

**THE ROLE OF ENTREPRENEURSHIP IN ECONOMIC DEVELOPMENT:
PROSPECTS AND CHALLENGES OF FEMALE ENTREPRENEURS IN
AGRIBUSINESS IN GHANA**

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by

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ABSTRACT

Female entrepreneurs in Africa contribute significantly to the growth of national economies. However, they face multiple limitations while running their businesses. The purpose of this thesis is to explore the relationship between female entrepreneurship and economic development in Ghana. Hence, the question under consideration is: *What role do female agribusiness owners play in Ghana's economic development? A Case Study of Solution Oasis*. In this study, I assess the relationship between entrepreneurship and economic development through both theoretical and empirical analysis. I also address the importance of the agricultural sector to African economies like Ghana with a focus on the socioeconomic role of female agribusiness owners. Using a case study analysis, I describe the organizational structure and operations of a Ghanaian female entrepreneur's company and provide readers with the current opportunities and threats she encounters in fostering economic growth in Ghana.

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LIST OF ABBREVIATIONS

AAIN	African Agribusiness Incubator Network
ABSD	Agribusiness Support Division
AEO	African Economic Outlook
AUC	African Union Commission
AfDB	African Development Bank
CEO	Chief Executive Officer
COCOBOD	Ghana Cocoa Board
CRIG	Cocoa Research Institute in Ghana
CSO	Civil Society Organizations
ECOWAS	Economic Community of West African States
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor
GSGDA	Ghana Shared Growth and Development Agenda
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
ICT	Information and Communication Technology
ILO	International Labor Organization
IMF	International Monetary Fund
LDC	Least Developed Countries
METASIP	Medium-Term Agriculture Sector Investment Plan

MLGRD	Ministry of Local Government and Rural Development
MOFA	Ministry of Food and Agriculture
MOFEP	Ministry of Finance and Economic Planning
NDC	National Democratic Congress
NEIP	National Entrepreneurship and Innovation Plan
NIRP	National Industrial Revitalisation Programme
NPP	National Patriotic Party
SADA	Savannah Accelerated Development Authority
SMEs	Small and Medium-Sized Enterprises
SSA	Sub Saharan Africa
UNDP	United Nations Development Programme
VSLAs	Village Savings & Loans Associations
WFP	World Food Programme

CHAPTER 1

Introduction

1.1 Background of the Study

Economic, business and management theorists have long postulated that entrepreneurship plays a major role in the development of most economies (Naudé, 2014; Toma et al., 2014; Wennekers; et al., 2010). In both developed and developing countries, entrepreneurs have been instrumental in promoting domestic-led growth in new and existing industries, strengthening regional economic expansion, while fostering international competitiveness, global value chains and enabling trade relations (International Trade Centre, 2017). Though entrepreneurs have introduced healthy economic competitions, the challenging environment that business owners face is inarguable. Yet, those challenges have not deterred these tenacious business owners from entering the entrepreneurial space each year.

Today, the world boasts of 582 million people in the process of starting or running a business (Global Entrepreneurship Monitor, 2017) across a broad spectrum of industries. Most of these entrepreneurs are located in the Global South where a larger share of people earn their livelihoods through self-employment, own-account work, or unpaid family laboring (Fields, 2012). It is worth noting that most of the workers (classified as entrepreneurs) resort to creating their own jobs because of the limited supply of jobs in developing countries and their inability to stay unemployed for long periods of time (Fields, 2012). Those entrepreneurs also own small businesses because they cannot afford to hire a large percentage of the population (Aga et al., 2015). Therefore, recent studies confirm that small enterprises represent the vast majority of the business population in low-

income countries accounting for 90% of businesses and more than 50 percent of employment worldwide (Aga et al., 2015).

The dynamic role of entrepreneurs and small business owners in emerging economies has contributed to vast development opportunities in these markets. Over the past decade, the evolution of entrepreneurs has been at the heart of Africa's growing economy. The International Monetary Fund (IMF) Regional Economic Outlook for Sub-Saharan Africa (SSA) indicates that small and medium-sized enterprises (SMEs) create over 80% of the region's employment, revitalizing the working-class population and encouraging opportunities for robust economic interactions across borders. Hence, entrepreneurs are increasingly recognized as seeds of economic revival within the African region (Bouazza, 2015). With the number of Africans joining the working age population, SSA will become the main source of new working-class entrants into the global labor force by 2035 (Santos, 2010; International Monetary Fund, 2015). This exceeds the rest of the world combined.

The scope and role of entrepreneurship in African economies, like Ghana, should therefore not be understated. Like many developing economies, the influx of entrepreneurs within the country is growing overtime. These small and medium businesses have contributed to 70% of Ghana's Gross Domestic Product (GDP) and 85% of manufacturing sector employment in the last decade (Darko & Koranteng, 2015). Ghana's 2012 Global Entrepreneurship Monitor (GEM) report ranks the country as the second most entrepreneurial in SSA, after Zambia (Herrington & Kelley, 2017). The report also indicates that vast majority of Ghanaians (91%) attribute high status rating to entrepreneurship (Herrington & Kelley, 2017). Unlike other growing economies, entrepreneurship

in Ghana primarily constitutes self-employment, rather than job creation (Global Entrepreneurship Monitor - Ghana, 2017). Unfortunately, the rate of business discontinuity, though declining, is still high at 16% in Ghana. Ghana being the fourth highest African country to terminate businesses after Malawi, Angola and Uganda suggests the need to implement a sustainable business climate that can strengthen Ghana's efforts to steady economic growth (Global Entrepreneurship Monitor - Ghana, 2017).

In recent years, the role of female entrepreneurs in economic development has attracted greater attention. Though no universally accepted definition of a female entrepreneur exists, Moore and Buttner define her as "...a woman who has initiated a business, is actively involved in managing it, owns at least 50 per cent of the firm, and has been in operation one year or longer" (Moore & Buttner, 1997 cited in Quiñones, 2016). Academics, policy makers, and practitioners alike would agree that female entrepreneurs play a significant role within the context of an economy's development (Lechman & Okonowicz, 2013; Global Entrepreneurship Monitor, 2017). Both theoretical and empirical evidence have proven that women have been influential in creating jobs, introducing innovative products, and increasing opportunities for other women to access market systems (Lechman & Okonowicz, 2013; Global Entrepreneurship Monitor, 2017). More importantly, the role of women entrepreneurs in shaping local and community-level businesses has been immense (Lechman & Okonowicz, 2013). Female entrepreneurs continue to create businesses that embody poverty reduction mechanisms and strategies (Lechman & Okonowicz, 2013) for their communities.

Finally, the number of female entrepreneurs contributing to growth in both advanced and developing nations has risen steadily (Global Entrepreneurship Monitor, 2017). Recent studies

indicate that female entrepreneurship rates in SSA are the highest globally (GEM Report on Women's Entrepreneurship, 2017). In SSA, 50% of such economically active women work in the agricultural labor force (Doss & SOFA Team, 2011). They contribute to producing, trading, processing, and transforming raw agricultural products to finished goods. The significance of women entrepreneurs to the economy remains unquestionable. Recognizing the influence of female entrepreneurs to the agricultural labor force in SSA, this paper highlights the contribution of female entrepreneurs to economic development drawing on a case study within the Ghanaian economy.

1.2 Why Entrepreneurs?

The economic opportunities linked to entrepreneurial activities are numerous. Entrepreneurs serve as catalysts for igniting industries that have not yet been tapped. Evidence from countries such as Malaysia, Japan and South Korea, demonstrate how entrepreneurial activities have contributed substantially to GDP - a key measure of a nation's growth prospect (Oppong et al., 2014). Today, these countries, along with other Asian Tigers and developed economies, are seen to be key global pace setters in the realm of business creation and economic expansion (Oppong et al., 2014).

Across a broad range of disciplines, entrepreneurial processes have had a direct impact on national economies because of the employment opportunities associated with increasing business activities. Early studies addressing the relationship between these concepts established the conceptual importance of innovation within entrepreneurship as a key driver to economic development (Oppong et al., 2014). The innovative products created by entrepreneurs provide first-mover advantages. Those goods foster opportunities for successful business expansion and economic growth for the given country (KritiKos, 2014). Other studies have also underscored the importance

of entrepreneurial activity in enhancing regional economic activity, trade, and effective resource sharing (Oppong et al., 2014). Research also postulates that entrepreneurial activity contributes immensely to economic development in areas of technological development, poverty alleviation, and capacity building (Oduntan, 2014). The emergence of new technology has also proven to enhance a country's economies of scale allowing for more competitive advantage across the global economic sphere (Shrivastava & Shrivastava, 2013). The opportunities for poverty alleviation are also possible through industrial dispersal by creating businesses in rural communities that may improve the living standards of citizens. In recent times, entrepreneurs have also played an increasingly important role in addressing some of the most pressing development challenges by delivering services in areas including agribusiness, climate, electricity, information and communications technology (ICT), and mobile technology development (Nguru, 2016). Through their inventions, entrepreneurs transform society's dire needs into actionable solutions. In spite of those phenomenal contributions to economic growth, entrepreneurs face a host of challenges that may impede their progress.

1.3 Problem Statement

In this current competitive business environment, the biggest researched challenge facing entrepreneurs concern market-based forces associated with capital generation, market regulations, government restrictions, economic fluctuations, and weak institutional systems. Those challenges affect the entrepreneur's ability to either enter new markets or trade effectively across different economies. Other personal factors that impede business owners include insufficient collateral to gain funds, poor training, and the lack of education to seek opportunities for business growth (Mordi et al., 2010). These factors are predominant among poor and middle-income countries where financial structures and literacy rates are low creating barriers for rural entrepreneurs to

succeed. A less explored area that will be examined in this research paper are challenges that predominantly face women entrepreneurs who constantly encounter gender discrimination and family-based impediments in the entrepreneurial space (Mordi et al., 2010). In particular, this study focuses on women in agribusiness and their role in enhancing economic development opportunities in Ghana.

1.4 Objectives of the Study

The study has three main objectives:

1. To understand how entrepreneurial activity contributes to economic development through in-depth literature review, theoretical and empirical analysis;
2. To assess the contribution of female entrepreneurs in the agribusiness sector to the economic growth in Ghana;
3. To identify the key opportunities and challenges faced by women entrepreneurs in Ghana's agribusiness sector.

1.5 Research Questions

In this study, three main research questions will be explored:

1. What is the relationship between entrepreneurship and economic development?
2. What role do Ghanaian female entrepreneurs in agribusiness play in enhancing economic development?
3. Drawing on a case study of a Ghanaian female entrepreneur, what are the key opportunities and challenges that women in the agribusiness space face?

1.6 Methods

To accomplish the objectives of this study, primary and secondary data were used to understand the role that Ghanaian women in the agribusiness sector contribute to economic development. First, an in-depth literature review was conducted to provide an overview of the role of entrepreneurship in economic development. This review encompassed a theoretical assessment to critically explore the evolution of economic theories in relation to the impact of entrepreneurship on a nation's economic growth. It also highlighted empirical evidence that has been analyzed overtime through scholarly journals and other research publications to identify the statistical relationships between entrepreneurship and economic development.

Second, primary data collection was conducted via personal interviews, focus group discussions and observations as part of the Student Multidisciplinary Applied Research Teams (SMART) program within the Emerging Markets Program (EMP) in the Charles H. Dyson School, Applied Economics and Management at Cornell University. SMART is a service learning initiative that connects student teams, and faculty with small businesses across emerging economies.¹ In January 2018, data were collected with four other team members² of the SMART Ghana Project to facilitate the analysis of this thesis. In Ghana, the team conducted market research in the capital cities of Accra and Tamale for Solution Oasis, Ltd., an agro-processing company owned by a female entrepreneur.

¹ As defined on the SMART program website: <http://emergingmarkets.dyson.cornell.edu/smart/>

²The SMART Ghana team - Arshad, Asemota, Ayodele, Ofei, & Quaidoo (2018)

This thesis presents a case study of Solution Oasis, Ltd. Personal interviews were administered to the entrepreneur and her staff. Supplementary individual interviews were delivered to women cooperatives, key stakeholder (private, public, global and corporate sector partners) and retailers in the company's value chain to assess the contributions of female entrepreneurs to Ghana's agribusiness sector. The focus group discussion method was used in Tamale, Northern Region, to understand the role and activities of harvesters and women collectors who represent the downstream of the supply chain. In cases where participants could not speak English, interviews were translated to the local Ghanaian dialects (Twi, Ga, and Dagbani) by the interviewer or an interpreter.

The interviews included both closed and opened ended questions (See Appendix 1 for questionnaire categories and sample questions). The closed-ended questions consisted of biography data as well as other questions concerning the importance of locally sourced products and the types of products that consumers purchased. The open-ended questions were included to engage respondents on their preference for competitor's products over those of Solution Oasis, the agribusiness environment in Ghana, as well as the opportunities and challenges that women entrepreneurs face. Throughout the primary data collection process, observations were also made in the field. A breakdown of the research methods is illustrated in the following figure:



Figure 1: Research Methods

Source: Arshad, Asemota, Ayodele, Ofei, & Quaidoo, 2018

With regards to the limitations of this study, the time allocated for the research study was short. Interviews were conducted within a two-week timeframe which indicates that there was not enough time to engage with other important stakeholders in the agribusiness. Moreover, access to people and organizations was either limited or difficult because of time commitments, traffic congestion in Accra and busy schedules during the holiday season. These factors made the sample very small – even though it represents many of Solution Oasis’ market.

1.7 Significance of the Study

This research paper examines the relevance of Ghana’s economy, in the context of women, and identifies the gaps pertinent to entrepreneurial activity in the country. The study also provides micro-level perspective of challenges faced by female agribusiness owners in Ghana. Though studies illustrate the role that entrepreneurship plays in economic development, the myriad

problems faced by different groups, particularly minorities like women, will be an interesting and informative study. Within the context of Ghana, the demographic structure of business owners is interesting and relevant to underscoring opportunities for economic growth. Ghana's unusual entrepreneurial environment, where women and youth are spearheading business creation, is irrefutably a scope for exploration. The highest proportion of early-stage entrepreneurs are between the ages of 25 and 34, while a smaller but still significant proportion, are in the 18 to 24 age group (Owusu et al., 2014). Compared to other SSA countries, Ghana has more female entrepreneurs (38%) than males (35%) (Owusu et al., 2014). In addition, 48% of Ghana's female population contribute to the agricultural sector (Ghana Statistical Service). Although theoretical and empirical research focused on the effect of entrepreneurship on national economies is extensive, there is a dearth of evidence on women entrepreneurs, particularly those involved in agribusiness.

The findings in this research paper are intended to emphasize the value that entrepreneurs contribute to economic growth in developing economies. The study reminds regulatory bodies about the challenging business climate that entrepreneurs face and serves as an urgent call to policy makers and other stakeholders to introduce opportunities that will facilitate the work of small business owners. Entrepreneurs will also be encouraged about their positive impacts on national development through the analysis presented in this paper. It is likely that opportunities and challenges discussed in this paper will serve as preliminary insights to plausible solutions that can curb some of the risks associated with running an agribusiness in Ghana. More importantly, this paper will create awareness about the role that women play in development through the agribusiness space. It is expected that the findings of this study will empower and challenge

Ghanaian female entrepreneurs to achieve their full potential in their work. Finally, the outcome of this research will inform further research in understanding the role that entrepreneurship plays in economic development; and more specifically how minority groups, such as women entrepreneurs, are spearheading agribusiness activities and promoting economic growth.

1.8 Organization of the Paper

The thesis will be structured as follows. Chapter 1 detailed the background of the study. Chapter 2 will explore Ghana's historical and current economic and political environment. The agricultural and agribusiness environment of Ghana are also highlighted in this section. In Chapter 3 the theoretical and empirical literature on entrepreneurship and economic development will be analyzed, drawing on key relationships between the two concepts. The agricultural and agribusiness sectors and their contributions to economic growth will be explored in Chapter 4. Chapter 5 will detail the importance of women entrepreneurs and their contribution to economic development in the agribusiness sector. A case study of a Ghanaian female entrepreneur will be presented in Chapters 6 and 7. Here, the organizational structure as well as the opportunities and threats encountered by the entrepreneur will be analyzed. The research paper will be concluded in Chapter 8 with key lessons and opportunities for policy implementation.

CHAPTER 2

Ghana – An Introduction to the Country

To understand the main research question under consideration, it is important to present the historical and current environment of Ghana. In this chapter, the political and economic outlook of Ghana will be discussed. The chapter explores Ghana's current entrepreneurial space as well as current governmental initiatives to support entrepreneurship and agriculture. To emphasize the importance of the agricultural and agribusiness environment in Ghana, the contribution of two important cash products – cocoa and shea nut to Ghana's economic growth are also discussed here.

2.1 Political Conditions

Formerly known as Gold Coast, Ghana, a country of approximately 28.2 million people, shares its borders with Togo to the east, Cote d'Ivoire to the west, Burkina Faso to the north and the Gulf of Guinea, to the south (The World Factbook 2017). Ghana's land area of 239,000 sq. km is West Africa's second largest economy, after Nigeria, as well as Africa's 12th largest economy (Spillan & King, 2017).

The country gained independence from the British in 1957 and became the first SSA country to obtain freedom from colonial rule through the efforts of Dr. Kwame Nkrumah, the country's first President (The World Factbook 2017). After Nkrumah's overthrow in a coup d'etat in 1966, the country witnessed a series of political regimes with mixed turmoil and instability (The World Factbook 2017). However, over the last two decades, Ghana has enjoyed uninterrupted political peace with the dawning of its Fourth Republic. The deepening of democratic rule has allowed the country to gain recognition as the "island of peace" and become a leading democratic nation in the

SSA region (Spillan & King, 2017). The country practices a constitutional democratic system of government, with its president as the head of government and head of state (Spillan & King, 2017).

To enhance regulation of democratic activities and accountability, the three arms of government – the executive, the judiciary, and the legislature – were instituted under the 1992 Constitution (The World Bank in Ghana). The country is also a multi-party state with two dominant political groups: the New Patriotic Party (NPP, being the ruling party) and the National Democratic Congress (NDC, being the strongest opposition) (Spillan & King, 2017). However, like any growing economy, this system of accountability has been frail due to the self-interest of political leaders and the lack of independence that exists between these branches of governments (Spillan & King, 2017).

In its Global Corruption Barometer, Transparency International ranked the country 70 out of 176 globally in its position of corruption. Currently, there is also greater public dissatisfaction with the governments' repetition of unfulfilled political promises as well as rising economic disturbances. As a result, the perceived level of public sector corruption has worsened from 47 in 2015 to 43 out of a clean score of 100 in 2016 (Transparency International).

2.2 Economic Outlook

Over the years, Ghana's economy has also been characterized by slow structural transformation due to its position as a low middle-income country. When oil reserves and production were discovered on Ghana's coastal soil in 2012, authorities projected that the oil will serve as a driving force for the economy. However, the positive impact of the discovery has not yet reached its expected potential (Spillan & King, 2017). Additional reports indicate that declines in revenue

streams and increased spending during the 2016 elections also impacted the country's economic outlook (World Bank, 2017). Coupled with this, the country reported an actual fiscal deficit of 8.7 per cent of GDP in 2016, missing its target by 3.4 percentage points (African Economic Outlook, 2017). In addition, the government faces other major challenges: high youth unemployment, ongoing delays in the resolution of debt incurred by energy state-owned enterprises, and high market inefficiencies (African Economic Outlook, 2017).

As highlighted in the African Economic Outlook (2017), the government is required to ensure that in the following years, “the fiscal consolidation programme is on track, policies and measures to foster a revival of private sector investment and foreign direct investment (FDI) are adopted, and that the supply and governance issues affecting the energy sector are speedily addressed” (p. 264). Since the inception of the new government, under the auspices of President Nana Akuffo Addo, Ghana's economy has witnessed some improvement. For instance, the country's GDP growth rose from 3.3 per cent in 2016 to 6.1 per cent in 2017 due to the tightening of fiscal and monetary policies in conjunction with the IMF Extended Credit Facility programme (African Economic Outlook, 2017). Figure 2 depicts a chart of the country's real GDP growth over time.

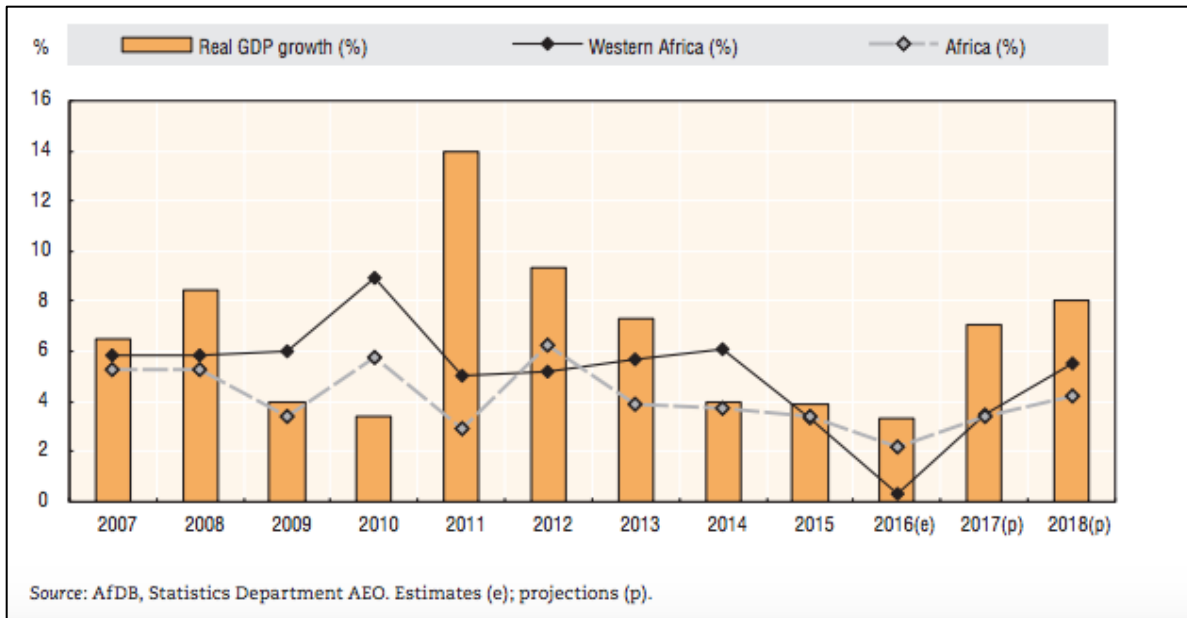


Figure 2: Real GDP Growth

Source: African Economic Outlook, 2017

The country is also resource rich and is highly endowed with cocoa, gold, shea, and oil, whose combined exports amount to more than 75% of Ghana’s total exports annually (African Economic Outlook, 2017). In 2016, exports of gold and cocoa surged in the last quarter to pull the trade balance out of deficit (African Economic Outlook, 2017). Economic operations and activities that sustain the economy while driving growth have been categorized under three sector variables – agriculture, industry, and service. As presented in Figure 3, data shows that the service sector provides the highest share of growth to the economy followed by the service sector which encompasses five subsectors: namely manufacturing, construction, mining and quarrying, electricity, and water and sewerage. On the other hand, the agricultural sector which absorbs over 56% of the Ghanaian labor force, unfortunately is the lowest contributor to the country’s economic growth (Spillan & King, 2017).

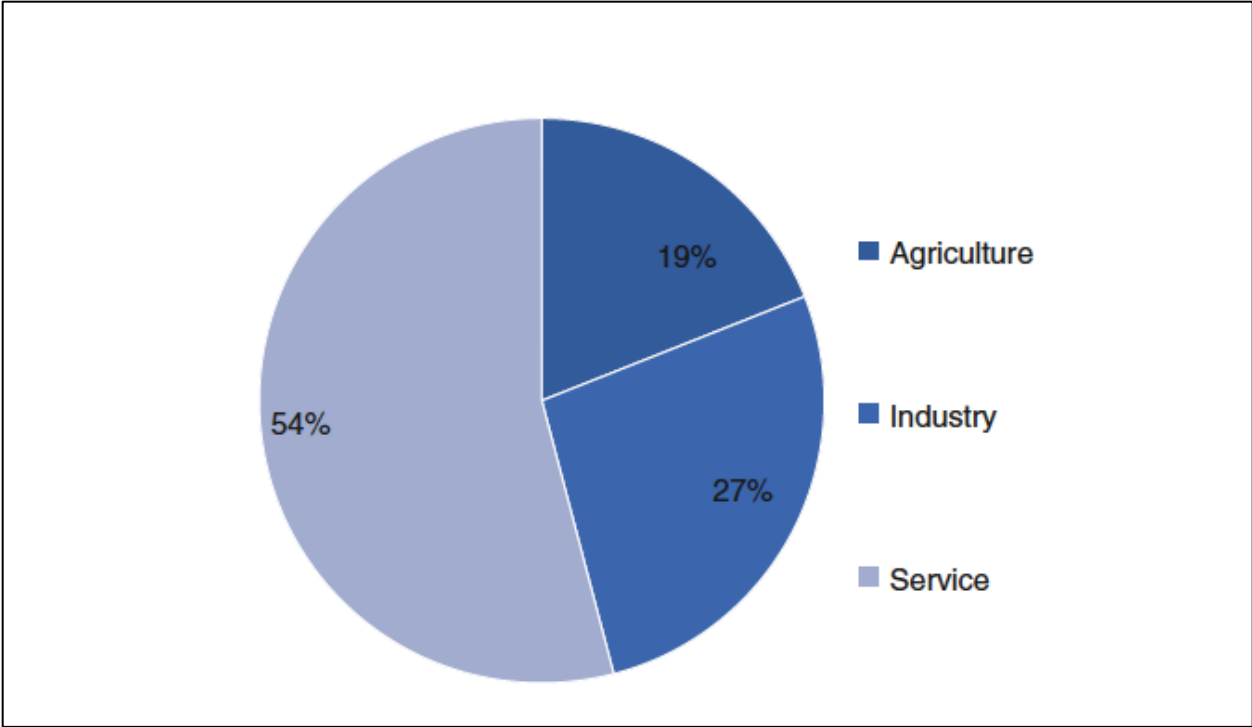


Figure 3: Ghana's Economic Structure

Source: Spillan & King, 2017

With regards to trade, since Ghana is geographically well positioned to access other Economic Community of West African States (ECOWAS) markets, the country participates in regional alliance and integration efforts across the different West African states. This has also contributed to the growth of the sub-regional group in the new millennium (Brown, 2013).

2.3 Entrepreneurial Activity in Ghana

Today, over 50% of Ghana's workers are employed in the public sector, 30% in the private sector, and just 14% in non-farm self-employment which is still the largest component of the labor market (Spillan & King, 2017). Ghana's economy is also extensively permeated by the informal sector of which 90% constitute SMEs and entrepreneurial ventures that are highly clustered in the big cities such as Greater Accra, Kumasi, and Takoradi (Spillan & King, 2017). A World Bank report

indicates that in Ghana, “entrepreneurial activity provides numerous benefits for the country, both at a micro level by creating stable and sustainable employment for individuals and at a macro level by significantly increasing the GDP” (Prince E.W. Attipoe, 2013 as cited in Spillan & King, 2017).

In recent years, entrepreneurial activity, including innovative entrepreneurial incubators and programmes, have emerged within the country. In competitiveness and business reform, Ghana has a relatively good business performance compared to the West Africa average (World Bank Group, 2017). Recently, Doing Business ranked Ghana as 84.02 for starting a business which is higher than the sub Saharan regional average of 76.82 (World Bank Doing Business, 2017). The country was also credited with lower risks, but higher returns for doing business in Africa (Spillan & King, 2017). Studies have shown that the constraints to the business environment in Ghana include: poor access to financial alternatives, unreliable power supply and high utility tariffs, high borrowing costs, and inflation, among other fiscal declines in the economic outlook as previously discussed (World Bank, 2017). The lack of ecosystems that can integrate hubs, incubators, tertiary institutions, public institutions, and private corporations may also impede entrepreneurial activity in the country.

The current government has therefore instituted several initiatives to nurture entrepreneurship and home-grown production. For instance, in 2016, a ‘Made in Ghana’ policy was launched (African Economic Outlook, 2017). In 2017, a new National Industrial Revitalisation Programme (NIRP) with a stimulus package for industry, a National Entrepreneurship and Innovation Plan (NEIP), and a ‘One District, One Factory’ were proposed in the budget to strengthen local businesses while

promoting industrialization from the ground up (African Economic Outlook, 2017). The impact of these initiatives to entrepreneurship will be highlighted in Chapter 7.

2.4 Ghana's Agriculture and Agribusiness Sectors

Like many African countries, the agricultural sector serves as the main driver of Ghana's economy. Agriculture continues to be one of the largest sources of employment for many Ghanaians - serving some of the most vulnerable and poor populations. The agricultural sector contributes to 30% of its GDP and represents approximately 56% of the labor force (Spillan & King, 2017).

Ghana is endowed with a vast majority of agricultural land capacity that spreads over 13.6 million hectares (ha) (Spillan & King, 2017). Unfortunately, only 7.8 million ha has been cultivated with still over 5.8 million ha left untapped and under-utilized (Spillan & King, 2017). The country's landscape constitutes three main agricultural zones: 1) the forest vegetation zone which consists of parts of Western, Eastern, Ashanti, Brong-Ahafo, and Volta Regions; 2) the northern savannah vegetation zone including Upper East, Upper West, and Northern Region; and 3) the coastal savannah which is mainly the Central, Greater Accra and parts of Volta Region. The northern savannah zone is the largest agricultural space and is notable for its rice, millet, sorghum, shea, cattle, and cotton; while the coastal savannah is the second largest and is notable for rice, maize, cassava, vegetables, coconut as well as fish farming from its streams and lagoons. The forest zone on the other hand is notable for its coffee, oil palm, rubber, and cashew as well as citrus supplies crops due to the abundance of rainfall in this zone (Agriculture in Ghana, n.d). Therefore, there are a variety of opportunities to enhance production and business within the agricultural sector.

The Ministry of Food and Agriculture (MOFA) is the main agency responsible for regulation and development of Ghana's agriculture sector. The ministry is made up of technical directorates as well as regional and district executives, and district agricultural development units that work with the Ministry of Local Government and Rural Development (MLGRD) to support agriculture production at the district and local levels (IFAD, 2012). One of the strengths of MOFA is its effort to mobilize several agricultural extension officers in the different districts of Ghana. However, the qualifications of extension officers, as well as the operational resource of the government is not adequate to support the extensive work that needs to be done (IFAD, 2012). MOFA is also supported by the Ministry of Finance and Economic Planning (MOFEP), and the Bank of Ghana to provide financial support and advice (IFAD, 2012). Other ministries including Ministries of Health, Environment, Science and Technology, Employment and Social Welfare, and Trade and Industry also provide research and external support to the growth of this sector (IFAD, 2012). The government is also supported by International Fund for Agricultural Development (IFAD) as well as the Food and Agriculture Organization of the United Nations (FAO), World Food Programme (WFP) and United Nations Development Programme (UNDP) to enhance agricultural capacity, value-chain development, and economic development through food, and agriculture within the country (IFAD, 2012).

In 2012, the government, in collaboration with other key stakeholders, established the Agribusiness Support Division (ABSD) to provide technical information and matchmaking services to investors and agribusinesses (MOFA, n.d. & IFAD, 2012). With regards to stakeholder participation and coordination of different agricultural interest groups, the government has established the Medium-Term Agriculture Sector Investment Plan (METASIP), which is

composed of different ministries, the parliamentary committee on Food, Agriculture and Cocoa Affairs, private institutions, civil society organizations (CSOs), traditional rulers, development partners, financial institutions, research institutions and academia (IFAD, 2012). Additionally, the government has been committed to reducing rural poverty while enhancing agricultural and rural development through its Ghana Shared Growth and Development Agenda (GSGDA). As part of the Northern Development Strategy (2010-2030), the administration has also established the Savannah Accelerated Development Authority (SADA) to facilitate economic development particularly in shea nut production in the Northern Region of Ghana where poverty is extremely dire (IFAD, 2012). Through those government initiatives and investments, two crops that have become priority to Ghana's economic growth and development efforts are cocoa and shea nut, which will be highlighted in this research.

2.4.1 Cocoa

Historically, cocoa has been an engine of growth for Ghana's economy representing almost one third of the country's total foreign exchange earnings (B&FT, 2016) and providing livelihoods for more than 700,000 smallholders (Doss & SOFA Team, 2011). Ghana is the second largest producer of cocoa after Cote d'Ivoire, contributing to 16 per cent of the global supply (Mohammed, Asamoah & Asiedu-Appiah, 2011).

Unfortunately, while the country exports a bulk of its cocoa, approximately 60% is exported in its raw form with only 40% of the produce being processed locally (Amoah, n.d.). Cocoa production from farm to table requires long, tedious hours. After farming and harvesting the cocoa pods, farmers extract, ferment and dry the cocoa beans. Next, the cocoa beans are roasted and grinded

before being transformed into cocoa butter or cocoa powder. Before exporting the raw products, farmers supply the bagged cocoa to the Ghana Cocoa Board (COCOBOD), an institution that examines the quality of the product, fixes the buying price of the cocoa, and eventually sells them to interested multinational companies and individuals across the globe (Mohammed, Asamoah & Asiedu-Appiah, 2011). The cocoa pods are also transferred to the other subsidiaries and divisions, including the Cocoa Research Institute in Ghana (CRIG) and the Cocoa Processing Company, for further research and value addition respectively (Mohammed, Asamoah & Asiedu-Appiah, 2011).

Due to the physical work involved with cocoa farmers, many smallholder cocoa farmers in Ghana are men (Doss & SOFA Team, 2011). The few women who own cocoa farms suffer greater restrictions because they are less educated, constantly cash constrained, and usually uninformed about better farming methods (Doss & SOFA Team, 2011). However, research indicating that “female-managed farms are just as productive as those managed by males” (Doss & SOFA Team, 2011, p. 33) demonstrates the need to support female cocoa farmers.

2.4.2 Shea Nut

The shea nut industry also constitutes an important aspect of Ghana’s economy; and currently represents USD 64 million of the country’s export earnings (B&FT, 2016). Shea trees are predominantly found in most of Northern Ghana, with “land coverage of over 77,670 km² in Western Dagomba, Southern Mamprusi, Western Gonja, Lawra, Tumu, Wa and Nanumba with Eastern Gonja having the densest stands” (Hatskevich, Jenicek & Darkwah, 2011, p. 223). While the demand for shea nuts has not reached the same global appeal as cocoa, its recent appeal in the local and international skincare industry proves positive. The growth of a shea tree is almost

spontaneous - it germinates and grows on its own (Hatskevich, Jenicek & Darkwah, 2011). After the germination stage, which takes approximately five years, “it takes about fifteen years to reach maturity and can live for up to about three hundred years bearing fruit for over two hundred years” (Hatskevich, Jenicek & Darkwah, 2011, p. 224).

The uniqueness of the shea tree is such that each part is useful in agricultural production. For instance, the fresh fruit is eaten, the leaves are used as fodder and also as an ingredient for making alkaline, the nuts can be extracted for oils while “the residue of shea serves as excellent fuel and can also be mixed with mud for plastering traditional mud huts” (Hatskevich, Jenicek & Darkwah, 2011, p. 225). The Ghana Cocoa Board has recently committed to adding shea-nut production to its value chain because it impacts the livelihoods of Ghana’s most vulnerable populations living in the northern regions (Hatskevich, Jenicek & Darkwah, 2011).

CHAPTER 3

Theory and Empirical Evidence: Entrepreneurship and Economic Development

3.1 Operational Definition of Entrepreneurship

Many experts agree that there is a bi-directional relationship between entrepreneurship and economic development. While some posit that entrepreneurship leads to economic development, others are more concerned about the role that economic development plays in entrepreneurship. This Chapter will focus on the former and the literature review will explore entrepreneurship as a key factor to economic development.

Understanding the role that entrepreneurship plays in economic growth requires a deep exploration of the notion of entrepreneurship and the entrepreneur. Despite centuries of research on the complex phenomenon of entrepreneurship and the entrepreneur, there has been no single consensus on its definition. As William Baumol (1968) has noted, the subject of entrepreneurship is conceptually elusive (Leff, 1979, p. 47), and the term has not always had clear theoretical or operational definitions with regards to economic development.

Albeit theoretical definitions that characterize entrepreneurship as a multifaceted phenomenon, in recent years, the definition adopted by the Global Entrepreneurship Monitor (GEM) provides a simplified working definition. GEM defines entrepreneurship as:

"Any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, a team of individuals, or an established business"³

For the purpose of this study, this definition will undergird the framework.

3.2 Theoretical Definition of Entrepreneurship

Over the years, scholars have contextualized the theoretical meaning of the entrepreneur with respect to several distinct and dynamic roles. Within economic history, the ‘entrepreneur’ was first introduced in the writings of Richard Cantillon (1680-1734) who recognized three classes of economic agents in his work: landowners, entrepreneurs, and employees (Hébert & Link, 1989). Within the context of the entrepreneur as an economic agent, Cantillon described the entrepreneur as a risk-bearer - one who pursues business decisions in return for profit even when there is uncertainty (Hébert & Link, 1989; Karlsson et al., 2004). Here, Cantillon propagated that the profit is generated through the entrepreneur’s ability to buy goods/services at a certain price which is later resold to the consumer at an uncertain value (Hébert & Link, 1989).

Cantillon’s theory of entrepreneurship was later formalized by Knight (1921) who in distinguishing between the uncertainties and risks of the entrepreneur emphasized that “entrepreneurs specialise in risk-bearing, because they feel confident about their decision-making ability under conditions of fundamental uncertainty” (Peneder, 2009, p. 6). According to Knight (1921), “the confident and venturesome [entrepreneur] ‘assume the risk’ or ‘insure’ the doubtful and timid by guaranteeing to the latter a specified income in return for an assignment of the actual results” (Peneder, 2009, p. 6; Hébert & Link, 1989, p. 41). Thus, Cantillon and Knight emphasize

³ As defined on the GEM Website <http://www.gemconsortium.org/wiki/1149>

that one key function of the entrepreneur is to be a risk-bearer in the midst of economic uncertainties. Following Cantillon, Say (1810) depicted the entrepreneur as one who is resourceful - shifting “economic resources out of an area of lower productivity and moves them into an area of higher productivity” (Hébert & Link, 1989; Toma, Grigore & Marinescu. 2014). In the late 1800s, other notable economic contributors including, Menger (1871), and Marshall (1890) theorized the entrepreneur in relation to his/her managerial function. Their work was later popularized within different economic and management disciplines (Kao, 1993).

3.3 Theory of Entrepreneurship and Economic Development

In the twentieth century, the concept of entrepreneurship and its relationship to economic development was extensively championed by Joseph Schumpeter, an Austrian economist. Schumpeter, also known as the father of modern entrepreneurial thought, has been credited for his more formal contribution. Conceptually, Schumpeter defined an entrepreneur as an innovator – one who develops a “vision of what will be successful and relying upon their intuition, when launching their new product that significant market demand will eventually develop for their proposition” (Chaston, 2017, p. 6). Schumpeter believed that the entrepreneur also pursues rewarding and profitable opportunities that will improve her products. In his work, *The Theory of Economic Development*, Schumpeter (1934) recognized five main types of opportunities and/or innovation for the entrepreneur:

- (1) the production of new products or totally new qualities of an existing product;
- (2) the introduction of new production methods;
- (3) the creation of new forms of industrial organization;
- (4) the opening up of new markets; and
- (5) the opening up of new sources of supply.

Writing in the context of the events surrounding the first industrial revolution, Schumpeter (1942) posited that the emergence of new technologies permitted other nations to overtake Britain's manufacturing capabilities creating opportunities for small businesses to explore dynamic innovations. Schumpeter further accentuated that these innovative ideas created by the entrepreneur resulted in a 'creative destructive process' (Schumpeter, 1942) which contributes to economic development by causing constant economic disturbances and disequilibria. Schumpeter emphasized that these economic interruptions will forever disrupt the circular flow of production, displace the previous equilibrium state, and create economic opportunities.

Moreover, Schumpeter (1942) believed that the process of adjusting to equilibrium by innovators will facilitate the entry of new entrepreneurs into the economic system. With this spillover effect, he predicts that the increase in the number of entrepreneurs in the economic system, at any point in time, drives innovative activities while motivating the entrepreneur to maximize profit. The entrepreneur's motivation to drive profit is the primary source of wealth creation within the economy and therefore economic development. Undisputedly, as later formalized, Schumpeter's theory of entrepreneurship and economic development (1942) consists of the following four tenets: 1) circular flow, 2) role of the entrepreneur as innovator, 3) cyclical process and 4) capitalism.

Over the years, Schumpeter extended his theory of entrepreneurship to understand how large firms contribute to the theories of entrepreneurship and economic development (Chaston, 2017, p. 6). While in another study he formalized the term 'creative accumulation,' and argued that the "deepening of innovation based around a small number of large firms continuing to dominate an industrial sector through sustained exploitation of their superior knowledge, thereby maintaining

market leadership” (Chaston, 2017, p. 6). The relationship between entrepreneurship and economic development, in this paper, will focus on his former work of ‘creative destruction’ within small businesses.

Although Schumpeter’s view has been influential in underscoring the entrepreneur as an innovator, several other economists have also expounded on his theory of creative destruction to identify other key roles of the entrepreneur. Prominent among these scholars is Israel Kirzner who defines the entrepreneur from a more demand-driven process perspective and his/her position in a competitive market (Leff, 1979, p. 47; Karlsson et al., 2004, p. 5). According to Kirzner, the entrepreneur is more engaged in moving resources from areas of low productivity to different areas of higher profitability (Leff, 1979, p. 47; Elkan, 1988, p. 171). Here, the entrepreneur acts as a catalytic agent by discovering unnoticed profits, seizing innovative activities, and capturing profits rather than generating them. This is in contrast to Schumpeter’s viewpoint. As described by Elkan (1988), the catalyst for such action is the entrepreneur’s profit motive and attentiveness to new market opportunities which can be exploited through some form of innovation after exogenous economic shocks. Once again, the entrepreneur is found to have some special characteristic for bearing risks and contributing to economic development (Leff, 1979, p. 48; Elkan, 1988, p. 174).

Related to all these heterogeneous roles of the entrepreneur are the 12 distinct characteristics proposed by Hébert and Link (1989) as illustrated on the next page:

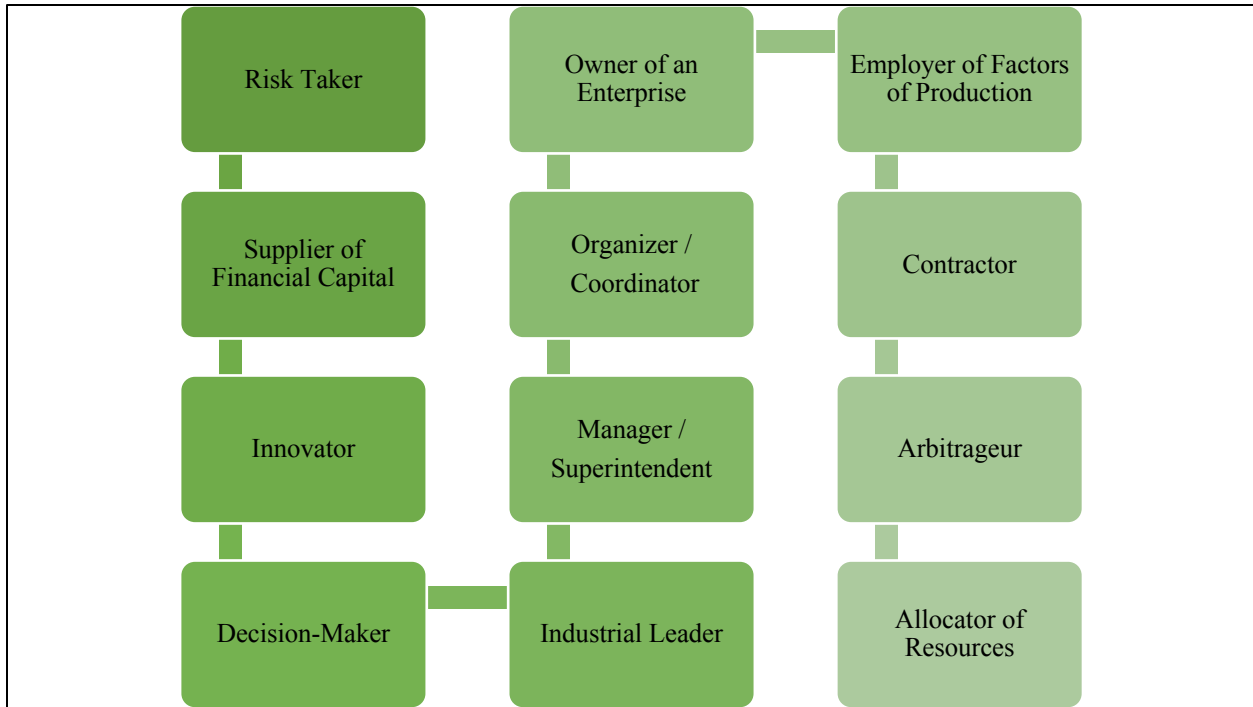


Figure 4: The 12 Distinct Roles of the Entrepreneur

Source: Adapted from Hébert and Link, 1989

Moreover, Wennekers and Thurik (1999) also “attribute economic growth through entrepreneurship to three main processes or entrepreneurial activities: enhanced competition, innovations, and employment growth through firm start-ups” (p. 31).

Evidently, a definition of the entrepreneur or entrepreneurship does not exist. Across different studies, the entrepreneur has been defined as an inventor, risk taker, innovator and creative destructor as posited by Cantillon (1755), Knight (1921), and Schumpeter (1942), among others. Following the aforementioned theories, one may conclude that the entrepreneur is one who is creative, attentive and informed about ways to transform innovative ideas to pursue profit. The success of the entrepreneur therefore lies in her access to human capital, information and markets. In some cases, the entrepreneur may also manage the firm. In others, she is the innovative spark

that creates market opportunities for others to follow suit. While these theories are not exhaustive, they provide an overview of how entrepreneurship relates to economic theory. The table below also provides a comprehensive list of historical attempts to define the entrepreneur and entrepreneurship by several economic historians (Kao, 1993).

Richard Cantillon, 1730	Entrepreneurship is self-employment with an uncertain return
Nicolas Baudeau, 1767	Entrepreneurship is innovative management
Jean-Baptiste Say, 1810	Described entrepreneur as an extraordinary talented manager
Carl Menger, 1871	Differentiated entrepreneurial decision-making into four sequential stages
Alfred Marshall, 1890	Hinted at a distinction between entrepreneurs and managers
Joseph Schumpeter, 1910	Described the entrepreneur as an innovator, carrying out new combinations
Frank Knight, 1921	The courage to bear uncertainty
Edith Penrose, 1959	Managerial capacities should be distinguished from entrepreneurial capacity; Identifying and exploiting opportunistic ideas for expansion of smaller enterprises is the essential aspect of entrepreneurship
Harvey Leibenstein, 1970	The reduction of organizational inefficiency and at the same time reversal of organizational entropy

Table 1: Historical Definitions of Entrepreneur and Entrepreneurship

Source: Adapted from McMullan & Long, 1990 as cited in Kao (1993)

3.4 Entrepreneurship in the Developing World

Since the scope of entrepreneurship is broad, it is imperative for researchers to recommend regional context definitions. As this study focuses on Ghana, a developing country, much emphasis will be placed on the evolution of entrepreneurship in developing countries. Indeed, the theory of entrepreneurship within developing countries has become a constant area of interest due to the rise and complexity of entrepreneurial activity in the Global South. It is worth noting that, entrepreneurship and SMEs have been used interchangeably in literature related to developing countries (Ács & Virgill, 2009; African Development Report 2011). Prominent among the economists who have attempted to define and describe entrepreneurial activities in developing countries is Harvey Leibenstein. He theorizes that, “entrepreneurship in [least developed countries] LDC's involves the creation of channels for input supply and/or for sale of outputs, in conditions where routinized market mechanisms such as exist in the more-developed economies are not available” (Leibenstein, 1968, p. 46; African Development Report 2011). In his work, *Entrepreneurship and Development*, Leibenstein (1968) further explains that in developing countries, markets are neither well defined nor efficient. So, the entrepreneur must fill these market inefficiencies by adopting four principal roles: a gapfiller, an input-completer, a connector of different markets, and a creator of firms to enhance economic activity and efficiencies in the market (Leibenstein, 1968).

Additionally, Leff (1979) proposed that, “in an underdeveloped country, entrepreneurship may take on dimensions that are absent or less important in more-developed economies” (p. 47). He argues that in developing countries, the success of entrepreneurship during its ‘intervening years’ resulted in the rise of ‘oligopoly capitalism’ and inequality, which created problems in these

countries. According to Leff, the success “has led to serious economic distortions... [developing countries] have taken factor-market imperfections and transmuted them into product market imperfections” (Leff, 1979, p. 55 as cited in Naudé, 2011, p. 9). Leff’s theory maintains that the conditions of entrepreneurship in developing countries may constrain development. His hypothesis was later emphasized by Baumol (1990) and has been formalized more recently by Acemoglu (1995), Mehlum et al. (2003), and Naudé (2011) among others.

More importantly, Leff (1979) found that the problems in developing countries accentuate the disadvantages and gaps that the entrepreneur faces. These problems include, and are not limited to, the prevalence of incomplete and imperfect markets, the lack of capital markets, and the increased amount of uncertainty due to poorer information and rapid structural changes (Leff, 1979). These issues create major challenges for the entrepreneur to thrive and, so in developing countries, the entrepreneur tends to be her own banker while being more “involved in the psychological capacity of perceiving new economic opportunities and entering them with an aggressive investment policy” (Leff, 1979, p. 48).

More specifically within the context of the African continent, previous studies provided more pessimistic and despairing findings. In a study of 269 leading entrepreneurial businesses in Nigeria, Harris and Rowe capture the previous conception of entrepreneurship in Africa as follows:

Generally, the level of efficiency within the firms [in Africa] was very low. Substantial increases in output could be achieved without additional investment. Closer supervision, better organization, improved layout, and quality control are desperately needed on the production side. Low levels of capacity utilization are largely a result of management deficiencies.... Most of the firms were one-man operations. When the business expands beyond the point that the owner can control everything himself, serious problems are encountered. The ability to delegate responsibility and authority, while still keeping

control, is generally lacking. Admittedly, it is difficult to find capable subordinates and managers in Nigeria, but little has been done by these entrepreneurs to train and develop such personnel. Several cases were encountered of successful small firms foundering badly after major expansion. Experience of the entrepreneurs with hired expatriate managers has been largely unhappy (quoted in Elkan, 1988; Kilby 1971, p. 31-32).

Although this statement seems bleak in itself and provides no substantial hope for entrepreneurial activity in Africa, other studies have disputed this traditional ideology and have provided more promising evidence. Among the first proponents of an optimistic view of entrepreneurship in Africa was Bauer (1954) who emphasized that the African entrepreneur is one who is characterized by “exceptional effort, foresight, resourcefulness, thrift and ability to perceive economic opportunity” (quoted in Elkan, 1988; Bauer, 1954, p. 69). His findings are in consonant with Schatz (1977) who also postulated that African entrepreneurs are "responsive to the possibility of gain and [ready] to pursue economic advantage vigorously and strenuously" (p. 95). Moreover, he describes them as "flexible and venturesome, willing to seek far and wide and to take risks in the quest for profit” (Schatz, 1977, p. 95) to venture the most common or imaginative businesses. Analyzing the roles of several entrepreneurs and entrepreneurship across the African continent, Elkan (1988) concludes that entrepreneurs in Africa come from four main sources as presented in the following diagram.

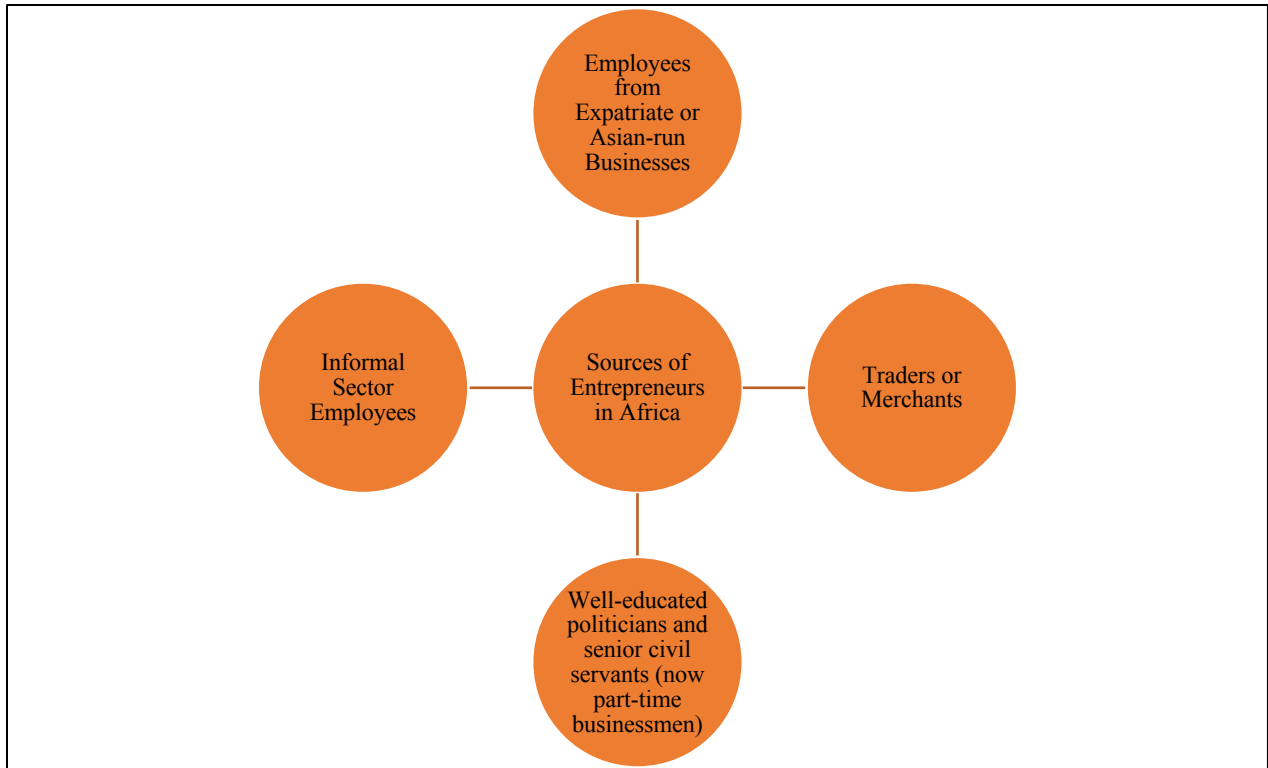


Figure 5: Four Main Sources of Entrepreneurs in Africa

Source: Elkan, 1988

The positive effect of entrepreneurial activities in the African continent may contribute to vast economic development. For instance, Africans like Afam Onyema, a 30-year-old graduate of Harvard and Stanford, have turned down offers in large corporate law firms “to build and run a US\$ 50 million state-of-the-art private hospital with a charitable component for the poor in southeast Nigeria” (African Development Report, 2011, p. 125). Entrepreneurs in SSA are therefore providing ground breaking ideas which can help transform the continent in the next century.

3.5 Empirical Evidence of Entrepreneurship and Economic Development

Empirical literature has also contributed significantly to exploratory research on the relationship between entrepreneurship and economic development. With empirical studies, the terms ‘economic development’ and ‘economic growth’ have been used interchangeably to denote an increase in economic well-being and welfare of people within a country. Additionally, different measures of entrepreneurial activity have been used across literature to understand the relationship between entrepreneurship and economic growth.

On a global outlook, three important sources have been instrumental in describing formal entrepreneurial activities of countries from a statistical analysis lens: the International Labor Organization (ILO), the Global Entrepreneurship Monitor (GEM) and the World Bank. These databases measure the self-employment, start-up rates of new ventures, and registration of new businesses respectively. Contributions from these macro-level data sources emphasize the relationship between economic development and entrepreneurship with respect to macroeconomic indicators such as GDP, productivity and employment. On the other hand, micro-level studies have provided evidence on whether and how entrepreneurial productivity, innovativeness and female participation may affect economic development (Naudé, 2014). Detailed empirical discussions on the impact of female entrepreneurs to economic development will also be discussed in Chapter 5.

Over the years, the aforementioned databases, have echoed two sets of contrasting results. On one hand, studies that interpret economic growth as a measure of productivity or employment provide mixed results. With such studies, there is a lack of clear empirical evidence of whether or not entrepreneurship drives economic development. On the other hand, other scholars have posited

that there is a definite relationship between entrepreneurship and economic development when growth is measured in terms of a country's GDP per capita. This relationship is formally described in terms of a U-shaped model where results indicate that low-income countries report higher rates of entrepreneurial activity compared to middle-income countries (Wennekers et al. 2005; Naudé, 2014). In their works, both Ács et al. (2008) and Gollin (2008) emphasize that this U-shaped relationship “reflects that entrepreneurs in developing countries are less innovative and tend to be proportionately more ‘necessity’ motivated” (Naudé, 2014, p. 13).

CHAPTER 4

Conceptualizing Agriculture and Agribusiness

4.1 The Agricultural Sector

Agriculture continues to represent an important sector of the African economy, serving as a potential instrument for enhancing economic development patterns, alleviating poverty, and promoting food security. As Banson et al. (2013) describes, agriculture is “emphatically the backbone of the economies of most African countries and therefore has comparative advantages in the production and export of primary commodities” (p. 674). Today, the agricultural sector accounts for 15 per cent of the continent’s GDP, almost two thirds of its total employment (65 per cent) and more than 75 per cent of its domestic trade (Yumkella, 2011; World Bank, 2013).

Since approximately 70 per cent of Africa’s people are engaged in agriculture (Banson, et al., 2015 p. 675), this sector plays an important role in providing a livelihood for majority of its working population (Yumkella, 2011). In addition, over 63 per cent of the total African population live in rural poor communities where agriculture serves as the largest source of employment (World Bank, 2013; Diao, Hazell & Thurlow, 2010). Therefore, the industry plays an even more dominant role in the lives of the rural, poor and serves as a strategy for poverty alleviation and income generation within rural Africa.

Despite the consensus that agriculture contributes significantly to the development of Africa’s economy, the industry encounters challenges that also impede growth. The agricultural industry has been characterized by low productivity due to limited mechanization and capacity, poor quality

products and services, and high production and transaction outcomes (Banson, et al., 2015). Moreover, the continuous cases of extreme famine, in some African countries, affects low yields and inhibits the growth of populations who could have contributed to the enhancement of agricultural practices on the continent (Banson, et al., 2015). In countries where production is high, the attitude of Africans consuming more imported goods instead of ‘Made in Africa’ products also stifles productivity in the industry (Banson, et al., 2015).

Likewise, the demands for non-traditional varieties, coupled with low research capabilities in agricultural production (Banson, et al., 2015) have immensely left the continent struggling. Africa is also plagued by major legal requirements, technological and competitive market constraints, and poor infrastructural facilities that magnify the challenges in the agricultural industry (IFC, n.d). As scholars have propounded, agriculture’s contribution, especially within the African continent, can be “significantly enhanced by strengthening linkages with industry, through agro-processing and value-addition to agricultural products, as well as improving post-harvest operations, storage, distribution and logistics” (Koira, 2014, p. 3). These connections serve as essential elements for an agribusiness development plan (Koira, 2014; Yumkella et al., 2011).

4.2 Defining Agribusiness

The agribusiness sector encompasses a wide range of activities that connect farmers, other industries, and consumers. The term was first conceived by *Harvard Business School* (HBS) professors Ray Goldberg and John Davis in the 1950s, who described the industry as “the growing interdependence of agriculture and the industries that supply agriculture, and that process and distribute the products of agriculture” (Ward, 2017, para. 5). Following Goldberg and Davis, Yumkella et al., (2013) defined agribusiness as “farming plus all the other industries and services

that constitute the supply chain from farm through processing, wholesaling, and retailing to the consumer (from farm to fork in the case of food products)” (p. 28). Recently, Gill (2013) has interpreted agribusiness as “the collection of global systems involved in the production, distribution and consumption of food and fiber” (p. 204). Agribusiness provides inputs to farmers and connects them to consumers through the financing, handling, processing, storage, transportation, marketing, and distribution of agro-industry products and can be decomposed further into four main groups as illustrated in the following table.

<ol style="list-style-type: none">1. Agricultural input industry for increasing agricultural productivity, such as machinery, equipment and tools, fertilizers, pesticides and insecticides, and irrigation systems and other related equipment;2. Agro-industry products such as food and beverages, tobacco, leather, textile, footwear and garment, wood, rubber, as well as construction industry products based on agricultural materials;3. Equipment for processing agricultural raw materials, including machinery, tools, storage facilities, cooling technology and spare parts; and4. Financing, marketing, distribution and other service firms, including storage, transport, ICTs, packaging materials and design for better marketing and distribution.

Table 2: Elements of Agribusiness

Source: Adapted from Yumkella et al., 2013

Reports indicate that agribusiness is estimated to account for approximately one fifth of GDP for SSA and just under half of the region’s value added in manufacturing and services (Yumkella et al., 2013). Moreover, the World Bank estimates that, by 2030, the agriculture and agribusiness sectors could contribute approximately \$1 trillion to the African regional economy (World Bank, 2013). This will create huge economic opportunities on the continent.

4.3 Why Agribusiness?

Studies indicate that efficient and essential agribusiness development in Africa may stimulate agricultural growth (Babu & Shaw, 2015). From a supply-side perspective, considering the continent's current youth bulge⁴ and large rural population, agribusiness and agro-industrial development has the potential to offer numerous of jobs for Africa's growing youth (Babu & Shaw, 2015). Since careers in agriculture and agribusiness are not particularly accepted, programs and policies need to be initiated to engage and train young people about its usefulness (Koira, 2014; Babu & Shaw, 2015). This will ensure that the benefits associated with this sector are fully capitalized.

From the perspective of incomes and rural employment, agribusiness development can also improve welfare, and self-employment opportunities for a vast majority of Africans. The possibilities of agribusiness development contributing to poverty reduction and other improved social outcomes are relevant. Why? The continent reports that the number of people living on less than \$1.25 a day increased by 93 million in the last couple of years (Babu & Shaw, 2015). From a demand driven perspective, "agro-industrial development can contribute to improved health and food security for the poor by increasing the overall availability, variety and nutritional value of food products" (Yumkella et al., 2013, p. 48) throughout the year.

Additionally, gender-differentials within the agribusiness and agro-processing industry emphasize the importance of this sector. In Africa, female employment, within this industry, ranges from 50 per cent to as high as 90 per cent (Charmes, 2000). Majority of women, especially in urban

⁴ Youth bulge is defined as having a large share of a population comprised of children and young adults (Lin, 2012).

communities, are involved in small-scale food processing and catering operations. However, national records do not show these high contributions by women. This reinforces Charmes' argument that "a very high share of these activities are undertaken as secondary activities and are generally hidden behind subsistence agriculture" (Charmes, 2000, p.2).

Moreover, changing global trends underscore the key role of agribusiness in Africa's development. For instance, the increased interconnectedness of the world food market suggests that African agribusinesses need to be more intentional, aggressive and competitive to suffice the international market (Babu & Shaw, 2015; Yumkella et al., 2013). Secondly, the demand for high valued products by the urbanized African population also demonstrates that more investment needs to be pumped into this sector to enhance the value chain (Yumkella et al., 2013). Increase in investments and resources in the agribusiness sector may provide expanded market and export opportunities to substantiate economic growth on the continent (Babu & Shaw, 2015; Yumkella et al., 2013). Therefore, agribusiness, and the wider agricultural sector, should be top priority for all stakeholders involved in this industry. This will facilitate economic transformation and development on the continent.

Within the context of this study, research has also found that SMEs and entrepreneurs remain key actors in the agribusiness sector. They have "proved remarkably adaptive and resilient in the face of a range of economic, institutional and infrastructural challenges" (Sautier et al. 2006 as cited in Yumkella et al., 2013, p. 49). The synergies of agribusiness development, including improved marketing tactics, distribution and other post-production strategies of agricultural commodities, can therefore serve as stimulants for national growth (Yumkella et al., 2013).

4.4 Evidence for Agriculture and Agribusiness Contribution to Economic Development

The role of agriculture and agribusiness in economic growth and development has been formalized by several theorists in the last half-century. Theoretical approaches, including the classical viewpoint, the rural development view and the green revolution development theory, have been formulated to explain agriculture's contribution to economic growth.

W. Arthur Lewis' (1954) was the first prominent theorist to provide a scholarly linkage between agriculture and economic growth. In Lewis' model, a dualistic economy exists – one consisting of rural agriculture (subsistence) and the other manufacturing sector (capital) with homogenous labors (Ruttan, 1968). According to Lewis, economic growth occurs because the higher wages in the manufacturing sector create a transfer of surplus labor from the subsistence industry to the latter (Ruttan, 1968). In particular, Lewis proposes that once there is unlimited labor, this capitalist surplus will rise continuously, and force annual investment to increase proportionally with national income (Ruttan, 1968). However, once surplus labor is removed, the economic growth process will end. Lewis's model illustrates that growth process for any economy requires the reallocation of production from a low-productivity agricultural sector to modern industries where additional value is added to create higher increasing returns. Lewis's dual-sector model was later propagated by Fei and Ranis (1961), and Jorgenson (1961) (as cited by Ruttan, 1968) who proposed similar dual models emphasizing that the transfer of labor from the subsistence to the non-subsistence sector results in an agricultural surplus. This is then transmitted to the industrial sector as a result of increased productivity (Ruttan, 1968).

Following Lewis, several other economists have proposed relationships between agriculture and economic growth. In the late 1960s and 1970s, John W. Mellor (1976) propagated the importance and dynamism of large scale agricultural production and the need for policy investment to enhance agriculture as demonstrated through Asia's Green Revolution development (Diao, Hazell, & Thurlow, 2010; Johnston & Mellor, 1961). Within Mellor's framework, the prospects of transforming traditional agriculture to innovative techniques is said to initiate economic development. According to Mellor (1961), there is also a need for government to "modernize" agriculture because it increases farmers' income which in turn can positively affect both production and consumption goods. The increase in production and consumption also heightens demand and economic opportunities for other businesses involved in agriculture (Johnston & Mellor, 1961). Besides the championing of the Green Revolution mechanism, other theorists propose the importance of rural development as a key link to agriculture and economic development (Diao, Hazell, & Thurlow, 2010). In their distinct works, Haggblade, Hammer, & Hazell (1991) and Rosegrant & Hazell (2000) have found that promoting agriculture in rural communities leads to rural growth especially in areas with small farms (Diao, Hazell, & Thurlow, 2010). Particularly in Africa, where rural communities dominate a vast amount of the land, this theory is said to have thrived substantially as propagated by Harris and Todarro in Kenya.

The prospects for rural development provide strong evidence for agriculture's impact on the development of African economies (Diao, Hazell, & Thurlow, 2010). Diao, Hazell and Thurlow (2010) emphasize that "in many African countries, only the agricultural sector has sufficient scale and growth-linkages to significantly influence aggregate growth" (p. 1376). Other studies also depict that agriculture can significantly reduce abysmal poverty rates while raising incomes for a

large group of the population through the promotion of ‘shared growth’ (Birdsall, Ross, & Sabot, 1995 as cited by Diao, Hazell and Thurlow, 2010). While these contributions and proponents have contributed to efforts in the last decade, the current situation suggests that not much has been done to capitalize on the impact of agriculture on economic development and poor performance of agriculture.

Over the years, some studies have also attempted to define the role that women in agriculture play in economic development. For instance, in her study, Ester Boserup found that women’s agricultural production was critical in sustaining national economies and was strongly improved through technological advancement opportunities (Ayferam et al., 2014). Unfortunately, as constantly portrayed, “diversity of women’s duties makes it difficult to determine their share of agricultural production, much less place an economic value on their work” (Ayferam et al., 2014, p. 264).

CHAPTER 5

The Female Entrepreneur: Agriculture, Agribusiness and Economic Development

5.1 Gender Differences in Entrepreneurship

Several studies denote that gender differences and characteristics may contribute to the variations in entrepreneurial activities between women and men. First among these studies was that of Eleanor Brantley Schwartz's (1976) article, "*Entrepreneurship, A New Female Frontier*" where she identified that individual characteristics, motivations, and attitudes of women were different from that of men (Greene et al., 2003). In particular, she found that the achievements, job satisfaction, economic payoffs and independence were strong motivators among male entrepreneurs compared to females (Collins & Moore, 1964 as cited by Greene et al. (2003)).

Additionally, other studies have also found that female entrepreneurial businesses tend to be smaller and provide less employment opportunities than those owned by their male counterparts. Women-owned businesses tend to generate lower sales turnover; and are therefore less profitable than those of men, even within similar industries (Minniti & Naudé, 2010). Other studies have postulated that many women may not have sufficient confidence in their ability to start a firm; and so, less women tend to enter entrepreneurial activities than men (Langowitz & Minniti 2007 as cited in Naudé, 2014). Naudé (2014) indicates that this lack of self-confidence constrains women to access financial credit as well as other networking opportunities that can enhance their businesses.

Women also tend to work longer hours than their male counterparts. They face higher start-up costs as a result. The lack of financial assets and resources also limits female entrepreneurs to diversify their products and economic activities (Orser et al., 2006; Fuller-Love, 2008). Numerous studies have found that access to micro-credit can improve women's decision-making autonomy, and general business activity (Naudé, 2014). These gender differences are at the heart of the challenges that women face in entrepreneurship which will be discussed later in this chapter. The inequities in entrepreneurial performance between men and women reflect the discrimination in the labor market (Naudé, 2014) and provide support for the need to protect the survival of female-owned businesses.

5.2 The Role of Women Entrepreneurs in Economic Development

Albeit the existing gender inequities, a general theoretical consensus is that the relationship between female entrepreneurship and economic development is positive. In particular, research has emphasized that the link between growth and women's entrepreneurial activity is bi-directional (Lechman & Okonowicz, 2014). On one hand, awareness of women's potential to contribute to economic development is increasing (Quiñones, 2016). Their active participation in the labor market is said to provide 'unrecognized potential' and significant contributions to economic growth in recent years. Ayferam et al. (2014) postulate that women play a triple role in economic development - productive, reproductive, and community. The woman's productive role involves her ability to carry out both domestic and child care responsibilities. Unfortunately, these responsibilities are less visible and valued compared to men's roles. Her productive and reproductive roles include all the "burdens involved in procreation; bearing and rearing of children [as well as] processing and preparing food, clearing of house, fetching of water from far places, gathering and collecting fuel wood and animal dung, caring of sick family members and olds"

(Ayferam et al., 2014, p. 264). On the other hand, the woman's community activities comprise "providing and maintenance of resource, such as, health care and education" (Ayferam et al., 2014, p. 264). Women can also contribute to national development through job creation avenues which influence a country's GDP per capita. Within the space of agriculture, they provide an important source of labor and income throughout the crop cultivation cycle (Ayefram et al., 2014).

On the other hand, the presence of development in a given country can empower women to be more active in the labor market, which may invariably increase their entrepreneurial efforts within the economy (Lechman & Okonowicz, 2014). According to Duflo (2011) institutional elements or constituent variables including: "health, education, earning opportunities, rights and political participation" (as cited in Quiñones, 2016, p. 13) have a direct effect on women empowerment which may enhance their role in economic development. Quiñones (2016) indicates that promoting women's economic role and encouraging women's participation in the economy is believed to also reduce gender inequalities and poverty.

From an empirical point of view, the impact of women's entrepreneurship on economic development has been evaluated using measurements such as GDP per capita, total female employment of women productivity (Minniti, 2010; Fuller-Love, 2008), as well as self-employment dimensions (Lechman & Okonowicz, 2014). While literature is limited in this field still, significant evidence is available to support the notion that women's entrepreneurial activity positively impacts economic development. For instance, research conducted by the Centre for Women's Business Research estimated that the economic impact of eight million women-owned businesses in the United States amounts to USD 3 trillion dollars per year (Centre for Women's

Business Research, 2009 as cited in Lechman & Okonowicz, 2014). Likewise, in a recent study, Lechman and Okonowicz (2014) provide evidence on women's participation in labor market and their contributions to economic growth in 83 world countries. In their research, they find positive and statistically significant effects between female labor participation and economic development. These studies therefore emphasize that an increase in women's entrepreneurial activity can enhance growth, economic stability and possibly less labor inequalities.

5.3 Women Entrepreneurs in Agriculture & Agribusiness

Research also shows that women play a central role and serve as the backbone of Africa's agricultural development. They represent 52% of the total population in the agricultural sector and are responsible for approximately 50% of the agricultural labor on farms in rural communities in SSA (Njobe, 2015). Moreover, they also produce 60% to 80% of the continent's food (Njobe, 2015). The average female share in agricultural labor in Africa therefore ranges from approximately 40 percent in Southern Africa to over 50 percent in Eastern Africa (Doss & SOFA Team, 2011). These sub-regional averages have remained fairly stable since 1980, with the exception of Northern Africa, where the female share appears to have risen from 30 percent to almost 45 percent (Doss & SOFA Team, 2011).

Although many African women are judiciously in this sector, like all other industries, where women are lagging behind; the potential of women entrepreneurs remains untapped within the agricultural industry. Indeed, the gender differentials are reflected in this sector as "women described as farmers, livestock owners, workers and entrepreneurs within the sector, consistently experience limited access to productive resources, compared to their male counter parts" (Njobe, 2015, p. 5). Women living in rural areas contribute to the agricultural sector differently from urban

women. On one hand, research has found that women living in rural communities are more involved in complex household chores and multiple livelihood activities such as producing agricultural crops, processing and preparing food, working for wages in rural enterprises, and maintaining their homes (Doss & SOFA Team, 2011). Data from the FAO has found that women's responsibility, for most of the household and child-rearing activities as well as other unpaid jobs, lowers their capacity to engage in income-earning agricultural activities that are even profitable (Doss & SOFA Team, 2011). On the other hand, women living in urban communities, contribute to the business side of agriculture adding value to unprocessed agricultural products (Doss & SOFA Team, 2011).

To this effect, the lack of appreciation of the role of women in agriculture, coupled with the constraints that women face, illustrates the need for policies and programs that reflect the real needs of women in agriculture and more importantly, those living in rural communities where these problems are aggravated. The next Chapter will focus on Solution Oasis, Ltd. - the female led business that was explored as part of the SMART program. A case study analysis will also be examined in Chapter 7 to draw connections between the reviewed literature and the primary data collected in Ghana.

CHAPTER 6

Case Study: Solution Oasis, Ltd.⁵

6.1 Organizational Background

Solution Oasis is a socially conscious agro-processing company that manufactures some of the purest, most effective natural skincare products from African butters, oils and herbs for local, regional and international markets. The company emerged out of the diligence of a Ghanaian female entrepreneur who was motivated by her college dreams of establishing a Superdrug (a beauty and cosmetic shop) and her desire to create a lasting impact among shea growers in Northern Ghana.

Prior to the launch of Solution Oasis, Francesca Brenda Opoku (CEO) resigned from her corporate job and established her first enterprise - Office Essentials, a marketing and printing company that made personalized products and business gifts for several organizations in Ghana. Unfortunately, in 2008, unanticipated issues with the international shipment of some personalized products caused the demise of Office Essentials. Yet, Francesca did not quench her entrepreneurial spirit with this sudden loss of her first business. In 2009, she established Solution Oasis in her backyard producing her first six products of cocoa butter lotion, which she supplied to two retail shops in Accra: Baatsona Total Supermarket and Koala Supermarket.

⁵ Information in this Chapter is adapted from market research conducted by the SMART Ghana team - Arshad, Asemota, Ayodele, Ofei, & Quaidoo (2018) as described in Chapter 1.

As consumers became aware of her products, demand increased over time. Francesca realized that her home was too small for large scale production and therefore purchased her first production site in Nsawam, located about 31 miles from her home. At this new site, she employed her first three staff members: one finance manager and two factory operators to support the growth of her business. While the Nsawam production site was ideal, the operation cost was expensive for this small business. In 2014, with support from her husband, Francesca relocated her business to Haatso – a low-cost business community.

With an increased labor force, Francesca began to pursue her ambition to give back to Tamale, a city in northern Ghana known for its international shea industry, and a community in which she was nurtured. She therefore incorporated shea butter and black soap to her line of products and developed the Beauty Secrets and Exotic Man brands. Solution Oasis offers clients premium and diversified cocoa and shea butter products at affordable prices.

Today, Francesca's keen interest in empowering and supporting the natural skin care and agribusiness value chain inspires her to grow Solution Oasis. She strongly believes that her passion will allow her "to become a leading manufacturer of a premium, globally identifiable brand of exquisite quality, natural skin care products sold in the local, regional and world market" (Solution Oasis Website). Table 3 is a snapshot of the organization's evolution and growth.

2008	Francesca loses heavily from marketing and printing business - Office Essentials.
2009	Decides to turn to her passion and begins Solution Oasis; first production of cocoa butter is made at her home.
2010	Solution Oasis moves to Nsawam and hires first 3 employees. Francesca adds Shea Butter and Black Soap. The company gains first major export client from North Carolina.
2011-2014	Solution Oasis increased production and begins to sell to other retail stores in Ghana and other international clients.
2014	The company moves from Nsawam to Haatso location.
2015	Francesca participates in the African Women's Entrepreneurship Programme (AWEP) organized by the U.S. Department of State. Solution Oasis joins Ghana Export Promotion Authority.
2016	CEO participates in the Vital Voices Global Leadership Fellowship. She also wins a business plan competition organized by United Kingdom's Department for International Development (DFID) and Technoserve. Solution Oasis receives seed money of \$10,000 to enhance their dwindling cash flow. The company undertook staff training and a new development workshop with Organic Monitor UK in preparation of line and market expansion. Solution Oasis raised funds from the Export Development Fund. The company used this money to diversify its Beauty Secrets Line by adding creams and lotions to its products, as well as a new line for Men: Exotic Man.
2017	The company aggressively expanded both within local and international markets. Solution Oasis joined the KOSMOS Innovation Centre Business Acceleration Programme. The CEO participated in the 'Making Markets Matter' (MMM) Agribusiness Executive Education Program by Market Matters, Inc. for African agribusinesses in South Africa.
2018	The company targets to raise \$1 -2m upon graduation from KOSMOS Innovation Centre. Solution Oasis recognizes the gaps within the organization and the need to focus on aggressive communication and marketing opportunities. Solution Oasis connects with the SMART Team. The SMART Team conducts market research and provides marketing and communication strategies to the company through a case study analysis.

Table 3: Solution Oasis Timeline

Source: Solution Oasis Business Records

6.2 Mission and Values

Solution Oasis strives to “create some of the purest, most effective natural, herbal skin care products in the world; combining traditional wisdom with modern scientific processing techniques

to combine the most beneficial herbs and the purest natural ingredients whilst creating community-based jobs that sustain the environment” (Solution Oasis Business Records).

To maintain its mission of being a socially and environmentally conscious business, the company only acquires oils and herbs that are ethically sourced from the Ghanaian soil. For Francesca, this socially and environmentally conscious mindset, “enhances the lives of the [people] that she works with [and] serves as a differentiating point for [the company] on the international market” (F. Opoku, personal communication, January 12, 2018). She also believes in delivering fair prices to all its stakeholders - upstream workers (farmers), employees, and end users.

6.3 Organizational Structure

Solution Oasis has a flat organizational structure. The company has eight full time employees and fifteen part-time workers who report directly to the CEO. Francesca employs experienced personnel and graduates to manage the marketing, finance, production and administration departments (personal communication, January 14, 2018). In the production department, young men are trained as technicians to support the manufacturing of raw oils and butters into finished products. Drivers and cleaners are also hired to deliver goods to distributors and assist in the daily operations of the company, respectively. Figure 6 details the organizational chart of Solution Oasis.

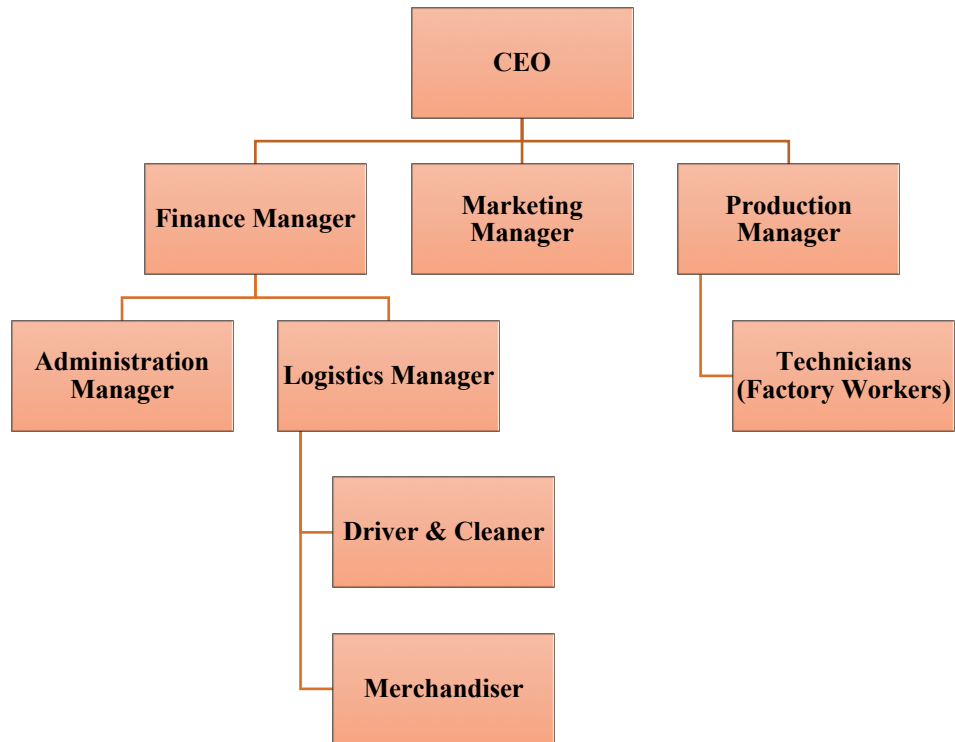


Figure 6: Organizational Chart of Solution Oasis

Source: Arshad, Asemota, Ayodele, Ofei, & Quaidoo, 2018

6.4 The Supply Chain

The company's supply chain model is a complex network of independent channels from harvesting to retailing. Solution Oasis purchases raw materials from different regions in Ghana through market liaisons and women cooperatives. The principal raw agricultural crops that the organization uses for its cosmetics include: shea and cocoa.

For shea, women collectors are organized by cooperative heads in the Northern Region to harvest, sort, crush, roast, mill, knead and refine shea nuts into butters. Solution Oasis partners with several of such women cooperatives for the continuous supply of shea to the production site during stocking seasons. As already highlighted in Chapter 2, the cocoa industry in Ghana is controlled by the government. Hence, cocoa farmers harvest and supply their pods directly to the Ghana

Cocoa Board for processing and distribution to the local and international market. Solution Oasis directly buys raw cocoa butter from the Cocoa Board subsidiaries located in the capital city, Accra.

Other secondary agricultural crops that are mixed with the shea and cocoa butters for value addition purposes include: palm kernel, henna leaf powder, baobab leaf powder, neem, moringa and coconut. These herbs and oils are all sourced from other intermediaries across the country. Once all raw products are delivered to the production site, the technicians extract, process and combine oils with other fragrances through fractionators and refiners. Processed products are then tested per quality standards by the production manager. Finished products are finally packaged and distributed to consumers via retail outlets and other international markets. Figure 7 illustrates Solution Oasis’ supply chain from raw materials to finished goods.

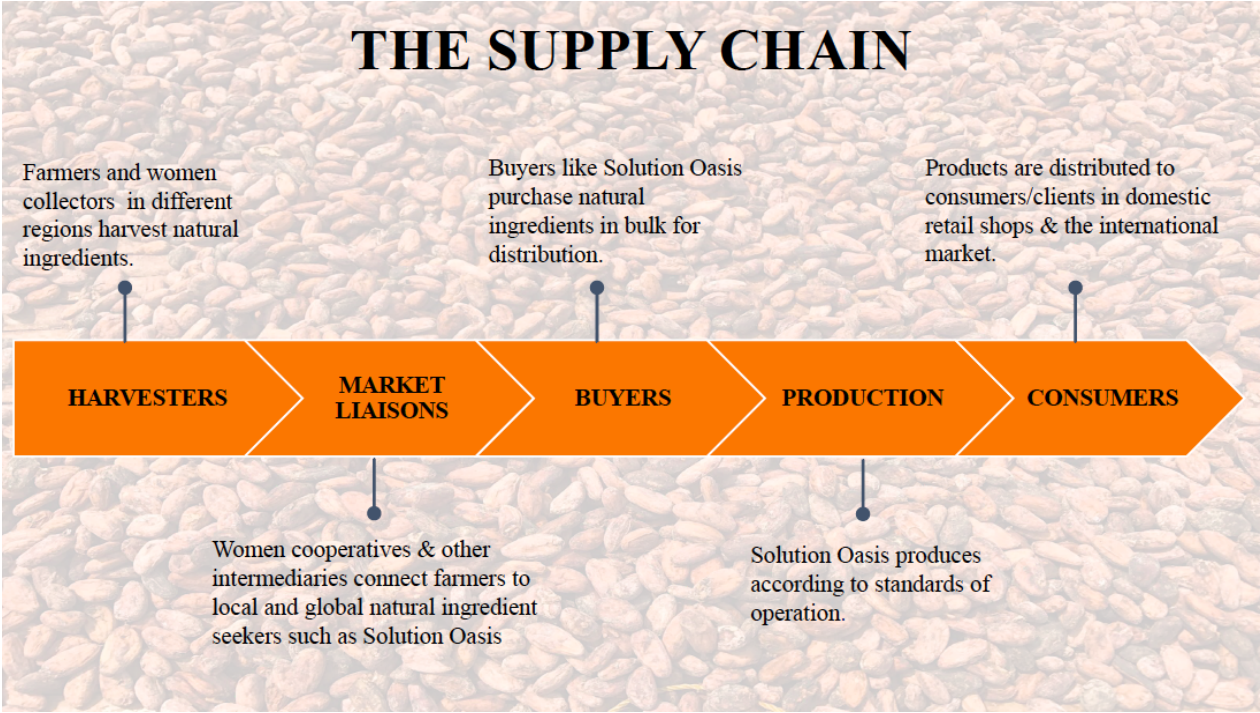


Figure 7: Solution Oasis’ Supply Chain

Source: Arshad, Asemota, Ayodele, Ofei, & Quaidoo, 2018

6.5 Marketing

6.5.1 Products

The company currently boasts of two brands - Beauty Secrets and the Exotic Man. The Exotic Man was recently added to include males to its target market. Solution Oasis' product lines features butters (creams, moisturizers and lotions) and soaps (gels and tablets) in different sizes and quantities (See Appendix 2 for Solution Oasis' brands and products). All products are packaged and labeled with the Beauty Secrets and Exotic Man brand tags. To expand its target audience to high earned consumers, the CEO hopes to launch a premium line, Kipenzi (meaning 'Adorable' or 'Beautiful' in Swahili).

6.5.2 Price

Solution Oasis maintains a lower price point compared to local and international natural skin care manufacturers. Francesca finds satisfaction in delivering fair prices to all its stakeholders: suppliers, retailers and customers. See Appendix 3 for a complete list of Solution Oasis' products and price list.

6.5.3 Placement

The Beauty Secrets and Exotic Man brands are made available both domestically and internationally through different outlets. In Ghana, Solution Oasis sale points include supermarkets, cosmetic shops, pharmacies, gift shops, gas station stores and duty-free shops especially within the Greater Accra region. Other customers who are interested in buying wholesale purchase directly from the production site. Products are also available across international markets in Africa such Nigeria, Liberia, Kenya South Africa, United States and the

Caribbean through market liaisons. In international markets, goods are either branded or unbranded depending on the contract with the distributor. Francesca recognizes that while there is tremendous potential to grow in the international market, strict entry requirements and regulations have prohibited her from penetrating markets where demand for natural skin care products is high.

6.5.4 Promotion

At the inception of the company, Francesca used radio advertising as an inexpensive marketing tool to reach out to a large proportion of the Ghanaian market. With time, the company adopted print advertising including brochures and flyers to reach out to potential customers through its retail outlets. With regards to communication, Solution Oasis also has a Facebook page, Twitter, Instagram and YouTube accounts which are all used sporadically.

CHAPTER 7

Case Study Analysis

In this chapter, data from interviews administered to four company staff, thirty suppliers within the company's value chain, and eight individual consumers were synthesized to identify potential opportunities and challenges in Solution Oasis' agribusiness environment. To understand the external constraints and opportunities for the company as well as other agribusinesses within the natural skincare industry, data from meetings held with private, public, global and corporate sector partners were also used to support further analysis. Information was drawn from market research developed during the SMART program as described in Chapter 1. Most analysis will be based on information gathered from company's partners in the shea industry because of the depth of resources acquired from these stakeholders during data collection.

7.1 Potential Opportunities

7.1.1 Emergence of Agriculture Policies by the Government

Recently, the government launched several policies to transform and support the growth of the agricultural sector and agribusinesses in Ghana. Popular among these agricultural initiatives has been the 'Made in Ghana' campaign which was inaugurated in 2015. This policy serves to promote the "production, marketing, distribution and consumption of locally-made products in both local and external markets" (Government of Ghana, 2016). Ghanaians perceive locally-made products as inferior compared to foreign made goods. SMART research analysis indicated that 55% of survey respondents were not interested in locally-made goods and services. They asserted that local entrepreneurs produce less quality and more expensive products. On the other hand, 45% of

survey respondents admitted that they were interested in locally sourced products because they were cheaper, healthier and could potentially boost the Ghanaian economy.

Moreover, in the market research, 53% of suppliers indicated that government regulations have started to shift the perception of Ghanaians to buy more locally sourced products as illustrated in the graph below.

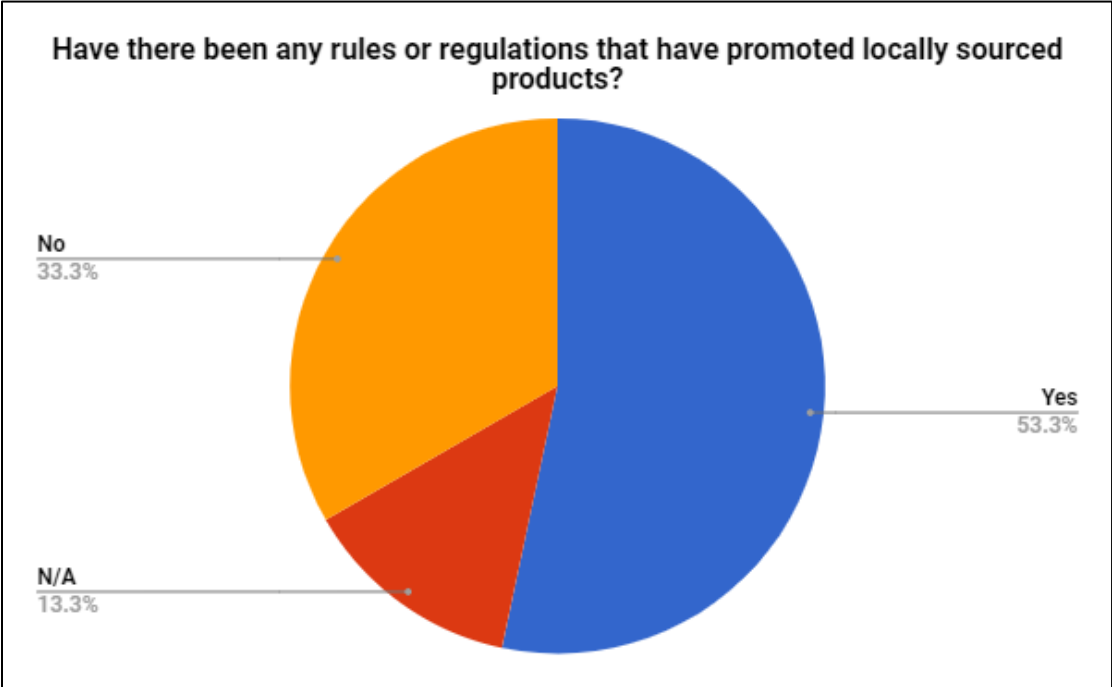


Figure 8: Government Regulations Promoting Locally Sourced Products

Source: Arshad, Asemota, Ayodele, Ofei, & Quaidoo, 2018

Another distinguishing policy, which was introduced in 2016, is the ‘One District, One Factory’ campaign. The goal of this policy is to establish at least one manufacturing or processing facility in each of the 216 districts across the country (One District One Factory, 2017). As highlighted by Mark Fynn, a Director of the African Union Commission (AUC), the government hopes “to facilitate rapid rural industrialization with a strong focus on adding value to agricultural produce and other raw materials” (personal communication, February 6, 2018) through this campaign.

Throughout the SMART data collection process, all stakeholders also expressed their enthusiasm for the ‘One District, One Factory’ because they believed that it would increase agricultural productivity across the country.

It is evident that the emergence of policies that seek to promote the agricultural sector and agribusinesses will eventually add value to Ghanaian products and increase public awareness about their contribution to the country’s economic development. Entrepreneurs like Francesca, can therefore take advantage of such government initiatives to brand their products as ‘Made in Ghana’ goods and partner with local district factories to enhance the government’s agricultural productivity efforts. As Ghanaians have begun to increase their preference for Ghanaian brands, Solution Oasis must adopt marketing strategies that highlight its products as locally sourced. This will foster brand loyalty among citizens while ensuring that the company remains active as a local natural skincare company.

7.1.2 Opportunities to Impact Women in Downstream Supply Chain

The northern regions of Ghana – Upper East, Upper West and Northern - are plagued with endemic poverty. According to the Ghana Poverty and Inequality Report, 1.3 million poor Ghanaians live in these three regions (Cooke, Hague & McKay, 2016). In northern Ghana, the livelihoods of majority of households are largely dependent on farming (Cooke, Hague & McKay, 2016). For most women, shea butter production has become the primary source of sustenance. Because the shea industry is acknowledged as ‘women’s work’ and less arduous compared to other farming practices, more than 600,000 women in northern Ghana are employed from the stage of collection of shea nuts to its final processing phase (Collins, Suleman & Ricky, 2014).

SMART market research results confirm that by sourcing directly from women cooperatives in the Northern Region, Solution Oasis contributes to their livelihood activities in a number of ways. First, women in the North report that they have become more empowered and confident through collaborations with the company. Local women are now motivated and enlightened by the work of female entrepreneurs like Francesca who refine their raw butters into finished products and brands. In addition, they believe that the influx of both Ghanaians and foreigners documenting the shea industry has boosted their dignity and continues to give them visibility in the local and international market.

Second, shea production has assured women of year-round employment and disposable incomes. Solution Oasis contributes to the monthly salaries of these women by ordering directly from female-owned cooperatives in the North. Local shea collectors disclosed that proceeds from their work are used to pay for formal education for their children. Cooperative leaders have also found that the additional incomes have increased higher education opportunities for children in villages where there were previously no university graduates.

[We've] taken it [the income] to take care of our children in the school (Woman Harvester, personal communication, January 15, 2018).

With the increased incomes, women have begun to participate in Village Savings & Loans Associations (VSLAs) and mobile money savings to fall back on during emergencies. They have also become more involved in household decision-making with regard to acquisition and disposal of household assets, education of children and healthcare due to their higher earnings.

By providing fair prices to women cooperatives, Solution Oasis positively impacts the livelihoods of women in its downstream supply chain. With increased incomes, women continuously enrich their households and communities breaking the vicious cycles of poverty that are apparent in the region. Through these efforts, the company implicitly contributes to the greater rural development efforts championed by the government and NGOs in northern Ghana. As an agro-processor, Solution Oasis must therefore adopt sustainable business practices to keep production running because the company plays a key role in affecting the lives of the many women whose survival depends on the continuous supply of raw shea butters. This social impact effort also serves to boost Solution Oasis' brand reputation especially in an industry where many have questioned the ethical standing of those who source from the most vulnerable in society. This improved perception was confirmed in the market research where 86% of respondents denoted that they would be more likely to purchase products that highlighted good causes as depicted in the following pie chart.

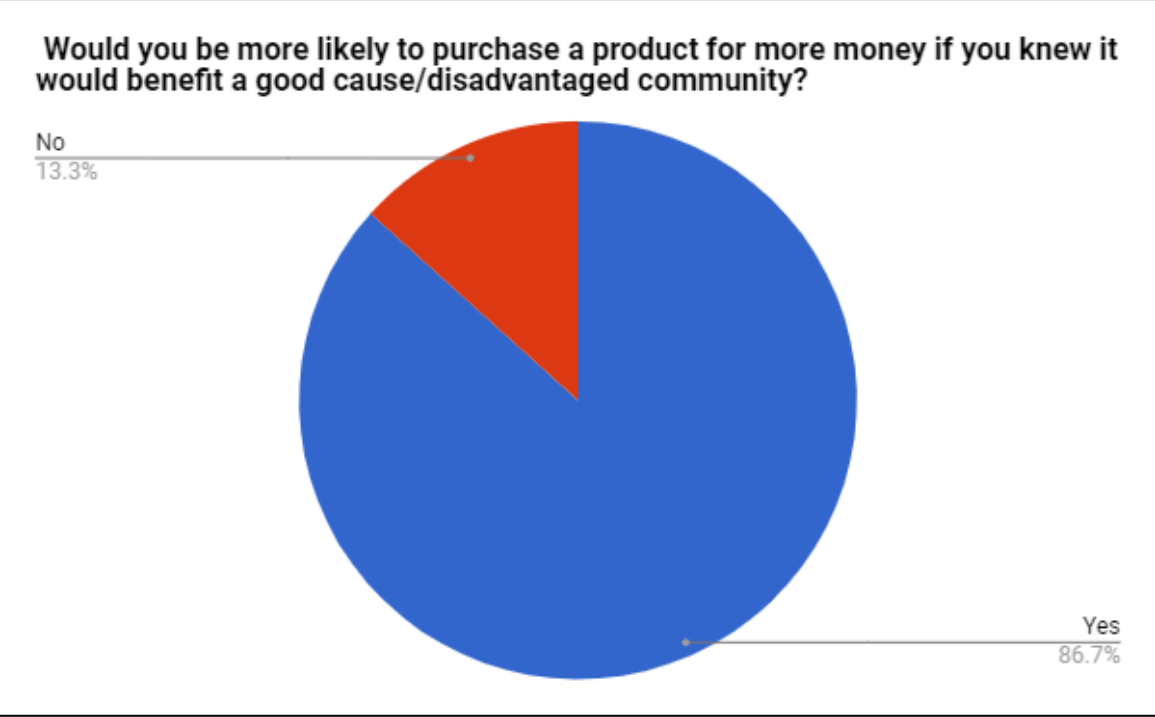


Figure 9: Graph of Consumers Purchasing Preference for Products

Source: Arshad, Asemota, Ayodele, Ofei, & Quaidoo, 2018

7.1.3 Access to Partnerships and Networks

In Ghana, public-private collaborations in the agribusiness space have contributed enormously to the growth and survival of this sector. Partnerships bring together governments, private corporations, and international organizations who act as experts and capacity builders to drive productivity and growth among entrepreneurs (UNCTAD Secretariat, 2011). Since 2015, Solution Oasis has built strong social networks and partnerships with private, local, and international organizations. This has sustained the management of the company and positioned the business in the international market. The SMART market survey revealed that Solution Oasis is currently connected to nine partners. An ecosystem of Solution Oasis' partners is presented in the graph below.

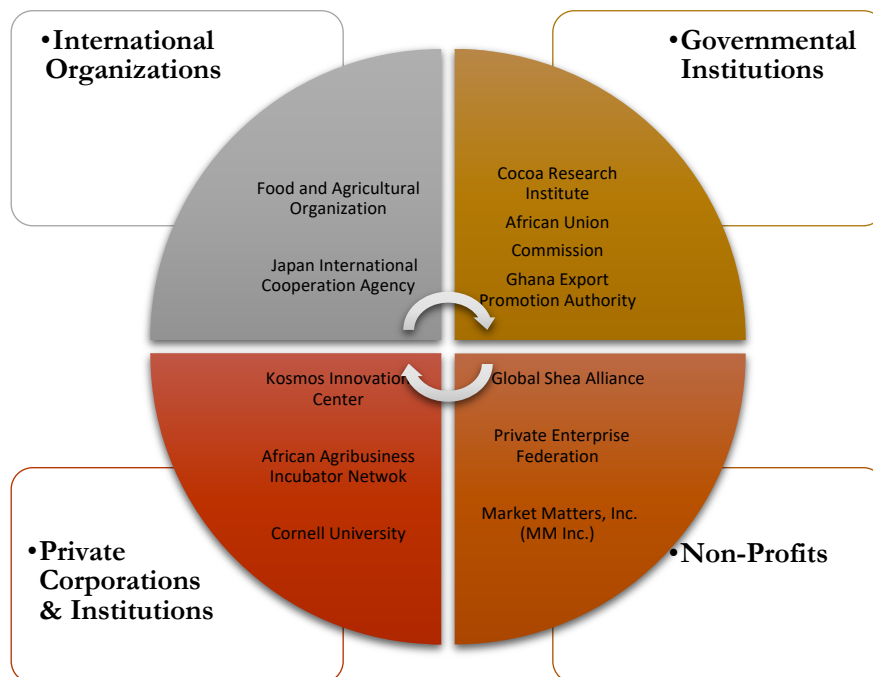


Figure 10: Partnership Ecosystem for Solution Oasis

Source: Author

Solution Oasis maintains strong technical and management support from its international collaborations. In an interview with Francesca, she highlighted that through a management training she received from Japan International Corporation Agency (JICA), she has been able to adopt effective business strategies to grow her company. Through her collaboration with the FAO, Francesca has also been able to participate in agribusiness training and programs across the African continent and the global market. Likewise, government and non-profit institutions have equipped the business with research, funds and market-growth opportunities allowing Solution Oasis greater access to local and international markets. Additionally, private corporations including the Kosmos Innovation Center and the African Agribusiness Incubator Network (AAIN) have championed ICT and other innovative market-based solutions to enhance effective production along the company's supply chain (personal communication, January 11, 2018).

Capacity strengthening networks have therefore improved business development efforts of this small firm. Partners have provided technical and financial support and expertise, encouraged competition and created opportunities to allow the company to contribute to current agribusiness development and economic growth objectives of the country. Solution Oasis must continue to leverage these relationships to achieve its objectives of being a leading manufacturer of premium natural skin care products by 2025. The three biggest challenges female entrepreneurs in Ghana face are financial acquisition, technical assistance and low market access (personal communication, January 11, 2018). Solution Oasis is currently well positioned because of its strong relationships with local, regional and global organizations. Local partners that were interviewed even emphasized their commitment to partnering with Francesca because of the expertise and training she receives from other professionals.

Francesca is a star, she is a role model. I mean, we have no option than to work with her because we use her to inspire other people. She has gone to also train [through some of our services]. I mean we have used her to train other people in cosmetics [as well]. And so, without disposition, because she has put her future into her hands, if you link her to other women groups and put the future of women groups also into her hand then you can guarantee some sustainability (Z. Iddi, personal communication, January 15, 2018).

Francesca reflects that the power of capacity building efforts and strong partnerships through the growth of her company (personal communication, January 19, 2018). She will continue to use these avenues to develop her business.

7.2 Potential Challenges

7.2.1 Competition

The natural skincare industry is highly infiltrated by many brand names selling differentiated products. Therefore, market surveys revealed that outlets now prefer to sell natural skin care products due to the increased demand of such goods as illustrated in the following graph.



Figure 11: Reasons for selling natural skin care products

Source: Arshad, Asemota, Ayodele, Ofei, & Quaidoo, 2018

Solution Oasis therefore faces stiff competition from a variety of SMEs across the local and international market. In an interview, Francesca revealed that because skincare is a competitive industry, the threat of new entrants striving to capture market share is high.

Because shea has become a very popular product internationally-- it wasn't this popular when we got into the industry but now it has become so popular-- a lot of people see it as an easy way to riches (F. Opoku, personal communication, January 12, 2018).

While she recognizes that there are a number of entry barriers including: high economies of scale, strong brand identity and high manufacturing setup costs, she believes that the low entry point in Ghana has allowed many new competitors to access the market easily.

But it's been bringing on a whole lot because it has low entry in terms of capital, it's bring in an influx of brands. Every day there's a new brand coming up somewhere and that leads to competition based on price and all of that (F. Opoku, personal communication, January 12, 2018).

During the SMART data analysis, seventeen top local natural skincare brands were identified in the Ghanaian market. However, interviews suggested that Ghanaians hold strong preference for four of these brands: TAMA, MGL Naturals, Paridox, and Peini. This is due to their price points, premium packaging which reflects the social missions of the respective companies, variation of products, and their general loyalty to such brand names (Arshad, Asemota, Ayodele, Ofei, & Quaidoo, 2018) as detailed in the following table.

Competitors	Products	Price Range (GHC)	Placement	Social Mission
Solution Oasis	Soap Bars Gels Body Moisturizers	4.00 - 20.00	International	"Being a good social citizen"
TAMA	Soap Bars Body Moisturizers Hair Products	6.20 - 23.99	International	"Alleviate Rural Poverty"
MGL Naturals	Soap Bars Body Moisturizers Hair Products	6.00 - 20.00	Local Online Orders	"Nurture women to become entrepreneurs"
Paridox	Soap Bars Gels Hair Products	3.69 - 13.00	Local	"Promote women empowerment"
Peini	Gels Body Moisturizers	10.00 - 30.00	Local	Not clearly defined on Peini's website

Table 4: Competitor Analysis

Source: Arshad, Asemota, Ayodele, Ofei, & Quaidoo, 2018

All these brands, like Solution Oasis, use shea and cocoa butters as well as other secondary ingredients sourced from Ghana's soil such as coconut oil, argan oil, and baobab oil. With few businesses selling similar products, competitive rivalry is high in Ghana's natural skincare industry. Solution Oasis' bargaining power is therefore weakened by the low threat of substitutes which is fostered by the increasing number of suppliers within the industry.

With many manufacturers supplying products that protect and rejuvenate one's skin, customers can easily switch to similar brands, increasing their bargaining power within Ghana's natural skincare industry. Unfortunately, the company's current poor stocking mechanism can intensify the buyer's propensity to substitute products with similar price points as well.

SMART market research confirmed that customers have a high preference for brands such as Peini and TAMA over Solution Oasis products because of the packaging and marketing techniques that these companies use to differentiate themselves. As highlighted by Francesca, "*one of the challenges [that the company faces is] how to differentiate itself to remain profitable and keep our lead in the market*" (personal communication, January 17, 2018). Indeed, it is difficult to replace a product that is highly branded. Hence, Solution Oasis must invest in marketing strategies, especially with regards to promotion. Regular stocking systems need to allow the company to compete effectively and keep its brand reputation among customers. Both are emphasized in survey results presented in Figure 12 below.

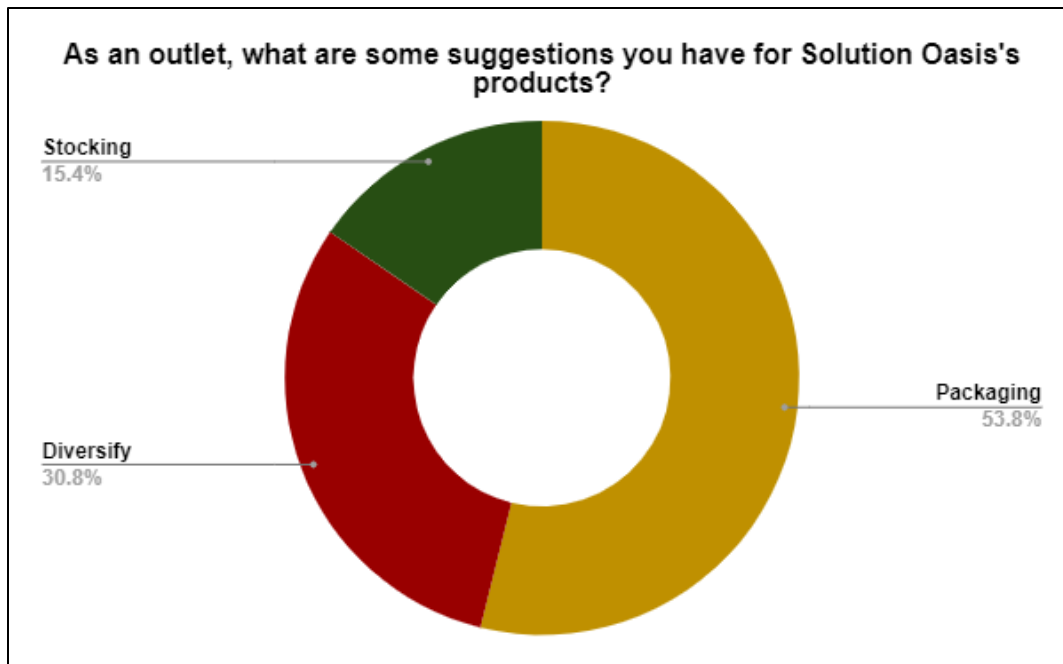


Figure 12: Suggestions to Differentiate Solution Oasis' Products

Source: Arshad, Asemota, Ayodele, Ofei, & Quaidoo, 2018

Developing a communication strategy, especially one that utilizes online social media platforms, will also be effective especially in a country where social media is utilized by many competitive brands such as TAMA and Peini.

7.2.2 Cultural and Gender Disparities

Social norms and gender stereotypes that define the appropriate behavior of men and women have also created barriers for women exploiting business opportunities. As emphasized in Chapter 5, these gender role systems are reflective in entrepreneurial performance of females due to privileges such as greater access to capital and other resources available to men versus women. Curtis reports that “for every 100 Ghanaian men accessing credit, only 47 women do” (Curtis, 2013, p. 43). Similarly, “only 10 percent of Ghanaian women farmers own land compared to 23 percent of men” (Curtis, 2013, p. 43).

During interviews, respondents suggested that being a woman can sometimes be advantageous as family and friends are more willing to lend to such entrepreneurs. However, observations during the field research showcased many challenges associated with the growth of female-led businesses. With respect to Solution Oasis' supply chain, female entrepreneurs who work in the downstream sector are more prone to encounter rigid hurdles compared to Francesca. For one, interviews confirmed that most mechanized tools used in agriculture and agribusiness are heavy and male-oriented. This denies women's participation in agricultural activities and sometimes limits their roles to only post-harvest activities (Women Harvesters, personal communication, January 16, 2018).

Moreover, women business owners face challenges when working with men because males are seen as superior in community and therefore supersede female's decisions and rights. For instance, one cooperative leader recalled that in Northern Ghana, women are obliged to seek permission from husbands to join or develop projects such as shea harvesting cooperatives (Cooperative Leader, personal communication, January 16, 2018). Another leader emphasized that in her community, female entrepreneurs do not have access to government agricultural support systems including extension delivery services (Cooperative Leader, personal communication, January 16, 2018). They have to resort to private facilities that are more expensive. Moreover, in cases where men are hired as employees, interviews with different agribusiness owners also indicated that men are reluctant to work effectively and often conspire against their female managers. These gender disparities are aggravated in rural communities where female education rates are low, marital obligations are numerous and income levels are poor (Al-hassan, 2015).

Female entrepreneurs like Francesca must therefore serve as advocates for other downstream entrepreneurs to allow them to succeed in the industry. Likewise, policy makers and other stakeholders must set-aside initiatives that are aimed at helping women to increase productivity and expand their businesses. These programs may include financial support services for women, entrepreneurial education and training programs, technology and innovation tools. Female empowerment programs that intentionally address some of the cultural and gender inequalities that they confront are beneficial as well. Investing in female entrepreneurs has a multiplier effect (Stein, Ardic, Oya & Hommes, 2013). So, by empowering other women through some of these initiatives, Solution Oasis can bridge the gender gaps that exists between men and women within the communities that it impacts.

7.2.3 Financial Capital

Working capital is essential for the survival of a small and growing business, as Solution Oasis, to surmount the aggressive competition in the natural skin care industry in Ghana. However, one of the biggest challenges that the company faces is the lack of adequate financial capital to run the firm. The company is not the only agribusiness that is persistently financially unstable. Across Ghana and in many other African countries, both public and private financial sector institutions “lend a disproportionately lower share of their loan portfolios to agriculture compared to agriculture sector’s share of GDP” (World Bank Group, 2018, para. 1). In the past, businesses in Africa were financed primarily by the State or development banks that emerged in the 1980s (Devèze, 2011). With time, other stakeholders, including private organizations, microfinance institutions and other impact investors became prominent across the continent (Devèze, 2011). Yet, even today, agribusiness owners remain cut off from accessing financial systems. “Nearly 70

percent of female-owned small and medium enterprises in the developing world are reported to be unserved or underserved by financial institutions” (Stein, Ardic, Oya & Hommes, 2013, p.14). Financial institutions are reluctant to support agribusinesses because they tend to be riskier and incur higher transaction costs compared to other businesses (Byerlee et al., 2013; World Bank Group, 2018; M. Fynn, personal communication, February 6, 2018). Moreover, in most cases, agribusiness owners lack succession plans and long-term goals to sustain their companies for many years (Standard Bank, 2012).

Throughout the SMART market research, all partners associated with the company, acknowledged that women in agribusiness face these financial constraints because of the misconception that they may not manage their enterprises as real businesses. They also believed that banks are reluctant to financially support agricultural start-up companies because of the constant downfalls within the agriculture and agribusiness industry. For instance, Solution Oasis experienced its greatest financial predicament in December 2015 when the company stopped production for three months because there was just not enough working capital to pay salaries. In interviews with the financial manager, he emphasized that the high costs associated with marketing in the natural skin care industry and the unreliable clients who are consistently paying back late contributed to this financial hurdle.

Recently, through its partnership with government, nonprofit, private and international corporations, Solution Oasis is gradually building its cash portfolio. The company has received support from many organizations to add value to its supply chain (F. Opoku, personal communication, January 16, 2018). This research revealed that problems associated with financial

capital can be mitigated through strong social network systems and partnerships that support agribusinesses with proportionately low cash flows.

CHAPTER 8

Conclusion and Key Lessons

This thesis highlighted the relationship between entrepreneurship and economic development to provide context to the role that female entrepreneurs play in promoting economic growth in Ghana. Global, regional and local evidence all highlight the contributions of innovators and risk takers to different economic activities. While past studies have found mixed evidence for entrepreneurship's impact to Africa's economy, Bauer (1954) and Elkan (1988) provide promising proofs that entrepreneurial activities have positive effects on the continent.

With agriculture and agribusiness driving Africa's sustainable development efforts, their influence have been well acknowledged. As described by Elkan (1988), the biggest entrepreneurial successes on the African continent have been in large-scale agricultural production. In particular, women entrepreneurs have been a defining factor to the economic synergies experienced in this industry. Their presence directly empowers other women in the downstream end of the supply chain and impacts their socio-economic status.

Currently, more than 50 per cent of Ghanaian women are actively employed in the agriculture industry (Doss & SOFA Team, 2011). Their contribution to advancing Ghana's economy is extensive. The case study and analysis presented in Chapters 6 and 7 respectively illustrate a female entrepreneur and the impact she creates as a social and economic development agent in Ghana. The most important question now is; What defines the success of this female agribusiness owner? What mechanisms are available for other female entrepreneurs to thrive in Ghana's agribusiness sector?

Following the case study analysis presented in this thesis, it is evident that the success of Solution Oasis is modeled around micro and macro-level interactions within the company and across its external environment. Through the knowledge synthesized in this thesis, I developed a framework to guide the conclusions of my analysis and to provide possible applications for other female owned agribusinesses in Ghana. A macro-micro ecosystem is presented in the following diagram.

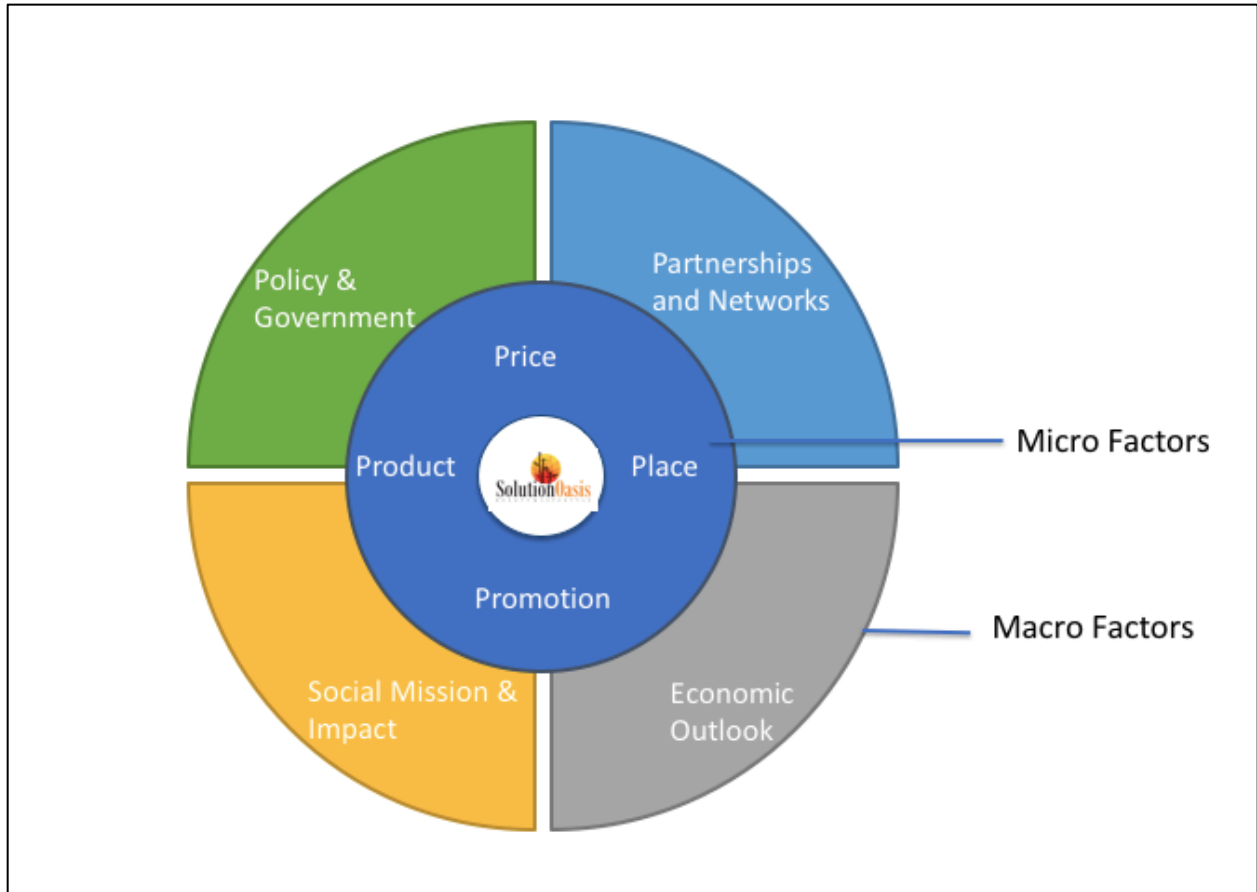


Figure 13: Macro-Micro Framework for Solution Oasis

In this framework, several key lessons can be drawn from Solution Oasis' business values and environment to enhance the work of other female entrepreneurs in Ghana. The company's micro strategies have improved its position across the local and international market. By providing fair prices and differentiated products, Solution Oasis is able to sustain its existing customers, attract potential consumers and target new segments in the natural skin care industry. Evidence from the

market research indicates that the company needs to give special attention to premium packaging and aggressive communication tactics. Developing a strong communication strategy, particularly one that utilizes social media outlets, has become very essential to the growth of any company in the 21st century. For an agribusiness like Solution Oasis, it can help with accessing market information, selling products across geographical lines, reaching new consumers, and empowering the disadvantaged. Therefore, to thrive in this industry, Solution Oasis must strengthen its current promotion and communication models as outlined in Chapters 6 and 7.

The macro element of the ecosystem also informs Solution Oasis' success. First, the company utilizes strong partnerships across its value chain to accomplish its mission as being a leading manufacturer of premium natural skin care products by 2025. While maintaining an active presence and building one's status as an industry player can be overwhelming and tiring, Solution Oasis has proven that effective partnerships can improve and expand a company's capacity in local, regional and international markets.

Moreover, Ghana's policy and economic environment provides evidence of the government's role in shaping consumer's perceptions of the agriculture and agribusiness sector. As discussed in Chapter 2, doing business in Ghana is safe, less risky and provides higher returns compared to other African countries. Recent policy interventions, including the 'Made in Ghana' and the 'One District, One Factory' policy have also been instrumental in promoting agribusiness opportunities. While both policies are relatively new, their presence have successfully increased consumer demand for local products and established trust among local manufacturers in Ghana. Such policies

have also boosted competition among local businesses and improved economic efficiencies and productivity within different industries.

Finally, the company's social impact approach has provided opportunities for other women in the downstream supply chain. By sourcing its oils and butters from Ghana, Solution Oasis provides job opportunities for many women across the country. The CEO demonstrates that positive contributions can be made, within the agribusiness sector, if business owners source fragrances from the local market instead of relying on cheap export options. This approach motivates Ghanaians to purchase Solution Oasis' products. It also empowers local producers to provide high-quality products that can add value and enhance economic growth opportunities across local and international markets.

Although this macro-micro framework illuminates the findings in this paper, it is not exhaustive in itself. However, it adds to the limited research that has been conducted on female-led agribusinesses. It also sheds more light on the opportunities and challenges that these women constantly face. The lessons drawn from this thesis demonstrate the need for continued research in understanding the contributions of female entrepreneurs in the agribusiness sector to economic growth in Ghana. To garner valuable insights, future research could focus on:

- Social and economic partnerships that foster the growth of female agribusiness companies in Ghana;
- Gender intervention frameworks and policies aimed at promoting productivity of female entrepreneurs in Ghana;

Appendix 1: Questionnaires

Questionnaires: The survey questionnaires contained both open-ended and closed-ended questions and the focus groups and meetings were semi-structured.

Questionnaire Categories:

- Solution Oasis' history, organizational structure, business model and product;
- Interest and demand for locally sourced products in the natural skincare industry;
- Impact of social missions and customer purchasing power;
- Policy regulations and its impact on agribusinesses in Ghana;
- Analysis of challenges and opportunities for agribusiness in Ghana.

Sample Questions

- Are you interested in locally sourced products? Why?
- Would you be more likely to purchase a product for more money if you knew it would benefit a good cause/disadvantaged community?
- Why did you choose to sell these natural skin care products at your outlets over other products in the market?
- Have there been any rules or regulations that have been helpful to your business? In what way? Any Comments?

Appendix 2: Brands and Products



Source: Arshad, Asemota, Ayodele, Ofei, & Quaidoo, 2018

Appendix 3: Price and Product List

BRAND	PRODUCT	SIZE	QTY PER CARTON	UNIT PRICE	Ex-Factory/Carton (Ghana Cedis)
BEAUTY SECRETS (FOR ALL)	CREAM, MOISTURIZER AND LOTION				
	100% Natural Shea Butter	195g	24	8.00	192.00
	100% Natural Shea Butter (Trial Size)	75g	96	4.00	384.00
	Cocoa Butter Skin Moisturizer	195g	24	8.00	192.00
	Cocoa Butter Skin Moisturizer	75g	96	4.00	384.00
	Shea Butter Cream with Argan	200ml	24	20.00	480.00
	Skin Brightening Cream	200ml	24	20.00	580.00
EXOTIC MAN (FOR MEN)	Exotic Man Lotion	200ml	24	20.00	480.00
BEAUTY SECRETS (FOR ALL)	SOAPS AND GEL				
	Handcrafted Shea Butter Soap with Baobab		100	4.00	350.00
	Handcrafted Shea Butter Soap with Henna		100	4.00	350.00
	Handcrafted Shea Butter Soap with Moringa		100	4.00	350.00
	Handcrafted Shea Butter Soap with Neem		100	4.00	350.00
	Black Soap				
	Black Soap Jar	350g	24	8.00	192.00
	Black Soap Shower Gel	500ml	24	8.00	
	New Black Soap Gel	500ml	24	10.00	240.00
	Black Soap Tablet	142g	54	4.00	216.00
EXOTIC MAN (FOR MEN)	Exotic Man Gel	500ml	24	10.00	240.00

[1 USD = 4.46 Ghanaian Cedi]
Source: Solution Oasis Business Records

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