

UNIVERSITY OF EDUCATION, WINNEBA
COLLEGE OF TECHNOLOGY EDUCATION, KUMASI

**AN ASSESSMENT OF THE INFORMAL SECTOR IN THE DEVELOPMENT OF
THE LOCAL ECONOMY: A CASE STUDY OF MASTER CRAFTSMEN
WITHIN THE WA MUNICIPALITY**



AIDAN DOMOBONG NAASAAMU

DECEMBER, 2016



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**A Dissertation in the DEPARTMENT OF MECHANICAL TECHNOLOGY
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Graduate Studies, University of Education, Winneba in partial fulfillment of the
Requirement for the award of the Master of Technology Education (Mechanical)
degree.**

DECEMBER, 2016

DECLARATION

STUDENT'S DECLARATION

I, Aidan Domobong Naasaamu, declare that, this Dissertation with the exception of quotations and references contained in published works which have all been identified and acknowledged, is entirely my own original work, and it has not been submitted, either in part or whole, for another degree elsewhere.

SIGNATURE

DATE

SUPERVISOR'S DECLARATION

I hereby declare that the preparation and presentation of the Dissertation were supervised in accordance with the guidelines on supervision of Dissertation laid down by the University of Education, Winneba.

NAME OF SUPERVISOR

SIGNATURE

DATE



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DEDICATION

I dedicate this work to my family and friends



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ABSTRACT

Small and medium enterprises have been considered as the engine of economic growth and for promoting equitable development. The role of small and medium enterprise in the economic and social development of the country is well established. The sector is a nursery and as such a pre-requisite requirement of entrepreneurship; often driven by individual creativity and innovation. The relative importance of small and medium scale enterprises in advanced and developing countries has led and would continue to lead to a reconsideration of the role of small and medium scale enterprises in the economy of nations. However, the case of master craftsmen in the Wa Municipality has not received much attention. This study sought to: describe the operations of master craftsmen, analyse the contribution of master craftsmen to the development of the local economy, and to identify the challenges of master craftsmen in the Wa Municipality. Primary data were collected from 114 operators of master craftsmen and analysed using descriptive statistics. The results indicate that master craftsmen operates in different activities such as motorcycle repairs, Television repairs, electronic gadget repairs, vehicle repairs, vulcanizing, and welding and fabrication. These enterprises operate in a small scale with employees not exceeding 5. These enterprises contribute to employment creation, apprentice training, revenue generation, tax revenue generation and provision of basic services. The challenges faced by these firms include inadequate working capital, poor electricity supply among others. The study concluded that the challenges faced by these firms further places a limitation to which their potentials could be utilized. It is recommended for stakeholders such as the Wa Municipal Assembly, National Board for Small Scale Industries to facilitate in the mobilization of these firms in order to have access to basic services.

LIST OF ACRONYMS

ASIP	Agricultural Services Investment Project
CBRDP	Community Based Rural Development Programme
EDIF	Export Development and Investment Fund
FDI	Foreign Direct Investment
FINSSP	Financial Sector Strategic Plan
GEDC	Ghana Enterprise Development Commission
GRATIS	Ghana Appropriate Technology Industrial Service
GDP	Gross Domestic Product
GSS	Ghana Statistical Service
ITTUs	Intermediate Technology Transfer Units
ILO	International Labour Organisation
MPSD	Ministry of Private Sector Development
MTDP	Medium Term Development Plan
NBSSI	National Board for Small Scale Industries
PSI	President's Special Initiative
RFSP	Rural Financial Services Project
REP	Rural Enterprise Project
SMEs	Small and Medium Term Enterprises
SIF	Social Investment Fund
UNDP	United Nations Development Programme

CHAPTER ONE

KEY ISSUES AND CHALLENGES OF THE INFORMAL SECTOR

1.1 Introduction

One major area of interest in the urban development process is the problem of adequately providing for the employment needs of the mass of people. The rate of job creation in the formal economy has relatively been low in relation to the rate of growth of job seekers in the urban centres. It is, however, interesting to note that the large population of the urban labour force does, in one way or the other, survive. A close examination of the activities of these people indicates that most of them find employment in small scale enterprises in the informal sector (Boapeah, 2000).

The rise of the informal economy is due to many factors. Widespread economic restructuring of the past decades - a shift from manufacturing to service sector jobs compounded by both the world food crises and the recent Great Depression has resulted in an increase in forms of marginal employment and an increase in small businesses, and a decline in male labour market participation - has changed the way people are connected to the labour market. Scholars have begun examining how these changes affect personal employment decisions. At the same time, there are heightened interests in the extent to which informal economic activity exists (Osei-Boateng and Ampratwum, 2011).

The origin of the informal sector in Ghana's economy can be traced back to the very beginnings of colonial capitalism in the then Gold Coast. Even at such an early stage, an essential feature of labour in the informal sector was its heterogeneous character that provided for varieties of peasant proprietors and agricultural labourers, distribution

agents, buyers, transport owners and employees, porters, repairers, etc. (Ninsin, 1991; Adu-Amankwah, 1999).

Throughout the decades, instead of disappearing as the modern economy expanded, the informal sector has actually grown in the rural and urban areas of Ghana. The size of Ghana's informal sector is placed at 80 per cent of the total labour force (Hormeku, 1998). The large scale retrenchment of labour as overriding consequences of structural adjustment in Ghana in the mid-1980s, coupled with the inability to provide employment for the emerging labour force has created a large pool of unemployed persons who have naturally gravitated towards the informal sector.

According to Nyameky (2009), the size of the informal sector employment in the 1980s was twice that of the formal sector. However, by the 1990s, informal sector employment had increased by five and half (5½) times that of the formal sector (ibid). Growing informality is partly explained by low educational attainment. About 31% of Ghanaians aged 15 years and above have never attended school. A total of 55.7% of Ghanaians have attained only basic education and 13.6% have attained secondary education or higher. Generally, Ghanaian men have higher educational attainment than women (GSS, 2008)

The inability of the formal private sector to generate jobs in their required quantities has also pushed many into the informal sector. As government continue to maintain a policy of net hiring freeze into the public sector and private sector firms fold up or switch to importation due to unfair competition from foreign companies, the formal sector continues to lose grounds in terms of its share of total employment. In the absence of appropriate social protection mechanisms (e.g. unemployment benefit) informal

activities have become survival strategies for many Ghanaians; old and young (Osei-Boateng and Ampratwum, 2011).

Informal employment comprises one-half to three-quarters of non-agricultural employment in developing countries: specifically, 48% of non-agricultural employment in North Africa, 51% in Latin America, 65% in Asia and 72 per cent in sub-Saharan Africa. If South Africa is excluded, the share of informal employment in non-agricultural employment rises to 78 per cent in sub-Saharan Africa (ILO, 2002).

Across many cities, towns and villages in Ghana, a growing share of the informal workforce operates on streets, sidewalks, and public parks, outside any enclosed premise or covered workspace. This includes not only street vendors who sell goods but also a broader range of street workers who provide services and produce or repair goods, such as hairdressers or barbers, shoe shiners and shoe repairers, car window cleaners, tailors specializing in mending, bicycle, motorcycle, van, and truck mechanics; furniture makers metal workers among others (ILO, 2002).

Many studies have been undertaken especially in Ghana about informal economies. However not many studies have been commissioned to assess the informal sector activities in the Upper West Region especially in the Wa Municipality. The focus of this research therefore is to assess informal sector activities in the Wa Municipality specifically exploring master craftsmen in the study area.

1.2 Problem Statement

Labour for rural agriculture activities is in the forms of family, casual/permanent, apprenticeship, communal and child labour. Permanent labour relations are common on plantations such as cocoa, oil palm, coconut and rubber produce (APADEP, 1998). Casual workers earn daily wages in performing activities such as land clearing, weeding, preparing moulds, planting, fertilizer and chemical application and harvesting. Again and in contrast with urban centres, labour is largely wage-based, either on piece rate or fixed daily/monthly wage. Child labour is also prevalent in both urban and rural areas.

A significant number of informal sector workers in Ghana are trapped in poverty as they do not earn enough to lift themselves and their families out of poverty. Linked to the high prevalence of poverty among informal economy operators is the lack of access to productive resources, especially capital. It is estimated that between 80-90% of the population in developing countries have limited or no access to credit facilities beyond what is provided by family members, friends or informal money lenders.

Lack of skills and technology has affected the level of production among informal sector workers. They employ traditional and manual technologies of production and thus work longer hours but produce little. Informal sector workers are either ignorant about safety issues in their field of work or they simply cannot afford protective gadgets. Most workers in the sector are exposed to bad environmental and other hazardous conditions that constitute a threat to health and lack of job security and social protection to include pension, maternity leave and paid sick leave to mention but a few.

Informal sector workers escape the regulation of government and as consequence suffers neglect of policy makers. Often times, informal sector workers are victims of

policy interventions (e.g. city decongestion) initiated by local governments- District, Municipal and Metropolitan assemblies- as mostly seen in Accra and Kumasi metropolis. Their escape has also culminated in evasion of their civil responsibilities such as tax payment and other responsibilities associated with their work. For instance, many employers in the informal sector do not honour labour obligations set out in the Labour Act.

As a result of all the above challenges, the sector has received increasing attention in the labour and development discourse of Ghana. It has, in effect, been the target of some policy initiatives and activities by certain governmental and nongovernmental institutions and organizations, including the trade unions. Unfortunately however, not much progress has been made in transforming the sector by the government but also trade unions. Traditionally, trade unions have organized from formal sectors. Although some trade unions have in the last three decades been organizing informal workers, very little has been attained.

Wa is the capital town of the Upper West Region in Ghana. Due to limited job opportunities in the formal sectors, many people in this municipality found employment in the informal sectors. They are employed as barbers, carpenters, craftsmen, pito sellers, way side chop bar operators, etc. A casual observation of their activities will reveal that they form an integral part of the local economy. However few studies have been conducted to assess the activities of informal economic operators in the Wa Municipality. Many questions come to mind in exploring the phenomenon of informal economy. What is given rise to the informal economy in developing countries, how do they operate? This study seeks to explore and assess the phenomenon of informal economy in the study area.

1.3 Research Questions

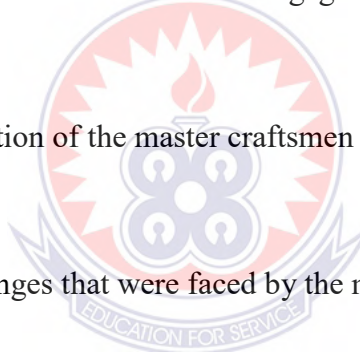
Based on the problem stated above, the study seeks to answer the following questions:

1. What are the characteristics of the informal activities engaged in by craftsmen in the study area?
2. How do the craftsmen contribute to the development of the local economy?
3. What are the challenges that they face in the operation of their businesses?

1.4 Research Objectives

The objectives of the study are to:

1. identify the characteristics of activities engaged in by the craftsmen in the study area.
2. assess the contribution of the master craftsmen to the development of the local economy.
3. examine the challenges that were faced by the master craftsmen in their daily operations.



1.5 Scope of the Study

Contextually, the study seeks to assess the activities of master craftsmen working in the informal sector in the Wa Municipality. These include the process of training, contribution to skill formation and development of local economy.

Geographically, the Wa Municipality by administrative demarcation is situated in the Upper West Region and happens to be the only municipality in this region. The municipality services as the economic and social hub of the region as its capital, Wa

doubles as the regional capital too. The Municipality is bounded to the North by the Nadowli District and in the south by the Wa-East and -West Districts. In the East it is bordered by the Wa -East District and also shares boundary with the Wa-West District in the West. The Municipality lies within latitudes $1^{\circ}40'N$ to $2^{\circ}45'N$. Longitudinally, this area occurs within $9^{\circ}32'W$ to $10^{\circ}20'W$. The landmass of the Municipality is approximately 234.74 square kilometers and this represents a percentage of about 6.4 of the total surface of the entire region (Wa Municipal MTDP, 2006-2009).

1.6 Justification of the Study

The research will provide an analytical viewpoint on the characteristics of the informal sector, its contribution to employment creation and economic development of the study area and their location requirements. This was intended to aid decision makers to formulate responsive and sustainable policies and actions that seek to integrate these activities into the economy of Ghanaian cities and towns and consequently accommodate them into the urban space.

The rationale, was to help realize the ultimate goal of almost all urban areas of creating jobs, particularly those belonging to the category of self-employment for their economically active population which in turn will help provide safety nets for the urban poor, improve their living conditions and eventually, reduce the increasing rate of poverty in Ghanaian towns and cities and at the global level.

Again, the research was intended to serve as a backdrop for further analysis of the informal sector. In essence, the study has attempted to provide a comprehensive picture of the informal sector and the pertinent issues at stake and thereby assist in deepening

understanding of what the informal sector really is and how their requirements for survival particularly in the economies of cities in the developing parts of the world can be met.

1.7 Limitations of the Study

The major limitations to the study include;

- Reluctance on the part of informal artisanal operators to be interviewed for fear of eviction by the Municipal Assembly from their various unauthorised places of operation;
- Lack of reliable and up-to-date data on the informal sector among institutions and agencies under the Wa Municipal Assembly. In view of this, most of the research findings depended on primary data collected on operators.

1.8 Organisation of the Study

The study has been structured into six chapters. Chapter one of the studies focuses on the key issues and challenges of the informal sector. In essence, it contains the problem statement, research questions and the objectives of the study. The research approach and methodology adopted for the study has also been discussed under this chapter. The chapter ends with limitations of the study.

Chapter two of the study contains a review of literature on related concepts relevant to the study with the aim of providing a theoretical framework for the research. It emphasises the most important and relevant definitions and concepts.

Chapter three of the study focuses on a review of the profile of the Wa Municipality (the study area). The review has been done to cover important issues of the municipality's current development situation in the areas of its size and location, demography, local economy, employment and income levels. This, together with the literature review in chapter two are intended to provide the relevant background and framework for analysis of data collected on the municipality for the purpose of this study.

Chapter four presents a situational analysis and discussion of the results on the informal sector based on field data collected on artisans within the Wa municipality. Issues that will be presented include the personal profile of artisans; business description and operational characteristics of enterprises; income levels of operators and their tax contributions, operators' location decisions and access to infrastructure as well as their operational challenges/problems. The key findings are based on the situational analysis on the informal sector and how it agrees with some of the literature reviewed.

Chapter six also discusses recommended approaches that can be adopted to integrate and accommodate the informal sector into the economy of Ghanaian towns based on the key issues, problems and challenges emanating from the situational analysis. The chapter ends with a conclusion of the entire study.

CHAPTER TWO

STRUCTURE AND GROWTH DYNAMICS OF THE INFORMAL SECTOR

2.0. Introduction

This chapter is designed to review literature on related concepts relevant to the study. The aim is to provide a theoretical framework for the research, emphasizing on the most important and relevant definitions and concepts. Again, the chapter is intended to help develop a broad knowledge base on the nature and dynamics of the informal sector, based on which further inquiries can be made into the subject matter.

The review begins with discussion and explanation of concepts to help put the research in context and ends with a summary of the major findings and lessons drawn, which shall serve as the backbone for the empirical studies.

2.1. Definition of the Informal sector

Researchers studying the informal sector must first confront the lack of a single widely-accepted definition. Since the International Labour Organization's (ILO) ground breaking 1972 report on informal activity in Kenya, researchers have created numerous definitions, and the chosen definition largely determines the sampling method used to gather data, as well as the conclusions and policy recommendations that follow. Kanbur (2009) rightly argues that any researcher studying the informal sector should begin by defining informality. Indeed, the lack of common definition of the informal sector is a prominent feature of the literature.

Quite remarkably and unaccustomedly for our profession, the widespread discussion about informality is proceeding without an agreed-upon definition of the term. Even more astonishingly, the field seems to have reached agreement that informality means different things to different people. Empirical studies show only a limited degree of overlap between those workers classified as informal according to the various definitions (Fields 2011).

Different countries and regions exhibit distinct patterns of informality. Because of this, generalizations about the causes and consequences of informal employment should be approached with caution... Just as informal activities exhibit enormous diversity; there is no single archetype of patterns of informality that fits all countries and regions (Heintz, 2012).

In general terms, the informal sector/economy is the unregulated non formal portion of the market economy that produces goods and services for sale or for other forms of remuneration. The term “informal sector/economy” thus refers to all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements (Becker, 2004).

In her fact finding study for the Swedish International Development Cooperation Agency (Sida), Becker (2004), identifies three main schools of thought regarding the relationship between the formal and informal sectors of the urban economy. These are the dualists, structuralists and legalists viewpoints.

- The dualists view the informal sector as a separate marginal economy not directly linked to the formal economy. This marginal economy provides income or a safety net for the poor (ILO 1972).
- The structuralists perceive the informal sector as subordinated to the formal economy. Leading exponents of this school of thought explain that privileged

capitalists. Subordinate petty producers and traders in order to reduce costs (Castells and Portes, 1989 cited in Becker, 2004).

- The legalists on the other hand see the informal work arrangements as a rational response by micro-entrepreneurs to over-regulation by government bureaucracies (de Soto cited in Becker, 2004).

Another work by Boapeah (2000), establishes three competing but interdependent approaches to defining the informal sector. According to him, the informal sector has been perceived as a social, economic and political observable fact.

The first approach to defining the informal sector perceive this sector of the urban economy as a socially marginalized group made up of casual or marginal workers and unstable wage earners. Operators include many self-employed engaged in petty businesses that provide a wide range of goods and services within the urban area. Leading exponents of this traditional or classical school of thought therefore distinguishes the informal sector from the formal sector of the urban economy based on income earning characteristics and job security. In this sense, informal sector operators are perceived to earn low incomes and have little or no job security.

The second model to explaining the informal sector concept focuses on the attempts of the state to formalise and regulate the urban labour process and the concomitant effects of these attempts on the urban labour market at large. Proponents of this model emphasise labour and employment and consider informal sector operators as belonging to the marginalized labour group. This viewpoint is similar to the legalist view discussed above which sees informal work arrangements as a rational response by micro-entrepreneurs to over-regulation by government bureaucracies.

The third and the most common approach to defining the informal sector uses the construct of industrial organization and takes the micro or small enterprise as the unit of analysis. In this perspective, the informal sector is distinguished from the rest of the urban economy according to enterprise operation characteristics, (Amin, 1996; Cheng and Gereffi, 1994; cited in Boapeah, 2000). Thus the informal sector is defined as a diverse set of occupations of micro- and small-scale economic activity operating at levels of low productivity in highly competitive and precarious markets. Leading exponents of this viewpoint see the informal sector as one in which management; accounting and labour relations as well as the household are inseparable. Compliance with fiscal and labour legislation is also evaded because they are not formally registered.

An activity is not deemed informal as a function of its illicit or licit nature, rather according to the type of organization carrying out the activity. Both criminal and informal activities are hidden, but not to the same extent, and they are clearly not viewed with the same degree of disapprobation nor exposed to the same risk of prosecution. Several criteria are commonly used to define informality—size, registration, and social-security coverage for employees, being the most widespread.

In his review of the most used criteria in the literature, Heintz (2012) puts on the top of his list of defining criteria: size that is meant to capture the scale of operations; registration status or recognition by a government agency, which is meant to indicate whether the enterprise would be subject to government regulation, employer/enterprise social-security contributions, and legal form of organization; and character (sincerity) of financial accounts.

In most studies of the informal sector, registration is used alongside with size to determine informal status. However, as Fox and Sohnesen (2013) point out, the majority of even household enterprises are registered with some level of authorities. At the same time, firm size is usually measured by number of employees, whereas this can often be misleading given the large number of unreported informal workers at both formal and informal firms. Benjamin and Mbaye (2012a) examine the securing of a bank loan as an indicator of formality. However, they find that informal firms largely satisfy financing needs from personal, family, or informal sources, which provide a better way for them to manage risks, and showed little interest in bank loans. Similarly, the Investment Climate Assessment (ICA) surveys in Africa find large shares of firms that qualify for bank loans, but that voluntarily exclude themselves from the formal financial sector. The 15th International Conference of Labour Statisticians (ILO, 1993) defines the informal sector as „a group of household enterprises or unincorporated enterprises owned by households that includes: informal own-account enterprises, which may employ contributing family workers and employees on an occasional basis; and enterprises of informal employers, which employ one or more employees on a continuous basis.“ The Organization for Economic Co-operation and Development (OECD) (1997) characterized the informal sector as those enterprises that either: a) do not have a legal work site, usually working instead out of private residencies, b) have a low level of capital investment, and c) are managed by family members either in total or in part. Similarly, Charmes (2002) uses three criteria when defining informal activities. Size of the activity is listed as the most important criterion, along with keeping of accounts, as well as registration and legal status. La Porta and Shleifer (2008) distinguish between two categories of informal firms:

those that fail to register with tax authorities and other regulators, and those that are registered but understate revenues. They therefore observe that the registration criterion alone is not sufficient to qualify a firm as formal. One underlying assumption of all these definitions is that informality is treated as synonymous with survivalist activities. While retaining the focus on micro and small businesses, Maloney's (2004) study on Latin America provides a more optimistic perspective on the informal sector, with individuals freely choosing to leave the formal sector to reap the benefits of informality. However, with the tiny private formal sectors in USA, this flow from formal to informal employment has little relevance there.

From the discussions so far, the informal sector can be defined as a legitimate but marginalised sector of the urban economy that has come to exist to employ and provide income and safety nets for the poor as a rational response to formalisation and over-regulation of the labour process by the state; and efforts by privileged capitalists to subordinate small scale enterprises in order to reduce cost. Consequently, informal sector operators may not be formally registered and may have little or no job security.

2.2. Evolution and Growth of the Informal Sector

2.2.1. Evolution of the informal sector

The concept's nascence traces back to the conundrum of surplus labour resulting from industrialization and the advancement of capitalist development in the early 19th century, which Marx (1977) referred to as a „reserve army“. The language used to describe the growing labour surplus includes: „marginality“, „abnormally swollen, over distended tertiary sector“, and bazaar type (Moser 1978:1048). These earlier

terminologies connoted the idea that urban labour surpluses would eventually disappear with the rise of industrialization (Roldán, 1985; Marx, 1977).

Neoclassical economists predicted a similar process - an assumption which remained prevalent in the literature during this phase (Lewis 1959, Rostow 1960). The neoclassical economic theory which is based on faith over market power and the „invisible hand“ to ensure economic efficiency, suggests that over time the price of goods and services will be same in markets in a country. Marx“s division of labour and wage differentiation will taper away with economic development. That means there is one market for all. But that is not the fact as evidences from around the world shows that economic development has not generated adequate quantity and quality of jobs for all (Ocampo and Jomo 2007).

In developing countries, increasing job insecurity and weak institutional support push people in alternative employment market informal economy. In the early 1970s, Cambridge anthropologist Keith Hart studied the urban labour market phenomenon in Ghana which survived without any formal employment (Hart, 1973). This work coined the term „informal economy“, and gave its „academic name“ (Hart, 2006). According to Hart, the distinction between formal and informal economies is „whether or not labour is recruited on a permanent and regular basis for fixed reward“ (1973: 68).

He discovered that „informal economic activities possess some autonomous capacity for generating growth in the incomes of the urban (and rural) poor“ (ibid: 61). Hart saw it as „the possibility of a dramatic “bootstrap” operation, lifting the underdeveloped economies through their own indigenous enterprise“ (ibid: 89). Later, the ILO (1972) took on the surplus labour issue and published report on Kenya where the

informal economy was treated as a euphemism for poverty and a cushion or buffer for third world unemployment and economic problems (Roldán 1985). Both Hart and the ILO suggested that significant industrialization would build up the formal sector, creating labour demand and income opportunity, thus absorbing the informal economy into the formal one (Hart, 1973, ILO, 1972). Further empirical research on the global economic and political dynamics during the 1980s signalled that the informal economy continued to grow, despite predictions otherwise (Moser, 1984, Roldán, 1985).

In the context of global economic crises and restructuring, neoliberal economic ideologies acknowledged the informal economy and encouraged conditionalities on aid to developing countries to promote formal employment by promulgating state deregulation, free-market development, and curbing social expenditure (Portes 1997). By the mid-1980s, it became evident that the informal economy was „here to stay“ (Portes and Sassen -Koob 1987, de Soto 1989), ushering in the next conceptual evolution.

2.2.1.1 The Second Phase

At the end of the 20th century, as poverty reduction and globalization gained intellectual attention, the informal economy gained new currency. Two main consensus were reached in the late 1980s with regards to the informal economy’s definition and the extent of its importance at national and global levels. Three leading perspectives stemmed from the renewed consensus neoliberal, the ILO reformists, and structuralist though ideological distinctions remain with regard to the theories about its expansion and the role of the state.

Neoliberal: Hernando de Soto and the World Bank

The neoliberal perspective, championed by the Peruvian economist Hernando de Soto (1989), argues that informality is a popular economic response to weak governments and states. This argument soon gained popularity among neoliberal economists, policy advisors in the World Bank (WB), and IMF, and non-government organizations (Chen, 2004). de Soto saw “entrepreneurial dynamism” as people’s “spontaneous and creative response to the states incapability to satisfy impoverished masses” basic needs and to the system which has “traditionally made them victims of a kind of legal and economic apartheid” (ibid: v-ix). The impediments include bureaucratic red tape, lack of property rights, and difficult accessibility to productive resources like finance and technology (de Soto 1989, 2000, 2001). He proclaimed that the informal economy creates wealth and opportunities like employment, housing, credit, and social support for the poor, which would not otherwise be created by the state, albeit unrecognized and unmeasured, and should be recognized as a genuine alternative path to development (de Soto 1989, 2001). Thus, the informal economy is seen to parallel the formal economy. He suggested neoliberal policies to free the informal economy from the state apparatus (2001: 14)

Critics point out that although the majority of policy makers for developing countries, that is the WB and IMF, subscribe to this perspective, they offer neither practical solutions on how to incorporate “the other path” into mainstream development nor do they have evidence which proves that the informal economy can overcome the problems of a weak government apparatus under market liberalization (de Olarte, 2001).

2.2.1.2: The Third Phase: The Shift to Social Networks

“... just as the informal economy concept reached its peak, it was...dropped by its most prominent scholars in favour of the concept of social networks” (Meagher 2004: 7). The Spanish sociologist Manuel Castells defines social networks in the context of the informal economy as: A network is a set of interconnected nodes [such as social ties like kinship, friendship, communal, ethical or religious affiliation and personal contacts.

...Networks are open structures, able to expand without limits... Networks are appropriate instruments for a capitalist economy based on innovation, globalization, and decentralized concentration; for work, workers and firms based on flexibility, and adaptability... (Castells 1996: 470-1)

What was the impetus behind the shift? Circa 1994, scholars, like Portes, Roberts, Gereffi and others realized that existing theoretical perspectives failed to conceptualize the internal diversity, dynamism, and regulatory processes of the informal economy (ibid). That means the accessibility to resources like capital, markets, and employment opportunities that happens independently of, and often outside, the regulatory framework of the state, was not critically problematized. The social networks concept helps to address this shortcoming and attempts to illuminate the ways in which informal activities are internally regulated. Moreover, scholars like Cheng and Gereffi (1994) recognized the heterogeneous and blurred relationship of the informal economy within the global economic system and argue that the formal/informal divide had outgrown its usefulness (Portes 1994: 432, Hart 2001:155). Particularly, the social network concept gained prominence because the prediction that the roles of social relations and the constraints imposed by social institutions, such as gender and religion, will disappear with economic development (Myrdal 1968: 103-106) has proved incorrect, just as the assumption of the

informal economy's disappearance proved to be wrong in the 1980s (Harriss-White, 2005). In global economic structures, social institutions and relationships function as an alternative form of economic regulation (Castells 1996, Meagher 2005).

Social Networks' Characteristics

During this phase, social networks became the new consensual analytical tool to explain dynamism in developing economies (Meagher 2006). There are three main characteristics of social networks. First, the social networks approach focuses on issues of trust, flexibility, and social relationships that provide richer insight into the conditions in which state regulations are not needed to regulate economic behaviour (Mingione, 1994; Portes, 1994). Commonly, this concept is referred to as "social capital". Most literature treats social capital as a social asset (stock of social, psychological, and emotional assets) that contributes to a flow of benefit to individuals, or to a community through its social networks (Fukuyama, 2001; Putnam, 2000). Second, under weak regulatory and institutional frameworks, sometimes social networks can be a vehicle for corruption and opportunism in excuse of economic efficiency behind the shadow of weak state (Powell and Smith-Doerr, 2005). Such social networks can produce negative consequences, identified as negative social capital (Powell and Smith-Doerr, 2005). Third, the social network approach has interdisciplinary roots, deeply influenced by the institutional economics and is qualitative by nature, which provides better contextual understanding (Powell and Smith-Doerr, 2005). The informal activities are products of social, cultural, economic, and historical forces comprising what Ellickson (1991) calls "order without

law” referred to more cynically by Sturgess (1997) as “order for free” (cited in Meagher 2005: 220).

It is also argued that social network concept is heterogeneous in nature and this is a major theoretical weakness as how to apply and use this concept to analyze empirical evidence from developing countries (Fukuyama 2004). In the later section of this essay, two case studies are presented which tries to encapsulate the difficulties of applying this concept in the real term. Although this is not an extraordinary shortcoming in contemporary interdisciplinary social studies, different approaches to social networks attach new meanings to the concept rather than narrowing it down (Meagher, 2004: 17).

However, with the flexibility of application, the concept can provide a more “ideological than analytical” conceptual understanding on the informal economy. The following section is an analysis of two case studies, where the respective authors have treated the informal economy within the context of social networks to explain why and how certain industries in certain regions expands while declines in others. The first case study analysis is from Mexico and the second one is from Nigeria.

2.2.2. Growth of the Informal Sector

It has been established in literature that the terminology “informal sector” was first introduced by Hart (1973) in his classical paper first presented in 1971 following a research in a low-income neighbourhood in Accra, Ghana. The informal sector, subsequently, was accorded popularization by the International Labour Organisation at its mission in 1972 to Kenya in Africa during which it recognised that the traditional sector, named the “informal sector”, had not just persisted but expanded. Since this period, the

informal sector has not only generated the interest of many researchers but has also grown in size particularly in the third world countries.

In the world over, the informal sector, which presently harbours many of the workers in the developing countries, has grown substantially since its recognition. In Asia, the share of informal workers ranges from 45 to 85% of non-agricultural employment and from 40 to 60% of urban employment. In parts of East Asia, the informal sector declined as manufacturing and industry expanded and created jobs in the formal economy. As the demand for skilled workers increased, social protection was expanded, wages rose and working conditions improved. Nevertheless, one of the consequences was the need to identify cheaper sources of labour for more repetitive and labour-intensive manufacturing industries, which in turn boosted the informal economy (Amin, 2002).

In Latin America, urban informal employment as a percentage of total urban employment grew from 52 percent in 1990 to 58 percent in 1997 (Verdera, 2001). The increase in the informal sector was attributed, on the one hand to growth of the labour force due to demographic factors, a rise in the activity rate (particularly of women), substantial rural-urban migration and contraction of employment in the formal economy ILO (2002).

According to the International Labour Organisation (2002), Latin America experienced a debt crisis in the 1980s. The 1990s was generally marked by a period of economic growth and recovery, declining inflation and technological progress. However, it was also a period of jobless growth, which, combined with retrenchment and the search

for ever more flexible forms of labour led to the expansion of the informal sector in nearly every country as well as a reduction in social protection coverage.

In Africa, informal work since the 1990s is estimated to have accounted for almost 80% of non-agricultural employment, over 60% of urban employment and over 90% of new jobs. For women in sub-Saharan Africa, the informal economy represents 92% of the total job opportunities outside of agriculture (against 71% for men). Almost 95 per cent of these jobs are performed by women as self-employed or own-account workers, and only 5 per cent as paid employees. In sub-Saharan Africa in particular, street vending predominates in much of the informal sector (ILO, 2002).

In Ghana, the population census of 1970 indicated that, the informal sector employed close to 54% of the working population in Kumasi. It was estimated that, the expulsion of about one million Ghanaians from Nigeria and other countries in the 1980s and thereafter raised the employment figure of the informal sector in Kumasi to about 65% in the 1990s. Currently, it is estimated that between 70% and 75% of the labour force in the Kumasi metropolis are employed in the informal sector (Boapeah, 2000).

The statistics above undoubtedly, lends credence to the fact that the informal sector has increased in size and dimension over the years since its recognition in the early 1970s. Interestingly enough, some authors believed and still believe that the informal sector will disappear when it is eventually absorbed into the formal economy. For example, in the mid-1950s, W. Arthur Lewis developed a theoretical model of economic development based on the assumptions that there was an unlimited supply of labour in most developing countries and that this vast pool of surplus labour would be absorbed as the modern industrial sector in these countries grew. It was therefore assumed that the

traditional sector comprised of petty traders, small producers and a range of casual jobs would eventually be absorbed into the formal economy and disappear.

2.3. Spatial Dimensions of the informal sector

The activities of informal operators almost always find their expression in the urban space. The location of operators could be seen in areas that have been consciously planned and allocated to them to operate such as main market centres and satellite markets in the urban area. In other cases, however, places of location of operators are manifestations of unmet space need for this sector on the part of urban planning. Such locations include public open spaces, pedestrian walkways and pavements in cities. In all cases, the spatial manifestation of the informal sector can be observed in one of the three forms discussed below.

In one form, the spatial dimension of the informal sector manifest itself as large agglomerations of operators in transport terminals, lorry parks, large vehicle repair centres, etc. Thus, they appear to serve as ancillary commercial activities in these heavily patronised activity areas within the city. In Ghana, the Suame Magazine vehicle repair centre in Kumasi for example, in 1992 was estimated to have been accommodating about 40,000 persons who were not engaged in vehicle related activities but rather engaged in activities such as food vending, hawking, etc., (Institute of African Studies, 1992; cited in Boapeah, 2000). A similar case in Kumasi can be found at the Kejetia transport terminal.

Informal sector operators can also be observed as street activities along major road corridors and radial routes. These are often routes that are used by both pedestrians and vehicles, having some form of congestion resulting in slow movement of vehicular

and pedestrian traffic. Such locations offer operators, particularly hawkers the opportunity to sell their wares. In some situations, operators such as carpenters, fitters and vulcanizers also locate along major highways where they can obtain maximum patronage to the services they provide.

Some informal sector operators are home-based attached to or detached from residential structures mainly in indigenous housing sector and especially in the city centre and peripheral areas (Boapeah 2000). Artisans such as craftsmen and petty traders often work at home due to some reasons as time and money saving costs, possibility of carrying out some activities such as dressmaking, baby sitting and laundering simultaneously at home and the possibility of using family labour which permits increased outputs without putting in more capital.

The location decision of operators in the informal sector is thus, influenced fundamentally by the availability of people to patronise the goods they sell and the services they render.

2.4. Contribution of the Informal Sector to Economic Development

The role of the informal sector to economic growth and development can be measured in terms of this sector's contribution to Gross Domestic Product at the national levels of developing economies and percentage contribution to employment creation and revenue generation both at the national and metropolitan/municipal levels. Emphasis is laid on municipal/ metropolitan (urban) areas because estimates of the contribution of the informal sector in developing countries are calculated based on its share in non-

agricultural employment and in urban areas, the main economic activities are non - agricultural.

2.4.1. The informal sector and Gross Domestic Product

In its report, “Women and Men in the Informal Economy” which attempted to paint a statistical picture of the informal sector, the international Labour Organization (2002) indicated that the contribution of informal enterprises to non- agricultural Gross Domestic Product is significant. The International labour Organization identified that the average (unweighted) share of the informal sector in non-agricultural Gross Domestic Product varies from a low of 27 per cent in Northern Africa to a high of 41 per cent in sub-Saharan Africa.

In some selected countries in sub Saharan Africa, the informal sectors’ contribution was found to be substantial. For example in Benin, the share of informal employment to non- agricultural GDP in 1993 was estimated as 43 per cent. In Côte d’Ivoire, in 1995, a total share of 30% was estimated. Estimated shares of 55% and 54% were recorded in Togo and Niger in (1995) respectively. In 1998, in Ghana, an estimated contribution of 58% was recorded as the share of the informal sector to non-Agricultural Gross Domestic Product. There is a high variation, however, between countries. The contribution of the informal sector to GDP for example is 29% for Latin America, 13% in Mexico and 41% for Asia.

Despite these disparities that exist among regions and countries, the fact still remains that the share of the informal sector to Gross Domestic Product in developing and even some developed countries is substantial. It is therefore expedient for

Governments in third world countries particularly, to embrace the informal sector in their economies and also to fashion out policies and strategies that will not only ensure expansion in the size of the informal employment but will also guarantee sustained growth of the informal sector.

2.4.2. The informal sector and employment creation

The percentage share of the informal sector in employment creation has since its recognition in the early 1970s been increasing particularly in developing countries. Gilbert and Gugler (1992) acknowledges that the size of the informal sector is impressive enough since estimates in four cities in six Latin American and two Asian countries suggest that between two-fifths and two-thirds of the urban labour work in the informal sector.

According to Kayanula and Quartey (2000), the dynamic role of small and medium enterprises (SMEs) in the informal sector in developing countries as engines through which the growth objectives of developing countries can be achieved has long been recognised. It is estimated that SMEs employ 22 percent of the adult population in developing countries (Daniels & Ngwira, cited in Kayanula and Quartey, 2000). The sector employs about 15.5 percent and 14.09 percent of the labour force in Ghana and Malawi respectively (Parker et al cited in Kayanula and Quartey, 2000). The sector has experienced higher employment growth than large scale enterprises (5% in Ghana and 11% in Malawi). In Ghana, the sector's output as a percentage of GDP accounted for 6 percent of GDP in 1998 (Kayanula & Quartey, 2000).

The International Labour Organization's Bureau of Statistics on the basis of official national data established that, in Ethiopia, an estimated 50.6% of the total urban population in 1999 were employed by the informal sector with 38.9% and 64.8% of this population being males and females respectively. In Mali, in 1996 and Tanzania in 1995, the share of informal sector to employment generation were estimated as 71.0 per cent and 67.0% of the urban population respectively.

In Ghana, the picture is not different. The informal sector employed about 78.5% of the total urban population according to the International Labour Organization's Bureau of Statistics in 1997. In the Kumasi metropolis, an important dimension of the metropolitan's economy especially in recent times is the expansion of the informal sector through self-employment. In 1970, the informal sector employed about 54% of the labour force in Kumasi. This figure rose to about 65 per cent in 1990. Currently, about 75 per cent of the labour force in the Kumasi metropolis is employed by the informal sector with self-employment constituting about 65% of total employment (Boapeah, 2000).

2.4.3. The Informal sector and Revenue generation

The informal sector remains and shall continue to remain as one of the viable and reliable source of internally generated fund for most central and local governments given the trend of growth and expansion of the sector. In Ghana, the significant contribution of the informal sector to the revenue base of the Kumasi metropolitan Assembly is a case in point. In 1985, the Kumasi Metropolitan Assembly (then known as Kumasi City Council) earned 61million Cedis (GH¢6,100) from the informal sector out of a total revenue of

105 million Cedis (GH¢105, 00) earned, representing over 61 percent of its total revenue. This revenue came from sources including fees, rates, licenses and fines (Boapeah, 2000).

2.5. Types of urban informal workers

The urban informal sector is heterogeneous in nature as studies have revealed a wide range of operators. The activities of the urban informal sector can, however, be categorized into service, construction and manufacturing enterprises.

2.5.1 Service enterprises

Operators belonging to this category produce personal, community and domestic services. They include urban food traders and processors; health and sanitation workers; repairers of electrical gadgets such as refrigerators, televisions and watches; garages including auto mechanics, sprayers, welders, vulcanizers; hairdressers, barbers and security men. Operators within the service enterprises are technological ill-equipped, have limited or no job security and are without social security protection. They also lack opportunities for career advancement. Among these operators are skilled workers who have acquired their skills through years of apprenticeship.

2.5.2 Construction enterprises

These include construction workers as masons, carpenters, steel benders, small-scale plumbers, house-wiring electricians, and carpenters who are mostly male. Electricians often have some basic formal training, while all the other groups go through years of apprenticeship.

2.5.3 Manufacturing enterprises

In this sub-sector of the informal sector, the predominant activities cover food processing, textile and garments, wood processing and metal works. Women dominate food processing while men constitute a clear majority in metal works and wood processing. Apprenticeship is the most common form of skill acquisition and employment in urban informal manufacturing units.

2.6. Characteristics of Informal Sector Operators

Gilbert and Gurgler, (1992), argues that, informal activities are not confined to employment on the periphery of the main towns, to particular occupations or even to economic activities. Rather, informal activities are a way of doing things, characterised by; Ease of entry; Reliance on indigenous resources; Family ownership of enterprises; Small scale of operation; Labour intensive technology; Skill acquired outside the formal school system and; Unregulated and competitive markets.

Contrary to the case of the informal sector, the formal sector enjoys a measure of protection through clearly laid down legislations and collective bargaining which makes entry into this sector of the economy difficult. Again, the formal sector is characterised by corporate ownership, capital intensive and imported technology, formally acquired skills, often expatriate and frequent reliance on overseas resources.

2.7. Problems and Challenges of Informal Sector Operators

The precise nature of informal enterprises contribution to employment, growth and their productivity growth has been a bone of contention among researchers and writers. As summed in Mensah (2004), there is little doubt that, in aggregate terms small

and medium sized enterprises have increased their share in employment and economic growth at a much faster rate than large firms, but the exact volume of their contribution has been a subject of much debate.

Though the arguments strongly favour the view that informal businesses have great potentials to serve as engines of economic growth, they nonetheless face a number of constraints, which includes: financial, technical, raw materials/input, managerial, legal, regulation and competitive policies (Aryeetey, 1994; Kayanula & Quartey, 2000). Whereas considerable amount of literature has been generated on the constraints to informal businesses especially in developing countries, most of the specific challenges can be put under major headings including; input constraints, finance and access to credit; equipment and technology, regulatory and institutional problems; domestic demand and international market; and managerial constraints (Quartey, 2001). Thomi and Yankson (cited in Bhasin and Akpalu, 2001) also identified the main constraints facing the small-scale and informal businesses in Ghana to be inadequate credit, input supply, and depressed domestic demand for their products and services.

2.7.1 Input constraints

It is common to read after surveys are completed that factor availability and rising costs are the most common constraints of informal businesses (Aryeetey and Ahene, 2004). This is supported by the findings of Aryeetey *et al.* (1994) that 5% of their sample cited input constraints as a problem. Informal businesses in Ghana emphasised the high cost of obtaining local raw materials; this may stem from their poor cash flows (Parker *et al.*, 1995).

According to Kayanula and Quartey (2000), related small-scale enterprises face a variety of constraints in factor markets. However, factor availability and cost were the most common constraints. The specific problems differed by country, but many of them were related, varying according to whether the business perceived that their access, availability or cost was the most important problem and whether they were based primarily on imported or domestic inputs. Debt and equity is one major input constraint to small informal businesses in the view of Kayanula and Quartey (2000). They have limited access to capital markets, both locally and internationally. In part because of their perception of higher risks, information barriers and higher cost of intermediation for smaller firms. As such, informal businesses cannot obtain long-term finance in the form term debt and equity

2.7.2 Finance and credit

The World Bank (1998) maintained that informal business access to the formal financial sector is constrained by the high risks and transactions costs, real or perceived associated with commercial lending to that segment of the market. Lenders are faced with a lack of reliable information on borrowers, difficulties in enforcing contracts (the result of inadequate legal frameworks and inefficient court systems), and the lack of appropriate instruments for managing risk. Mensah (2000) did agree to the preceding discussions and concluded that informal entrepreneurs in Ghana have limited access to financial institutions; rather, they depend on income from family members, personal sources and friends. Most of them faced critical shortage of funds, but cannot enter the credit market because of various structural rigidities and imperfections characterizing such markets.

According to Kayanula and Quartey (2000), this financial predicament of the informal sector businesses stems from the fact that they have limited access to capital markets, locally and internationally, in part because of the perception of higher risk, informational barriers, and the higher costs of intermediation for smaller firms. As a result, informal businesses often cannot obtain long-term finance in the form of debt and equity.

2.7.3 Regulatory and institutional constraints

According to Kayanula and Quartey (2000), although wide ranging structural reforms have improved, prospects for enterprise development remain to be addressed at the firm-level. Lall and Pietrobelli (2002) noted that potential investors still spend significant time fulfilling bureaucratic requirements. Access to land, utility installation and services, and import procedures remain obstacles to the development of the informal business sector. The high cost of settling legal claims and excessive delays in court proceedings adversely affect small business operations.

Changes in tax regulation would see larger firms easily adapting than small-medium scale firms while labour and standard of products regulations of firms might be in favour of larger firms and may actually have negative effects on informal businesses (Aryeetey & Ahene, 2004). Due to their lack of capacity, informal businesses are less likely to deal effectively with problems concerning bureaucratic networks and complexities than larger firms (Aryeetey *et al.*, 1994; Aryeetey & Ahene, 2004; Quartey, 2001).

2.7.4 Domestic demand

It is believed that marketing of products and services in the domestic market is one of the key challenges of small enterprises. There are varying levels of uncertainty caused by macroeconomic instability and different levels of government commitment to private sector development (Kayanula & Quartey, 2000). Nonetheless, Parker *et al.* (1995), maintain that, limited access to public contracts and subcontracts, arising from cumbersome bidding procedure and/or lack of information, inhibit informal business participation in these markets. Also, inefficient distribution channels often dominated by larger firms pose important limitations to market access for small firms especially, those operating in the informal economy.

2.7.5 International markets

Previously insulated from international competition, many SMEs are now faced with greater external competition and the need to expand market share (Kayanula & Quartey, 2000). Aryeetey and Ahene (2004) also added that, liberalisation 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.* (1994), though, maintained that this problem was mostly identified in medium-sized enterprises in Ghana (12.5%) and concludes that less than 1% of the total sample complained there were too many imported substitutes coming into the country (0.9%).

However, Reynolds *et al.* (2000) reported that tailors in Techiman (Ghana) who used to make several pairs of trousers in a month went without any orders with the coming into effect of trade liberalisation. Limited international marketing experience,

poor quality control and product standardisation and little access to international partners, impede expansion into international markets. It is again reported in Aryeetey et al. (1994) that only 1.7 percent of firms export their output as a result of limited international marketing experience, poor quality control, product standardisation and little access to international partners.

2.7.6 Managerial constraints

The majority of informal business operators in developing countries manage their enterprises themselves, with few possessing the skills to draft medium to long-term business plans. Furthermore, they are unable to develop technical knowhow through research and development due to a lack of financial resources. The lack of managerial and technical know-how seriously inhibits innovative start-ups and business diversification (JICA, 1999).

Kayanula and Quartey (2000) in like tone asserted that, lack of managerial know-how places significant constraints on informal business operators' development. Even though small and informal businesses may tend to attract motivated and skilled managers, they can hardly compete with their larger counterparts.

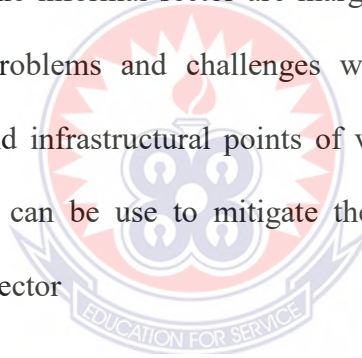
2.8. Summary of Findings

The informal sector exists as a legitimate sector of the economy of cities and towns. In Ghana and other developing countries the sector has evolved mainly as a result of two major factors. First the informal sector is a product of economic restructuring programmes that were characterised with public sector reform that had massive

retrenchment of labour as an important component between the 1980s and 1990s. Secondly, the informal sector is seen as the result of technological modernization and its associated capital intensive methods of production. This created limited number of jobs given the capital-intensity of industries.

The informal sector is characterised by small scale operators producing goods and providing services in the urban area. Other common characteristics of this sector include ease of entry, reliance on indigenous resources, family ownership of enterprise, labour intensive technology, skill acquired outside the formal school system and unregulated and competitive markets.

Operators within the informal sector are marginalised and for this reason, faced with a multiplicity of problems and challenges which can be identified from the economic, institutional and infrastructural points of view. Therefore this work aims at identifying solutions that can be use to mitigate the challenges been faced by these operators in the informal sector



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Methodology is very critical to any research. This is because it is the methodology that will show readers the processes that the researcher went through before arriving at the final conclusion. This Chapter discusses the research approach, data needs for the study, data requirements and collection methods, sampling techniques, data processing and analysis tools that will be employed in this research.

3.2 Research Design

The choice of which method to employ is dependent upon the nature of the research problem. According to Morgan and Smircich (1980) the actual suitability of a research method, derives from the nature of the social phenomena to be explored. The research method employed for the study is the case study method. A case study entails an observation of a single group or event at a single point in time, usually subsequent to some phenomenon that allegedly produced change (Nachmias, 1992).

According to Haggett (1977), the case study approach is an empirical enquiry that allows for an in-depth investigation of the dynamics of a particular system. The case study presents a systematic enquiry into an event or a group of related events aimed at describing and explaining a particular phenomenon of interest (Bromley, 1990).

This study design will be employed for the research because the issue under exploration is a contemporary phenomenon within a real-life context with basis on multiple sources of evidence.

The case study is an explanatory method which makes it easy to ask and seek answers for the relevant „why“, „when“ and „how“ questions linked to the research. The understanding of fieldwork relationships associated with case studies can be the greatest advantage (David and Sutton, 2004). In order to understand and examine the challenges faced by the Informal economy in the Wa Municipality, case study method has been selected. The use of case study to probe an area of interest in-depth is particularly appropriate as described by Patton (1987), case studies become particularly useful where one needs to understand some particular problem or situation in great-depth, and where one can identify cases rich in information.

Case study is not intended as a study of the entire organization. Rather is intended to focus on a particular issue, feature or unit of analysis. In order to understand and examine the challenges faced by the Informal economy in the Wa Municipality, case study method has been chosen (Mohd Noor, 2008).

Johnson (1994) stated that case studies lack scientific rigour and reliability and that they do not address the issues of generalization. However, there are some strengths of case study. For example, it enables the researcher to gain a holistic view of a certain phenomenon or series of events and can provide a round picture since many sources of evidence were used (Gummesson, 1991). Hartley (1994) also indicated that case study can be useful in capturing the emergent and immanent properties of life in organizations or communities as well as the ebb and flow of community and organizational activity, especially where it is changing very fast. Case studies also allow generalizations as that result of findings using multiple cases can lead to some form of replication.

3.3 Research Variables

According to Mugenda and Mugenda (1999), a variable is a measurable characteristic that assumes different values among subjects. They are therefore logical groupings or expression of attributes (Babbie, 2007). Miller and Brewer (2003) indicate that variables help in moving a research from a conceptual to an empirical level, employing the variables as key elements of the research problem. Guided by these understanding, the key variables which this study seeks to find out are the various activities undertaken at the study area, their contribution in terms of employment and income to local development, the challenges which are faced by the enterprise owners working in the area. These variables will help in the realisation of the objectives of the study.

3.4 Study Population

The study population is usually the institutions or individuals who possess certain features or a set of features the study intends to examine and analyse. The population of this study is the artisans and enterprise owners who are working at the study area. The study population comprise of the artisans, the enterprise owners and institutions such as Banks and NBSSI. These form the units of enquiry for the collection of all the requisite data for this study.

3.5 Data Sources and Data Collection Methods

Interviews and questionnaire administration will be carried out through field visits to the study area during which artisans within the study area will be interviewed. Table

3.1 below summarizes the data needs, target group and data collection methods which will be employed to collect data from the workers in the study area.

Table 3.1: Data Sources for the Study

Variable	Target group	methods to collection data
1.The name of informal operators“ enterprises	Enterprise owners, Artisans	Questionnaire surveys
2.Demography of the respondents	Enterprise owners, Artisans	Questionnaire surveys
3.The effects of their activities on the lives of residents of the Municipality	Enterprise owners, Artisans	Interview and questionnaire surveys
4.Support or otherwise the enterprise owners are getting from the external agencies	Enterprise owners, GNAG, SMIDO,	Interview and questionnaire surveys
5.Problems/challenges faced by the artisans	Enterprise owners, Artisans	Interview and questionnaire surveys
6.Any possible solutions to help improve the study area	Enterprise owners, Artisans	Interview and questionnaire surveys
14. the roles of the particular institution	NBSSI, BAC, Bank	Questionnaire surveys
15. What is the collaboration between the institution and the Informal Economy?	NBSSI, BAC, Bank	Questionnaire surveys
16. Ways of collaboration between the institution and Informal Economy.	NBSSI, BAC, Bank, etc	Questionnaire surveys
17. characteristics of the informal Economy	NBSSI, BAC,	Questionnaire surveys
18.Successes and failures in their dealings with the Informal Sector Players	NBSSI, BAC, Opportunity International, Rural Bank, etc	Questionnaire surveys
19. How they are addressing the problem.	NBSSI, BAC, Opportunity International, Rural Bank, etc	Questionnaire surveys

Author’s Construct, 2015.

3.5.2 Observation

In the course of questionnaire administration, observations were used to buttress and add to the information gathered. Observations were made on the state of facilities and services at the locations where they work and how these facilities contribute to the development of the area.

3.6 Sampling Procedure

According to Agyedu (1999) the impossibility of surveying the entire population due to financial and time constraints makes sampling an essential element in research work. The process of sampling makes it possible to limit a study to a relatively small portion of the population. A sample is thus a representative selection of a population that is examined to gain statistical information of the whole.

The Wa Municipal was purposively sampled because they exhibit all the characteristics of the phenomenon under study in the Upper West Region. Again, the purposive sampling technique was used to select the various institutions contacted for the study. These institutions included the Municipal Business Advisory Centre of the National Board for Small Scale Industries, the Municipal Planning Unit and some micro finance institutions.

3.6.1 Sample Size Determination

The selection of respondents for the questionnaire administration and interviews was carried out through a number of approaches. The Municipal Business Advisory Centre of the National Board for Small Scale Industries, the Municipal Planning Unit and micro finance institutions were selected purposively and interviewed. Table 3.2 provides a summary of the institutions and the number of research questionnaires that will be administered at these respective outfits.

Table 3.2: Summary of Institutions that will be interviewed

Institutions	Number interviews conducted
Municipal Business Advisory Unit of NBSSI	1
Municipal Planning Unit	1
Micro Finance Institutions	2
Total	4

Author's Construct, 2016

Since all small scale operators within the Informal sector in the Wa Municipality cannot be captured within the time frame within which the research was carried out, specific locations within the municipality were selected and studied into details. These areas are Wa Magazine off Kperisi Tumu Road, Mangu, Kunta, Kabanye, Zongo, Wapani, Dokpong located within the Wa Municipality.

The respondents to the research questionnaire were enterprise owners who are located in the areas stated above. A sampling frame consisting of master craftsmen was generated from a list of all informal business operators obtained from the Wa Municipal Assembly. A statistical procedure was used to select 114 respondents for investigation.

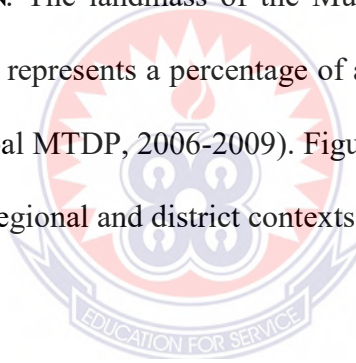
3.7 Data Processing and Analysis

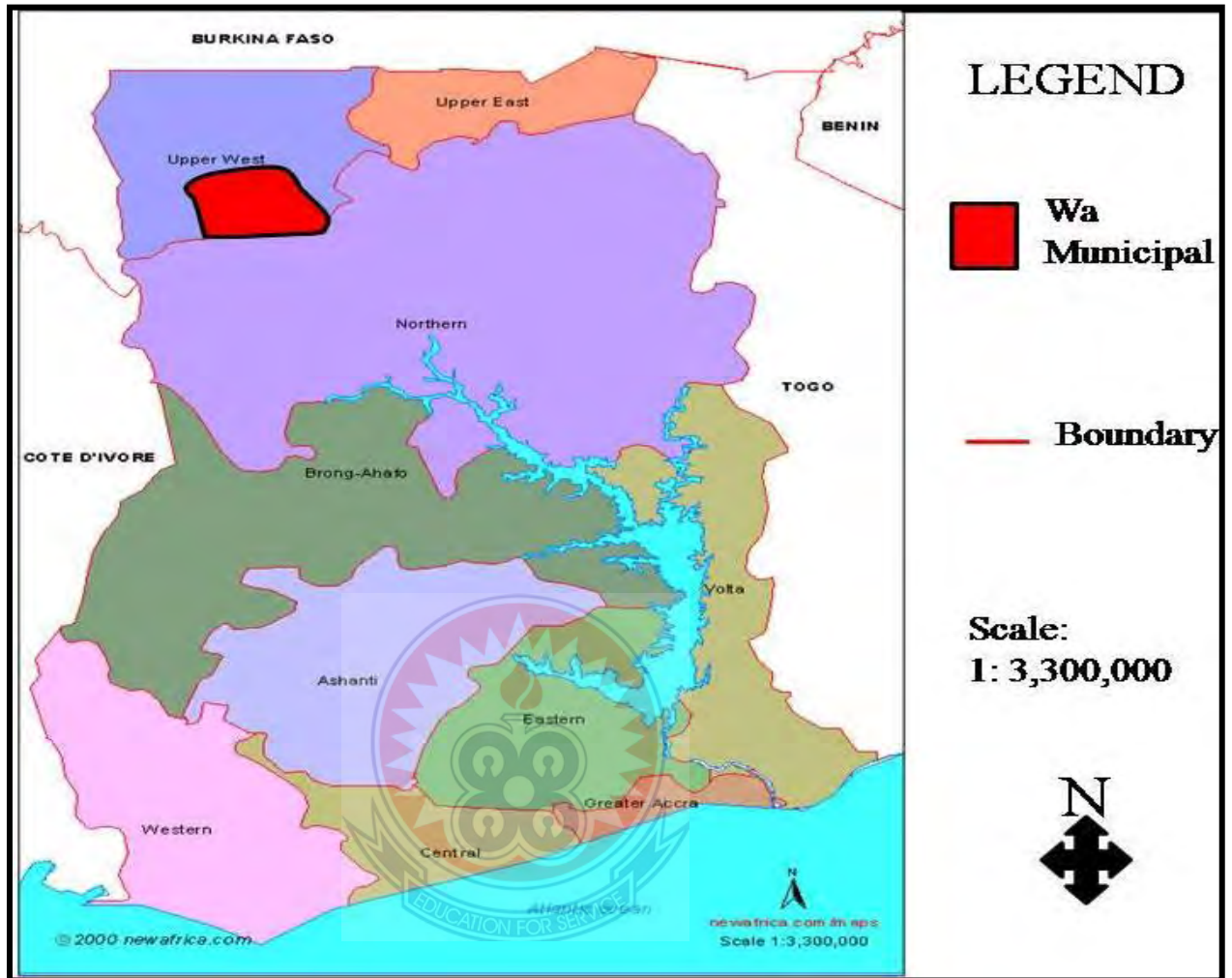
This section presents a descriptive analysis of the sampled data. The quantitative data gathered were coded and entered into datasets using Microsoft Software Programme for Social Sciences such as Statistical Package for Social Sciences (SPSS) whereas inferences were drawn from the qualitative data to support the analysis. The responses were analysed to show summary of issues and information in order to communicate in simple and more concise manner making use of graphical representations such as tables, bar charts and pie charts.

3.8 Profile of Wa Municipal

3.8.1 Location and Size

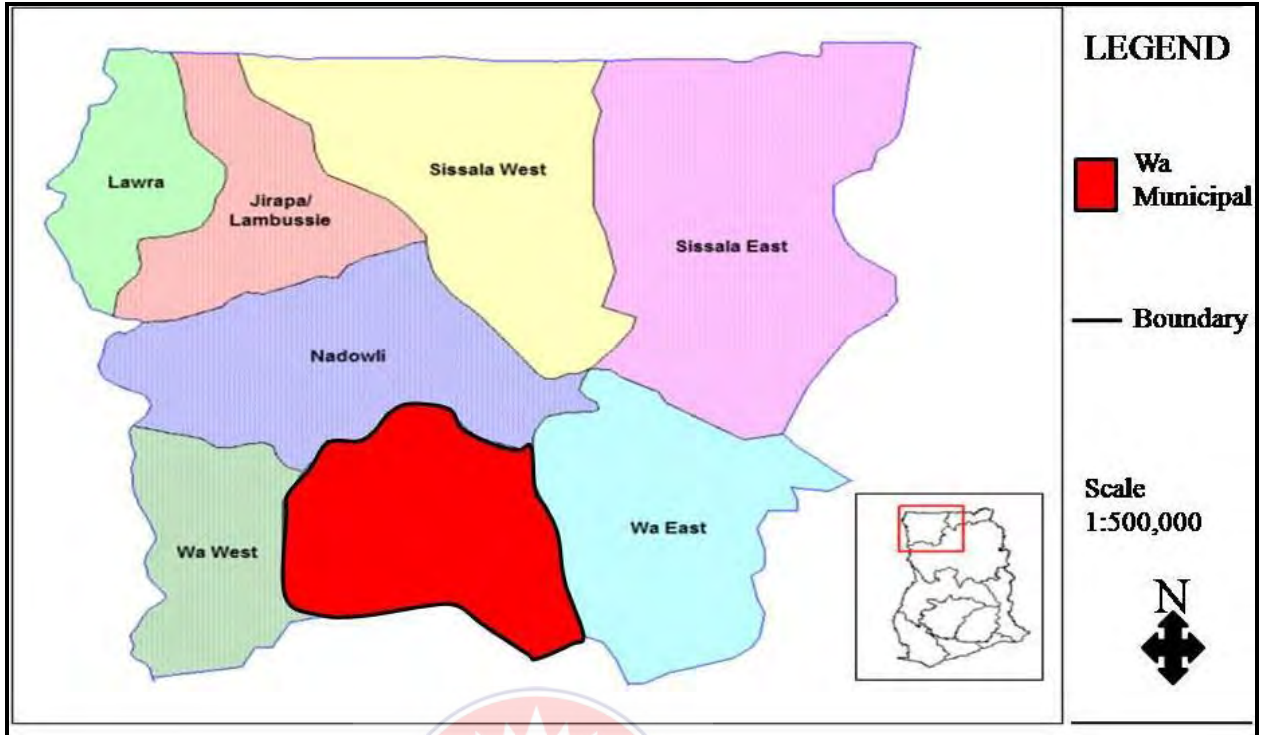
The Wa Municipality by administrative demarcation is situated in the Upper West Region and happens to be the only municipality in the region. The municipality services as the economic and social hub of the region as its capital, Wa doubles as the regional capital too. The Municipality is bounded to the North by the Nadowli-Kaleo District and in the south by the Wa-East and -West Districts. In the East it is bordered by the Wa - East District and also shares boundary with the Wa-West District in the West. The Municipality lies within longitudes $1^{\circ}40'W$ to $2^{\circ}45'W$. Latitudinally, this area occurs within $9^{\circ}32'N$ to $10^{\circ}20'N$. The landmass of the Municipality is approximately 234.74 square kilometers and this represents a percentage of about 6.4 of the total surface of the entire region (Wa Municipal MTDP, 2006-2009). Figures 3.1, 3.2 and 3.3 are maps of the Municipality in national, regional and district contexts.





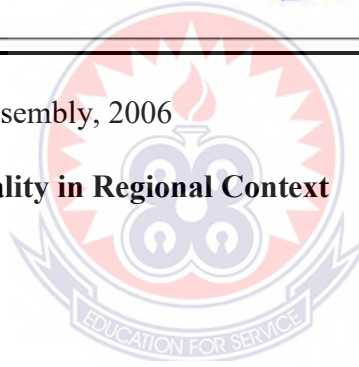
Source: newafrica.com, 2000, retrieved on 10/05/2012

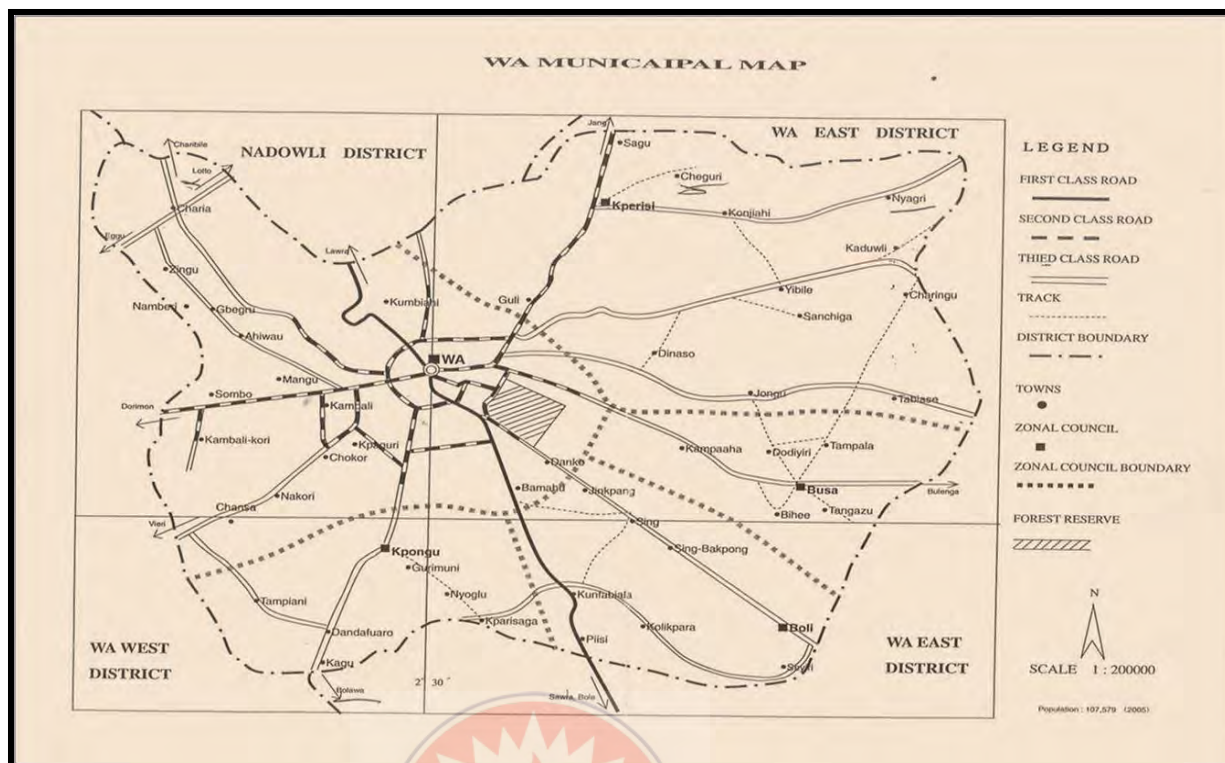
Figure 3.1 Wa Municipality in National Context



Source: Wa Municipal Assembly, 2006

Figure 3.2: Wa Municipality in Regional Context





Source: Wa Municipal Assembly, 2006.

Figure 3.3: Map Showing Settlements in Wa Municipality

The settlements were chosen simply because they exhibit the characteristics that will help in the study. Again they have the total proportion of small scale industries in the municipality.

3.8.2 Demographic Composition and Features

From the 2000 Population and Housing Census (PHC), the Wa Municipality had a total population of 98,675. Population estimate for the year 2009 is 116, 229 (MoH, 2009). The population growth rate of the Municipality is 2.7% for the rural periphery and a 4% for the urban centre (Wa, Statistical Service Department, 2009). The urban population rise is attributed to the influx caused by rural in-migrants. The population

density for the Municipality is averaged around 84 persons per square kilometer .This implies a high pressure on land and infrastructure to say the least.

Literacy among men is greater as compared to their female counterparts. The reasons have been because females tend to drop out of school due to pregnancy and or early marriages. Socio-cultural factors are also responsible for the literacy discrepancy between these sexes (Wa Municipal Medium Term Development Plan, 2006-2009).

3.8.3 Economic Characteristics

The economy of Wa Municipality is dominated by agriculture with commerce and industrial sectors least developed. Agriculture accounts for about 80% of the municipality labour force, commerce account for about 12%, while industry and other sectors account for about 8 %.

(Wa Statistical Service Department)

The dominant economic activity (agriculture) does not yield the necessary returns for any meaningful standard of living. The result is widespread poverty among the population with severe impact on women and children. Thus, the women engage in other minor occupations (small-scale industries) to generate income to supplement their earnings. The major small-scale industrial activities in the municipality are Shea butter extraction, pito brewery, local soap manufacturing, dressing making, hair dressing and pottery. Most of these small-scale industries employ less than five persons, which is usually family labour and are dominated by women which is attributed to the southward movement of the men in search of non-existent jobs.

CHAPTER FOUR

ANALYSIS AND DISCUSSION OF RESULTS

4.0 Introduction

This chapter presents analysis of results. Several variables have been analysed and are related to the research objective. Specifically, the analysis covers the personal profile of respondents, description of businesses and their operations, the contribution of master craftsmen to the economy, and the challenges facing master craftsmen business operations in the Wa Municipality.

4.1 Personal Profile of the Respondents

The descriptions of personal profile of respondents“ covers their level of formal education, marital status, age and household size.

4.1.1 Level of formal education

The respondents were found to have attained different levels of formal education. The categories include those with no level of formal education, primary education, those who have attained Junior High Educational level, Senior High School and those with technical/vocational (tech/voc) education. From Table 1, the results show that most of the respondents(59) representing 51.8% have attained Junior High School (JHS) education as their highest level of education followed by those without any formal education which amount to 35 respondents constituting 30.7% of the sample population. Those with primary education were 15 who formed 13.2% and 4 respondents denoting 3.5% also attained Senior High School (SHS) education as their highest level of

education. The remaining 1 respondent representing 0.9% was the only respondent who acquired technical or vocational education.

Table 1: Level of formal education

Level of education	Frequency	Percent
No formal education	35	30.7
Primary	15	13.2
JHS	59	51.8
SHS	4	3.5
Tech/Voc	1	0.9
Total	114	100.0

Source: Field survey (2016)

4.1.2 Marital status

All the 114 respondents were found to either married or single. Results in Table 2 shows that 77 respondents who form majority of the sample population were married and that constitute 67.5% while the remaining 37 respondents denoting 32.5% were still single.

For those that are married, engagement in these jobs will serve as a means of income generation to support their families while the non-married ones can use this as a source of job security to engage in marital relationships. Besides, the married entrepreneurs, when blessed with children can have access to family labour for their business operations.

Plate 1: A Master Craftsman and his Children at their shop

Source: Field work (2016).

Table 2: Marital status

Marital status	Frequency	Percent
Married	77	67.5
Single	37	32.5
Total	114	100.0

Source: Field survey (2016)

4.1.3 Age and household size

This sub-section presents the results of respondents' age and their household size. From Table 3, the minimum age and household size of respondents was 18 and 1 respectively and the maximum age of the respondents was 46 while the maximum household size was 6. The result again shows the mean age to be 31.37 and the mean of

the household size was 4.05. The standard deviation for both age and household size of respondents was 7.10 and 1.46 respectively.

Table 3: Age and household size of respondents

Descriptive Statistics	N	Minimum	Maximum	Mean	Std. Dev.
Age of respondent	114	18	46	31.37	7.10
Household size	114	1	6	4.05	1.46

Source: Field survey (2016)

The ages of the master craftsmen implies that they are all within the youthful population as suggested by their minimum age of 18 and a maximum age of 46. People above age 60 who are normally, considered as aged are not found to have been engaging themselves in master craftsmen business activities.

4.2 Business Description and Operational Characteristics

The description of the businesses and their operations has been presented in this section. Specific variables presented include age of the business, type of business, owners' membership to an association, number of employees and apprentices, source of business training, income from the business. Other variables presented include business location decision, and business permit status.

4.2.1 Age of business

Findings from the study in relation to how long respondents have been operating their respective businesses shows that, the minimum age of business was 1 year and the maximum age being 20 years as shown in Table 4. Also, results from the same table show that the mean age of business was 7.75 while the standard deviation was 3.903.

Table 4: Age of business

Descriptive Statistics	N	Minimum	Maximum	Mean	Std. Deviation
Business age	114	1	20	7.75	3.903

Source: Field survey (2016)

The results suggests that some of the businesses have being in operation for as long as 20 years. Besides, some are still relatively new as indicated by the minimum age of 1 year.

4.2.2 Type of business

From Table 5, respondents were found to have engaged in different types of businesses ranging from motorcycle to vehicles repairs in terms of majority. The results show that, 42 respondents constituting 36.9% indicated to be repairing motorcycle and 26 respondents denoting 23.4% were found to be into welding and fabrication. The findings again show that 14 respondents representing 11.5% were into vulcanizing while 11 respondents were repairing electronic gadgets. Another type of business indicated 11 respondents to be television repairers and they also form 9.6% of the study. However, the remaining 10 respondents who represent 8.8% were said to be repairing vehicles.

Table 5: Type of business

Type of business	Frequency	Percent
Repairs of motorcycle	42	36.9
Repair electronic gadget	11	9.7
Repair of vehicles	10	8.8
Television repairs	11	9.6
Vulcanizing	14	11.5
Welding and fabrication	26	23.4
Total	114	100.0

Source: Field survey (2016)

The results from the Table 5 revealed that master craftsmen in the Wa Municipality cover different types of activities. The activities are generally in the areas of mechanical and auto engineering, and electrical engineering.

Further results were computed to find out whether type of business activity is independent of the entrepreneurial level of formal education. Table 6 shows a cross tabulation on the two variables. From the table, out of the 42 respondents that have engaged in the repairs of motorcycle, 11 of them have not attained any form of formal education. Besides, 6 of them have attained primary education, 23 attained Junior High School education and only 2 of them attained Senior High School education. No respondents with Tech/Voc education were found to have been repairing motorcycles.

The results also indicate that out of the 11 respondents who engage in the repairs of electronic gadgets, 5, 2, and 4 were found to have attained no form of formal education, primary education, and Junior High School education respectively. Besides, out of the 10 respondents who engaged in the repairs of vehicles, 2 have no form of formal educational achievement, 7 have attained Junior High School education and only 1 respondent have attained vocational/technical education. Results of the 11 respondents that repairs televisions indicate that 9 of them have no form of formal educational attainment, and 2 have attained Junior High School education. For the 14 respondents that have engaged in vulcanizing, majority (10) have attained Junior High School education, 2 have attained Senior High School Education and only 1 person have not attained any form of formal education at all.

Further results on type of business and level of formal educational achievement as indicated in Table 6 show that among the 26 respondents who are engaged in welding

and fabrication, 7 have attained no form of formal education, 6 have attained primary education, and 13 have attained Junior High school education.

Table 6: Type of business and level of education cross tabulation

Type of business	Level of education					Total
	No formal education	Primary	JHS	SHS	Tech/Voc	
Repairs of motorcycle	11	6	23	2	0	42
Repairs of electronic gadgets	5	2	4	0	0	11
Repairs of vehicles	2	0	7	0	1	10
Television repairs	9	0	2	0	0	11
Vulcanizing	1	1	10	2	0	14
Welding and fabrication	7	6	13	0	0	26
Total	35	15	59	4	1	114

Pearson Chi-Square = 40.724; d.f = 20; Asymp. Sig. (2-sided) = 0.004

Source: Field survey (2016)

The results in Table 6 suggests that the master craftsmen business are associated with people with low educational background since many of them have their highest education as Junior High School education. The independence of type of business engagement on level of formal educational attainment has been explained by the chi-square statistical test results. The chi-square value of 40.724 is significant at 1% since the p-value is 0.004.

The various enterprises use different materials in their operations. These range from metallic tools and equipment, oil, fuel, iron bars, metal plates, pumping machines, electricity, tires, welding rods among others. The materials are obtained from wholesalers and retailers from within Wa town, Kumasi and in some cases imported from outside Ghana.

4.2.3 Membership to an association

Results from Table 7 indicate that most of the respondents were not part of any association. That is, 100 respondents constituting about 87.7% of the sample population do not belong to any association while only 13 respondents representing 12.3% indicated that they belong to an association related to their business activities.

Table 7: Membership to an association

Member of an association	Frequency	Percent
Yes	13	12.3
No	100	87.7
Total	114	100.0

Source: Field survey (2016)

Further findings pointed out that the benefits of belonging to an association include sharing of jobs, customers and in some cases their leaders speak on their behalf.

Despite the relative benefits associated with membership to an association, some people have not joined them in order to have shared the relative benefits. Such people will be operating as individuals and will not enjoy any benefit from their industry associations. On the other hand, the fact that many of the craftsmen are not currently members of any association suggest that, the associations are relatively difficult to join or are not attractive enough to their members.

4.2.4 Number of employees and apprentices

Respondents indicated the number of employees and apprentices in their businesses. Table 8 shows that the minimum number of both employees and apprentices was 1 while the maximum number of employees and apprentice was 5 and 9 respectively. The mean number of employees was 2.54 while that of apprentices was 3.96. Standard

deviation of number of employees was 0.942 and the standard deviation of apprentices was 1.637.

Table 8: Number of employees and apprentices

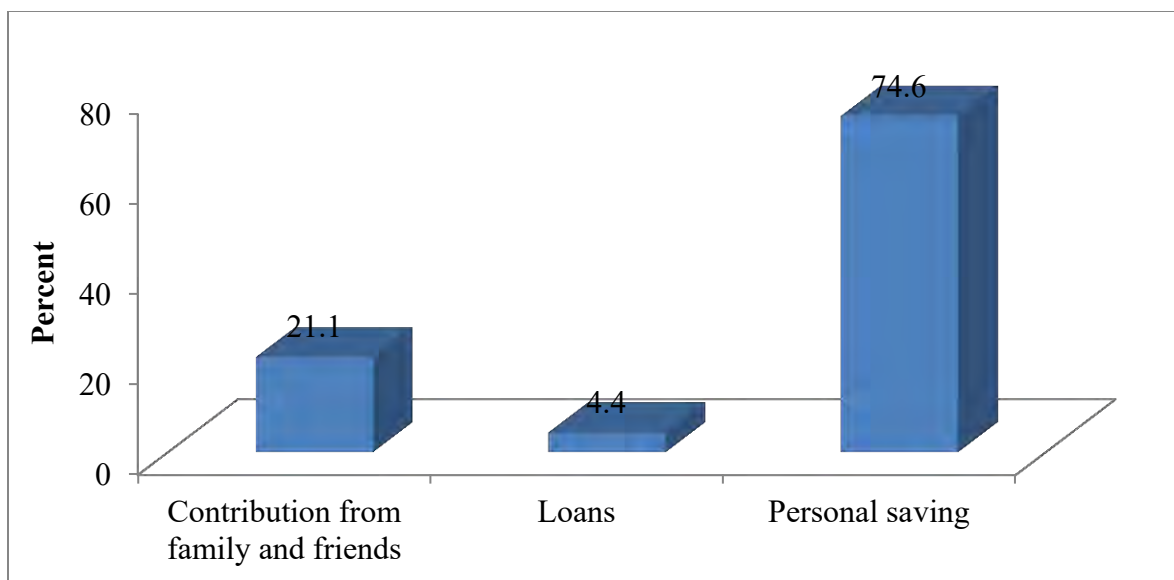
Descriptive Statistics	N	Minimum	Maximum	Mean	Std. Deviation
Number of employees	114	1	5	2.54	.942
Number of apprentices	114	1	9	3.96	1.64

Source: Field survey (2016)

The Municipal Assembly share similar views that enterprises in this sector employ about 3 people on average.

4.2.5 Source of start-up and capital

The study found out that the sources of respondents' startup capital include contribution from families and friends, personal savings and loans from financial institutions. The distribution in Figure 1 indicates that 85 respondents representing 74.6% acquired their startup capital from their own personal saving. Also, 24 respondents said they had their startup capital from contribution from family and friends while only 2 respondents denoting 4.4% acquired their startup capital from loans.



Source: Field survey (2016)

Figure 1: Sources of capital

The results in the figure imply that the major source of start-up capital for master craftsmen in the Wa Municipality is personal savings. Loans from financial institutions and social capital such as contribution from families and friends do not constitute significant sources of capital for business development. The results also imply that master craftsmen are currently having challenges in accessing financial services from the various financial institutions in the Wa Municipality.

4.2.6 Source business of training

Results from Table 9, respondents indicated only two source of their business training which is through technical training and apprenticeship. However, most of the respondents (113) representing 99.1% had their training through apprenticeship while only 1 respondent representing 0.9% indicated that he had his training from a technical school.

Table 9: Source of business training

Receive training	Frequency	Percent
Apprenticeship	113	99.1
Attended a technical school	1	0.9
Total	114	100.0

Source: Field survey (2016)

The results imply that apprenticeship training is the main source of business training for master craftsmen in the Wa Municipality.

4.2.7 Income from business

Respondents were asked to indicate their monthly income, from Table 10, the minimum income rate recorded was GH¢114.00 while the maximum income was GH¢5000.00. Also the mean monthly income was GH¢1293.95 and the standard deviation was 698.810.

Table 10: Monthly income (GH¢)

Descriptive Statistics	N	Minimum	Maximum	Mean	Std. Dev.
Monthly income	114	110	5000	1293.95	698.810

Source: Field survey (2016)

From the table, the income distribution suggests a variation in earning despite the fact that all the enterprises are related businesses. The maximum monthly income of GH¢5000.00 implies that some of the master craftsmen are earning income that is even above many people in different sectors of the economy. This highlights the significance of master craftsmen as a source of livelihood and hence contributes to the development of the local economy.

4.2.8 Business location decision

Respondents were asked to indicate the motive behind their present business location. From Table 11, 98 respondents representing 86.1% indicated that their present location was a result of visibility and public awareness. Also, 6 respondents consisting of 5.3% said the Municipal Assembly allocated that portion of land for their type of businesses. Also, another group of 6 respondents denoting 5.3% said their businesses were sited on their family land. Only 2 respondents indicated that, that was the only land available for them to locate their business.

Table 11: Business location decision

Reason for present site	Frequency	Percent
Municipal Assembly allocation for this type of business	6	5.3
Visibility and public awareness	98	86.1
Family land	6	5.3
Availability	2	1.8
Total	114	100.0

Source: Field survey (2016)

For all the factors influencing the location of business in their current cite, visibility to create consumer awareness dominates over the other reasons. This implies that people are citing their business at vantage points to the market. This is consistent with the economic principle of enterprise location where many entrepreneurs will want to site their businesses at areas that can access relative larger segment of the market.

Results on whether or not respondents have relocated their businesses are shown in Table 12. The results indicated that 109 respondents constituting 95.6% said they have not relocated their businesses while 5 respondents representing 4.4% indicated to have moved their business from a previous location to their present location.

Table 12: Business relocation

Has your business been relocated	Frequency	Percent
Yes	5	4.4
No	109	95.6
Total	114	100.0

Source: Field survey (2016)

Some of the businessmen have relocated their business because of the influence of the Municipal Assembly or access to market. However, majority of the business have not been relocated since start-up. This suggests that they have already taken into consideration most of the factors governing location of businesses before siting their firms.

4.2.9 Business permit

The study results provided evidence on whether the various business have permit to operate. From Table 13, 104 respondents denoting 91.2% indicated not having business permit while 10 respondents representing 8.8% said they has obtained a business permit.

Table 13: Permit status of business

Have you obtain permit	Frequency	Percent
Yes	10	8.8
No	104	91.2
Total	114	100.0

Source: Field survey (2016)

The reasons provided by those without permit include the fact that their businesses were new, cost of registration, and complex registration procedures. The results suggest that master craftsmen in the Wa Municipality are operating under the informal economy where most of them are not registered or given the legal permission to

operate. This means that such business will not be able to enter into any formal business relationship with corporate institutions.

4.3 Contribution of the Master Craftsmen to the Development of the Local Economy

This section presents results on the contribution made by master craftsmen to the development of the local economy. Specific contributions discovered in this study include provision of apprentice training services, employment creation, income generation, tax revenue generation, and provision of basic economic services.

4.3.1 Apprentice training

Table 14 indicates the contribution of craftsmen to the development of the local economy as to how many apprentices they are training. The results show that the sum of apprentice that are under the care of the 42 craftsmen who are repairing motorcycles were 163 with a minimum of 2 apprentices and a maximum of 6 apprentices. The mean of apprentice under motorcycle repairers was 4 and a standard deviation of 1.38. Results further show that, the 11 electronic gadgets repairers alone had a sum of 38 apprentices training. The minimum of apprentices was recorded to be 1 and the maximum apprentices was 5. Also, a mean of 3 apprentice was recorded and a standard deviation of 1.13.

The 10 repairers of vehicles identified in the study are training 54 apprentices with a minimum of 3 apprentices. Having the highest maximum of 9 apprentices, it recorded a mean of 5 respondents and a standard deviation of 1.78. Another group of craftsmanship identified was 11 television repairers and they are training 19 apprentices. A minimum of 1 apprentice and a maximum of 5 apprentices were recorded to be training under vehicle

repairers. Also, a mean of 1 apprentice and a standard deviation of 1.35 were recorded under television repairers.

The contribution of the 14 identified vulcanizers to the local economy as to the number of people they are training were 68 apprentices. Minimum of 3 apprentices and maximum of 6 apprentices were recorded to be training under this group of craftsmen. This also recorded a mean of 4 apprentices and a standard deviation of 1.46. The last group of craftsmen were into welding and fabrication who were 26 in number. A sum total of 109 apprentices were found to be training under this group of craftsmen recording a minimum and a maximum of 3 and 6 apprentices respectively. A mean of 4 apprentices with a standard deviation of 1.36 was recorded as the contribution of welders and fabricators to the local economy.

Table 14: Descriptive Statistics

Type of business	Number of respondents	Apprentices				
		Sum	Min	Max	Mean	Std. Dev.
Repairs of motorcycle	42	163	2	6	3.88	1.38
Repairs of electronic gadgets	11	38	1	5	3.45	1.13
Repairs of vehicles	10	54	3	9	5.40	1.78
Television repairs	11	19	1	5	1.73	1.35
Vulcanizing	14	68	3	6	4.86	1.46
Welding and fabrication	26	109	1	6	4.19	1.36

Source: Field survey (2016)

All the business activities are serving as a training institution for people. All have apprentices under training in order to have continuity in the business. The results imply that vehicle repairs businesses on average employ more people. Besides, television repairs have the least average apprentices under training.

4.3.2 Employment creation

Respondents were found to have employed several numbers of people into their business, which is a major boost to the local economy hence reducing the rate of unemployment. The study therefore found out the contribution of these types of businesses to the local economy through employment. From Table 15, the type of business to have employed most people is motorcycle repairs which employed 102 employees. The minimum number of employees was found to be 1 and a maximum of 4 people were employed by motorcycle repairers. A mean of 2 people with a standard deviation of 0.80 was recorded under motorcycle repairs. The sector to have employed the second highest employees is the welding and fabricating sector. This sector has employed 75 people as a contribution to the development of the local economy. A mean of 3 and a standard deviation of 0.90 have been recorded in this sector.

The number of people employed by electronic gadgets repairers was 30. The results show that a minimum and a maximum of 1 and 4 people were employed respectively with a standard deviation of 1. Further results show that, vehicle repairers have employed 31 people with a minimum of 2 people and a maximum of 5 people were employed under this type of business. This type of businesses has had a mean of 3 people and a standard deviation of 1.0 was recorded.

It was revealed that, 17 people have been employed in the area of Television repairers. A minimum of 1 person and a maximum of 3 people have been employed by this group of craftsmen. The mean number of employees by Television repairs was 1 and that also recorded a standard deviation of 0.70. The vulcanizing sector also recorded a

sum of 35 employees. This gives a minimum of 1 employee and a maximum of 4 employees with 3 employees being the mean value, giving a standard deviation of 0.90.

Table 15: Descriptive Statistics of employees by type of business

Type of business	Number of respondents	Employees				
		Sum	Min	Max	Mean	Std. Dev.
Repairs of Motorcycle	42	102	1	4	2.43	0.80
Repairs of electronic gadgets	11	30	1	4	2.73	1.00
Repairs of vehicles	10	31	2	5	3.10	1.00
TV repairs	11	17	1	3	1.55	0.70
Vulcanizing	14	35	1	4	2.50	0.90
Welding and fabrication	26	75	2	4	2.88	0.90

Source: Field survey (2016)

The table has provided evidence on the contribution of master craftsmen to the development of the local economy. All the business units have employed at least 1 person with maximum number of employees varying across different enterprises.

Further statistics were computed on the association of some variables with number of people employed. The variables under consideration were age of craftsmen, and business age. The degree of association was computed using the Pearson correlation coefficient. The results were tested at 5% significant level. From the table, both business age and age of craftsmen were found to have significant positive correlations with number of people employed. The correlation coefficient for age of craftsmen and number of employees is 0.5 and that of business age and number of employees is 0.4. This suggests that number of people employed increase with age of the business and that of master craftsmen.

Table 16: Pearson correlations analysis

Variables	Age of Craftsmen	Business age	Number of employees
Age of Craftsmen	1		
Business age	0.70**	1	
Number of employees	0.50**	0.40**	1

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Field survey (2016)

There is a moderate positive correlation between age of master craftsmen and number of people employed. Besides, the correlation between business age and number of employees is positive but weak. This analysis does not suggest causality but only implies that number of employees have the same direction of movement as age of master craftsmen and age of the businesses.

4.3.3 Income generation

Table 17 shows the contribution of the master craftsmen to the development of the local economy in relation to their income shows that, the total monthly income for all motorcycle repairers included in the study was GH¢49510.00, giving a minimum income of GH¢110.00 and maximum income of GH¢2500.00. The mean income of motorcycle repairers was GH¢1178.81 and a standard deviation of 454.50.

The sector to have the second highest income level was the welding and fabricating sector. This sector recorded a sum of GH¢38100.00 monthly incomes. Craftsmen in this sector were found to have been earning a maximum and a minimum income of GH¢3000.00 and GH¢500.00 respectively. This shows a mean income of GH¢1465.38 and a standard deviation of 597.96 in relation to their monthly incomes.

The sum income level of masters in electronic gadgets repairs was GH¢13100.00. Their maximum and minimum incomes were found out to be GH¢1800.00 and

GH¢500.00 respectively. The mean income level was GH¢1190.91 and a standard deviation of 403.62.

A total of 11 respondents who were vehicle repairers earned a sum of GH¢21200.00 with the maximum income being GH¢5000.00 and a minimum income level being GH¢500.00. The mean income was GH¢2120.00 and the standard deviation being 1588.01.

From the results, 11 respondents who were television repairers recorded the least income level among all the sampled sectors which is GH¢10100.00. The maximum income level among this group of craftsmen was GH¢1800.00 and the minimum income level being GH¢300.00. However, the mean income was GH¢918.18 while the standard deviation is 394.51.

The study also revealed that 14 craftsmen who are into vulcanizing had a total monthly income of GH¢15500.00. The minimum and a maximum income of this group of craftsmen were GH¢1500 and GH¢500 respectively. The sector recorded a mean income of GH¢1107.14 and a standard deviation of 349.65.

Table 17: Descriptive statistics income generated

Type of business	Number of respondents	Income from master craftsmen (GH¢)				
		Min	Max	Sum	Mean	Std. Dev
Repairs of Motorcycle	42	110	2500	49510	1178.81	454.50
Repairs of electronic gadgets	11	500	1800	13100	1190.91	403.62
Repairs of vehicles	10	500	5000	21200	2120.00	1588.01
Television repairs	11	300	1800	10100	918.18	394.51
Vulcanizing	14	500	1500	15500	1107.14	349.65
Welding and fabrication	26	500	3000	38100	1465.38	597.96

Source: Field survey (2016)

With the exception of Television repairs that has GH¢918.18 as mean income, all the remaining types of business have mean income above GH¢1000.00. The results that type of business do not attract many customers as other businesses.

4.3.4 Tax revenue generation

Tax revenue generation is one area of contribution by master craftsmen to the development of the local economy. Table 18 provides descriptive statistics (minimum, maximum, mean and standard deviation) of respondents' monthly tax. The results then show that the minimum monthly tax was GH¢2.00 while the maximum monthly income was GH¢20.00. Also, the mean tax of respondents was GH¢8.57 and the standard deviation was 4.709.

Table 18: Tax revenue

Descriptive Statistics	N	Min	Max	Mean	Std. Dev.
Amount of monthly tax	114	2	20	8.57	4.709

Source: Field survey (2016)

Taxes which play a major role in contributing to the development of the local economy were studied, in relation to the amount of tax paid by the various type businesses.

From Table 19, the business which pays higher taxes is the motorcycle repairs which have a number of 42 respondents. It was revealed that they paid a sum of GH¢305.00 taxes per month. The maximum tax payers in this sector were found to be paying GH¢20.00 while the minimum tax level was GH¢5.00. Also, the mean tax paid was found to be GH¢7.26 and a standard deviation of 3.70.

The next type of business which paid higher taxes thereby contributing to the development of the local economy was the welding and fabrication sector. It also has a number of 26 respondents who paid a total of GH¢245.00 taxes per month. Their maximum monthly tax was found to be GH¢20.00 and the minimum was GH¢5.00. The mean amount of monthly tax paid was GH¢9.42 and a standard deviation of 4.55 was recorded.

About 14 respondents who formed the vulcanizing sector were found to be paying a sum total of GH¢155.00 as monthly taxes, hence contributing to the development of the local economy. However, the maximum amount of monthly tax recorded was GH¢20.00 while the minimum tax paid was 5.00. This sector produces 11.07 as the mean tax being paid, while a standard deviation of 5.61 was recorded.

Table 19: Descriptive statistics of amount of tax paid

Type of business	Number of respondent	Amount of tax paid				
		Min	Max	Sum	Mean	Std. Dev.
Repairs of Motorcycle	42	5	20	305	7.26	3.70
Repairs of electronic gadgets	11	5	15	85	7.73	4.10
Repairs of vehicles	10	2	20	127	12.70	6.38
Television repairs	11	5	10	60	5.45	1.51
Vulcanizing	14	5	20	155	11.07	5.61
Welding and fabrication	26	5	20	245	9.42	4.55

Source: Field survey (2016)

From table 19, the enterprise that contributes most to tax revenue is repairs of vehicles. The next highest is vulcanizing while welding and fabrication is the third highest contributor to tax revenue. The results also imply that all the various categories of businesses contribute to tax revenue but in different proportions.

4.3.5 Provision of basic services

The master craftsmen businesses in the Wa Municipality play several roles in the area of service provision. Basically, they play a significant economic role in the distribution of goods and services in the Municipality. Relevant services such as repairs of motor bicycles, repairs of vehicles, television repairs, and repairs of electronic gadgets are provided to the public with convenience. A response from the Wa Municipal Assembly supports this opinion that essential services such as the sale of motor and vehicle spare parts serves the economy better since consumers need not to travel to other cities such as Kumasi in search of these goods and services.

Besides, some of these business managers belong to various associations that protect the interest and welfare of their members. For example through their associations, some welding and fabrication enterprises were able to access equipment to augment their production activities. This suggests that they do not only provide basic services only to the general public, but also for themselves in order to meet their dreams.

4.4 Challenges that were faced by the Master Craftsmen in their Daily Operations

This section presents the challenges that are often encountered by the master craftsmen in their business operations. The section specifically, presents the major challenges, challenges by type of business, and the collaborative institutions that can assist address the challenges.

4.4.1 Major challenges facing business operations

The results of the study pointed out that the major challenges facing the operations of the business include inadequate working capital, fear of eviction from the market, high cost of electricity, low demand for goods and services, high taxes, and poor electricity supply. The distribution of responses on the challenges is shown in Figure 2. From Figure 2, 70 respondents representing 61.4% of the sample indicated inadequate working capital as the major challenge. Besides, 2 respondents representing 1.8% has the fear that they would be evicted from the market. Also, 12 respondents representing about 10.5% indicated high cost of electricity supply as the major challenge facing their business operations while 21 respondents representing 19.4% indicated low demand for their goods and services. Finally, 3 respondents and 6 respondents representing 2.7% and 5.3% respectively indicated high taxes and poor electricity supply respectively.

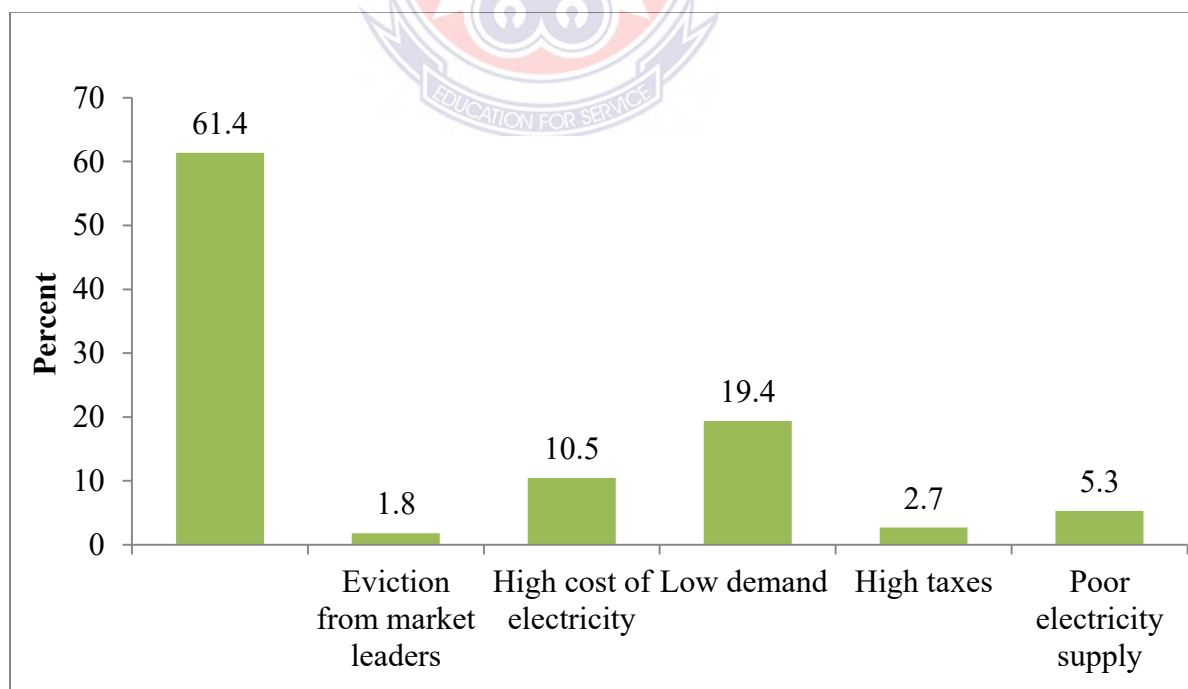


Figure 2: Major challenges facing business operations

The results suggest that different issues consisting of both internal and external factors are serving as challenges to the efficient operations of the businesses. The findings support the argument of past studies (e.g Aryeetey, 1994; Kayanula & Quartey, 2000). However, this study does not report managerial incompetence as a challenge facing informal business operations.

4.4.2 Challenges in business operations by types of enterprise

The factors identified as challenges facing the operations of the business have been cross tabulated with the type of business. In Table 20, Inadequate working capital (IWC), High cost of electricity (EM), High cost of materials (HCE), High taxes (HT), Low demand (LD) and Poor electricity supply (PES) have been cross tabulated with the type of business. From the table, all the different categories of the business have inadequate working capital with the highest frequency. Besides, low demand for their goods and services is the next challenges with high frequencies in all the types of businesses. However, high taxes, fear of eviction from the market and poor electricity supply do not appear as challenges facing some of the types of businesses.

Further results were computed to test whether the challenges facing the business operations are independent on the type of business using chi-square statistics. From Table 20, the chi-square value is not significant being 5%. This suggests that the claim of independence of the challenges from the type of business cannot be rejected.

Table 20: Type of business and their operational challenges

Type of business	Challenges facing business operation						Total
	IWC	EM	HCE	LD	HT	PES	
Repairs of motorcycle	25	2	5	7	0	1	42
Repairs of electronic gadgets	7	0	2	2	0	0	11
Repairs of vehicles	5	0	1	3	1	0	10
Television repairs	8	0	1	2	0	0	11
Vulcanizing	5	0	1	4	1	3	14
Welding and fabrication	20	0	2	1	1	2	26
Total	70	2	12	19	3	6	114

Pearson Chi-Square = 40.024; df = 35; Asymp. Sig. (2-sided) = 0.257

The results imply that some of the businesses have some specific needs or inputs that influence their operations and hence have different level of challenges. For example motorcycle repairers and welding and fabrications have more people indicating inadequate capital as a challenge than the other category of businesses. Like past studies such as Kayanula and Quartey (2000), this financial predicament of the informal sector businesses stems from the fact that they have limited access to capital markets, locally and internationally.

Besides, low demand for services is very prevalent in motorcycle repairs and vulcanizing than other types of businesses. The finding on low demand as faced by the business operators in the Wa Municipality agrees with Parker *et al.* (1995) that such firms have limited access to public contracts and subcontracts.

Factors that contribute to these challenges include limited land space to cite business units, and ineffective corporation from the municipal assembly. As a result, the businesses are being operated with fear of eviction, and low capacity. The challenges currently facing the businesses have several effects. The respondents indicated that the

immediate effects of the challenges include complains from customers, high cost of doing business, lost of customers and low productivity.

4.4.3 Collaborative institutions to address the challenge of business operations

The respondent pointed out some institutions that could collaborate with them to find solutions to the challenges. However, they have not received any collaboration or support from them towards their business development. They specifically, mention the Municipal Assembly, Electricity Company of Ghana (ECG)/Volta River Authority (VRA), and the media. From Figure 3, about 76% of the respondents are of the view that collaboration with the Municipal Assembly will be very useful in finding solutions to the challenges, while 14% indicated that ECG/VRA can assist to find remedies to the challenges. Finally, 10% shared the view that the media can collaborate with them to find remedies to the challenges.

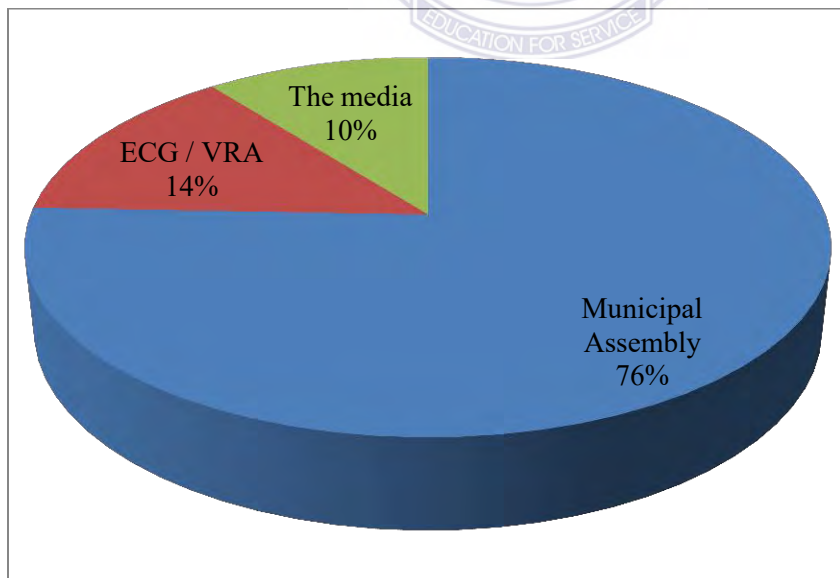


Figure 3: Collaborative institutions

According to the respondents, the collaborative institutions can intervene by improving upon the situation in different ways. For example VRA/ECG can assist to solve the challenge of poor electricity supply, while the Municipal Assembly can assist with micro-finance services to improve upon their inadequate working capital. Besides, the media can assist them to presents their grievances to major stakeholders in the Wa Municipality. About 99.9% of the respondents representing 113 indicated that the Municipal Assembly has never in any way assisted them to develop their business.



CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This presents the results of major findings, conclusions and recommendations.

5.2 Summary of Findings

The issues discussed under this include characteristics of informal sector businesses in the Wa Municipality, their contribution to local economy and challenges faced by informal operators in the study area.

5.2.1 Characteristics of Informal Sector Businesses in the Study Area

Master craftsmen businesses in the Wa Municipality are individually owned. They have operated for an average of 8 years. The businesses cover activities including repairing of motorcycle, welding and fabrication, vulcanizing, and repairs of electronic gadgets, television repairs and repairs of vehicles. Most of these business owners see themselves as operating independent of each other and they rarely form associations or co-operatives to fight common causes. They therefore lack a common front to fight against unfriendly policies that go against the interest of their businesses.

The major sources of start-up capital to start their businesses are personal savings, loans and remittance from friends and family members. Personal savings came up as the major (74.6%) source startup capital and this can be attributed to the small amount of money needed to start a business. Very few (4.4%) of the enterprise owners

accessed credit from financial institutions due to the administrative limitations and procedures business operators go through in accessing credit.

The most critical factor that informal business owners consider in locating their businesses was accessibility to markets. This is expected because the activities of informal businesses rely mostly on family labour. They also considered availability of space for the businesses before locating their businesses.

Since dedicated sites have not been earmarked for operators by the municipal assembly at vantage locations where they prefer to site their enterprises, they find themselves in fierce competition with venture capitalists that have the means to pay for the high value of land and subsequently, high rents demanded by landowners. Operators are at the end competed out of the land market. In their quest to find other spaces to locate their enterprises, operators end up on marginalized lands and unauthorized places over which they have no security of tenure.

5.2.2 Contribution to Local Economy

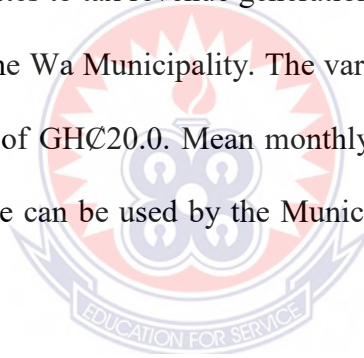
The major contributions of master craftsmen businesses are in the area of apprentice training, employment creation, income generation, tax revenue generation and the provision of basic services to households in the Municipality.

The informal businesses contribute to the development of the local economy through apprentice training. The study found out that the minimum number of apprentices under training is 1 for each firm and a maximum of 6 apprentices with of 4 apprentices. All respondents in the sample that are into motorcycle repairs for example currently have 163 apprentices that are under training.

All the various categories of business have created employment for people. They are all currently employed people in their organizations. The employment statistics as revealed by the study shows that the minimum number of people employed is 1, a maximum of 5 and a mean of approximately 3 employees. Employees' enrolment also increases with business age and age of the master craftsmen.

The informal businesses being operated by master craftsmen also contribute to income generation. They become sources of livelihood for those that engage in them. The results pointed out those informal businesses yield an average of GH¢1000.00 to their operators per month.

The sector contributes to tax revenue generation and also provide basic services to almost all households in the Wa Municipality. The various enterprises pay a minimum of GH¢2.0 and a maximum of GH¢20.0. Mean monthly tax payment for each business is GH¢8.57. The tax revenue can be used by the Municipal Assembly to carry out further development activities.



5.2.3 Challenges Faced by Informal sector Businesses in the Study Area

There are many operational challenges faced by informal business operators in the study area. The results indicate that operators find it difficult registering their businesses. This is because they do not have secured permanent place of tenure to conduct their businesses which is vital requisite for the registration of businesses. Also linked with this challenge is the inability of the operators to access credit using their shops due to the impermanence of their current location. Moreover the operators cannot plan in the long term due to constant threat of eviction from the Municipal Assembly.

The efforts of various institutions that could collaborate with the informal business operators have not been recognized.

5.3. Conclusion

The informal sector has become a vital part of the economy of local governments and that of Ghana at large. Unfortunately, this sector seems to have been accorded less recognition by the national and local governments and consequently, fraught with a number of challenges that stifles their sustained growth. The study among other things sought to ascertain the contribution of the informal sector to the socio-economic development of the Wa municipality.

The findings of the study imply that firms own characteristics are posing some challenges to their successful operation. Their inability to register the businesses makes them less vulnerable in terms of accessing credit from financial institutions. Besides, the fact that many of them do not belong to associations implies that their social capital is weak and hence they will not often be able to come together to fight for their interest.

Informal businesses are making significant contributions to the development of the local economy. The contributions do not concentrate on limited issues but cut across a wide range of issues such as training services, employment and income generation.

The challenges that are currently facing the operations of the informal sector businesses imply that they will not be able to produce up to their frontier. This will place a limitation to which they could contribute to the development of the local economy.

5.4 Recommendation

The study proposes the following recommendation to help develop informal sector in the study area:

5.4.1 Recognize and Integrate the Informal Sector into Development Plans

At the local level, it is important that the municipal assembly recognizes and formulate specific and responsive policies as well as strategies aimed at fostering the growth and sustenance of the informal sector. These policy interventions must be reflected in its Medium Term Development Plans. In pursuit of this, the Municipal Assembly must identify specific groups and types of informal activities in its jurisdiction and target them accordingly. Plans and strategies to provide credits or to assist informal sector operators to obtain credits must be identified and clearly spelt out. Programmes to provide operators with technical and managerial training and to assist them in the registration of their businesses must be identified and captured in its Medium Term Development Plans.

5.4.2 Build a Reliable Database on informal Sector Activities and Operators

The need to build up-to-date and accurate database on all informal artisanal enterprises in the municipality is very crucial step towards identifying and responding to their needs. The collection, analysis and management of data on informal operators should be made the joint responsibility of the Municipal Business Advisory Unit of the National Board for Small Scale Industries, the Municipal Planning Unit and the Municipal Statistical Department. The Municipal Business Advisory Centre must play a lead role and in doing this, should not expect operators to walk to its outfit and register

their businesses as this approach will not yield any significant success; instead, the Centre must reach out to these operators at their various places of location to have them registered. The rationale here is to make it less cumbersome for operators to register their businesses and to have adequate and reliable data that will help to effectively assess the needs of operators based on which effective and workable planning interventions can be done.

5.4.3 Facilitate the formation of groups and associations by Informal Sector Operators

The municipal assembly through its Business Advisory Centre and the Planning Unit must mobilize and facilitate the formation of groups and associations by informal operators in the municipality. Such groups or associations should be formed in manageable sizes along the lines of activity types and clusters of location in space. This will allow for easy identification of groups for all purposes by the assembly.

The efforts of the informal sector operators themselves are very crucial to addressing the challenges they face in the municipality. In essence, they must also see the need to organize themselves into associations or groups of manageable sizes with dedicated leadership.

The advantages that shall accrue to operators by doing this cannot be over-emphasized. First, it will enhance their opportunities to participate in decisions that affect them since they can be easily identified in more organized groups. In any case, it is quite easy to deal with organized groups than individuals in any development intervention. Secondly, operators can easily access institutional credit facilities in groups.

Leadership of the various associations must be in regular touch with the Municipal Assembly through the Municipal Business Advisory Centre of the National Board for Small Scale Industries. This way, their needs can be well expressed and taken to the municipal assembly for necessary steps to be taken to address them accordingly. The Centre in turn, must serve as the link between the operators and the Assembly and should exist to be advocate of the course of the operators and enhance their participation in decision making at the assembly level.

5.4.4 Establish a Special Fund to Support Informal Enterprises

The Assembly should establish a special fund from its share of the District Assembly Common Fund to promote enterprises within the informal sector. A proportion of the Municipality's Internally Generated Funds should also be channelled into this special fund. This measure will help operators to obtain credit facilities at reasonable rate of interest and flexible terms of payment and provide support for execution of technical and managerial training programmes targeted at operators. It will also be of immense contribution by the Assembly towards its poverty reduction agenda in the municipality.

5.4.5 Facilitate Informal Operators' Access to Credit Facilities

In addition to the above, the Municipal Assembly through the Business Advisory Centre should facilitate the acquisition of credit by informal operators from the various financial institutions that operates in its jurisdiction. This can be made possible through effective collaboration between the Financial Institutions (particularly, Rural Banks) and

the assembly. In other words, the Assembly can solicit support for operators through the Micro-finance Schemes operated by these financial institutions.

The various financial institutions in the municipality should collaborate with the Municipal Business Advisory Centre rather than dealing directly with individual or groups of owners of small scale enterprises. Such a collaboration will provide three major forms of advantage; first, it will ensure that only persons registered with the Centre can benefit from the Micro-finance Schemes and other products offered by these institution. Second, it will serve as an incentive and attracting package for operators who have not registered with the Centre to do so. Thirdly, it shall reduce the high rate of default on the part of operators since they can now be found in easily identifiable groups that provides security against loan defaults.

5.4.6 Provide land for Informal Operators

It is important for the various Traditional Authorities to realize the mandatory roles they are to play to promote the socio-economic development as traditional leaders and custodians of community lands. In view of this, they may enter into agreement with operators and provide them with land. Such an agreement must provide operators with the chance to pay for the land in instalment over a reasonable period of time deemed flexible by both parties. The payment could be charged as monthly rents by the land owner from individual operators.

In order to avoid tendencies of exploitation on the part of land owners and reluctance to pay on the part of the operators, the municipal assembly can equally facilitate this process. In this sense, the municipal assembly may pay for the cost of the

land and later allow operators to pay in instalment. It may even be imposed as a fraction of the tax paid by these operators to the assembly. In order also to avoid tendencies of both parties politicizing the whole initiative, the intensions of the strategy should first be communicated clearly to the operator's by the municipal assembly. Secondly, the whole process should be kept as transparent as possible. The Municipal Business advisory Centre of the National Board for Small Scale Enterprise will be the best outfit to be used by the assembly in this case to operate and monitor the entire scheme.



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APPENDIX A

UNIVERSITY OF EDUCATION, WINNEBA KUMASI CAMPUS

DEPARTMENT OF MECHANICAL ENGINEERING

This research is to search for empirical data for the completion of an academic exercise on the topic “*Assessment of the Informal Sector in the Development of the Local Economy. A Case study of Master Craftsmen within the Wa Municipality*” for the award of a Master’s degree in **MECHANICAL ENGINEERING TECHNOLOGY EDUCATION** from University of Education. Your support and cooperation is very much anticipated since data collected will be treated with complete confidentiality.

QUESTIONNAIRE FOR PRIVATE INFORMAL BUSINESS OPERATORS

Date of interview.....

A. PERSONAL PROFILE

1. How old are you?

.....

2. What is your level of educational attainment? A. () Never been to school B.() Primary C. () JHS D.() SHS E. () Tech/Voc F. () *others please specify*

3. What is your marital status? A. () Married B. () Not married

4. What is the size of your household (**include all dependents**)?

.....

B. BUSINESS DESCRIPTION AND OPERATIONAL CHARACTERISTICS

5. When was the business established?

6. What does your business do?

.....

7. What materials does your business use?

.....

.....

9. What are the sources of materials?

.....
.....

10. Mention some of the challenges you face in getting these materials?

.....
.....

11. Do you belong to an association? A. () YES B. () NO

If no, skip to question 15

12. If yes what is the name of the association?

.....

13. What benefits do you derive as a member of the association?

.....
.....

14. How many people does your business employ?

15. How many apprentices do you have?

16. Where did you obtain capital to start your business?

.....
.....

17. How did you receive training for your profession?

.....
.....

18. How much do you pay as tax to the assembly every month?

.....
.....

19. How much do you earn every month from your business?

.....
.....

C. LOCATION DECISIONS

20. Why did you choose to site your enterprise at its present location?

.....
.....

21. Had this site been zoned by the Assembly for your activities and other similar activities? (*Explain answer*)

.....
.....

22. Was your activity located somewhere before you relocated to your present location? A. () Yes B. () NO

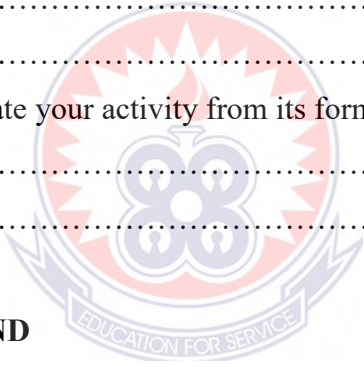
If no skip to question 25

23. If yes, where was your activity formerly located?

.....
.....

24. Why did you relocate your activity from its former location?

.....
.....



D. ACCESS TO LAND

25. Who owns the land on which your enterprise is located? (*Please explain your answer*).....

.....
.....

26. How did you obtain land at your current location for operation?

.....
.....

27. Have you obtained permit from the Assembly to occupy your present location? A. () YES B. () NO

28. If no, why have you not obtained permit?

.....
.....

If yes, what processes did you go through to obtain the permit of occupation?

.....
.....

29. Which department(s) within the Assembly issued the permit of occupation to you?.....

.....

30. What problems/challenges do you face with regards to land acquisition?.....

.....

31. What are the causes of these problems/challenges?

.....
.....

32. What are the effects of these problems/challenges?

.....
.....

33. What can be done to address these problems/challenges?

.....
.....

34. Which specific institutions should be involved in addressing these problems and challenges?

.....
.....

35. What roles should the institutions play?

.....
.....

E. OPERATIONAL PROBLEMS/CHALLENGES

36. What problems/challenges do you face in your business operation?

.....
.....

37. What are the causes of these problems/challenges?

.....
.....

38. What are the effects of the problems/challenges?

.....
.....

39. What can be done to address them?

.....
.....

40. Which specific institutions should be involved in addressing these problems and challenges?

.....
.....

41. What roles should the institutions play?

.....
.....

F. ROLE AND SUPPORT OF THE MUNICIPAL ASSEMBLY

42. Does the Assembly support your business enterprise? A.() YES B.() NO

43. If yes, what specific role(s) does the Assembly play to support your business enterprise?

.....
.....

44. If no, why does the Assembly not support your business?

.....
.....

45. What should the Assembly do to further promote and support the growth of your business enterprise?

.....
.....

Thank you for your time and co-operation

APPENDIX B

UNIVERSITY OF EDUCATION, WINNEBA KUMASI CAMPUS DEPARTMENT OF MECHANICAL ENGINEERING

This research is to search for empirical data for the completion of an academic exercise on the topic “*Assessment of the Informal Sector in the Development of the Local Economy. A Case study of Master Craftsmen within the Wa Municipality*” for the award of a Master’s degree in **MECHANICAL ENGINEERING TECHNOLOGY EDUCATION** from the University of Education. Your support and cooperation is very much anticipated since data collected will be treated with complete confidentiality.

QUESTIONNAIRE FOR NATIONAL BOARD FOR SMALL SCALE INDUSTRIES

Date of interview:

1. What are types of local informal economic activities that the NBSSI support?

Please **list them**:

.....
.....

2. Do informal sector operators register their business with this outfit?

A. (YES B. () NO

3. If yes, how many informal business operators have registered with this outfit

.....
.....

4. If no, why do informal business operators not register with this outfit?

.....
.....

5. What are the characteristics of informal private business operators in the municipality in terms of?

i. Size.....

ii. Scale of operation.....

- iii. Number of persons employed.....
 - iv. Level of educational attainment of operators.....
 - v. Technology used.....
.....
6. What are the problems/challenges faced by informal private business operators in the municipality?
.....
.....
7. What are the causes of these problems/challenges?
.....
.....
8. What are the effects of the problems and challenges on private informal businesses?.....
.....
9. What can be **done/is being done** to address these problem/challenges?
.....
.....
10. Which specific institutions should be involved in addressing these problems/challenges?
.....
.....
11. What specific roles should they play to address the problems and challenges?
.....
.....
12. How do the NBSSI support private informal businesses in the municipality?
.....
.....
13. With which institutions/agencies does the NBSSI collaborate to support private informal businesses in the municipality?
.....
.....

14. What roles do these institutions/agencies play?

.....
.....

15. What can be done to further support informal business operators in the municipality?

.....
.....

Thank you for your time and co-operation



APPENDIX C

UNIVERSITY OF EDUCATION, WINNEBA KUMASI CAMPUS DEPARTMENT OF MECHANICAL ENGINEERING

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QUESTIONNAIRE FOR MUNICIPAL TOWN AND COUNTRY PLANNING DEPARTMENT

Date of interview:

1. What are the types of informal sector activities common in the municipality?

Please list them

.....
.....

2. What factors account for the location of the informal sector operators in these areas within the Municipality? (*please outline factors according to the activity types listed above*)

.....
.....

3. What are the contribution of private informal businesses in the municipality in terms of

- i. Employment creation?

.....
.....

- ii. Skills acquisition and development?

.....
.....

- iii. Revenue mobilisation?
.....
.....
 - iv. *Other forms of contribution (specify)*.....
.....
.....
4. Where are the informal sector units/firms located?
.....
.....
5. Should the space needs of informal sector operators be considered in the preparation of planning schemes? A. () YES B. () NO
6. If yes, why their space should needs be considered?
.....
.....
7. If no, why should their space needs not to be considered?
.....
.....
8. Has the space need of the informal sector been planned for in the Municipality?
A. () YES B. () NO (*if no, skip to question 14*)
9. If yes, in which specific areas within the Municipality have space been allocated for use by private informal businesses?
.....
.....
10. If no, how did /does informal sector operators obtain land for their operations within the Municipality?
.....
.....
11. Are the current locations of the informal sector operators, authorised places of operation? A. () YES B. () NO (*please explain answer*)
.....
.....

12. Are there any problems or challenges involved in integrating the informal sector into land use planning? A. YES B. NO

13. If yes, what are these problems/challenges?

.....
.....

14. What can be done to address these problems/challenges?

.....
.....

15. Which institutions should be involved in addressing these problems/challenges?

.....
.....

16. What role(s) should they play?

.....
.....

17. How does/can your outfit support and sustain the growth of the informal sector?

.....
.....

18. Do private informal sector operators present any problems/challenges to the Municipal Assembly? A. YES B. NO

19. If yes, what are these problems/challenges?

.....
.....

20. What are the causes of these problems/challenges?

.....
.....

21. What are the effects of these problems/challenges in the Municipality?

.....
.....

Thank you for your time and co-operation

APPENDIX D

UNIVERSITY OF EDUCATION, WINNEBA KUMASI CAMPUS DEPARTMENT OF MECHANICAL ENGINEERING

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QUESTIONNAIRE FOR MUNICIPAL DEVELOPMENT PLANNING UNIT

Date of interview:

1. What are the types of informal sector activities common in the municipality?

Please list them.

.....
.....

2. What are the characteristics of private informal sector businesses in the municipality in terms of

i. Size?

.....

ii. Scale of operation?

.....

iii. Number of persons employed?

.....

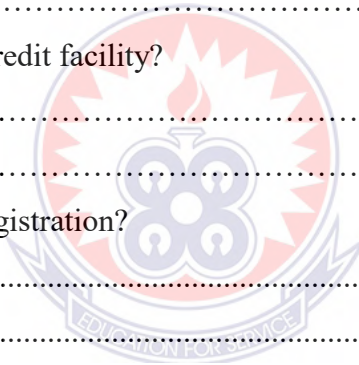
iv. Level of educational attainment of operators?

.....

v. Technology used?

.....
.....

3. What are the contributions of the informal sector to local economic development in terms of
 - i. Employment creation.....
 - ii. Skills acquisition and development.....
 - iii. Revenue mobilisation (*please provide record of sector's contribution over the years*).....
.....
.....
4. What are the problems/challenges faced by private informal business operators in the municipality in terms of
 - i. Access to land?
.....
.....
 - ii. Access to credit facility?
.....
.....
 - iii. Business registration?
.....
.....
 - iv. Access to facilities and services?
.....
.....
5. What are the causes of these problems/challenges?
.....
.....
6. What are the effects of these problems/challenges on the operations of the informal sector?
.....
.....



7. What can be done/ is being done to address these problems/challenges?
.....
.....
8. Which institutions should be involved in addressing these problems/challenges?
.....
.....
9. What roles should they play to address these problems/challenges?
.....
.....
10. What measures and strategies has the Municipal Assembly instituted to promote and sustain the informal sector operators?
.....
.....
11. How many operators have benefited from these initiatives?
.....
.....
12. How were the beneficiaries selected?
.....
.....
13. Do private informal businesses pose any problems/challenges to the municipal assembly? A. () YES B. () NO
14. If yes, what are these problems/challenges?
.....
.....
15. What are the causes of these problems and challenges?
.....
.....
16. What are the effects of the problems and challenges in the municipality?
.....
.....

17. What can be done to address these problems and challenges?

.....
.....

18. What potentials/resources exist that can be used to promote and sustain the growth of the informal sector in the municipality?

.....
.....

19. What can be done to further integrate the informal sector into the economy of the municipality?

.....
.....

20. Which institutions should be involved and what roles should they play?

.....
.....



Thank you for your time and co-operation

APPENDIX E

UNIVERSITY OF EDUCATION, WINNEBA KUMASI CAMPUS

DEPARTMENT OF MECHANICAL ENGINEERING

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QUESTIONNAIRE FOR FINANCIAL INSTITUTIONS

Location:

Date of interview:

1. How does your outfit support small scale informal business operators in the municipality? *(Please describe the specific products that targets informal business operators)*

.....
.....

2. What requirements should small scale private businesses meet to access credit support from this outfit?

.....
.....

3. Are small scale informal business operators able to meet the above requirements?
A. YES B. NO

4. If no why?

.....
.....

5. What problems/challenges does the outfit encounter in providing credit facilities to small scale private businesses?

.....
.....

6. What are the causes of these problems and challenges?

.....
.....

7. What can be done to address these problems and challenges?

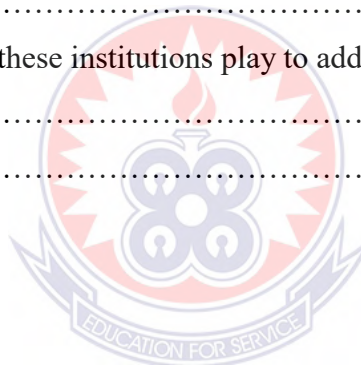
.....
.....

8. Which institutions should be involved in addressing the problems and challenges?

.....
.....

9. What roles should these institutions play to address the problems and challenges?

.....
.....



Thank you for your time and co-operation