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Q1.With the aid of relevant examples, discuss the importance of small scale enterprise to the development of the economy of Ghana.

Firstly, I would like to talk about the increasing of production rate in the country. Ghana is one of the world’s fastest growing economies in the world. Consequently, its production output is massive. It is pertinent to note that small scale enterprise contribute almost 85% of Ghana gross industrial value. The number of Small Scale Industries in Ghana has increased from the early 90’s to this our generation of life. These industries or enterprises produces goods and services to the people living around them and the nation as a whole. This businesses and enterprise keep on growing and adding value to the increase in output of production, due to the ‘Ease of Doing Business’ policies. As a result of this, the total industrial production output has arose tremendously and therefore strongly, is responsible for the growth of Ghana’s economy.

Secondly, I would like to talk about the increasing rate of employment the small scale enterprises has brought. A typical example will be the small scale enterprises around the campus such as the printing press and the food vendors. Each enterprise or business center has employed at least two or three people there who work and earn an income every month. And this at least can help employees to be able to provide the little support they can to support their families. And with this the rate of unemployment has been reduced, some of the burden and pressure on the government has then been taken off.

Also, the government generate several revenue from this small scale enterprises. As I early stated, this enterprises around campus which has help to provide employment and also has help some people to earn income, also helps the government to generate some income from the revenues and the tax they collect from such enterprise. If you calculate the amount of money the government earn from collecting tax from this small scale enterprises will shock you. They earn a lot from them and that is what they use for developmental work and other stuff to help bring out a better Ghana.

Lastly, providing an advance welfare to the people, now several small scale enterprises apart from providing profitable opportunities, this enterprises play a major role or large role in the advancement of the economy. A large number of poor and marginalized sections of the population depend on them for their sustenance. This industries do not only reduce poverty and income inequality but they also raise standards of living of poor people. They enable people to make a living with dignity. They have helped to reduce the rate at which people would have indulged themselves in some bad act.

Q2. The challenges to the growth of small scale enterprises.

Firstly, I will like to talk about the issue of cash flow. Cash flow problems are amongst the more common issues faced by growing business. A study released has shown that generating sufficient cash flow is one of the biggest pain points of small scale business. In addition, entrepreneurs may find it challenging to balance their business and personal finances, as well as learning how to budget. Cash flow is the lifeblood of your business, to avoid problem relating to cash flow, proper budgeting and forecasting should be conducted.

Also, another challenging issue with the small scale enterprise is the means of exporting. Any business looking at expanding their market will face many challenges. Before you decide to expand aboard, make sure that you understand international regulation. You need the right person to help navigate international regulations, foreign currency, tax and compliance to ensure optimal business and performance. But before you can get such a person there will be a price to pay and with that entrepreneurs find it difficult to be able to hire such people. So they just give and try not to expand their businesses. By so doing some times they will sell their product to a government company and that government company would export it.

Furthermore, another challenges this small sector businesses face is to go the clouds or not. Now the selling of product is not only in “brick face to face” procedure of selling in the market but now as we are in the modern world goods and market products can be sold online and that means is a lot faster means to earn a lot of income. People will see the other of services you provide and will like to patronize over a wide area and not limited to the area you come from or sell your product. But small scale enterprises mostly do not use this system and has limited their source of income to the area they sell. Whiles they could have made a lot of profit by selling their product online.

Moreover, tax complexity has been another major problem for entrepreneurs. For any entrepreneur who has put up their own start-up business, there is a huge learning curve when it comes to understanding tax and accounting regulations. There are many factors that could affect these rules, such as volatility in political climate and shifts in markets and technologies. It only makes sense to hire a consultant who will navigate the complex tax requirements, else you will run the risk of incurring fines or penalties for non-compliance.