



# Economic Impediments of SMEs: Evidence of Local Rice Entrepreneurship: In Western Part of Ghana

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The study assesses the economic impediments of local rice entrepreneurship among SMEs in Western Region of Ghana. The study employed the exploratory research approach designed to gather qualitative data to be analyzed. From the unknown population, a sample of 15 local rice entrepreneurs were selected. Primary data was collected aided by interview guide which was designed and administered to local rice entrepreneurs in the Western Region of Ghana. Thematic approach was used to generate themes based on literature and participants' quotes that were derived from interviews. The study reported that basically, local rice entrepreneurs face three impediments namely material or equipment issues, human factors, and political issues. The study suggested that, Government plan to establish one district one factory should be targeting local rice entrepreneurs so as to solve all the basic issues the local rice entrepreneur encounters.

**Keywords:** *Local rice patronage, household, local rice entrepreneurs, political and human factors*

**JEL Classification:** 45



## Introduction

Worldwide, rice has become a common staple food because of its multi-purpose as it is prepared and eaten in several ways (Melgar et al. 2019). In the Sub-Sahara Africa, rice is usually prepared by boiling and it is then eaten using a variety of soups and stew. In the Western Region of Ghana, the Ministry of Food and Agriculture (MOFA) is responsible for monitoring, provisioning of materials and various farming equipment for the production of local rice. In some cases, rice is milled into flour for breakfast, noodles and alcoholic beverages (González et al. 2020). Rice produce has become a major ingredient for most brewery, distilling and manufacturing companies (Kumar et al. 2022). It is therefore clear to categorize the use of rice into domestic and industrial. Rice accounts for 715kcal/caput/day, 27 percent of the nutritional supply of energy, 20 percent of nutritional protein and 3 percent of healthy nutritional fat in Africa and it continues to support economies in Africa (Arriba et al, 2020).

In recent times in Ghana, rice has been prioritized as the second most significant cereal next to maize grain (Raheem et al. 2021). Rice is also the first imported cereal into the country, accounting for roughly 58 percent of cereal imports and 5 per cent of total agricultural imports over the period 2005-2009 (Angelucci et al. 2019). With a population of 28.2 million people, rice produced in 2016/17 was anticipated to be around 35 kg per year. Rice to be produced in 2017/18 is expected to be 1.0 million MT. According to GOG sources, annual per capita rice produce is predicted to reach 40 kg by 2020 (Schmidt et al. 2019). However, local rice produced in Ghana were estimated to low and this situation call for government to import more foreign rice to the country (Omale et al. 2020, Grain and Feed Annual report, 2020). That's, local rice entrepreneurs have not been able to successfully commercialize their produce (Radhakrishna, 2020; Ministry of Food and Agriculture, 2018). The question is, what is the major issue does local rice entrepreneurs faces? It is therefore become imperative for the researcher to investigate the challenges local rice producers' encounters and to recommend whether local rice entrepreneur should commercialize their produce to feed Ghanaian.

## Literature Review

Several literatures point to the fact that, SMEs encounters several challenges. Studies by Ndindeng et al. (2021) in Africa point out that, poor market accessibility is considered as one of the most fundamental challenges to commercialization and exposes the local entrepreneurial rice farmer to higher risk and possible result in their inability to pay off loads invested funds in the rice business. Other studies by Dhir et al. (2020) indicated that, small entrepreneurial rice farmers are individualistic in nature and often are distant from one another in the rural area. Because of their individualist nature, they are unable to team up to negotiate for better market offers for their produce, a phenomenon that usually causes



produce to go bad on the farm to. On the contrary, other studies by Hlady-Rispal et al. (2021) in Europe and Asia found that, traders enjoy monopolistic powers to control prices of farm produce of entrepreneurial farmers. Consequently, the challenge of good sales revenue to make profit. This situation is made worse by globalization that has resulted in the flooding of foreign products in domestic market leading to price volatility of domestic rice and relatively cheap imported product. This situation continuously affects local entrepreneurial rice to recoup investment and make returns to enhance livelihood. Studies by Abukari et al. (2019) further contended that, some local rice entrepreneurs are often unable to enter the urban markets and only sell their produce along the road at lower prices to persons who pass by.

Alexander et al. (2017) posits that one of the key challenges associated with commercialising local rice produce is lack of access to credit. This makes a lot of local rice entrepreneurs to fall on equity source of financing particularly on family and friends to operate their business (Mumuni & Oladele, 2016). Though many studies have tried to bring into existing the major challenges local rice farmers' faces but none of the studies have been conducted in Ghana despite government strategy to ban imported rice to the economy of Ghana. It does become imperative for the paper to bring into being the major challenges local rice entrepreneurs face and recommend some possible solution to curb the issues.

## **METHODS**

### **Interpretivist Research Paradigm**

This study opted to the interpretivist research paradigm. Interpretivist paradigm opted is appropriate in this study as researchers seeks to inductively understand a phenomenon through exploration (Ragab & Arisha, 2018). It gives the researchers the opportunity to objectively evaluates issues without directly influencing the process subjectively. This paradigm is in affirmation to the overall logic of the study because all the investigation (challenges local rice entrepreneurs encounter) could be measured qualitatively. The approach is suitable for this study because the data was collected using an interview guide and analyzed qualitatively using interpretive. The goal of qualitative research is to understand the issues by investigating perspectives and behaviour of entrepreneurs in the research settings. To accomplish this, qualitative research is conducted in the natural settings where the study was conducted in the form of words rather than numbers (Pacho, 2015). Qualitative research involves the use of qualitative data, such as interviews, documents, and participant observation data, to understand and explain social phenomena (Reeves, et al, 2008). During the qualitative study, interviews were used by the authors to solicit participants views on various impediments that confronted entrepreneurs during the production processes.



## **Study Design**

This study adopted the exploratory research design. According to Ragab & Arisha, (2018), exploratory research is a crucial way of finding out “what exactly is happening, to identify new insight, to ask questions and to assess a phenomenon as a new light”. These are: searching of literature, interviewing the so called “experts” on the subject matter and conducting of focus group interviews (Ragab & Arisha, 2018). This is done through the use of strategies and procedures to describe clarify and interpret existing variables that constitute a phenomenon (Ragab & Arisha, 2018).

## **The Study Population and sampling method.**

The population for this study entails all the local rice entrepreneurs in the Western part of Ghana. Fifteen local rice entrepreneurs were sourced to participate across the study area of the study setting (Ministry of Food and Agriculture, 2018; Grain and Feed Annual report, 2020). Due to the limited local rice farmers, the authors made the decision to employ a census survey to use the 15 local rice farmers for the focus group discussion. One of the criteria used in selecting the sample was to ensure that only local rice entrepreneurs with three years and above experiences in local rice production participated in the study. During the selection criteria local rice farmers who were unavailable were excluded from the study. The selecting approach was based on the convenience sampling tool to conveniently select and group the participants into three different phases to participate in the focus group discussions. The authors ensure that the sample consisted of equal gender balance of 40% females and 60% male entrepreneurs. Majority of the entrepreneurs obtained secondary school leaving qualifications with adequate operational experiences in rice cultivation.

## **Data collection instrument**

A self-deigned interview guide was employed to gather primary data from participants who were mainly local rice producers in the Western Region of Ghana. Semi-structured interview was mainly used as one of the primary data collection tools in the study. Interview guides were drafted as support for the interview to ensure that all-important issues were discussed to achieve the study objectives. The interview questions were open-ended which encouraged the interaction between the researcher and the participants as well as ensured that participants explain their responses in their own words. All interviews conducted were in English and local dialect (Twi) language for easy transcription and analysis. Three focus group interviews were conducted and included three entrepreneur association heads and twelve local rice farmers four from each association unit. The content and duration of the interviews varied depending on the respondent and their position in the systems introduction and implementation. However, the interviews followed the same procedure, main headings (based on the study objectives) and shared some common questions. The duration varied from 15 minutes to about 20 minutes (interview with first focus group). The interview with



the second and lasted for about 15 minutes where questions pertaining to how the decision was arrived at for some of the farming problems that faces the local rice farmers were asked. All interviews were tape-recorded with the necessary permission from the interviewees, subsequently transcribed and later deleted.

### **Data analysis**

Data analysis entails the ability of the researcher not only to understand the insight of data interpretations but to also determine how data was collected and analyzed (Mumuni & Oladele, 2016). The following sections explained how qualitative data was analyzed aided by evidence based on research questions through themes and phrases (Ragab, & Arisha, 2018). The audios from the focus group discussion were transcribed verbatim from Akan language to English and prepared for thematic analysis. The thematic analysis framework was employed to determine and familiarize common codes, themes, and sub-themes (Alexander et al. 2017). Themes were however generated based on literature and emerging issues. Quotes from participants was used to substantiate the explanations that emerged from the thematic report.

## **RESULTS AND DISCUSION**

### **The challenges associated with local rice entrepreneurship farmers**

Based on the outcomes of the results and discussions, different challenges were revealed. These challenges were categorized into political issues and linked to local rice entrepreneurial activities. Below were the descriptions of the various issues under specific headings.

#### **Material and Equipment Impediments**

##### **Land issues**

Land for cultivating the local rice in a large quantity or for commercial production was inadequate. The farmers could sometimes not get large land farm size for cultivating. They mostly used few lands available for cultivating. The first and second groups point out with similar idea that, *“they mostly hired land for cultivating but such lands were not adequate for producing enough rice or large quantity”*. However, in the third group, one of the respondents noted that, one land can be used concurrently for over five years which in most cases were less fertile to produce enough rice in the subsequent years. They further added that, poor rainfall pattern destroys their crops due to the site of the land (dry land or waterlog area).

##### **Farming materials**

The costs of farming materials are very exorbitant thus, making it difficult to access the necessary materials for producing large quantities of local rice. The local rice entrepreneurs noted that, they mostly hired equipment to clear site which is highly costing. They added

that, bad seeds or cereals for cultivating was also other challenges they encountered. They elaborated that, in most case, cereals/seeds for cultivations were sometimes turned to be bad seed due to poor storage at the market they added. Also, two participants from the second group discussion noted that, there is high cost of weedicides, spraying machines and other farming tools such as cutlass, net etc. due to high economic hardships.

#### **Nursing and cultivating of cereals.**

In one of the focus group discussions, three respondents observed that, during cultivating, getting enough laborers was also a challenge. They voice out that, a nursing that can be done in a week can be sometimes three to one month and this was due to inadequate labors. Also, one participant also noted that, there is a lack of equipment for transplanting or nursing. All nursing were done using human labor which makes it difficult to cultivate in a large quantity.

#### **Harvesting and storing of local rice**

During the three-focus group discussion, participants noted that, birds and rodents disturbed them in their farmlands. Sometimes buying materials to cover the rice during the time of harvest to prevent birds and rodents were costly and this was highly a challenged they added. Also, there is an inadequate labor for harvesting the cereals, participants noted. The first and the third group noted that, materials for storing cereals were also a challenge to them. They sometimes store the rice for few months and selling all to prevent them from getting spoilt. Storing for long time may mean processing it, which demand high cost of materials and tools.

#### **Human factors**

##### **Processing of the local rice**

Many local rice entrepreneurs face a challenge in the processing. Processing the local rice may mean having factory machines and technicians that process the rice, most factory machines were found to far from the farmer's location. The farmers have to travel for a long distance before getting a factory machine for processing, participant noted. This is due to the fact there is a dearth of rice processing machine in most of the farming areas in the country.

##### **Marketing and competition of foreign and local rice**

Local rice entrepreneurs who feel that Ghanaian prefer foreign rice to local rice turn to produce less local rice. Many participants noted that, the price of local rice at the market is mostly low due to customer patronage. Buyers decide the price of the local rice after processing and this mostly affect their earning, participants claimed. The cost of the local rice is mostly low, and this may be due to poor packages and customers preferences.

#### **Political issues**

##### **Lack of government support**

Politicians who run the government and take decisions on budgetary allocations are mostly not in tune with providing the needed materials for production of local rice. During the focus group discussion, one participant noted that, access to government support requires an

association and association leaders with an outline proves before the government aid. They added that, forming the association of local rice farmers was of a high challenged.

### **Corruptions**

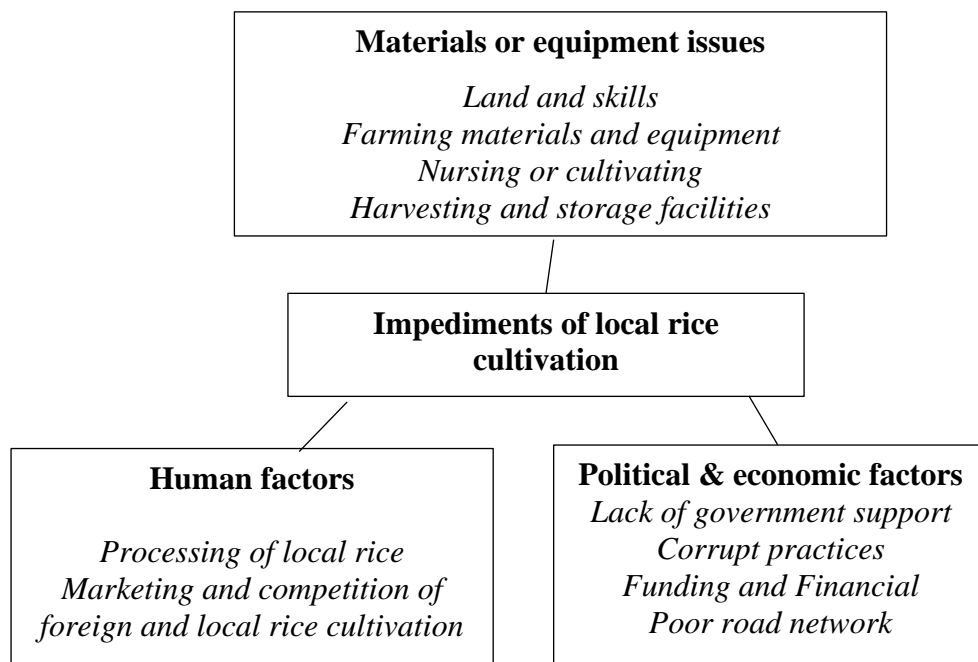
The respondents identified corruption as one of the challenges. It manifested that in most cases the form of non-execution of awarded materials or supplying of sub-standard equipment. In most cases, in their bid to make profit, the assign leaders to supply materials cut corners and deliver outdated equipment or sell the material to the farmers thus making the farmers a dumping grounded. This equipment and materials begin to by requiring party leaders to distribute to party members leaving the actual rice farmers who were in need of the tools and materials.

### **Financial issues**

This was identified as one of the major challenges as general local rice entrepreneurs, and indeed all farmers are grossly underfunded. The scarce resources have resulted in the inability to produce rice in large quantity but few that their resources can cover.

### **Poor road network**

Also, this was noted as overall second major challenges local rice farmer encountered. They voice out that, road leading to the processing factory was very bad, and most cases it takes them longer days to reach destination. They added that, rice sometimes get spoilt on the road when unexpected rain falls while on the way to the processing factory. A road that can take a day to reach the processing factory may take two to three days, they noted.



**Figure 2:** Challenges local rice farmers encountered.

## CONCLUSION AND RECOMMENDATION

### Conclusion

Local rice entrepreneurs face challenges such as material or equipment issues, human factors and political issues. Land issues, farming materials, nursing or cultivating issues, harvesting, and storing issues, processing issues, marketing and competition issues, lack of government support, corruptions, financial issues, and poor road network are the challenges faced by local rice entrepreneurs in Western Region of Ghana.

### Recommendations

The following recommendations were made to further increase the patronage of local rice and increase entrepreneurial activities.

1. Government and state agencies should support and help local rice farmers to acquire funding and relater economic support.
2. Government should plan to establish factories in each district to target and encourage local rice production.
3. Government and other stakeholders should consider to construct roads leading to various remote areas in the Western Region of Ghana to increase local rice production.

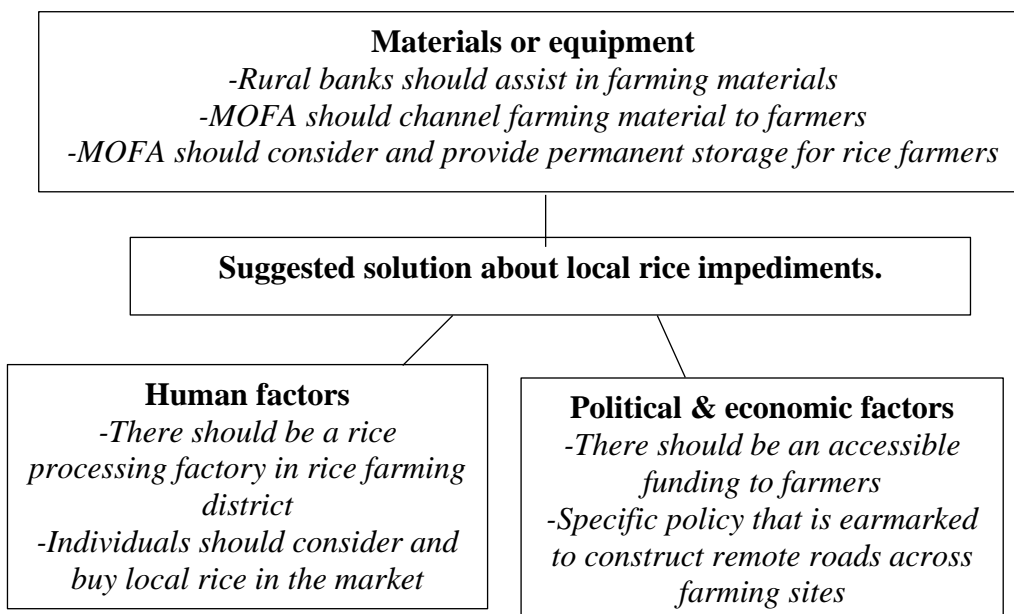


Figure 3: Suggested solution to impediments local rice farmers encountered.





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