraint. This limited the author's personal interaction with the industrialists.

Lastly but not least, majority of the entrepreneurs kept no records, partly because of illiteracy. This made the exercise of gathering information, especially financial data difficult.

In the light of these problems, however, an attempt has been made to minimize their effect, and present the best out of the situation.

1.7 ORGANIZATION OF THE REST OF THE STUDY

Apart from this chapter, which provides a general introduction, on the problem, objectives, research methodology and limitations; the rest of the study is organized in four chapters.

Chapter two examines the role of small-scale industries in rural development. Here, justification for promoting SSIs is discussed and different approaches from selected countries on the promotion of rural SSIs are analysed and lessons drawn from such case studies.

Chapter three presents the theoretical framework on entrepreneurship development. It deals with the alternative paradigms of entrepreneurship supply, and presents 'different views on how the promotion of supply of entrepreneurship particularly in rural areas can be effected.

Chapter four analyses the entrepreneurship capabilities in the West Gonja District. It explores the socio-economic characteristics and entrepreneurial traits of entrepreneurs in the District. It also examines how technical and managerial capabilities are acquired and diffused. Factors affecting the growth of entrepreneurship capabilities are analysed, and opportunities for capability development are presented.

Chapter five ends the study by summarizing the findings and presenting recommendations and the conclusion.

THE ROLE OF SMALL-SCALE INDUSTRIES IN RURAL DEVELOPMENT

2.1 INTRODUCTION

In this chapter, an attempt is made to highlight the concepts of Small-Scale Industries (SSIs) and Rural Development. The aim is to show the need and position of SSIs in the rural development process, generally, in the Third World Countries (TWCs) and, particularly, in Ghana. Different approaches and justifications offered for promoting SSIs will be discussed. Case studies from various countries showing their varying rural industrial promotion strategies will be discussed and lessons drawn from them.

2.2 THE CONCEPTS OF SSIs AND RURAL DEVELOPMENT

2.2.1 Rural Development

As either a concept or policy statement, rural development have been variously conceived, interpreted and applied. There is hence, a constant confusion with respect to the definition of the term rural. Demographers oftenly refer to the term rural as a frequency distribution of population. In Ghana, for example, a frequency boundary of less than 5,000 inhabitants has been used to characterize the term rural. However, such characterization, has been critisized as inadequate. If planners and policy makers argue that economically, the provision of certain social and technical infrastructure such as water, electricity, feeder roads, tarred roads, health facilities, banking and telephone facilities, to mention a few; require certain population threshold then, obviously there is a chance to deny certain strata of society of these amenities based on this criterion. Attempts to refine such

It has been suggested by Amonoo when he arqued that rather the term "rural" should be defined in socio-economic terms.[1] This meant that the real income per capita in a given area be used as the main factor in characterizing an area as "rural or urban". Accordingly, when applied to Ghana, it was estimated that the ratio between rural average income and urban average income was approximately 1 : 3.[2] It could then be argued that with the rural population in Ghana, forming approximately 70 per cent of the total population, the income per head of the rural population is indeed a third of urban income per head. In this regard, the above description of "rural" will enable policy makers and planners to select areas with socio-economic potential and investment criteria should not be guided solely by threshold considerations. More appropriately, rural areas have been defined as those with some or all of the following characteristics.

- Firstly, an area of habitation where the majority of the people are engaged in primary economic activities such as, farming, fishing, hunting and the like.
- Secondly, an area of the country where the income per capital is significantly lower than the national average, and
- Thirdly, a place where the population lack basic social amenities like good drinking water (usually pipeborne water) electricity, health and sanitary facilities, good roads and entertainment centres.[3]

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1. E. Amonoo, A Strategy for an Integrated Rural Development in Ghana, in Brown, Rural development in Ghana, 1986
2. Amonoo, A strategy for an Integrated Rural Dev. pp 268-270
3. J.B. Abban, The Pattern of Industries in Rural Development in Brown-Rural Development in Ghana (1986) pp 159

It is undoubtedly true to assess that most of the rural areas in TWCs today exhibit almost all the features of underdevelopment outlined above.

In recent years, rural development has received a great deal of attention in development literature, national plans on political platforms and in the "lending programmes" of most donor agencies. In searching for an explanation, C.K. Brown adds that, this is because it has now been realized that all countries should have programmes on rural development since rural areas exist albeit in different proportions in all countries.[1] In addition, it have been realized that an improvement in the working and living conditions of the rural folk is the first step towards the achievement of a balanced urban-rural development which has come to be regarded as a 'sine qua non' of any worthwhile development programme.

However, the need for rural development is more pressing in the developing countries where the rural sector is appreciably larger than the urban sector; where the population is predominantly rural with rural activities as the basis for national income generation. It has been estimated that well over six million people in the world, the majority of whom live in rural areas, live in absolute poverty defined in the mid - 1970s as an annual per capital income equivalent to US $50 or less.[2] It was further analysed that, in the TWCs, rural areas account for about 55 - 85 per cent of the population and the agricultural sector engages about 40 - 70 per cent of the labour force.[3]

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1. C.K. Brown, Rural Development in Ghana, Ghana University Press, Accra, 1986.
2. World Bank, Rural Development - Sector Paper N.Y. Feb. 1975
3. UNIDO - Industry and Development, N.Y. 1979, pp.8

Ghana, taken as a case in point, demonstrates vividly the pressing need for rural development. Figures indicate that the rural people constitute about 71.1 per cent of the total population in Ghana, provide about 70.3 per cent of the labour force, produce about 98 per cent of food crops and 60 per cent of industrial raw materials for agro-based industries, contribute over 96 per cent of agricultural export produce, earn over 60 percent of the country's foreign exchange, and constitute the main source of the countrys' income generation.[1] That the rural sector provides the backbone of most TWCs economies and that agricultural activities dominate and provide a major source of employment is no longer debatable. However, there exists a paradoxical situation in which rural people produce the bulk of the country's wealth and yet live and experience the most abject standard of living in these countries, mainly because their wealth is siphoned off to develop the few urban centres.

It is upon this background that over the recent past intensive search has been made to find solutions to such developmental problems. A number of policy measures and strategies have been implemented, for which a complete account cannot be made here. But an overview of such strategies has revolved around among others:

- Integrated Rural Development;
- Social Amenity Provision;
- Rural Reconstruction and Agricultural Extension;
- Increased Agricultural Productivity;
- Promotion of Regional Development through Decentralization;
- Promotion of Basic Needs;
- Promotion of Rural Industries.

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1. C.K. Brown, Rural Development in Ghana, pp. 285

sometimes, mainly associated with agricultural development and mechanization of the country side. Planning intervention is thus often directed at increasing agricultural productivity, often seen in the increase in hectarage under cultivation. However, the man-land ratios are worsening implying that farm output and incomes can only be improved through increases in labour productivity by the use of improved techniques.[1] The manpower requirement in absolute terms in agriculture will consequently be less. Hence, there is bound to be a crisis, since the urban areas are inevitably incapable of absorbing the additional hands relieved in the agricultural sector, worsened by the fact that there are immensely high rural population growth rates. Such a dilemma calls for the diversification of rural economies.

It is now widely recognized, however, that rural development cannot be achieved by the development of one sector alone. One direct attempt to combact such a dilemma lies in the promotion of industries. Hirschman[2] once attested to this indicating that industries promote backward and forward linkages to the tertiary, secondary and primary sectors of the economy. Hence, any meaningful strategy for rural development, which has been rightly defined by Uma Lele as "improving living standards of the mass of the low-income population residing in the rural areas and making the process of their development self sustaining"[3], should be conceived in an

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1. Caroline A. Twumasi, "Prospects for the Development of SSI Manufacturing Activities, case study of Techiman District" (Unpublished M.Sc. Thesis, Department of Planning, UST., Kumasi, 1989) pp.2

2. A.O. Hirschman, The Strategy of Economic Development, Yale, 1958, pp. 98

3. Uma J. Lele, The Design of Rural Development, Lessons from Africa. John Hopkins University Press, Battimore, 1975, pp. 20

integrated manner, appropriately developing both the agricultural and industrial sectors, among others. Agricultural transformation should be undertaken parallel with rural industrialization. But what scale of industries can be promoted in the rural industrialization process for majority of TWCs? The following section is an attempt to answer this question.

2.2.2 Small-Scale Industries

Generally, it has been quite difficult to come out with a universally accepted definition of Small-Scale Industries. There are different definitions, not only among nations and countries, but even within some countries. Nevertheless, it is important to be clear at the outset what is meant by "small", the point below which an enterprise or industry is deemed to be small, and the way in which its size is measured. This has been a subject of long debate. However, as Harper, a prominent scholar in this area put it, the scale of a business needs only to be defined for a specific purpose, and there is no point in attempting to produce a universally or even a nationally acceptable standard.[1]

A look at different countries, both developed and underdeveloped indicates that in distinguishing small from large and medium industries both quantitative and qualitative criteria have been used either singly or in combination.

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1. Malcom Harper, Small Business in the Third World, Guidelines for practical Assistance. John Wiley & Sons, N.Y. (1983)

Table 2.1 indicates survey results of the criteria used in 1975.

TABLE 2.1 CRITERIA FOR DETERMINING SIZES OF ENTERPRISES

Criterion	Developing Countries	Industrialized Countries
Number of Employees	6 Countries	9 Countries
Assets employed	10 countries	1 country
Sales Turnover	1 country	-
Employees and Turnover	1 country	2 countries
Employees and Assets	16 countries	3 countries
Turnover and Assets	1 country	-
Employees, Sales and Assets	4 countries	-
Total Sample	39	15

Source: Malcom Harper, Small Business in Third World, Guidelines for practical assistance, John Wiley & Sons, New York. 1983.

Generally, employees and assets as a quantitative criteria are dorminant.

There are also a number of qualitative definitions being used which are inevitably less vigorous and sometimes arbitrary when determining eligibility for preferential treatment. A good example is the Tanzanian definition of SSIs according to Ruling Party Guidelines as those which are "within the reach of the People", where technology, financial and managerial capabilities required can easily be handled by the people concerned. Small scale industries have also been defined qualitatively as those in which management lies in the hands of one or two people who are also responsible for the major decisions. Such a definition

obviously causes confusion, as there are a number of large industries managed in this way.

Certainly, both criteria have some advantages and disadvantages, but, as earlier noted, they are used to address a particular situation and for particular reasons.

Generally, quantitative criteria have been used widely as they are rather convenient. However, the definition has to be handled in a pragmatic way, conducive to each country. Ghana for instance, uses employment and all those employing less than 30 qualify as SSI according to the Statistical Service Department of Ghana.

It is also necessary when talking of SSIs expecially in the TWCs, to consider the choice of technology to be promoted. This has brought about hot discussions from the early seventies on the appropriateness of technology to be used in the TWCs. Schumacher then sought to facilitate the practical application of technology that enhance rather than destroy the quality of life of the poor. In his famous book "Small is beautiful" in 1973, he propagates this concept. The Brace Institute in Canada[1], views appropriate technology as one which is suitably adapted to the conditions of a given situation. It should be compatible with the human, financial and material resources which surround its application. When looking at rural industries in the TWCs, Ntim[2] also argues that the

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1. Brace Research Institute: A handbook on Appropriate Technology, Hunger Foundation, Ottawa, Canada 1976

2. B.A. Ntim, Low Cost Technology and the Promotion of Rural Industrial Development, in C.K. Brown, Rural Development in Ghana, 1986. pp. 117-118

appropriate, low-cost or intermediate technology for rural development will yield best results when it is directed in the first instance at reinforcing the existing technology for rural community so as to improve the security and quality of life. He identifies five main low-cost technology promotion areas, namely;

i) the use of the existing indigenous technology;

ii) the improvement of existing technology;

iii) the improvement of unchanged suitable technology;

iv) the importation and adoptation of technology, and

v) the invention of new technology.

He further stresses that, as far as possible initial studies of appropriate technologies to be applied or introduced, should involve the participation of the indigenous entrepreneurs.

United Nation bodies too have been very active in this area. UNIDO,[1] for instance, has published the following criteria for the evaluation of the appropriateness of a technology:

i) it should be emenable to wide dispersal in the rural areas;

ii) it should be compatible with local skills and factor endowments;

iii) it should be essentially labour-intensive than capital-intensive;

iv) the capital cost of the technology should be within the means of the average rural entrepreneur;

v) the product should fit into the local demand and consumption pattern and the rural people should be able to afford it.

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1. UNIDO, Appropriate Industrial Technology for Light Industries and Rural Workshops, Monographs on Technology No. 11, Viena (1980) pp.11

The aspects of technology conceived in this study has a bearing on the elements elaborated above.

Summarizing the concept of SSIs, Sutchiffe[1] had this to say, "SSIs are described as those that are labour intensive, widely dispersed, require less foreign exchange, provide a high economic profit than their large-scale counterparts, suitable for the use of appropriate rather than excessively sophisticated, costly and transplanted technologies, able to operate with local skills and materials, require local management, flexible and adaptable to changes and is able to generate more output per capital unit."

Following the discussion, the outhor distinguishes essentially three types of SSIs;

a) Village/Cottage or Household Industries. This includes those activities of peasants and family members hand-tooling to process some agricultural products. The work is done mainly at home as a secondary activity beside farming, to subsidise income and provide some basic household goods.

b) Handicrafts. Activities carried out by artisans and craftsmen working singly with or without assistance or in small groups at their own shops. The use of machines is minimal, they are labour-intensive and usually no much division of labour. Examples are Weavers and Potters. Depending on the intensity of technology and organization; these crafts have been classified as modern or traditional.

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1. R.B. Sutchiffe, Industry and Underdevelopment, Wesley Publishers, London 1971 pp. 47-50.

c) Small-Scale Manufacturing Industries. These industries utilize more of the modern technology, capital intensity too is higher than with the cottage industries. They feed large industries with different parts and components and process or manufacture semi-finished goods produced by large industries or imported from abroad. They are normally urban based.

The kind of SSIs surveyed in this study will mainly fall in the classification of cottage/household industries and handicrafts.

2.3 JUSTIFICATION FOR PROMOTING SSIs.

The justification for promoting SSIs lies in the inherent advantages offered by such industries over the medium and large scale industries. This, however, does not mean that medium and large scale industries offer no advantages, but rather lessons from experience especially in the TWCs have shown that the sustainability of advantages of such industries is questionable.

SSIs have become more important, with the emphasis being laid on rural development and rural industrialization in the TWCs.

First, SSIs can be widely dispersed throughout the country to allow for much wider scope for participation by the indigenous population in the industrialization process. Since most societies in TWCs revolve around the family as a unit of organization, a typical SSI can be managed by the family.

Second, not only do SSIs stimulate indigenous entrepreneurship, but also facilitate a smooth transitional from craft to modern industries. The diversified origin of entrepreneurs tend to support the contention made by Mahakoibis, that, SSI provide a promising. Field

for men and women who are prepared to develop their own skill and enterprise.[1]

Third, through the promotion of entrepreneurship, SSIs, create a lot of new employment opportunities, especially self employment as distinct from wage employment. This is partly because they are labour-intensive. In the rural areas, they offer an added advantage in reducing rural - urban migration. This is a relief to the few urban places in the TWCs with limited capacity to absorb wage labour. It has been observed, even for the industrialized countries, that only SSIs are net job creaters, otherwise large-scale industries are job destroyers.

Fourth, SSIs make use of locally available raw materials and by-products of larger industries. This allows for the inter-dependence between large-medium-and small-scale industries thus promoting overall industrial development. Again, reliance on local raw materials reduces the pressure on demand for meagre foreign exchange in most TWCs.

Fifth, Small-Scale production may induce local savings and investment. This is important for capital accumulation in an area where entrepreneurs are obliged to save for the start-up costs of an enterprise. Indirectly, SSIs, can create an avenue for farmers to save by buying their agricultural raw materials.

Sixth, SSIs, employ rather simple and appropriate technology, meaning that less capital is required and through on-job training or apprenticeship people can easily acquaint themselves with

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1. Mahakoibis, Report on Kericho (Kenya) Conference, Sept-Oct, 1978 pp.152

different processes involved such as manufacturing, marketing and general management. Consequently, it provides a ground for the development and dissemination of skills.

Seventh, SSIs are mainly geared towards satisfying local needs and can easily adapt to the changing needs and consumption pattern of a society.

Eight, SSIs are an important source of innovation in products, techniques and services. They provide both actual and potential competition and offer some checks on monopoly profits and on the inequality which monopoly breeds.

Finally, the infrastructural requirements, for example, transport, energy, social amenities for SSIs are easier to be satisfied.

Consequently because of the afforementioned advantages, it is likely that SSIs can fully utilize their productive capacities. Most large-scale industries in Africa are severely underutilized. For example, presently in Ghana, most of the industries are operating at 50 per cent of their installed capacity.[1]

However, despite these justifications, there is still preference by many countries for large-scale industries. Some arquements offered include;

i) For Economic Planners, it is easier to initiate a few large industries, than it is to develop the same capacity from the scattered SSIs.

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1. People's Daily Graphic, Friday, June 15, 1990, pp.1

economies of scale advantages can hardly be attained by SSIs and possibilities of automization and rationalization in order to lower unit cost of production are not foreseable in SSI operations.

While there is an amount of truth in these few counter arguments for justifying the promotion of SSIs, their advantages outweigh such limitations.

2.4 APPROACHES FOR PROMOTING RURAL SMALL-SCALE INDUSTRIES

Chuta and Sethuraman[1] identifies three different approaches which seem to have been followed in implementing programmes for the promotion of small-scale industries in various TWCs:

i) The problem-oriented approach designed to ease specific bottlenecks or constaints at the enterprise level such as credit facilities, access to training, technology, infrastructure and the like.

ii) The sectoral approach aimed at promoting the rural industrial sector as a whole. It envisages not only assistance to SSIs on specific matters, but also the provision of the package of inputs and services required by them.

iii) The integrated rural development approach which seeks to promote rural industries within a wider framework of rural development.

Nanjundan[2] looked at the approaches from another angle. He classified the approaches into two, namely; the Protective approach and the developmental approach.

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1. Enyinna Chuta and S.V. Sethuraman, Towards a Strategy of Rural Industrialization, Geneva 1987

2. S. Nanjundan, H.E. Robison, & E. Stanley, Economic Research for Small Industrial Development, Asia Publishing House, 1982.

approach has been used mainly to protect SSIs, especially traditional ones, against competition from larger and more modern industry.

On the other hand the developmental approach is concerned with improving the productive efficiency of existing SSIs, and encouraging the establishment and growth of modern SSIs. The aim has been to create employment opportunities in viable enterprises which can stand on their own without perpetually depending on subsidy from the public sector. Nanjundan noted that "in developmental approach, the emphasis instead of being negative and defensive, is positive and forward looking. Small industry is aided not by handicapping other competing sectors of industry but by helping small producers to adopt new methods and in some instances to shift to a more promising line of production"[1]

In fact the two propositions do not contradict each other, rather they are complementary. The protective or developmental approach could be used with either the problem - oriented, sectoral or integrated approach depending on the particular conditions the country is confronting. It will be observed that in practice, countries have been using certain combination of these approaches. Few selected case studies from TWCs on their approaches to rural industrialization will be narrated below and lessons drawn from them.

2.5 CASE STUDIES OF RURAL INDUSTRIAL DEVELOPMENT

2.5.1 The Indian Experience

The concern with rural development has been very strong since 1947 when Indian gained her independence. The encouragement and development support given to SSIs in India are of immense value to

1. Nanjundan, et al; Economic Research for Small Ind. Dev. pp.14

primarily the responsibility of the state governments. Central government too has set up institutions to back up the efforts of the state governments. Organizations such as the All-India Khadi and Village Industries Commission, the All-India Handicraft Board, the All-India Handloom Board and the SSIs Board have been set up by the Central government.

SSIs receive financial assistance from the government, State financial corporations, and banking institutions. As an incentive to lend more liberally to SSIs, the government introduced a Guarantee Scheme - in July, 1960. As at 1968, 454 credit institutions had been approved for the grant of facilities under the scheme. Central loans are also given to state governments to establish industrial estates which aim at promoting SSIs mainly or partly in rural areas by providing infrastrudture and other common facilities. By the end of 1967, out of the 336 industrial estates completed 231 were functioning, accommodating 7,496 factories and providing employment to 74,100 people[1]. The programme has had limited success as the coverage has been on few industries and it suffers from urban bias. To remedy the situation, some states have started introducing "mini" industrial estates in rural areas.

A significant development was the establishment of the National Small Industries Corporation (NSIC) as an apex body. Within the first ten years, the Corporation helped to establish 7,600 SSIs with a potential of 180 crores rupees worth of finished products per year and providing employment to 1.5 lakhs.*

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1. Ministry of Information and Broadcasting, India: A Reference Annual 1968 Publications Division, (1968) pp.334-337

* The expression "lakh" and "crore" signify 100,000 and 10,000,000 respectively.

As regards efforts to remove urban bias and promote rural SSIs, the Khadi and Village Industries Programme is of interest. The aim is to provide full-time and part-time employment to village artisans. With its extensive geographical coverage sought to promote specific rural industries through a variety of policies and measures, its impact on rural employment, however seems to have been limited. By 1979-80, the number of full-time workers was 4.38 lakhs and part-time workers 16.31 lakhs. This was only 40% of the set target.[1] In order to widen its scope of operations, Rural Industries Projects Programme (RIPP) was formulated in 1963 to cover selected districts. It provides a scheme for raw material banks for various commodity groups which provides institutional finance to meet the requirements of village industries.

It can be seen that India offers a good example of having applied the sectoral approach to the promotion of SSIs. However, one cannot rule out the fact that protective and developmental approaches have been part and parcel of it. Despite the enumerated shortfalls, India still stands as a good example for coordinated efforts towards solving the problems of rural SSIs.

2.5.2 The Philippines Experience[2]

In the Philippines, cottage and SSIs contribute immensely to the development of the economy. However, it was affected by low level production techniques. For example, the share value added of GDP dropped from 27 per cent in 1967 to 15 percent in 1975,

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1. A.B. Saran, Birds eyeview, Khadi and Village Industries. The Book Centre Ltd., Bombay (1980)

2. E. Pernia and J. Pernia - An economic and social Analysis of Small-Industry Promotion: A Philippine Experience, World Development Vol.14 No. 5 England 1986 pp637-651

indicating a fall of 44 per cent, while that of the medium enterprises recorded a remarkable output growth of 139 per cent. However, since SSIs were important in terms of establishment and employment, the government decided to institute measures to promote the small-scale sector.

Policy measures were, hence, directed towards removing the following bottlenecks.

i) Lack of access to institutional credit, technology, export market and management services.

ii) Imperfect and fragmented markets.

iii) Scarcity of both initial and working capital.

Towards this end the Ministry's Medium and Small-Scale Coordinated Action Programme (MASICAP) and Small Business Advisory Centres (SBAC) were made responsible for increasing productivity, employment and export by addressing credit, technical services and market needs. They were also to improve the loan administrative procedures and offer post-loan advice to SSIs. SB&C was specifically charged with giving advice and assistance in matters of finance, management, production, marketing and inventory control.

The positive results of the scheme included increased production and productivity, improved production techniques, improved income distribution, increased participation of female labour in SSI and increased employment.

The negative results included the deterioration of intra-community or household income distribution in the short-term due to the new job avenues, minimal improvement in health and continued out-migration despite positive results.

The fifteenth and sixteenth Biannual conferences of the Tanganyika African National Union, as the ruling party was then called, and the Arusha Declaration of 1967[1] gave the first blueprints for future schemes of industrialization in Tanzania. The then much neglected traditional skills, rural manufacturing and rural resources were brought into prominence. Since then, the programme of small-scale and rural industrialisation has been given priority in national development.

However, in the first Five Year Plan of 1964-69, SSIs and rural industries did not receive any special attention. Emphasis was on import substitution, large scale manufacturing industries. It was in the second Five Year Plan of 1970-1975 that SSIs and rural industries were emphasized, side by side with import substitution strategy. Thus in 1973, Small Industries Development Organization (SIDO) was established as a national body for promoting and developing SSIs in Tanzania.

Between 1967 and 1974, industrial establishment rose from 431 to 499, an increase of 16 per cent. Industrial employment grew from 34,502 in 1967 to 70,315 in 1974.

Industrial contribution to GDP also rose from 8.5 per cent to 10.6 per cent in 1974. With the inception of SIDO, emphasis was on the establishment of rural SSIs to improve skills and employment in rural areas.

SIDO established ten Training-Cum-Production Centres in rural areas to impart skills on fruit preservation pottery and Ceramics, Woodworks, Bamboo crafts, metal works, oil extraction and the like. SIDO also initiated a rural - hire purchase programme for overcoming problems of finance in rural areas. The Banks also came up in a big way to finance SSIs. A department of research on rural technologies

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1. The Government of Tanzania, The Arusha Declaration and and Christian Socialism Dares Salaam, Tanzania Publishing House, 1969.

established in all the twenty regional capitals of the Tanzania mainland.

Subsequent plans and programmes continued to support the SSIs. This is one case where SSIs have been promoted through a combination of problem-oriented and sectoral approach with emphasis on rural industrialization. Notwithstanding these positive features, an assessment made in 1978 showed that the programmes have not made a reasonable impact on rural areas as anticipated. Employment in SSIs increased from 21,000 in 1975 to 69,000 in 1978[1] but virtually all the increase occured in the Dares Salaam region - the then capital of Tanzania. A lot of lessons ought to be derived from this experience. One major reason offered is the weak extension network that was established.

2.5.4 Rural Industrial Development in Ghana

Ghana, like many other African countries, after her independence in 1957, viewed industrialization both as a means of reducing dependence on imports and as means of earning additional foreign exchange, through an expansion and diversification of the export base. To achieve this end, Ghana sought to intensify the development of large-scale capital intensive industries. SSIs and rural industrialisation was not given any serious thought. This is the point of departure from the case studies of India and Tanzania where SSIs and rural industrialization were given due attention from the early days of independence.

A new move was however made in 1965 by starting the establishment in rural areas of industries as coir fibre processing, palm fibre, grass weaving and car repair and maintenance workshops. The aim as noted by Seidman, was to halt rural-urban drift, and to optimise the utilization of raw materials.[2]

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1. Chuta and Sethuraman; Towards a Strategy for Rural Industrialization, pp. 146

2. A.W. Seidman, Ghana's Development Experience, 1951-1965 East African Publishing House, Nairobi, 1978.

rural industrialization. Unfortunately, these advantages could not be enjoyed before the coup of 1966 which toppled the Nkrumah regime. Attempts which followed to strengthen rural industries, through the Ghanaian Enterprises Decree (1968), the Ghanaian Business (promotion) Act of 1970 could not also flourish before another coup d'etat took place in 1972. During that time, it seems agriculture was given prominence as the base of rural development, with little emphasis being given to rural industrialization, as spelt out in the One-Year Development Plan, 1970-71. In this plan only 4.1 per cent of the Government Capital budget was allocated to manufacturing and mining[1].

A solid base for SSIs and rural industrialization, was laid down in the Five Year Development Plan 1975/76-1979/80. This was after realizing that the country could not sustain the fruits of import-substitution, large-scale industries.

The policy of the government, in its Five-Year Plan was hence to stimulate the growth of rural industries to enhance their contribution towards increasing employment, production and income. Credit and advisory facilities were made available to rural industries through such institutions as Banks, the Ghana Enterprises Development Commission (GEDC), Technical and Vocational institutes.[2] Major successes were recorded in relating agriculture and rural industrialization However, as documented by Thomi and Yankson, urban bias still dominated By 1977, 78 per cent of funds under the Small Business Credit Scheme had been invested in urban based businesses, leaving only 22 per cent to rural industries.[3] This retarded further the growth of rural industries.

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1. Ministry of Economic Planning, One Year Plan 1970-71, Accra pp. 24-25.

2. Five Year Development Plan, 1975/76-1979/80, Government Printer Accra, 1977.

3. Thomi/Yankson, Small-Scale Industries and Decentralization in Ghana, Frankfurt/M/Accra, 1985. pp86

in the Economic Recovery Programme (ERP I : 1983-1986 and ERP II:1987-89) is to hasten rural development through the establishment of SSIs. The National Board for Small-Scale Industries (NBSSI), a statutory apex coordinating body was inaugurated in April, 1985 to oversee the activities of promoting SSIs in the country. There are also a number of other institutions which in one way or another affect SSIs. These will be evaluated in detail in chapter five It is however, worth mentioning that despite the ups and downs, a framework is in place for rural industrialization. The task ahead is one of effective implementation.

2.6 LESSONS FROM THE CASE STUDIES

The analysis of the case studies showed that the concept of SSIs and rural industrialization are insperable. They have also shown that SSIs face a range of problems such as technology, management, financial, markets, to mention a few. In addressing such problems deliberate government actions at various levels (national, regional and local level) were inevitable Different approaches have been used which are mainly a combination of the problem-oriented and the sectoral approaches. The way different approaches have been used in India, the Phillipines, and Tanzania provide useful lessons to other TWCs, especially Ghana and can be used to guide recommendations for rural industrial development strategies. Some of the pertinent lessons are enumerated below:-

i) The rural industrialization programmes of all the three case studies, have indicated that promotional policies ought to be part and parcel of the overall National Development Plan. Ghana showed a deviation especially in the early days after independence. The role of SSIs in rural industrialization should be clearly spelt out and necessary strategies given a support.

ii) India and Tanzania have potrayed the need to constantly follow up the implementation process of rural industrialization and device strategies to deal with emerging problems. The constant

iii) An integrated approach is necessary, which does not look at one sector or single ingredient in a particular industry, but have an overview of the whole economic environment under which SSIs operate. Linkages both inter- and intra-sectoral need to be enhanced and SSIs given a pronounced role to play.

iv) It was evident in the case studies especially in the Phillipines and Tanzania that financial support alone is not enough. SSIs require constant guidance through an effective network of extension services, otherwise the impact of SSIs on rural areas may be negligible. Support services should be developed carefully as package addressing the multifaceted problems of the sector.

v) Technology, particularly an appropriate one, plays a key role in small-scale manufacturing. These technological capabilities can be developed at the grassroots, that is, starting with small-scale entrepreneurs in rural industries. Improved production and productivity in this sector will in turn generate income to the rural folk and, hence, build a base for effective demand for products produced in other sectors.

vi) That, there is a need for an apex organization to monitor and coordinate the activities of various institutions dealing with SSI promotion was clearly substantiated.

vii) The Phillipines case also showed thattimelyintenvention leads to increased production and productivity.

viii) Lastly, it has been clear that, SSIs have a capacity to generate employment both to the young, unemployed and underemployed and substantially cut down rural-urban migration.

2.7 SUMMARY

The chapter has discussed the concept and theories behind rural industrialization and SSIs generally and in the TWCs in particular. Attempt was made to show the role of SSI in rural development and that

its sustainance inevitably calls for rigorous government support. Case studies from India, the Phillipines, Ghana and Tanzania were discussed and lessons drawn from them. This will guide the appraisal and recommendations on Ghana strategy on rural industrialization. It was seen that despite rigorous efforts being made to develop SSI in Ghana, urban bias still dominates, this calls for the search into the ways of stimulating entrepreneurship supply in rural areas. This search is made in the following chapter.

THEORETICAL FRAMEWORK ON ENTREPRENEURSHIP DEVELOPMENT

3.1 INTRODUCTION

This chapter presents a brief survey of the theoretical framework upon which the study of entrepreneurship is based. Due to its multi-faceted nature, literature on alternative paradigms on entrepreneurship supply is reviewed. The approach that, entrepreneurs are not only born, but also can be trained and developed is followed in this chapter. Hence, different promotional experiences in different countries are presented and lessons drawn from them to guide the recommendations for entrepreneurship development programme for the District and other rural areas in Ghana.

3.2 THE CONCEPT OF ENTREPRENEURSHIP

Entrepreneurship has been interpreted differently by different people. It has been a subject of long discussion by different scholars. Thus, the ILO once commented that, perhaps nothing is more indicative of the importance of entrepreneurs than the duration and the scope of the debate.[1] Several authors associate the entrepreneur with a composite of personal traits that find expression in a tendency to take non-insurable risk, and/or a drive for innovation. Others use, as their criteria, activity patterns typical of management functions, and/or modern businessmen. The entrepreneur, and his unique risk-bearing function were first identified in the early 18th century by an Irishman living in France. He coined the term "entrepreneur" as a person who strikes out of his or her own to deliver a product or service for profit.[2]

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1. Loucks, Keneth, ILO, Training Entrepreneurs, pp.(v)
2. Peter Kilby ed, Entrepreneurship and Economic Development The Free Press, New York (1971)

tion. As hinted by Nkum, this function embraces various combination of a vity fields that range from inventions and application of investment capi production and improvement in production; management and organisation of resources, marketing and advertising, all for the purpose of delivering go services, processes, and/or knowledge with the motive of obtaining profit. The entrepreneur, however, need not be an innovator in the Schumpeterian s What matters is that his activities must result in the creation or expansi of an enterprise which gives rise to growth-producing phenomena, such as increase in productivity, technical change, savings and investment.

Entrepreneurship thus, may be considered as a factor of production wh functions are to combine all other production factors (land, labour and cap tal); and to ensure efficient and economic use of resources through new way of production, or improvement in existing techniques. Entrepreneurial func tions results in new combination of resources, either in the form of innova tive or imitative technical application, and in increased productivity, and the appearance of new products or processes using known resources or new ones. This analogy assumes the three essential and linked attributes entre preneurship should have as marrated by Elkan.[2] Firstly, the ability to perceive business opportunities. Secondly, a willingness to act on what is perceived, and thirdly, the necessary organizing skills associated with a project. Entrepreneurs thus, should be viewed in the light of these attributes.

Due to the multifaceted nature of entrepreneurship, it is considered necessary to delimit the scope within which a particular study falls. Entrepreneurship can be viewed from large and small-scale sectors, public and private sectors, in developed and developing societies, in manufacturing units, in managerial and technical sense and so on.

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1. John Nkum, Unpublished Term Paper - Spring Programme 1987/88 Department of Planning, U.S.T., Kumasi.
2. Walter Elkan, "Entrepreneurs and Entrepreneurship in Africa" Finance and Development of the IMF and World Bank, Dec. 1988, pp.20

and playing an important role. According to Patel[1], socio-economic development is largely due to the introduction and diffusion of innovations, and it is the function of entrepreneurs to perceive new opportunities, seize them with supernormal willpower and energy, essential to overcome the resistance that social environment offers to change. It is clear, then, that entrepreneurship is not the only cause of socio-economic development. As Habakuk puts it, entrepreneurs are also a product, and a consequent of socio-economic development[2]. He substantiates this by arguing that, it is always difficult to know how much importance we should attribute to the entrepreneur and how much to the economy in which he works, to the nature of the market he supplies, to the character of his labour supplies and to the natural resources. The entrepreneur, then, is part of a complicated social system, which in turn affects and regulates his contribution.

It has been widely argued that, in many developing countries, particularly in certain backward rural areas of these countries, such socio-economic environment has not been favourable to the emergence of entrepreneurial talents. It is not as if these talents do not exist, as historically, entrepreneurs have originated from all strata of society. But this ability or these talents have remained latent, because of historical reasons.

Economic growth and development which is contended to be largely brought about by entrepreneurial function, will depend on activating these latent talents. Such growth and development should result in an entropy change in the economy. This calls for ability of entrepreneurs to bring in "new combinations" which ensure efficient use of resources and eventual increase in production levels. This

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1. V.G. Patel, Entrepreneurship Development Programme in India and its relevance to Developing Countries, Ahmedabad, Gyanganga Printing Ind. Pvt.Ltd., India (August, 1987)

2. J. Habakuk "The Entrepreneur and Economic Development" in Development Economics and Policy Readings by Ian Livingstone London, George Allen and Unwin (

i) The introduction of a new good; that is, one with which consumers are not yet familiar or of a new quality of a good.

ii) The introduction of a new method of production, that is, one not yet tested by experience in the branch of manufacture concerned, which needs by no means be founded upon a discovery scientifically new, and can also exist in a new way of handling a commodity commercially.

iii) The opening of a new market, that is, a market into which the particular branch of manufacturing has not previously entered - whether or not this market existed before.

iv) The carrying out of new organization of industry, such as the creation or breaking of monopoly control.

Such a scope of operations is indeed wide and it is in line with the pertinent functions of an entrepreneur as summarised by Kilby[2], to include among others:

i) perception of market opportunities;

ii) gaining command over scarce resources;

iii) purchasing inputs;

iv) marketing of the product and responding to competition;

v) dealing with public bereacracy (concessions, licences, taxes);

vi) management of human relations within the firm;

vii) management of customer and supplier relationship;

viii) financial management;

ix) production management (control by written records, supervision, coordinating input flows with orders, maintenance);

x) acquiring and overseeing assembly of factory;

xi) industrial engineering (minimising inputs with a given production process);

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1. J.A. Schumpeter, The Fundamental Phenomenon of Economic Development, in Kilby ed (1971) pp. 47

2. Peter Kilby, Hunting the Heffalump, in Kilby ed (1971) pp. 27-28

iii) introduction of new production techniques and products.

Effective execution of such functions is very central to the success of a business concern, and depending on the scale of operations and the degree of development of labour market, such functions can be performed by the owner/manager or through the team of hired personnel.

It is at this juncture that Sharma[1] ascertains that, in comparison to the developed societies, the functions of the entrepreneur are more crucial in developing societies, which are in a transitional phase of growth with limited resources. Particularly, and this touches the theme of this study, the author sees such functions as very crucial to small-scale entrepreneurs, who cannot afford to hire the services of qualified managers and consultants, hence, they have to carry them out single-handedly. Here then lies the distinguishing role of entrepreneurship in economic development.

An important question, therefore, is how to increase the supply of such entrepreneurial functions in an economy. This receives attention, theoretically in the next section.

3.3 ALTERNATIVE PARADIGMS ON ENTREPRENEURSHIP SUPPLY

Different theories have emerged in an attempt to explain the factors behind entrepreneurship supply. In this section, four schools of thought are presented indicating the views of psychologists, sociologists, economists and behavioural scientists. These are outlined in turn.

3.3.1 Psychological View

Under this view, the set of theories which explains the supply of entrepreneurship constitutes what Young,[2] calls the "Psychogenic

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1. Krishan Lal Sharma, Entrepreneurial Performance in Role Perspective. New Delhi, Abhinar Publications, (1975)

2. Frank W. Young, "A Macrosociological Interpretation of Entrepreneurship", in Kilby ed (1975) pp. 139 - 145

i) intuitional capacity to see things in a way which afterwards proves correct;

ii) drive for achievement;

iii) tendency to take risks;

iv) rational ability to put profits ahead of personal rivalries, and

v) inventiveness and high perception for opportunities.

Entrepreneurship is assumed to be relatively rare, hence, forces is on developing the trait and means of fostering its development in people, contends Peterson.[1]

The contention therefore held in the psychogenic mediation model is that, these "personality characteristics" are on one hand essentially an effect of antecedent factors. Such factors include family background and upbringing; experiences as members of certain kinds of groups or general cultural values of society. These factors which can also be viewed as ideology, social values and social status were seen as influencial to individual motives and thus entrepreneurial functions. The personality characteristics, on the other hand, constitute an independent causal factor mediating between the social and economic structures of the society and economic growth. To increase supply of entrepreneurship, such antecedent factors need to be taken into account, according to this model.

One major shortfall of this model as revealed in the literature on entrepreneurship[2], is that, it fails to describe entreneurship as an 'organizational phenomenon, seen in the coordination of individual efforts. Rather it presents it as an individual level characteristic as if the entrepreneur is always a lone - ranger, a self-made person. In other words, it does not explain that individual-level characteristics may, infact be an inseparable part of a group structure. As a

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1. Richard A. Peterson "Entrepreneurship and Organization" in Mnysterom and Starbuck, Handbook of Organization Design, N.Y. (1979)

2. See Kilby ed. Entrepreneurship and Economic Development (1971

framework of antecedent factors; why clustering or entrepreneurship occurs in certain social groups or in certain sectors of an economy.

Another flaw in the mediation model is that long "gestation periods" (described by Young as not less than two generations)[1] are usually required before induced personality traits can show results in the economy. This is often undesirable, as economic development can occur faster than this.

The model, therefore, is seen to have a weakness in offering solid courses of action for stimulation of entrepreneurship supply; it merely describes and enumerates the presence of entrepreneurship.

3.3.2 Sociological View

This second body of theories explains that entrepreneurship is largely a product of group solidarity action in what is expressed as the "sociogenic solidarity model".

The model contends that, entrepreneurship occurs among identifiable groups, for example, among ethnic communities, occupational groups or political - oriented groups. It states that, these groups are usually in a discrepant situation due to migration, discrimination or some form of regional expansion; so that as members of such a group acting in solidarity towards their common goal of reasserting themselves in the larger community, they evolve the characteristics of entrepreneurial sprit. These include love of success, spirit of need for achievement, innovativeness, self-confidence and so on[2].

The model further explains that, the probability of entrepreneurship occuring in any group is a function of the extent of disregard and discrimination the group faces. Thus, the more heterogeneous and more disregarded or disadvantaged a group is, the higher , the changes are of entrepreneurship traits occuring among them.

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1. Young, in Kilby ed. pp. 139 - 145
2. Young, F.W., in Kilby ed pp. 142 - 145.

model in that it attempts to counter-check the flaws noted above. It offers explanations to the identified psychological motivation. It shows that, the entrepreneur does not typically work single-handedly. It considers entrepreneurship as not applicable only to businessmen, but that is could be found in the fields of education, religion and seem possible to occur among some minority groups facing status recognition problems.[1]

One main criticism of the solidarity model is that, empirical evidence does not always support the model as for example, with the Aborigines in Australia or the Blacks in South Africa.

The usefulness of the model, thus, lies almost entirely in its description of some observed phenomena and offers little scope for action to stimulate entrepreneurship supply.

3.3.3 Economic View

The economic model attempts to explain the supply of entrepreneurship. This is based on the assumption that in all societies, the desire to maximize real income is present, and that entrepreneurship supply is a function of the suitability of the economic environment. It perceives entrepreneurship as a production factor, the supply of which is responsive to market demands and economic incentives.

Entrepreneurial studies from the perspective of economics, perhaps, offer a wider range of possible actions both in the short and long term. Economists argue that in any homogeneous society, the crucial factors for increasing the supply of entrepreneurship, lie in the value, the ease of accessibility to, and the relative consistency and efficiency of economic institutions and infrastructure. The model shows the real causes of entrepreneurship supply as it considers such factors as

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1. Young, in Kilby ed pp.147

products.

The economic model does not only move away from intangibles, such as motivation, inventiveness, social recognition, but also charts action areas in financing, technical and managerial training, marketing and production by which entrepreneurship supply could be stimulated.

The only major criticism of this model, is that, it is based on an industrial society. Hence, its use in an agrarian society may call for significant modifications based on careful analysis of the structures and behaviours in these societies. This is the challenge carried out in this study.

3.3.4 Behavioural Model

This entrepreneurship supply model, takes into account the nature, the network, and the political as well as socio-cultural environment within which economic transactions and decisions are made. Like the economic model, the behavicural model focuses on the decision making and transactional processes of producers. Its additional advantage is that it takes cognisance of both social and economic roots and framework of entrepreneurs decisions and actions.

This model of entrepreneurship supply, therefore, looks at the issue from both the supply and demand side; conceives entrepreneurship supply as an iterative process, and a product of logical economic reasoning and behaviour. The model, hence, requires inputs from many professions, and takes a lot of time to study and chart the network and motives of transactions.

The model further stresses, that any meaningful effort towards stimulating supply of entrepreneurship would almost invariably have to touch on attitudes to work, technological know-how, economic structures and incentives, social relations in production, resource management and so on. This is the major advantage of the model, in that it offers useful means of implementing action programmes, as well

supplement to economic model, in providing practical ways of enhancing entrepreneurship supply.

As a summary to the four alternative paradigms on entrepreneurial supply, it can be seen that, the entrepreneur is considered to be the "motor" of economic growth and development. Efforts have therefore, been directed in finding ways and means of increasing the supply of entrepreneurship in the development process. It is under this pretence that the above narrated studies in psychology, sociology, economic and anthropology, have tried to chart alternative or complementary routes towards increasing the supply of entrepreneurship. Comparison of their distinctive features are summarized in Appendix 1.0

The view held in this study is that critical factors in the supply of entrepreneurial functions in developing economies generally, and in the study area in particular, require first and foremost, the enhancement of technical and managerial skills. Complementary efforts should also be made in creating adequate economic incentives, infrastructure and institutional support to entrepreneurs efficiently and on a stable basis. From the alternative paradigms presented, the author feels that a combination of the salient measures recommended by both the economic and behavioural models could be adopted with appropriate modifications to suit the rural areas.

3.4 MODELS FOR THE PROMOTION OF ENTREPRENEURSHIP IN RURAL SMALL SCALE INDUSTRIES

To enhance supply of entrepreneurship in SSIs, especially in rural areas of TWCs, different approaches and areas of emphasis have been made. Here, it is intended to outline the general features of the conventional approach, and then discuss briefly the approach being applied in India and Ghana.

3.4.1 Conventional Approach

Conventionally, promotion of entrepreneurship has been done along the problem-solving approach. Here, single missing ingredients to

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are offered on a piecemeal basis. As Chuta and Sethuraman[1] commented credit has often been recognised as a single most important missing input in the promotion of entrepreneurship. Other problems include technology, raw material supply, marketing and so on, all identified individually. In this approach, there has been hardly a distinction between the business concern and the entrepreneurs. Indeed, a dividing line is not easy to strike especially in the majority of rural SSIs which are under the umbrella of the single owner/manager. But the arguement is that, there is a need to see the weaknesses of the entrepreneurs separately from those of the enterprise.

Consequently, under this approach, strengthening of entrepreneurship capabilities has not been central to the whole process. Neither, have there been measures particularly intended to bring into being more entrepreneurs, thus enhancing the supply of rural entrepreneurship. The conventional approach, has assumed that by easing some of the constraints facing the existing SSIs, this will automatically encourage and enhance supply of entrepreneurship.

As a result, the constraints of SSIs have grown immune, and low supply of entrepreneurship in rural SSIs has remained a problem. The few contributions of the approach, have been biased towards the more organized large-and medium-scale industries located in urban areas.

In the last two decades, efforts are being made to reverse the order of the promotional efforts, although still on a small scale. It is increasingly being recognized that planned development efforts have produced entrepreneurs, whereas, in the past the majority of entrepreneurs emerged merely as a result of fortuitous circumstances, observes ILO.[2]

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1. Chuta and Sethuraman, Strategy for Rural Industrialization, pp. 145.

2. Loucks, K, ILO, Training of Entrepreneurs, pp. (v)

Entrepreneurship Development Programme (EDP). The EDP has shown encouraging results and can be modified to suit conditions pertinent in a country, particularly to suit the entrepreneur's needs in the neglected rural areas of most TWCs.

Some outstanding features and experiences of the approach employed in India will be presented below.

5.4.2 The Indian Model

India is usually cited as a known example of having undertaken deliberate measures to promote and sustain rural SSIs with considerable success. As seen in Section 2.5.1, their concern for rural industries started in the early 1960's. Peculiar to India, was their earlier recognition that entrepreneurs are central to the promotional efforts of SSIs, and that entrepreneurs can be developed out of all walks of life.

EDPs were hence, initiated in various states of India in the early 1970's. The search for the latent entrepreneurial ability in classes and areas that are backward, and its development through promoting SSIs by training potential entrepreneurs are the principal objectives of the EDP in India.[1]

The EDP in India has three basis characteristics[2]:

i) The training is result-oriented in the sense that the potential entrepreneur is expected to set up after training and as result of training, his own entreprise - appropriate to his abilities and background.

ii) Each EDP is treated as a laboratory experiment of learning how to conduct EDP better and without such an experimental approach, it is not possible to evolve programmes suited to each target group in its specific context of location, culture, history and environment.

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1. Patel, V.G. - Entrepreneurship Dev. Programme in India, pp.(i)
2. Patel, V.G. - Intrepreneurship Dev. Programme in India, pp.(iii)

commitment expresses itself in providing progressional support to EDP - in permitting officials to take part in the training programmes, and give advice, information and guidance without charging fees to potential entrepreneurs that are being trained.

The EDPs initial step is to select potential individuals with certain entrepreneurial traits, including achievement motivation, capacity to take risk, problem-solving capabilities and urge for setting up one's own business. Some behavioural science techniques have been developed (and tested) to test such potential individuals. However, some variations to the procedure are allowed especially in some remote rural areas. Here, perhaps, programmes to create awareness preceeds the selection exercise.

The training which is normally target-oriented is conducted by qualified trainer/motivators employed by the institutions for this purpose. Some business inputs are also taught by professionals from various institutions. The following range of target groups have been trained; mechanics, machine operators, small traders, fresh graduates from technical and non-technical colleges, college dropouts, artisans and craftsmen, government employees, teachers, ex-servicemen, women, tribal and backward communities. Generally, no educational qualifications are prescribed, the programme is adjusted according to the characteristics of participants.

Training inputs are given on Achievement Motivation, Business Opportunity Guidance and Management. The aim, is to impart to the entrepreneurs, the achievement orientation, ability to define goals realistically and work towards their fulfilment and self awareness and confidence. The training culminates in the completion of a project report by each trainee. The development of the report exposes the trainee in the areas of market surveys, project planning, rational choice of business, product line and market mix among others. It also

institutions for implementation of the project. Follow-up and counselling is part of the EDP to ensure projects sustainability.

The duration of such training has been between six weeks and three months. It can be on a part-time or full-time basis depending on the target groups. A token fee of between US $10 - US $15 is charged to secure entrepreneurs commitment to EDP. The rest of the total cost is met by supporting agencies, SSI promotion organizations and financial institutions.

When EDP was evaluated, under Entrepreneurship Development Institute of India (EDI-I) during 1970 - 1984, 312 programmes were already conducted at 130 locations in the Gujarat State, and 7,710 entrepreneurs had participated, of which 4,351 or 56.4 per cent had set up their own projects.[1] As at 1987, 50 different agencies in 20 states in India were conducting EDP.

Some other countries too have started adopting the EDP, for example the Phillipines, Indonesia, Malaysia, and some African countries.

Results of EDP conducted in Uganda, for unemployed secondary school graduates, indicated that of the 56 trainees, 12 or 21.4 per cent had started their own businesses three months after training[2]

3.4.3 Entrepreneurship Development Programme of Ghana

The EDP in Ghana was initiated in 1988. It is run by NBSSI with the support of the Ministry of Industries, Science and Technology and the World Bank. The programme follows essentially the EDI-I where the programme moderators/trainers were trained. The objective of the programme is to select people with entrepreneurial traits, train, motivate and equip them for self employment to enable them start their own manufacturing/service enterprise.[3]

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1. Malcom Harper, Entrepreneurship for the Poor, Intermediate Technology Publications, London 1984
2. Harper, M, Entrepreneurship for the Poor.
3. NBSSI, Entrepreneurship Development Division, Accra

started their own businesses. Securing of finance was hinted as a hindering factor. Modifications to suit rural SSIs is still a challenge to the programme.

3.5 SUMMARY

This chapter explored the concept of entrepreneurship, theoretical paradigms on the supply of entrepreneurship and different models being applied to promote entrepreneurship particularly in rural SSIs. It was confirmed that entrepreneurs have an undisputable central role to play in the socio-economic development process. They are agents of change, perceiving new opportunities, seizing them and translating them into material production.

Needless to say, the supply of such entrepreneurship is scarce, and theorists have tried to offer different paradigms on how to increase the supply of such needy agents. It was shown that psychologists and sociologists merely describe and enumerate the presence of entrepreneurship. It is the economic and behavioural models which have attempted in the author's view to explain how the supply of entrepreneurship can be increased. They argue that, ease of accessibility to, and the relative consistency and efficiency of economic incentives, institutions and infrastructure are factors crucial to the increase of supply of entrepreneurship. They also argue that the socio-economic environment within which economic transactions and decisions take place need to be focused on, which call for active government support.

As to the practical promotion of entrepreneurs especially in SSIs, it was noted that conventionally, focus has been made on easing single missing ingredients in what is called, the problem-solving approach without much success. Currently, efforts are being concentrated in a comprehensive package under an integrated approach. It was evidence that entrepreneurs can be identified, trained and developed using EDP approach.

The next chapter analyses the survey data using the conceptual and theoretical framework established.

4.1 INTRODUCTION

This chapter analyses the data gathered from the field pertaining to the existing entrepreneurial traits, socio-economic characteristics of SSIs, managerial and technical capabilities. Acquisition and diffusion modalities of such capabilities are also analysed problems identified and potentials explored to serve as a basis for recommending measures to strength entrepreneurship capabilities in the District.

4.2 LOCATION AND PHYSICAL PROFILE OF THE STUDY AREA

West Gonja District is one of the thirteen districts in the Northern Region of Ghana. It covers an area of 16,706 square kilometers making it the largest district in the whole of Ghana. The District lies between longitude 2°, 30' East and 1° 30' West and latitude 8° and 10° North. It shares boundaries with Brong Ahafo Region in the South, Bole district in the West; Upper West Region in the North-east, Walewale District in the North; Tolon and East Gonja districts in the east. (see Fig. 4.1)

Its relief pattern is generally undulating with an altitude of 150m and 300m above sea level. The only high ground is the Damongo escarpment which lies north of Damongo the District capital[1].

The area has dendric drainage pattern with good proximity to both White and Black Volta rivers. There are also Mole and Sorri rivers which flow into the Volta river. All these rivers provide a potential for irrigation schemes, good waterway as well as base for fishing industry.

The District experiences averagely warm temperatures with dry hammatan winds in the dry season. However, the area receives enough rainfall especially for farming activities ranging from 750mm annually in the north to 1000 mm annually in the south. The soil distribution can be referred to as Voltain series, varying in fertility content, but

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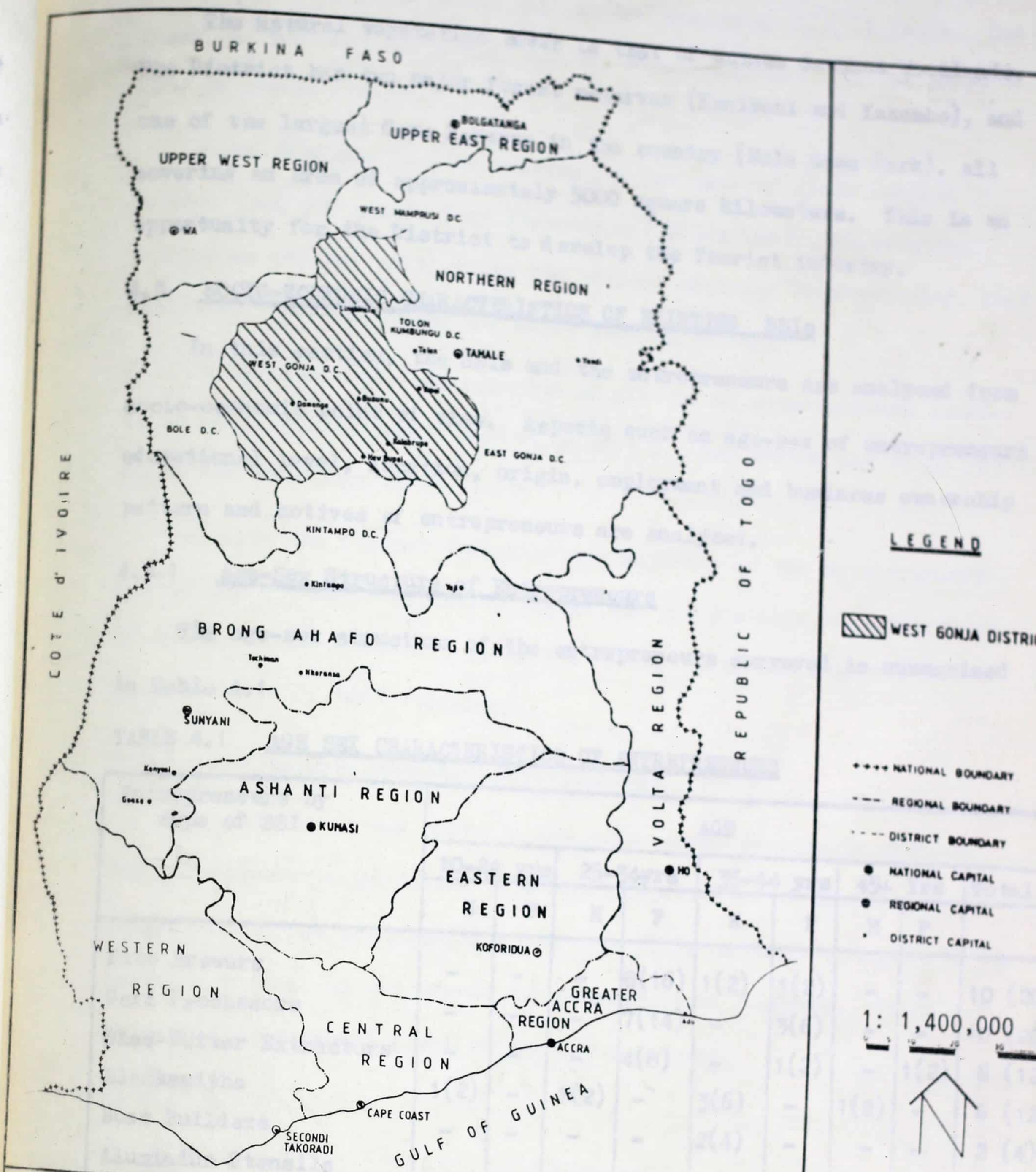
1. For detailed account of geophysical characteristics of West Gonja District, see Spring Programme 1989/90 Workshop Report



SPRING 1989/90 WEST GONJA DISTRICT STUDY

WEST GONJA DISTRICT IN REGIONAL & NATIONAL CONTEXT

Fig 4.1

and other crops like Cotton, Tobacco, Kenef, Yam and so on.

The natural vegetation cover is that of Guinea Savanna Woodlands. The District has two major forest reserves (Kenikeni and Yakombo), and one of the largest Game Reserve in the country (Mole Game Park), all covering an area of approximately 5000 square kilometers. This is an opportunity for the District to develop the Tourist industry.

4.3 SOCIO-ECONOMIC CHARACTERISTICS OF EXISTING SSIs

In this section, the SSIs and the entrepreneurs are analysed from socio-economic point of view. Aspects such as age-sex of entrepreneurs educational level, location, origin, employment and business ownership pattern and motives of entrepreneurs are analysed.

4.3.1 Age-Sex Structure of Entrepreneurs

The age-sex structure of the entrepreneurs surveyed is summarized in Table 4.1

TABLE 4.1 AGE SEX CHARACTERISTICS OF ENTREPRENEURS

Entrepreneurs by type of SSI	AGE								
	10-24 yrs		25-34yrs		35-44 yrs		45+ Yrs		Total
	M	F	M	F	M	F	M	F	
Pito Brewers	-	-	-	8(16)	1(2)	1(2)	-	-	10 (20)
Gari Processors	-	-	-	7(14)	-	3(6)	-	-	10 (20)
Shea-Butter Extractors	-	-	-	4(8)	-	1(2)	-	1(2)	6 (12)
Blacksmiths	1(2)	-	1(2)	-	3(6)	-	1(2)	-	6 (12)
Boat Builders	-	-	-	-	2(4)	-	-	-	2 (4)
Aluminium Utensils Makers	-	-	-	-	1(2)	-	1(2)	-	2 (4)
Potters	-	-	-	1(2)	-	1(2)	-	-	2 (4)
Smock Weavers/Sewers	3(6)	-	6(12)	-	1(2)	-	2(4)	-	12 (24)
TOTAL	4(8)	-	7(14)	20(40)	8(16)	6(12)	4(8)	1(2)	50 (100)

Nb. • Figures in parentheses are percentages

• M = Male and F = Female

Source: Author's Field Survey, May, 1990

It can be observed from Table 4.1 that majority of the entrepreneurs surveyed (about 82 per cent) fall in the age group 25 - 44 years. Out of these, 52 per cent are women, who are more dominant in the age group of 25 - 34 years.

Women dominate in Pito brewing (80 per cent) of those sampled pottery (100 per cent), Gari Processing (70 per cent), Shea-butter extraction (66 per cent) while Men command entirely Blacksmithing, Boat building, utensils making and smock weaving/sewing.

In terms of age, the mean age of all the 50 entrepreneurs sampled is 34 years with standard deviation of 3.8. The median age is 32 years, while the modal age is 28 years.

Clearly the figures indicate that majority of the entrepreneurs are in the economically active population group with a high patronage of women. This provides a potential labour force and vigorous entrepreneur cadre if well supported.

4.3.2 Educational Status of Entrepreneurs

The role education plays in the development process is obvious. For entrepreneurs, education is a great facilitator to innovation and adaptation to new technologies. It also plays an important role in the learning process of the day-to-day management of business. Table 4.2 shows the educational level of the entrepreneurs.

Type of SSI	No formal education	Primary education	Sec./Voc. or Tech. Training	Total Sample
Pito Brewers	5 (10)	5 (10)	-	10 (20)
Gari Processors	9 (18)	1 (2)	-	10 (20)
Shea-Butter Extractors	5 (10)	1 (2)	-	6 (12)
Blacksmiths	3 (6)	2 (4)	1 (2)	6 (12)
Boat Builders	-	2 (4)	-	2 (4)
Aluminium utensils makers	1 (2)	1 (2)		2 (4)
Potters	2 (4)	-	-	2 (4)
Smock weavers/sewers	9 (18)	-	3 (6)	12 (24)
TOTAL	34 (68)	12 (24)	4 (8)	50 (100)

Figures in parenthesis represent percentages

Source: Author's Field Survey, May, 1990

Educational status among entrepreneurs is relatively low with about 68 per cent of the surveyed entrepreneurs having virtually no no formal education. Most of them can hardly read and write. About 24 per cent have attained primary education and only 8 per cent have had secondary and vocational training.

Education among women is very low, except for the 50 per cent of Pito brewers who happened to have other occupations such as clerical and teaching as their main occupation. Smock weavers account for the majority of men with no formal education, partly because their skills are mainly acquired through family training.

Generally, the present level of industrial activities have been carried out along traditional lines, but as diversification within the sector takes place, improvement in educational standards would be inevitable. This will facilitate understanding of government policies new techniques in production and management. It is hence, necessary to think of measures to enhance functional education among entrepreneurs.

Essentially, an entrepreneur is anticipated to work on a full time basis in his/her industry. However, some variations are possible especially in the rural areas. From the sample surveyed, 56 per cent of the entrepreneurs maintain their main occupation within their respective SSI while 44 per cent were observed to have other secondary occupations for various reasons. Of these, 40 per cent reported to have secondary occupation as a means of subsidizing their incomes, while 4 per cent undertake secondary occupations in order to learn other skills (See Table 4.3) The main secondary occupation was reported to be farming.

This indicates the subsistence nature of some of the industrial activities, which calls for measures to increase efficient productive capacities.

TABLE 4.3 ENTREPRENEURS WITH SECONDARY OCCUPATIONS AND REASONS

ENTREPRENEURS	WITHOUT SECONDARY OCCUPATION	WITH SECONDARY OCCUPATION		TOTAL
		To subsidise Income	To learn other skills	
Pito Brewers	7 (14)	3 (6)	-	10 (20)
Gari Processors	8 (16)	2 (4)	-	10 (20)
Shea-Butter extraction	4 (8)	2 (4)	-	6 (12)
Blacksmiths	3 (6)	3 (6)	-	6 (12)
Boat Builders	2 (4)	-	-	2 (4)
Aluminium Pot makers	1 (2)	1 (2)	-	2 (4)
Potters	-	2 (4)		2 (4)
Smock-weavers/sewers	3 (6)	7 (14)	2 (4)	12 (24)
Total	28 (56)	20 (40)	2 (4)	50 (100)

Figures in parenthesis represent percentages

Source: Author's Field Survey, May, 1990.

The location and state of working premises are very important factors in the production process. Tables 4.4 and 4.5 throw light on these issues.

TABLE 4.4 LOCATION OF ENTERPRISES

SSI	At home	Under a tree	At a work shop	Total
Pito Brewing	9 (18)	1 (2)	-	10 (20)
Gari Processing	8 (16)	2 (4)	-	10 (20)
Shea-Butter Extraction	6 (12)	-	-	6 (12)
Blacksmithing	5 (10)	-	1 (2)	6 (12)
Boat Building	-	-	2 (4)	2 (4)
Aluminium Utensils making	-	-	2 (4)	2 (4)
Pottery	-	2 (4)	-	2 (4)
Smock weaving/sewing	1(2)	1 (2)	10 (20)	12 (24)
TOTAL	29 (58)	6 (12)	15 (30)	50(100)

Figures in parenthesis are percentages

Source: Author's Field Survey, May, 1990

TABLE 4.5 LOCATIONAL FACTORS

SSI	REASON FOR LOCATIONAL CHOICE				
	Place of birth	Cheap Labour	Ready market	Easy access to Raw Material	Total
Pito Brewing	7 (14)	-	1 (2)	2 (4)	10(20)
Gari Processing	9 (18)	-	1 (2)	1 (2)	10(20)
Shea-Butter Extracting	5 (10)	-	-	1 (2)	6(12)
Blacksmithing	3 (6)	1 (2)	2 (4)	-	6(12)
Boat Building	-	-	1 (2)	1 (2)	2(4)
Aluminium Utensils making	-	-	1 (2)	1 (2)	2(4)
Pottery	-	-	1 (2)	1 (2)	2(4)
Smock Weaving/sewing	11 (22)	1 (2)	-	-	12 (24)
TOTAL	35 (70)	2 (4)	7 (14)	7 (14)	50(100)

Figures in parenthesis are percentages

Source: Author's Field Survey, May, 1990

home, 12 per cent under a shade tree and 30 per cent at workshops. It was also revealed that these working under a tree or at a workshop stay a maximum of one to two kilometers from their residences. Additionally, such workshops are owned by the entrepreneurs, hence, no rent is charged. Smock weavers represent about 66 per cent of those working at workshops. But it is worth noting that these workshops are temporary and operations are dictated by the state of the weather. Normally, the threads being woven are stretched outside openly infront of the weaver's shed, where the handloom machines are kept. The threads are subjected to dirtness from rain, wind and dust. This can affect the quality of product and calls for measures to improve working premises. Working premises for other SSIs, are generally not conducive and do not allow proper quality control.

As regards the factors leading to such locational choices, about 70 per cent reported that it is their birth places. This shows that most businesses in the district are tied up to families and that such activities are typical to the area. Twenty-eight per cent described the locational factors as availability of markets and easy access to raw materials. Although this is a relatively low percentage, it cuts across almost all SSIs surveyed, showing the importance of raw materials and market in the locational choice. This confirms to the theoretical framework on locational choice of SSIs being guided by such factors as proximity to raw materials markets and so on. The fact that only four per cent of entrepreneurs see availability of labour as a factor in locational choice, shows the low level of employment structure in most SSIs and that labour is not yet a constraint, especially unskilled labour.

4.3.5 Origin of Entrepreneurs

The origin of entrepreneurs as either from within or outside the District is presented in Table 4.6

ORIGIN OF ENTREPRENEURS

Entrepreneur by SSI	Within the District	Outside the District	Total
Pito Brewers	1 (2)	9 (18)	10 (20)
Gari Processors	7 (14)	3 (6)	10 (20)
Shea butter Extractors	5 (10)	1 (2)	6 (12)
Blacksmiths	2 (4)	4 (8)	6 (12)
Boat Builders	-	2 (4)	2 (4)
Aluminium Utensil Makers	2 (4)	-	2 (4)
Pottery	-	2 (4)	2 (4)
Smock Weavers/sewers	12 (24)	-	12 (24)
Total	29 (58)	21 (42)	50 (100)

Figures in parenthesis are percentages

Source: Author's Field Survey, May, 1990

From Table 4.6 an analysis can be made of the extent to which migrants are involved in industrial activities in the District. Forty-two per cent of entrepreneurs interviewed originated outside the District. These were dominant in Pottery, Boat Building, Pito Brewing and Blacksmithing. It was however, revealed that majority of these outsiders came from the neighbouring regions of Upper West and Upper East. If outsiders are dominant in the industrial activities, there is a danger that reinvestments to expand the sector are not done in the district. This needs to be checked and inevitably there is a need to stimulate indigenious supply of entrepreneurship.

4.3.6 Business Ownership

Different forms of business ownership such as Sole Proprietorship, Partnership, Private company and Family ownership have some merits and demerits. The situation in the study area is illustrated in Table 4.7

SSI	Sole Proprie-ship	Partnership	Family ownership	Total
Pito brewing	10 (20)	-	-	10(20)
Gari Processing	8 (16)	1 (2)	1 (2)	10(20)
Shea-Butter extraction	6 (12)	-	-	6(12)
Blacksmithing	6 (12)	-	-	6(12)
Boat Building	2 (4)	-	-	2 (4)
Aluminium utensils making	2 (4)	-	-	2 (4)
Pottery	2 (4)	-	8 (16)	2 (4)
Smock-weaving/ sewing	4 (8)	-	8 (16)	12(24)
Total	40 (80)	1 (2)	9 (18)	50(100)

Figures in parenthesis are percentages

Source: Author's Field Survey, May, 1990

Sole proprietorship is the dominant form of business ownership covering about 80 per cent of the entrepreneurs surveyed. It indicates that most businesses are a one-man business. With the exception of Smock weavers, and to a lesser extent, Gari processors, all other SSIs surveyed are under sole proprietorship. Partnership form of ownership is not developed in the District. Only two per cent of the entrepreneurs coming from Pito Brewers Association are organized on a partnership basis. Smockweaving is dominantly family owned. No case of private company was encountered in the survey.

One man businesses are limited both in the ability to raise enough capital and to cope with the competitive business environment. Both managerial and technical skills are needed to run business efficiently and it is very unlikely that such stock of capabilities will be embraced in one person. There is a need to intervene into this situation and expand the scope of operations of SSIs in the District.

Table 4.8 shows the employment structure of SSIs surveyed in terms of composition of different categories of employees, their educational background and the employment size of SSIs in the District The remuneration procedures too will be discussed. Tables 4.8 and 4.9 show at a glance the situation.

TABLE 4.8 NUMBER OF EMPLOYEES

SSI	NONE	1 - 5	6 - 10	TOTAL
Pito Brewing	3 (6)	5 (10)	2 (4)	10 (20)
Gari Processing	1 (2)	9 (18)	-	10 (20)
Shea-Butter extracting	-	5 (10)	1 (2)	6 (12)
Blacksmithing	3 (6)	3 (6)	-	6 (12)
Boat-building	2 (4)	-	-	2 (4)
Aluminium utensils making	2 (4)	-	-	2 (4)
Pottery	-	2 (4)	-	2 (4)
Smock weaving/sewing	2 (4)	10 (20)	-	12 (24)
Total	13 (26)	34(68)	3 (6)	50 (100)

Figures in parenthesis are percentages

Source: Author's Field Survey, May, 1990

A total of 124 workers were enumerated for the fifty SSIs surveyed. This works out to an average employment size of 2.5 per enterprise. Their distribution, however, varies between SSIs as shown in Table 4.8. About 68 per cent of the SSIs employ between one and five employees, Twenty-six per cent engage no service of employees, the entrepreneurs work single handedly both in production and management. Only six per cent employ between six and ten, persons and they were in the Pito brewing and shea-butter extraction SSIs.

The employees were analysed under three categories, namely; paid workers; apprentices and family workers. Eighty two per cent of the workers were found to be family workers, of which 57 per cent had no formal education, 14 per cent had primary education. and 11 per cent with post primary education.

TABLE 4.9 COMPOSITION AND EDUCATIONAL LEVEL OF EMPLOYEES

SSI	PAID WORKERS			APRENTICES			FAMILY WORKERS		
	Non-formal	Primary Education	Sec/Voc/ Tech.	Non-formal	Primary Education	Sec/Voc/ Tech.	Non-formal	Primary Education	Sec/Voc/ Tech.
Pito Preweing	-	2	-	2	-	-	21	2	7
Gari Processing	-	-	-	-	-	-	16	3	4
Shea-butter extraction	2	1	-	-	2	-	21	4	-
Blacksmithing	-	-	-	4	-	-	2	1	1
Boat building	-	-	-	-	-	-	-	-	-
Aluminium utensils making	-	-	-	-	-	-	-	-	-
Pottery	-	-	-	3	-	-	-	-	-
Smock-weaving/ sewing	1	3	-	2	7	-	10	7	2
Total	3 (2)	6 (5)	-	11 (9)	3 (2)	-	70 (57)	17 (14)	14 (11)

• Figures in parenthesis are percentages

Source: Author's Field Survey May, 1990

the majority, forming only about seven per cent of the total workers and out of these, five per cent had primary education. As shown in Table 4.9, dominance of family workers were in Pito brewing (17 per cent), Gari processing, (13 per cent), Shea-butter extraction (17 per cent), and Smock weaving (eight per cent). Apprenticeship is offered mainly by Blacksmiths and Pottery and to a lesser extent by Smock weavers, shea-butter extractors and Pito brewers.

As for remuneration methods, payment in kind which is not easily quantifiable was dominant for over 82 per cent of the cases reported. This was mainly due to the engagement of family workers, who are not systematically rewarded. Payments in kind included, provision for food and accommodation to workers, occasional gifts; an opportunity to prepare and sell own products using employers facilities, as was commonly observed in Pito brewing; and getting free products, to mention a few. For those paid in cash, the monthly salary was a averagely between 1,000 to 5,000 cedis (for 12 percent). Only about six per cent of the cases could the employee get more than 5,000 cedis monthly as shown in Table 4.10.

TABLE 4.10 METHODS OF REMUNERA TION

SSI	CASH		IN KIND	TOTAL
	¢1000-¢5000 monthly	More than ¢5000 monthly		
Pito brewing	2 (4)	-	8 (16)	10 (20)
Gari Processing	-	-	10 (20)	10 (20)
Shea butter extraction	-	2 (4)	4 (8)	6 (12)
Blacksmithing	-	1 (2)	5 (10)	6 (12)
Boat building	-	-	2 (4)	2 (4)
Aluminium utensils making	-	-	2 (4)	2 (4)
Pottery	1 (2)	-	1 (2)	2 (4)
Smock weaving/sewing	2 (4)		10 (20)	12 (24)
TOTAL	6 (12)	3 (6)	41 (82)	50(100)

Figures in parenthesis are percentages

Source: Author's Field Survey, May, 1990

method of technology diffusion through apprenticeship is not fully explored in the district. Secondly, employment generation capacity within the SSI sector is still very low. Educational status too is very low and calls for the adoption of training measures. Employment terms, too, are not attractive. This factors together are weak measures to curb the rural-urban drift of the small experienced labour force.

4.3.8 MOTIVES OF ENTREPRENEURS

Despite inevitable risks associated with venturing into industrial activities, entrepreneurs still find themselves getting into business. Risk here is defined as the experienced possibility of failure when starting a new business.[1] The motives of entrepreneurs to start a SSI in the study area are presented in Table 4.11

TABLE 4.11 ENTREPRENEURS MOTIVE FOR STARTING SSI

Enterpreneur by SSI	To be independent	Family background	Trained in it	To make money	Total
Pito brewers	4 (8)	1 (2)	1 (2)	4 (8)	10 (20)
Gari processors	3 (6)	2 (4)	1 (2)	4 (8)	10 (20)
Shea butter extractors	1 (2)	4 (8)	-	1 (2)	6 (12)
Blacksmiths	5 (10)	-	1 (2)	-	6 (12)
Boat-builders	1 (2)	-	1 (2)	-	2 (4)
Aluminium utensils makers	1 (2)	-	-	1 (2)	2 (4)
Pottery	1 (2)	-	1 (2)	-	2 (4)
Smock weavers/ sewers	5 (10)	7 (14)	-	-	12 (24)
TOTAL	21 (42)	14 (28)	5 (10)	10 (20)	50(100)

Figures in parenthesis are percentages

Source: Author's Field Survey, May, 1990

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1. Alange, S. Acquisition of Capabilities through international Technology transfer, pp.70

relative weight as follows: desire to be independent (42 per cent); family background (28 per cent), desire to make money (20 per cent) and training in the industry (10 per cent).

Motive to be independent, that is, to have enough autonomy in decision-making is common among entrepreneurs. Entrepreneurs who were formally employees, would wish to become "bosses of their own", and probably avoid embarassments of being subordinates. But in the study area, where businesses are tied up to families, the desire to be independent may be expressed in the need to get out of these family ties.

Family background came next as a motive for about 28 per cent of the entrepreneurs interviewed. Here, such factors as the background of entrepreneurs' parents and their upbringing play an important role. This conforms to the antecedent factors expressed by Psychologists in the "Psychogenic Mediation Model" explained in chapter three.

Making money was another factor typical to about 20 per cent of the entrepreneurs. Eighty per cent of these were from Pito brewing and Gari processing where production process is shorter and has a high demand. Some think the quick way of making money is through venturing in such businesses, rather than being employed.

Training was the last motive observed among ten per cent of the entrepreneurs. This is an area where a lot of Government and other institutional efforts have been directed. But training alone without the necessary support to start the business may frustrate the efforts.

Asked whether such motives have turned out to be fruitful, various entrepreneurs responded that this has not always been the case and that there have been numerous constraints such as inadequate capital and other support services in realising the motives.

An exploration was also made to compare the motives observed in the District with that of entrepreneurs in some other parts of Africa.

frequently mentioned motive at the top.

TABLE 4.12 **EMPIRICAL STUDIES OF AFRICAN ENTREPRENEUR'S MOTIVES**

Marris and Sommerset (1971) Kenya	Harris and Rowe (1966) Nigeria	Kilby 1969 Nigeria	Onyemelukwe 1973 Nigeria	Hart 1972 S. Africa
• independence (autonomy) 51%	• money 40%	• money to meet	.independence	.independence 63%
.contribute to development 32%	• security through experience 18%	.consumption needs	• status	.enjoyment and interest in business 23%
.broadening of experience 21%	.provide jobs for people 6%	• status requirements	• profit	
• money 20%	.independence 6%	.traditional obligations	• contribute to development	• money 12%

Source: Sverker Alange, Acquisition of Capabilities through international technology transfer. The case of small scale industrialization in Tanzania, Sweden, 1987. pp. 75

Entrepreneurs in Marris and Sommerset (1971) and Onyemelukwe (1973) were the recipients of loans and other assistance from Industrial and Development Corporations in those countries. The ones in Harris and Rowe (1966) were based on the study of saw millers in Nigeria. The Hart (1972) were based on owners and managers in urban areas, same was for those studied by Kilby (1969)

Although, these entrepreneurs operate somewhat in environments different from the study area, they however indicate that motives are comparable for different entrepreneurs. Independence, for instance, is a motive which cuts accross many entrepreneurs. Motives such as contributing to development, and providing job opportunities are motives worth inducing to entrepreneurs, unfortunately, not identified among the entrepreneurs in the District.

the supply of entrepreneurship in Chapter three. Government is hence, important in allowing the supply of entrepreneurs to come forth. Rigorous efforts should be embarked upon to identify entrepreneurs with need for achievement motivation and they should be fully supported, especially those in rural areas to attain their motives.

4.4 TECHNICAL AND MANAGERIAL CAPABILITIES POSSESSED BY ENTREPRENEURS

As indicated in chapter one, technical capabilities encompases the command an entrepreneur has over the software and hardware technologies employed in the industry. On the other hand, managerial capabilities would refer to the whole range of management functions in the areas of finance, production, marketing and overall planning. The assessment of such capabilities in this study follows the problem-solving approach as presented in the methodology (See Section 1.5.3)

4.4.1 FINANCE AND CAPITAL

Soliciting finance to start business and the general financial management is one area where managerial capabilities are assessed. Tables 4.13 and 4.14 indicate the initial capital requirements and how they were financed.

TABLE 4.13 INITIAL CAPITAL REQUIREMENT

Entrepreneurs by SSI	Less than 10,000	10,000-50,000 cedis	50,000-100,000 cedis	More than 100,000 cedis	Total
Pito brewers	1(2)	7 (14)	2 (4)	-	10(20)
Gari processors	2(4)	8 (16)	-	-	10(20)
Shea butter extractors	2(4)	2 (4)	2 (4)	-	6(12)
Blacksmiths	-	5 (10)	1 (2)	-	2(4)
Boat builders	2(4)	-	-	-	2(4)
Alum. utensils makers	1(2)	1 (2)	-	-	2(4)
Potters	-	2(4)	-	-	2(4)
Smock weavers/ sewers	2(4)	4 (8)	1 (2)	5 (10)	12(24)
Total	10(20)	29(58)	6 (12)	5 (10)	50(100)

Figures in parenthesis represent percentages

Source: Author's Field Survey, May 1990

	Savings		
Pito brewers	6 (12)	4 (8)	10 (20)
Gari Processors	3 (6)	7 (14)	10 (20)
Shea-butter extractors	2 (4)	4 (8)	6 (12)
Blacksmiths	2 (4)	4 (8)	6 (12)
Boat builders	2 (4)	-	2 (4)
Aluminium utensil makers	2 (4)	-	2 (4)
Potters	2 (4)	-	2 (4)
Smock-weavers/sewers	4 (8)	8 (16)	12 (24)
Total	23 (46)	27 (54)	50 (100)

Figures in parenthesis are percentages

Source: Author's Field Survey, May, 1990

Out of the fifty entrepreneurs who responded, the majority, about 58 per cent gave the initial investment capital as ranging between ¢10,000 and ¢50,000. Twelve per cent gave their figure to be ranging between ¢50,000 and ¢100,000. Those with less than ¢10,000 and more than ¢100,000 were 20 per cent and 10 per cent respectively.

The investment capital was found to be dependent on the type and complexity of machinery and working tools required. Accordingly, only the Smock-weavers required more than ¢100,000 due to the high costs of handloom machines and costly initial raw materials. On the other hand, the life time of such machines is higher, averagely five years. The other entrepreneurs required less sophisticated tools and equipment to start their businesses, but their depreciation rate is so high that they require replacement in less than a year except for the few blacksmith's and boat building tools. An inventory of such tools, machinery and equipment for the various SSIs surveyed is given in Appendix 2.0

The survey revealed that only two sources of financing the initial capital were available, namely. previous personal savings accounting

had access to banking institutions or any other government development institutions. Also traditional ways of capital raising such as "susu" are non existent. Lack of collateral and lack of knowledge of support services offered to SSIs in the country were some of the reasons cited. About 94 per cent of those interviewed did not know of any institution promoting SSIs, neither did they know of any Government policy promoting or inhibiting their businesses. Therefore, capital is seen as a constraint to the development of SSIs, especially in the rural areas. despite a large network of institutions established in the country to promote SSIs.

4.4.2 PRODUCTION TECHNIQUES

Production techniques for the SSI surveyed follow assentially traditional methods. Production techniques are rather rigid and there have been hardly any changes in the mode of production since the units were established. Production process is labour-intensive and manual in nature. These are outlined as follows:

Gari Processing. Cassava, the main raw material, is washed, peeled and grated by hand. This is then loaded into clean jute or cotton bags and set in the sun to dry. Heavy stones or weights are stacked on the bag to extract the milky starch and this is left for four to five days to ferment. It is then removed, sieved and spread out to dry and roasted over fire to become light and crisp.

Potters. They normally pound clay by either stepping on it or beating it with a stick. They then mould, shape and decorate products with hand and let them to dry ready for sale.

Blacksmiths: They usually utilize scrap metals, cut, heat, and beat-treat metals to shape them into the needed implement.

Smock weavers: They utilize cotton yarn hand powered spindles and looms, and with these they specifically and skilfully weave and design the cloth according to the specific traditional pattern. An added

PLATE 4.1 A TYPICAL SMOCK DYER AT WORK IN DABOYA

PLATE 4.2 PITO BREWING IN THE DISTRICT

that they are able to make the required dyes traditionally by utilizing certain species of plant leaves. The process of making these dyes in blue and black colours is described in Appendix 3.0

Pito brewers. They ferment, grind and add baobab roots/leaves or yeast to guinea corn, the main raw material, leave the stuff for about three days to be fully processed as a drink.

Although the above confirms the existence of reasonable stocks of technical capabilities in the District such production methods are very crude, slow and inefficient. Its production capacity too is very limited. Response to increase demand is met mainly by working more hours Sub contracting is practiced by only 26 percent of cases. This is where researches into appropriate technologies should be taken seriously. It is evident that enormous effort is devoted into this area of appropriate technology in the country, but demonstration and propagation of such technologies is limited in the rural areas. This is observed in West Gonja District, where out of the fifty entrepreneurs interviewed, 60 per cent had no knowledge of the existence of the improved technology in their respective industry. It was astonishing to find that entrepreneurs in Gari Processing and Smock weaving, among others, were ignorant of the improved/mechanized gari processing techniques and improved handlooms respectively. These technologies are quite common in urban areas. Even those who had knowledge of the existence of improved technology (40 per cent), the costs involved and lack of required skills hindered them from adopting them. These areas of technology development and dissemination requires serious attention.

4.4.3 Management Training and Experiences

Management training is one way in which managerial capabilities can be strengthened. Another way probably is through exposure and experiences from former employment. The importance of the proper management of business needs not be over emphasized.

to poor management.[1]

As indicated in section 4.3.6, majority of the SSIs surveyed are either under sole prepriatership or family ownership. Management of the business was thus found concentrated in the hands of single persons - owner/manager. Out of the fifty SSIs surveyed, 98 per cent are under self management leaving only 2 per cent to an employee. This implies that all the functions of management elaborated above are done singlehandedly by the owner/entrepreneur, who has to combine, most of the time, with being a worker in the industry. To make matters worse, there are no elaborate data on various items the entrepreneur needs and also most of them are inexperienced in management aspects. About 84 per cent of the entrepreneurs interviewed had no experience of employment elsewhere. Only about 16 per cent were formerly employed for less than three years mainly in some clerical work.

Training was another deficient area. Ninety-four per cent of the entrepreneurs had no training in management, book-keeping or marketing, neither had they had any opportunity to attend trade fairs or exhibitions. Only four percent had ever attended such exhibitions in Tamale. This has affected the quality of their record keeping on finances, sales and the like. Sixty-two per cent kept no records at all and for those who kept the records, they were so crudely kept that they could not be used for meaningful business decisions.

4.4.4 Raw Materials Management

Most raw materials utilized in the SSIs surveyed are agricultural based. These included cotton, guinea corn, millet, cassava, shea nuts, and forestry products, mainly timber. Non-agricultural raw materials included scrap metals, iron rods, clay and aluminium sheets.

An account of all raw materials used is given in Appendix 2.0. The major source of energy used in the SSIs surveyed included firewood, gas, kerosine and human energy.

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1. FAO, Small Scale forest based professing entreprises FAO Forestry paper 79 (1987) Geneva.

different points in the District. Smock weavers depend entirely on cotton yarn from outside the District mainly from Tamale and Accra. Metal scraps too are obtained outside the District. Due to poor infrastructure network and that entrepreneurs cannot afford bulk purchases, raw material supply especially from outside the District affect the smooth continuity of production.

Limited industrial cooperatives were identified only for Pito brewers and Gari Processors in the District capital, and even in these cases they do not deal with joint raw material procurement.

4.5 MARKETING STRATEGIES

Two marketing outlets were identified, namely; displaying of the products in the workshop employed by 48 per cent of entrepreneurs and displaying of the products in the periodic markets accounting for 52 per cent. These periodic markets were identified to have a functional area extending beyond the region. Origin and destination of the principal customers is shown in Table 4.15.

TABLE 4.15. ORIGIN AND DESTINATION OF PRINCIPAL CUSTOMERS

SSI	Within the District	Outside the District	Both	Total
Pito Brewing	10 (20)	-	-	10 (20)
Gari processing	3 (6)	4 (8)	3 (6)	10 (20)
Shea butter extraction	3 (6)	-	3 (6)	6 (12)
Blacksmithing	3 (6)	1 (2)	2 (4)	6 (12)
Boat building	-	-	2 (4)	2 (4)
Aluminium utensils making	-	-	2 (4)	2 (4)
Pottery	-	-	2 (4)	2 (4)
Smock weaving/ sewing	5 (10)	5 (10)	2 (4)	12 (24)
Total	24 (48)	10 (20)	16 (32)	50 (100)

Figures in parenthesis are percentages

Source: Author's Field Survey, May, 1990

demand/orders placed by main traders from Tamale. Most smocks could not easily be bought by individuals as the cost per unit is relatively high. The average price of a smock was 7,500 cedis. Other products such as pito drink, gari and aluminium utensils could find ready market from individuals in the district who regularly visited the workshops.

Information flow on potential customers were very much inadequate. Family meetings were the major channels of information, transmission and receival. Advertisement is done inadequately due to lack of such media as radio, newspapers and other telecommunication facilities.

4.4.6 PROFITABILITY ANALYSIS

As hinted in chapter three, the reward to entrepreneurship as a factor of production is profit accruing from the business operations. It is necessary then to analyse the financial profitability of the SSIs studied. This is done by finding the differences between total average revenues and the production and administrative costs. The result is the net profit before taxes. Due to the lack of proper book-keeping systems, trend analysis has not been possible. Current production and market prices are used which were essentially estimated by the respondents although they had fear of paying taxes.

The monthly average financial performance is given in Table 4.16. Generally, the SSIs could overcome their costs of production from the revenues generated and make reasonable profits. The profit margin on sales ranged between 6 per cent and 50 percent; with an average of about 35 per cent. In absolute terms too, SSIs like Pito brewing, blacksmithing and pottery had very lucrative business. The average net profit for the SSIs studied was about 36,700 cedis per month.

Boat builders were the least profit makers due to high production cost. Entrepreneurs complained bitterly of the stiff competition from similar imported goods, and that at times they are forced to sell below cost in order to stay in business.

TABLE 4.16 MONTHLY FINANCIAL PERFORMANCE ANALYSIS FOR SSIs (IN CEDIS)

SSI	Average Employment Size	PRODUCTS	UNITS PRODUCED	PRODUCTION ADMINISTRATIVE COST	SELLING PRICE PER UNIT	TOTAL REVENUE	TOTAL COST	NET PROFIT	PROFIT MARGIN ON SALES
Pito Brewing	3	Pito drink	1304 pots	¢ 60	¢ 100	130,400	78,240	52,160	40%
Gari Processing	2	Gari	300 bowls	¢ 105	¢ 160	48,000	31,500	16,500	34%
Shea Butter Extraction	5	Shea-butter	13 calabashes	¢ 4,900	¢ 6,750	87,750	63,700	24,050	27%
Blacksmithing	1	Coal Pots	65	¢ 210	¢ 330	21,450	13,650	7,800	36%
		Hoes	100	300	500	50,000	30,000	20,000	40%
		Cutlasses	20	500	1,000	20,000	10,000	10,000	50%
		Buckets	68	700	1,300	88,400	47,600	40,800	46%
		Sickles	40	200	300	12,000	8,000	4,000	33%
		Knive blades	175	65	100	17,500	11,375	6,125	35%
Boat Building	1	Boats/Conoes	6	¢45,000	¢48,000	288,000	270,000	18,000	6%
Aluminium Pot Making	2	Aluminium Pots	20	1,750	2,400	48,000	35,000	13,000	27%
Pottery	2	Pots	150	600	1,000	150,000	90,000	60,000	40%
		Dishes	200	50	100	20,000	10,000	10,000	50%
Smock Weaving	2	Smock shirts/trousers	6	5,500	7,400	44,400	33,000	11,400	25%

Source: Author's Field Survey, May, 1990

that an industrialist earned more than the minimum payment government offers (about 20,000 cedis). They can, hence generate more income for rural development if given the appropriate development support.

4.5 ANALYSIS OF STRENGTHS AND WEAKNESSES OF CAPABILITIES

From the foregoing discussion and the facts and figures presented about the existing entrepreneurs, it is an undeniable fact that they possess massive stocks of technical and managerial capabilities. This has been shown in their competeneces in the areas of production, finances, general management, raw material management and marketing. Despite numerous shortfalls and the crude nature of operations they employ, section 4.4.6 confirms that the operations are financially profitable.

Notwithstanding the above fact, their capabilities varies in strength and do have some weaknesses. These are analysed using the "problem-solving model" introduced in chapter one.

This model has four basic features, namely.

i) Entrepreneurs capabilities to diagnose problems. Here entrepreneurs are expected to identify problems confronting their operation, also to attempt to use potentials surrounding them in combacting such problems.

ii) Capability to generate change propositions. Entrepreneur should be able to identify alternative courses of action given the resources at hand.

iii) Capability to evaluate and make decision. As alternatives are many, entrepreneur should evaluate them and decide on the one which best fits his objectives.

vi) Capability to implement. Entrepreneur should mobilize resource rationally and implement his objectives.

In terms of capabilities to diagnose problems and potentials various stocks of capabilities they possess can be identified. Dye-making in Smock-weaving for example, is a distinguishable capability.

results. Tanzania is an example. Yet those entrepreneurs in Daboya have made a breakthrough into the search for dyes for their smocks preparation, using entirely local plant species. This should be encouraged. Another example is the rigorous effort of the blacksmiths to satisfy the demand for local farm implements. They are using metal scraps which would have otherwise been wasted. The entrepreneurs are, hence, trying within their reach to identify problems and tap available potentials.

Turning to capability to generate change propositions (that is generating different courses of action), there is a weakness. The capabilities are limited due to inadequate information flow coupled with the low educational status, and exposure to other business environments. It was identified that about 60 per cent of the entrepreneurs do not know of the existence of any new and improved technologies in their industry. This limits their ability to see the cause-and-effect relationship of their problems.

In terms of the capability to evaluate and make decisions, it was observed that entrepreneurs cannot adequately derive the means-and-ends relationships out of their propositions. Evaluation is also limited due to lack of proper feedback mechanism. Decisions are hence done spontaneously and at times are long overdue. The norm is that status quo situation rules, guided only by experiences.

As regards/to implement, few propositions cannot be implemented. It was, for example, indicated by the 40 per cent of these who knew of existence of improved technologies, that they cannot adopt them due to high costs involved and lack of appropriate skills. Resources to implement, both financial and manpower, are inadequate. /capability

Generally, the circle is never complete and this turns down the stocks of capabilities inherent in small-scale entrepreneurs. The little stocks they possess can be termed as "static" capabilities,

taken to mean they are short lived and undiversified. We inevitably require "dynamic" capabilities, those that look at a longer time framework and are sustainable. This area requires government intervention to improve on the existing capabilities and inject new ones.

The next section looks at how such capabilities have been acquired and are diffussed.

4.6 AQUISITION OF CAPABILITIES

Different methods through which technical and management skills have been acquired are presented in Tables 4.17 and 4.18.

TABLE 4.17 TECHNICAL CAPABILITIES AQUISITION METHODS

Entrepreneur by SSI	Apprentice ship	Family background	Copying from other craftsmen	Total
Pito brewers	-	10 (20)	-	10 (20)
Gari Processors	2(4)	7 (14)	1 (2)	10 (20)
Shea-butter extractors	1 (2)	5 (10)	-	6 (12)
Blacksmiths	5 (10)	1 (2)	-	6 (12)
Boat builders	1 (2)	1 (2)	-	2 (4)
Aluminium utensils makers	2 (4)	-	-	2 (4)
Potters	-	1 (2)	1 (2)	2 (4)
Smock weaving/ sewing	-	12 (24)	-	12 (24)
	11 (22)	37 (74)	2 (4)	50 (100)

Figures in parenthesis are percentages

Source: Author's Field Survey, May, 1990

Entrepreneur by SSI	Informal Methods			Formal Education	Total
	Apprentice ship	Family background	Copying from other craftsmen		
Pito brewers	2 (4)	8 (16)	-	-	10(20)
Gari processors	-	10 (20)	-	-	10(20)
Shea butter extractors	2 (4)	2 (4)	2 (4)	-	6(12)
Blacksmiths	4 (8)	-	1 (2)	1 (2)	6(12)
Boat builders	2 (4)	-	-	-	2(4)
Aluminium utensils makers	2 (4)	-	-	-	2(4)
Potters	1 (2)	-	1 (2)	-	2(4)
Smock weavers/ sewers	3 (6)	6 (12)	-	3 (6)	12(24)
	16 (32)	26 (52)	4 (8)	4 (8)	50(100)

Figures in parenthesis are percentages

Source: Author's Field Survey, May, 1990

Technical skills are mainly acquired informally through learning from family members. This method accounts for 74 per cent. The other major method is through apprenticeship. About 22 per cent of the entrepreneurs interviewed acquired their skills in this way. Learning from family members was dominant method in Pito brewing (20 per cent) Smock weaving (24) per cent), Gari processing (14 per cent) and Shea butter extraction (ten per cent) Blacksmithing, Boat making and Aluminium utensils making were potential avenues where apprenticeship was practised. Generally, apprenticeship as a method is not so formally practiced as in other parts of Ghana. Thus it was revealed, for instance that no fees are paid for apprenticeship training.

Out of those who were trained as apprentice, about 90 per cent of them had to work with their masters for more than three years after training. The major reason offered is that they could not start up their own businesses as they lacked resources and other back up services.

curricula in Junior Secondary Schools so structured to impart some of the technical skills is a good opportunity for children in rural areas.

Management skills were almost exclusively acquired through informal methods, mainly learning from family members accounting for 52 per cent These skills are acquired merely by intuition, side by side with apprenticeship training. The danger with this method is that the training is unsystematic and never documented.

Generally, the duration to acquire skills was reported as ranging between one and five years. Entrepreneur expressed the problems of lack of proper training methodology and training equipment and inadequate training period.

These methodologies for capability acquisition observed in the study area, are compared with the model proposed in chapter one.

The model views three set of factors which aids in the capability acquisition process in SSIs.

Firstly, are the historical factors, such as family background, education, apprenticeship and experiences learned from others.

Secondly, are these factors grouped as institutional. Here Government support services in form of access to credit, raw materials provided by institutions formed to develop SSIs are considered. Other factors are exposure programmes and EDP meant to identify and train new entrepreneurs as discussed in sections 3.4.2 and 3.4.3.

Thirdly, are those factors seen to promote business climate and locational advantage. Examples are the legal framework protecting the rights of entrepreneurs. Technical infrastructural services can also be grouped under this category.

Looking at this model, the following observations can be made:-

i) The methodologies employed fall entirely under one category of historical factors, such as apprenticeship, family background and experiences.

training widely carried out in urban areas by institutions created to support SSIs do not reach the District level. Institutions such as NBSSI, GRATIS, ITTUs, National Council for Women and Development (NCWD) and Department of Rural Housing and Cottage Industries, among others, are worth mentioning here.

iii) The Entrepreneurship Development Programme, which ought to provide a package of services required to start a SSI, is yet to reach the rural areas. Ninety-eight per cent of entrepreneurs had no knowledge of such a programme.

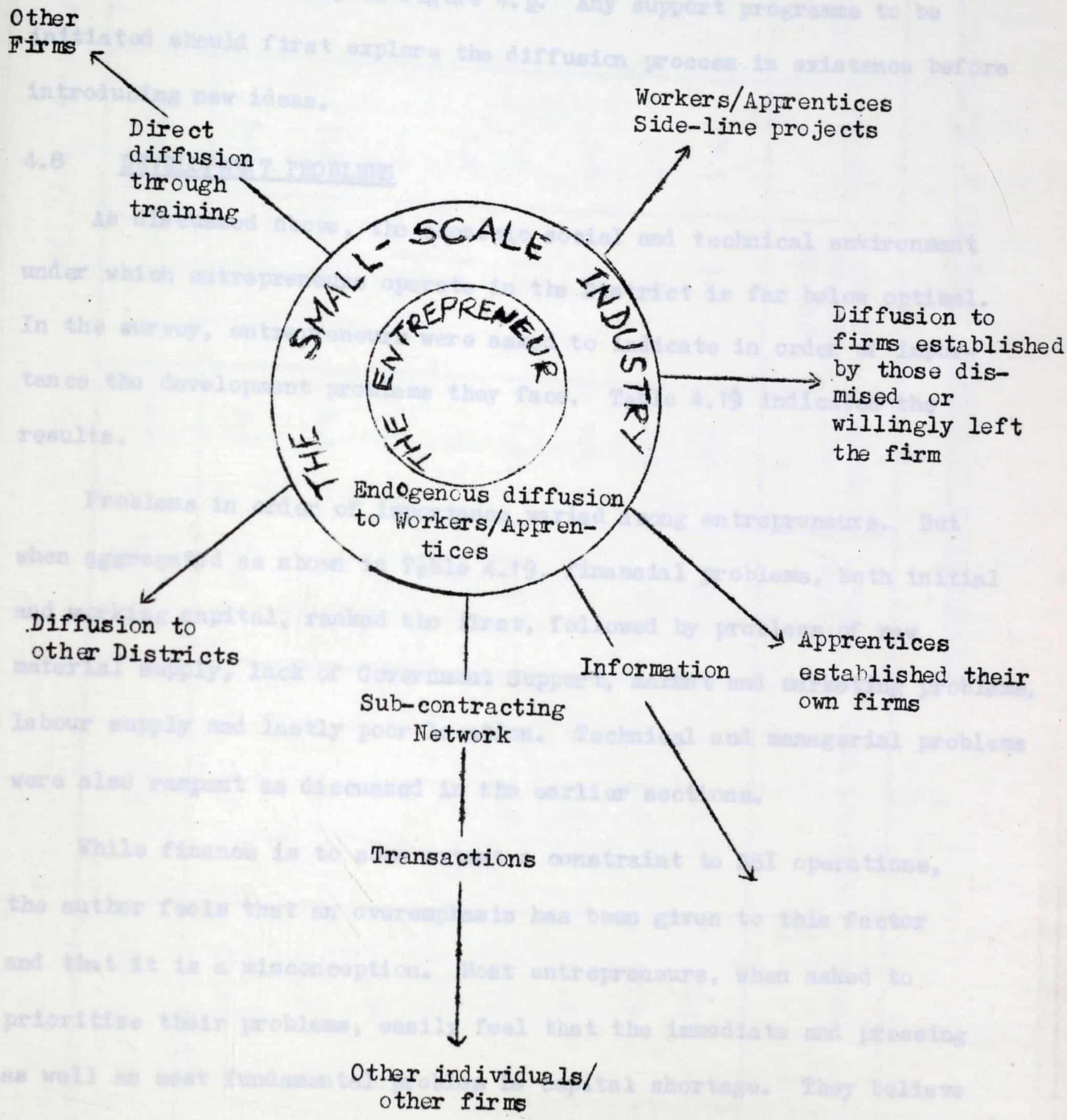
The third set of factors considered under business environment and locational factors which could spontaneously encourage business formation, are far from optimal in the District. Technical and Social infrastructure and business climate are not conducive for increased productivity. Consequently, methodologies for capability acquisition are incomplete in the District, and this calls for serious search into the means of filling the areas identified with gaps, if we need to increase the accumulation of capabilities.

4.7 DIFFUSION OF CAPABILITIES

Diffusion in this study is taken to mean the process by which innovation is communicated through channels over time among members of social system. The model assumed here is that capabilities once acquired will not remain stagnant. Firstly, they will diffuse to the entrepreneurs, then to the workers and apprentices in that SSI before they diffuse among similar firms in the area. Diffusion to other areas will be among others, through information flow, sub-contracting and other transactions, through training and firms established by those leaving the initial firms either willingly or dismissed.

According to the data gathered in the survey, 42 per cent of entrepreneurs disseminated their skills to family members while 24 per cent disseminated to other members mainly apprentices. Thirty-four

Fig. 4.2 DIFFUSION OF ENTREPRENEURSHIP CAPABILITIES IN THE DISTRICT



Source: Author's Construct

relatives or ex-employees who learnt their skills from entrepreneurs, 40 per cent are within the District and 28 per cent are operating outside the District. Those outside the district are mainly the Pito brewers, Gari processors, Shea-butter extractors and Blacksmiths. This shows that the technology and skill diffusion process from the District has a wide coverage, despite the low level of such capabilities as analysed above (see section 4.5)

The diffusion of entrepreneurial capabilities in the District is presented schematically in Figure 4.2. Any support programme to be initiated should first explore the diffusion process in existence before introducing new ideas.

4.8 DEVELOPMENT PROBLEMS

As discussed above, the economic social and technical environment under which entrepreneurs operate in the District is far below optimal. In the survey, entrepreneurs were asked to indicate in order of importance the development problems they face. Table 4.19 indicates the results.

Problems in order of importance varied among entrepreneurs. But when aggregated as shown in Table 4.19, financial problems, both initial and working capital, ranked the first, followed by problems of raw material supply, lack of Government Support, market and marketing problems, labour supply and lastly poor location. Technical and managerial problems were also rampant as discussed in the earlier sections.

While finance is to some extent a constraint to SSI operations, the author feels that an overemphasis has been given to this factor and that it is a misconception. Most entrepreneurs, when asked to prioritize their problems, easily feel that the immediate and pressing as well as most fundamental problem is capital shortage. They believe that if funds are made available to them, they can solve all the problems besetting the enterprise. In deed, this is rather an illusion

TABLE 4.19 PERCENTAGE DISTRIBUTION OF PERTINENT PROBLEMS OF ENTREPRENEURS

ENTREPRENEURS BY SSI	RAW MATERIAL SUPPLY	FINANCE	LACK OF GOVERNMENT SUPPORT	MARKE-TING	LABOUR SUPPLY	POOR LOCATION	TOTAL
Pito Brewers	5.0	6.5	1.5	3.0	2.8	0.5	19.3
Gari Processors	4.0	6.5	2.0	2.0	3.5	0.5	18.5
Shea-butter extractors	2.0	3.5	2.0	1.0	1.5	1.5	11.5
Blacksmiths	4.0	4.0	1.2	1.0	0.5	1.0	11.7
Boat Builders	1.5	1.0	1.0	-	-	-	3.5
Aluminium Pot makers	1.5	1.0	1.0	-	-	-	3.5
Pottery	1.0	1.5	1.2	0.5	-	-	4.2
Smock-weavers/ sewers	9.0	5.0	6.3	2.5	2.0	3.0	27.8
Total	28.0	29.0	16.2	10.0	10.3	6.5	100

Source: Author's Field Survey, May, 1990

operating impediment to indigenious private investment is mistaken, that it is an illusion created by large false demand for capital, and that what really exists is not an immediate shortage of capital, but rather a shortage of viable projects. That is, projects, that all things considered, promise to be sufficiently profitable to attract indegenous investment.

This is where the author feels that capital shortage is a symptom of other crucial problems besetting the enterprise, such as poor planning, ineffective marketing, outmoded technology, lack of cost accounting, to mention a few. The crucial problems as shown in earlier sections are hence, inadequate capabilities inherent in entrepreneurs, both technical and managerial. Even when sources of capital are made easily accessible to the rural entrepreneurs, they are not going to be given out without conditionalities. The money must be paid back. Hence, ability to conceive, initiate and operate soundly the business is the crux of the matter. Thus, it is strongly argued that promotional efforts of SSIs should strive to strengthen technical and managerial capabilities among entrepreneurs and indirectly this will address other problems of SSIs, capital being one of them.

For the study area however, a coordination is required of various packages conceived by both development and financial institutions formed in the country and designated for rural SSI entrepreneurs which as revealed in the study has neglegibly offered assistance to these areas. Institutional factors are, hence, a hindance to the supply of entrepreneurship.

Raw material and marketing problems were also the complains of many entrepreneurs. For smock weavers, there is inadequate and irregular supply of yarn. In addition, reliable markets have been curtailed by

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1. S.P. Schartz, The Capital Shortage illusion. Government Lending in Nigeria, in Development Economics and Policy Readings by Ian Livingstone, George Allen & Union (1981) London, pp.21

Pito brewers. Some too complained of high licence fees. As earlier noted, competition from foreign similar products was of concern to almost all industrialists.

The author sees as inevitable role of Government intervention in order to reduce the magnitude of such problems. Promotional orientation should change, and entrepreneurs should be educated of what is expected from them.

4.9 OPPORTUNITIES FOR ENTREPRENEURIAL CAPABILITY DEVELOPMENT

Despite the numerous problems facing the entrepreneurs and their SSIs, there are opportunities which could be harnessed to facilitate speedy reactivation and development of the existing and would be entrepreneurs.

4.9.1 Linkages

Both forward and backward linkages exist among industries and between industrial and agricultural sectors. From the survey, 96 per cent of the SSIs produce items which forms part of raw materials or inputs to other industries/sectors, as indicated in Table 4.20

TABLE 4.20 LINKAGES AMONG SSIs IN THE DISTRICT

SSI	Items produced as raw materials for others (%)		No. Linkage (%)	Total (%)
Pito brewing	Animal and chicken feed	20		20
Gari processing	Animal feeds	20	-	20
Shea butter extraction	Oil to soap making industry	12	-	12
Blacksmithing	Farm implements for farmers	12	-	12
Boat building	Inputs to fishermen	4	-	4
Aluminium utensils making	Pots and pans for Pito brewing and Gari processing	4	-	4
Pottery	-		4	4
Smock weaving	Linkage with sewing and dyeing Units	24	-	24
Total		96	4	100

Source: Author's Field Survey, May, 1990

[illegible] These could provide a ground for commercial livestock, poultry and piggery farms in the District.

Shea-butter extractors in addition to producing edible oil, also produce oil for the soap making industry. Blacksmithing and boat building also provide useful inputs and implements to farmers and fishermen respectively.

Aluminium utensils makers are important in providing pots and pans to pito brewers and Gari processors. Lastly, there is a strong linkage between smock weavers, smock sewers and dye makers, usually operating under one umbrella.

This is one major criterion in identifying prospects for promoting SSIs in a district. Linkages need to be studied carefully and utilised Institutionally, at least theoretically. It has been seen that in the country, there is an effort to create linkages among institutions created for promoting SSIs. A recent announcement by the Ministry of Industries, Science and Technology confirms these efforts. It announced that currently NRSSI is being restructured and strengthened to perform its functions effectively. Efforts are also being made to streamline the management of SSIs in the country. NRSSI as a coordinating body is supposed to oversee this linkage which is taking place. Technologically, for instance, much cooperation has been identified between GHATIS, ITTU, and TCC. There is a potential institutionally, only if such institutions are rationalised and coordinated for their effective functioning in the rural areas. The District Administrative Machinery being put into place in Ghana is an added advantage.

4.9.2 Prospects in the Agricultural Sector

Agriculture is the mainstay of Ghana's economy, and in the District, it employs over 59 per cent of the economically active population[1]. The District is highly known for its potential in grains production. It is

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1. Socio-Economic Household Survey, Spring II, Dec. 1989

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TABLE 4.21 CROP OUTPUT PROJECTIONS - WEST GONJA DISTRICT (In 000 bags)*

YEAR \ TYPE OF CROP	MAIZE	RICE	MILLET	GUINEA CORN	GROUNDNUTS	CASSAVA	YAM	COWPEAS
1990	133.2	76.6	70.2	106.9	51.6	157.3	169.9	7.8
1994	160.5	92.5	85.5	130.0	62.1	189.9	205.9	9.7
1999	212.2	85.5	112.9	171.7	81.9	250.7	271.7	12.8
2004	278.1	130.0	147.2	223.7	107.2	327.4	354.5	17.0

Source: Development Workshop Report (Spring) - Projections Based on Data Obtained from Agri. Dept. of the District. (1989)

* Maize and Groundnuts : 1 bag = 80 kgs

The Rest : 1 bag = 100 kgs

production of such important agricultural raw materials as Maize, rice, millet, guinea-corn, groundnuts, cassava, yam and cow-peas has been projected to increase more than two fold by the year 2004 as shown in Table 4.21.

This is one area of the resource base for the sustenance of SSIs, especially the Agro-based SSIs in the District, such as Gari, industrial starch and feed processing.

Another resource base is the existence of lime deposits in abundance in the District. This has led to the establishment of a big lime factory in Buipe, although not yet fully operational. This resource base will not only strengthen the activities of pottery and ceramics production in the District, but also there are potentials to initiate, stabilized earth blocks, chemical industry for caustic soda or sodium hydroxide, soda ash or sodium carbonates projects, among others.

With enhancement in entrepreneurship supply, the base provided by agriculture can further support such new SSIs as shea-nut processing, groundnut oil extraction, large-scale gari and maize processing and preservation, and support to animal husbandry.

4.9.3 Age-Sex Characteristics and Experiences of Entrepreneurs

By way of recapitulation, the average age of entrepreneurs surveyed is 34 years with women playing a profound role. In terms of experiences, majority of them have been in business long enough to possess some capabilities. Undoubtedly, the entrepreneurs provide an active labour force. The special advantage of such a youthful population is that, they can be further trained and can take over from the older craftsmen to ensure continuity.

4.9.4 FUTURE PLANS OF ENTREPRENEURS

In the survey questions were asked as to whether or not entrepreneurs had any future plans. This was to activate the degree of the

1. Development Workshop Report, Spring Participants, 1990

responded positively, and did not only indicate the desire to stay in business but also to expand and diversify their operations. The need to acquire more and improved machinery and tools were indicated by 14 per cent of entrepreneurs, while 50 per cent showed an intention of expanding their working capital and the remaining 34 per cent sought to improve their working environment by constructing new sheds. See Table 4.22.

TABLE 4.22 ENTREPRENEUR'S FUTURE PLANS

Entrepreneur by	Construct shed	Acquire more machinery & tools	Expand working capital	No Plans	Total
Pito brewers	2 (4)	-	8 (16)	-	10(20)
Gari processers	4 (8)	1 (2)	5 (10)	-	10(20)
Shea butter extractors	-	-	6 (12)	-	6(12)
Blacksmiths	2 (4)	2 (4)	2 (4)	-	6(12)
Boat builders	-	2 (4)		-	2(4)
Aluminium utensils makers	1 (2)	-	1 (2)	-	2(4)
Potters	-	-	2 (4)	-	2(4)
Smock weavers/ sewers	8 (16)	2 (4)	1 (2)	1(2)	12(24)
Total	17 (34)	7 (14)	25 (50)	1(2)	50(100)

Figures in parenthesis are percentages

Source: Author's Field Survey, May, 1990

There is, hence, a prima facie ground for intervening into measures to improve entrepreneurs' capabilities as confirmed by their willingness to act.

About 45 per cent of entrepreneurs indicated the presence of useful untapped resources in the District for the promotion of their SSIs. Blacksmiths, for instance, named the use of palm kernel shells as a better substitute for charcoal. They also mentioned large stocks of scrap metals in few urban areas, that could be made use of, if only

for textile industry. Certain wood species, unknown to the author were mentioned by boat builders as pertinent to their industry. Such species have a potential to be grown in the District. The main reasons offered for the failure to tap such resources are the lack of technical know how and financial resources. It is evident that small-scale entrepreneurs can hardly invest in research and development areas, hence government efforts should be directed into these areas.

4.9.5 POTENTIALS IN PROMOTING WOULD BE ENTREPRENEURS

It has been adequately argued in this study, that entrepreneurs are are not necessarily born but also they can be identified, trained and developed. Entrepreneurs can also come from all walks of life, irrespective of the socio-economic class to which they belong.

What is certainly required in identifying, motivating and training new entrepreneurs, among others; includes the following:-

i) Clear Government Policy and commitment towards providing support for entrepreneurship development programme.

ii) Creation of an autonomous institution for the purpose, adequately staffed with trainers/motivators and training inputs.

iii) A well functioning system of industrial extension services to provide backup support and counselling.

iv) The presence of people with entrepreneurial traits and who are willing and ready to be trained.

v. An awareness and involvement of financial institutions in the training programme.

vi) An indication of industrial opportunities in an area.

vii) Commitment towards improvement of technical and social infrastructure to support the emerging industries.

Although no comprehensive appraisal has been made in the study area, the limited information gathered justifies, to a large extent,

A look at Government policy and commitment towards creating new entrepreneurs is very promising. Through the initiation of the Entrepreneurship Development Programme (EDP) under NBSSI, efforts are indicated in helping and training local entrepreneurs[1]. The papers admit that, the success of any enterprise, apart from the financial requirements, is equally hinged on the attributes and aptitudes of the persons behind it. Funds also are being made available under PAMSCAD and IDA for prominent entrepreneurs. Although the EDP has not yet been extended to rural areas in Ghana, there are indications to do so in the near future.[2]

About 98 per cent of entrepreneurs contacted in the study area showed their preparedness to attend the EDP if organized. They also have ambitious to venture into new industrial opportunities. Industrial opportunities in the District have been discussed in sections 4.9.1 and 4.9.2. Improvement of technical and social infrastructure features prominently in the various District Plans.[3]

Efforts should then be made both at regional and national levels to take the advantage of this tool (EDP) and extend the packages it offers to enhance rural supply of entrepreneurship.

4.10 SUMMARY

This chapter has dealt at length with the analysis of the small-scale entrepreneurs and their capabilities in the study area. Strengths and weaknesses of technical and managerial capabilities were assessed. Acquisition and diffusion modalities were explored showing areas of strength and weakness. This brought out the development problems hindering the growth of SSI entrepreneurship capabilities in the study area.

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1. For this view see Newpaper articles, People's Daily Graphic, March 5th and 17th pp. 5 and 7 respectively.
2. Source: EDP Section, NBSSI, Accra, May 1990
3. See Development Workshop Report; Spring Participants, 1990

Despite the problems opportunities for entrepreneurial capability development were found to exist for the existing and the would be entrepreneurs in terms of linkages, prospects in other sectors, age-sex of entrepreneurs and future plans envisaged by entrepreneurs. These have established a firm ground for the need and justification to develop new entrepreneurs.

CONCLUSION

5.1 INTRODUCTION

This chapter summarizes the main findings of the study arising out of the analysis made. Major issues which raise concern for action are identified. Out of the problems enumerated and the opportunities identified, recommendations are made to alleviate such problems, and promote capabilities both for the existing and would-be entrepreneurs in the District.

5.2 SUMMARY OF FINDINGS AND THEIR PLANNING IMPLICATIONS

5.2.1 Socio-Economic Characteristics of Existing SSIs.

i) Age-Sex Structure of Entrepreneurs

It was revealed that, the entrepreneurs are in their youthful age with an active patronage of women. The mean age of entrepreneurs sampled were 34 years with a standard deviation of 3.8. Such an active labour force is a potential and can be made dynamic if active promotional measures are adopted.

ii) Educational Status of entrepreneurs

Entrepreneurs possess very low level of formal education. Over 68 per cent have non-formal education and this is particularly so among the women. Functional education also has not penetrated among entrepreneurs. In the contemporary world education is a key to success. It is difficult for the entrepreneurs to understand government policies, new technological and management inventions which are key to the improvement of their businesses.

iii) Main and Secondary Occupations

Apart from the entrepreneurs' business line, secondary occupations were common, basically to subsidize the income generated from their industries. This shows the low level of business valume entrepreneurs can initiate and sustained. This

iv) Location of entreprises

Majority of entrepreneurs work at home under temporary sheds and some quite unhygienic. Twelve per cent work under a shade tree and about 30 per cent at workshops. These enterprises are located at a maximum of two kilometers from homes and locations have never taken into account their outlets to customers and suppliers. The major locational factor is the birth place of the entrepreneurs. Work places are generally, not conducive for quality control.

v) Origin of Entrepreneurs

Fifty-eight per cent of entrepreneurs are indigenous in the District, while 42 per cent are migrants. Indigenous supply of entrepreneurs may ensure a high reinvestment tendency in the District.

vi) Business Ownership

Sole propriatorship takes 80 per cent of business ownership in the District. Eighteen per cent are family owned businesses, while partnership and company forms of ownership rarely feature in the area. Due to meagre resources among entrepreneurs, there is a need to pool together these resources for any meaningful investment.

vii) Employment Structure and Labourforce

Only 124 workers were enumerated among the fifty entreprises surveyed, giving an employment size of only 2.5 persons per enterprise. Twenty-six per cent of the entrepreneurs work single-handedly both in production and management. This poses the danger of lack of competence to manage both aspects efficiently. About 82 per cent of the workers fall in the category of family workers, a few being apprentices and paid workers. Educational level of employees was noted to be relatively low.

ship as one among common methods of technology diffusion in most rural areas, is not given due attention in this District.

viii) Motives of Entrepreneurs

Entrepreneurs indicated various motives behind starting their businesses. The need to be independent, that is, have more autonomy in decision making ranked first followed by drive of family background; training background in the skills required by industry and motive to make money. These motives did not deviate much from motives established elsewhere. It was learnt that motives can be influenced, and need for achievement can be induced in entrepreneurs by Government deliberate policies.

5.2.2 Technical and Managerial Capabilities possessed by Entrepreneurs

The study revealed enormous stocks of technical and managerial capabilities commensurate with the levels of support the industrialists have at their disposal. Technically, they venture into complicated production processes, including breakthrough into some innovations although all this is done under traditional methods. Managerially, they have been able to set up the business concern and finance their operations solely from private means. Training and exposure into modern methods of business management is lacking. Also the nature of ownership which is predominantly sole proprietorship complicates the functions of management and production under one person - owner/manager.

Raw material management was a problem, especially for those procured outside the District like yarn and scraps. No system of raw material bank to attract advantages of bulk purchase is in existence.

Marketing, too, is inadequately done as this is only concentrated within the District. Marketing strategies are essentially traditional, and information flow between potential customers and industrialists is inadequate.

by the fact that the operations are profitable from the data revealed.

5.2.3 Acquisition of Capabilities

The capabilities enumerated above have been acquired mainly through family training. This accounted for 74 per cent for technical capabilities and 92 per cent for managerial capabilities. The other major method was through the apprenticeship system, with learning from other craftsmen serving very low (4 per cent) Formal educational system contributed very marginally in capability acquisition. For apprentices it was very difficult for them to start their own business due to lack of backup - support.

These methods of capability acquisition are generally unsystematic and undocumented and pose a danger of loss of such skills over time. Assessed by examining other avenues to build up capabilities, the District is deficient. Only historical factors are under play, and such other avenues as institutional support, business and locational factors are not developed and utilized. This inevitably inhibit the growth of supply of entrepreneurship in the District.

5.2.4 Diffusion of Capabilities

Entrepreneurs diffuse their capabilities through training of family members and apprentices. Some also indicated that they do not disseminate their technologies. But when analysed critically, technology was seen to have many ways in which it can diffuse. There is endogenous diffusion within the industry; and through information flow, sub contracting, transactions and firms established by ex-employees and so on, exogenous diffusion takes place. See Fig. 4.2 in chapter four. The author feels the process of diffusion should be studied and government intervention should capitalize on such avenues.

5.2.5 Strengths and Weakness of Capabilities

Analysed using problem-solving model, the only strength was seen in the ability to perceive the problems and potentials. The capability

to more than double in the next fifteen years (see Table 4.17). Other resources such as lime and salt are yet to be fully exploited. Youthful population is another resource to be tapped. Entrepreneurs also potrayed very ambitious plans and preparedness to take risks if supported. All these set a prima facie ground for the need to initiate and motivate new entrepreneurs to take advantages of the potentials, for which the NBSSI's Entrepreneurship Development Programme with some modifications to suit the rural areas is called forth.

5.3 RECOMMENDATIONS

The study has revealed the fact that low supply of entrepreneurship exists in the District. It has also shown that existing entrepreneurs in SSIs confront a series of problems which raise an alarm for concern. The technical and managerial capabilities they possess are, hence, affected by these constraints and have remained static. The study also identified potential avenues for developing entrepreneurial capabilities which have remained unexploited.

The challenge at this point is two fold. Firstly, to suggest recommendations to further develop and sustain the inherent entrepreneurial capabilities; and secondly, to suggest recommendations to motivate would-be entrepreneurs, thus enhancing the supply of rural SSI entrepreneurship.

The author, envisages three guiding principles, which should be taken into account when analysing these recommendations.

Firstly, there is the '<u>Principle of Combination and Interactions</u>'. Stanley and Morse,[1] argue that, the productiveness of promotional measures for small-and-medium-scale industries, depend on a combination

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1. Eugene Stanley and Richard Morse, "<u>Developing Entrepreneurship Elements for a Program</u>" in Kilby ed, Entrepreneurship and Economic Development, The Free Press, N.Y. (1971) pp.361

factors. SSIs face multifaceted problems as enumerated above. The solution lies in searching for a combination of measures, which together can yield higher results. In other words, the problem-solving model also called single factor approach is likely to be ineffective and wasteful. Experiences have confirmed this as discussed in section 2.6. An integrated programme that works on a carefully selected combination of factors simultaneously - the exact combination depending on pertinent local conditions is much mere likely to prove worthwhile.

Secondly, there is the '<u>Principle of Adaptation</u>'. The arguement behind this principle is that, it is hard to find two countries or even different localities within a country, having the same economic opportunities, business traditions, labour and managerial skills, political environment, administrative capabilities, educational foundations and cultural backgrounds. Yet countries or localities are inevitably learning and copying from the experience of others. The principle warns that, any inventions borrowed from others will have to be adapted in various ways, in order to work well in the other environment. A good motto should then be, "Adapt, do not simply adopt".

Thirdly, there is the '<u>Principle of Selectivity</u>'. There is a need to select carefully the elements of a programme and assess the different proportions affordable by the area of interest. Critical factors should be taken into account first, and their costs evaluated. The principle calls for the careful consideration of phasing of different propositions.

5.3.1 Strengthening of the Managerial and Technical Capabilities of Existing Entrepreneurs

Entrepreneurship is crucial to the survival of SSIs. Where entrepreneurial capabilities are lacking or are relatively low as evidenced in the West Gonja District, the first and foremost task in the author's opinion is to strengthen such capabilities. This is the

ment causes not only low labour productivity but also underemployment of the scarce capital and wastage of materials. To arrest this situation, the author suggests the following recommendations.

1) <u>Training of Entrepreneurs in Management Skills</u>.

As shown in the analysis, entrepreneurs lack exposure into business management skills. Training, in simple Book-keeping, Cost accounting and pricing, budget control and inventory management, is non-existent in the District. Conducting such a training poses great difficulty due to the fact that majority of entrepreneurs possess no formal education and to some, there is a low level of literacy and numeracy. As a long term measure, it is suggested that such training be made part of the academic curricula in primary and secondary schools. But as an immediate measure, it is proposed that a simplified training commensurate with prevailing conditions be organized through a special wing of the Business Extension Services to be established in the District for that purpose. This should be handled alongside the functional and literacy education programmes now being organized in the District.

Due to the specific input requirements into business, management, it is further suggested that at the national level preferably the Management Development and Productivity Institute (MDPI) in collaboration with NBSSI establish a special wing for Rural Business Extension Services. This wing can aid the respective sections in the form of providing teaching aids and training for trainers.

To realize the effectiveness of the course in the shortest possible time, it is suggested that at the District level, such an extension service be on an individual approach to address to specific needs of a particular industry. This can be possible since the number of existing SSIs is few and they are located in the accessible zones of the District.

Technical Training and Continuous Consultancy

Low level of formal technical training and the use of obsolete and crude preduction technologies were among the major technical problems identified. Diagnosis of such problems and continuous consultancy should then be part of technical training at the District. It is suggested that this kind of training be organized on the basis of learning by doing. Results of diagnosis of problems should lead to clustering of SSIs in the District according to their technical problems. It is further suggested that, like managerial training, a problem - based technical training should be developed under the respective District level Technical Extension Services linked directly to the Intermediate Technology Transfer Units and Vocational Training Institutes now, operational in most Regional Capitals. In Tamale, both the ITTU and NVTI are already established. What they lack is extension wings to the rural areas. Conducting of such problem-based training at the District level, can bring together entrepreneurs who have a lot in common. They are inclined to sharing of experiences and probably, can collaborate even after training is over.

Through such training, awareness can be created of the existence of better and efficient techniques of production, already in operation, in other parts of the country. It should be recalled that about 60 per cent of the entrepreneurs interviewed, indicated that they have no knowledge of improved technology in their area of operation. Through continuous consultancy, entrepreneurs could be trained and educated on how to acquire improved appropriate technologies. Use could made of the already established network of Agricultural Extension especially for Agro-based SSI before an independent unit becomes operational. Informal apprenticeship conducted by existing entrepreneurs should be encouraged to supplement the effort.

pragmatic action. Training alone is not enough. Venues have to be created that combine practicality and accessibility. The author is suggesting the initiation of what may be called Appropriate Technology Shops. This is a display of practical approaches to the manufacturing of specific products, improved tools and equipment, substitutes of outmoded products and possible sources information on new development in the area of technology. They could be static, that is located in a rural District capital or dynamic, that is, moving from one manufacturing location to another. Institutions which could initiate this are GRATIS, TCC and ITTUs. The mobile Cinema and Video van by GRATIS is the idea along this line, but their coverage has been too limited.

Another technological exposure of existing technologies is through the organization of Exhibitions and Fairs at the District level. This could be organized with minimum costs by the District Administration to mark the anniversary of certain important government holidays. This exhibitions could be organised around this technology shops and competition encouraged among entrepreneurs. Some rewards/certificates should be awarded to participants and winners.

iv) <u>Encouragement of the Formation of Industrial Cooperatives</u>

One of the arguements offered against SSIs, is their inability to enjoy economies of scale, which is an advantage enjoyed by large-scale industries. One way in which SSI entrepreneurs can overcome some of their pertinent problems of marketing, raw material procurement, finance and so on is by pooling together resources under the legally constituted body of industrial cooperatives. Initiative in forming Associations by Gari Processors and Pito Brewers in Damongo is highly appreciated although their scale of operation is very much limited.

operation could be among entrepreneurs in the the similar industry or among entrepreneurs from different industries. The idea is to promote joint bargaining power in the various areas of common interest. The industrialists through their cooperation could enjoy the following advantages.

a) Procurement of Raw Materials

Irregular supply and often small individual orders affect most industrialists. This was more pathetic with the Smock-weaving and Blacksmithing SSIs who usually procure their raw materials outside the District. Yarn, for instance, is purchased from Accra and Tema and the supply is normally unpredictable. Through the industrial cooperatives this could enable the pooling of individual demands together, to attract economically feasible orders. Such bulk orders from large-scale suppliers or farmers can attract trade discounts and the cost of transportation can be minimized. High middlemen prices could also be avoided.

Also through such a cooperative, a system of Raw Material Bank could be organized, whereby during the season of abundancy, more raw materials could be bought and stored for use during the lean season.

b) Marketing Facilities

It was revealed in the study that, for most of the entrepreneurs, the local market is all that they know and what concerns them. Marketing strategies were not diversified outside district boundaries. This factor regulated their production to low levels. Through cooperatives, more marketing outlets can be explored. Big orders, say, from government departments could be secured in the name of the cooperative, and divided among the members. Some cooperative members could be sponsored to go out of the District in search of orders. In this connection, government

departments and corporations should be encouraged to buy from the existing SSIs in the District. Such products as furniture, school uniforms, farm implements and the like can be supplied by SSIs. Through such cooperatives, show rooms could be opened and joint participation in trade fairs and exhibitions could be organized.

c) Financial Support

SSI entrepreneurs often face the problems of obtaining working capital; inadequate fixed assets such as land, building, machinery, tools, furniture and fittings; and specific problems of debt re-scheduling, shareholding and credit guarantee. Sources available can be categoriezed as internal and external finance.

Internal sources could be through personal savings and ploughing back of profits, finance released for other purposes through improved stocks and debtors control, or sale of some fixed assets to increase working capital.

External sources could be non-institutional by taking in more partners, or borrowing from friends, relatives and from money-lenders. It could be also borrowing from non-commercial institutions such as Cooperatives or from Commercial institutions such as Bank loans and overdrafts. Other sources could be from SSI development Institutions running Hire-Purchase programmes.

It is clear that industrial cooperatives have a limit to the role they can play in solving financial problems. But through the cooperatives, members could borrow under softer terms, provided the funds are used wisely and paid back upon demand. Cooperatives could also act as guarantors for securing credits elsewhere. Through cooperatives, too, traditional ways of raising money, for example the "susu" method can be effected.

d) Equipment Sharing

In the District some form of equipment sharing, was observed among Blacksmiths, Pito Brewers and Smock weavers. This should be encouraged. Through industrial cooperatives such a system could be formalized to get maximum advantages out of it.

What is being emphasized is that, the cooperative department in the District should educate industrialists on the role and procedures for the formation of cooperatives. The cooperative members should devise rules and programmes to regulate their operations. They should keep proper records which should be inspected regularly by the Cooperative officers.

v) Introduction of District Level Rural Workshop Clusters

In the analysis, it was indicated that, most entrepreneurs, (about 70 per cent) work at home or under a shade tree. Even for those working at workshops, production process takes place under very unhygienic conditions. One feasible way of providing congenial working places is through the establishment of workshop clusters.

The basic idea is that certain common facilities crucial to production in a number of industries but unaffordable by a single entrepreneur, such as repair and maintenance facilities, basic research and development and certain expensive equipment, could be provided centrally for a minimum fee in this workshop cluster. This carries, basically, the idea of industrial estates, in a reduced version to suit rural conditions. Poor planning and investment in sophisticated technology have normally being cited is common errors committed in the establishment of industrial estates in urban areas. This is what should be borne in mind in initiating this rural workshop clusters. In Daboya, there is a justification to initiate a workshop cluster to bring together the Smock-weavers who are operating under very temporary sheds. The craftsmen indicated their readiness to contribute labour and cash in constructing such working sheds. It is recommended that, this task be taken as a revenue raising project for the District. Assembly and Area Councils. If such workshop clusters are

Facility Workshop as a focal point of the cluster is suggested to be run by the District Assembly in collaboration with ITTU and it should be equiped with basic tools and equipment.

Technicians could be employed to render repair and maintenance facilities to the various units for a fee. In this way, efforts of industrial cooperatives suggested above could be supplemented. The measures outlined above are intended to strengthen the technical and managerial capabilities of existing entrepreneurs from local sources, that is, sources within the reach of the District. They are also intended to aid the acquisition and diffusion process of such capabilities.

Other measures, which are outside the District, play an important role in strengthening the capabilities of entrepreneurs. These are government policies and programmes, affecting the actities of SSIs. The following recommendations are also suggested.

vi) Government Policies and Support Programmes

Government policies and programmes currently being implemented, have shown that commendable efforts are being made in addressing the problems of SSIs in Ghana. A t the policy level it has been recognized that rural SSIs were left behind and that there is a need to revive policies and programmes to look into the interests of rural entrepreneurs. Cases in point here are the objectives envisaged in PAMSCAD and the ERP such as revamping the technical infrastructure, and efforts undertaken by regional bodies such as Northern Regional Rural Integrated Programme (NORRIP) in the Northern Region.

One point is clear that the success of local level efforts to increase the supply of entrepreneurship depends strongly on national macro economic policies and measures. The above policy packages

effective implementation at the rural areas. Policies and programmes are laudable in terms of the promotion of indigenous entrepreneurship, but their effects are not felt at the District level. The study confirmed this fact. Such policies are unknown to the beneficiaries.

Business climate favourable to SSI entrepreneurs is also not yet conducive. Production risks remain very high and affect the supply of entrepreneurship. A call is made for the government to re-evaluate its strategies for rural development and what may be called a focus for rural industrial development programme, be initiated. This approach should aim among others, at the upgrading of Rural Service Centres to provide focal points where technical and social infrastructural facilities could be made economically accessible to the rural folk.

Also efforts commenced in developing technical infrastructure, mainly transportation network should be given a greater concern. Use should be made of Communal labour.

For a comprehensive plan of the above programmes, see the Development Workshop Report for the Development Plan of the West Gonja District, 1990 - 2004 developed by students of the Spring Programme.

Issue of institutional finance and credit especially for rural SSIs should be considered. Government policy should see to it that the ongoing financial institutions restructuring takes account of this. While the opening of other branches of such banks as the Rural Bank and National Investment Bank will be a long term solution to the District, it is recommended that funds designated for SSI development from various institutions and programmes such as PAMSCAD funds and IDA credits be channelled through the Ghana Commercial Bank branch in the District. The Industrialists Credit Guarantee Scheme sponsored by IDA and the Bank of Ghana Credit Guarantee Scheme should be enhanced to encourage the Banks to give credits to small-scale entrepreneurs. As discussed, earlier, the efforts of generating more avenues for finances and credits

capabilities of initiating viable projects.

Another area which requires government support is in Research and Development activities for small-scale industrial sector. There is also a need to build an appropriate data bank on activities of SSIs. This should be followed by a critical structural analysis of such data and research findings. The efforts of TCC, GRATIS and NBSSI in this exercise are commendable and government should continue supporting them.

What must be emphasized is that such research findings are meaningless unless they are communicated to the end users, and translated into action. This is the area where there is much weakness and the author suggests that such methods of disseminating information to the beneficiaries especially rural entrepreneurs as proposed under Technology exposure package should be fully utilized.

5.3.2 IDENTIFYING AND DEVELOPING NEW ENTREPRENEURS

As revealed in the study, there is a low supply of entrepreneurship in the District. Thus an attempt should be made to further increase the manpower capable of undertaking business creation.

The model suggested here is that of Entrepreneurship Development Programme (EDP) discussed at length in sections 3.4.1, 3.4.2 and 3.4.3 in Chapter three. It is a model that has shown positive results and already embarked upon in Ghana by NBSSI in the urban areas of Accra and Kumasi.

What is being emphasized here is a possible modification that could be incorporated into the EDP to enable its effective use in the rural areas. Perhaps it is worth recapitulating the guiding principles of EDP. EDP should be result-oriented, that is, trainees should be able to start their own business; each EDP should be treated as a laboratory experiment, and firm commitment of financial institutions and other development institutions should be solicited.

The following are the modifications suggested:

i) Groundwork is required before training is started. It is suggested that a massive campaign be conducted in the District to create awareness that entrepreneurs can be created and that they come from all walks of life. Advantages of EDP and their limitations should be spelt out. In Section 5.2.6, an assessment was made of the District Potentials and this revealed the need to motivate first generation entrepreneurs. This should be further researched and quantified.

ii) The training inputs in EDP should use more elaborate teaching aids such as pictures for the easier understanding of the local people.

iii) Selection of entrepreneurs, should be carefully done to include only those serious potential entrepreneurs, who potray latent talents. This is very important for the first EDP in the District as it will provide some demonstrational effects. In this case, there could be a possibility of including those with on-going businesses who would like to modify them.

iv) The EDP should involve effectively the local NGOs, the District Administration, and the local financial institutions. Their commitment should be solicited.

v) The EDP should strive to build up on entrepreneurs ideas and guide them in order to get a viable project. Imposition of ideas by trainers/motivators should be avoided.

vi) Lastly, the first EDP should be taken as experimental. It should be monitored and evaluated and followed by counselling of entrepreneurs. It could be stated that the newly created entrepreneurs would find a favourable business environment to operate, if the other measures suggested are also carefully implemented.

In order to see the framework within which the implementation of the proposals is to take place, a brief review of SSI institutional framework in Ghana is deemed necessary.

In Ghana, a number of institutions have been established which affect the supply of SSI entrepreneurship at various levels. These may be divided into three categories:

i) <u>Development Institutions</u>

In this case, we find such institutions as NBSSI, GEDC, GRATAS TCC, ITTUs, DRHCI and NCWD. These are entrusted with the main function of developing and promoting SSIs in the country in various areas of specialization. TheNBSSI formed in 1985 is a statutory apex coordinating body of other institutions. The Board's Charter spells out the following functions which are considered crucial to rural entrepreneurs.

a. to prepare an inventory of existing SSIs;

b. to organize a field extension network that will identify projects, collect relevant data, disseminate information and provide feed-back;

c. to promote entrepreneurship development programme;

d. to define roles and responsibilities of agencies for implementation of specific projects in the areas of finance, technology and management; and

e. generally, to implement all policies in relation to SSIs as approved by the Government and to see that the infrastructure needed for the promotion of SSIs is established.

The NBSSI has opened a few branch networks in the regional capitals to pursue the above objectives. The GEDC established earlier in 1975, with branches already present in major [illegible] regional capitals, deals with the provision of technical, financial as well as general advisory services to small-scale commercial as well as industrial entreprises.

GRATIS, established in 1987, seeks to upgrade SSIs in Ghana using the medium of appropriate technology transfer. Other functions include searching and establishing the state of appropriate technology available, and training of apprentices in various trades.

GRATIS has so far established four ITTUs in Tema, Kumasi, Cape Coast and Tamale. Efforts are being made to establish ITTUs in all regional capitals. ITTU's main purpose is technology transfer through training of apprentices in such trades as metal machining, welding and steel fabrication, woodworking, blacksmithing, foundry, weaving and making of batiks and tye and dye.

TCC of the University of Science and Technology was formed in 1972. It is engaged in developing and offering consultancy services to entrepreneurs in the areas of appropriate technology. The centre has developed a lot of technologies appropriate for Agricultural processing, transport, construction and many others to rural entrepreneurs and they envisage to use ITTUs as a media of disseminating such technologies.

The DRHCI is a department found in most regional administration, which was set up to help rural areas diversify their economies through the creation of employment, generation of income, development of skills and utilization of rural manpower. The DRHCI assists cooperative groups and private entrepreneurs to set up SSIs by assisting in pre-investment studies and recommendations to Banks. They also cooperate in rural housing projects.

The NCWD was established in 1975 with the primary aim of examining and promoting the activities of women in various sectors of development, including SSIs. In the rural areas, they seek to improve the economic activities of women through the medium of improved technology.

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These are institutions formed to offer technical and managerial training to various cadres in the country. With regard to SSI development, such institutions are vital in the process of technical and managerial capabilities acquisition through Formal means. Such institutions include, among others, National Vocational Training Institute (NVTI), Management Development and Productivity Institute (MDPI), Kumasi Technical Institute (KTI) The Accra Technical Training Centre (ATTC) and Opportunity Industrialisation Centre (OVI).

Generally, such institutions offer courses in managerial skills such as Book-keeping, Marketing and general Management and technical training mainly in form of apprenticeship. There are formal apprenticeship, rural apprenticeship and pre-apprenticeship programmes targeted to Middle School and Secondary school leavers. They are organized either on part-time of full time basis depending on the intensity of the course and their duration ranges from a few months to about four years. The idea of apprenticeship is to equip the graduates with skills to enable them generate self exployment.

Such training institutes are found mainly in the major urban areas including Accra, Kumasi, Tema, Sekondi and Takoradi.

iii) <u>Financial Institutions</u>

Under this category, we find such institutions as Development Banks, Commercial Banks and Rural Banks. Majority are owned by the Government and controlled by the Bank of Ghana, but there are also private financial institutions formed by interest groups.

The main thrust of these financial institutions as far as SSI development is concerned, is to provide credit facilities, both for the initial investment and the working capital requirement.

institutions in the country, when compared with the development and training institutions. Paradoxically, accessibility to credit facilities and finances is one among the main development problems of SSIs, and particularly those in the rural areas. There are specific credit lines meant for SSIs and specific divisions formed for this purpose, but this has not eased the situation.

Credit Guarantee Schemes are meant to alleviate the situation and improve accessibility to institutional credit but such conditionalities as collaterals, feasibility studies and other bureaucratic channels almost cut off majority of rural entrepreneurs from these facilities.

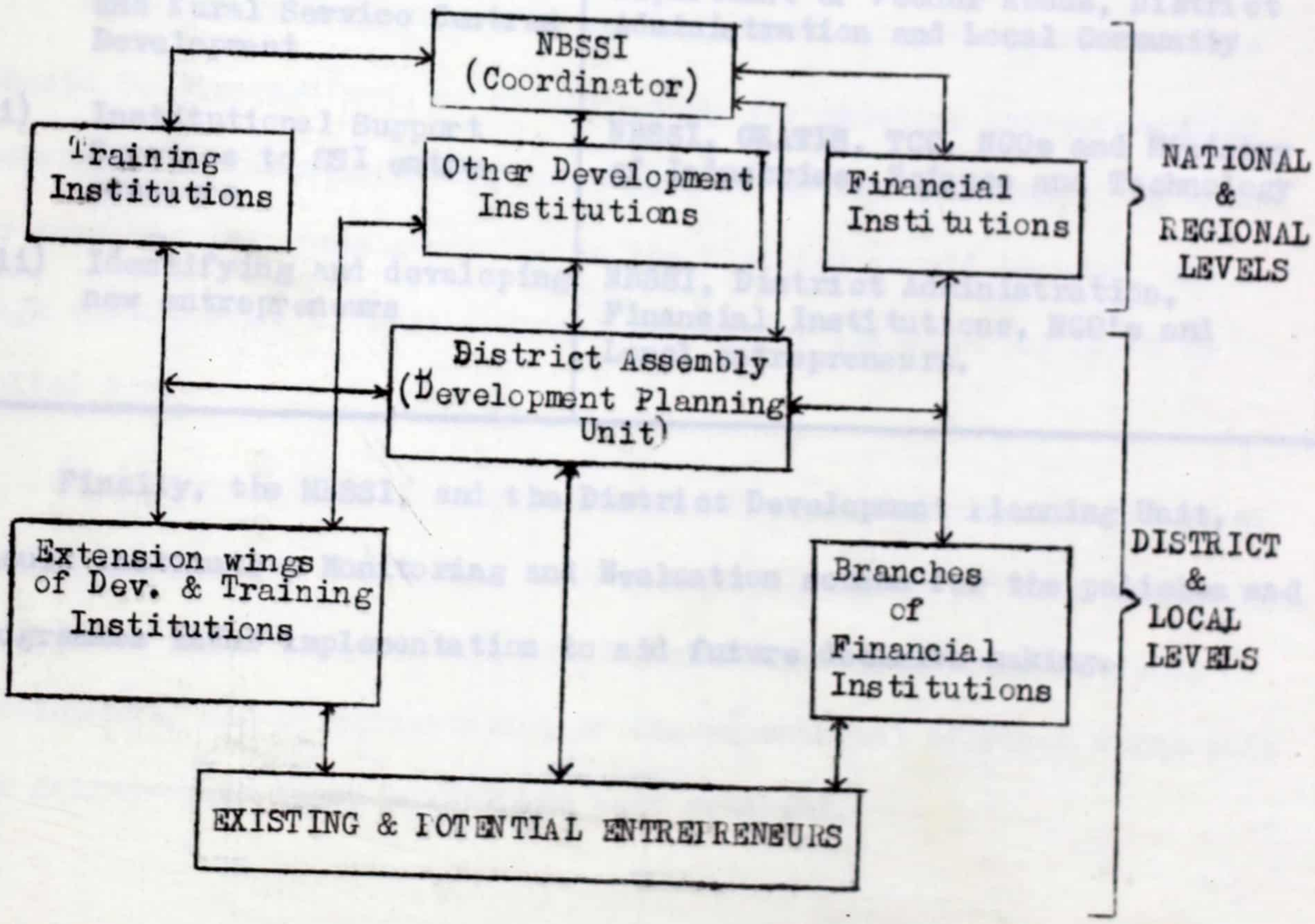
Undoubtedly, the policies and objectives of the institutions reviewed above, are laudable for the promotion of the supply of entrepreneurship. When such institutions were interviewed, they however, indicate that inadequate resources and logistical support hinder the effective implementation of their objectives. The problem therefore, relates to implementation and effective coordination, especially in rural areas. Their network is mainly felt in the urban areas and quite negligibly in the rural areas. Measures proposed to extend their network to rural areas, seen almost in every institution, have remained on paper. From the training institutions, no adequate back up support is offered to graduates in order to establish their own businesses. Consequently, they remain in the urban centres in search of gainful employment, preferably in the large-scale industrial sector, which in most cases is non-existent.

The situation in the District confirms the above claims. Neither of the institutions has a branch in the District, except for a small branch of the Ghana Commercial Bank, doing essentially commercial banking transactions with no credit financing to SSIs. The activities of these institutions are highly centralized.

the District have no knowledge of the existence of such institutions. in the country. These are factors to take into account when thinking of the optimum institutional framework for the implementation of the recommendations in this study, and the first task should be that of creating this awareness among entrepreneurs.

Accordingly, the author does not recommend any further expansion of the institutions. As a matter of fact, it is observed that the number, has been increasing over time and already it is too large for effective coordination. What matters now is streamlining the activities of such institutions for their effective and smooth functioning at the District level. While coordination at the national level is undertaken by NBSSI, it is suggested that at the District level such institutions be cooreinated by the Development Planning unit of the District Assembly. This unit should act as a mediator between the regional and national level institutions. This can be viewed schematically in Figure 5.1

FIG. 5.1 PROPOSED SSI INSTITUTIONAL COORDINATION



This District Development Planning Unit which is supposed to see that District plans are prepared and implemented in an integrated manner, will ensure that the integrated development approach for SSIs being advocated in this study is put into place.

There should be an iterative process in the formulation and implementation of different proposals between respective agencies and the District Assembly. A summary of the recommendations with their implementing agencies is given in Table 5.1

TABLE 5.1 IMPLEMENTATION OF PROPOSALS

ACTIVITY	IMPLEMENTING AGENCY
i) Managerial and Technical Training	District Education Office, MDPI, NBSSI, ITTU and NVTI (Tamale)
ii) Technology exposure/ technology transfer	GRATIS, ITTU, TCC, District Administration.
iii) Industrial Cooperatives Formation	District Cooperative Office, District Assembly and Local entrepreneurs.
iv) Rural Workshop Clusters	ITTU (Tamale), District Assembly
v) Technical Infrastructure and Rural Service Centres Development	Department of Feeder Roads, District Administration and Local Community
vi) Institutional Support Services to SSI entrepreneurs	NBSSI, GRATIS, TCC, NGOs and Ministry of Industries, Science and Technology
vii) Identifying and developing new entrepreneurs	NBSSI, District Administration, Financial Institutions, NGO's and Local entrepreneurs.

Finally, the NBSSI, and the District Development Planning Unit, should institute a Monitoring and Evaluation scheme for the policies and programmes under implementation to aid future decision-making.

5.4 CONCLUSION

The study has demonstrated that the initiation, survival and growth of the Small-scale indmstrial sector rests upon the entrepreneur. It is the entrepreneur who determines the success and effective contribution of SSI to the local economy. These contributions were discussed in the study and include the production of basic needs, generation of employment utilization of local raw materials, technological innovation and diffusion, and decentralization of industry.

The study investigated the technical and managerial capabilities possessed by these entrepreneurs and found out that they possess enormous stocks of capabilities although they have remained static due to the development constraints they confront, Such hinderances include the poor state of economic and social environment, inadequate institutional support and, consequently, high production risks. These factors have explained why rural supply of SSI have remained low. However, potentials in the form of linkages, raw material base, lime deposits and youthful population, for development were also found to exist.

Based on such findings, it was proposed that promotional efforts should be directed both at strengthening the existing entrepreneurial capabilities and stimulating new supply of entrepreneurship. As much as possible resources available in the District should be used, and a high coordination of institutional support at the District level is called for.

It is hoped that if this package of measures is implemented in an integrated manner, and taking into account the three principles outlined in section 5.3, it would lay a solid framework for entrepreneurship development, and a reorientation of the promotional approach which puts the entrepreneur first would have been achieved.

APPENDIX 1.0 DISTINCTIVE FEATURES OF ALTERNATIVE PARADIGMS OF ENTREPRENEURSHIP SUPPLY

PSYCHOGENIC MEDIATION MODEL	SOCIOGENIC SOLIDARITY	ECONOMIC MODEL	BEHAVIOURAL MODEL
i) The model emphasises on individual attributes and tends to perceive the entrepreneur as a lone ranger.	i) Argues the emergence of entrepreneurship from the perpective of societal action, needs and reaction	i) Perceivers entre preneurship as a production factor the supply of which is responsive to market demands and economic incentives.	i) Based on economic behaviour, network of transactions and the decision-making process of producers This model offers a wider view of patterns and underlying causes of action from both the supply and demand sides of the issue. They as well embrace the pscho-sociological and economic roots of entrepreneurial behaviour.

ii) Contends that long-gestation period is usually required for acquired attributes to find expression in innovative production processes or development contrary to em emperical evidence.	ii) Explains the clustering of entrepreneurial skills among certain groups, or sectors, of the economy over periods of history	ii) Under-rates the role of cultural or social values in the supply of entrepreneurship It assumes that the drive for pecuriary gains is universally present in all peoples	ii) Requires inputs from many professions and thus takes a lot of time to study and chart the networks and motives of transactions.
iii) Overemphasizes the role of antecedent factors such as education and ideology in the supply of entrepreneurship.	iii) Perceives entrepreneurship to be a general phenomenon not exclusive to business, but also in education, religion and so on.	iii) It is largely based on studies in production structures and relations in Western industrialized societies, thus fails to take notice of communal relations and other non-capitalist relations of production	iii) Offers useful means of implementing social action programmes, especially for disadvantaged groups as well as identifying and developing potentials in entrepreneurial skills
Offers little coverage for action beyond educational reforms.	iv) Does not fully explain the lack of entrepreneurial skills among other groups facing status recognition problems	iv) Provides a wide range of actions for stimulating entrepreneurial supply	iv) It is a good supplement to economic model in providing practical ways of enhancing entrepreneurial supply.

v) Focuses mainly on the supply side of the entrepreneurial equation	v) Offers little scope of action to stimulate entrepreneurial supply.	v) Overemphasizes the demand side of the entrepreneurial issues, assuming that the drive for pecuriary gains is sufficient force to supply entrepreneurship where their services are needed
vi) The variables in this model are not easy to measure, neither can proof of causality among them be easily established	vi) Explains the supply entrepreneurship without relating to the demand for entrepreneurial functions.	
	vii) Most of the variables employed to explain the emergency of entrepreneurial skills are difficult to measure.	

Source: Summarized from Kilby ed, Nkum & Frank Young.

APPENDIX 2.0 RAW MATERIALS, ENERGY SOURCE, EQUIPMENT AND PRODUCTS OF SSIs

SSI	PRODUCTS	CAPITAL EQUIPMENT AND MACHINERY	RAW MATERIALS	SOURCE OF ENERGY
PITO BREWING	Pito drink	Cooking Iron Pot, Calabashes basins, buckets, clay pots, sieve, basket	Guinea corn, yiest, baobab leaves	Fuelwood
GARI PROCESSING	Gari	Frying pans, Burkina coal pots, sieve, basins, jute scaks, baskets, wooden stirrer, calabashes	Cassava	Fuelwood
SHEA BUTTER EXTRACTION	Shea-butter oil	Cooking pots, pan, basins, sieve, mortar, pounders, calabashes	Shea nuts, cassava	Fuelwood
BLACKSMITHING	Hoes, coal pots, knive, blade, cutlasses, buckets sickles	Blowers, hammers, pliers, clamp, vice, punch, scissor, chissel	Scrap metal, iron rods, bars	Fuelwood
BOAT BUILDING	Boats and Canoes	Hammer, saw, plane, cramp, braise, pincers, blade	Wood, nails, polish, oil	Human
ALUMINIUM UTENSILS MAKING	Aluminium pots	File, saw, hammer, welding set	Aluminium	Mechanical (Gas)

POTTERY	Pots, dishes	Beating stick, flour sacks, hoe, wire net, gallon, pestle mortar	Clay, grass shea-butter, red earth	Firewood, and kerosine
SMOCK WEAVING/ SEWING	Smock assorted clothes	Handloom machine set, shuttle, spindle, paddle	Cotton yarn, dyes, (thread)	Human, firewood

Source: Author's Field Survey, May, 1990

APPENDIX 3.0

A PROFILE ON NATURAL DYE-MAKING PROCESS FOR SMOCK-WEAVING INDUSTRY

Certain plant specie is known to some women in Daboya (West Gonja District) for making natural dyes. This plant is collected during the season of abundance, pounded and made into balls of about 250 grammes. In this way, the balls are dried and preserved. They are then sold to a group of elderly men (known in the area as dye-makers) for about 50 cedis per each three balls.

The dye-makers start the process of making dyes by breaking the dried balls, and mix them in big pots with water. Approximately, 16 gallons of water are mixed with 300 balls in this big pot and left to soak for about 24 hours. The soaked balls are then poured into baskets and the water left to drain-out.

These are then poured into specially cemented ponds of about six feet deep which are filled with fresh water. A few fresh balls are added to it together with certain specially prepared ashes out of some other leaves.

These ashes are prepared by setting open fire, first with dry wood, then wet/fresh wood added to it, and then some special leaves put on top. All are set to fire until they turn into ashes. Some remains from former dye residue are also set to fire in this process. These ashes are made in abundance during rainy season, when the leaves are easily available and stored for use throughout the year.

This mixtures in the pond are well stirred up with a specially made long stick and left to receive right concentration. Well prepared cotton yarn can then be dyed in it and left for four to five hours. The first batch of yarn dyed in this way gets a BLUE Colour and it is possible to dye in BLACK colour by intensifying the dyeing

process. Only the two colours can be made. The mixture can be used for up to five days long.

NB: 1) The whole process is known to only a small group of people. They have a patent right to it.

2) Only the children of these people can learn the process if they are willing to do so.

3) There is a need to document the process for its further sustenance.

4) Government planned intervention for large scale exploitation is possible and necessary

5) These dyes are normally imported to the country.

DEPARTMENT OF ARCHITECTURE/RURAL & DEVELOPMENT STUDIES
UNIVERSITY OF SCIENCE & TECHNOLOGY - KUMASI

TOWARDS A FRAMEWORK FOR THE PROMOTION OF TECHNICAL AND MANAGERIAL ENTREPRENEURSHIP CAPABILITIES IN SMALL SCALE INDUSTRIES IN RURAL DISTRICTS - CASE STUDY OF WEST GONJA - GHANA

INTERVIEW GUIDE - SMALL SCALE INDUSTRY ENTREPRENEURS

1.0 INTRODUCTION

1.1. Town/Village .....

1.2 Date of Interview .....

1.3 Interviewer's Name .....

1.4 Interview Number .....

2.0 BACKGROUND INFORMATION

2.1 /____/ Smock Weaving/Sewing /____/ Pito Brewing

/____/ Shea-butter processing /____/ Blacksmithing

/____/ Wood carving/handicrafts /____/ Boat Building

2.2. Age: .....

2.3 Sex /____/ Male /____/ Female

2.4 Education: /____/ None /____/ Primary /____/ Tertiary

/____/ Secondary/Vocational/Technical/Training College

2.5 What is your main occupation ? .....

.....

2.6 What other occupations do you engage in ?

/____/ a) Farming /____/ b) Trading

/____/ c) Other Crafts /____/ d) Other, specify .....

.....

2.7 Why do you engage in other occupations ?

/____/ a) To subsidize your income /____/ b) To learn other skills

/____/ c) To make use of free time /____/ d) Others, Specify .....

.....

2.8 How many days in a week do you devote to each occupation ?

a) Main occupation .....days, ...hours per day

b) Other occupation .....days, ...hours per day

2.9 For your main occupation, where do you normally work ?

/___/ a) At home /___/ b) Under a tree

/___/ c) Workshop /___/ d) Other, specify .....

2.10 If Workshop, is it on hired premises ? /___/ Yes /___/ No.

If yes, how much rent do you pay per month ? ¢.....

2.11 How far is your Work Place from your home ? km .....

Nb) If at home = 0 km.

2.12 Are you a native of this district ? /___/ Yes /___/ No.
If no, where do you come from ? .....

2.13 What is the nature of ownership of your business ? .....

/___/ a) Sole proprietorship /___/ b) Partnership

/___/ c) Family owned /___/ d) Other, specify .....

2.14 Is your business a member of a Co-operative Organization)

/___/ a) Yes, which ..... /___/ b) No.

If yes, how beneficial is it ? .....

.....

.....

3.0 ENTREPRENEURIAL TRAITS

3.1 How did you acquire your technical skills ?

/___/ a) Apprenticeship /___/ b) Family background

/___/ c) Other Craftmen /___/ d) Elementary school

/___/ e) Vocational/Technical School /___/ f) Other, Specify .....

.....

3.2 How long did it take to acquire such skills/training ?

/___/ a) Less than 1 year /___/ b) 1-3 years

/___/ More than 3 years

work with your master after training ? .....

3.4 Did you face any problems in acquiring your skills ?
(Tick in order of priority)

/___/ a) Lack of proper training methodology/equipment

/___/ b) High costs involved

/___/ c) Inadequate training period

/___/ d) None

/___/ e) Other, specify .....

3.5 Have you attended any exhibition or trade fair ?

/___/ Yes /___/ No

If yes, who organized it ? .....

And where did it take place ? .....

3.6 Do you keep records on finances, purchases, sales, customers etc ?

/___/ Yes /___/ No

If No, Why not ? .....

3.7 Have you ever had any training in Management/Book-keeping or marketing ?

/___/ Yes /___/ No

If Yes, where and for how long ? .....

3.8 Who manages the affairs of your business ?

/___/ Self /___/ An employee /___/ Other, Specify .....

.....

3.9 Have your ever been employed elsewhere)? /___/ Yes /___/ No

If yes, where were you employed ? .....

For how long ? .....

And in what capacity ? .....

3.10 Do you still produce the same products, you began with ? /___/ Yes /___/ No

If No, what has been the change ?

/___/ New products introduced /___/ Quality changed

....

.....

Why was the change necessary ? .....

.....

3.11 Do you know of any other improved technology to carry out your work more efficiently and effectively ? /___/ Yes /___/ No

If Yes, why don't you adopt it ?

/___/ a) Too expensive /___/ b) No required skills

/___/ c) Other, specify .....

.....

3.12 Have you ever disseminated your skills to other people or units ?

/___/ Yes /___/ No

If Yes, how ? .....

3.13 Has any of your ex-employees or apprentices started his own business

/___/ Yes /___/ No

If yes, where is he located ?

/___/ Within the district /___/ Outside the district

3.14 Did you get any support to start your business after you acquired your skills ? /___/ Yes /___/ No

If yes, what type of support ? .....

.....

And from which source ? .....

3.15 Have you heard of Entrepreneurship Development Porgramme?

/___/ Yes /___/ No

3.16 Are you willing to attend one if organized ?

/___/ Yes /___/ No If yes, for how long ?

/___/ less than 4 weeks /___/ more than 4 weeks

3.17 Do you know of any other support programmes or services offered to Small Scale Industries ? /___/ Yes /___/ No

If yes, which ? .....

Who offers them ? .....

And how have you benefited from them ? .....

.....

3.18 Do you receive any industrial extension services ?

/___/ Yes /___/ No

If yes, from whom ? .....

3.19 Are you aware of any government policy that promotes your business /___/ Yes /___/ No

If yes, state it and show how .....

.....

3.20 Are you aware of any government policy that inhibits your business ?

/___/ Yes /___/ No

If yes, state it and show how ? .....

.....

3.21 What were the motives behind starting this business ?

/___/ a) To be independent and self employed

/___/ b) Family inheritance/background

/___/ c) Poor prospects in farming

/___/ d) Trained/Experienced in this business

/___/ e) To make money

/___/ f) Other, specify .....

.....

3.22 How do you receive such vital information as markets, potential customers etc ? .....

.....

3.23 How do you also transmit information related to your business to others ? .....

.....

3.24 Are there vital information you need for your business decisions that you cant get? /___/ Yes /___/ No

If Yes which ? .....

.....

4.1 How much capital was required to start your business ? ₵.....

4.2 How did you get the money to start your business ?

/__/ a) Personal savings

/__/ b) Family and friends

/__/ c) Money lenders

/__/ d) Bank loan/overdraft

/__/ e) Other, specify

4.3 If borrowed, what are the repayment terms ?

a) Principal amount (duration) .....

b) Interest rate (annually) % .....

4.4 Would you require financial assistance now or in future ?

/__/ Yes /__/ No

If yes, for what reasons (in order of importance)

a) /__/ Construct permanent working shed

b) /__/ Acquire more machinery and tools

c) /__/ For Working Capital (mainly Raw Material purchase)

d) /__/ Other, specify .....

.....

4.5 Which equipment/machinery do you have ?

Tools/Equipment	How financed*	Cost ₵	How often replaced

*
1) Freely 2) Instalment payment 3) Full Payment 4) Credit

5) Others, specify .....

.....

4.6 Do you share equipment with others ? /__/ Yes /__/ No

?

If yes, how is it organized?.....

.....

4.6 What raw materials do you use including fuel/energy ?

Type of Raw Material	Source		Means of acquisition *
	Within the District	Outside the District	
a)			
b)			
c)			

* Key for acqusition :-1.Free 2) Instalment payment 3) Full payment 4) Credit

5.0 LABOUR INPUTS & COSTS

5.1 How many people do you employ ? .....

5.2 What is their level of education ?

Education / Type	None	Primary	Secondary	Vocational/ Technical	University
Paid workers/ Trained artisans					
Apprentices					
Family Workers					

5.3 How do you pay your workers ?

/__/ Cash /__/ in kind /__/ both /__/ Other Specify,

Components of Labour	No. employed	Cost/Wages/allowance per month
Paid workers/trained Artisans		
Family Workers		
Apprentices		

5.5. Do the apprentices pay fees ?

/___/ Yes /___/ No

If yes, how much ? .....

And how often ? .....

6.0 PRODUCTION AND MARKETING

6.1. Items produced and sold ?

Products/Activity	Output		Cost of Output		Selling Price ¢	
	Form	Qty. (Monthly)	Per Unit	Total	Per Unit	Total

6.2 Who are your Principal customers ? /___/ within the district

/___/ Outside the district

6.3 How do you market your products ?

/___/ Displayed in Workshop /___/ Displayed on market

/___/ Through Co-operative /___/ Other, specify .....

.....

6.4 How do you meet increased demand, if any ?

/___/ Sub-contract /___/ Take on more labour

/___/ Work more hours/days /___/ Other, specify .....

.....

...ers use your products to manufacture their items ?

/___/ Yes /___/ No

If yes, what do they use your products for ? .....

.....

6.6 Where are they located ? .....

6.7 Do you know of your competitors in the district ?

/___/ Yes /___/ No

6.8 How do you think you can increase your production ?

.....

6.9 What are your major problems in order of priority ?

/___/ a) Raw Material Supply /___/ b) Marketing

/___/ c) Finance /___/ d) Labour supply

/___/ e) Lack of Gov't Support /___/ f) Poor Location

/___/ g) Others, Specify

7.0 LOCATION FACTORS

7.1. Please list the reasons for locating here in order of importance :

/___/ Place of birth /___/ Ready market for the products

/___/ Cheap labour /___/ Easy access to raw materials

/___/ Other, specify .....

8.0 FUTURE PLANS

8.1 Do you intend to expand your business /___/ Yes /___/ No

If yes, how ? .....

If No, why not ? .....

8.2. Do you know of existing resources which are presently untapped but can be of use to you ?

/___/ Yes /___/ No

If Yes, name them and state how : .....

.....

.....

Do you think such resources are untapped ?

/___/ a) Lack of technology

/___/ b) Lack of finance

/___/ c) Lack of potential market

/___/ d) Lack of initiative

/___/ e) Other specify .....

.....

.....

.....

8.4 If you increase your production, how do you intend to sell the additional products ? .....

.....

.....

.....

"THANK YOU VERY MUCH"

INSTITUTIONAL FRAMEWORK FOR THE PROMOTION OF SMALL-SCALE INDUSTRIES IN GHANA

INTERVIEW GUIDE

1.0 INTRODUCTION

1.1 Name of the Institution

1.2 Date of Interview

1.3 Interviewer's Name

1.4 Interviewee's Name/Title

2.0 GOALS AND OBJECTIVES

2.1 When was the Institution founded?

2.2 Who owns/runs the Institution?

2.3 What are the Goals of the Institution?

2.4 What are the Objectives/functions?

3.0 PROMOTIONAL POLICIES

3.1 What are your general promotional policies?

3.2 What are your specific promotional policies for rural Small Scale Industries

4.0 ACTIVITIES/STRATEGIES

4.1 What are your current activities under implementation?

4.2 What are your other planned activities/projects/programmes?

5.0 ENTREPRENEURSHIP DEVELOPMENT

5.1 Have you organized any special programme on entrepreneurship development or technology development?

Yes No.

5.2 If Yes, (i) What type of programme

(ii) What were/are your target groups?

(iii) Duration of the Programme

(iv) Results of the Programme

If No, have you sponsored anyone to attend such programme elsewhere?

6.0 MONITORING AND EVALUATION SYSTEM

6.1 Do you have M/E system?

6.2 How does it work?

7.0 GENERAL

7.1 What are the problems the Institution is facing

7.2 What may be the causes?

7.3 What proposals do you have for solutions?

7.4 Others

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