ENHANCING ENTREPRENEURS HUMAN CAPITAL: A PREREQUISITE FOR SMALL SCALE ENTERPRISE SUSTENANCE IN THE CAPE COAST METROPOLIS

Eugene Owusu-Acheampong
School of Business and Management Studies, P. O. Box AD50, Cape Coast Polytechnic, Ghana
kodwo33@gmail.com

Magdalene Abakah Bartrop
School of Business and Management Studies, P. O. Box AD50, Cape Coast Polytechnic, Ghana

Alwyna Addaquay
School of Business and Management Studies, Takoradi Polytechnic, Ghana

ABSTRACT: This study assessed the human capital of enterprise owners and their employees for small scale enterprise sustenance and development in the Cape Coast Metropolis. The study, among other objectives, examined the effects of entrepreneurs/employees competencies on their enterprises sustenance and development, strategies for human capital development and the associated challenges hampering the development of human capital of small scale enterprise owners in the Cape Coast Metropolis. The study employed a descriptive study design involving 240 enterprise owners and five key informants (including the Regional Operations Manager of NBSSI and the heads of the respective associations of small scale enterprise groups chosen for the study) in the metropolis. Interview schedule and interview guide were used to collect data. Data generated was analysed using descriptive statistics and thematic analysis. The study revealed that related work experience and training were the human capital components that influenced the development of enterprise owner’s skills in the metropolis. Also, on-the-job training in the form of apprenticeship was key strategy used for developing apprentices/employees knowledge, skill and capabilities. However, lack of funds and support for skill development programmes were major setbacks to the development of enterprise owner’s skills in the metropolis. It was recommended that government should revive its support (financial and skill development programmes) to these artisans for an improved performance and eventually for small enterprise sustenance and development.

KEYWORDS: human capital; enhancement, sustenance; development; growth

INTRODUCTION

Small scale enterprises are acknowledged globally as a means for empowering the citizenry. It has also been associated with the speedy economic growth of countries. The contributions of small scale enterprises have been known as the main sustenance of an economy because of their capacity in enhancing most economies output and improve human welfare. Small Scale Enterprises (SSEs) play a significant role in the economic growth, social enrichment and political...
steadiness of every state. Small scale enterprises can be recognized for any kind of industry activities in the urban and rural communities in every nation. It can be well thought-out as a backbone of national economic development (Amini, 2004). Due to considerable contribution of SSEs towards the development of an economy, various agencies, particularly that of government, have given a lot of importance to the development of SSEs. In order to support the SSEs a number of programmes and facilities are provided to improve their performance and competitiveness (Radam, Abu, Bmimi, Abdullah and Mahir, 2008).

Small scale enterprises (SSEs) according to the National Board for Small Scale Industries [NBSSI] (1990) is an enterprise with not more than nine (9) employees, and has plant and machinery excluding land, buildings and vehicles not over and above One Thousand Ghana Cedis (GH¢ 1000.00). The small scale enterprise sector is a central contributor to the overall performance of the Ghanaian economy (Mensah, 2004). In United States, twenty-three (23) million small scale enterprises continue to be the driving force in their economy. The small scale enterprises take up 52 percent of the private workforce and put in 51 percent to Gross Domestic Product (GDP).

In Ghana, owing to the exceeding importance of SSEs, successive governments have made strenuous efforts to reduce poverty by organizing various entrepreneurship development programmes which are geared toward small scale enterprise ownership. The Economic Recovery Programme (ERP) instituted in 1983 broadened the institutional support for SSEs. The National Board for Small Scale Industries (NBSSI) was also established to provide training, advisory services and financial support for small scale enterprises. Despite the several interventions to enhance the activities of small scale enterprises in the Cape Coast Metropolis, there remains lack of entrepreneurial skill among enterprise owners in the Metropolis as indicated by (Cape Coast Metropolitan Assembly, 2006). The consequence of this is management incompetence which results in problems such as poor planning and decision-making, inaccurate record keeping and inability to set strategic goals which eventually lead to low performance and sometimes to the collapse of some small scale enterprises in the metropolis. Though, there has been a number of studies on the financial challenges of small scale enterprises in the Cape Coast Metropolis (e.g Mbroh and Atom, 2011; Yeboah, 2013; Kumi-Kyeremeh and Boachie-Mensah, 2012; Kwamikorkor & Yeboah, 2013) none had delved into their human capital and its effects on the small scale enterprise sustenance and development in the Cape Coast Metropolis. It is in view of this that the study seeks to fill this gap by assessing the human capital of entrepreneurs for small scale enterprise sustenance and development in the Cape Coast Metropolis.

The general objective of the study was to assess human capital of entrepreneurs for small scale enterprise development in the Cape Coast Metropolis. The specific objectives are to: examine the competencies of entrepreneurs in Cape Coast Metropolis, determine human capital development strategies of the small scale enterprise owners in the Cape Coast Metropolis and examine challenges impeding human capital development programmes of the small scale enterprise owners in the Cape Coast Metropolis.
Empirical review
The function of an entrepreneur’s competency is exceedingly a decisive feature in achieving excellence in performance to guarantee a sustainable growth and success of a venture amidst a competitive enterprise environment. Therefore, the importance of entrepreneurial competency has been increased during the past few decades due to the vital responsibility played by the human factor, particularly the enterprise owner of a venture. It was suggested that the entrepreneur’s demographic characteristics, attitudinal, behavioural, decision-making and technical competencies are often cited as the most dominant factors related to the performance of small-scale enterprises (Man, Lau and Chan, 2005; Zhang, 2011). Boyatzis (1982) defined competency as, “A capacity that exists in a person that leads to behaviour that meets the job demands within the parameters of organizational environment, and that, in turn brings about desired results.” Competency is considered to be a fundamental feature that an individual brings to a job situation, which can result in successful and/or superior performance in such a job. These characteristics may be even unconscious attributes of an individual. Some of these competencies are instinctive while others are acquired in the process of learning, training, and development.

In Bird (2002) proposition towards a “Theory of Entrepreneurial Competencies” suggests that, it is worth looking at education, prior work experience, and industry experience as factors that could influence the development of entrepreneurial knowledge, skills, and capabilities. A number of studies support this view. For example, (Onstenk, 2003) found that education, to some extent, contributes to the development of the competencies of enterprises founders. Hill (2007) indicates that prior work experience could potentially improve one’s skills and abilities. Maxwell and Westerfield (2002) argued that an entrepreneur’s innovativeness, which is an aspect of their competencies, depends largely on the level of their formal education as well as prior work experience.

Panda (2002) found that there are associations between the success levels of an enterprise with factors like technical education of the entrepreneur, occupational background of parents, and previous related work experience of the entrepreneur. Thapa et al (2008) found that among many socio-economic and motivational factors, size of initial investment and number of employees was some of the most important determinants of entrepreneurial success. Inyang and Enuoh (2009) presented that there was a high rate of entrepreneurial failure among their respondents notwithstanding the provision of various supports from the governments. The missing links to successful entrepreneurship were identified to be entrepreneurial competencies, defined as the cluster of related knowledge, attitudes, and skills which an entrepreneur must acquire or possess to enable him produce outstanding performance and maximize profit in the enterprise.

Nieman, Hough and Nieuwenhuizen (2003) revealed that a considerable number of thriving entrepreneurs had worked for few years in the similar enterprise before they started their own small-scale enterprises. The significance of human capital to entrepreneur success was larger for workers with more years of paid employment experience and or some prior managerial related experience (Boden and Nucci 2000). Some researchers establish that, the call for enterprise
specific competencies was indispensable but not adequate prerequisite for enterprise success (Shepard, Douglas and Shanley 2000). An empirical study by Mead (1998) found that entrepreneurs with at least seven years of vocational experience expanded their small scale enterprises more speedily than those without such experience. An empirically accurate study of high-growth entrepreneurs by Ngugi (2013) provides insights about the significance of skills and enterprise contacts gained during past employment. Amongst Latin American and East Asian entrepreneurs, enterprise contacts gained during past employment were found to be a key benefit of work experience, useful in identifying enterprise opportunities, obtaining financing and alleviating management challenges (Brown, Adams and Amjad, 2007).

**Human capital development strategies of small scale enterprises**

Cunningham (2003) reviewed the new strategies adopted in Singapore in human capital development. These were the strategies of education, training and the enhancement of creativity in response to the requirement for long-term investment in order to progressively ensure the development of creativity throughout the education system, from primary education upwards. In order for small scale enterprises to live up to the changing environmental situations and the enterprise scenario, the human capital development system by necessity has to make certain that the retained employees are also constantly developed to meet the up-and-coming needs of the hour. Some of the continuous development sub-systems include induction training, job enrichment, self-learning mechanisms, potential appraisal, succession development, counselling and mentoring system. Training is well thought-out as fundamentally important to human capital development. It may perhaps be described as the medium that takes small enterprises to their goal within a predetermined time period (Zigon, 2002).

**Human capital development challenges facing small scale enterprises**

Muhammad, Zulkifli, Char, Kamal, Yasoa, Rushdan and Zakiah (2010), indicate that various prior studies for instance, Saleh and Ndubisi, (2006); Samad (2007) acknowledged a range of challenges confronting the activities of small scale enterprises in our world today. These comprise, amongst others, need of managerial capabilities and need of financing. Thaker (2008), establish that additional management competencies are necessary for the growth in small scale enterprises. In this circumstance, small scale enterprises failed to build up skills, knowledge and competencies among the workforce in the small enterprises. This is largely because of financial constraints and inadequate training. Tim and Brinkerhoff (2008) argued that small scale enterprises principally, managers require the most training. Therefore, training is an indispensable means for developing human capital of the workforce and the enterprise. Correspondingly, Teoh and Chong (2008) argued that the main obstacles to private enterprise development are lack of access to credit, lack of access to formal enterprise and social networks. Hashim and Wafa (2002) and Muhammad et al. (2010) recognized that the main troubles faced by SSEs are the lack of knowledge regarding marketing techniques, branding, customer loyalty and also need of good contacts with others both domestic and global small scale enterprises. Hill and Stewart (2000) in a case study research into human capital development within three SSEs,
investigated employers attitudes towards learning, examined the relation between occupation structures and training in organizations of all sizes.

**METHODOLOGY**

This design used for the study was descriptive. The study population was all small scale enterprise owners in the Cape Coast. The total population of these groups constituted six hundred and three (603) people which comprised 231 mechanics, 193 hairdressers/barbers, 101 tailors/dressmakers and 78 bakers. The study used the stratified random sampling technique. The stratified sampling helped organize the population into strata and randomly selected appropriate proportion of the number of elements in each stratum. The sizes of the subgroups were determined to form the sample proportion then each stratum was randomly. In all two hundred and thirty (240) participants were selected for the study. The sample size is based on Glenn’s (1992) formula for determining sample size from a given population. In all, seventy percent (38%) of the mechanics who constituted a sample of 92 were sampled, thirty percent (32%) representing 77 hairdressers were also selected, seventeen (17%) amounting to 40 tailors/dressmakers and thirteen (13%) of bakers representing 31 participants were chosen for the study.

Where:  
\[ n = \frac{N}{1 + Ne^2} \]  
\[ N \] represents the population and  
\[ e \] for level of precision

\[ n = \frac{603}{1 + 603(.05)^2} \]  
\[ 603, 603, 603, 240 \]

Glenn (1992) formula for calculating sample size

**Table 1: Sample size determination**

<table>
<thead>
<tr>
<th>Types of enterprises</th>
<th>Population</th>
<th>Percentage</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mechanics</td>
<td>231</td>
<td>38</td>
<td>92</td>
</tr>
<tr>
<td>Hairdressers/beautician</td>
<td>193</td>
<td>32</td>
<td>77</td>
</tr>
<tr>
<td>Tailors/dressmakers</td>
<td>101</td>
<td>17</td>
<td>40</td>
</tr>
<tr>
<td>Bakers</td>
<td>78</td>
<td>13</td>
<td>31</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>603</strong></td>
<td><strong>100</strong></td>
<td><strong>240</strong></td>
</tr>
</tbody>
</table>

*Source: Field survey, 2015*

The data collection resulted in (95%) response rate representing 228. The breakdowns are as follow: with 89 mechanics; 74 hairdressers; 37 dressmakers and 28 bakers. The method of data collection was interviewing. The study used interview schedule and interview guide as
Instruments for collecting data. Statistical Package for Social Sciences (SPSS version 21.0) was used to analyse quantitative data whereas qualitative data was analysed using thematic analysis.

RESULTS AND DISCUSSIONS

Competencies of entrepreneurs
Issues examined under this objective include: educational qualification and years of enterprise experience. The study revealed that majority of the entrepreneurs had had basic education and adequate working experience which makes them competent on the job. As regards the competency of the employees/apprentices, the study revealed that most of the employees/apprentices have had basic education and therefore, they could understand instructions from training activities which would also impact on their performance. It can be deduced from the analysis that the enterprise owners and their employees/apprentices were somewhat educated which could contribute significantly to the growth and development of their enterprises.

In addition, majority of the enterprise owners have had several years of working experience and this could also contribute to the growth and development of their enterprises in the metropolis. Over seventy (70%) percent of enterprise owners have had related work experience while twenty-three percent have had work experience but not related to what they do presently. Only few 7 percent have not had work experience but have entrusted their business in the care of individual who have adequate related work experience. Majority of employees/apprentices (62 percent) have had more than three years work experience and (38%) had less than three years work experience. Twenty-seven percent of enterprise indicated that either their father or mother was into that business and that motivated them to learn the trade. However, majority of the enterprise owners got themselves on the job because of the love and desire they have for it.

The finding is consistent with Bird’s (2002) proposition towards a “Theory of Entrepreneurial Competencies” who indicated that, it is worth looking at education, prior work experience, and industry experience as factors that could influence the development of entrepreneurial competencies. A number of studies which support her view; include Onstenk, (2003) who found that education, to some extent, contributes to the development of the competencies of enterprise founders. Krueger and Brazeal (1994) indicated that prior work experience could potentially improve one’s skills, abilities, predominantly in recognizing enterprise opportunities and also, Kobia and Sikalieh (2010) who argue that entrepreneurs innovativeness, which is an aspect of his or her competencies, depends largely on the level of his/her formal education as well as prior work experience. The findings also match the result of Nair and Pandey (2006) who indicated that technical education/training and work experience in a similar or related field favoured entrepreneurship. The findings however, contradict the findings of Adjei (2012) who held that on the average, small enterprise owners are people who are with or without elementary education.
Human capital development strategies of small scale enterprises in the Cape Coast metropolis

The aim of this objective was to identify the various human capital development strategies adopted by the enterprise owners in the metropolis. The found that the most preferred human capital development strategy employed by the small scale enterprises in the metropolis was training and particularly, the on-the-job training. As many as 223 (98%) of the respondents indicated their preference for this type of training as against 5 (2%) who indicated the off-the-job training. Among all the categories of respondents, the on-the-job training was the most widely employed human capital development strategy in the metropolis. Beside the specific strategy employed by the enterprise owner, respondents were also made to rank in order of preference the particular technique they prefer for training. One-hundred and eighty-one participants constituting (79%) indicated their preference for apprenticeship training and forty-two representing (21%) were in favour of coaching as a technique for developing their skills and knowledge on the job.

In confirmation, all the heads of the various associations in the metropolis revealed that their respective associations usually use the on-the-job training in the form of apprenticeship and coaching. In an interview with the president of the hairdressers association, this is what she had to say “As for us, the nature of our work requires that we learn on the job through the apprenticeship training. Sometimes we coach our girls to do the right hairstyle for our customers”. According to the financial secretary of the Garages Association, he indicated that” Majority of our training is in the form of on-the-job training through apprenticeship and coaching”.

According to the Regional Operations Manager of NBSSI, the organisation has two core activities. These include training programmes and provision of credit facilities. However, this study concentrated on only the training aspect of their operations. In his statement, “The training programme is organised by the Board of Advisory Council (BAC) located in the various districts and metropolis across the country. The training offered is demand-driven, that is, the various small scale enterprises identify their needs then they write a proposal to the BAC/NBSSI to be sent to the headquarters in Accra for the government to provide 70 percent of the training cost while enterprise owners contribute the remaining 30%. Based on the approval of the 70 percent and the contributions of enterprise owners, the BAC would then organise the training or skill development programme for the artisans. Such training more often than not takes the form of on-the-job training and sometimes enterprise development programmes”.

The findings from the study is consistent with that of David, Nicholas and Fred (2006) who found that on-the-job training principally, apprenticeship was found to be a course that most thriving entrepreneurs followed, in order to gain the relevant enterprise experiences. The finding from the study is also consistent with that of (Amaewhale, 2007) who revealed that on-the-job training is ideal for training unskilled and semi-skilled employees in small scale enterprises. According to him, it gives the trainees ample opportunity for learning on the actual equipment and in the environment of the job.
Additionally, the findings confirms that of Ladzani and Van Vuuren (2002) also found that on-the-job training principally, apprenticeship was a course that most thriving enterprise owners followed in order to gain the relevant enterprise experiences. They emphasized that this learning-by-doing approach permits the individual to attain deeper knowledge and skills for the proposed enterprise venture. Other researchers like Chrisman and McMullan (2000) found that sustaining competence required continuous training and the use of the knowledge acquired was necessary to build-up new competencies and improve existing ones.

**Human capital development challenges of small scale enterprises in the Cape Coast metropolis**

The study sought to find out the barriers to human capital development among the respondents. The views of enterprise owners and employees and apprentices were collated and analysed. According to enterprise owners in the metropolis, the main challenges to human capital development include the high cost of training materials and inadequate funds as reported by 91.7 percent of respondents. Other challenge recounted was high taxes. High taxes reduce the income of small scale enterprises making it difficult for them to gather adequate funds for training.

To the employees and apprentices, inadequate time for training and financial constraints were challenges facing human capital development in the metropolis. Actually, (76%) of them agreed that inadequate time for training was a challenge, whiles (24%) also were in agreement that financial constraints hindered the development of their competencies. In an interview with the Regional Operations Manager of NBSSI, he indicated that, the main challenges of small scale enterprises in the metropolis regarding human capital development were inadequate funds.

In an interview with the presidents of Beauticians’ and Hairdressers’ Association, they confirmed that inadequate funds was the bane to human capital development in the metropolis. Also, the Financial Secretary of Garages Association indicated that inadequate funds were militating against the effective human capital development in the metropolis. The heads of the bakers and tailors/dressmakers also expressed similar view. The financial secretary of the garages association echoed that “The major challenge we face is lack of funds to buy the necessary materials, equipment, tools and machines for training. In addition, we are also faced with the problem of getting adequate space and workshops for training. Sometimes, getting the right person with modern skills and technology in the automobile industry for training is difficult and even if we get them, getting the funds to pay for their services is a problem”

An interview with the Operations Manager of the National Board for Small Scale Industries, Central Region on the challenges confronting the development of entrepreneurial competencies, this is what he had to say: “Unfortunately, the seventy percent (70%) contribution from government for skill training is not forthcoming and for over fifteen years, we have not had any form of training for the small scale enterprises in the metropolis. In addition, small scale enterprises in the metropolis are faced with many challenges including inadequate funds, lack of qualified staff, inadequate managerial skills, and high taxes”
Summary
The study revealed that enterprise owners had adequate educational background and training. Almost all the enterprise owners had at least basic education with of the few of them attaining tertiary education. Also, large proportion of the enterprise owners had adequate related enterprise experience. The enterprise owner’s human capital particularly, related work experience and education as well as training were vital to their enterprises sustenance and development in the metropolis.

The key strategies employed for human capital development by enterprise owners in the metropolis were on-the-job training through apprenticeship and coaching. With no governmental support for training, they usually did self-financing. Financial constraints and high taxes were the key challenges hampering the development of human capital among enterprise owners and their employees in the metropolis.

CONCLUSIONS
From the findings of the study, it can be concluded that enterprise owners had adequate relevant working experience and training. In addition, enterprise owners’ training and relevant job experience have significant association with enterprise sustenance and development. Furthermore, apprenticeship training was found to be the approach most enterprise owners employed to enhance their competencies and that of their employees/apprentices. Moreover, the study concludes that on-the-job training especially, apprenticeship and coaching were the main human capital development strategies of small scale enterprises. It is also concluded that inadequate funds for training materials, equipment and machines, as well as inadequate space and workshops for training were the challenges inhibiting human capital development activities of small scale enterprises in the metropolis.

RECOMMENDATIONS
Based on the findings and conclusions, the following are recommended:

i. It is recommended that enterprise owners must endeavour to equip themselves with adequate training and the relevant working experiences since it will provide them with adequate knowledge and skills to develop and sustain their enterprises.

ii. It is recommended that the Cape Coast Metropolitan Assembly must not regard these artisans as mere revenue mobilization sources, but make every effort to support (by way of providing training, funds, logistics, and materials, equipment etc.) in order to help them grow and expand their enterprises. This is because the assembly will derive more revenue as their sales and profit improve.

iii. It is recommended that the National Board for Small Scale Industries and the various small scale enterprise associations in the metropolis continue with the on-the-job training through apprenticeship. This is because of the enormous advantages that on-the-job training has on their jobs.
iv. It is recommended that the Ministry of Trade, National Board for Small Scale Industries in collaboration with the Ministry of Employment should revive their training programmes for these artisans since it will improve their skills and would also go a long way to reduce unemployment and poverty levels in the metropolis.

v. It is also recommended that the various small scale enterprise associations regularly embark on managerial and competency skills development programmes for their members. This will help them learn about new technologies and enterprise development strategies to enhance their operations.

REFERENCES

Amaewhale, W. A. (2007). Education, the world of work and the challenge of change: In search of intervention strategies. Inaugural Lecture Series, No. 23; Rivers State University of Science and Technology, Nkpola – Port Harcourt, Nigeria.


National Board Small Scale Industries (1990), Supporting micro & small scale enterprises, A handbook on enterprise development part 1. NBSSI, Print Solutions, Accra.


