UNIVERSITY OF EDUCATION, WINNEBA

COLLEGE OF TECHNOLOGY EDUCATION, KUMASI

AN ASSESSMENT OF THE IMPACT OF SMALL AND MEDIUM ENTERPRISES OF THE GHANAIAN CLOTHING SECTOR: A CASE OF AMANFROM MUNICIPALITY IN THE ASHANTI REGION, GHANA

PRECIOUS FORTUNE AKROKU

MARCH, 2022

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**A Dissertation in the Department of Fashion Design and Textiles Education,
Faculty of Vocational Education, submitted to the School of Graduate Studies,
University of Education, Winneba, in partial fulfilment of the requirements for
the award of the Master of Technology Education (Fashion Design and Textiles)
degree**

MARCH, 2022

DECLARATION

I **PRECIOUS FORTUNE AKROKU,** declare that this project report with the exception of quotations references contained in published works which have been identified and duly acknowledged, is entirely the result of my own original research work, and it has not been submitted either in part or whole for another degree elsewhere.
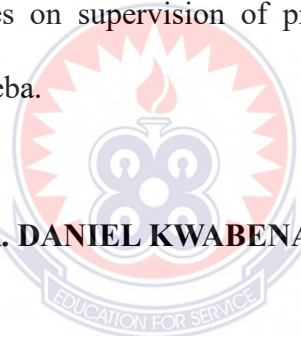
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SUPERVISOR'S DECLARATION

I declare that, the preparation and presentation of this project work was supervised in accordance with the guidelines on supervision of project work laid down by the University of Education, Winneba.

SUPERVISOR'S NAME: DR. DANIEL KWABENA DANSO

SIGNATURE: …………………………………

DATE: …………………………………

DEDICATION

This dissertation is dedicated to God Almighty who granted me with knowledge and strength to put together this write up. I again dedicate the work to the Akroku family, especially my elder sister, Mrs. Edna Awutey for her immerse support and encouragement, not forgetting my children Pam-Vera Adzoa Kwakudua and Aaron Martin Awutey for their support and prayers for my success.

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Finally, I want to express my appreciation to every individual especially my mentor and headmaster who contributed in one way or the other to make this research successful. Once again, I say Thank You and God richly bless you all.
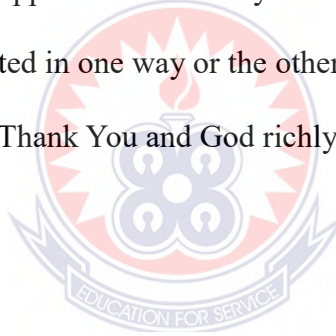
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ABSTRACT

The purpose of the study was to assess small and medium enterprises of the Ghanaian clothing sector in the Amanfrom Municipality in the Ashanti Region. This study used descriptive research design. Quantitative research approach was used. The population was made up of one hundred and sixty-two (162) SMEs operating in the Ghanaian clothing sector in the Amanfrom Municipality in the Ashanti Region. Simple Random sampling technique was used to select 113 participants for the study. Questionnaires were the main instrument used to gather primary data. The computer statistical package for social scientists (SPSS version 22) was used to process all the quantitative responses from the questionnaire. The study results held that majority 70% of the respondents agreed that in Ghana, small scale enterprises including dressmakers collectively account for more than 70% of the total industrial employment. Moreover, most of the respondents agreed that in Ghana the informal apprenticeship system in which a young person serves under a master for a given period to learn a craft or trade, plays a key role in skill formation in the small-scale dressmaking sector. Furthermore, 85% of the respondents agreed that the training provided by small and medium enterprises of the Ghanaian clothing sector is intended to make them increase their output leading to enhanced revenue streams. There is the need for the government to facilitate the setting up of a special bank which will deal with only SME's issues.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The history of Ghanaian fashion is traced back to the pre-colonial era when indigenous Ghanaians used barks of trees and hides of animals to clothe themselves (Adu-Akwaboa, 2014). The development of fashion in Ghana is believed to have started during the colonial period with the introduction of wax prints and "dress" by the colonial masters (Baah- Nuakoh, 2013). Today, Ghanaian Fashion has undergone a complete overhaul because of globalization.

Fashion in its broadest sense is a particular style that is popular for a period of time. It can be clothing, furniture, housing, automobile, food, toys, and many others, but most commonly, it refers to a style of clothes, cosmetic, dress accessories, that is trendy, or most admirable and worn by many people at a particular time (Kayanula and Quartey, 2010). Fashion as defined in a more technical manner comprises all sorts of clothing items, textiles fabrics and their study (Pearsall, 2012). It is clear from the above definitions that, fashion does not only refer to a style in vogue, but it is the term use for clothing and accessories for human body. It also includes textiles in the form of things made of fabrics for home, office and industrial furnishings as well as a Programme of study. The Fashion Industry takes care of the production and sales of fashion products also. Fashion industry plays very prominent role in the socioeconomic development of every nation by helping generate income for living and it is a means through which people acquire their clothing needs.

In Ghana various definitions have been given for Micro, Small and Medium scale enterprises but the most commonly used criterion is the number of employees of the enterprise (Kayanula and Quartey, 2010). In using this definition, confusion often arises

in respect of the unpredictability and cut off points used by the various official sources. According to the National Board for Small Scale Industries (NBSSI, 2010) SME's is defined in Ghana by applying both the "fixed asset and number of employees" criteria. It defines a small-scale enterprise as a firm with not more than 9 workers, and has plant and machinery (excluding land, buildings and vehicles) not exceeding 10 million Ghanaian cedis and micro with employee less than five.

As espoused by the Ghana Statistical Service (GSS), firms less than 10 employees as small-scale enterprises and their counterparts with more than 10 employees as medium and large-sized enterprises. Ironically, the GSS in its national accounts considered companies with up to 9 employees as SME's (Kayanula and Quartey, 2010). The value of fixed assets in the firm has also been used as an alternative criterion for defining SME's.

The Ghana Enterprise Development Commission (GEDC), on the other hand, uses a 10 million Ghanaian cedis upper limit definition for plant and machinery. It is important to caution that the process of valuing fixed assets poses a problem. Secondly, the continuous depreciation of the local currency as against major trading currencies often makes such definitions outdated (Kayanula and Quartey, 2010).

Small and Medium Scale Enterprises in the clothing sector contribute a colossal percentage to Gross Domestic Product (GDP) in ensuring growth, employment and income stability of a country. In view of the fact that SMEs are labor intensive, they are more likely to succeed in smaller urban centers and rural areas, where they can contribute to a more even distribution of economic activity in a country and can help to slow the flow of migration to large cities. SMEs also improved the efficiency of

domestic markets and make productive use of scarce resources, thus facilitating long-term economic growth (Baah- Nuakoh, 2013).

SMEs also seem to have advantages over their large-scale competitors in that they are able to adapt more easily to market conditions, given their broadly skilled technologies. They are able to withstand adverse economic conditions because of their flexible nature. The sector has the potential to contribute towards reducing poverty among both rural and urban cities in most developing countries like Ghana and others in the sub-Sahara Africa (Kayanula and Quartey, 2010).

In-spite of the above roles and advantages that Micro and Small Enterprises (SME's) has over others yet most of these industries are now collapsing since they have not performed creditably well and hence have not played the expected vital role in the economic growth and development of Ghana. This situation has been of great concern to the government, citizenry, operators, practitioners and the organized private sector groups. Year in year out, governments, non-governmental organizations and other donor countries have made budgetary allocations, policies and pronouncements with the aim of promoting the growth of SME's due to the crucial role of the SME"s sub-sector of the economy (Baah- Nuakoh, 2013).

There have also been fiscal incentives, grants, bilateral and multilateral agencies support, aids as well as specialized institutions all geared towards making the SME'S sub-sector vibrant. Just as it has been a great concern to all and sundry to promote the welfare of SME's, it has also been a great cause of concern to all, the fact that the vital sub-sector has fallen short of expectation. The situation is more disturbing and worrying when compared with what other developing and developed countries have been able to achieve with their SME's.

The poor performance of SMEs in the face of numerous policies by different groups like governments, non-governmental organizations and other donor countries means that if Ghana wants to achieve an appreciable success towards attaining the Vision 2015 Goals, then one way would be to vigorously pursue the development of its SMEs properly. The underperformance SME's may indeed make Ghana's vision be a mirage unless there is a turnaround of our SME's fortunes sooner than later. The time is now to do something surgical operation to the situation of our SME's given the aggravating level of poverty in Ghana and the need to meet up with the Vision 2015 Goals.

In the face of these enormous supports, little is known about the actual and main challenges militating against clothing and textile SME's growth in Ghana. There must be some survival strategies, which are not known to many SME's promoters. This research is also intended to explore and unravel some of the key business survival strategies which are of vital role to SME's growth and development. Unravel of key business survival strategies of SME's will enable reduce to the barest minimum unemployment and poverty situation in the country because of the immense contribution of the sub-sector to their economic growth and development. This means that a lot more needs to be done including a paradigm shift in the focus and administration or implementation of the policies and programmes to the more vibrant ways of developing SMEs in Ghana.

SMEs in both developing and developed countries face a number of problems, which are caused by complex and multi-dimensional factors (Stephanou and Rodriguez, 2008). Generally, the constraints faced by SMEs, especially those in developing counties are lack of access to credit for start-up and working capital, increasing competition, sluggish demand, insufficient supply of business inputs such equipment,

machines, raw materials, electricity and fuel and problems relating to business environment (Seibel, 2016).

In Ghana, empirical studies show that major constraints to SMEs in the clothing sector expansion include the following: lack of access to finance, low demand for output, technology, raw materials, labor and management, infrastructure, marketing and business environment problems (Aryeetey et al., 2014). Therefore, this study would assess small and medium enterprises of the Ghanaian clothing sector: case study of Amanfrom Municipality in the Ashanti Region.

1.2 Statement of the Problem

The prime objective for the establishment of large-scale textile factories in Ghana was not only to embark on mass textile production to meet the clothing needs of the country, but as well to raise the standard of living of Ghanaians and also improve the country's economy for the better (Abdallah, 2010).

Ghana, one of the West African countries with a vibrant textile industry (Abdallah, 2010) is gradually joining the league of other nations in the sub-region with collapsed textile and garment manufacturing sub-sector. This confirms the assertion that, the sub-sector which was once the leader in Ghana's industrial sector serving as an important source of foreign exchange and revenue to the country has undergone a considerable decline over the years due largely to the trade liberalization Programme which made it almost impossible for Ghana's textile products to compete with cheap imports, particularly from Asia (Quartey, 2016). From over 40 textile firms that employed more than 25,000 people in the 1970s, the country now has only four textile factories employing less than 4,000 workers. Abdallah (2010) establishes that the 25,000 workers accounted for 27 percent of Ghana's total manufacturing employment in 1977.

By 1995, however, employment within the sub-sector had dwindled to a mere 7,000; declining further to 5,000 workers by 2000. Statistics from the Ghana's Revenue Agencies Governing Board (RAGB) shows that the country is losing about 300 billion Ghana old Cedis in potential revenue annually through smuggling of textile materials and Ghana's once thriving textile market is now flooded with the Chinese sub-standard textile products, thereby surging up the country's unemployment index (Quartey, 2016; Abdallah, 2010).

Quartey (2016) records that the country's total industry textile output peaked at 129 million yards in 1977 with capacity utilization rate of about 60 percent. Unfortunately, total industry output declined to 46 million yards in 1995 including that of Ghana Textile Manufacturing Company (GTMC), Akosombo Textiles Limited (ATL), Printex and Ghana Textile Printing (GTP) which were the four major companies that survived the turbulence in the sub-sector. With regard to foreign exchange and revenue generation, textile exports generated 179.7 million US dollars in 1994 but revenue from exports declined consistently and by 1998, the figure had decreased to 3.173 million US dollars (MOTI, 2005; Quartey, 2016). These statistics evidently show the extent of decline of the Ghana textiles industry.

A preliminary survey of the Ghana textile industry by the researcher confirms that, the sub-sector had experienced gradual decline over the years and some industrial watchtowers (Egu, 2009) have attributed this not only to internal bottlenecks but also to certain external factors that cut across the various operations of the factories from acquisition of raw materials to sales. The major threats are the influx of cheap Asian textiles (mainly from China) and the proliferation of used and second-hand clothing on the Ghanaian market (Quartey, 2016). It is observed that many Ghanaians, as a matter of affordability, have shifted to the use of those foreign textiles thereby reducing the

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patronage of the locally made textiles. This as consequently is crippling the operations of the factories leading to the closure of most of them leaving few ones in the struggle to survive.

The rippling effects of the closure of most textile factories, among others, are the high rate of unemployment and economic crunch the country is facing. Most textile employees have been laid off (Egu, 2009) whereas most new textiles graduate from the country's universities and polytechnics remain unemployed. A lot of chemical and mechanical engineers, laborers, cleaners and messengers as well as business administrators who might have been employed by the textile factories remain jobless.

The striking effect is that, fashion designers, manufacturers, merchandisers and marketers are expanding their umbrellas throughout the whole world. Fashion manufacturing being labor intensive, has migrated from high wage developed world to developing countries; India, China, Indonesia, Bangladesh, and other Asian countries are generating valuable foreign exchange through exportation of clothing and textiles products to U.S.A., Europe and developing countries like Ghana and others (Jones, 2018; Bheda *et al.*, 2013; Bird *et al.*, 2016).

While developing countries like China, India and Hong Kong are earning valuable foreign exchange and building their wealth from exportation of Fashion products, Ghana's income generated from fashion production is very low. Attempts have been made by Ghana's consecutive governments of the fourth republic to develop and improve the industrial sector of the country. Fashion education has also been improved; it is now being studied at the tertiary level of Ghana's educational institutions, where graduates are expected to acquire quality demand-driven employable and marketable skills that will make them take their roles in the industrial sector, work and be

economically productive (Amankwah, 2007). Yet the fashion businesses in Ghana are still dominated by ubiquitous roadside dressmakers whose market value is very low. Their main production is based on "custom-made" items. The main Ghanaian fashion export destinations comprising of EU countries, U.S.A. and some parts of the ECOWAS have declined due to competition with other African countries and poor finishing of products which make products not able to conform to standards required (Quartey, 2016). A pragmatic approach is therefore necessary to revamp the situation.

1.3 Purpose of the Study

The purpose of the study was to assess the impact of small and medium enterprises of the Ghanaian clothing sector in the Amanfrom Municipality in the Ashanti Region.

1.4 Objectives of the Study

The specific objectives of the study include:

1. To assess the impact of small and medium enterprises of the Ghanaian clothing sector on the economy of Ghana with particular reference to Amanfrom Municipality of Ashanti Region, Ghana.

2. To identify the challenges of the small and medium enterprises of the clothing sector in Amanfrom Municipality of the Ashanti Region, Ghana.

3. To evaluate the efforts of government and policy makers in improving small and medium enterprises of the clothing sector in Amanfrom Municipality of the Ashanti Region, Ghana.

1.5 Research Questions

1. What have been the impact of the small and medium scale enterprises of the Ghanaian clothing sector on the economy of Amanfrom Municipality in particular?

2. What are the challenges of the small and medium scale enterprises of the clothing sector in Amanfrom Municipality of Ashanti Region, Ghana?

3. What are the efforts of government and policy makers in improving small and medium scale enterprises of the clothing sector in Amanfrom Municipality of Ashanti Region, Ghana?

1.6 Significance of the Study

The primary beneficiaries of this research are the small and medium scale enterprises of the Ghanaian clothing sector. The results of the study can serve as reliable reference material for the clothing enterprises to take strategic and pragmatic decisions to ensure effectiveness and sustainability of the local clothing and textile industry in Ghana.

The research aims at invigorating the small and medium enterprises of the Ghanaian clothing sector through implementation of its recommendations. The invigoration of the small and medium enterprises is expected to bring expansion of the production activities which will increase productivity for maximum returns. The expansion in the scope of production may indirectly provide job opportunities to fashion designers to ease the unemployment situation in the country.

The research results can also serve as a body of knowledge, reference or educational material for fashion designers, clothing and textiles students, lecturers and other researchers on the challenges and prospects of the fashion designers in order to direct their research activities to solve pertinent problems confronting the clothing and textile industry.

1.7 Scope of the Study

The purpose of the study is to assess small and medium scale enterprises of the Ghanaian clothing sector: case study of Amanfrom Municipality in the Ashanti Region.

The geographical scope of the study is limited to Ashanti Region of Ghana. Moreover, the study is conceptually limited in scope to the stated research objectives.

1.8 Organization of the Study

The entire research is organized into five parts and the outline of each chapter is given as follows: Chapter One discusses the background to the study, statement of the problem, objective of the study, research questions, scope of the study, significance of the study and organization of the study. Chapter Two reviews literature from relevant textbooks, journals, websites and other referenced sources. It would also include the theoretical framework used for the study. Chapter Three covers the research methodologies used for the study. Chapter Four covers the presentation and analysis of data by way of figures, graphical presentation and statistics. Chapter Five comprises summary of the research, conclusions recommendations and suggestions for further research.
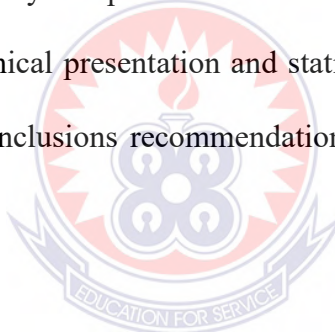
CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Introduction

This is the chapter that provides information from the secondary source for the research. In this chapter, information from books, write-ups, interviews etc on the topic will be discussed under various sub headings. The dressmaking/ small and medium scale fashion industry operates in an environment that has become turbulently unpredictable all over the world. Cultures around the world are constantly influencing each other; hence the world's cultures are changing fashion constantly (Stuart, 2015).

The fashion industry in Ghana especially dressmaking/small and medium scale fashion industries (which is the main focus of this study) has not been left out of economic, political, social, cultural and legal pressures brought to bear on the sector. Small scale enterprises are drawing attention in both transition and developing countries worldwide. Success stories of small and medium scale enterprises are discussed in many countries and their activities are contributing to revitalize local communities. The sector has increasingly become the target of official development assistance.

It has now been commonly recognized that those enterprises play key role in the revitalization and development of the national economy in many countries and their role has been essential. According to Aryeetey and Urdy (2017), small scale enterprises are instrumental in creating job opportunities, promoting stability, developing regional economies, enhancing economic efficiency through competition and cooperation, expanding business scope, and producing high value-added products through innovations.

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As part of the institutional arrangement made by the government of Ghana for the development of small-scale sector, the National Board for Small Scale Industry (NBSSI) was established in 1985 by an act of Parliament. The Board was created to perform the function as an apex government body for the promotion and development of the Small and Medium- Scale Enterprise (SME) sector in Ghana.

It is a known fact that, a person without the required entrepreneurial competencies in business stands very little chance of surviving in today's dynamic and competitive business environment. It is in this light that the NBSSI introduced the Business Advisory Centre (BAC) concept in 1991 to maintain regular and constant interaction between the NBSSI and the small-scale entrepreneurs. The research was however limited to the dressmaking sector in the fashion industry.

2.2 The Concept of the Small-Scale Industry

In Ghana, NBSSI defines small scale enterprise which includes small scale fashion designers/dressmakers as a production unit that engages primary manufacturing. The term cottage shop is used for enterprises with fewer number of workers (less than five workers) as in the case of most fashion shops that operate from the home. However, the small-scale industry is defined as the one which employs lesser people, does not use too much sophisticated machinery and have a smaller set up capital as compared to large scale industries.

According to Aryeetey and Urdy (2017), small scale enterprise which also includes tailors and dressmakers or fashion designers are instrumental in creating job opportunities, promoting stability, developing regional economies, enhancing economic efficiency through competition and co-operation, expanding business scope and producing high value-added products through innovation. From their view, these

enterprises contribute significantly to employment generation (of about 50% to 60% in developing countries) of which Ghana is not an exception.

Applying the definition stated earlier to the dressmaking sub- sector in the fashion industry in Ghana, it could be seen that the sector is dominated with small scale, one-person owner workshop that are supported by several apprentices.

2.3 Definitions and classification of SMEs in global context

Definitions of Small and Medium Enterprises (SME's) vary from country to country, depending on one or more of thresholds laid down in respect of investment, employment, turnover etc. The issue of what constitutes a small or micro enterprise is a major concern in the literature. Different writers have usually given different definitions to this category of business. SME's have indeed not been spared with the definition problem that is usually associated with concepts which have many components. The definition of firms by size varies among researchers as well as writers. Others define SMEs in terms of their legal status and method of production. Some attempt to use the capital assets while others use labor and turnover level.

Bolton Committee (2011) first formulated an "economic" and "statistical" definition of a small firm. Under the "economic" definition, a firm is said to be small if it meets the following three criteria:

It has a relatively small share of their market place;

It is managed by owners or part owners in a personalized way, and not through the medium of a formalized management structure;

It is independent, in the sense of not forming part of a large enterprise.

Under the "statistical" definition, the Committee proposed the following criteria:

The size of the small firm sector and its contribution to GDP, employment, exports,

etc.; The extent to which the small firm sector's economic contribution has changed

over time; Applying the statistical definition in a cross-country comparison of the small

firms" economic contribution. The Bolton Committee applied different definitions of

the small firm to different sectors. Whereas firms in manufacturing, construction and

mining were defined in terms of number of employees (in which case, 200 or less

qualified the firm to be a small firm), those in the retail, services, wholesale, etc. were

defined in terms of monetary turnover (in which case the range is 50,000-200,000

British Pounds to be classified as small firm). Firms in the road transport industry are

classified as small if they have 5 or fewer vehicles. There have been criticisms of the

Bolton definitions. These center mainly on the apparent inconsistencies between

defining characteristics based on number of employees and those based on managerial

approach.

In Japan, small-scale industry is defined according to the type of industry, paid-up

capital and number of paid employees. Consequently, small and medium-scale

enterprises are defined as: those in manufacturing with 100 million yen paid-up capital

and 300 employees, those in wholesale trade with 30 million yen paid-up capital and

100 employees, and those in the retail and service trades with 10 million yen paid-up

capital and 50 employees (Ekpenyong, 2012).

European Union (EU) Member States, traditionally have their own definition of what

constitutes an SME, for example the traditional definition in Germany had a limit of

250 employees, while, for example, in Belgium it could have been 100. But now the

EU has started to standardize the concept. Its current definition categorizes companies

with fewer than 10 employees as "micro", those with fewer than 50 employees as

"small", and those with fewer than 250 as "medium" By contrast, in the United States, when small business is defined by the number of employees, it often refers to those with fewer than 100 employees, while medium-sized business often refers to those with fewer than 500 employees. Canada also defines a small business as one that has fewer than 100 employees (if the business is a goods-producing business) or fewer than 50 employees (if the business is a service-based business), and a medium-sized business as fewer than 500 (Carsamer, 2009).

Small-scale industries are defined as manufacturing units employing not more than 30 persons. For the purpose of differentiating them from the other small-scale non-farm economic activities, the emphasis is placed on the manufacturing aspect. Manufacturing means producing or making physical items. This means that pure service activities such as government services, retail trade, banking, recreation and insurance services are not included.

However, repair services are included in the manufacturing enterprises because they have something to do with formally manufactured goods. The argument is that manufacturers do not always produce a finished good but only perform one stage in a sequence of a process. The fact that an item can be repaired implies that there is a further stage in the manufacturing process (Chapman and Walker, 1987: p.3 cited by Dinye, 2011). After looking at the definitions and classifications of SMEs in the global perspective, it is important to examine definitions of SME"s given in the context of Ghana.

2.4 Definition of SMEs in Ghanaian context

In Ghana various definitions have been given for Micro, Small and Medium scale enterprises but the most commonly used criterion is the number of employees of the

enterprise (Kayanula and Quartey, 2010). In using this definition, confusion often arises in respect of the unpredictability and cut off points used by the various official sources.

According to the National Board for Small Scale Industries (NBSSI, 2010) SME's is defined in Ghana by applying both the "fixed asset and number of employees" criteria. It defines a small-scale enterprise as a firm with not more than 9 workers, and has plant and machinery (excluding land, buildings and vehicles) not exceeding 10 million Ghanaian cedis and micro with employee less than five.

As espoused by the Ghana Statistical Service (GSS), firms less than 10 employees as small-scale enterprises and their counterparts with more than 10 employees as medium and large sized enterprises. Ironically, the GSS in its national accounts considered companies with up to 9 employees as SME's (Kayanula and Quartey, 2010). The value of fixed assets in the firm has also been used as an alternative criterion for defining SME's.

The Ghana Enterprise Development Commission (GEDC), on the other hand, uses a 10 million Ghanaian cedis upper limit definition for plant and machinery. It is important to caution that the process of valuing fixed assets poses a problem. Secondly, the continuous depreciation of the local currency as against major trading currencies often makes such definitions outdated (Kayanula and Quartey, 2010).

In defining small-scale enterprises in Ghana, Osei et al (2013) used an employment cut-off point of 30 employees and however, classified small-scale enterprises into three categories. These are:

(i) Micro - employing less than 6 people;

(ii) Very small - employing 6-9 people;

(iii) Small - between 10 and 29 employees.

2.5 Operational definition of SME's

There are variations in the definitions of micro, small and medium enterprises. The most commonly used criterion is the number of employees of the enterprise. SME"s in Ghana tends to have few employees who tend also to be mostly relatives of the owner hence there is often lack of separation between ownership and control.

From the above discussion both in Ghana and other part of the world, it can be concluded that Micro and Small-Scale Enterprises has different definitions. As a result, an operational definition is important for the study. The most commonly used principle which has been identified from the various definitions is the number of employees of the enterprise. As contained in its Industrial Statistics, the Ghana Statistical Service (GSS) considers firms with less than 10 employees as Small-Scale Enterprises (Kayanula and Quartey, 2010) and it is this definition that has been adopted and used in the course of the study. The employee principle which has been considered in this study is also in line with the definition of Small-Scale Enterprises adopted by the NBSSI.

The idea behind this employee base principle is due to the fact that firms can easily be identified by their number of employees and in part because the process of valuing fixed assets, will poses a problem since mode of accounting system used by one enterprise will vary from one to other as well as continuous depreciation in the exchange rate often makes such definitions obsolete.

2.6 SME's Development in Ghana

The government of the Gold Coast, an arm of the British government pursued an economic policy that trained the rising middle class to manage the property of the

European merchants and businessmen. According to Kayanula and Quartey (2010), small scale enterprise promotion in Ghana was also not impressive in the 1960s. Dr. Nkrumah (President of the First Republic) in his modernization efforts emphasized state participation but did not encourage the domestic indigenous sector. The local entrepreneurship was seen as a potential political threat. As the economy declined in the 1980s, large-scale manufacturing employment stagnated which forced many formal sector employees into secondary self-employment in an attempt to earn a decent income. In other to solve these problems governments has put in place measures to promote the growth of SMEs in Ghana by establishing organizations to support the activities of SME's.

Hence National Board for Small Scale Industries (NBSSI) was established under Act 434 in 1981 as an apex body for the development of small-scale industries in Ghana. In order to create a single dynamic integrated organization capitalized and capable of responding to the needs of the SME sector, the government merged the Ghanaian Enterprises Development Commission (GECD) in 1991 and the Cottage Industries in 1994 with the Board. In 1987, the industrial sector also witnessed the coming into operation of the Ghana Appropriate Technology Industrial Service (GRATIS). It was to supervise the operations of Intermediate Technology Transfer Units (ITTUs) in the country. GRATIS aims at upgrading small scale industrial at the grass root level. In 1992, the government in attempt to the response of the private sector to economic reforms undertook a number of measures.

According to Kayanula and Quartey (2010), prominent among them is the setting up of the Private Sector Advisory Group and the abolition of the Manufacturing Industries Act, 1971 (Act 356) which repealed a number of price control laws, and the Investment Code of 1985 (PNDC Law 116) which seeks to promote joint ventures between foreign

and local investors. In addition to the above, a Legislative Instrument on Immigrant Quota which grants automatic immigrant quota for investors was enacted. Government also provided equipment leasing, an alternative and flexible source of long-term financing of plant and equipment for enterprises that cannot afford their own.

In 1997, government proposed the establishment of an Export Development and Investment Fund (EDIF), operational under the Exim Guarantee Company Scheme of the Bank of Ghana. This was in aid of industrial and export services within the first quarter of 1998. To further improve the industrial sector, according to the 1998 Budget Statement, specific attention was given to the following industries for support in accessing the EDIF for rehabilitation and retooling: Textiles/Garments; Wood and Wood Processing; Food and Food Processing and Packaging.

The Ministry for Private Sector Development was established in 2001 to co-ordinate and harmonizes all inter-sectoral effort which aimed at the development of the private sector as the engine of growth and poverty reduction. The Ministry of Private Sector Development (MPSD) was charged with the responsibility to facilitate basic courses for the informal sector to awaken individuals and enterprises of the sector to the potential benefits of basic disciplines such as bookkeeping, banking and other entrepreneurship skills. The Ministry made progress towards relieving Small and Medium-Scale Enterprises (SME's) of one of their major problems, which is access to affordable long-term funds.

To boost the country's export trade, an Export Development and Investment Fund (EDIF), has been set up by the government to be given out on very liberal terms. The funds are administered by eleven (11) designated financial institutions. Furthermore, other schemes such as the Government Loan Guarantee, African Development

Foundation, Italian Credit facility, etc. was set up by the government. These schemes did not only solve the perennial problem of SME's inability to provide collaterals demanded by banks, but also ensured an increased flow of capital to the private sector for innovation, technology development and adoption and development of new products and services for productivity enhancing investment activities.

The President's Special Initiative (PSI) was launched in 2002. It aimed at supporting the production of cassava as well as textiles and garments for export. The President's Special Initiatives (PSI) has been launched in five (5) areas of activity. They are accelerated export development for garment and textiles, salt mining, cotton production, oil palm production, cassava starch production and distance learning.

These initiatives are intended to spearhead the expansion and deepening of the economy; create jobs and reduce poverty through agribusiness and export in Ghana. It is also intended to develop a critical mass of high growth oriented internationally competitive exporting firms in the said sectors, targeting the American and European consumer's markets. Currently, there is an ongoing Rural Enterprise Development Programme in which every district in Ghana is to identify three (3) enterprise for development.

2.7 Background of the Dressmaking/Small and Medium Scale Fashion Industries in Ghana

Ghana enjoys a long tradition of costume- made clothing. Traditional apparel styles associated with Ghana include the kaba (fitted blouse), slit (fitted long skirt) boubou (long loose garment sometimes embroidered) kaftan and fugu (loose woven top mostly for men). Contemporary designers also manufacture western-style trouser suit, skirt, coats, and jackets, often incorporating indigenous African designs. Ghanaian apparel is

produced from local wax, batik, tie and dye and screen-printed fabric as well as imported cotton, linen and silk.

The industry is supported by 21 National Vocational Training institutes throughout the country. (Source: A publication of the Ghana investment Promotion Center-GIPC). These institutes provide basic practical and theoretical training in tailoring and dressmaking. There are also a growing number of private fashion design institutes and internationally acclaimed designers that teach the latest techniques to aspiring clothing designers. Their design techniques include pattern drafting, multiple layers cutting and high-volume construction and finishing methods.

In addition to the training institutes, the Ghana National Tailors and Dressmakers Association (GNTDA) maintains offices in all ten regional capitals in Ghana. It has a membership of 48,000 tailors and dressmakers each of them works with 10-12 apprentices. It is estimated that the industry employs between 600,000-1,000,000 people including the members and employees of the GNTDA and the Ghana Association of Fashion Designers, as well as the many independent tailors and dressmakers named in Ghana as seamstresses operating throughout the country. It is estimated that almost 90 percent of the cotton apparel produced in Ghana is sold locally. Presently, very few large scales garment industries exist in Ghana which employ few fashion designers who graduate from the country's Polytechnics.

2.8 The Ghanaian Textile Industry

Both internal and external factors contribute to the current state of Ghana's textile industry. Klutse (2008) reported in a Ghanaian local newspaper, *The Daily Guide*, that the Chief Executive of the Public Procurement Authority (PPA), A.B. Adjei, blamed the use of old machinery by the textile industry as one reason which contributed to its

possible collapse. The external threats include imported textiles from China, India, and some African countries that are smuggled into Ghana through unauthorized routes (Asare, 2012).

The issue of imported second hand clothing (SHC) coming from Europe and some western countries, introduces an additional threat to the domestic industry. In an article published on the weblog by the International Institute for Journalism of Deutsche Gesellschaft fur Internationale Zusammenarbeit (GIZ), Abdallah (June, 2010) affirmed that Ghana's once prospering textile market is now flooded with Chinese lower quality textile products and SHC. As a consequence, he reported, Ghana's unemployment index has increased. The Institute of Statistical, Social and Economic Research reported that in 1977, over 25,000 people were employed in the textile industry in Ghana; this was 27 percent of total employment in the manufacturing sector in Ghana (Quartey, 2016).

Countries like South Africa, Zambia, and Kenya can relate to these similar experiences within their textiles industries. Koyi (2015) presented the state of the textiles industry in Zambia, mentioning that, through an incentive program offered by the Zambian government in the 1960's through to the 1980's, the industry contributed significantly to the manufacturing value of the country as a whole. The industry was one of the main players in the country's development through the 1980's.

It began to experience a down turn when copper earnings fell and hence there was not enough foreign exchange for the imports of spare parts and raw materials for production. Trade liberalization was to be a saving grace for the industry but, paradoxically, trade liberalization introduced a competition to be faced by the local

textiles industry from Asian textiles and SHC from western and European countries (Koyi, 2015).

Quartey (2016) conducted qualitative research to investigate and present the state of the textiles industry in Ghana and also to examine the fate of the industry based on its challenges. He stated that "Industrial development has been recognized as one of the surest means of ensuring higher and sustained growth rates; hence, African countries including Ghana pursued import substitution industrialization in the 1960s and 1970s" (p. 135). Industrialization, he identified, was a means of promoting economic growth.

To answer his research question, interviews were conducted with stakeholders in the industry. Quartey (2016) reported that data gathered from the Ministry of Trade and Industry (MOTI) in 2004 showed that the textile industry, historically, was a means of earning foreign exchange for the country. The Ghanaian textile industry employed 25,000 people in the 1970s which represented 27 percent of national employment. The industry used 60 percent of installed capacity and produced129 million yards of textiles in 1977.

The workforce in the industry has since declined to 5,000 in the year 2000. The decrease was attributed to a shortage in foreign exchange for the importation of raw material (such as dye stuffs and cotton fabrics) for production. Additionally, the introduction of trade liberation encouraged textile imports from Asian countries and other African countries.

Domestic textiles faced competition from these cheaper imports including SHC (Quartey, 2016). According to Quartey (2016), in the mid 1970's there were 16 large and medium sized firms producing textile products and 138 large and medium-scaled firms producing clothing. Most of these companies have since shut down. Ghana

Textile Print (GTP), Akosombo Textile Limited (ATL), Ghana Manufacturing Company (GTMC), and Printex were the four companies still producing textiles in Ghana as of 2002.

Fabrics produced were the wax, java and fancy prints, household fabrics, tie die, batik, kente, and printed adinkra cloths. Information (Quartey, 2016) retrieved from MOTI showed that fabric and garment importation into the country was $35 million by the year 1992 and $57 million by 1998. By July of 1999, textiles and garment importation stood at $42 million, which showed an increase by December of 1999. Despite the increase in textile imports, the revenue generated from the export market for the industry increased during the 1990's, from $27.2 million in 1992 to $179.7 million in 1994 (Quartey, 2016). In the 25 late 1990s however, the trend reversed and export revenue declined to $3.173 million in 1998 (Quartey, 2016). The decline was a result of the trade barriers existing among the Economic Community of West African Countries (ECOWAS). Other attributes where high tariffs as well as poor quality of domestic textiles and apparel (Quartey, 2016).

Quartey (2016) reported that, with the inception of the African Growth and Opportunity Act (AGOA) enacted by the United States, Ghana qualified to export into the US market in 2000. By 2004, revenue generated from the export of textiles and apparel was $7.4 million as compared to $11.48 million made by the US from their imports into the Ghanaian market. As part of Ghanaian government's measures to help save the industry, economic policies were established. These policies, including the textiles/garment cluster network, textile/garment training center, President's Special Initiative (PSI) Export Action program on textiles and garments, and a tariff review.

These various policies were established to train textiles employees on mass production strategies, to up-grade marketing, technical, and managerial skills in the industry, and to provide financial assistance to help the industry take full participation in AGOA. Some stakeholders proposed that tariff revisions include an increase in import duties on all clothing and a zero rate on all raw materials needed for Ghanaian textile production.

Quartey (2016) suggested that the government of Ghana develop strategic policies that address the issues of cheap importation and undeclared textiles (including those smuggled into the country that are counterfeits). Quartey and Abor (2011) investigated the perception of Ghanaians on their preferences about local and imported textiles. They conducted qualitative research, gathering data from textiles manufacturers in Accra, consumers, and traders in textiles.

There were 40 participants in each of the three groups. In their study, most of the traders were women over age 50; the age range of the consumer participants was under 20 through over age 51. Quartey and Abor (2011) interviewed the participants using a structured questionnaire. The survey of the manufacturers showed that about 75 percent of them had reduced production by 20 to 50 percent. Reasons stated for this reduction were the low demand for local textiles, high production costs, high wages, high cost of raw materials, and the influx of imitated textiles that were sold cheaply. The other 25 percent were not sure by how much they had reduced production (Quartey & Abor, 2011).

Quartey and Abor (2011) reported that more than half of the traders stated that they purchased textiles weekly; fewer than a quarter stated that they purchased textiles monthly. Similarly, fewer than a quarter of the traders mentioned that they bought textiles fortnightly (14 days). For the consumers, more than half mentioned that they

purchased textiles occasionally while about a quarter stated that they bought annually; the rest (about 25%) bought bi- annually, monthly, weekly, and fortnightly. In response to their preference of textiles type, more than half of the participants stated a preference for the local textiles - with reasons being the good quality, attractiveness and affordability of the local textiles.

Those who stated that they preferred imported textiles mentioned that they were cheap and very affordable. The traders who preferred the imported textiles mentioned that they were profitable. When questioned on whether there should be a ban placed on imported textiles, 35 percent supported a ban, giving reasons such as a ban would (1) enable more employment opportunities in the sector, (2) promote the local textile industry, and (3) become a saving grace for the industry. Sixty-five percent of traders disagreed with a ban on imported textiles, stating that imported textiles were cheap, affordable and of a better quality than the local textiles (Quartey & Abor, 2011).

Quartey and Abor (2011) found that Ghanaian consumers preferred local textiles to imported ones because of the quality and affordability of the local textiles. Fewer than half of the participants indicated a preference for imported textiles. Quartey and Abor (2011) suggested that, for the local textiles to compete on a level field with imported textiles there should be a strong adhesion to policies on duties, quotas, and tariffs.

2.9 Empirical Framework

2.9.1 The Impact of NBSSI Training Activities on the Dressmaking/Small and Medium Scale Fashion Industries

For most developing countries including Ghana, small scale enterprises including dressmakers collectively account for more than 70% of the total industrial employment. In view of their large numbers, they constitute a potentially important target group for

policy makers concerned (Ayeertey, 2014). In Ghana the informal apprenticeship system in which a young person serves under a master for a given period to learn a craft or trade, plays a key role in skill formation in the small-scale dressmaking sector. The NBSSI through Business Advisory Centers (BAC), provide relevant information, training and guidance to individuals including small scale dressmakers/small and medium scale fashion industries. The training is intended to make them increase their output leading to enhanced revenue streams.

Aryeetey (2014) has also noted that lack of extensive training in marketing; financing and management constitute a major setback in small scale enterprise development in Ghana. In its effort to fill this gap, dressmakers are trained by NBSSI on the need to keep customer invoice books in which they can record the needed services, and specific information such as account, partial payment and due balances. Others are also encouraged to relocate their shops after being taken through growth plans which call for the need to start fashion schools to train others in dressmaking. Dressmakers are also equipped with marketing and customer service skills. They are thought how to increase sales by attracting tourists and other visitors to localities, but few dressmakers benefit from the activities mentioned.

2.9.2 SMEs in Africa

Most economies in both developed and developing countries acknowledge the role and importance of SMEs in generating employment, stimulating growth and creating social cohesion. Moreover, interest in SMEs also seems to have been further revived in the face of globalization, which is increasingly becoming an influential force in world trade. Because of their flexibility and quick adaptability to change, SMEs are viewed as instruments capable of responding to globalization. While it is true that globalization

creates opportunities for SMEs to be effectively involved in global markets, it also poses numerous challenges and problems.

Czinkota *et al.* (2013) argue that SMEs are weak in Africa because of small local markets, entry of many firms into their markets with sometimes superior products, undeveloped regional integration and very difficult business conditions, which include cumbersome official procedures, poor infrastructure, dubious legal systems, and unattractive tax regimes - or difficult business conditions. That is, many firms stay small and informal and use simple technology that does not require great use of national infrastructure. This is a fact that hinders them from becoming competitive in the market place.

2.9.3 SMEs in Ghana

Available data from the Registrar General in Ghana indicates that 90% of companies registered are micro, small and medium enterprises (Mensah 2004). This target group has been identified as the catalyst for the economic growth of the country as they are a major source of income and employment. Analogous to the situation in other countries though, Kayanula and Quartey (2010) state that there is no single, uniformly acceptable, definition of a small firm in Ghana as these firms differ in their levels of capitalization, sales and employment. Hence, definitions which employ measures of size (number of employees, turnover, profitability, net worth, etc.) when applied to one sector could lead to all firms being classified as small, while the same size definition when applied to a different sector could lead to a different result. Kayanula and Quartey in their research however, identified a number of common definitions used when referring to SMEs in Ghana that could be used for purposes of this essay. These definitions are summarized below:

The Ghana Statistical Service (GSS) considers firms with less than 10 employees as Small-Scale Enterprises and their counterparts with more than 10 employees as Medium and Large-Scale Enterprises. An alternative criterion used in defining small and medium enterprises is the value of fixed assets in the organization. However, the

National Board of Small-Scale Industries (NBSSI) in Ghana applies both the fixed asset and number of employee's criteria. It defines a Small-Scale Enterprise as one with not more than 9 workers, has plant and machinery (excluding land, buildings and vehicles) not exceeding 1000 Ghana Cedis. From these definitions however, it would be prudent for purposes of this study to note that the process of valuing fixed assets in itself poses a problem as continuous depreciation in the exchange rate often makes such definitions outdated.

It is further noted that SMEs in Ghana can be categorized into urban and rural enterprises. The former can be subdivided into 'organized' and 'unorganized' enterprises. The organized ones tend to have paid employees with a registered office whereas the unorganized category is mainly made up of artisans who work in open spaces, temporary wooden structures, or at home and employ little or in some cases no salaried workers.

They rely mostly on family members or apprentices. Rural enterprises are largely made up of family groups, individual artisans, women engaged in food production from local crops. The major activities within this sector include: - soap and detergents, fabrics, clothing and tailoring, textile and leather, village blacksmiths, tin-smithing, ceramics, timber and mining, bricks and cement, beverages, food processing, bakeries, wood furniture, electronic assembly, agro processing, chemical based products and mechanics (Kayanula and Quartey 2010).

Among their many roles, SMEs in Ghana have been crucial in mobilizing funds which otherwise would have been idle (Kayanula and Quartey 2010). The authors further point out that SMEs have been recognized as a seed-bed for indigenous entrepreneurship, are labor intensive, employing more labor per unit of capital than large enterprises and promote indigenous technological know-how.

Furthermore, due to their regional dispersion and their labor intensity, argument goes that small scale production units can promote a more equitable distribution of income than large firms in Ghana. They also improve the efficiency of domestic markets and make productive use of scarce resources and thus facilitating long term economic growth. This definition covers a range of establishments. For example, most SMEs are slowly and steadily moving towards embracing the technology evidenced everywhere in the major Ghanaian towns with the rate at which cybercafé and other information and communication technology businesses are coming up.

2.10 The impact of small and medium enterprises of the Ghanaian clothing sector on the economy of Ghana

Two schools of thought have emerged in the studies of SME"s. They are the pro-SME's and anti-SME's perspectives. Most donor countries and development agencies share the view of the pro-SME's that is springing up of such entrepreneurial and innovative ventures help promote economic growth and help reduce the high poverty level in such developing economies (Beck & Demirguc-Kunt, 2014). The pro-SME has argued that SME's enhance competition and entrepreneurship and thus have economy wide benefits in efficiency, innovation and productivity growth.

Thus, direct government support of SME's can help countries reap social benefits. Second, SMEs are generally more productive than large firms but are impeded in their

development by failures of financial markets and other institutions for capital and other non-financial assistances. Thus, pending financial and institutional improvements, direct government support of SME's can boost economic growth and development. The growth of SME's boosts employment more than the growth of large firms because SMEs are more labor intensive (Snodgrass & Biggs, 2016). So subsidizing SME's may help reduce poverty (Beck & Demirguc-Kunt, 2015).

However, the anti-SME has questioned the efficacy of SME"s in promoting growth and reducing poverty. First, they argue that large enterprises may exploit economies of scale and more easily undertake the fixed costs associated with research and development, boosting productivity. They argue further that some researchers found that small businesses are neither more labor intensive nor better at creating jobs than large firms (Thormi &Yankson, 2015).

Moreover, they doubt the crucial role of small businesses and instead emphasize the importance of the business environment facing all firms, big and small. Small businesses create monopoly. They are of the view that if there are low entries and exit barriers, well defined property rights, effective contract enforcement, and access to finance, it will work to promote conducive business environment for all firms and not only small firms (Beck & Demirguc Kunt et al, 2014).

Levy & Powell (2015) noted that, SMEs are thought to be flexible and innovative organizations that are able to respond quickly to customer and market demands (flexibility). Contrary to what happens in large firms. The production technologies of many manufacturing SME's may inhibit flexibility (Gupta & Cawthorn, 2016), while Carrie et al. (2014) believe that it is people rather than technology that provides flexibility.

It is estimated that about 69% of the country's population are employed in the MSE sector. Thus, the sector provides employment for a considerable number of people both in rural areas as well as cities. However, despite this recognition and its significance for local and national economic development, research has not investigated systematically, the real strengths and weaknesses of these rural enterprises, at least in Northern Ghana where poverty is very high (Ghana Statistical Service, 2017). SME's and entrepreneurs are bedrocks of new goods and services, new methods of production, the opening up of an economy by setting or opening up of new markets, introduction of new sources of supply as well as industrial re-organization (Jennings, 2014). So, the innovativeness of these ventures is their capability to create a change by altering the conventional ways in terms of available technology, strategy, skills and styles.

Private sector development is said to be critical for employment creation, growth and development of Africa (Kurokawa et al 2018). The development of small and medium enterprises (SME's) is acknowledged as a key condition in promoting equitable and sustainable economic development in Africa. This sector, in terms of economic development has the potential to provide for growth in employment and contribute towards reducing poverty among urban cities in most developing countries. In Ghana, a key strategy the government has adopted for increasing employment and production is to take measures to improve the capacity of the private sector as a means of accelerating the growth of small and medium scale manufacturing industries.

Another current happening is that most entrepreneurs are stuck at mainly the micro level. It is interesting to note that less than 5 percent of large businesses are Ghanaian owned. According to World Bank estimates, most businesses in Ghana, which account for 70% of employment in the country, fall within the categories of "micro", "small" and "medium" entrepreneurs.

Small enterprises in Ghana are said to be a characteristic feature of the production landscape and have been noted to provide about 85% of manufacturing employment of Ghana (Aryeetey, 2011). SMEs are also believed to contribute about 70% to Ghana's GDP and account for about 92% of businesses in Ghana. SME"s therefore having a crucial role to play in stimulating growth, generating employment and contributing to poverty alleviation, given their economic weight in African countries. SME's forms a huge chunk of businesses in both the formal and the informal sector. Whilst SMEs in developed countries make a significant contribution to GDP and national employment, there is not sufficient data to say the same about SMEs in Ghana (Culkin and Smith, 2010).

SMEs in Ghana tend to have few employees who tend also to be mostly relatives of the owner hence there is often lack of separation between ownership and control. Also, since SME's do not traditionally rely on public funds there is lack of accountability and no regulations to comply with in relation to compliance (Abor & Adjasi, 2017). Mostly, the owner managers of these SME's are hampered by lack of managerial competencies (Gockel and Akoena, 2012). There are a number of factors which pose as barriers to the development of the SME sector in Ghana. These are identified as access to international markets, technology, equipment and finance (Aryeety, 2014).

In Ghana about 48 percent of the population represents the youth population which is from ages 15-35 years of age. Like many African countries, Ghana's population is fairly youthful (Baah et al, 2017). A survey conducted amongst small scale enterprises in Ghana revealed that young people owned almost 40.0 percent of the enterprises. Younger youth aged 15-25 owned only 5.4 percent of enterprises whilst those aged between 26-35 years owned 33.8 percent (Osei, et al., 2013). From this it is believed that micro and small enterprises in Ghana.

2.11 Assessment of NBSSI's Financial Support for the Dressmaking/ Small and Medium Scale Fashion Sector

The major source of finance opened to small scale enterprises including dressmakers is the one operated by NBSSI. In Ghana, this dates back to 1970 under the Ghana Government Small Scale Business Loan Scheme (SBLS) where a total amount of one thousand, five hundred Ghana cedis (GHS 1,500.00) was provided by the government to the offices of Business Promotion to operate a revolving loan scheme under which credit was to be given to small businesses all over the country, (Abaka and Mayer, 2014).

The aim of the scheme was to enable Ghanaian owned businesses including dressmakers have access to credit. Loan granted under the scheme enabled dressmakers to acquire equipment such as sewing machines. This credit line allows application for financial assistance involving amount not exceeding fifty Ghana cedis (GHS 50.00) to be considered and approved by the Regional Secretariats of the NBSSI. Any amount exceeding fifty Ghana cedis (GHS 50.00) but below two hundred and fifty Ghana cedis (GHS 250.00) should be considered by the national Credit Committee at the headquarters.

In 1992 another credit scheme instituted by NBSSI was NBSSI revolving fund. The Ghanaian government provided an amount of eight thousand Ghana cedis (GHS 8,000.00) to NBSSI. Entrepreneurs in the dressmaking/small and medium scale fashion industry were encouraged to form groups and request assistance in the form of tools under revolving fund. The maximum loan ceiling under the scheme was one hundred and fifty Ghana cedis (GHS 150.00) per enterprise or member of beneficiary group. Investigations have shown that there are so many sources of finance aids existing in Ghana for the dressmaker/ small and medium scale fashion industries but it is only the

short-term source of finance which is woefully inadequate. Also, accessing the loan is very difficult.

2.12 Challenges facing the dressmaking/ Small and Medium Scale Fashion Industries in Ghana and Strategies to enhance their Activities

The Ghanaian dressmaking sector of the fashion industry faces many challenges which include:

• The rise of low-cost goods from Asia

• A slowdown in consumer spending

• Difficulty in accessing capital

• Lack of innovation from designers

• Relatively high cost of products

• Poor distribution channels and inability to promote local brands

It has been established that the main constraints identified by the dressmakers were inadequate credit and too depressed domestic demand for their products partly due to excessive influx of used clothing. Another problem is uncoordinated efforts of agencies to assisting grouping. Thomi and Yankson (2015) expressed the need to utilize more efficient institutions which support small scale firms.

Asante, the Volta Regional Head of the Business Advisory Committee (BAC) of NBSSI stated in Daily Graphic (10th May 2005) edition that the problem of small-scale enterprise including those in the dressmaking/ small scale and medium fashion industries is mainly lack of high sense of business practice. Policy objectives enacted by Government of Ghana in 1998 also outlined those small businesses in Ghana are characterized by the following problems:

• Poor entrepreneurial skills

• Inaccessibility to credit facilities

• Inadequate technical and managerial skills

For these problems to be resolved there is the need to urge entrepreneurs to exhibit a high sense of steadfastness in order to grapple with any crises that may crop up in their trade or vocations. The policy has it that, they should show high level of maturity in handling teething problems by applying strategies to overcome such problems.

2.12.1 Trade Liberalization

Tambunan, (2008) investigated the relationship between international trade liberalization at the macro level and its micro- or firm-level adjustment effects in the South African manufacturing industry. Their findings suggest that there is a strong relationship between the average firm size and the volume of cross-border trade. More specifically, they find out that more than half of the firms that are not engaged in international trade are SME's. At the opposite extreme, almost half of the firms involved in both importing and exporting are large enterprises employing more than 200 workers. Therefore, it appears that large enterprises have been more successful than their smaller counterparts at integrating their manufacturing activities into the global chain of production.

According to Winters (2012), trade can affect poverty through different channels (economic growth, price changes and government revenue). Because poverty remains Ghana's greatest challenge, analyzing the link between trade and poverty is crucial, and reducing its effects is the fundamental objective. Given the potential gains from increased trade, many countries are pursuing trade liberalization policies to achieve prosperity and growth and eventually alleviate poverty. The literature indicates that a

close relationship exists between aggregate economic growth and poverty reduction. These simple correlations do not prove any causal relationship, but they do show the relevant role that pro-growth policies play in any poverty reducing strategy.

It may be noted that the trade liberalization policies of the 1980s and even later exposed many SMEs to greater external competition than they were used to or could cope with. Aryeetey et al, (2014) identified this problem in 12.5% of medium-sized enterprises in Ghana.

Riedel et al (2018) reported that Tailors in Techiman who used to make several pairs of trousers in a month went without any orders with the coming into effect of trade liberalization. It is again reported in Aryeetey et al. (2014) that only 1.7% of firms export their output as a result of limited international marketing experience, poor quality control, product standardization and little access to international partners.

2.13 Access to Credit

2.13.1 Finance

Finance is one of the life wires of every economic activity. Access to finance will provide start-up capital for the business as well as funds to meet operational costs. Not neglecting the fact that entrepreneurs may face lack of start-up financing as one of the difficulties in assessing start-up finance, there are other factors that come into place such as ignorance of sources of finance and lack of a saving culture. It is quite unfortunate that the problem with access to financial capital has been long due though there seems to be a little improvement.

For instance, in 2003, it was recorded that the informal sector entrepreneurs in Ghana relied on their savings or borrowing from their friends and relatives as the main source of financing in the view of the fact that credit from the formal banking system to the

informal sector is very limited. However, difficulties still exist regarding access to finance, domestic resource mobilization and the support necessary for SMEs to grow and contribute to the economy.

There are two main sources of finance for Micro and Small-scale enterprises in Ghana: formal and informal sources. Formal sources of finance include Commercial Banks, Investment Banks, Savings and Credit Banks and Rural Banks set up purposely to offer financial assistance to domestic entrepreneurs. Other formal sources are funds introduced solely by government or with the support of donor agencies. It is said that, high interest rates, collateral requirements and cumbersome documentation demanded by the formal financial institutions deter many entrepreneurs such as dressmakers as well as hairdressers from easily assessing formal funds (Davenport 2017).

Informal sources of finance comprise local transaction among friends, relatives, private money lenders, traders, some Susu collectors, owners of capital asserts and credit from NGOs. Studies have shown that across Africa, informal financial units exhibit a lot of diversity from country to country. In spite of the diversity, there is no barrier to entry; deposit mobilization and lending are done on small scale with little or no record keeping and lending often takes place between people of the same locality. However, interest rates are high under informal credit systems (Ayeetey et al, 2014).

Access to finance is major obstacle especially to female entrepreneurs. Due to the fact that they lack the savings needed for the equity payment required to get a loan and have less or no access to land or physical infrastructure, which could be used as collateral for a loan. It is very often difficult for women to get access to formal financial schemes. In addition to that, female entrepreneurs face the disadvantage that they very often only have had a limited access to education which makes it difficult for women to fill in the

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complex forms for applying for a loan or keeping track for their business records. Many banks require business records as minimum prerequisites before granting credit. Accordingly, female entrepreneurs encounter difficulties when they want to apply for financial schemes.

To address this critical handicap, a number of financial intermediation schemes have been launched in the country with the overarching objective of providing easy access to finance the SME's. For example, the government introduced Micro-Credit Scheme in the 2001/2002 periods where by close of 2004, credit amounting to U$101,322 had been granted to over 1500 borrowers. Also, the government launched a Micro-credit and Small Loans Fund as a follow-up to the earlier micro-credit scheme which became operational in 2006. The establishment of the fund was part of ongoing initiatives aimed at reducing poverty and promoting growth in the economy. Within two months of operation, over U$161,700 had been disbursed to over 10,000 applications within the Greater Accra Region alone.

The earlier schemes such as PAMSCAD Credit Line for Small Scale Enterprises, NBSSI Revolving Fund Loan Scheme, NBSSI Credit Scheme provided credit facilities to the SME"s. For example, in June, 2002, the NBSSI through its Revolving Fund Loan Scheme had granted over U$2.5million to about 273 SME's, the NBSSI had disbursed about U$2,437 million to entrepreneurs in Brong Ahafo, Eastern and Northern regions of Ghana. Similarly, the PAMSCAD Credit Line for SME"s had grown from U$4,700 million (seed money) to U$27,581 and had serviced about 1,158 projects.

Currently, the projects that are on-going for the MSME sector include the Financial Sector Improvement Project, Financial Sector Strategic Plan (FINSSP), the Rural Financial Services Project (RFSP), the United Nations Development Programme

(UNDP) Microfinance Project, the Social Investment Fund (SIF), the Community Based Rural Development Programme (CBRDP), Rural Enterprise Project (REP), and Agricultural Services Investment Project (ASIP). A recent impact assessment of the plethora of SME financing programs that have been implemented across the country suggests that significant challenges remain in ensuring the effectiveness of SME programs.

The study found that access to finance was a significant problem for SME's, even though other problems such as low cash flow, energy, high cost of non-labour inputs, increasing competition, and high cost of credit were also cited (Asiama and Osei, 2007)

2.13.2 Leasing Credit Scheme

Leasing is a medium-term financial instrument that covers investment needs of companies for logistics like, machinery, equipment, vehicles and other fixed asserts. This enables producers with limited equipment to access the hired ones to facilitate processing of their products. A very efficient leasing system of credit could respond to the equipment requirements of producers which could finally promote local development (Boapeah, 2014).

2.13.3 Trade/Micro Credit Scheme

This is a cash credit provided by rural banks and credit savings institutions to SME's. It is an attempt to respond to the capital requirements of SME's. The financial institutions organize SMEs into solidarity groups where group members mutually guarantee each other's loan amount and each individual group member is responsible for repayment in case any member defaults. For Sinapi Aba Trust (loan company), loan officers go to the field to recover loans and give education while Agricultural

Development Bank (ADB) does not offer education to entrepreneurs' loan beneficiaries.

Besides, SME's loan beneficiaries under ADB repay loans themselves to the bank through the group account. This credit scheme when delivered efficiently could enable SME's buy large quantities of raw materials at cheaper prices. Trade/micro credit scheme could however be limited by the level of interest rate charged by financiers (Davenport, 2017).

2.13.4 Infrastructure

Infrastructure as it relates to provision of access roads, adequate power, water, sewerage and telecommunication has been a major constraint in the development of SME's (Bokea, Dondo & Mutiso, 2009). Physical infrastructure is the totality of basic physical facilities upon which all other economic activities in the system significantly depend (Ukpong and Iniodu, 2011). According to Hirschman (2018), infrastructures are those services without which primary, secondary and tertiary production cannot function. These infrastructures can be extended to include education, public health to transportation, communication, power and water supply.

Infrastructure therefore, can be seen as both a final good providing services directly to consumers and intermediate input that enter into the production function of other sectors and raises the productivity of the factors employed. Infrastructure contributes to economic development through the promotion of private sector development by increasing access to the factors of production and goods market.

Awura (2016), states that an efficient transport network enhances the growth potential of a country and a reliable system of energy generation and distribution brings modern technologies and processes of SME's. The availability of infrastructural facilities such

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as power, communications, water and transport, represents another important constraint on both the choice of SME opportunities and the scale of operation of each respective enterprise production as well as distribution depends vitally on the availability as well as reliability of physical infrastructure. Hulten (2017) have emphasized that the efficiency of infrastructure utilization is important to business and economic growth.

2.13.5 Institutions

The idea of SME promotion has been in existence since 1970 though very little was done at the time. Key institutions were set up to assist SMEs and prominent among them is The Office of Business Promotion, the present Ghana Enterprise Development Commission (GEDC). It aims at assisting Ghanaian businessmen to enter into fields where foreigners mainly operated but which became available to Ghanaians after the `Alliance Compliance Order"6 in 1970. GEDC also had packages for strengthening small scale industry in general, both technically and financially.

The Economic Recovery Programme instituted in 1983 has broadened the institutional support for SMEs. The National Board for Small Scale Industries (NBSSI) has been established within the Ministry of Industry, Science and Technology to address the needs of small businesses. The NBSSI established an Entrepreneurial Development Programme, intended to train and assist persons with entrepreneurial abilities into self-employment. In 1987, the industrial sector also witnessed the coming into operation of the Ghana Appropriate Technology Industrial Service (GRATIS). This is a move by the government of the day to reduce the dominance of foreign nationals in the country.

Supervise the operations of Intermediate Technology Transfer Units (ITTUs) in the country. GRATIS aims at upgrading small scale industrial concerns by transferring appropriate technology to small scale and informal industries at the grass root level.

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ITTUs in the regions are intended to develop the engineering abilities of small-scale manufacturing and service industries engaged in vehicle repairs and other related trades. They are also to address the needs of non-engineering industries. So far, ITTUs have been set up in Cape Coast, Ho, Kumasi, Sunyani, Tamale, Takoradi, Koforidua and Tema.

2.13.6 Access to Training

Education is one of the factors that impact positively on growth of firms (King and McGrath, 2012). Those entrepreneurs with larger stocks of human capital, in terms of education and (or) vocational training, are better placed to adapt their enterprises to constantly changing business environments. SME's also lack business and marketing skills that may allow them to put together viable business proposals. They have less access to formal channels that provide comprehensive skills training because they are mostly unaware of the existence of such programmes and even when they are aware, their time constraints may limit their access to such programmes.

Moreover, some of them may lack the needed basic educational qualification for such skill training and are therefore cut off from benefiting from such programmes, where these programmes exist. However, irrespective of the constraints that face them, especially the women among them access to training and retraining is an important tool, which can enhance their economic activities to improve their earning power.

It is paramount therefore that efforts be enhanced by all stakeholders – government and government agencies, women advocacy groups, other civil society groups, international development partners to promote training for women at all levels and in all spheres of endeavor.

In order to generate enough income to help minimize the incidence of high-level poverty in most developing economies, international funding bodies and economic growth analysts have suggested to policy makers in developing economies to make greater efforts at promoting private sector development with SME‟s being at the forefront (Snodgrass & Winkler, 2014).

According to Beck, Demirguc-Kunt & Levine (2013), the World Bank approved more than $10 billion in support for SME's development programs on grounds that it has the ability to promote economic growth and alleviate poverty. The government continued supporting programmes aimed at skills training, registration and placement of job-seekers, training and re-training of redeployees. This resulted in a 5% rise in enrolment in the various training institutes such as The National Vocational and Training Institute (NVTI), Opportunity Industrialization Centers (OIC) etc. As at the end of 1997, 65,830 out of 72,000 redeployees who were re-trained under master craftsmen have been provided with tools and have become self-employed.

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2.14 The efforts of government and policy makers in improving small and medium enterprises of the Ghanaian clothing sector.

2.14.1 Establishment of SME's Bank

There is the need for the government to facilitate the setting up of a special bank which will deal with only SME's issues. When this bank is set up, it will help most of the entrepreneurs who want to access credit to expand their business to access the facilities. Firstly, this bank will understand the situation in which SME's are going through. Secondly, the bank is only dealing with SME's and all attention will be on them but not on salary workers as it is now. If this is done, we believe that SMEs in Ghana will improve to support the economy to grow.

2.14.2 Interest Rate

The reduction of interest rate should be a short-term issue. If the interest rate is reduced, it will encourage more of the entrepreneurs to access loans from the bank since most of them believed that rate of interest is cost of capital. A fall means cost of production falls and marginal efficiency of capital exceeds that of rate of interest and it will entice them to invest money which will therefore increase output by employing more factors of production.

2.14.3 Literacy Training for Entrepreneurs

The current illiteracy rate for (92%) of the entrepreneurs is very high. There is the need for government and other key stakeholders to team up for the provision of literacy training to enable them keep simple business records and also make simple calculation to help the growth of their businesses as well as to calculate their profit.

2.14.4 Ban of Importation of Foreign Goods

Government should establish policies which will ban the importation of foreign goods which can be produced locally by SME's but where the ban will not be necessary, government should impose high tariffs and import duties on the imported commodities in other to raise its prices so that people will demand locally produced goods. Certain goods should not be allowed to be imported into the country and government and other institutions should help entrepreneurs to improve their capacity both human and material to increase productivity so as not to create shortage of goods and services in the country.

2.14.5 Setting up Common Board

Government should set up a common board to regulate all the activities of the organizations which work with SME's. During the research, it was revealed that there are a lot of organizations which work with entrepreneurs and these organizations do the same work which takes most of the time of these entrepreneurs. If there is a common board, it will help to eliminate duplication of functions within the sector.

2.14.6 Setting up Policies

As we all know the contribution of SMEs to the economy of the country, government should come out with SME's policies which will protect activities of SME's.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter covered the research method that was adopted by the researcher in arriving at the findings. It describes the research design, research approach, the population, sampling and sample procedures, data gathering instruments, data collection measures, data analysis and ethical considerations.

3.2 Research Design

Research design is the plan of research that essentially guides the conduct of the whole research (Burns and Bush 2012). The researcher needs to develop a proper research design before conducting data collection and analysis, because research design will guide the logical flow of the research project. It is important to have a clear and systematic research design at the outset of the project for being rigorous throughout the investigation process and for being confident in the outcome of the study. This process may involve a number of stages and each stage has its own outcomes. Hair et al. (2013) concluded that a vigorous and systematic research design will lead to the type of data, technique of data collection, sampling methodology to be used, that the schedule and compliance with budget. Indeed, it will help to align the planned methodology to the research problems.

Research design essentially addresses two fundamental research inquiries – "what" and "why". "What" normally refers to the descriptive research and a clear description will lead to the "why" questions or exploratory research. Answering the "why" questions (exploratory research) involved developing a causal explanation. These research processes were identified by Burns and Bush (2012) and Hair et al. (2013), who classified research designs into three parts: exploratory, descriptive and causal.

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A choice of research design reflects decisions about the priority given to set of dimensions of the research process. The researcher used descriptive research design for the study. This refers to research which specifies the nature of a given phenomenon. It determines and reports the way things are done. Descriptive research thus involves collecting data in order to test hypotheses or answer research questions concerning the current status of the subject of the study (Bryman, 2004).

Descriptive research portrays an accurate profile of persons, events, or situations (Kothari, 2010). Therefore, the descriptive survey is deemed the best strategy to fulfil the objectives of this study. According to Kombo and Tromp (2006) the basic purpose for descriptive research usually is to describe characteristics of the population of interest, make specific predictions and test associational relationships.

3.2 Research Approach

3.2.1 Quantitative versus qualitative research

Distinction between qualitative research and quantitative research

Ulin et al. (2014) defined qualitative research as scientific research that involves an investigation to find a solution, has a proper way to answer the question, gathers evidence and lastly provides an outcome applicable to the study. Furthermore, the finding can be generalized to the population where it is involved. They also added that a qualitative study is one of the methods that can be used to obtain information about culture.

Golafshani (2013) stated that qualitative research allows the researcher to bring to light the problem to be studied by developing hypotheses to be tested. This was supported by Patton (2012) who stated that a qualitative attempt to understand certain phenomena is based on context-specific settings without ignoring the natural

surroundings. Denzin and Lincoln (2010) broadly defined qualitative research as a multi-method focus which involves an interpretive naturalistic approach to its subject matter. This means that such research attempts to investigate things based on a natural setting which brings meaning to them. Qualitative research also involves the studied use and collection of a variety of methods to capture the story, such as interview, observational, historical, interactional and visual texts. All these methods can describe people's routines and problematic moments which can bring full meaning to them.

Strauss and Corbin (2010) stated that qualitative research is different from quantitative research: the finding of the former method naturally explains without using statistical procedures or other means of quantification. Indeed, the qualitative researcher describes explanation, understanding and prediction to similar situations. In contrast, quantitative researchers seek causal determination, prediction, and generalization of findings (Hoepfl 2017). In simplified terms, qualitative research does not involve any statistical analysis to interpret the data to make the findings. For instance, if we were asked to explain in qualitative terms a thermal image displayed in multiple colors, we would explain the color differences rather than the heat's numerical value. In quantitative inquiry, the collection of data is normally measured and expressed numerically and used for statistical data analysis. Quantitative methods allow researchers to test theories and hypothesized relationships. This study would adopt a quantitative inquiry.

3.2.2 Advantages and disadvantages of qualitative and quantitative research

This section briefly explained the advantages and disadvantages performing qualitative and quantitative research method. For qualitative research, the advantage of this method lies in its strength in uncovering multiple realities based on varying experiences of people. In other words, a researcher who conducts qualitative research

can produce more in-depth and comprehensive information about their subjects. In addition, qualitative research could be conducted on a small group to understand multiple realities. However, the disadvantage of this method is its focus on a selected group only, where participants feel or think or how they behave. The researcher cannot make any assumption beyond this specific group of participants.

Quantitative research is a systematic approach to investigation. It involves measuring or counting attributes and answers to the 'what' and 'how many' questions. According to Demand Media Inc (2012), the research data is based on numbers which allow statistical tool to analyze it. This research method investigates the relationship between an independent variable and dependant variables to be studied. Researchers derive the hypotheses and test them with statistical tools like SPSS and SEM. However, advantages always come with disadvantages. Two disadvantages of doing quantitative research are: it ignores the natural setting like the qualitative research method. Besides that, it requires a large sample size so that it can be run through analysis statistical tool.

3.2.3 Justification of the quantitative approach

Researchers should bear in mind that methods used to conduct the research need to align with the research questions (Punch 2008). In other words, data which need to be collected should be enough in answering the research question. Amaratunga et al. (2012) maintained that quantitative research can help a researcher to gather strong evidence through statistical analysis on the relationship between dependent and independent variables. Undoubtedly, results obtained from statistical analysis can provide directions of relationships when mixed with theory and literature. Neuman (2007 p.63) defined the quantitative approach as "an organized method for combining deductive logic with precise empirical observations of individual behavior in order to

discover and confirm a set of probabilistic causal laws that can be used to predict general patterns of human activity."

Thus, this study aimed to measure underlying variables based on Cavana et al. (2011 p.106) who stated, "measurement of the variables in the theoretical framework is an integral part of research and an important aspect of quantitative research design". Furthermore, the advantages of using a quantitative approach can provide a researcher with in-depth explanations of quantitative enquiry. Cavana et al. (2011) and Amaratunga et al. (2012) emphasized this method can provide strength in reliability and validity for the constructs. Because the objective of this study was to empirically investigate a causal relationship between the underlying constructs, this methodology was deemed to be appropriate (Churchill and Suprenant 2012).

3.3 Population

Mugenda (2008) describes population as the set of all groups of individuals, objects, items, cases, articles or things with common attributes or characteristics. According to Kothari (2014) a population consists of all items in any field of inquiry. The population was made up of one hundred and sixty-two (162) SMEs operating in the Ghanaian clothing sector in the Amanfrom Municipality in the Ashanti Region.

3.4 Sample Size and Sampling Technique

Sample is a smaller, manageable version of a larger group. Samples are used in statistical testing when population are too large for the test to include all possible members or observations. A sample should represent the whole population and not reflect bias toward a specific attribute. It has been indicated that the size of the sample and the way in which it is selected definitely had implication for the confidence you can have in your data and the extent to which you can generalize (Saunders *et al* 2007).

Random sampling was used to obtain the sample size. Auka et al. (2013) posit that stratified random sampling ensures that all the groups (categories) are adequately sampled and this facilitates comparison among the groups. According to the Krejcie and Morgan (1970), table for determining sample size, a population of 162 requires a sample size of 113. Therefore, random sampling technique was used to select 113 participants for the study.

3.5. Data Collection Instruments

To ensure that data collected address the study objectives, the data collection instruments must be selected appropriately to avoid collecting irrelevant information, Odongo (2013). In this study, questionnaire was prepared for the purpose of obtaining data from the respondents. The questionnaire items comprised of closed - ended and open -ended items that offered to give the advantage of collecting both qualitative and quantitative information. The questions would be divided into sections that covered the research objectives and research questions.

The researcher used structured questionnaire in soliciting for data from the selected participants for the study. The questionnaire had four main sections, which were designed in line with the research questions. The first section contained socio-demographic characteristics of the respondents and included their age, gender, working experience and level of education. This was primarily to enable the researcher to have background information of respondents.

Section Two assessed the impact of small and medium enterprises of the Ghanaian clothing sector on the economy of Ghana. Section Three identified the challenges faced by the small and medium scale enterprises of the Ghanaian clothing sector and section Four evaluated the efforts of government and policy makers in improving small and

medium scale enterprises of the Ghanaian clothing sector. The analysis of the study was based on the research objectives of the study.

3.5.1 Pre-Testing the Instruments

Instruments pre-testing, also known as piloting is a preliminary study conducted on small scale to ascertain the effectiveness of the research instruments (Alila, 2011). A pre-test sample should be between 1% and 10% depending on the sample size (Mugenda, and Mugenda, 2013). In this study the researcher used a pre-test sample size equivalent to 10% of the study sample size, culminating into 11 respondents. Copies of questionnaire would be developed and self-administered to the pre-test sample that was similar to the actual study sample in its major characteristics. This was significant as it helped to reveal aspects of ambivalence depicted by the questionnaire items that were subsequently reframed relative to the responses obtained from the respondents.

3.6 Validity of the Instrument

Validity is a measure of the degree to which differences found with a measuring instrument depict true differences among the items being measured, Kothari (2014). In the perspective of Mugenda and Mugenda (2013), an instrument is validated by providing that its items are representative of the skills and characteristics to be measured. Validity of the research instruments would be reinforced by ensuring that the questionnaire items sufficiently covered the research objectives and this was subsequently confirmed by the pilot study. Other measures put in place to address issues of instrument validity would take the form of exposing the questionnaire to the experts and peers for judgement and review, respectively. Validity of the instrument would be also assured through randomization that proved helpful in checking the influence of extraneous variables. Randomization is considered crucial for it is the best technique of ensuring the representatives of the sample to the target population.

3.7 Reliability of the Instruments

According to Mugenda and Mugenda (2013), reliability is a measure of the degree to which a measuring instrument yields consistent results or data after repeated trials. In Kothari (2015), reliability of a test instrument is a measure of the consistency with which a test instrument produces the same results when administered to the group over time intervals.

In this study, split-half reliability measure was employed by diving the questionnaire items into two equal parts on the bases of odd and even appearances. The first part of the research instrument having been administered and the result obtained, the second part was subsequently administered and the results noted. Pearson's product moment coefficient of correlation (r) was then used to compare the two scores obtained and by giving an alpha value of 0.8, indicating that the data collection instrument was reliable.

3.8 Data Collection Procedures

According to Kothari (2015), data collection procedures comprise of the steps and actions necessary for conducting the research effectively and the desired sequencing of these steps. The researcher embarked on the process of collecting data from the field upon preparation of a research proposal which was assessed, corrections effected and research permit obtained from the Management of the urban roads department. With the research permit obtained, the researcher would start the collections of data collection by presenting the permit to relevant authorities.

In order to increase the return rate, the researcher would adopt the steps proposed by Wiseman and McDonald (2010). These steps would involve preparing cover letters attached to each questionnaire disclosing the significant of the study as well as assuring

the respondents of the researcher's commitment to confidentiality. In this study, the researcher would self-administer the data collection instruments to the respondents in batches of ten copies each, systematically until all were exhausted.

In the event that the respondents were not prepared to complete the questionnaire due to any other reason, arrangements would be made for the questionnaire to be collected later by the researcher for purposes of enhancing questionnaire return rate.

3.9 Methods of Data Analysis

Given the fact that the study would be descriptive in its major characteristics, descriptive statistics would be used as main method of data analysis. The analysis of the data would commence with editing and inspection of the pieces of data in order to identify simple mistakes, items that were wrongly responded to and any blank space left unfilled by the respondents. The computer statistical package for social scientists (SPSS version 22) would be used to process all the quantitative responses from the questionnaire. The questionnaire items would be sorted, coded and fed into SPSS program to generate frequencies and percentages and data would be presented using frequency distribution tables.

3.10 Ethical Considerations

According to Resnik (2011), there are several reasons for the adhering to ethical norms in research. Norms promote the aims of research, such as knowledge, falsifying or misrepresenting research data, promote the truth and avoid error. Moreover, since research often involves a great deal of cooperation and coordination among many different people in different discipline and institutions, ethical standards promote the value that are essential to collaborative work, such as trust, accountability, mutual respect and fairness. For instance, many ethical norms in research, such as guidelines

for relationships, copyright, and patency policies, data sharing policies and confidentiality and peer reviews are designed to protect intellectual property interest while encouraging collaborations. Many of the ethical norms help to ensure that researcher can be held accountable to the public.

William (2016) lists some of the ethical issues as informed consent, confidentiality and anonymity. Given the importance of ethical issues in several ways, the researcher would avoid taking any ones work and where someone's work was included, such were acknowledged. In the process of data collection, respondent's identities would be concealed and any information obtained would be handled with utmost confidence. No harm of any nature was meted out on any respondent, aspects of privacy was observed and any cruelty avoided.

CHAPTER FOUR

PRESENTATION AND DISCUSSION OF FINDINGS

4.1 Overview

The purpose of the study was to assess small and medium enterprises of the Ghanaian clothing sector: case study of Amanfrom Municipality in the Ashanti Region. The specific objectives of the study include to assess the impact of small and medium enterprises of the Ghanaian clothing sector on the economy of Ghana. Secondly, to identify the problems faced by the small and medium enterprises of the Ghanaian clothing sector and thirdly, to evaluate the efforts of government and policy makers in improving small and medium enterprises of the Ghanaian clothing sector. The analysis of the study was based on these research objectives.

The researcher sent a total of 113 questionnaires to gather information from the participants. Out of 113 questionnaires sent out for primary data, 100 questionnaires were received while 13 questionnaires were not received. Therefore, the analysis of the study was based on 88.5% questionnaire response rate.
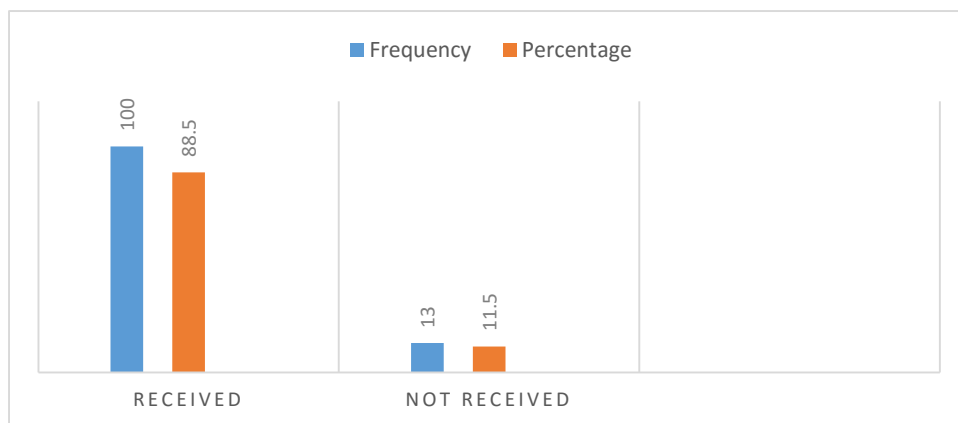
Figure 4.1: Response rate of the questionnaires

4.1 Demographic Characteristics of Respondents

The background characteristics of respondents included gender, academic qualifications and length of service. Table 4.1 presents the bio-data on the respondents for the study.

Table 4.1 Demographic Characteristics of Respondents

Demographic Characteristics of Respondents	Frequency	Percentage
Gender of the Respondents		
Male	45	45
Female	55	55
Total	100	100
Age ranges		
Under 20 years	18	18
31 – 40 years	33	33
51 - 60 years	12	12
21 – 30 years	8	8
41 – 50 years	30	30
Above 60 years	9	9
Total	100	100
Highest academic or professional qualification		
SSSCE/WASSCE/NVTI	42	42
Diploma/HND	27	27
Master's Degree	6	6
Bachelor's Degree	25	25
Total	100	100

Number of years in service		
Under 5 years	19	19
5 – 10 years	54	54
11– 15 years	23	23
16 – 20 years	4	4
Total	100	100

Source: Field survey, 2020, n=100

From Table 4.1, it is realized that there are more female representation than males with 55% females against 45% males. Moreover, 33% of the respondents were between the age ranges 31-40 years, 30% were between the age categories 41-50 years, 18% were below 20 years, 12% were between the age ranges 51-60 years, 9% were above 60 years, while 8% were between the age ranges 21-30 years.

In terms of educational qualification, majority (42%) of the respondents are SSSCE/WASSCE/NVTI holders, 27% of respondents are holding Diploma/HND certificates, 25% of respondents are Bachelor's degrees holders, while 6% were Masters' degree holders. Moreover, some of them may lack the needed basic educational qualification for such skill training and are therefore cut off from benefiting from such programmes, where these programmes exist. However, irrespective of the constraints that face them, especially the women among them access to training and retraining is an important tool, which can enhance their economic activities to improve their earning power.

It is also realized that 54% of respondents had worked for 5-10 years, 23% of the respondents had worked for 11-15 years, 19% have worked for less than 5 years, and 4% have worked for 16-20 years.

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4.2 Analysis of Research Questions

RESEARCH QUESTION ONE: What is the impact of small and medium enterprises of the Ghanaian clothing sector on the economy of Ghana?

Table 4.2: The impact of small and medium Scale enterprises of the Ghanaian clothing sector on the economy of Ghana with reference to Amanfrom Municipality in Ashanti Region, n=100

Scale: 1-Strongly Agree; 2-Agree; 3-Neutral; 4-Disagree; 5-Strongly Disagree

Variables	SA n (%)	A n (%)	N n (%)	D n (%)	SD n (%)
In Ghana, small scale enterprises including dressmakers collectively account for more than 70% of the total industrial employment.	40 (40%)	30 (30%)	5 (5%)	20 (20%)	5 (5%)
In Ghana the informal apprenticeship system in which a young person serves under a master for a given period to learn a craft or trade, plays a key role in skill formation in the small-scale dressmaking sector.	50 (50%)	20 (20%)	4 (4%)	26 (26%)	0 (0%)
The NBSSI through Business Advisory Centers (BAC), provide relevant information, training and guidance to individuals including small scale dressmakers/small and medium scale fashion industries.	60 (60%)	15 (15%)	5 (5%)	10 (10%)	10 (10%)
The training provided by small and medium enterprises of the Ghanaian clothing sector is intended to make them increase their output leading to enhanced revenue streams.	80 (80%)	5 (5%)	3 (3%)	12 (12%)	0 (0%)
Most economies in both developed and developing countries acknowledge the role and importance of SMEs in generating employment, stimulating growth and creating social cohesion.	60 (60%)	20 (20%)	10 (10%)	5 (5%)	5 (5%)
Because of their flexibility and quick adaptability to change, SMEs are viewed as instruments capable of responding to globalization.	80 (80%)	10 (10%)	0 (0%)	10 (10%)	0 (0%)
Among their many roles, SMEs in Ghana have been crucial in mobilizing funds which otherwise would have been idle.	85 (85%)	5 (5%)	3 (3%)	7 (7%)	0 (0%)

Source: Field survey, 2020,

SMEs have been recognized as a seed-bed for indigenous entrepreneurship, are labor intensive, employing more labor per unit of capital than large enterprises and promote indigenous technological know-how.	80 (80%)	10 (10%)	5 (5%)	5 (5%)	0 (0%)
Due to their regional dispersion and their labor intensity, argument goes that small scale production units can promote a more equitable distribution of income than large firms in Ghana.	70 (70%)	10 (10%)	5 (5%)	10 (10%)	5 (5%)
SMEs improve the efficiency of domestic markets and make productive use of scarce resources and thus facilitating long term economic growth.	80 (80%)	10 (10%)	0 (0%)	10 (20%)	0 (0%)
SME's that is springing up of such entrepreneurial and innovative ventures help promote economic growth and help reduce the high poverty level in such developing economies.	85 (85%)	5 (5%)	5 (5%)	5 (5%)	0 (%)
SME's enhance competition and entrepreneurship and thus have economy wide benefits in efficiency, innovation and productivity growth.	60 (60%)	15 (15%)	5 (5%)	10 (10%)	10 (10%)
Direct government support of small and medium enterprises of the Ghanaian clothing sector can help countries reap economic and social benefits.	80 (80%)	5 (5%)	3 (3%)	12 (12%)	0 (0%)

Table 4.2 indicates that majority 70% of the respondents agreed that in Ghana, small scale enterprises including dressmakers collectively account for more than 70% of the total industrial employment, 25% strongly disagreed while 5% were neutral. For most developing countries including Ghana, small scale enterprises including dressmakers collectively account for more than 70% of the total industrial employment. In view of their large numbers, they constitute a potentially important target group for policy makers concerned (Ayeertey, 2014).

Moreover, most of the respondents agreed that in Ghana the informal apprenticeship system in which a young person serves under a master for a given period to learn a craft or trade, plays a key role in skill formation in the small-scale dressmaking sector, 26% of the respondents disagreed, while 4% were neutral. In Ghana the informal

apprenticeship system in which a young person serves under a master for a given period to learn a craft or trade, plays a key role in skill formation in the small-scale dressmaking sector. The NBSSI through Business Advisory Centers (BAC), provide relevant information, training and guidance to individuals including small scale dressmakers/small and medium scale fashion industries. The training is intended to make them increase their output leading to enhanced revenue streams.

Also, 75% of the respondents agreed that the NBSSI through Business Advisory Centers (BAC), provide relevant information, training and guidance to individuals including small scale dressmakers/small and medium scale fashion industries, 20% disagreed, while 5% were neutral. Furthermore, 85% of the respondents agreed that the training provided by small and medium enterprises of the Ghanaian clothing sector is intended to make them increase their output leading to enhanced revenue streams, 12% disagreed, while 3% were not sure. Furthermore, due to their regional dispersion and their labor intensity, argument goes that small scale production units can promote a more equitable distribution of income than large firms in Ghana. They also improve the efficiency of domestic markets and make productive use of scarce resources and thus facilitating long term economic growth.

The study results indicate that 80% of the respondents agreed that most economies in both developed and developing countries acknowledge the role and importance of SMEs in generating employment, stimulating growth and creating social cohesion, 10% disagreed while 10% were neutral. Also, 90% of the respondents agreed that because of their flexibility and quick adaptability to change, SMEs are viewed as instruments capable of responding to globalization, while 10% disagreed. Levy & Powell (2015) noted that, SMEs are thought to be flexible and innovative organizations that are able to respond quickly to customer and market demands (flexibility). Contrary to what

happens in large firms. The production technologies of many manufacturing SME's may inhibit flexibility (Gupta & Cawthorn, 2016), while Carrie et al. (2014) believe that it is people rather than technology that provides flexibility.

To add more, 90% of the respondents agreed that among their many roles, SMEs in Ghana have been crucial in mobilizing funds which otherwise would have been idle, 7% disagreed while 3% were neutral. Among their many roles, SMEs in Ghana have been crucial in mobilizing funds which otherwise would have been idle (Kayanula and Quartey 2010). The authors further point out that SMEs have been recognized as a seed-bed for indigenous entrepreneurship, are labor intensive, employing more labor per unit of capital than large enterprises and promote indigenous technological know-how.

The study findings show that 90% of the respondents agreed that SMEs have been recognized as a seed-bed for indigenous entrepreneurship, are labor intensive, employing more labor per unit of capital than large enterprises and promote indigenous technological know-how, 5% disagreed and were neutral respectively. Moreover, 80% of the respondents agreed that due to their regional dispersion and their labor intensity, argument goes that small scale production units can promote a more equitable distribution of income than large firms in Ghana, 15% disagreed, while 5% were neutral. Czinkota *et al.* (2013) argue that SMEs are weak in Africa because of small local markets, entry of many firms into their markets with sometimes superior products, undeveloped regional integration and very difficult business conditions, which include cumbersome official procedures, poor infrastructure, dubious legal systems, and unattractive tax regimes - or difficult business conditions. That is, many firms stay small and informal and use simple technology that does not require great use of national infrastructure. This is a fact that hinders them from becoming competitive in the market place.

Also, 90% of the respondents agreed that SMEs improve the efficiency of domestic markets and make productive use of scarce resources and thus facilitating long term economic growth, while 10% disagreed. The major source of finance opened to small scale enterprises including dressmakers is the one operated by NBSSI. In Ghana, this dates back to 1970 under the Ghana Government Small Scale Business Loan Scheme (SBLS) where a total amount of one thousand, five hundred Ghana cedis (GHS 1,500.00) was provided by the government to the offices of Business Promotion to operate a revolving loan scheme under which credit was to be given to small businesses all over the country (Abaka and Mayer, 2014).

Furthermore, 90% of the respondents agreed that SME's that is springing up of such entrepreneurial and innovative ventures help promote economic growth and help reduce the high poverty level in such developing economies, 5% disagreed and were not sure respectively. Moreover, 75% of the respondents agreed that SME's enhance competition and entrepreneurship and thus have economy wide benefits in efficiency, innovation and productivity growth, 20% disagreed, 5% were not sure. The study results revealed that 90% of the respondents agreed that direct government support of small and medium enterprises of the Ghanaian clothing sector can help countries reap economic and social benefits, 12% disagreed, while 3% were not sure. Quartey and Abor (2011) found that Ghanaian consumers preferred local textiles to imported ones because of the quality and affordability of the local textiles. Fewer than half of the participants indicated a preference for imported textiles. Quartey and Abor (2011) suggested that, for the local textiles to compete on a level field with imported textiles there should be a strong adhesion to policies on duties, quotas, and tariffs.

RESEARCH QUESTION TWO: What are the challenges of small and medium enterprises of the clothing sector in Amanfrom Municipality of the Ashanti Region?

Table 4.3: The challenges of small and medium scale enterprises of the clothing sector in Amanfrom Municipality of the Ashanti Region, n=100

Variables	SA n(%)	A n(%)	N n(%)	D n(%)	SD n(%)	Mean X
Inadequate extensive training in marketing; financing and management constitute a major setback in small scale enterprise development in Ghana.	50 (50%)	20 (20%)	10 (10%)	0 (0%)	20 (20%)	4.78
The rise of low-cost goods from Asia	80 (80%)	5 (5%)	5 (5%)	10 (10%)	0 (0%)	4.65
A slowdown in consumer spending	70 (70%)	20 (20%)	0 (0%)	10 (10%)	0 (0%)	4.62
Difficulty in accessing capital	90 (90%)	5 (5%)	5 (5%)	0 (%)	0 (0%)	4.54
Lack of innovation from designers	85 (85%)	5 (5%)	0 (0%)	5 (5%)	5 (5%)	4.32
Relatively high cost of products	80 (80%)	5 (5%)	5 (5%)	10 (10%)	0 (0%)	4.27
Poor distribution channels and inability to promote local brands	70 (70%)	20 (20%)	(%)	10 (10%)	0 (0%)	4.21

It has been established that the main constraints identified by the dressmakers were inadequate credit and too depressed domestic demand for their products partly due to excessive influx of used clothing.	90 (90%)	5 (5%)	5 (5%)	0 (%)	0 (0%)	3.89
Uncoordinated efforts of agencies to assisting grouping.	85 (85%)	5 (5%)	0 (0%)	5 (5%)	5 (5%)	3.86
Poor entrepreneurial skills	60 (60%)	20 (20%)	10 (10%)	5 (5%)	5 (5%)	3.72
Inaccessibility to credit facilities	80 (80%)	10 (10%)	0 (0%)	10 (10%)	0 (0%)	3.63
Inadequate technical and managerial skills	85 (85%)	5 (5%)	3 (3%)	7 (7%)	0 (0%)	3.54
The current illiteracy rate for (92%) of the entrepreneurs is very high.	80 (80%)	10 (10%)	5 (5%)	5 (5%)	0 (0%)	3.28
Average Total	1005	135	48	77	35	
Average Percent (%)	77.3	10.4	3.7	5.9	2.7	

Scale: 1-Strongly Agree; 2-**Agree**; **3-Neutral**; **4-Disagree**; **5-Strongly Disagree**

Source: Field survey, 2020

Table 4.3 indicates that an average of 87.3% of the respondents agreed that the challenges faced by the small and medium scale enterprises of the Ghanaian clothing sector were inadequate extensive training in marketing; It is paramount therefore that efforts be enhanced by all stakeholders – government and government agencies, women advocacy groups, other civil society groups, international development partners to promote training for women at all levels and in all spheres of endeavor.

Financing and management constitute a major setback in small scale enterprise development in Ghana (mean score of 4.78), In order to generate enough income to help minimize the incidence of high-level poverty in most developing economies, international funding bodies and economic growth analysts have suggested to policymakers in developing economies to make greater efforts at promoting private sector development with SME's being at the forefront (Snodgrass & Winkler, 2014).

The rise of low-cost goods from Asia (mean score of 4.65), A slowdown in consumer spending (mean score of 4.62), Difficulty in accessing capital (mean score of 4.54), To address this critical handicap, a number of financial intermediation schemes have been launched in the country with the overarching objective of providing easy access to finance the SME's.

Lack of innovation from designers (mean score of 4.32), Relatively high cost of products (4.27), Poor distribution channels and inability to promote local brands (mean score of 4.21), It has been established that the main constraints identified by the dressmakers were inadequate credit and too depressed domestic demand for their products partly due to excessive influx of used clothing (mean score of 3.89), The study found that access to finance was a significant problem for SME's, even though other problems such as low cash flow, energy, high cost of non-labor inputs, increasing competition, and high cost of credit were also cited (Asiama and Osei, 2007)

Uncoordinated efforts of agencies to assisting grouping (mean score of 3.86), The financial institutions organize SMEs into solidarity groups where group members mutually guarantee each other's loan amount and each individual group member is responsible for repayment in case any member defaults. For Sinapi Aba Trust (loan company), loan officers go to the field to recover loans and give education while

Agricultural Development Bank (ADB) does not offer education to entrepreneur's loan beneficiaries.

Poor entrepreneurial skills (mean score of 3.72), Aryeetey (2014) has also noted that lack of extensive training in marketing; financing and management constitute a major setback in small scale enterprise development in Ghana. In its effort to fill this gap, dressmakers are trained by NBSSI on the need to keep customer invoice books in which they can record the needed services, and specific information such as account, partial payment and due balances. Others are also encouraged to relocate their shops after being taken through growth plans which call for the need to start fashion schools to train others in dressmaking.

Inaccessibility to credit facilities (mean score of 3.63), Besides, SME's loan beneficiaries under ADB repay loans themselves to the bank through the group account. This credit scheme when delivered efficiently could enable SME's buy large quantities of raw materials at cheaper prices. Trade/micro credit scheme could however be limited by the level of interest rate charged by financiers (Davenport, 2017).

Inadequate technical and managerial skills (mean score of 3.54), and the current illiteracy rate for (92%) of the entrepreneurs is very high (mean score of 3.28). For these problems to be resolved there is the need to urge entrepreneurs to exhibit a high sense of steadfastness in order to grapple with any crises that may crop up in their trade or vocations. The policy has it that, they should show high level of maturity in handling teething problems by applying strategies to overcome such problems.

RESEARCH QUESTION THREE What are the efforts of government and policy makers in improving small and medium enterprises of the clothing sector in Amanfrom Municipality?

Table 4.4: The efforts of government and policy makers in improving small and medium enterprises of the clothing sector in Amanfrom municipality, n=100

Statement (s)	SA n (%)	A n (%)	N n (%)	D n (%)	SD n (%)
Dressmakers are trained by NBSSI on the need to keep customer invoice books in which they can record the needed services, and specific information such as account, partial payment and due balances.	80 (80%)	5 (5%)	5 (5%)	10 (10%)	-
Dressmakers should be encouraged to relocate their shops after being taken through growth plans which call for the need to start fashion schools to train others in dressmaking.	80 (80%)	5 (5%)	5 (5%)	10 (10%)	0 (0%)
Dressmakers should be equipped with marketing and customer service skills.	75 (75%)	10 (10%)	5 (5%)	10 (10%)	0 (0%)
There is the need for the government to facilitate the setting up of a special bank which will deal with only SME's issues.	80 (80%)	10 (10%)	5 (5%)	0 (%)	5 (5%)
There is the need for government and other key stakeholders to team up for the provision of literacy training to enable them keep simple business records and also make simple calculation to help the growth of their businesses as well as to calculate their profit.	80 (80%)	10 (10%)	0 (0%)	5 (5%)	5 (5%)
The importation of second-hand clothing must be stopped by setting up effective legal and administrative frameworks for the prevention and reduction of imported textiles into the country.	90 (90%)	5 (5%)	5 (5%)	0 (0%)	0 (0%)
There must be a ban on the importation of second-hand clothing such as under pants, brassier, supporters and towels to forestall the spread of any contagious disease.	85 (85%)	5 (5%)	5 (5%)	5 (5%)	0 (0%)
Second hand clothing must be tasked heavily to discourage its importation.	70 (70%)	10 (10%)	5 (5%)	10 (10%)	5 (5%)

Made-in-Ghana clothing and Textiles must be re-branded and priced moderately.	75 (75%)	10 (10%)	5 (5%)	10 (10%)	0 (0%)
Providing information and training to workers can revitalize the industry	80 (80%)	10 (10%)	5 (5%)	0 (%)	5 (5%)
Using Ghana textiles for making uniforms can enhance sales of local clothes	80 (80%)	10 (10%)	0 (0%)	5 (5%)	5 (5%)
Stringent measures in border regions can prevent smuggling of clothing into the country.	90 (90%)	5 (5%)	5 (5%)	0 (0%)	0 (0%)
Promotion of the Friday wear can enhance sale of local clothing	85 (85%)	5 (5%)	5 (5%)	5 (5%)	0 (0%)
NGOs should engage the small-scale garment industries for the production of clothes for charity donations	80 (80%)	10 (10%)	0 (0%)	10 (10%)	0 (0%)
Government should set up a common board to regulate all the activities of the organizations which work with SME's.	85 (85%)	5 (5%)	3 (3%)	7 (7%)	0 (0%)
Government should come out with SME's policies which will protect activities of SME's.	80 (80%)	10 (10%)	5 (5%)	5 (5%)	0 (0%)

Scale: 1-Strongly Agree; 2-**Agree**; 3-**Neutral**; 4-**Disagree**; 5-**Strongly Disagree**

Source: Field survey, 2020

Table 4.4 shows that greater percent of the respondents 85% agreed that dressmakers should be trained by NBSSI on the need to keep customer invoice books in which they can record the needed services, and specific information such as account, partial payment and due balances, 35% of the respondents disagreed, while 5% were neutral. The NBSSI established an Entrepreneurial Development Programme, intended to train and assist persons with entrepreneurial abilities into self-employment. In 1987, the industrial sector also witnessed the coming into operation of the Ghana Appropriate Technology Industrial Service (GRATIS). This was a move by the government to reduce the dominance of foreign nationals in the country (Kayanula and Quartey, 2010).

The current illiteracy rate for (92%) of the entrepreneurs is very high. There is the need for government and other key stakeholders to team up for the provision of literacy training to enable them keep simple business records and also make simple calculation to help the growth of their businesses as well as to calculate their profit.

To add more, 85% of the respondents agreed that dressmakers should be encouraged to relocate their shops after being taken through growth plans which call for the need to start fashion schools to train others in dressmaking, 10% of the respondents disagreed, while 5% were not sure. Moreover, majority of the respondents agreed that dressmakers should be equipped with marketing and customer service skills, 10% disagreed, while 5% were not sure. Also, 90% of the respondents agreed that there is the need for the government to facilitate the setting up of a special bank which will deal with only SME's issues, while 5% disagreed and were neutral respectively. There is the need for the government to facilitate the setting up of a special bank which will deal with only SME's issues. When this bank is set up, it will help most of the entrepreneurs who want to access credit to expand their business to access the facilities. Firstly, this bank will understand the situation in which SME's are going through. Secondly, the bank is only dealing with SME's and all attention will be on them but not on salary workers as it is now. If this is done, we believe that SMEs in Ghana will improve to support the economy to grow.

The study results held that there is the need for government and other key stakeholders to team up for the provision of literacy training to enable them keep simple business records and also make simple calculation to help the growth of their businesses as well as to calculate their profit, while 10% disagreed. Furthermore, 95% of the respondents agreed that the importation of second-hand clothing must be stopped by setting up

effective legal and administrative frameworks for the prevention and reduction of imported textiles into the country, while 5% were neutral.

Moreover, 90% of the respondents agreed that there must be a ban on the importation of second-hand clothing such as under pants, brassier, supporters and towels to forestall the spread of any contagious disease, 5% disagreed and were neutral respectively. The study findings reveal that 70% of the respondents agreed that second hand clothing must be tasked heavily to discourage its importation, 15% of the respondents disagreed, while 5% were not sure. Government should establish policies which will ban the importation of foreign goods which can be produced locally by SME's but where the ban will not be necessary, government should impose high tariffs and import duties on the imported commodities in other to raise its prices so that people will demand locally produced goods. Certain goods should not be allowed to be imported into the country and government and other institutions should help entrepreneurs to improve their capacity both human and material to increase productivity so as not to create shortage of goods and services in the country.

Also, 85% of the respondents agreed that made-in-Ghana clothing and Textiles must be re-branded and priced moderately, 10% disagreed while 5% were neutral. Moreover, 90% of the respondents agreed that providing information and training to workers can revitalize the industry, while 5% disagreed and were neutral respectively.

Furthermore, 90% of the respondents agreed that using Ghana textiles for making uniforms can enhance sales of local clothes, while 10% disagreed. It has been established that the main constraints identified by the dressmakers were inadequate credit and too depressed domestic demand for their products partly due to excessive influx of used clothing. Another problem is uncoordinated efforts of agencies to

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assisting grouping. Thomi and Yankson (2015) expressed the need to utilize more efficient institutions which support small scale firms.

To add more, 95% of the respondents agreed that stringent measures in border regions can prevent smuggling of clothing into the country, while 5% were neutral. The study results indicated that 90% of the respondents agreed that promotion of the Friday wear can enhance sale of local clothing, while 5% disagreed and were neutral respectively. Most of the respondents agreed that NGOs should engage the small-scale garment industries for the production of clothes for charity donations. Majority of the respondents agreed that Government should set up a common board to regulate all the activities of the organizations which work with SME's, 7% disagreed, while 3% were not sure. Finally, 90% of the respondents agreed that government should come out with SME's policies which will protect activities of SMEs, while 5% disagreed and were not sure respectively. Government should set up a common board to regulate all the activities of the organizations which work with SME's. During the research, it was revealed that there are a lot of organizations which work with entrepreneurs and these organizations do the same work which takes most of the time of these entrepreneurs. If there is a common board, it will help to eliminate duplication of functions within the sector.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

The purpose of the study was to assess small and medium enterprises of the Ghanaian clothing sector: case study of Amanfrom Municipality in the Ashanti Region. This study used descriptive research design. Quantitative research approach was used. The population was made up of one hundred and sixty-two (162) SMEs operating in the Ghanaian clothing sector in the Amanfrom Municipality in the Ashanti Region. Therefore, random sampling technique would be used to select 113 participants for the study. Questionnaires were the main instrument used to gather primary data. The computer statistical package for social scientists (SPSS version 22) was used to process all the quantitative responses from the questionnaire.

The first objective of the study was to assess the impact of small and medium enterprises of the Ghanaian clothing sector on the economy of Ghana. The study results held that majority 70% of the respondents agreed that in Ghana, small scale enterprises including dressmakers collectively account for more than 70% of the total industrial employment.

Moreover, most of the respondents agreed that in Ghana the informal apprenticeship system in which a young person serves under a master for a given period to learn a craft or trade, plays a key role in skill formation in the small-scale dressmaking sector. Also, 75% of the respondents agreed that the NBSSI through Business Advisory Centers (BAC), provide relevant information, training and guidance to individuals including small scale dressmakers/small and medium scale fashion industries.

Furthermore, 85% of the respondents agreed that the training provided by small and medium enterprises of the Ghanaian clothing sector is intended to make them increase their output leading to enhanced revenue streams. The study results indicate that 80% of the respondents agreed that most economies in both developed and developing countries acknowledge the role and importance of SMEs in generating employment, stimulating growth and creating social cohesion.

Also, 90% of the respondents agreed that because of their flexibility and quick adaptability to change, SMEs are viewed as instruments capable of responding to globalization. To add more, 90% of the respondents agreed that among their many roles, SMEs in Ghana have been crucial in mobilizing funds which otherwise would have been idle.

The study findings show that 90% of the respondents agreed that SMEs have been recognized as a seed-bed for indigenous entrepreneurship, are labor intensive, employing more labor per unit of capital than large enterprises and promote indigenous technological know-how. Moreover, 80% of the respondents agreed that due to their regional dispersion and their labor intensity, argument goes that small scale production units can promote a more equitable distribution of income than large firms in Ghana.

Also, 90% of the respondents agreed that SMEs improve the efficiency of domestic markets and make productive use of scarce resources and thus facilitating long term economic growth. Furthermore, 90% of the respondents agreed that SME's that is springing up of such entrepreneurial and innovative ventures help promote economic growth and help reduce the high poverty level in such developing economies.

Moreover, 75% of the respondents agreed that SME's enhance competition and entrepreneurship and thus have economy wide benefits in efficiency, innovation and

productivity growth. The study results revealed that 90% of the respondents agreed that direct government support of small and medium enterprises of the Ghanaian clothing sector can help countries reap economic and social benefits.

The second objective was to identify the problems faced by the small and medium enterprises of the Ghanaian clothing sector. The study findings indicate that an average of 87.3% of the respondents agreed that the problems faced by the small and medium enterprises of the Ghanaian clothing sector were inadequate extensive training in marketing; financing and management constitute a major setback in small scale enterprise development in Ghana (mean score of 4.78), The rise of low cost goods from Asia (mean score of 4.65), A slowdown in consumer spending (mean score of 4.62), Difficulty in accessing capital (mean score of 4.54), Lack of innovation from designers (mean score of 4.32), Relatively high cost of products (4.27), Poor distribution channels and inability to promote local brands (mean score of 4.21), It has been established that the main constraints identified by the dressmakers were inadequate credit and too depressed domestic demand for their products partly due to excessive influx of used clothing (mean score of 3.89), Uncoordinated efforts of agencies to assisting grouping (mean score of 3.86), Poor entrepreneurial skills (mean score of 3.72), Inaccessibility to credit facilities (mean score of 3.63), Inadequate technical and managerial skills (mean score of 3.54), and The current illiteracy rate for (92%) of the entrepreneurs is very high (mean score of 3.28). The third objective was to evaluate the efforts of government and policy makers in improving small and medium enterprises of the Ghanaian clothing sector. The study results show that greater percent of the respondents 85% agreed that dressmakers should be trained by NBSSI on the need to keep customer invoice books in which they can record the needed services, and specific information such as account, partial payment and due balances.

To add more, 85% of the respondents agreed that dressmakers should be encouraged to relocate their shops after being taken through growth plans which call for the need to start fashion schools to train others in dressmaking. Moreover, majority of the respondents agreed that dressmakers should be equipped with marketing and customer service skills.

Also, 90% of the respondents agreed that there is the need for the government to facilitate the setting up of a special bank which will deal with only SME's issues. The study results held that there is the need for government and other key stakeholders to team up for the provision of literacy training to enable them keep simple business records and also make simple calculation to help the growth of their businesses as well as to calculate their profit.

Furthermore, 95% of the respondents agreed that the importation of second-hand clothing must be stopped by setting up effective legal and administrative frameworks for the prevention and reduction of imported textiles into the country. Moreover, 90% of the respondents agreed that there must be a ban on the importation of second-hand clothing such as under pants, brassier, supporters and towels to forestall the spread of any contagious disease.

The study findings reveal that 70% of the respondents agreed that second hand clothing must be tasked heavily to discourage its importation, 15% of the respondents disagreed. Also, 85% of the respondents agreed that made-in-Ghana clothing and Textiles must be re-branded and priced moderately. Moreover, 90% of the respondents agreed that providing information and training to workers can revitalize the industry. Furthermore, 90% of the respondents agreed that using Ghana textiles for making uniforms can enhance sales of local clothes.

To add more, 95% of the respondents agreed that stringent measures in border regions can prevent smuggling of clothing into the country. The study results indicated that 90% of the respondents agreed that promotion of the Friday wear can enhance sale of local clothing.

Most of the respondents agreed that NGOs should engage the small-scale garment industries for the production of clothes for charity donations. Majority of the respondents agreed that Government should set up a common board to regulate all the activities of the organizations which work with SME's. Finally, 90% of the respondents agreed that government should come out with SME's policies which will protect activities of SME's.

5.2 Conclusions

The study concluded that in Ghana, small scale enterprises including dressmakers collectively accounted for more than 70% of the total industrial employment and also informal apprenticeship system plays a key role in skill formation in the small-scale dressmaking sector. Moreover, the training provided by small and medium enterprises of the Ghanaian clothing sector is intended to make them increase their output leading to enhanced revenue streams. The study further concludes that most economies in both developed and developing countries acknowledge the role and importance of SMEs in generating employment, stimulating growth and creating social cohesion. To add more, among their many roles, SMEs in Ghana have been crucial in mobilizing funds which otherwise would have been idle. Furthermore, SMEs have been recognized as a seed-bed for indigenous entrepreneurship, are labor intensive, employing more labor per unit of capital than large enterprises and promote indigenous technological know-how. The

study results concluded that direct government support of small and medium enterprises of the Ghanaian clothing sector can help countries reap economic and social benefits.

The problems faced by the small and medium enterprises of the Ghanaian clothing sector were inadequate extensive training in marketing; financing and management constitute a major setback in small scale enterprise development in Ghana, the rise of low-cost goods from Asia, A slowdown in consumer spending, difficulty in accessing capital, and lack of innovation from designers. Moreover, relatively high cost of products, Poor distribution channels and inability to promote local brands, uncoordinated efforts of agencies to assisting grouping, poor entrepreneurial skills, inaccessibility to credit facilities, and inadequate technical and managerial skills.

5.3 Recommendations

The study recommended that,

1. Dressmakers should be trained by NBSSI on the need to keep customer invoice books in which they can record the needed services, and specific information such as account, partial payment and due balances.

2. Dressmakers should be encouraged to relocate their shops after being taken through growth plans which call for the need to start fashion schools to train others in dressmaking.

3. Dressmakers should be equipped with marketing and customer service skills.

4. There is the need for the government to facilitate the setting up of a special bank which will deal with only SME's issues.

5. There is the need for government and other key stakeholders to team up for the provision of literacy training to enable them keep simple business records and also make simple calculation to help the growth of their businesses as well as to calculate their profit.

6. The importation of second-hand clothing must be stopped by setting up effective legal and administrative frameworks for the prevention and reduction of imported textiles into the country.

7. The second-hand clothing must be tasked heavily to discourage its importation.

8. Made-in-Ghana clothing and Textiles must be re-branded and priced moderately.

9. There is the need for stakeholders to provide information and training to workers to revitalize the industry.

10. The Government should set up a common board to regulate all the activities of the organizations which work with small and medium enterprises of the Ghanaian clothing sector.

11. The Government should come out with SME's policies which will protect activities of SME's.
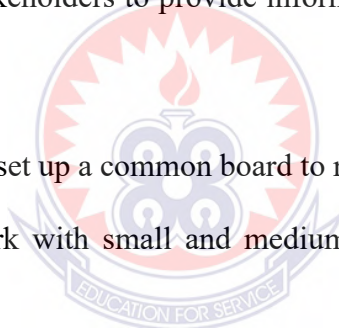
5.5 Suggestions for Further Research

Based on the recommendations of the study, the researcher suggested that a similar study should be conducted to investigate the impact of improving quality local garments on the Ghanaian textiles industry.

5.5 Suggestions for Further Research

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APPENDIX A: QUESTIONNAIRES FOR THE RESPONDENTS

UNIVERSITY OF EDUCATION, WINNEBA

COLLEGE OF TECHNOLOGY EDUCATION, KUMASI

The researcher is a Postgraduate student of University of Education Winneba, Kumasi Campus conducting a piece of research on **AN ASSESSMENT OF THE IMPACT OF SMALL AND MEDIUM ENTERPRISES OF THE GHANAIAN CLOTHING SECTOR: CASE STUDY OF AMANFROM MUNICIPALITY IN THE ASHANTI REGION.** I respectfully request that you form part of this research by completing the attached questionnaire. It is my fervent hope that you participate in the study. May I thank you for your valuable cooperation.

SECTION A: Demographic information of respondents

Please tick [√] the response that best reflects the extent to which you agreed or disagreed with each of the following statements

1. Please indicate your gender. Male [ ]   Female [ ]

2. What is the age category you belong?

Under 20 years [ ]	21 – 30 years [ ]
31 – 40 years [ ]	41 – 50 years [ ]
51 - 60 years [ ]	Above 60 years [ ]

3. What is your highest academic or professional qualification?

SSSCE/WASSCE [ ]   NVTI [ ]   Diploma [ ]   HND [ ]   Bachelor's Degree   [ ]

Master's Degree [ ] Others, please specify   [----------------------------------]

4. What is the number of years you have been operating your SME?

Under 5 years [ ]	5 – 10 years [ ]
11– 15 years [ ]	16 – 20 years [ ]
21 - 30 years [ ]	Above 30 years [ ]

SECTION B: The impact of small and medium enterprises of the Ghanaian clothing sector on the economy of Ghana with particular reference to Amanfrom Municipality of Ashanti Region, Ghana.

Please use the following Likert Scale to evaluate the impact of small and medium enterprises of the Ghanaian clothing sector on the economy of Ghana with particular reference to Amanfrom Municipality of Ashanti Region, Ghana. Please tick [√] in the box where appropriate.

Scale: 1-Strongly Agree; 2-**Agree**; **3-Neutral**; **4-Disagree**; **5-Strongly Disagree**

No.	STATEMENT(S)	SA	A	N	D	SD
1	In Ghana, small scale enterprises including dressmakers collectively account for more than 70% of the total industrial employment.					
2	In Ghana the informal apprenticeship system in which a young person serves under a master for a given period to learn a craft or trade, plays a key role in skill formation in the small-scale dressmaking sector.					

3	The NBSSI through Business Advisory Centers (BAC), provide relevant information, training and guidance to individuals including small scale dressmakers/small and medium scale fashion industries.					
4	The training provided by small and medium enterprises of the Ghanaian clothing sector is intended to make them increase their output leading to enhanced revenue streams.					
5	Most economies in both developed and developing countries acknowledge the role and importance of SMEs in generating employment, stimulating growth and creating social cohesion.					
6	Because of their flexibility and quick adaptability to change, SMEs are viewed as instruments capable of responding to globalization.					
7	Among their many roles, SMEs in Ghana have been crucial in mobilizing funds which otherwise would have been idle.					
8	SMEs have been recognized as a seed-bed for indigenous entrepreneurship, are labor intensive, employing more labor per unit of capital than large enterprises and promote indigenous technological know-how.					
9	Due to their regional dispersion and their labor intensity, argument goes that small scale production units can promote					

	a more equitable distribution of income than large firms in Ghana.					
10	SMEs improve the efficiency of domestic markets and make productive use of scarce resources and thus facilitating long term economic growth.					
11	SME's that is springing up of such entrepreneurial and innovative ventures help promote economic growth and help reduce the high poverty level in such developing economies.					
12	SME's enhance competition and entrepreneurship and thus have economy wide benefits in efficiency, innovation and productivity growth.					
13.	Direct government support of small and medium enterprises of the Ghanaian clothing sector can help countries reap economic and social benefits.					

Section C: The challenges of the small and medium enterprises of the clothing sector in Amanfrom Municipality of the Ashanti Region, Ghana.

Please use the following Likert scale to assess the challenges of the small and medium enterprises of the clothing sector in Amanfrom Municipality of the Ashanti Region, Ghana. Please tick [√] in the box where appropriate.

Scale: 1-Strongly Agree; 2-Agree; 3-Neutral; 4-Disagree; 5-Strongly Disagree

No.	ITEMS	SA	A	N	D	SD
1	Inadequate extensive training in marketing; financing and management constitute a major setback in small scale enterprise development in Ghana.					
2	The rise of low-cost goods from Asia					
3	A slowdown in consumer spending					
4	Difficulty in accessing capital					
5	Lack of innovation from designers					
6	Relatively high cost of products					
7	Poor distribution channels and inability to promote local brands					
8	It has been established that the main constraints identified by the dressmakers were inadequate credit and too depressed domestic demand for their products partly due to excessive influx of used clothing.					
9	Uncoordinated efforts of agencies to assisting grouping.					
10	Poor entrepreneurial skills					
11	Inaccessibility to credit facilities					
12	Inadequate technical and managerial skills					

| 13 | The current illiteracy rate for (92%) of the entrepreneurs is very high. | | | | | |

SECTION D: The efforts of government and policy makers in improving small and medium enterprises of the clothing sector in Amanfrom Municipality of the Ashanti Region, Ghana.

Please indicate the rating that best describes the extent to which your views on the efforts of government and policy makers in improving small and medium enterprises of the clothing sector in Amanfrom Municipality of the Ashanti Region, Ghana. Please tick [√] in the box where appropriate.

	ITEMS	SA	A	N	D	SD
1	Dressmakers are trained by NBSSI on the need to keep customer invoice books in which they can record the needed services, and specific information such as account, partial payment and due balances.					
2	Dressmakers should be encouraged to relocate their shops after being taken through growth plans which call for the need to start fashion schools to train others in dressmaking.					
3	Dressmakers should be equipped with marketing and customer service skills.					
4	There is the need for the government to facilitate the setting up of a special bank which will deal with only SME's issues.					

5	There is the need for government and other key stakeholders to team up for the provision of literacy training to enable them keep simple business records and also make simple calculation to help the growth of their businesses as well as to calculate their profit.					
6	The importation of second-hand clothing must be stopped by setting up effective legal and administrative frameworks for the prevention and reduction of imported textiles into the country.					
7	There must be a ban on the importation of second-hand clothing such as under pants, brassier, supporters and towels to forestall the spread of any contagious disease.					
8	Second hand clothing must be tasked heavily to discourage its importation.					
9	Made-in-Ghana clothing and Textiles must be re-branded and priced moderately.					
10	Providing information and training to workers can revitalize the industry					
11	Using Ghana textiles for making uniforms can enhance sales of local clothes					
12	Stringent measures in border regions can prevent smuggling of clothing into the country.					
13	Promotion of the Friday wear can enhance sale of local clothing					
14	NGOs should engage the small-scale garment industries for the production of clothes for charity donations					

| 15 | Government should set up a common board to regulate all the activities of the organizations which work with SME's. | | | | | |
| 16 | Government should come out with SME's policies which will protect activities of SME's. | | | | | |

Thanks for your cooperation