

**THE 24TH ACADEMY OF AFRICAN BUSINESS AND
DEVELOPMENT (AABD) ANNUAL CONFERENCE PROCEEDINGS**

May 14-18, 2024

Washburn University, Topeka, KS, United States



WASHBURN
UNIVERSITY
SCHOOL OF BUSINESS

**SUSTAINABLE DEVELOPMENT–
STAKEHOLDER ENGAGEMENT
AND PARTICIPATION**

Confident in Africa's Future

Confiant en l'Avenir de l'Afrique

ISSN:2821-9007

<https://theaabd.org>

Edited By:
Professor Mohammed Amidu
University of Ghana
Business School (UGBS)
Legon, Accra

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Sustainable Development - Stakeholder Engagement and Participation

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FOREWORD

Greetings and a warm welcome to all participants of this year's conference on "Sustainable Development - Stakeholder Engagement and Participation." As we convene amidst the complex tapestry of global challenges and opportunities, our chosen theme holds particular resonance: the exploration of stakeholder engagement and its profound implications for achieving sustainable development objectives within Africa and across the broader global landscape.

In recent years, the discourse surrounding sustainable development has gained unprecedented traction, propelled by pressing environmental concerns, social inequalities, and economic disparities. Against this backdrop, stakeholder engagement emerges as a linchpin in effecting meaningful change. It transcends traditional boundaries, encompassing governments, businesses, civil society organizations, communities, and individuals, all wielding varying degrees of influence and power in shaping our collective trajectory. But we must emphasize sustainable development as a guiding principle for economic progress because we know resources are limited and we must bequeath

to future generations opportunities for decent living standards. The United Nations Sustainable Development Goals provides a framework for inclusive and sustainable growth that balances economic, social, and environmental considerations. Businesses should align them with the aims of the SDGs to advance sustainable development and thereby provide long-term value for stakeholders. The discourse surrounding sustainable development has burgeoned, echoing the crescendo of pressing environmental concerns, deep-seated social inequalities, and persistent economic disparities. This mounting chorus of global challenges has propelled the concept of sustainability into the forefront of public consciousness, demanding urgent action and innovative solutions.

Central to this evolving narrative is the recognition of stakeholder engagement as a linchpin in effecting meaningful change. Gone are the days of unilateral decision-making; instead, a mosaic of stakeholders - governments, businesses,

civil society organizations, communities, and individuals - now converge, each wielding varying degrees of influence and power. Together, they form a dynamic ecosystem where dialogue, collaboration, and collective action serve as catalysts for progress. Yet, amidst this cacophony of voices, one resounding truth emerges: sustainable development must reign as the guiding principle for economic progress. As we navigate the intricate tapestry of global challenges, it becomes increasingly evident that the resources at our disposal are finite. Thus, our collective responsibility extends beyond present prosperity to ensuring that future generations inherit not only the fruits of our labour but also the opportunities for decent living standards and environmental stewardship.

In this quest for sustainability, the United Nations Sustainable Development Goals (SDGs) stand as a beacon of hope and guidance. Encompassing 17 interconnected goals, the SDGs provide a comprehensive framework for inclusive and sustainable growth, balancing economic prosperity with social equity and environmental preservation. They serve as a roadmap, charting a course towards a more equitable, resilient, and prosperous future for all.

Crucially, businesses play a pivotal role in this journey towards sustainability. By aligning their strategies, operations, and values with the aims of the SDGs, businesses can become agents of positive change, driving innovation, promoting responsible consumption and production, and fostering partnerships that transcend traditional boundaries. In doing so, they not only contribute to advancing sustainable development but also create enduring value for stakeholders, laying the foundation for a more prosperous and sustainable world.

Finally, the discourse on sustainable development has evolved from mere rhetoric to a clarion call for action. As we navigate the complex terrain of the 21st century, the imperative to embrace sustainability has never been more pressing. By engaging stakeholders, embracing the principles of sustainability, and aligning with the SDGs, we can forge a path towards a more equitable, resilient, and sustainable future for generations to come.

Tracks

This year's conference proceedings contain 13 Tracks, each meticulously designed to foster interdisciplinary dialogue and collaboration, reflecting the rich tapestry of topics encapsulated within the AABD 2024 conference.

1. Accounting, Finance, and Investment
2. International Aid, Economic Policies, and Strategies
3. Entrepreneurship, Small Business, and the Informal Sector
4. Exporting, Internationalization, and Foreign Direct Investment
5. Information and Communication Technology (ICT) and Digital Transformation
6. Human Resources, Leadership, Management, and Organizations
7. Sustainability, Business Ethics, and Social Responsibility
8. Marketing, Consumer Behaviour, Tourism, Hospitality, and Sports
9. Operations and Logistics/Supply Chain/Project Management
10. Graduate Student Papers and Special Sessions
11. African Studies, Diversity Equity & Inclusion, Indigenous Communities
12. Teaching cases
13. Submissions in French

Each track encapsulates a distinct aspect of the journey towards sustainable development, ranging from the fundamental principles of accounting and finance to the intricate dynamics of international aid and economic policies. From the grassroots

innovations of entrepreneurship to the global interconnectedness facilitated by exporting and foreign direct investment, these tracks offer a comprehensive exploration of the multifaceted challenges and opportunities inherent in today's world.

Additionally, the inclusion of specialized tracks such as Information and Communication Technology (ICT) and Digital Transformation, as well as African Studies, Diversity Equity & Inclusion, and Indigenous Communities, underscores the conference's commitment to addressing emerging trends and fostering inclusivity. Furthermore, the provision for teaching cases and submissions in French highlights the conference's dedication to promoting pedagogical excellence and linguistic diversity within the academic community.

Our deliberations assume heightened significance against a rapidly evolving global landscape, characterized by geopolitical shifts, environmental crises, and socio-economic upheavals. The imperative to forge synergies, bridge divides, and mobilize collective action has never been more pressing. By harnessing the power of stakeholder engagement, we can catalyse tangible progress toward a more equitable, resilient, and sustainable future for all.

Review and Selection Process

The inclusion of papers in this year's conference proceedings underwent a meticulous and rigorous peer-review process to uphold the highest scientific standards and ensure alignment with the conference theme. This process was coordinated by esteemed track chairs and other subject matter experts, who painstakingly evaluated each submission to assess its contribution to the field of study.

Upon submission, each paper underwent a thorough review by multiple anonymous reviewers, selected based on their expertise in the relevant subject matter. Reviewers meticulously scrutinized the content, methodology, and originality of each submission, providing constructive feedback and recommendations for improvement.

Following the peer-review process, papers were assessed based on several criteria, including relevance to the conference theme, scientific rigor, clarity of presentation, and contribution to advancing knowledge in the field. Only papers meeting these stringent criteria were selected for inclusion in the conference proceedings.

The diversity of papers included in this volume is a testament to the copious academic versatility and multidisciplinary background of the contributors. The selected papers represent a wide array of perspectives, methodologies, and research findings, enriching the discourse and fostering interdisciplinary collaboration within the academic community.

While the reviewers diligently performed their duties, it's important to note that the views and conclusions expressed in this volume are solely those of the authors. The inclusion of papers in the proceedings does not imply endorsement or validation by the conference organizers or reviewers.

In addition to the papers included in this volume, dozens of works-in-progress presentations were also featured at the conference, further contributing to the vibrant exchange of ideas and ongoing scholarly discourse.

As we embark on this intellectual odyssey, let us embrace the spirit of inquiry, collaboration, and innovation. Together, let us chart a course toward a world where sustainable development is not merely an aspiration but a tangible reality.

Thank you for your unwavering commitment to this shared vision.

Mohammed Amidu, PhD, FCA

Professor of Accounting & Finance

Proceeding Editor

University of Ghana Business School, Ghana

AVANT-PROPOS

Salutations et bienvenue chaleureuse à tous les participants à la conférence de cette année sur le thème « Développement durable – Engagement et participation des parties prenantes ». Alors que nous nous réunissons au milieu d'un ensemble complexe de défis et d'opportunités mondiaux, le thème que nous avons choisi revêt une résonance particulière : l'exploration de l'engagement des parties prenantes et ses profondes implications pour la réalisation des objectifs de développement durable en Afrique et dans le paysage mondial plus large.

Ces dernières années, le discours sur le développement durable a acquis une ampleur sans précédent, propulsé par des préoccupations environnementales pressantes, des inégalités sociales et des disparités économiques. Dans ce contexte, l'engagement des parties prenantes apparaît comme un élément essentiel pour apporter des changements significatifs. Il transcende les frontières traditionnelles et englobe les gouvernements, les entreprises, les organisations de la société civile, les communautés et les individus, exerçant tous des degrés divers d'influence et de pouvoir pour façonner notre trajectoire collective. Mais nous devons mettre l'accent sur le développement durable comme principe directeur du progrès économique, car nous savons que les ressources sont limitées et nous devons léguer aux générations futures la possibilité de bénéficier d'un niveau de vie décent. Les objectifs de développement durable (ODD) des Nations Unies fournissent un cadre pour une croissance inclusive et durable qui équilibre les considérations économiques, sociales et environnementales. Les entreprises doivent s'aligner sur ODD pour faire progresser le développement durable et ainsi apporter une valeur à long terme aux parties prenantes. Le discours sur le développement durable fait un écho crescendo aux préoccupations environnementales pressantes, aux inégalités sociales profondément ancrées et aux disparités économiques persistantes. Le concept de durabilité a été propulsé au premier plan de la conscience publique et exige une action urgente et des solutions innovantes.

Au cœur de ce récit en évolution se trouve la reconnaissance de l'engagement des parties prenantes comme un élément essentiel pour apporter un changement

significatif. L'époque des prises de décisions unilatérales est révolue. Une mosaïque de parties prenantes – gouvernements, entreprises, organisations de la société civile, communautés locales et individus – converge désormais, chacune exerçant différents degrés d'influence et de pouvoir. Ensemble, elles forment un écosystème dynamique où le dialogue, la collaboration et l'action collective servent de catalyseurs de progrès. Au milieu de cette cacophonie de voix, une vérité retentissante émerge : le développement durable doit régner comme principe directeur du progrès économique. Alors que nous naviguons dans l'écheveau complexe des défis mondiaux, nous devenons faire face à la dure réalité : les ressources dont nous disposons sont limitées. Ainsi, notre responsabilité collective s'étend au-delà de la prospérité actuelle et vise à garantir que les générations futures héritent non seulement des fruits de notre travail, mais également des opportunités d'un niveau de vie décent et d'une bonne gestion de l'environnement.

Dans cette quête de durabilité, les ODD des Nations Unies constituent une lueur d'espoir et d'orientation. Couvrant 17 objectifs interconnectés, les ODD fournissent un cadre complet pour une croissance inclusive et durable, équilibrant la prospérité économique avec l'équité sociale et la préservation de l'environnement. Ils servent de feuille de route, traçant la voie vers un avenir plus équitable, plus résilient et plus prospère pour tous.

Il est crucial que les entreprises jouent un rôle central dans ce cheminement vers la durabilité. En alignant leurs stratégies, opérations et valeurs sur les ODD, les entreprises peuvent devenir des agents de changement positif, stimulant l'innovation, promouvant une consommation et une production responsables et favorisant des partenariats qui transcendent les frontières traditionnelles. Ce faisant, elles contribuent non seulement à faire progresser le développement durable, mais créent également une valeur durable pour les parties prenantes, jetant ainsi les bases d'un monde plus prospère et plus durable.

Enfin, le discours sur le développement durable est passé d'une simple rhétorique à un appel à l'action. Alors que nous naviguons sur le terrain

complexe du 21^{ème} siècle, l'impératif d'adopter la durabilité n'a jamais été aussi pressant. En impliquant les parties prenantes, en adoptant les principes de

durabilité et en nous alignant sur les ODD, nous pouvons tracer la voie vers un avenir plus équitable, plus résilient et plus durable pour les générations à venir.

Thèmes

Les actes de la conférence de cette année contiennent 13 thématiques, chacune méticuleusement conçue pour favoriser le dialogue et la collaboration interdisciplinaires, reflétant la riche tapisserie de sujets encapsulés dans la conférence AABD 2024.

1. Comptabilité, finance et investissement
2. Aide internationale, politiques économiques et stratégies
3. Entrepreneuriat, petites entreprises et secteur informel
4. Exportation, internationalisation et investissement direct étranger
5. Technologies de l'information et de la communication (TIC) et transformation numérique
6. Ressources humaines, leadership, gestion et organisations
7. Durabilité, éthique des affaires et responsabilité sociale
8. Marketing, comportement des consommateurs, tourisme, hôtellerie et sports
9. Opérations et logistique/Chaîne d'approvisionnement/Gestion de projet
10. Travaux des étudiants diplômés et séances spéciales
11. Études africaines, diversité, équité et inclusion, communautés autochtones
12. Cas pédagogiques
13. Soumissions en français

Chaque thématique résume un aspect distinct du cheminement vers le développement durable, allant des principes fondamentaux de la comptabilité et de la finance à la dynamique complexe de l'aide internationale et des politiques économiques. Des innovations fondamentales de l'entrepreneuriat à l'interconnectivité mondiale facilitée par les exportations et les investissements directs étrangers, ces pistes offrent une exploration complète des défis et opportunités aux multiples facettes inhérents au monde d'aujourd'hui.

De plus, l'inclusion de filières spécialisées telles que les technologies de l'information et de la communication (TIC) et la transformation numérique, ainsi que les études africaines, la diversité, l'équité et l'inclusion, et les communautés autochtones, souligne l'engagement de la conférence à répondre aux tendances émergentes et à favoriser l'inclusivité.

Egalement, la possibilité de présenter des cas pédagogiques et soumissions en français soulignent l'engagement de la conférence à promouvoir l'excellence pédagogique et la diversité linguistique au sein de la communauté universitaire. Nos délibérations revêtent une importance accrue dans un paysage mondial en évolution rapide, caractérisé par des changements géopolitiques, des crises environnementales et des bouleversements socio-économiques. L'impératif de forger des synergies, de combler les fossés et de mobiliser une action collective n'a jamais été aussi pressant. En exploitant le pouvoir de l'engagement des parties prenantes, nous pouvons catalyser des progrès tangibles vers un avenir plus équitable, plus résilient et plus durable pour tous

Processus de révision et de sélection

L'inclusion des articles dans les actes de la conférence de cette année a fait l'objet d'un processus d'examen par les pairs méticuleux et rigoureux afin de respecter les normes scientifiques les plus élevées et de garantir leur alignement avec le thème de la conférence. Ce processus a été coordonné par des responsables de thématiques et d'autres experts en la matière, qui ont minutieusement évalué chaque soumission afin de

cerner sa contribution au domaine d'étude. Les articles ont été évalués sur la base de plusieurs critères, notamment la pertinence par rapport au thème de la conférence, la rigueur scientifique, la clarté de la

présentation et la contribution à l'avancement des connaissances dans le domaine. Seuls les articles répondant à ces critères stricts ont été sélectionnés pour être inclus dans les actes de la conférence.

La diversité des articles inclus dans ce volume témoigne de la grande polyvalence académique et de l'expérience multidisciplinaire des contributeurs. Les articles sélectionnés représentent un large éventail de perspectives, de méthodologies et de résultats de recherche, enrichissant le discours et favorisant la collaboration interdisciplinaire au sein de la communauté universitaire.

Bien que les évaluateurs aient accompli leurs tâches avec diligence, il est important de noter que les points de vue et les conclusions exprimés dans ce volume sont uniquement ceux des auteurs. L'inclusion d'articles dans les actes n'implique pas l'approbation ou la validation de la part des organisateurs ou des évaluateurs de la conférence.

En plus des articles inclus dans ce volume, des dizaines de travaux en cours ont également été présentées lors de la conférence, contribuant ainsi à l'échange dynamique d'idées et au discours scientifique en cours. Alors que nous nous lançons dans cette odyssée intellectuelle, embrassons l'esprit d'enquête, de collaboration et d'innovation. Ensemble, traçons la voie vers un monde où le développement durable n'est pas simplement une aspiration mais une réalité tangible. Merci pour votre engagement inébranlable envers cette vision partagée.

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TRACK 1: Accounting, Finance, and Investment

Digital financial inclusion, interoperability and vulnerable population in Ghana: Analysing the threshold effect of financial literacy.

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Abstract

Financial inclusion, particularly in the digital realm, has the potential to uplift and empower marginalised individuals and communities. In this study, we investigate the interconnectedness of financial literacy, interoperability, and digital financial inclusion and their impact on vulnerable populations. We employ three stage least squares (3sls) to simultaneously analyse the relationships and the method of moments quantile regression (MMQR) is used to evaluate the levels at which financial literacy improves digital financial inclusion and ameliorates vulnerability. With a unique panel household-level survey of 2,697, the study reveals the following results: First, digital financial service increases when households who are financially literate make payments to a network other than their networks (interoperability). Second, the improvement of the vulnerability of households in Ghana can be explained by households having access to a wide range of digital financial services. Finally, our results suggest that individuals with higher levels of financial literacy are more likely to adopt and effectively use digital financial services, which improve their livelihoods, thereby reducing their vulnerability levels.

Keywords: Digital financial inclusion, interoperability, vulnerability, financial literacy.

*All correspondence should be addressed to Mohammed Amidu; University of Ghana Business School, Box LG 78, Legon, Accra, Ghana. Email: mamidu@ug.edu.gh. Mohammed Amidu would like to thank the AXA Research Funds for funding this research which is part of AXA Research Project “*Mitigating risk in the wake of the COVID19 Pandemic*” Equally grateful the Toulouse School of Economic Research Grant Under the FIT IN Initiative.

Introduction

Financial inclusion is an essential element for fostering inclusive growth, enabling economic agents to make long-term decisions, participate in productive activities, and cope with unexpected shocks (Park & Mercado, 2015). Vulnerable populations often encounter barriers to financial literacy due to limited access to formal education and resources, hindering their ability to make informed financial decisions and plan for the future (Wang & Fu, 2021). Interoperability plays a critical role in promoting financial inclusion by ensuring that digital financial services are accessible and usable across different platforms and service providers, thus overcoming fragmentation and increasing the reach of digital financial services, particularly for vulnerable populations (Themistocleous et al., 2023). Wang & He (2020) posit that digital financial inclusion offers vulnerable populations opportunities for secure money storage, digital payments, formal financial transactions, and access to credit, leading to improved financial resilience, expanded economic opportunities, and reduced reliance on informal and costly financial practices. Financial inclusion, encompassing financial literacy, interoperability, and digital financial inclusion, holds the potential to uplift vulnerable populations and promote social and economic empowerment by equipping individuals with the knowledge and skills to make better financial decisions and ensuring seamless access to digital financial services (Xiao & Tao, 2022). Empirical evidence shows that financial inclusion has a significant positive influence on economic growth in Sub-Saharan African countries, indicating its potential as a pathway to economic development in these economies (Adedokun & Aga, 2021). The expansion of digital inclusive finance can effectively alleviate financial exclusion in rural areas, increase the availability of financial services for rural populations, and narrow the urban-rural income gap (Ji et al., 2021). Financial inclusion through cooperatives has been found to have a direct and significant impact on rural development, highlighting the role of cooperative strategies in promoting financial inclusion (Lal, 2019).

Despite the commendable efforts, prior studies have failed to explore how the relationship between financial inclusion and interoperability can influence the quality of life of vulnerable populations by means of being financially literate or examine the financial literacy of vulnerable populations who are financially included and who can seamlessly transfer funds from his/her mobile money wallet to another mobile money wallet across networks (interoperability). This paper seeks to answer these empirical questions. Do individuals who are financially included have financial education? Do individuals who are financially literate can interoperate their mobile financial services? If that is the case, then at what level of financial literacy does financial inclusion and interoperability impact vulnerable population? Empirically, the study fills the gap in the literature by analysing the interaction among digital financial inclusion, interoperability, financial literacy and vulnerable population by employing a longitudinal dataset that covers many regions of Ghana. In particular, we examine two related hypotheses. First, interoperability increases digital financial inclusion. Second, the increasing use of digital financial services ameliorate the suffering of vulnerable population. Although no previous study has tested both hypotheses, several papers have examined the second one contributing to the understanding of how digital financial services, such as mobile banking and online marketplaces, can create economic opportunities of vulnerable populations (see Chen et al., 2022; Chipunza & Fanta, 2023; Nampewo et al., 2016; Wang & Fu, 2022; Yang et al., 2023). This paper is conducted in the context of a developing country, Ghana, where financial literacy and financial inclusion are relatively low and very highly vulnerable population (Kuffour & Adu, 2019, Akakpo et al., 2022 and Amidu et al., 2023).

The aim of this paper is to blend the above research with that of a study on vulnerability. Apart from an extension in the scope of the current literature, this paper also makes the following three important contributions regarding developing and emerging economies: first, we estimate the impact of interoperability on digital financial inclusion. From an economic policy perspective, it is important to identify and examine the determinants of digital financial inclusion (controlling for

interoperability) so that action can be taken to reduce the economic shocks associated with financial inclusion. Second, this paper is the first to analyse the joint effect of digital financial service and interoperability on vulnerable populations analysing the effect of financial literacy. Here, instead of documenting trends and the relative importance of financial inclusion, we take the determinants of financial inclusion as examined in the first objective and investigate their relationship as well as the sensitivity of interoperability, financial literacy and financial inclusion on vulnerable populations at the household level. Finally, building upon the research of Nosier and El-Karamani (2018) and Tavares and Wacziarg (2001) in the domain of the indirect effect of democracy on economic growth, our study employs the three-stage least squares (3SLS) technique to analyse the impact of financial literacy on vulnerable populations. Specifically, we investigate the channels of interoperability and digital financial inclusion through a system of equations. By simultaneously estimating these equations, our chosen approach facilitates the assessment of how changes in financial literacy policies influence vulnerable populations via different channels. The 3SLS technique is particularly suited for our analysis as it addresses issues of endogeneity, ensuring the consistency and efficiency of our estimates. In addition, this technique leverages comprehensive information, enhancing its effectiveness in capturing the intricate relationships within the system. Moreover, the 3SLS technique accounts for parameter restrictions specific to each structural equation under consideration, as highlighted by Zellner and Theil (1962). Finally, evaluate the level of financial literacy of households that promote financial inclusion and ameliorate the suffering of vulnerable populations. Here, we analyse the relationship of interest using the method of moments quantile regression. The MMQR technique offers several advantages over linear methods. One limitation of linear estimation techniques, which is addressed by the MMQR method, is that they do not consider the distribution of data and only focus on averages and that the method is able to account for unobserved heterogeneity across cross-sections in panel data.

The rest of the paper is organised as follows: section (2) specifies the measurement and construction of the key variables, data and econometric specifications, section (3) discusses and presents the empirical results, and finally, section (4) concludes

Evaluating methodology

Methodology

Sampling and data collection methods

Data for this study was obtained from household-level interviews across 101 informal settlements across Ghana. The information on the classification of informal settlement neighbourhoods was obtained from Peoples Dialogue, Ghana, a non-governmental organisation that focuses on informal settlements in Ghana. We combined the classification of the informal settlements from the Peoples Dialogue with that with household-level data from the Ghana Statistical Service (GSS). We randomly selected 2,697 households from the 101 settlements using proportional-to-size allocation. The first wave of data was collected in March 2021, whereas the second wave of data was collected in 2022. Field enumerators visited the residents and administered the questionnaires.

Variable measurements and estimation strategy

We employ the five dimensions of the **vulnerability index** questionnaire provided by Acharya and Porwal (2020). The dimensions are: (1) socioeconomic vulnerability of populations; (2) demographic vulnerability; (3) housing and hygiene conditions; (4) availability of healthcare; and (5) epidemiological factors. A respondent scores 1 when s/he demonstrates or finds himself in a vulnerable situation and scores 0 when otherwise is observed. We will construct a total score of 18, with 18 denoting high vulnerability. We construct an index of 1-9, with 9 being a person with more usage of financial technology. We measure **interoperability** as a dichotomous variable that takes the

value 1 when the respondent is to have made a payment across another network and 0 when otherwise is observed. **Financial literacy** is measured by assessing basic knowledge of seven concepts necessary for financial decision-making: (1) understanding of interest rate, (2) interest compounding, (3) risk diversification, (4) understanding of stock, (5) future value of a stock, (6) inflation, (7) risk and return. A respondent scores 1 if he answers the question correctly and 0 otherwise. The study employs several **control variables**, including gender, age, religion, and region, that affect the relation of our interest. For our empirical analysis, we employ systems of equations as presented below:

$$\text{Interoperability}_{it} = \alpha + \alpha_1 \text{Financial Literacy}_{it} + \vartheta X_{it} + \epsilon_{it} \quad (1)$$

$$\text{Dfi}_{it} = \alpha + \alpha_1 \text{interoperability}_{it} + \vartheta X_{it} + \epsilon_{it} \quad (2)$$

$$\text{Vulnerability}_{it} = \alpha + \beta_1 \text{Dfi}_{it} + \gamma \text{Financial Literacy}_{it} + \gamma X_{it} + \epsilon_{it} \quad (3)$$

where *Vulnerabilty* represents the household vulnerability index which is a continuous variable. *Digital Financial Inclusion* is an index which reflects access to digital financial inclusion; and interoperability takes on the value of 1 if the respondent has made any transactions across networks, and 0 if otherwise. Financial Literacy is an index representing financial knowledge of the respondents. *X* denotes covariates (such as gender, age, region and marital status) that impacts both digital financial inclusion, interoperability and vulnerability, and ϵ_{it} are the unobserved disturbances. To account for an endogeneity bias in the model, a three-stage-least-squares (3SLS) simultaneous equation model is used.

Results and Discussions

The effect of financial literacy, DFI and interoperability on vulnerable populations

Table 1 presents the results of three-stage analysis of step-by-step effect of financial literacy on vulnerability of marginalised population through interoperability and digital financial inclusion. First, the coefficient for financial literacy is 0.0676, and it is statistically significant at the 1% level. This indicates that an increase in financial literacy is associated with an increase in interoperability. Financial literacy refers to the knowledge and understanding of financial concepts and practices. When individuals have higher levels of financial literacy, they are better equipped to navigate the digital financial ecosystem, understand interoperability protocols, and utilise different systems effectively. Therefore, increased financial literacy positively affects the interoperability of digital financial services. Second, the coefficient for interoperability is 0.786, and it is statistically significant at the 1% level. This indicates that an increase in interoperability is associated with an increase in digital financial inclusion. Interoperability refers to the ability of different systems and technologies to seamlessly work together, allowing users to access and use digital financial services across platforms. Improved interoperability facilitates greater integration and compatibility between different financial systems, leading to enhanced accessibility and usage of digital financial services, which promotes digital financial inclusion. Third, the coefficient for digital financial inclusion is -3.277, and it is statistically significant at the 1% level. This suggests that an increase in digital financial inclusion is associated with a decrease in the vulnerability index. Digital financial inclusion refers to the accessibility and usage of digital financial services by individuals. When individuals have better access to a wide range of digital financial services, they can effectively manage their finances, have more options for savings and investment, and reduce their vulnerability to financial risks and challenges. Thus,

In terms of gender, age and marital status, the coefficient for Gender is -1.441, and it is statistically significant at the 1% level. This indicates that being female is associated with a decrease in the Vulnerability Index. The coefficient for Age is 0.198, and it is statistically significant at the 1% level. This means that an increase in age is associated with an increase in the Vulnerability Index. The

coefficient for Marital Status is -0.504, and it is statistically significant at the 1% level. This suggests that being married is associated with a decrease in the Vulnerability Index. Regarding region and employment status as control variables, the coefficient for the region is 0.0232, and it is statistically significant at the 1% level. This suggests that being located in a certain region is associated with an increase in digital financial inclusion and a decrease in interoperability. The coefficient for Employment Status is 0.132, and it is statistically significant at the 1% level. This means that having employment is associated with an increase in digital financial inclusion and a slight increase in Interoperability.

To situate the findings from this study in the literature, several studies have also found that households with low levels of wealth and financial literacy require Internet-based financial products better suited to their needs (Lu et al., 2021). Additionally, highlighted the challenges faced by Fintech in promoting digital financial inclusion, including low digital financial literacy and interoperability issues (Rahayu et al., 2023). These findings suggest a clear link between financial literacy and the need for tailored digital financial products to enhance interoperability. Furthermore, demonstrated that digital financial inclusion (DFI) and its secondary indicators reduce rural household vulnerability to poverty, indicating the potential of DFI to mitigate vulnerability (Chen et al., 2022). This supports the idea that an increase in financial literacy, which can lead to greater DFI, may contribute to reducing vulnerability. In addition, a study on digital financial inclusion and farmers' vulnerability to poverty in rural China revealed a negative and statistically significant relationship between digital financial services use and farmers' vulnerability (Wang & He, 2020). This suggests that as digital financial inclusion increases, vulnerability decreases, further supporting the notion that an increase in financial literacy, leading to greater DFI, can reduce vulnerability

Insert Table 1 Here

The analysis and the levels of financial literacy on DFI and vulnerable population

Next is to evaluate the level of financial literacy of households that promote financial inclusion and ameliorate the suffering of vulnerable populations. Same measurement of the variables was used except for the measurement of financial literacy, which is based on household having basic knowledge of seven concepts necessary for making financial decisions: (1) understanding of interest rate, (2) interest compounding, (3) risk diversification, (4) understanding of stock, (5) future value of a stock, (6) inflation, (7) risk and return. A total score of seven is an indication of high financial literacy, while a score of 0 indicates low or absence of financial literacy. Based on this, we grouped the structure of our data into three: weak knowledge in finance (household scoring 0-1), average knowledge in finance (household scoring 2-4) and high literacy in finance (household scoring 5-7). Here, we analyse the relationship of interest using the method of moments quantile regression. The MMQR technique offers several advantages over linear methods. One limitation of linear estimation techniques, which is addressed by the MMQR method, is that they do not consider the distribution of data and only focus on averages. These linear models fail to account for unobserved heterogeneity across cross-sections in panel data. The ordinary quantile regression struggles with non-crossing estimates when calculating estimators for multiple percentiles, resulting in an invalid distribution for the responses (Halidu et al., 2023). However, the MMQR method does not encounter these issues.

The panel quantile regression technique introduced by Koenker and Bassett (1978) estimates the conditional median or several quantiles of the response variables, based on specific values of the exogenous variables. Due to its limitations, the MMQR approach was developed by Machado and Silva (2019), which takes into account fixed effects to measure the distributional and heterogeneous effects of multiple quantiles (Adebayo et al., 2022). The MMQR model focuses on the estimation of location-scale $Q_{yit}(j|x_{it})$ conditional quantiles specified as follows:

$$Y_{it} = \alpha_i + x'_{it}\beta + (\theta_i + V'_{it}\Omega)s_{it} \quad (4)$$

Where Y_{it} represents the dependent variable, X_{it} is independently $(\alpha_i, \beta, \theta, \Omega)$ are the parameters to be estimated. Following prior study (Amengavi, 2022), we further specify Equation (4) as follows:

$$Q_{y(\mu|x_{it})} = (\alpha_i + \Omega_i q(\mu)) + x'_{it}\beta + V'_{it}\theta q(\mu) \quad (5)$$

The quantile distribution of the outcome variable is $Q_{y(\mu|x_{it})}$. $\alpha_i(\mu) = \alpha_i + q(\mu)$ shows the coefficient of scalar and μ^{th} is the sample quantile. V represents a k -k-vector.

This subsection employs the method of moments regression results of the impact of different levels of financial literacy on the vulnerable populations and digital financial inclusion. To begin, table 3 presents the results of the regressions that use the three levels of financial literacy (weak, average and high financial literacy) and controlling for region and employment status. The results are presented in columns: 1, 2 and 3 for vulnerability and 4, 5 and 6 for digital financial inclusion. Across different quantiles, the analysis indicates that individuals with weak financial literacy consistently face higher vulnerability, with a pronounced and significant impact in lower quantiles. In contrast, those with average financial literacy experience a notable reduction in vulnerability across all quantiles, suggesting that basic financial knowledge plays a crucial role in enhancing resilience. However, the impact of high financial literacy diminishes and becomes statistically insignificant at higher quantiles, indicating a potential saturation point where additional financial literacy may not provide substantial further reduction in vulnerability. These nuanced findings underscore the differential influence of financial literacy levels on vulnerability, emphasizing the importance of targeted interventions for specific segments of the population to address and mitigate their unique vulnerabilities. In this regard, the impact of average financial literacy on reducing vulnerability aligns with the findings of a study by Behrman et al. (2012), which demonstrated that basic financial knowledge and skills are essential for making informed financial decisions and managing financial risks. This suggests that even a moderate level of financial literacy can contribute to enhancing resilience and reducing vulnerability across different quantiles. One potential reason for this intriguing phenomenon of diminishing impact of high financial literacy at higher quantiles could be that individuals with high financial literacy may have already implemented effective financial strategies and risk management techniques, reaching a point of diminishing returns in terms of vulnerability reduction. This aligns with the concept of diminishing marginal utility, where the additional benefit derived from increasing a particular input decrease as the level of that input rises.

In relation to digital financial inclusion, the results show that first, the coefficient for Weak Financial Literacy is consistently negative across all quantiles, indicating that weaker financial literacy is associated with lower digital financial inclusion. The effect is more pronounced at higher quantiles or higher levels of digital financial inclusion, as evidenced by the increasing magnitude of the coefficient. Second, the coefficient for Average Financial Literacy is consistently positive across all quantiles, suggesting that higher average financial literacy is associated with better digital financial inclusion. The effect is relatively stable across quantiles. Third, the coefficient for High Financial Literacy is consistently positive across all quantiles, indicating that higher financial literacy is associated with better digital financial inclusion. Similar to average financial literacy, the effect is relatively stable across quantiles. These findings are consistent studies by Demirgüç-Kunt et. Al (2015) have highlighted the role of financial literacy in shaping individuals' financial behaviours and engagement with digital financial tools.

Regarding the control variables, the coefficients for region are consistently negative across all quantiles, suggesting that the impact of region is associated with lower digital financial inclusion. The effect is relatively stable across quantiles. The coefficients for employment status are generally not statistically significant across quantiles, suggesting that employment status may not have a consistent impact on digital financial inclusion. This analysis suggests that enhancing financial literacy, especially among individuals with weak financial literacy, could contribute to improved digital financial inclusion. Additionally, addressing regional disparities may be important in promoting more widespread digital financial inclusion. However, the relationship with employment status is less clear and may require further investigation.

Conclusion and policy implications

The extent to which financial literacy impacts vulnerable populations is imperatively a function of interoperability and digital financial inclusion. Understanding the dynamics of the pathways is critical for policymakers, as it helps them develop appropriate policy prescriptions that actually impact the lives of vulnerable populations, especially in Ghana. In light of such relevant empirical literature, even though empirical literature is replete with studies bothering on financial literacy as a tool for ameliorating the living conditions of vulnerable people, the empirical literature has largely ignored the channels and the interconnectedness of the channels through which financial literacy impacts vulnerable populations, particularly no single-country study in Ghana solely focussed on coming out with policy prescriptions more suitable and customised for Ghana. This study, therefore, employs a sample of 2698 households from 101 informal settlements across eleven out of sixteen administrative regions in Ghana. The empirical approach was conducted by first computing a composite index of vulnerability based on 18 indicators across five domains: (1) socioeconomic condition; (2) demographic composition; (3) housing and hygiene condition; (4) availability of healthcare facilities, and (5) COVID-19-related epidemiological factors. A composite index for financial literacy decomposed into weak, average and high financial literacy, assessing basic knowledge on seven concepts necessary for financial decision-making: (1) understanding of interest rate, (2) interest compounding, (3) risk diversification, (4) understanding of stock, (5) future value of a stock, (6) inflation, (7) risk and return. The three-stage least square and method of moments quantile regression estimation techniques were employed. The study provides the following key results:

First, it shows in a step-by-step manner that an increase in financial literacy is associated with an increase in interoperability. Interoperability is also associated with an increase in digital financial inclusion, and an increase in digital financial inclusion, in turn, is associated with a decrease in vulnerability. This, therefore, highlights the interconnectedness between digital financial inclusion, interoperability, and financial literacy. They suggest that enhancing digital financial inclusion requires improving both interoperability and financial literacy. Improved interoperability facilitates greater access and usability of digital financial services, while increased financial literacy enables individuals to make informed choices and effectively engage in digital financial activities. By recognising and addressing the interconnectedness between digital financial inclusion, interoperability, and financial literacy, policymakers and stakeholders can work towards creating an inclusive and accessible digital financial ecosystem that promotes financial well-being for all individuals and, hence, helps improve the plight of vulnerable populations.

Secondly, the outcomes show that weak financial literacy is consistently negatively correlated with lower digital financial inclusion across all quantiles, with a more noticeable effect at higher levels of digital financial inclusion. Average financial literacy is consistently positively correlated with better digital financial inclusion, with a relatively stable effect across quantiles. Similarly, high financial literacy is consistently positively correlated with better digital financial inclusion, with a stable effect across quantiles. These findings align with existing literature on the subject. For instance, a study by Lusardi and Tufano (2015) found that individuals with low levels of financial literacy are less likely

to engage in financial behaviours such as saving and investing, which are essential components of digital financial inclusion. This lack of engagement in financial behaviours could contribute to the negative correlation observed between weak financial literacy and lower digital financial inclusion. Moreover, the positive correlation between average and high financial literacy with better digital financial inclusion is supported by research indicating that individuals with higher levels of financial literacy are more likely to adopt and effectively utilise digital financial services (Beck et al., 2017). This may be attributed to their ability to understand and navigate the complexities of digital financial platforms, leading to increased digital financial inclusion.

Thirdly, the results show that individuals with weak financial literacy are consistently more vulnerable across different quantiles, with a particularly significant impact in the lower ones. In contrast, those with average financial literacy experience a notable decrease in vulnerability across all quantiles, suggesting that basic financial knowledge is crucial for enhancing resilience. However, the impact of high financial literacy diminishes and becomes statistically insignificant at higher quantiles, suggesting that there may be a saturation point where additional financial literacy does not provide a substantial further reduction in vulnerability.

Given the above results, the following policy implications are imperative: First, the results underscore the policy implications of acknowledging the interdependence among Digital Financial Inclusion, Interoperability, and Financial Literacy. The findings recommend that to enhance Digital Financial Inclusion, policymakers should focus on simultaneously improving interoperability and financial literacy. Strengthening interoperability can amplify access and usability of digital financial services while heightened financial literacy empowers individuals to make well-informed decisions and actively participate in digital financial activities. Recognising and addressing these interconnected factors can guide policymakers and stakeholders in fostering an inclusive and accessible digital financial ecosystem, ultimately promoting financial well-being for all individuals. Second, the policy implications underscore the importance of prioritising financial literacy initiatives, as weak financial literacy consistently correlates with lower digital financial inclusion across all quantiles, particularly evident at higher levels. Policies should focus on enhancing average and high financial literacy, which consistently demonstrate positive correlations with improved digital financial inclusion, emphasising the need for comprehensive literacy programs to foster greater inclusivity across varying levels of digital financial access. Third, the findings broadly also emphasise the policy implications of prioritising financial literacy interventions, as individuals with weak financial literacy consistently exhibit higher vulnerability, especially in lower quantiles. Notably, average financial literacy leads to a significant reduction in vulnerability across all quantiles, highlighting the importance of basic financial knowledge in enhancing resilience. However, the diminishing impact and statistical insignificance of high financial literacy at higher quantiles suggest a potential saturation point, indicating that additional financial literacy may not yield substantial further reductions in vulnerability. Policymakers should focus on targeted interventions to address varying levels of financial literacy and tailor strategies to maximise the effectiveness of interventions at different quantiles.

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Table 1**The effect of financial literacy on interoperability, DFI and vulnerable populations**

Table 1 shows the Three stage least squares (3SLS) regression results of how in a step-by-step approach financial literacy impacts interoperability and interoperability in turn affects mobile phone enabled financial inclusion and ultimately how the mobile phone enabled financial inclusion affects vulnerability. The main independent variable is financial literacy. Meanwhile, for the application of the three-stage least squares the following variables are regressed on selected explanatory variables: Interoperability, digital financial inclusion, financial literacy, age, gender marital status, employment status, religion. The standard errors in parenthesis. ***, **, and * indicate statistical significance at the 1%, 5% and 10% level respectively.

VARIABLES	(1) Vulnerability Index	(2) DFI	(3) Interoperability
Digital Financial Inclusion	-3.277*** (0.565)		
Gender	-1.441*** (0.231)		0.159*** (0.0212)
Age	0.198*** (0.0114)	0.00958*** (0.00255)	-0.00650*** (0.000874)
Marital Status	-0.504*** (0.115)		
Interoperability		0.786*** (0.214)	
Region		0.0232*** (0.00784)	-0.0267*** (0.00321)
Employment Status		0.132*** (0.0241)	0.0203* (0.0104)
Financial Literacy			0.0676*** (0.00902)
Constant	3.540*** (0.403)	-1.152*** (0.175)	0.607*** (0.0487)

Observations	1,803	1,803	1,803
R-squared	0.132	-0.043	0.111

Table 2

Regression results of on the effect of financial literacy on Vulnerability and DFI: MMQR

Table 2 shows the regression results of mobile phone enabled financial inclusion and vulnerability. The MMQR estimation. The dependent variables for the analysis are measures of vulnerability (column 1-3) and digital financial inclusion (column 4-5). These are regressed on selected explanatory variables: The weak financial literacy, the average financial literacy high financial literate, employment status, and region. The parameters are estimated with the small sample adjusted standard errors in parenthesis. ***, **, and * indicate statistical significance at the 1%, 5% and 10% level respectively. The regression spans quantile 1 to 9 with results from location and scale representing the average effects and the dispersions respectively.

	Vulnerabilit y (1)	Vulnerabilit y (2)	Vulnerabilit y (3)	DFI (4)	DFI (5)	DFI (6)
location						
Weak Financial Literacy	-1.142*** (0.312)			-0.006 (0.089)		
Ave. Financial Literacy		-0.089** (0.043)			0.018 (0.025)	
High Financial Literacy			0.002 (0.040)			0.050** (0.020)
Region	-0.002 (0.011)	0.007 (0.011)	0.002 (0.011)	- 0.033*** (0.006)	-0.034*** (0.006)	-0.034*** (0.006)
Employment Status	0.173*** (0.064)	0.194*** (0.063)	0.194*** (0.064)	-0.033 (0.022)	-0.033 (0.021)	-0.033 (0.022)
Constant	0.510 (0.359)	-0.666*** (0.197)	-0.636*** (0.197)	0.287** (0.128)	0.288*** (0.089)	0.289*** (0.089)
scale						

Weak Financial Literacy	-1.114 ^{***}			0.022		
	(0.345)			(0.119)		
Average Fina. Literacy		-0.011			0.016	
		(0.051)			(0.033)	
High Financial Literacy			0.009			0.069 ^{***}
			(0.048)			(0.026)
Region	-0.037 ^{***}	-0.030 ^{**}	-0.031 ^{**}	-	-0.046 ^{***}	-0.04 ^{***}
				0.045 ^{***}		
	(0.013)	(0.014)	(0.013)	(0.008)	(0.008)	(0.008)
Employment Status	0.210 ^{***}	0.262 ^{***}	0.265 ^{***}	-0.044	-0.045	-0.045
	(0.071)	(0.075)	(0.076)	(0.029)	(0.029)	(0.029)
Constant	1.623 ^{***}	0.395 [*]	0.398 [*]	1.107 ^{***}	1.134 ^{***}	1.140 ^{***}
	(0.398)	(0.233)	(0.235)	(0.171)	(0.119)	(0.119)
Quantile 1						
Weak Financial Literacy	-0.020			-0.020		
	(0.015)			(0.015)		
Average Financial Literacy		0.008 [*]			0.008 [*]	
		(0.004)			(0.004)	
High Financial Literacy			0.006 [*]			0.006 [*]
			(0.003)			(0.003)
Region	-0.004 ^{***}	-0.005 ^{***}	-0.004 ^{***}	-	-0.005 ^{***}	-0.004 ^{***}
				0.004 ^{***}		
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Employment Status	-0.005	-0.004	-0.004	-0.005	-0.004	-0.004
	(0.004)	(0.003)	(0.004)	(0.004)	(0.003)	(0.004)
_cons	-0.418 ^{***}	-0.437 ^{***}	-0.439 ^{***}	-	-0.437 ^{***}	-0.439 ^{***}
				0.418 ^{***}		
	(0.020)	(0.012)	(0.013)	(0.020)	(0.012)	(0.013)
Quantile 2						

Weak Financial Literacy	-0.019			-0.019		
	(0.016)			(0.016)		
Ave. Financial Literacy		0.008*			0.008*	
		(0.004)			(0.004)	
High Financial Literacy			0.006*			0.006*
			(0.003)			(0.003)
Region	-0.005***	-0.005***	-0.004***	-	-0.005***	-0.004***
				0.005***		
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Employment Status	-0.006	-0.005	-0.005	-0.006	-0.005	-0.005
	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
_cons	-0.408***	-0.430***	-0.433***	-	-0.430***	-0.433***
				0.408***		
	(0.021)	(0.013)	(0.013)	(0.021)	(0.013)	(0.013)
Quantile 3						
Weak Financial Literacy	-0.019			-0.019		
	(0.016)			(0.016)		
Ave Financial Literacy		0.008*			0.008*	
		(0.005)			(0.005)	
High Financial Literacy			0.007*			0.007*
			(0.004)			(0.004)
Region	-0.005***	-0.006***	-0.005***	-	-0.006***	-0.005***
				0.005***		
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Employment Status	-0.006	-0.005	-0.005	-0.006	-0.005	-0.005
	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
_cons	-0.408***	-0.417***	-0.421***	-	-0.417***	-0.421***
				0.408***		
	(0.021)	(0.014)	(0.014)	(0.021)	(0.014)	(0.014)
Quantile 4						

Weak Financial Literacy	-0.019			-0.019		
	(0.017)			(0.017)		
Ave Finan. Literacy		0.008*			0.008*	
		(0.005)			(0.005)	
High Financial Literacy			0.007**			0.007**
			(0.004)			(0.004)
Region	-0.005***	-0.006***	-0.005***	-	-0.006***	-0.005***
				0.005***		
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Employment Status	-0.006	-0.005	-0.005	-0.006	-0.005	-0.005
	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
_cons	-0.392***	-0.415***	-0.413***	-	-0.415***	-0.413***
				0.392***		
	(0.023)	(0.014)	(0.015)	(0.023)	(0.014)	(0.015)
Quantile 5						
Weak Financial Literacy	-0.019			-0.019		
	(0.018)			(0.018)		
Ave. Financial Literacy		0.008			0.008	
		(0.005)			(0.005)	
High Financial Literacy			0.008**			0.008**
			(0.004)			(0.004)
Region	-0.006***	-0.006***	-0.006***	-	-0.006***	-0.006***
				0.006***		
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Employment Status	-0.006	-0.006	-0.006	-0.006	-0.006	-0.006
	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
_cons	-0.386***	-0.396***	-0.404***	-	-0.396***	-0.404***
				0.386***		
	(0.024)	(0.016)	(0.016)	(0.024)	(0.016)	(0.016)
Quantile 6						

Weak Financial Literacy	-0.019			-0.019		
	(0.020)			(0.020)		
Ave. Financial Literacy		0.008			0.008	
		(0.005)			(0.005)	
High Financial Literacy			0.009**			0.009**
			(0.004)			(0.004)
Region	-0.006***	-0.007***	-0.006***	-	-0.007***	-0.006***
				0.006***		
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Employment Status	-0.007	-0.006	-0.007	-0.007	-0.006	-0.007
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
_cons	-0.368***	-0.390***	-0.383***	-	-0.390***	-0.383***
				0.368***		
	(0.027)	(0.017)	(0.018)	(0.027)	(0.017)	(0.018)
Quantile 7						
Weak Financial Literacy	-0.018			-0.018		
	(0.023)			(0.023)		
Ave. Financial Literacy		0.009			0.009	
		(0.006)			(0.006)	
High Financial Literacy			0.010**			0.010**
			(0.005)			(0.005)
Region	-0.007***	-0.008***	-0.007***	-	-0.008***	-0.007***
				0.007***		
	(0.001)	(0.002)	(0.001)	(0.001)	(0.002)	(0.001)
Employment Status	-0.008	-0.008	-0.007	-0.008	-0.008	-0.007
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
_cons	-0.341***	-0.350***	-0.370***	-	-0.350***	-0.370***
				0.341***		
	(0.031)	(0.021)	(0.019)	(0.031)	(0.021)	(0.019)

Quantile 8						
Weak Financial Literacy	-0.017			-0.017		
	(0.029)			(0.029)		
Ave. Financial Literacy		0.009			0.009	
		(0.009)			(0.009)	
High Financial Literacy			0.015			0.015
			(0.021)			(0.021)
Region	-0.010	-0.010	-0.010	-0.010	-0.010	-0.010
	(0.013)	(0.014)	(0.013)	(0.013)	(0.014)	(0.013)
Employment Status	-0.011	-0.010	-0.010	-0.011	-0.010	-0.010
	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)
_cons	-0.282	-0.309	-0.287	-0.282	-0.309	-0.287
	(0.324)	(0.334)	(0.321)	(0.324)	(0.334)	(0.321)
Quantile 9						
Weak Financial Literacy	0.048			0.048		
	(0.379)			(0.379)		
Ave. Financial Literacy		0.056			0.056	
		(0.108)			(0.108)	
High Financial Literacy			0.209***			0.209***
			(0.079)			(0.079)
Region	-0.142***	-0.148***	-0.142***	-	-0.148***	-0.142***
	(0.024)	(0.026)	(0.024)	0.142***	(0.026)	(0.024)
Employment Status	-0.141	-0.145	-0.138	-0.141	-0.145	-0.138
	(0.091)	(0.092)	(0.088)	(0.091)	(0.092)	(0.088)
Constant	2.983***	3.120***	2.936***	2.983***	3.120***	2.936***
	(0.511)	(0.336)	(0.322)	(0.511)	(0.336)	(0.322)
N	1898	1898	1898	1898	1898	1898

Domestic Remittances, Household Enterprises and Household Well-Being in Ghana

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Abstract

This paper investigates the impact of domestic remittances and household enterprises on household well-being in Ghana. The study employs data drawn from the seventh wave of Ghana Living Standard Survey (GLSS 7) comprising 14,009 households located in 1,000 enumeration areas for the 2016/2017 period. We employ Ordinary Least Square (OLS) regression technique in estimating the individual impact of domestic remittances and household enterprises on household well-being as well as the interactive effect. Linear Probability Model (LPM) is used to estimate the impact of domestic remittances on household enterprises. A Two-Stage Least Square (2SLS) model is employed to solve endogeneity issues between the dependent variable and the explanatory variable. We reveal the following findings: domestic remittances improve household well-being significantly. Also, there is a significant negative impact of domestic remittances on household enterprises. Finally, the findings of interactive effect of domestic remittances and household enterprises are varied depending on the estimation technique. While the OLS results show no significant impact, the 2SLS results show a significant and positive impact of the interaction of the two key variables on household well-being. This study provides empirical evidence why policymakers need to encourage households that receive domestic remittances to diversify their income sources and invest in other income-generating activities such as household enterprises.

Introduction

Domestic remittances serve as essential sources of income to many households in developing nations. Migrants from Africa who relocate within their own countries or beyond their boundaries to other African countries or abroad play a vital role in supporting their home communities and cities by sending remittances to support their relatives (Akobeng, 2022). This phenomenon aligns with the 2030 Agenda for Sustainable Development, which identifies migration as a key factor influencing sustainable development for migrants and their societies (McAuliffe & Triandafyllidou, 2022). According to the International Organization for Migration (IOM, 2017), migrant remittances sent to their left-behind families in their home countries are directly integrated into the households' budgets and can be utilized to shield essential needs, increase consumption of both durable and nondurable goods, savings, or investment. Remittances are an important source of external funding, and a significant contributor to a country's national income (Hong & Pham, 2023 and Pham et al., 2023).

Global remittance inflows were projected to reach \$794 billion in 2022, with low-income and middle-income nations estimated to reach \$626 billion in 2022, representing 4.9% (World Bank (2022)). Sub-Saharan Africa has witnessed significant remittance inflows, with an increase of 16.4% to \$50 billion in 2021, and an estimated increase of 5.2% to \$53 billion in 2022 (World Bank, 2022). However, due to adverse global circumstances and the impact of COVID-19, remittance growth is expected to slow to 3.9% in 2023 (World Bank, 2022). Ghana has experienced positive impacts of remittances on its economy due to the growing number of Ghanaians living and working abroad (Mawutor et al., 2023 and GSS, 2023). Remittances account for more than 5% of Ghana's economy, with an estimated 600,000 households depending on international remittances (World Bank, 2022). Despite an increasing trend in remittances inflows, household well-being has declined around the world (Robert et al., 2022).

Household consumption expenditure decreased from \$49 billion in 2019 to \$47 billion in 2020, marking a decline of 4.64% globally (World Bank, 2023). According to the World Bank (2023), Ghana's household final consumption expenditure decreased by 3.2% as a percentage of GDP in

2022. African Economic Outlook (2023) projected that household final consumption expenditure will rebound and rise to 8.5% by the end of 2023.

The influence of domestic remittances on household well-being has received considerable attention in academia (Hung and Peng 2021, Teye et al, 2019 and Kangmennaang et al., 2018). Extant literature presents varied results on the effect of domestic remittances on household well-being. Some studies have discovered that remittances have a considerable influence on well-being. (Arap-gjini et al. 2020; Twumasi Baffour et al., 2021; Cuong & Linh 2018; Hung & Peng 2021; Kangmennaang et al 2018). On the other hand, several studies have revealed that remittances have no positive or significant influence on the well-being of households receiving remittances (Cuadros-Menaca et al., 2020; Cardozo et al., 2019). Previous studies in Ghana on remittances have pointed out that remittances account for a significant portion in the overall income of many households in Ghana (Quartey, 2006; Adams, 2006; Adams, Cuecuecha &Page, 2008, Adam & Cuecuecha, 2013; Yang, 2011; Adaawen & Owusu, 2013)

On the relationship between domestic remittances and household enterprises, Dary & Ustarz (2020) examine the impact of domestic remittances on the employment decisions of heads of households in rural Ghana. The results showed that domestic remittances have a negative impact on self-employment and participation in farm employment but a positive impact on family employment. Again, Katharina (2021) analyzes the net effects of remittances from internal, rural-urban migrants on self-employment and investments of left-behind families. The results show that those who live in households that receive remittances are less likely to be self-employed and made less investment in farm and non-farm assets. Ainembabazi & Kemeze, (2022) examined the relationship between remittances and job creation in family-owned enterprises. The findings revealed that households receiving remittances relative to their household income have higher employment rates of family members in family-owned businesses. On the contrary, Nanziri & Mwale (2023) investigated the potential crowd-in effect of remittances inflow on the alternative income of recipient households. The findings suggest that households receiving remittances consider remittance as a valuable form of capital that can be strategically invested in businesses, ensuring a more stable and sustainable income stream for the future.

Numerous studies have explored and found relationships between domestic remittances, household enterprises, and household well-being. However, in most cases, these relationships have been investigated independently (Seng 2015; Zereyesus et al. 2017; Ampaw et al. 2017; and Hossain and Al-Amin 2019). Limited attention has been given to the interactive effect of the relationship between domestic remittances and household enterprises on household well-being. Therefore, this study explores the interactive effect of domestic remittances and household enterprises on household well-being. This paper answers the following questions; Do domestic remittances improve household well-being? Do domestic remittances influence household enterprises? How do domestic remittances and household enterprises jointly impact household well-being? This study tests the following main hypotheses: first, there is a significant relationship between domestic remittances and household enterprises. Finally, the interactive effect of domestic remittances and household enterprises has a positive impact on household well-being.

The subsequent sections of this paper are divided into four main sections. Section (2) reviews relevant literature concerning domestic remittances, household enterprises, and household well-being. Section (3) covers the research methodology, explaining the measurement of key variables used in the study, data sources, and model specification and estimation strategy. In Section (4), the empirical results and sensitivity tests are discussed. Finally, Section (5) presents the conclusions and discusses the associated policy implications.

Review of Relevant Theories

The relationships between domestic remittances, household enterprises, and household well-being can be explained by the New Economic Labour Migration Theory (NELM), Pure Altruism, Self-Interest Theory, and Enlightened Self-Interest Theory. The New Economics of Labour Migration Theory was one of the first migration theories to establish a link between the causes of migration and the paradox of economic remittances (Adu-Darko, 2019). The theory holds that migration decisions are made not only by individuals but by larger units of people who are related, usually families and households, to maximize expected income. NELM theory argues that migration decisions are household decisions rather than individual decisions (Ma, 2019). Motivations of remittances are classified into three main motives; Pure altruism, self-interest, and enlightened self-interest (Lucas & Stark 1985; Ustarz & Issahaku, 2017; Amidu et al., 2019). Pure altruism holds that immigrants feel obligated to send money back to their families back home out of love and affection for their families left behind (Amidu et al., 2019). Altruistic immigrants send money to care for their families and to facilitate spending by sending money home, particularly in difficult times (Amidu et al., 2019; Ustarz & Issahaku, 2017). According to Lucas & Stark (1985), the reason for migration comes from selfish motives rather than the altruism of the migrants towards their families. Amidu et al. (2019) further classified self-interest motives into three categories; inheritance ambitions, investing in value-creating assets in their hometowns, and building social assets. The inheritance pattern works on the concept that inheritance is based on behaviour. Alternatively, the self-interest motive may be for migrants to send money back to invest in value-creating assets in their hometowns. In this situation, the family back home becomes a reliable agent to invest money on behalf of the migrants. Finally, the basis of self-interest posits that migrants must acquire social assets if they intend to return home. In such a case, migrants deposit money to invest in fixed assets such as land, livestock, and housing, invest in household enterprises, or invest in public goods to gain prestige or political weight. Enlightened Self-Interest claims that immigrants whose education has been sponsored by family members, philanthropists, or community members send money back to their home countries to repay the money spent on their education (Amidu et al., 2019).

Data and Methodology

Data

This study uses cross-sectional data from the Ghana Living Standard Survey 7 (GLSS 7) conducted in 2016/2017 by the Ghana Statistical Service. Currently, there are a total of seven rounds of the GLSS, with the latest being GLSS 7 conducted during the 2016/2017 period. The GLSS 7 is the preferred choice for this study because it is the most recent and it includes remittances. The Ghana Statistical Service conducted a similar survey known as the Annual Household Income and Expenditure Survey (AHIES) in 2022/2023 period covering all the variables for this study. However, the complete data for AHIES has not been published by the Ghana Statistical Service, and therefore cannot be used for this study. The seventh wave of the Ghana Living Standard Survey (GLSS 7) is a nationally representative high-rate household survey of 15,000 households from a nationwide, and regional representation in 1,000 enumeration areas (EAs). The survey covers demographic characteristics, education, employment, health, migration, dwelling, remittances, agriculture, household income, and expenditure. Out of this, 14,009 households were successfully enumerated across all enumeration areas in Ghana. The data was collected by the Ghana Statistical Service using a structured questionnaire to gather the distinct views of respondents. The sample size for this study represents all the households that recorded valid responses. However, due to missing data, the final sample size has been significantly reduced. This study is a household-level study, as a result, all demographic data utilized in the study is based on information provided by the household head.

Measurement of variables

The key variables for this study are; Domestic remittances, household enterprises, household well-being, and control variables. Domestic remittances variable is measured as the log of the total value

of remittances received by households in a year. It is also measured as a dummy variable by assigning the value of 1 if the household received remittances, and otherwise 0. Household enterprises variable is measured as a dummy which takes the value of 1 if household is engaged in household enterprises (both farm and non-farm enterprises), and 0, otherwise. According to Aziz et al. (2017), household well-being is measured using the log of the total annual consumption expenditure of households. The annual consumption expenditure of a household is calculated as the sum of all expenditures that the household has made on goods and services provided to household members over the past twelve (12) months. This indicator considers the market value of food crops grown by households for personal consumption, the value of housing rental, expenditure on non-food and durable goods, gifts, and the value of durable goods.

Table 1. Measurement of variables

Variable	Definition	Measurement	Prior Literature
Household characteristics			
Age	Age of household head	Years	Adu-Darko (2019)
Sex	Gender of household head	If Male 1; Otherwise, 0	Adu-Darko (2019), Derry & Ustaz, 2019
Marital status	Marital status of household head	If married 1; Otherwise, 0	Twumasi Baffour et al., 2021
Location	Locality of household	If Urban 1; Otherwise, 0	Twumasi Baffour et al., 2021
Region	The region where the household is situated	If household is located in a particular region 1; and otherwise, 0	Derry & Ustaz, 2019
Educational level	The highest educational level of household heads	1= basic; 2= secondary; 3= tertiary; 0 no education (reference dummy)	Quartey et al., 2019)
Health status	Health status of the household head	If household head is disabled, 1 and 0, otherwise	Katherina, (2021)
HHSIZE	Household size	Number of persons	Adu-Darko (2019)
Household Well-being			
Consumption Expenditure	Consumption Expenditures-household consumption of goods and services	The summation of all household consumption expenditures such as the value of housing rental, spending on non-food and durable goods, gifts, and the value of durable goods.	Abdul-Aziz, Sidique & Said (2017). Fami & Adnan (2020). Ahmed & Mesfin (2017)
Domestic Remittances			
Remittance	Remittances received or collected by household	Receipts of remittances by household either by cash or in kind, 1; Otherwise, 0	Paras, Kshitiz & Jorge (2020) Amidu et al. (2019)
Remittance1	Amount per capita remittances received by households per annum.	Amount in Ghana cedis	Amidu et al. (2019)
Household Enterprises			

Self-employed/ Non-farm ownership	Any member of the household worked for himself/herself, other than on a farm or raising animals.	If yes 1; Otherwise, 0	Francis, Dennis, Vida & Billy (2022).
Operating a farm/ Farm ownership	Household owns and/or operates a farm or tree planting or keeping livestock or engaged in fishing.	If yes 1; Otherwise, 0	GLSS (2017)

Analytical models and estimation strategy

To examine the relationship between domestic remittances and household well-being, the following econometric model is specified;

$$W_i = \beta_0 + \beta_1 RE_i + \beta_2 empl_i + \beta_3 gender_i + \beta_4 health_i + \beta_5 age_i + \beta_6 HHsize_i + \beta_7 marital_i + \beta_8 educ_i + \beta_9 loc_i + \beta_{10} region_i + \varepsilon_i \quad (1)$$

Where W denotes household well-being proxied by the natural log of household total annual consumption expenditure; RE denotes domestic remittances. It is used to create a dummy variable which takes the value of 1 if the household receives remittances, and otherwise 0; RE is also measured as the natural log of the total value of remittances received; $empl$ represents the employment status of the household head, $gender$ represents gender, $health$ represents health status, age shows the age of the household head, $HHsize$ represents household size, $marital$ shows the marital status, $educ$ represents the education level of the household head, loc is the geographical location of the household, $region$ represents the region of the household; the subscript i represents the household; β represents the coefficients to be estimated; and ε is the unobservable error term. To examine the impact of domestic remittances on household enterprises (farm and non-farm), the following Linear Probability Model (LPM) is specified and adopted (Katharina, 2021).

$$HE_i = \alpha + \beta RE_i + \lambda X_i + \varepsilon_i \quad (2)$$

Where HE is the dependent variable which represents the participation of a household in a household enterprise (farm and non-farm). It is used to create a dummy variable which takes the value of 1 if any of the household members is engaged in household enterprises, and otherwise 0; RE represents domestic remittances which is used to create a dummy variable by assigning the value of 1 if a household receives remittances, and otherwise 0; RE is also measured as the natural log of the total value of remittances received; X shows a vector of household and socio-economic characteristics such as age, sex, employment status, household size, location, region, educational status, marital status, etc.; the subscripts i , represents the household; ε is the unobservable error term. To check for robustness, this study tests the impact of the total value of remittances received on household enterprise by constructing RE_i as the log of the total value of remittances received by a household.

However, to examine the relationship between domestic remittances and household enterprises, the explanatory variable (domestic remittances) might have endogeneity problems due to omission errors and inverse causality in the relationship between the outcome variable and the explanatory variable

leading to bias estimates. These potential endogeneity issues are addressed using 2-Stage Least Square (2SLS) by identifying instrumental variables that correlate with the explanatory variable (domestic remittances) but have no direct impact on the outcome variable (household enterprises) other than through domestic remittances. This study employs the 2SLS technique because it addresses not only endogeneity problems and potential causality between domestic remittances and household enterprises but also non-linear and interaction terms effects, as well as other issues such as heteroscedasticity and specification errors (Mohammed & Erdal, 2022). This paper used migration networks as an instrumental variable (IV) to control for endogeneity issues between the outcome variable and explanatory variable. Remittances have been instrumented using migration networks in the previous literature (for example; Acosta, 2006; Adams & Cuecuecha, 2008; Thu et al., 2021). According to Thu et al. (2021), the effect of the migration network represents the percentage of households that receive domestic remittances and the average amount of domestic remittances received by households in a district. Migration network is measured as the share of households with migrant in a district (Acosta, 2006). The explanatory variable (Domestic remittances) represented by RE , is first regressed with the instrumental variable (migration networks) in a 2-Stage Least Square (2SLS). The predicted variable of domestic remittances, RE'' is then included as an explanatory variable in the original regression model as shown in the second stage below;

$$HE_i = \alpha + \beta RE''_i + \lambda X_i + \varepsilon_i \quad (3)$$

Where HE is the dependent variable which represents the participation of a household in household enterprises. It is used to create a dummy variable which takes the value of 1 if any of the household members is engaged in household enterprise, and otherwise 0; RE'' represents domestic remittances; X shows a vector of household and socio-economic characteristics such as age, sex, employment status, household size, location, region, educational status, marital status, etc.; the subscript i represents the household; ε is the unobservable error term. To investigate how domestic remittance and household enterprise jointly impact household well-being, the following econometric model is specified;

$$W_i = \beta_0 + \beta_1 HE_i + \beta_2 RE_i + \beta_3 (HE_i * RE_i) + \beta_4 empl_i + \beta_5 gender_i + \beta_6 health_i + \beta_7 age_i + \beta_8 HHsize_i + \beta_9 marital_i + \beta_{10} educ_i + \beta_{11} loc_i + \beta_{12} region_i + \varepsilon_i \quad (4)$$

All the other variables in the above model (equation 4) are the same as explained in equation 2 and equation 3.

Given that the dependent variable is continuous, equations 1 and 4 can be estimated using an ordinary least square (OLS) regression technique. The econometric models in Equation 4 may present issues of endogeneity leading to biased and inconsistent Ordinary Least Square (OLS) estimates. There may be issues of inverse causality in the relationship between the dependent and the independent variables, and thus, the use of an Ordinary Least Square (OLS) yields biased and inconsistent estimates (Mukong and Amadhila, 2021). The Two-Stage Least Square is used to address endogeneity issues.

Empirical results

Descriptive Statistics

The sample data shows that the proportion of male-headed households is 69% higher than that of female household heads at 31%. The distribution table also shows that 57% of the households are located in rural areas while the remaining 43% are located in urban areas. In terms of the educational status of the household heads, about 82% have had primary, secondary, and tertiary education. On the other hand, about 18% had no education. In terms of the age distribution of household heads, less than 1% falls below 18 years. Out of the sampled household heads, 43% of them fall within the range of 18-40 years. Household heads within this age category represent the majority as compared to other age categories used in this study. This shows the youthful nature of the population. Also, 38% of the household heads fall within the age range of 41-60 years. The distribution of the employment status revealed that 79% of the household heads are employed and economically active. The distribution on the health status of the household heads shows that abled-headed households are significantly higher than disabled-headed households. The disabled-headed households constitute about 3% while the abled-headed households are about 97%.

According to the frequency distribution, about 43% of the households are engaged in non-farm enterprises. The majority of the households do not engage in non-farm household enterprises. Additionally, more than 50% of the households in Ghana engaged in farm household enterprises. In general, approximately 79% of the households participate in household enterprises (both farm and non-farm) while 12% of the households do not participate in household enterprises.

According to the survey, the average age of Ghanaian household head is approximately 46 years, with a standard deviation of sixteen (16) years. The survey revealed that the youngest household head was 15 years old while 99 years being the oldest household head. In terms of the household size, the household with the highest members is 29 members with an average household size of about 4 members and a standard deviation of 3. From the sampled data, the average total household consumption expenditure is around GH\$10,422 and the standard deviation is GH\$10,283. In terms of the remittances that households receive, on average, households receive approximately GHS9328 and the standard deviation is approximately GHS3987233.

Table 2 The impact of domestic remittances on household well-being

Table 2 presents the results of the relationship between domestic remittances and household well-being using **Ordinary Least Square (OLS)** and **Two-Stage Least Square (2SLS)** regression techniques. **Household well-being (HW)** is the outcome variable which is measured as the natural logarithm of **total annual household consumption expenditure**. **The domestic remittances (RE)** variable is measured as a binary variable which takes the value of 1 if the household receives remittances, and 0 otherwise. RE is also measured as the log of total value of remittances received by a household. The log of household total annual consumption expenditure is regressed against **RE (dummy)**, **RE in GHS**, socio-economic and household characteristics (Age, Age squared, HH size, Employment status, Marital status, health status, gender, educational level, and location), and region of residence.

Estimation model Dependent variable	(1) OLS HW	(2) OLS HW	(3) 2SLS HW
RE received (Dummy)	0.013** (0.013)		
Log of RE received (GHS)		0.003*** (0.005)	
RE received (2 nd Stage)			0.056*** (0.018)
Employed HH head	0.173*** (0.016)	0.098*** (0.021)	0.172*** (.016)
Male HH head	-0.009 (.015)	-0.022 (.018)	-0.009 (.015)
Disabled HH head	-0.232*** (0.037)	-0.25*** (0.045)	-0.232*** (0.037)
HH head age	0.015*** (0.002)	0.018*** (0.003)	0.015*** (0.002)
Age squared	0*** (0)	0*** (0)	0*** (0)
HH size	0.101*** (0.002)	0.125*** (0.003)	0.101*** (0.002)
Married HH head	0.201*** (0.014)	0.176*** (0.017)	0.201*** (0.014)
Educational level			
Basic	0.058 (0.045)	0.069 (0.055)	0.06 (0.045)
Secondary	0.076 (0.047)	0.105* (0.057)	0.077 (0.047)
Tertiary	0.043 (0.05)	0.057 (0.06)	0.043 (0.05)
Urban location	0.506*** (0.013)	0.406*** (0.017)	0.507*** (0.013)
Central	0.056** (0.028)	0.056** (0.025)	0.062** (0.028)
Greater Accra	0.436*** (0.028)	0.491*** (0.026)	0.435*** (0.028)
Volta	-0.221*** (0.028)	-0.237*** (0.025)	-0.214*** (0.028)
Eastern	0.002	0.005	0.007

	(0.027)	(0.025)	(0.027)
Ashanti	0.059**	0.107***	0.06**
	(0.026)	(0.03)	(0.026)
Brong Ahafo	-0.152***		-0.15***
	(0.028)		(0.028)
Northern	-0.463***		-0.462***
	(0.027)		(0.027)
Upper East	-0.55***	-1.032***	-0.544***
	(0.027)	(0.129)	(0.027)
Upper West	-0.741***		-0.745***
	(0.028)		(0.028)
Constant	7.844***	7.775***	7.855***
	(0.071)	(0.091)	(0.071)
Observations	11284	6077	11284
R-squared	0.42	0.425	0.419

Standard errors are in parentheses

The effect of domestic remittances on household well-being

In Table 2 above, the results of the effect of domestic remittances on household well-being are presented. The results show that there is a positive and significant relationship between domestic remittances and household well-being. The OLS regression results in columns 1, and 2, and the 2SLS results in column 3 show that an increase in domestic remittances by 1%, improves household well-being of receiving households by 0.013%, 0.003% and 0.056 respectively as compared to non-receiving households. This implies that domestic remittances significantly improve household well-being. This is likely because domestic remittances provide additional income to the household, which can be used for various purposes such as improving living conditions, access to better education or healthcare, and overall increasing the well-being of the household. This study is in line with the previous studies by Quartey, 2006 and Rowland et al., 2021). For example, Rowland et al. (2021) found that inward remittances had a positive and statistically significant impact on consumption expenditure, whereas outbound remittances had a negative and statistically significant impact. On the other hand, this study is not consistent with the findings by Phillip & Selvamalai (2018) that remittance inflow had a negative and insignificant impact on household consumption expenditure.

On the relationship between the control variables and household well-being, employed household heads, age, household size, married household heads, and urban location are positively and significantly related with household well-being. On the other hand, male-headed households, and disabled household heads are negatively related with household well-being.

In addition, households located in the Central, Greater Accra, Eastern, and Ashanti regions have a positive relationship with household well-being. On the other hand, households located in the Volta, Brong Ahafo, Northern, Upper East, and Upper West regions have a negative relationship with household well-being.

Table 3 presents the results of the relationship between domestic remittances and household enterprises. **Linear Probability Model (LPM)** and a **Two-Stage Least Square (2SLS)** regression technique. **enterprise (HHE)** is the outcome variable which is labelled 1 if the household participates in household enterprise and 0 otherwise. **Domestic remittances (RE)** variable which is measured as a binary variable that takes 1 if the household receives remittances, and 0 otherwise. **RE** is also measured as the log of the total value of remittances received by a household. The household enterprises (**HHE**) variable is estimated against RE (dummy), economic and household characteristics (Age, Age squared, HH size, Urban, Employment status, Marital status, gender, educational level, and location), regions.

Estimation model	(1)	(2) LPM	(3)
Dependent variable	LPM		2SLS
	HHE	HHE	HHE
RE (Dummy)	-0.003*** (0.007)		
Log of RE1 (GHS)		-0.005*** (0.004)	
RE'' (2nd stage)			-0.054*** (0.01)
Employed HH head (dummy)	0.21*** (0.009)	0.317*** (0.014)	0.209*** (0.009)
Disabled HH head	-0.054*** (0.021)	-0.047 (0.03)	-0.053** (0.021)
Male HH head (dummy)	0.036*** (0.01)	0.019 (0.013)	0.033*** (0.011)
HH head age	0.02*** (0.001)	0.02*** (0.002)	0.02*** (0.001)
Age squared	0*** (0)	0*** (0)	0*** (0)
HH size	0.021*** (0.001)	0.027*** (0.002)	0.021*** (0.001)
Married HH head	0.079*** (0.008)	0.076*** (0.011)	0.079*** (0.008)
Educational level			
Basic	-0.036 (0.025)	-0.026 (0.036)	-0.034 (0.025)
Secondary	-0.035 (0.026)	-0.025 (0.038)	-0.033 (0.026)
Tertiary	-0.023 (0.028)	-0.013 (0.04)	-0.022 (0.028)
Urban location	-0.152*** (0.008)	-0.142*** (0.011)	-0.152*** (0.008)
Region			
Central	0.046*** (0.015)	0.044*** (0.017)	0.053*** (0.016)
Greater Accra	-0.061*** (0.016)	-0.057*** (0.017)	-0.063*** (0.016)
Volta	0.059*** (0.015)	0.053*** (0.017)	0.067*** (0.016)
Eastern	0.053*** (0.015)	0.06*** (0.016)	0.058*** (0.015)
Ashanti	-0.077*** (0.014)	-0.077*** (0.02)	-0.076*** (0.014)
Brong Ahafo	0.044*** (0.015)		0.046*** (0.015)
Northern	0.044*** (0.015)		0.046*** (0.015)
Upper East	0.106*** (0.015)	0.013 (0.086)	0.113*** (0.015)

Upper West	0.094*** (0.015)		0.09*** (0.016)
Constant	0.011 (0.04)	-0.17*** (0.06)	0.023 (0.04)
Observations	11284	6077	11284
R-squared	0.246	0.259	0.242

Standard errors are in parentheses

*** $p < .01$, ** $p < .05$, * $p < .1$

The relationship between domestic remittances and household enterprises

The results on the relationship between domestic remittances and household enterprises are presented in Table 3. The results in column 1 and column 2 show that there is a negative and significant relationship between domestic remittances and household enterprises. The LPM results in column 1 and column 2 show that an increase in domestic remittances decreases the likelihood of participation in household enterprises as compared to households that do not receive domestic remittances. This implies that households that receive domestic remittances are less likely to engage in household enterprises compared to households that do not receive domestic remittances. In column 3, a 2SLS is estimated using migration networks as an instrumental variable. The results in column 3 indicate a significant negative relationship between domestic remittances and household enterprises. This indicates that a unit increase in domestic remittances decreases the probability of households participating in household enterprises by 0.054 at a 1% significant level. This is plausible because households may channel these remittances into consumption expenditure and find it less necessary to engage in household enterprises. This study affirms the findings of Katherina, 2021; Derry & Ustaz, 2019; and Amuedo-Dorantes & Susan (2006). On the contrary, this study is not consistent with the findings of Jakhongir (2018) that households receiving remittances invest in family businesses only when this inflow is supplemented with sufficient income or savings. In terms of the control variables, employed household heads, male-headed households, age, household size, and married household heads have a positive and statistically significant relationship with household enterprises. On other hand, disabled household heads, age squared, and urban location have a negative and significant relationship with household enterprises when estimating the relationship between domestic remittances and household enterprises. In terms of the region, households located in the Greater Accra and Ashanti regions have a negative and statistically significant relationship with household enterprises. On the other hand, households located in the Central, Eastern, Volta, Brong Ahafo, Northern, Upper East, and Upper West regions have a positive and statistically significant relationship with household enterprises.

Table 4 presents the results of the joint effect of domestic remittances and household enterprises on household well-being using **Ordinary Least Square (OLS)** and **Two-Stage Least Square (2SLS)** regression techniques. *Household well-being (HW)* is the outcome variable which is measured as the natural logarithm of **total annual household consumption expenditure**. *Domestic remittances (RE)* variable is measured as a binary variable by assigning the value of 1 if the household receives remittances, and 0 otherwise, RE is also measured as the log of total remittances received by a household (**RE1**), and the interaction between domestic remittances and household enterprises (**RE*HHE**, **RE1*HHE**). The log of household total annual consumption expenditure variable is regressed against **RE (dummy)**, **RE1**, the control variables such as the socio-economic and household characteristics (Age, Age squared, HH size, Employment status, Marital status, health status, gender, educational level, and location), and the regions.

	(1)	(2)	(3)
Estimation model	OLS	OLS	2SLS
Dependent variable	HW	HE	HW
RE received (dummy)	0.005		

2nd stage: RE received	(0.016)		0.123*** (0.026)
RE in GHS		0.006 (0.005)	
HHE	0.074*** (0.015)	0.043** (0.018)	0.079*** (0.015)
RE in GHS*HHE		0.001 (0.003)	
RE received* HHE	0.004 (0.02)		0.095*** (0.026)
Employed HH head	0.189*** (0.015)	0.116*** (0.02)	0.189*** (0.015)
HH head age	0.02*** (0.002)	0.025*** (0.003)	0.02*** (0.002)
Age squared	0*** (0)	0*** (0)	0*** (0)
HH size	0.114*** (0.002)	0.134*** (0.003)	0.114*** (0.002)
Male headed	0.103*** (0.012)	0.113*** (0.014)	0.101*** (0.012)
Disabled HH head	-0.221*** (0.034)	-0.249*** (0.041)	-0.219*** (0.034)
Married HH head	0.259*** (0.02)	0.223*** (0.024)	0.259*** (0.02)
Urban location	0.482*** (0.012)	0.404*** (0.016)	0.487*** (0.012)
Educational level			
Basic	0.013 (0.014)	-0.021 (0.017)	0.013 (0.014)
Secondary	0.033* (0.019)	0.018 (0.024)	0.031 (0.019)
Tertiary	-0.002 (0.025)	-0.029 (0.031)	-0.003 (0.025)
Region			
Central	0.095*** (0.025)	0.093*** (0.023)	0.101*** (0.025)
Greater Accra	0.432*** (0.026)	0.477*** (0.025)	0.437*** (0.026)
Volta	-0.203*** (0.025)	-0.219*** (0.023)	-0.193*** (0.025)
Eastern	0.006 (0.025)	0.01 (0.023)	0.015 (0.025)
Ashanti	0.063*** (0.024)	0.112*** (0.028)	0.074*** (0.024)
Brong Ahafo	-0.167*** (0.025)		-0.158*** (0.025)
Northern	-0.467*** (0.025)		-0.47*** (0.025)
Upper East	-0.558*** (0.025)	-1.015*** (0.109)	-0.558*** (0.025)

Upper West	-0.742*** (0.026)		-0.749*** (0.026)
Constant	7.814*** (0.053)	7.685*** (0.069)	7.839*** (0.053)
Observations	13780	7592	13780
R-squared	0.418	0.421	0.416

Standard errors are in parentheses

*** $p < .01$, ** $p < .05$, * $p < .1$

The interactive effect of domestic remittances and household enterprises on household well-being

Table 4 presents the results of the interactive effect of domestic remittances and household enterprises on household well-being using total consumption expenditure as an indicator of household well-being. The results revealed that the interaction of domestic remittances and household enterprises variables does not have any significant impact on household well-being although the coefficient is positive. To test robustness, this study used the total amount of remittances received as a measure of domestic remittances as shown in column 2. The results in column 2 confirm that the interaction of domestic remittances and household enterprises does not have a significant impact on household well-being even though the coefficient is also positive. In contrast, using a two-stage least square approach to estimate the joint effect of domestic remittances and household enterprises on household well-being in column 3, the results indicate that the interactive effect of domestic remittances and household enterprises has a positive and statistically significant impact on household well-being at a 1% significant level. This indicates that when households receive domestic remittances and actively participate in household enterprises improve household well-being. This is plausible because households that receive domestic remittances and participate in household enterprises benefit from income synergy. This interaction leads to a higher total income for the household, which can lead to an improvement in overall well-being.

Conclusion

The study investigates how domestic remittances and household enterprises jointly affect household well-being. The study used data drawn from the seventh wave of the Ghana Living Standard Survey (GLSS 7) comprising 14,009 households in 1,000 enumeration areas for the 2016/2017 period. Domestic remittances variable is measured as a dummy indicating whether or not household received remittances. The natural log of the total value of domestic remittances received is also used as a proxy for domestic remittances. Household enterprises variable is measured as a dummy variable which takes the value of 1 for households that participate in household enterprises, and 0 otherwise. Household well-being is measured using the natural logarithm of total annual household consumption expenditure.

An Ordinary Least Square (OLS) and a Two-Stage Least Square (2SLS) are used to examine the relationship between domestic remittances and household well-being. With regards to the impact of domestic remittances on household enterprises, a Linear Probability Model (LPM) and 2SLS regression techniques are used. After establishing the individual effects of domestic remittances and household enterprise on household well-being, the study proceeds to examine the interactive effect of these two key variables on household well-being. The results suggest that domestic remittances improve household well-being significantly. Also, there is a negative and significant impact of domestic remittances on household enterprises. Finally, the results of the interactive effect of domestic remittances and household enterprises are mixed based on the estimation technique. The interaction between domestic remittances and household enterprises has no significant impact on

household well-being using the OLS regression technique. On the other hand, the interaction of the two key variables improves household well-being significantly in a 2SLS regression approach.

The study offers the following recommendations that are pertinent to policy, practical implementation, and future research directions. The study identified a positive and highly significant relationship between domestic remittance and household well-being. It is recommended that governments could introduce policies that incentivize or facilitate the productive use of remittances. Another recommendation is that policymakers should promote the establishment of comprehensive training and mentorship programs aimed at equipping remittance-receiving households with the skills necessary to start or expand household enterprises. Further, the results reveal that domestic remittances have a negative and significant impact on household enterprises. Therefore, it is recommended that policymakers should encourage households receiving domestic remittances to diversify their income sources and invest in other income-generating activities. Future studies should delve into the role of women in household enterprises and their empowerment through entrepreneurship.

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Interoperability and digital financial services: implication for vulnerable populations in Ghana

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Abstract

Digital financial services (DFS) globally have the potential to reduce vulnerability by providing individuals with access to formal financial services, enabling them to better manage risks, build savings, and access credit. However, the effectiveness of DFS in reducing vulnerability is greatly enhanced through interoperability. Given that several developing countries have devised strategies aimed at expanding or improving interoperability, however, very little is known about the impact of interoperability in Africa, particularly for the poor. In this paper, we examine the impact of interoperability policy and intervention in Ghana on digital financial inclusion among the vulnerable poor population. Using panel data and employing instrumental variable two-stage least square (IV2SLS) estimators which control for endogeneity, we find that interoperability has increased digital financial services access among the poor. In addition, we find the direct and indirect effect of both interoperability and digital financial services on vulnerability. However, the pathway effect through digital financial services in comparative terms is more effective than the direct effect suggesting that the interoperability effect is mainly through improving digital financial inclusion. Thus, even though interoperability aims at improving the efficiency of transactions for the entire economy, we find very strong positive impacts on the financial inclusion of the poor. Thus, inefficiencies in interoperability will have dire consequences for the financial inclusion of the poor.

Introduction

The issue of financial inclusion is very high on the development agenda as it is important to the inclusive development discussions. According to Sarma and Pais (2011), financial inclusion is a process that ensures that there is ease of access, availability, and usage of formal financial services for everyone within an economy at an affordable cost. Financial inclusivity helps enhance financial efficiency and welfare by providing secure and safe financial packages to their users. The aim of achieving financial inclusion has been facilitated by the introduction of digital financial services. Buckley and Malady

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(2015) noted that digital financial service is an important platform for cultivating financial inclusion because it has the potential to provide financial services to the underprivileged (David-West et al., 2018). There is a wide range of innovative technologies that are used to deliver digital financial services in both developed and developing economies. Particularly important in the expansion of the financial inclusion portfolio is the addition of interoperability. According to Zeng (2019), interoperability in simple term refers to the ability of two or more systems or components to exchange information and the use of the exchanged information. Interoperability aims to achieve connectivity of different systems because integration is essential and in this technological era has become a way of life for individuals and organizations (Ontolog 2018). Interoperability across systems especially mobile phones has broadened the scope of digital financial inclusion in the global south making it possible for the unserved and underserved population to have access to a range of financial products. Given the importance of digital financial inclusion and interoperability, research in this area has increased considerably (e.g., Sarma and Pais, 2011; Rana et al., 2020). Indeed, as Ozili (2018) pointed out that, the benefit of digital finance is broad as it includes financial service users, digital finance providers, governments, and the economy. More importantly, digital financial services can help in poverty reduction, access to finance, reduce the cost of financial intermediation, and expand financial access. Hence, there is no surprise in terms of the plethora of research in this field (Rana, Luthra, and Rao, 2020; Agyapong, 2021). Despite this, there appears to be a paucity of research on how digital financial inclusion and interoperability impact the lives of vulnerable populations. In identifying vulnerable populations, Rambaree & Nassen, (2020) highlight migrants, workers in the informal economy, isolated people, people with disabilities, the elderly, ethnic minorities, prisoners as well as people living in marginalized geographic areas.

A study that seeks to examine the implications of digital financial services and interoperability on the vulnerable population is critical for several reasons: First, the UNCDF (2015) posits that financial innovations such as digital financial services have the potential to increase access to affordable, safe, accessible adaptable, reliable, and usable financial services for the poor and the vulnerable. Second, the use of digital financial services through mobile interoperability helps create channels beyond bank branch networks for extending financial services to the unbanked population. Similarly, providing research evidence on digital financial services and vulnerable populations is an important starting point as policymakers need data to develop strategies to support vulnerable populations in developing countries. Indeed, expanding digital financial services to the vulnerable is critical in that they are bearing the brunt of the pandemic and need to have easy and reliable access to financial services. Therefore, the objective of this study is to examine the impact of digital financial services and interoperability on the vulnerable population.

The study contributes to the literature in several ways: First, this study identifies both the direct and indirect effects of interoperability and digital financial services on vulnerability. This contributes to the understanding of how these factors impact individuals' vulnerability, shedding light on the multifaceted nature of financial inclusion and its relationship with poverty reduction. Second, the study suggests that the indirect effect of digital financial services through interoperability is more substantial than the direct effect. This finding adds to the literature by emphasizing that the key mechanism through which interoperability improves financial inclusion is by enhancing access to digital financial services. It underscores the significance of addressing any inadequacies in interoperability to promote financial inclusion and reduce poverty. Third, the study also highlights the negative impact of inadequacies in interoperability on the financial inclusion of the poor, who already face challenges in accessing financial services. This contributes to the literature by emphasizing the importance of addressing these inefficiencies to promote financial inclusion and reduce poverty rates.

Methodology

2.1 Sampling and data collection methods

Data for this study was obtained from household-level interviews across 101 informal settlements across Ghana. The information on the classification of informal settlement neighbourhoods was obtained from Peoples Dialogue, Ghana, a Non-Governmental Organisational that focuses on informal settlements in Ghana. We combined the classification of the informal settlements from the Peoples Dialogue with that with household-level data from the Ghana Statistical Service (GSS). From the we

randomly selected 2,697 households from the 101 settlements using proportional-to-size allocation. The first wave of data was collected in March 2021 whereas the second wave of data was collected in 2022. Field enumerators visited the residents and administered the questionnaires.

Variable measurements and estimation strategy

We employ the five dimensions **vulnerability index** questionnaire provided by Acharya and Porwal (2020). The dimensions are: (1) socioeconomic vulnerability of populations; (2) demographic vulnerability; (3) housing and hygiene conditions; (4) availability of healthcare; and (5) epidemiological factors. A respondent scores 1 when s/he demonstrates or finds himself in a vulnerable situation and scores 0 when otherwise is observed. We will construct a total score of 18, with 18 denoting high vulnerability. We construct an index of 1-9 with 9 being a person with more usage of financial technology and inclusion. We measure **interoperability** as a dichotomous variable that takes the value 1 when the respondent is to have made a payment across another network and 0 when otherwise is observed. The study employs several **control variables**, including, gender, age, religion, and region that affects the relation of our interest. Our empirical analysis is divided into two parts. In the first part, we collapse the individual indicators for DFS into an index and estimate a two-stage least squares (2SLS) regression taking advantage of the panel nature of the data and addressing possible endogeneity between vulnerability, DFS, and interoperability. The 2SLS regression that we estimate is as follows:

$$DFS_{it} = \alpha + \alpha_1 \text{interoperability}_{it} + \vartheta X_{it} + \theta Z_{it} + \mu_{it} \quad (1)$$

$$\text{Vulnerability}_{it} = \alpha + \beta_1 DFS_{it} + \gamma X_{it} + \epsilon_{it} \quad (2)$$

where *Vulnerability* represents the household vulnerability index which is a continuous variable; *DFS* is an index which reflects access to digital financial services; and interoperability takes on the value of 1 if the respondent has made any transactions across networks, and 0 if otherwise. *X* denotes covariates that impacts both vulnerability and DFS such as Business Ownership, Marital status, Gender and Age. *Z* is an exogenous variable which impacts only access to DFS but does not have a direct impact on vulnerability, and its impact on vulnerability is only through DFS. Precisely, *Z* in our estimated model are region and employment. μ and ϵ are error terms that are bivariate and normally distributed with zero mean and variance-covariance matrix that allows for cross-equation correlations. Thus, in the first stage of the jointly estimated model (Eqn 1), we estimate the impact of interoperability on access to DFS, and then in the second stage (Eqn 2) the impact of DFS (controlling for its predicted value) on vulnerability. The first stage results help us to report the determinants of access to DFS in Ghana, whereas the second stage results reflect the determinants of household vulnerability and how DFS access impacts vulnerability. Overall, we contend that while region can impact the development and adoption of digital financial services, vulnerability is influenced by a broader set of socio-economic factors that extend beyond the digital financial ecosystem.

Results and discussion

Descriptive statistics

In this sub-section, the summary statistics on all variables used by the study are presented. Specifically, the number of observations, standard deviation, maximum, minimum, and mean values of variables are presented (see Table 1). From Table 1, it can be seen that the average values are: for vulnerability index, (5.37 out of 10), digital financial services (9.08e-09 out of 1), interoperability (34.6%), business ownership (60.6%), Gender (39.8%), Married (2.49%) and an average age of 38 years. The total observation involved in this study is 2, 698. Additionally, this study sampled respondents from 11 out of the 16 regions of Ghana. People from the Greater Accra region made up roughly 38.75% of our sample, making it the region with the highest representation in this study, according to the regional distribution of our sample. The sample sizes for the other research regions, which ranged from 1% to 10%, were fairly representative of those regions. The figures presented above are taken from Table 1

Table 1: Descriptive statistics of variables

Variable	Obs	Mean	Std. Dev.	Min	Max
Vulnerability Index	1916	5.367	2.913	1	10
DFS Index	1898	9.08e-09	1	-.458	2.183
Interoperability	1803	.346	.476	0	1
Business Ownership	1916	.606	.489	0	1
Gender	2698	.398	.49	0	1
Age	2698	38.221	13	18	89
Marital Status	2698	2.492	1.176	1	5

Baseline regression results

In this sub-section, we show two-stage least squares regression results of the effect of interoperability on digital financial services in Ghana. It is noteworthy that none of the findings from the results show under-identification, weak identification, or overidentification, which is indicative of the suitability of our instruments and requirements. Additionally, the total probability values of all of our regressions are significant, demonstrating a high level of model fitness. It should be noted that all standard errors are resistant to serial correlation and heteroscedasticity.

First–Stage Results: The effect of interoperability on digital financial service (DFS)

Table 2 relates the first stage of our investigation and shows how the households in the various regions of Ghana have made a payment to another network other than their networks termed as interoperability affects their activities regarding their involvement in digital financial services transactions in the era of the Covid-19 pandemic. In this section, we regress interoperability against various domains of activities relating to digital financial services. In this instance, we control age, marital status, and business ownership. The results from Table 2 show a significant and positive relationship between interoperability and the composite index of digital financial services in one breadth. This is suggestive of the fact that interoperability can impact in several ways because different mobile money systems are connected through interoperability, greatly extending the scope and network effect of digital financial services. Users of one platform have access to a greater clientele and can conduct business with a wider variety of people and organizations, improving the usefulness and worth of the service. Additionally, it can remove the necessity for consumers to carry around multiple mobile phones or multiple mobile money accounts for various platforms. It makes it easier for consumers to transfer and receive money between platforms, increasing the convenience and accessibility of digital financial services for a larger population. Once more, it is essential for expanding financial inclusion. It enables users to conduct transactions with people and companies utilizing various mobile money services, even in places where only a single platform is dominant. This makes it possible for underprivileged groups to access and use digital financial services, particularly individuals who live in rural areas or places with weak financial infrastructure. Additionally, it encourages rivalry among mobile money service providers. When users have a variety of platforms to choose from, service providers are encouraged to enhance their offerings, provide aggressive pricing, and innovate to draw and keep clients. This fuels the development and enhancement of digital financial services as a whole. The capacity to integrate with other service providers, such as e-commerce sites, utility bill payment systems, and merchant payment solutions, is made possible via interoperability. With more alternatives and ease for users' financial transactions, this integration broadens the range of services that may be accessed through mobile money. Even more, it can make it easier for consumers to send and receive money globally using various mobile money platforms by facilitating cross-border transactions and remittances. This can greatly minimize the expenses and difficulties involved with using conventional remittance methods, hence fostering financial inclusion and family and individual economic empowerment. This reasoning is consistent with similar findings in the literature (Amidu et al., 2023; Pazarbasioglu et al., 2022; Rantos et al., 2020; Wang & Fu, 2022).

In another breadth, the results show a further significant and positive effect, on three of the individual domains of digital financial services (i.e., mobile money borrowing during COVID-19, mobile money borrowing after COVID-19, and mobile money tax payments). This also indicates that first, interoperability makes it possible for people and companies to obtain loans from a wider variety of lenders. The link between several mobile money platforms allows borrowers to engage with lenders

who offer a variety of loan products at low interest rates. By enabling lenders to transfer money directly to borrower mobile money accounts—instead of using cumbersome intermediaries or real cash—it also simplifies the loan distribution procedure. The period for loan disbursement is shortened thanks to this simplification, which also improves efficiency and lowers administrative expenses.

Third, it increases loan availability for underrepresented groups, such as those who live in rural locations or have little access to conventional financial institutions. Mobile money services enable those who were previously shut out of traditional lending channels to obtain loans, fostering financial inclusion and economic empowerment. Additionally, traditional banking services may experience operating difficulties or limitations during times of crisis. By offering a different channel for borrowing, mobile money interoperability makes sure that people and businesses can still access crucial financial services even when there are disruptions. Indeed, while, new transaction taxes may introduce additional cost considerations for users, interoperability remains a fundamental aspect of digital financial services. It enables users to continue utilizing the benefits of mobile money, such as convenience, accessibility, and expanded service offerings, even in the presence of tax-related changes.

Second-Stage Results: The effect of DFS on vulnerability without controlling for interoperability.

In this section, we in turn explore the influence of digital financial services on vulnerability. The results displayed in Table 3, which relates to the second stage of our investigations and shows the results of the relationship between the composite index for digital financial services and the composite index of vulnerability on one hand, and the relationship between the individual constituents of digital financial services and the composite index of vulnerability on the other. It can therefore be observed from the same table that the digital financial services index significantly and negatively influences vulnerability. The results suggest that digital financial services, such as mobile banking and online marketplaces, can create economic opportunities for vulnerable populations. They can access financial resources, credit, and marketplaces to start or expand their businesses, diversify their income sources, and improve their livelihoods. This reduces their vulnerability by increasing their economic resilience and reducing dependence on a single income stream. More so, it can provide access to formal financial services for individuals who were previously excluded from the traditional banking system. By providing services such as mobile money accounts, digital wallets, and online banking, vulnerable populations, including those in remote areas or with limited physical access to banks, can securely store and manage their money. This reduces their vulnerability to theft, loss, or physical damage associated with cash handling. Digital financial services empower individuals by giving them control over their finances. They can save, make payments, access credit, and engage in other financial transactions conveniently and securely. This financial empowerment reduces vulnerability by enabling individuals to better manage their resources, plan for the future, and build economic resilience. It can also provide enhanced security compared to cash transactions. Digital platforms use encryption, multi-factor authentication, and other security measures to protect user information and transactions. This reduces the risk of theft or fraud and enhances the safety of individuals' financial resources. Many digital financial service providers offer educational resources and tools to enhance financial literacy and awareness. By improving individuals' understanding of financial concepts, such as budgeting, savings, and managing debt, digital financial services help vulnerable populations make informed financial decisions, reduce financial risks, and protect themselves from exploitation or scams. Generally, digital financial services reduce vulnerability by increasing financial access, empowerment, security, and opportunities for individuals and communities. They provide tools and resources to manage and protect finances effectively, enabling individuals to become more resilient in the face of financial challenges and uncertainties. This aligns with findings from other studies (Chen et al., 2022; Chipunza & Fanta, 2023; Nampewo et al., 2016; Wang & Fu, 2022; Yang et al., 2023).

Second, despite obstacles, having a phone enables households to receive vital information via text messages, allowing them to stay updated on the latest news from the government and the weather as well as health advisories. Access to this information enables households to reduce risks, plan for crises, and make informed decisions. Households can call for help in an emergency if they have a phone, even in places with spotty network coverage or expensive call charges. Mobile money services or digital

wallets, also make financial transactions easier by giving users access to banking services, payments, and economic activity. These qualities improve one's ability to manage their finances, stay safe, and find work. Owning a phone enables families to keep in touch with one another via calls and texts, offering emotional support and access to resources during trying times. Additionally, it makes it possible to receive crucial services via phone calls or text messages, thereby meeting fundamental demands and minimizing vulnerability brought on by the lack of easy physical access to service providers. Having a phone gives households access to vital information, emergency communication, financial transactions, social connections, and necessary services, notwithstanding consumption issues. These advantages help people become more resilient and less vulnerable in all facets of life. Other related studies have shown similar results (Lai et al., 2018; Mulliner, 2009; Shih et al., 2008)

Third, Mobile money services give those who might not have access to traditional banking services access to fundamental financial tools like digital wallets and mobile banking. With the help of this addition, households can safely manage their finances, access savings accounts, and conduct transactions without using actual currency. Households are better able to manage their finances, make long-term plans, and are less vulnerable to financial shocks when they have access to formal financial services. Money Transfers and Financial Assistance: Remittances are frequently sent using mobile money services, enabling households to receive financial assistance from relatives living in distant regions or nations. This influx of cash can lessen vulnerability by adding more funds for necessities like food, shelter, and healthcare as well as investments in businesses that generate revenue. This makes it unnecessary to travel to actual locations, cuts down on travel time and costs, and makes services accessible even in remote areas. Mobile money transactions make it easier and more affordable for households to meet their financial obligations, which lessens their vulnerability to expensive or restricted access to financial services. Some studies have revealed similar findings in the literature (Afawubo et al., 2020; Ashfaq et al., 2020; Echeverri & Salomonson, 2019; Koomson et al., 2020; Merritt, 2011; Munyegeera & Matsumoto, 2016).

Regarding borrowing made by households using mobile money platforms and how that influences vulnerability, the results show that both pre and post-borrowing activities have negative and significant strength and level of significance of the effect post covid borrowings reducing vulnerability, being greater than the pre-covid-91 periods. Thus, individuals have access to rapid and convenient credit facilities thanks to mobile money borrowing. They can use it to borrow money for a variety of things, including covering urgent costs, investing in businesses that generate income, and filling temporary financial gaps. People who have access to credit through mobile money can better manage unforeseen financial demands and are less vulnerable to cash flow issues or dependence on high-interest informal lenders. Comparing borrowing via mobile money platforms to more conventional ways, transaction costs are frequently lower. Administrative costs, paperwork, and in-person visits to financial institutions are frequently reduced. This availability and affordability help to lessen the vulnerability brought on by exorbitant borrowing fees, voluminous paperwork, or drawn-out procedures. Access to funds is quick and handy with mobile money borrowing. Individuals can seek and receive loans quickly, frequently in just a few minutes, because of the digital nature of mobile money transfers. When there are crises or immediate financial demands, this promptness and convenience can be crucial, minimizing susceptibility. Borrowing with mobile money might help a person establish their credit history and digital footprint. Through mobile money platforms, consistent and responsible borrowing behaviour can build a credit history, which can improve access to formal financial institutions and future borrowing opportunities. Increasing people's financial options and lowering reliance on informal or predatory lenders, enhances financial inclusion and decreases vulnerability. Borrowing with mobile money frequently has built-in management and tracking tools. Individuals can access financial management tools, track their loan repayments, and create reminders to access financial management tools through mobile money apps. This lowers vulnerability to over-indebtedness or financial mismanagement by encouraging responsible borrowing, improved financial planning, and increased control over debt. Particularly, after covid, where online non-physical transactions have become the norm, individuals can quickly adjust to the new normal. Literature has produced similar findings (Björkegren & Grissen, 2018; Koomson et al., 2022; Nampewo et al., 2016; Security et al., 2013).

On the issue of the responses in mobile money behaviour of households to the introduction of mobile money taxation, the results similarly, depict negative and significant effects on vulnerability. The implication of these results suggests that despite the introduction of a new mobile money tax, an individual's vulnerability can still be reduced in the following ways: Mobile money services have a track record of promoting financial inclusion by providing access to formal financial services to previously unbanked or underbanked individuals. Even with the introduction of a new tax, mobile money platforms can continue to play a vital role in expanding financial inclusion. The tax may lead to adjustments in transaction costs or service fees, but the underlying benefits of accessing formal financial services, such as secure storage, convenient transactions, and access to credit, can still contribute to reducing vulnerability. Mobile money providers may respond to the new tax by introducing innovative service offerings to mitigate the impact on users. They may explore options such as discounted transaction fees, loyalty programs, or value-added services to maintain affordability and incentivize usage. These initiatives can help individuals continue to benefit from mobile money services while minimizing the financial burden imposed by the tax. Furthermore, Governments and regulatory bodies can implement measures to offset the impact of the mobile money tax on vulnerable individuals. They may introduce targeted subsidies, exemptions, or waivers for specific groups or transactions that are deemed essential. This can help ensure that vulnerable individuals can still access mobile money services without being disproportionately burdened by the tax. Individuals and consumer advocacy groups can engage in advocacy efforts to voice their concerns and influence policy decisions related to the mobile money tax. By actively participating in discussions, raising awareness about the potential impact on vulnerable populations, and proposing alternative solutions, individuals can contribute to shaping policies that mitigate the negative effects of the tax and protect their interests. Therefore, while the introduction of a new mobile money tax may present challenges, the continued benefits of financial inclusion, innovative service offerings, government support programs, financial education, diversification of financial tools, and advocacy efforts can help individuals reduce their vulnerability despite the tax. It is important to foster an enabling environment that promotes inclusive and affordable financial services, even in the presence of taxation measures. Similar findings have been reported by other studies (Kanobe et al., 2017; Lees & Akol, 2021; Okello Candiya Bongomin et al., 2019).

The effect of DFS on vulnerability controlling for interoperability.

This sub-section demonstrates the effects of digital financial services on vulnerable populations taking cognizance of the influence of interoperability. We assess this relationship from two dimensions. Firstly, the relationship between the composite index of digital financial services on the composite index of vulnerability, as captured in Table 4 shows that the influence of interoperability, on the overall digital financial services negatively and positively affects vulnerability. This implies as explained earlier digital financial services improve financial access, empowerment, security, and possibilities for people and communities, digital financial services lessen vulnerability overall. They give people the means and resources needed to successfully manage and safeguard their finances, making them more robust to problems and uncertainties in this area. It is worth noting that, given the intervention of interoperability the coefficient changes slightly from (0.271 to 0.211), which means interoperability slightly reduces the potency of digital financial services to reduce the vulnerability of individuals. Secondly, the impact of the individual components of digital financial services on vulnerability given the influence of interoperability, as can be observed from Table 4 shows that even though many of the digital financial services domains remain significant two of them have turned to be significant. This means interoperability can lead to the fragmentation of digital financial services, particularly if there are multiple providers with varying levels of service quality, coverage, or reliability. This fragmentation can result in inconsistent user experiences, limited-service availability in certain areas, or interoperability challenges. As a result, individuals may face difficulties in accessing and utilizing digital financial services effectively, diminishing their potential to reduce vulnerability. Interoperability can also introduce complexities and confusion for users. When different providers and platforms are interconnected, individuals may encounter difficulties navigating through multiple systems, interfaces, or transaction processes. This complexity can deter individuals, particularly those with lower digital literacy or limited technological resources, from fully engaging with digital financial services. As a consequence, their ability to reduce vulnerability through these services may be hindered. In some cases, interoperability requirements and technical constraints can restrict providers' ability to innovate

and customize their services. Providers may need to prioritize interoperability standards over developing new features or tailoring services to meet specific user needs. This limitation on innovation and customization can limit the effectiveness of digital financial services in addressing the unique vulnerabilities faced by individuals in different contexts or situations. Furthermore, interoperability can introduce security and privacy concerns, particularly when sensitive financial and personal information is shared across multiple platforms. The exchange of data between different providers can potentially increase the risk of data breaches, identity theft, or unauthorized access. Concerns about security and privacy may discourage individuals from fully engaging with digital financial services, reducing their ability to leverage these services for vulnerability reduction. Aside from that, interoperability requires a robust regulatory framework to ensure fair competition, consumer protection, and the establishment of interoperability standards. Inadequate or insufficiently enforced regulations can result in a lack of trust among users, reluctance to adopt digital financial services or inadequate safeguards for vulnerable individuals. Without effective regulatory oversight, interoperability may not effectively address vulnerabilities and could even exacerbate them. This is in line with similar findings in the literature (Echeverri & Salomonson, 2019; Koomson et al., 2020; Munyegera & Matsumoto, 2016).

In the specific instance, whereas seen in the results the usage of mobile money and borrowing before COVID-19 turning out not to be significant, a variety of reasons could account for this including the consideration that Interoperability between different mobile money service providers can introduce complexities in conducting transactions. Users may face challenges in navigating through different systems, interfaces, or processes, which can lead to confusion and difficulty in executing transactions. This complexity can deter individuals from utilizing mobile money services effectively, reducing their ability to access and manage funds, make payments, or engage in financial activities that could alleviate their vulnerability. Also, interoperability may result in variations in service availability among different mobile money providers. Not all providers may be interconnected or have equal coverage in certain areas, particularly in remote or underserved regions. This can limit individuals' access to mobile money services, hindering their ability to conduct transactions, borrow, or access financial products that could contribute to vulnerability reduction. Not forgetting that implementing interoperability often incurs costs for mobile money providers, which can be passed on to users. This could manifest as increased transaction fees or additional charges, making the utilization of mobile money services more expensive for individuals. Higher costs may discourage users from engaging with the services, reducing their willingness to borrow or conduct transactions, thereby impacting their ability to leverage mobile money for vulnerability reduction. Given the technicalities surrounding interoperability, it requires technical integration and coordination among different mobile money platforms. Technical challenges or inconsistencies in interoperability implementations can lead to service disruptions, transaction failures, or delays. Unreliable service experiences can dampen individuals' confidence in mobile money services, making them hesitant to rely on such platforms for borrowing or other financial activities to alleviate vulnerability. Indeed, interoperability challenges can restrict individuals' access to borrowing opportunities through mobile money services. If interoperability is not well-established or supported by lenders, individuals may have limited options for accessing credit or loans across different providers. This limitation can hinder their ability to borrow for business investments, emergencies, or other purposes, potentially exacerbating their vulnerability. This is also in sync with other studies (Björkegren & Grissen, 2018; Koomson et al., 2020, 2022; Okello Candiya Bongomin et al., 2019; Security et al., 2013).

Conclusions and Policy Implications

In this study, we investigated the nexus between interoperability and digital financial services on one hand, decomposing the analysis into how interoperability affects digital financial services in its entirety using an index and also based on the individual dimensions of digital financial services. On the other hand, the study also examined the impact of digital financial services on the vulnerability, and exposure of slum populations after the COVID-19 pandemic. We employed data from 101 informal settlements across 11 out of the 16 administrative regions of Ghana. The survey data was collected in two different periods from the same households: one during the Covid-19 restrictions and two, when the Covid-19 restrictions were relaxed. We also employed the instrumental variable two-stage least squares estimation technique. Our findings show that interoperability improves digital financial services generally and in

particular, it improves household borrowing during crises and most importantly after emerging from crises. It also facilitates the individual's ability to cope with shocks with the payment of mobile money taxes. (Electronic Transaction levy was imposed in the 2022 Government of Ghana fiscal budget). However, it does not help address the fundamental issues of ownership and challenges with the usage of phones and the underlying usage of mobile money services. The study also found digital financial services as a solid strategy for reducing the vulnerability of households in Ghana, during and after the pandemic. This study further reveals that joint implementation of interoperability with digital financial services reduces the potency of the ability of the services to alleviate the vulnerabilities of slums in Ghana.

For policy purposes, we recommend that priority should be given to the digitization of financial services first because even though interoperability is a valuable goal for expanding financial access and improving efficiency, prioritizing digital financial services allows for a phased approach that addresses immediate needs and lays the groundwork for successful interoperability implementation in the future. It ensures that the necessary infrastructure, regulations, and market conditions are in place to maximize the benefits of interoperable systems. We also recommend that to address the challenges of interoperability and ensure that it does not hamper the effectiveness of mobile money services and borrowing, it is important to focus on improving the user experience, enhancing service availability, minimizing transaction costs, and establishing robust technical and regulatory frameworks. Collaboration among mobile money providers, financial institutions, and regulatory bodies is crucial to overcome interoperability barriers and ensure that individuals can fully leverage mobile money services, borrowing, saving lending, and other opportunities to be able to reduce their vulnerability. Furthermore, it is important to note that while addressing the challenges of interoperability can help mitigate some negative effects, addressing the underlying causes of vulnerability in digital financial services, such as affordability (for instance to be able to even own a phone and a type that is easy to use and can facilitate the usage of mobile money services), trust, and infrastructure limitations. Thus, policy interventions require a comprehensive approach involving collaboration between stakeholders, experts, regulatory oversight, and policymakers to tailor these measures to the country's unique circumstances.

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Table 3: Second-Stage Results: The effect of Digital Financial Services on Vulnerable populations controlling for interoperability.

	Total vulnerability	Total vulnerability	Total vulnerability	Total vulnerability	Total vulnerability	Total vulnerability	Total vulnerability
Age	-0.135**	-0.148**	-0.127**	-0.148**	-0.143**	-0.140**	-0.134**
	(0.055)	(0.059)	(0.053)	(0.059)	(0.057)	(0.056)	(0.056)

DFS index	-0.211** (0.098)						
Interoperability	-0.250 (0.199)	-0.403* (0.220)	-0.331 (0.202)	-0.425* (0.221)	-0.348* (0.207)	-0.271 (0.200)	-0.296 (0.212)
Business Ownership	-0.071 (0.201)	-0.084 (0.206)	0.019 (0.205)	-0.083 (0.206)	-0.082 (0.205)	-0.073 (0.203)	-0.197 (0.199)
Gender	0.394* (0.222)	0.403* (0.229)	0.449** (0.227)	0.379* (0.229)	0.378* (0.226)	0.382* (0.224)	0.334 (0.221)
Marital Status	1.268*** (0.326)	1.349*** (0.356)	1.182*** (0.314)	1.345*** (0.356)	1.314*** (0.341)	1.283*** (0.331)	1.24** * (0.340)
Phone Ownership		-1.492* (0.858)					
Phone Challenge			- 1.401*** (0.364)				
Momo use				0.318 (0.757)			
Borrowing precovid					-0.271 (0.248)		
Borrowing poscovid						-0.589** (0.263)	
Momotax							-0.38*** (0.089)
_cons	7.311*** (1.237)	9.140*** (1.623)	8.364*** (1.444)	7.392*** (1.514)	7.615*** (1.300)	7.596*** (1.286)	7.790*** (1.285)
<i>Observations</i>	1785	1803	1785	1803	1803	1803	1803
R ²	-0.460	-0.531	-0.396	-0.535	-0.508	-0.486	-0.443
F-stat	8.202	7.934	10.165	7.656	7.739	7.902	10.640
F-stat p-values	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Id-stat	63.315	58.971	68.834	58.889	60.681	62.177	59.068
Id-stat p-values	0.000	0.000	0.000	0.000	0.000	0.000	0.000
C-D	32.081	29.840	34.932	29.798	30.720	31.491	29.890
Hansen J stat	1.603	1.041	0.761	1.219	1.465	1.753	1.905
Hansen J p-values	0.206	0.308	0.383	0.270	0.226	0.185	0.167
Endogeneity stats	44.181	45.773	42.528	45.669	45.874	44.818	41.033
Endogeneity p-values	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Note(s): Robust standard errors in parentheses; * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$; Id refers to Kleibergen-Paap LM test for under identification; C-D and R-K refer to Cragg Donald and Kleibergen-Paap Wald F tests for weak identification respectively. The C-D and R-K test values are greater than all the Stock-Yogo weak ID test critical values, which are not reported for brevity but are available upon request. Hansen J refers to Hansen test for overidentification; Endog stat. refers to the Durbin-Wu-Hausman test for endogeneity.

Table 4: Direct Effect: The effect of Digital Financial Services on Vulnerable populations without controlling for Interoperability.

	Total vulnerability Score	Total vulnerability Score	Total vulnerability Score	Total vulnerability Score	Total vulnerability Score	Total vulnerability Score	Total vulnerability Score
Age	-0.132** (0.055)	- 0.148** (0.062)	- 0.130* (0.057)	- 0.149** (0.062)	- 0.142* (0.058)	-0.137** (0.056)	- 0.132** (0.058)
DFS index	-0.271** (0.107)						
Phone Ownership		-1.490* (0.857)					
Phone Challenge			- 1.48** (0.374)				
Momo use				- 1.404** (0.500)			
Borrowing precovid					- 0.485* (0.276)		
Borrowing poscovid						-0.755*** (0.289)	

Momotax							- 0.471** * (0.089)
Business Ownership	-0.235 (0.188)	-0.250 (0.195)	-0.140 (0.193))	-0.211 (0.196)	-0.242 (0.193))	-0.235 (0.190)	- 0.376** (0.185)
Gender	0.328 (0.210)	0.309 (0.215)	0.366* (0.214))	0.336 (0.219)	0.306 (0.214))	0.315 (0.212)	0.256 (0.204)
Marital Status	1.292*** (0.339) (1.232)	1.403** (0.390) (1.667)	1.248* (0.345) (1.499))	1.393** (0.386) (1.698)	1.352* (0.357) (1.308))	1.307*** (0.344) (1.288)	1.269** (0.362) (1.305))
<i>Observations</i>	1898	1916	1898	1916	1916	1916	1916
<i>R²</i>	-0.475	-0.567	-0.442	-0.562	-0.534	-0.501	-0.457
<i>F-statistics</i>	10.952	10.259	13.31 7	10.686	10.164	10.604	14.894
<i>F-statistics p-values</i>	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<i>Id stat</i>	59.685	52.557	59.05 0	53.374	56.925	58.843	53.967
<i>Id p-values</i>	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<i>C-D</i>	30.205	26.545	29.87 8	26.963	28.784	29.769	27.267
<i>Hansen J</i>	0.389	0.070	0.083	0.075	0.315	0.449	0.551
<i>Hansen J p-values</i>	0.533	0.791	0.773	0.784	0.574	0.503	0.458
<i>Endogeneity stats</i>	46.626	46.787	43.53 9	46.981	48.762	47.480	41.939
<i>Endogeneity p-values</i>	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Note(s): Robust standard errors in parentheses; * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$; Id refers to Kleibergen-Paap LM test for under identification; C-D and R-K refer to Cragg-Donald and Kleibergen-Paap Wald F tests for weak identification respectively. The C-D and R-K tests values are greater than all the Stock-Yogo weak ID test critical values, which are not reported for brevity but are available upon request. Hansen J refers to Hansen test for overidentification; Endog

Bank performance and real sector productivity in East Africa

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Abstract

This paper seeks to establish the linkages between bank performance and real sector productivity. We use data for five East African countries (Ethiopia, Kenya, Rwanda, Tanzania, and Uganda) for the period 2014–2022. We initially deploy the traditional panel fixed effects regression and subsequently the instrument variable fixed effects estimation for robustness checks. Our results show a robust negative nexus between the banking sector performance and real sector productivity. Second, we find that noninterest charges are the major channel of transmission of adverse effects from the banking sector to real sectors such as manufacturing, while the interest channel tends to transmit positive effects especially to the services sector. Based on these findings, we make several policy recommendations.

Introduction

The banking sub-sector plays the crucial role of intermediating financial resources in an economy. The intermediation role broadly constitutes a dichotomy of activities: first, banks facilitate mobilization and accumulation of resources (savings) by minimizing transaction costs and diversifying risks; and secondly, they efficiently allocate the accumulated resources to enterprises to facilitate their productive activities (Lucchetti, Papi, & Zazzaro, 2001). If done efficiently, banks' borrowing rate (reward to savers) should be at the level that minimizes the opportunity cost of saving for economic agents appropriating a surplus of funds (mostly households), and the lending rate should be at a level that minimizes the cost of capital for economic agents appropriating a deficit (e.g., enterprises). Thus, by efficiently conducting their resource accumulation and allocation roles, banks should earn no more than the "normal" profit on their intermediation activities and facilitate the maximization of output of productive enterprises. In a well-functioning economy, therefore, it is expected that banks' economic profits (e.g., net profit margin) and accounting profits (e.g., return on assets) would be closely related to real sector productivity¹.

In the East African region, the banking sector has witnessed sustained growth over the last decade or so. For example, FRED² data show that Kenya's banking sector, the largest in the region, had assets valued at 49.2% of the country's gross domestic product (GDP) as of 2020, having grown from 41.7% a decade earlier (2010). Rwanda witnessed the largest growth in the sector, with assets worth 33.7% of GDP in 2020 up from 13.8% in 2010. Uganda recorded modest growth from 14.9% of GDP in 2010 to 21.1% in 2020; while Tanzania's banking sector shrank marginally to 17.9% of GDP in 2020 from 18.1% in 2010. For Ethiopia, the most recent data also report rapid growth from 16.4% of GDP in 1995 to 23.6% in 2008. Expectedly, the expansion in the region's banking sector has been accompanied by increasing return on assets, as Figure 1 shows.

However, the pace of growth in real GDP per capita does not appear commensurate with the rapid change in the size of the banking sector, growing from about USD 445 in 2010 to 811 in 2020 for Ethiopia, the least advanced sampled economy; and from about USD 1342 in 2010 to 1616 in 2020 for Kenya, the most developed economy in the region by GDP. Importantly, despite the banking sector's fairly large size relative to the countries' economies, there is an apparent disconnect between its performance and the productivity of the region's real sectors.

The overall relationship is a lot more intricate. Business cycle fluctuations affect the performance of real sectors and hence the creditworthiness of borrowers, which may, in turn, affect the performance and stability of the financial sector (Zabavnik & Verbi, 2021). Thus, an analysis of this nature must control for potential endogeneity in the relationship.

² Federal Reserve Bank of St. Louis.

The weak relationship is further illustrated in Figure 1, which plots 2022 data. As the figure illustrates, there is an apparent negative relationship between banks' aggregate return on average equity (ROAE) and real sector productivity, represented by manufacturing value added (correlation: -0.14), services value added (-0.44) and agriculture value added (-0.20), all expressed as a percent of GDP. Furthermore, banks' return on average assets (ROAA) appears negatively correlated with agriculture value added (-0.84), positively correlated with manufacturing value added (0.70), and shows no discernible relationship with services value added (0.06).

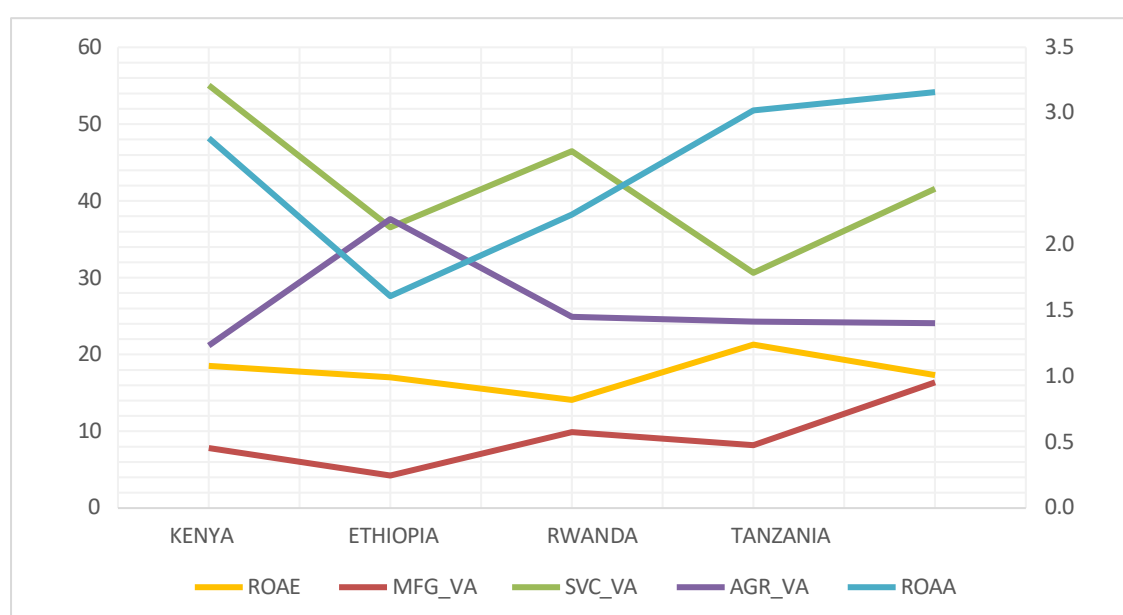


Figure 1: East Africa – Banking sector and the real economy, 2022

Thus, the relationship between banking sector performance and real sector productivity not only appears to reflect sectoral heterogeneity but also to depend on the proxy used for banking sector performance. These observations raise several fundamental questions. (1) What is the nexus between banking sector performance and real sectors' productivity? (2) What inform(s) the basic relationship between banking sector performance and productivity of real sectors? (3) Through which channels do banking sector performance affect real sector productivity, if at all? We attempt answers to these questions in the context of the East African region, where, as observed, the nature of the nexus is not clear, and an empirical investigation has not been conducted in the literature. We run our empirical tests on a panel of five countries (Ethiopia, Kenya, Rwanda, Tanzania, and Uganda) sampled on the basis of data availability.

In the literature, the evidence on the bank-real economy nexus appears mixed with some studies showing negative effects running from banks to the real economy (e.g., Cecchetti & Kharoubbi, 2019; Gerali, Neri, Sessa, & Signoretti, 2010), others showing positive effects (e.g., Lucchetti et al., 2001); while some argue that causality may run from the real economy to the banking sector (Zabavnik & Verbi, 2021). Further, many studies in the literature simply establish a correlation between the two sectors without interrogating the possible channels of transmission between them (Chang, Jia, & Wang, 2010). An understanding of the linkages between bank performance and productivity of real sectors is critical for the East African region where small businesses especially in the extractive sectors often regarded as highly risky by formal lenders (see e.g., Kodongo, 2018), command a large share of the

economy. For example, a recent USAID report³ documents that the agriculture sector employs more than 40% of the total population and more than 70% of the population in rural areas.

We document several interesting results. Broadly, bank profitability is negatively related to productivity growth (proxied by log-change in the value added per capita) in the manufacturing and services sectors but has no discernible relationship with productivity growth in the agriculture, fisheries and forestry sector. The latter finding can be explained by the neglect of the agriculture sector by commercial banks, which regard the sector as riskier than other sectors due to its exposure to seasonal forces (Kodongo, 2018). In more specific terms, our results show that a unit increase in banks' return on assets lowers productivity growth by about 5 percentage points [i.e., $\exp(-0.052) - 1$] in the manufacturing and services sectors. A similar change in the return on equity lowers productivity growth by about 1 percentage point in both sectors.

Interestingly, we find that an increment of 1 unit in banks' cost efficiency (cost-to-income ratio) raises productivity growth in the manufacturing sector by 0.7 percentage points. This finding appears consistent with arguments in the Schumpeterian model (Schumpeter, 1934: 95) that "better functioning banks improve resource allocation and accelerate total factor productivity growth" (Lucchetti et al., 2011). That is, our finding here appears to indicate that efficiency gains in the banking sector would be beneficial if the cost savings could be passed through to real sectors, for instance, in the form of lower non-interest charges. Speaking of which, our results also show that noninterest charges are the more effective channel through which the negative effects of bank profitability are transmitted to real sector productivity. Depending on the profitability measure, noninterest channel accounts for between 1 and 15% in the manufacturing sector, and between 2% and 29% in the agriculture sector, of the negative effects of bank profitability on sectoral productivity growth. Contrarily, we find that the interest channel transmits positive effects of bank profitability, of between 0.5% and 29%, to productivity growth in the services sector, implying that banks possibly find it easier to price risk in the sector given its lower exposure to both seasonal and cyclical risk.

Hypotheses development

Stylized facts

A strand of theoretical literature typified by Bernanke & Gertler, (1989) and Kiyotaki & Moore (1997) explore the effect of frictions such as information asymmetry on entrepreneurs' ability to raise capital. Kiyotaki & Moore (1997) model a dynamic economy in which durable assets (e.g., land) serve as factors of production and as collateral for credit. In such a world, a feedback relationship exists in which collateralized asset prices affect borrowers' credit limits, while credit limits also affect prices of such assets. In this regard, the dynamic interaction between credit limits and collateralized asset prices is a key transmission mechanism by which the real effects of financial market shocks persist, and cascade.

Bernanke & Gertler (1989) develop a theoretical model that attributes linkages between the financial and real sectors to agency costs (e.g., lender monitoring), which vary in response to borrower (firms and households) net worth. Agency costs increase in recessions when borrower net worth (and creditworthiness) falls and fall in booms when borrower net worth rises. Agency costs also respond to borrower creditworthiness shocks, such as debt deflation that reduces the values of borrower collateral, which are independent of shocks to economic output. Therefore, in an environment with agency costs, shocks to borrower net worth and concomitant changes in agency costs (in the financial sector) lead to investment fluctuations and cyclical persistence (real sector) that affect aggregate supply and aggregate demand. Some of the more recent studies speak directly to the role of the banking subsector (Ferri, Murro, Peruzzi, & Rotondi, 2019).

The empirical implications of many of these theoretical proposals have been examined by a litany of studies that explore them using various aspects of the financial system such as monetary policy and interest rates (e.g., Harvey, 1997; Lapp, 1997) financial development (e.g., Arcand, Berkes, & Panizza, 2015; King & Levine, 1993; Rajan & Zingales, 1998), secondary markets (e.g., Gilchrist & Zakrajšek, 2012), and primary markets (e.g., Paglia & Harjoto, 2014). Given our study's focus, our core empirical review is bent toward studies that have related one segment of the financial markets – the banking

sector – to the real economy. The interesting study of Gerali, Neri, Sessa, & Signoretti (2010) sought to ascertain, among others, the role of banks in moderating the transmission of monetary shocks. They find that through sticky bank rates, which delay the impact of policy rate changes on consumption and investment, bank intermediation attenuates the response of output to monetary policy shocks; however, banks also act as a channel through which factors that push up the cost of credit, or lower credit availability to the private sector, may propagate negative shocks to output.

Cecchetti & Kharoubbi (2019) examine the nexus between credit growth and growth in real output. Their model, build on the assumption that riskier projects yield higher average rates of return and entrepreneurs' project choices depend on their current and future abilities to borrow, and predicts that entrepreneurs choose safer and less productive projects in times of fast growth in credit, which slows the real output. The study's empirical tests fail to refute their postulations, documenting a robust negative nexus between credit growth and growth in the real economy, with causality running from the financial sector to the real sectors.

For developing countries, Chang, Jia, & Wang (2010) test the effect of centralized fund reallocation to regions, by four dominant banks in China, on regional economic performance; they find no relationship between the two variables and between bank loans in general and economic growth; however, these relationships are time-varying with a sample of more recent years showing a weak positive relationship, which they attribute to China's market-oriented reforms of the banking sector. And in a recent panel study of ASEAN, Ho & Saadaoui (2022) document a non- linear relationship between bank credit and economic growth in which an expansion in bank credit induces economic growth up to a threshold level of 96.5% (credit-to-GDP ratio)⁴ beyond which the effect is insignificant but positive. The results suggest that finance has a diminishing effect on economic growth in the region. Guided by the findings of the foregoing studies, we formulate the first hypothesis for the study:

Hypothesis 1: There is a negative relationship between bank profitability and real sector productivity.

Ahn & Sarmiento (2019) recently attempt to identify the impact of bank liquidity shocks on real economic activity in Colombia. Exploring letters of credit as a channel of transmission to import transactions during the 2008/2009 global financial crisis, they find that adverse bank liquidity shocks play a significant role in the weak performance of Colombia's import sector. Arguing that efficiency metrics captures banks' allocative functions better than volume-based metrics (e.g., credit to deposits ratio), Lucchetti, Papi, & Zazzaro (2001) explore the linkages between bank efficiency (proxying bank development) and real output growth; they provide strong evidence that bank development promotes real economic growth. Following these results, we formulate the study's second objective as follows:

Hypothesis 2: There is a positive relationship between bank efficiency and real sector productivity.

Finally, it is also important to acknowledge evidence suggesting that causality may run from the real economy to the banking sector: in a recent study, Obiora et al. (2022) shows that economic development (GDP) has an effect on commercial bank lending, bank lending rates, domestic credit to the private sector, and nonperforming loan portfolios, of banks in Sub-Saharan Africa and in some developed economies. In sum, the literature on the nexus between banks and the real sector is extensive, with most studies proxying the banking sector by variables such as credit growth and cost of credit and private sector lending. The literature has, however, tended to ignore the possible linkages between the accounting performance of banks and real sector productivity. This is the gap that our study seeks to fill. Accounting performance is important because bank managers' incentives, and hence decisions, are built around it. Such decisions impact banks' contractual relationships with real sector firms and, by extension, alignment of objectives between the banking sector and the real sectors that they finance.

Transmission mechanisms

Suppose that banks were the only source of enterprise finance. Thus, as argued, banks' allocation role, if done efficiently, should optimize real sector production. That is, if banks allocate the pool of accumulated resources to deficit appropriators (innovative enterprises) at a price (lending rate) that

reflects no more than the fair price of the enterprises' risk and lenders' normal profit, holding constant frictions such as transaction costs and taxes, aggregate investment increases as the net present values of more of enterprises' available investment opportunities turn positive. Thus, by efficiently conducting their resource accumulation and resource allocation roles, banks' interest rate margin is optimized, and they earn a "normal" profit on their intermediation activities and facilitate the maximization of real sectors' output.⁶ In this regard, we argue that bank performance (e.g., profitability) affects real sector productivity⁷ through the interest margin (see e.g., Fredriksson & Moro, 2014). We refer to this relationship as the interest rate channel.

Hypothesis 3: The interest rate margin plays an important mediation role in the relationship between banks' profitability and to real sector productivity in East Africa

Another channel through which the performance of banks can affect the productivity of real sectors is non-interest income (fees, commissions, loan closing/initiation costs, currency spreads, and the like). For example, banks may charge higher loan closing fees to increase the yield on a loan when there are frictions in the market such as lending rate caps that restrict their ability to appropriately price credit risk (see e.g., Ostas, 1976), or due to market forces such as increased competition, or low credit demand, that artificially restricts their ability to charge appropriate interest rates on risky borrowers' successful loan applications. Loan closing fees reduce the net proceeds on a loan to enterprises and households, possibly compelling them to spend less than the optimum amount on their planned investment or consumption. Thus, by increasing loan yields, closing fees improve banks' performance but may reduce enterprise performance/productivity and lower the welfare of household credit consumers.

Hypothesis 4: Noninterest charges of banks mediate the relationship between banks' profitability and to real sector productivity in East Africa

Understanding transmission mechanisms between bank performance and the real sectors is important for East Africa, where lending rates on personal loans and on loans to perceived riskier sectors (such as agriculture and micro, small and medium enterprises, MSMEs) are often sticky downwards (Nampewo, 2021), bank borrowing rates often low, and the banking business environment characterized by information asymmetry (Boateng, Asongu, Akamavi, & Tchamyou, 2018). Indeed, wide interest spreads were partly responsible for Kenya imposing caps on banks' lending and borrowing rates between 2016 and 2019. Through this policy, the government hoped to address pervasive "bad banking" practices (Friedman, 1970) then considered to impede savings, and to induce greater allocation of credit to younger, riskier sectors, the government's intention being to realize improved capital formation, growth in private sector credit, and economic expansion (Alper, Clements, Hobdari, & Moya, 2020).

Such frictions however have the ability to distort the market mechanism (Jaffee & Russell, 1976) and, predictably, banks responded to the restrictions by rationing credit to various private sectors, increasing lending to the public sector (Safavian & Zia, 2018), and changing their borrowing terms by setting higher threshold rolling account balances on which interest could be earned by household savers. In the process, bank profits were smoothed while many real sectors of the real economy were starved of credit (Alper et al., 2020), and potentially suffered productivity losses. These observations raise the prospects that bank performance may not be aligned to the productivity of real sectors.

Methodology and data

Baseline analysis

Economic theory postulates high levels of interdependency between the financial sector and the real economy (Benhabib, Liu, & Wang, 2019; Bond, Edmans, & Goldstein, 2012) especially during crises (Bernanke, 2018; Bond et al., 2012; Kaminsky & Reinhart, 1999). Although the typical study has tended to link this complex relationship to monetary policy (Borio & Zhu, 2012; Gertler & Karadi, 2015), other studies demonstrate that innovations in the financial sector that are, in some cases, exogenous to monetary policy may also affect the real economy (Guiso, Sapienza, & Zingales, 2004; Jokipii & Monnin, 2013). Our study conceptually leans towards the latter set of studies. Our baseline analysis exploits the estimation of the following empirical specification:

$$y_{it}^s = \beta_0 + \beta_1 y_{i,t-1}^s + \beta_2 \pi_{it} + \beta_3 x_{it} + \eta_i + \theta_t + \varepsilon_{it} \quad (1)$$

where $y_{it}^s = \ln(Y_{it}^s) - \ln(Y_{i,t-1}^s)$, $y_{it} = \ln(Y_{it})$, such that Y^s is the per capita value added by sectors in US dollars; Y is GDP per capita; π is the measure of bank performance as a percentage of a well-understood balance sheet metric; x is a vector of control variables; η_i and θ_t respectively represent cross-sectional fixed effects and time effects; and ε is the error term. We add the lagged dependent variable to minimize possible endogeneity arising from simultaneity between GDP per capita and sectoral value added as well as to control for momentum in real sector productivity. For example, the supply-leading hypothesis posits that the establishment and development of robust financial systems contribute towards productive investments (Agosin, 2023). Thus, we estimate Eq. (1) using the standard fixed effects procedure in the first instance. The fixed effects procedure allows us to control unobserved country-level developments that may not be explicitly modelled. The method is also preferred as it offers an opportunity to mitigate the omitted variables problem. However, because the method and adding a lagged dependent variable do not eliminate the endogeneity problem which may arise, in the current study, from both the omitted variables and possible cross-causality, we also use the instrument variable (IV) estimation.

We control for potential channels through which the real sectors interact with banks; in particular, following Lucchetti et al. (2001), we include a credit channel variable, namely, bank credit to the private sector as a proportion of total credit to the private sector. Consistent with the economic growth literature (e.g., Acemoglu, Gallego, & Robinson, 2014), we also include a measure each of human capital, proxied by Mo Ibrahim's human development index, and institutional quality, proxied by an index of regulatory quality (ability of government to formulate and implement sound policies and regulations that promote private sector development). Following Nanivazo, Egbendewe, Marcelin, & Sun (2021), we control for macroeconomic stability (inflation, proxied by log difference in consumer price indexes), and trade openness (total external trade divided by GDP), which can affect firm performance because of reduced consumer purchasing power (inflation) and by availing the firm of external markets for its produce, or intensifying product market competition due to foreign firms' entry (trade openness).

Finally, we include a "Kenya" variable to capture the financial sector-real sector effects for Kenya, our main country of interest. The Kenya variable is constructed by first defining a dummy variable that takes the value of 1 when the country is Kenya and 0 elsewhere; then multiplying the dummy by the relevant bank performance metric.

As indicated, we hypothesize two channels of transmission of bank performance to the real sector performance: interest rates and noninterest income. We test each of the two channels in this section by re-estimating Equation (1) using the component of bank performance explained, $\hat{z}$, respectively, by interest income on loans (as a percentage of average gross customer loans and advances), and noninterest income (as a percent of revenues), and a constant.⁸ That is, we estimate the following specification.

$$y_{it}^{s,h} = \beta_0 + \beta_1 y_{i,t-1}^{s,h} + \beta_2 \hat{z}_{it} + \beta_3 x_{it} + \eta_i + \theta_t + \varepsilon_{it} \quad (2)$$

In the context of our discussion, $\hat{z}$ is understood as the extent to which banks "extract" from their customers using the interest spread and yield-increasing commissions and fees. We expect β_2 , the coefficient of $\hat{z}$, to be negative and significant if credit is unfairly priced and if noninterest income is used by banks to realize monopoly profits by increasing yields beyond banks' normal profit. Like Equation (1), we also estimate this empirical model using the fixed effects procedure.

Data

We measure bank performance using several aggregated proxies including banks' return on average assets, return on average equity, return on equity constructed from reporting banks' income before tax, and cost-to-income (or efficiency) ratio.⁹ The data for banks are obtained from Bank Focus, which reports

them directly from the source banks' financial statements. We perform the analysis at the sectoral level for the real sectors. The productivity of real sectors is measured using sectoral value added per capita. We control a number of potential macroeconomic factors that can affect the underlying relationship between the financial and real sectors. The control variables include gross domestic product (GDP) per capita, credit to the private sector by banks, human development index, Consumer Price Index (CPI) inflation, trade openness (constructed as total trade as a proportion of GDP), and a measure of state governance, regulatory quality. The sectoral data and data on all the control variables (other than the human development index, which is obtained from the Mo Ibrahim Foundation's website, are sourced from World Bank's World Development Indicators. The variables are discussed in detail and motivated in Section 3.2. a full definition of variables and sources of data is presented in Table A1 of the Appendix.

The study is executed through a panel regression on five East African countries (Ethiopia, Kenya, Rwanda, Tanzania, and Uganda, chosen on the basis of data availability) using annual data for the period 2014–2022, the longest period for which aggregated bank performance data are available on Bank Focus. The panel is unbalanced. Table 1 reports the summary statistics. The mean value added for the three broad economic sectors in the East African region ranges from approximately USD 84 [i.e., $\exp(4.43)$] per capita for manufacturing to approximately USD 428 [$\exp(6.06)$] for Services. These production efforts are generally low compared to those of most developing countries even within Sub-Saharan Africa, where, South Africa, for example, reports an average for the period of USD 740 in manufacturing value added per capita for the same period

Table 1: Summary statistics

	Obs.	Mean	Std. dev.	Min	Max
Manufacturing value added, per capita (log)	45	4.43	0.53	3.10	5.10
Services value added, per capita (log)	45	6.06	0.45	5.40	7.05
Agriculture ¹ value added, per capita (log)	45	5.53	0.27	5.14	6.10
Banks' return on average equity (%)	45	15.61	8.67	-2.88	43.79
Banks' returns on average assets (%)	45	2.05	0.79	-0.45	3.17
Banks' return on equity, using PBT ² (%)	45	20.90	10.42	1.06	54.72
Banks' interest income on loans ³ (%)	45	11.86	2.65	3.20	17.01
Banks' noninterest income ⁴ (%)	45	29.82	4.80	20.41	45.35
Banks' cost-to-income (efficiency) ratio (%)	45	56.41	10.25	33.91	76.43
Gross domestic product per capita (log)	45	6.90	0.34	6.32	7.65
Credit to private sector by banks (% of GDP)	34	20.51	8.56	12.30	36.65
Human development index	45	55.17	5.05	47.10	63.70
Regulatory quality (index)	40	-0.43	0.36	-1.10	0.19
Consumer price inflation (%)	44	6.41	4.70	-0.39	23.78
Trade openness (% of GDP)	45	38.15	9.16	24.01	60.38

¹ Includes Forestry and Fishing. ² Profit and loss before taxes. ³ Expressed as a percentage of average gross customer loans & advances. ⁴ Expressed as a proportion of operating revenues.

Comparatively, banks' return on average equity averages 15.61%, the interest income on loans stands at almost 12% of average customer loans and advances, and the noninterest income averages almost 30% of operating revenues. With the exception of the return on equity, whose standard deviations are quite high, reflecting greater variability across countries, the variability of the rest of the performance metrics is generally low. This shows a tendency for East African countries to cluster around a central value, making them good candidates for panel analysis. Judging by these numbers alone, a pattern begins to emerge in which East African banks' performance does not appear to reflect quite closely in the performance of the economies' real sectors, which they fund. This reinforces the question raised in this paper regarding the possible lack of fairness in the pricing of banks' products and/or costing of

Table 2: Correlations

	1	2	3	4	5	6	7	8	9	10	11	12
1 Banks' return on average equity	1.											
2 Banks' returns on average assets	0.72	1.										
3 Banks' return on equity, using PBT ¹	0.98	0.68	1									
4 Banks' interest income on loans ²	-0.30	-0.09	-0.37	1								
5 Banks' noninterest income ³	0.35	0.32	0.38	-0.14	1							
6 Banks' cost-to-income (efficiency) ratio	-0.82	-0.76	-0.81	0.47	-0.38	1						
7 Gross domestic product per capita	-0.15	0.20	-0.12	-0.13	0.32	-0.23	1					
8 Credit to the private sector, by banks	0.35	0.27	0.41	-0.42	0.10	-0.62	0.74	1				
9 Human development index	-0.15	-0.48	-0.09	-0.45	-0.26	0.18	-0.42	-0.04	1			
10 Regulatory quality	-0.66	-0.26	-0.67	0.25	-0.51	0.53	0.07	0.19	0.16	1		
11 Inflation	-0.10	0.13	-0.11	0.16	0.04	0.09	-0.15	-0.40	-0.26	0.03	1	
12 Trade openness	-0.22	-0.13	-0.20	-0.16	-0.51	0.18	-0.32	0.07	0.44	0.69	0.15	1

services and its possible adverse consequences on real sector productivity. On the control variables, the average GDP per capita is USD 992, over the study period, confirming the low-income classification of the bulk of the countries in the sample.¹⁰ Credit to the private sector by banks averages a paltry 21% of GDP, again indicating that banks are possibly rationing credit to most sectors, choosing to deal only with the least credit risk clients who must, however, pay heavily to access the credit (given the high interest income on loans discussed earlier). One of the factors that may explain a “highly priced” banking products and services banks’ confidence, or lack thereof, in the enforcement of contracts in their country of operations. Thus, we use a state governance variable – regulatory quality – to have some understanding of the environment of banks’ operations in East Africa: the negative average value for the region¹¹, and a low standard deviation showing that most countries in the sample are indeed on the negative side, indicates possible weak enforcement of regulations and contracts in the region; this increases “global” risk, attracting a high (sovereign) premium loading on credit for all borrowers.

Table 2 reports the pairwise correlations for the explanatory variables used in the study. There is an expectedly high correlation between the bank performance variables with the two return-on-equity metrics, for example, reporting a correlation of 98%. The high correlations justify our empirical approach in which such variables enter the equation interchangeably. Surprisingly but interestingly, the operating efficiency metric is very strongly negatively correlated with most of the return measures, suggesting the possibility that banks’ high returns (see Table 1) are not as a result of their efficient operations but the result of unfair intermediation practices in which banks operate with unjustifiable operating costs (e.g., excessive executive compensation) while customers are unduly burdened by interest and noninterest charges to cover those costs. In general, the correlations are low, providing no reason to suspect multi collinearity in the estimated model.

Empirical results

Baseline analysis

The first set of baseline empirical tests results are presented in Tables 3, 4, and 5. We start our analysis from the broad relationships of interest for East Africa. In Table 3 and Table 4, the results show a negative and largely significant relationship between the banking sector performance and real sector productivity in the region. An increment of 1 unit (i.e., 1 percentage point) in the return on average bank assets, for instance, elicits a 5 % [i.e., $\exp(-0.052) - 1$] reduction in productivity

growth (log change in value added per capita) in the manufacturing sector and in the services sector, while a 1-unit increment in the return on average equity of banks elicits 1% [$\exp(-0.010) - 1$] and 0.9% [$\exp(-0.009) - 1$] reduction, respectively, in productivity growth of the two sectors. A more stable measure of performance for banks' equity capital providers is the return on equity using earnings before taxes because it captures the effort and decisions of banks' managerial team while excluding the effects on income of exogenous effects of government's tax choices. Thus, the effect of this return metric yields a more appropriate indicator of bank managers' decisions on the productivity of real sectors. The results show that an increment in this metric by 1 unit is associated with a fall in real sector productivity of approximately 0.7% and 0.8%, respectively, for the manufacturing and services sectors.

Table 3: Fixed effects results for the Manufacturing sector

Dependent variable: change in manufacturing value added per capita				
	(1)	(2)	(3)	(4)
Lagged dependent variable	-0.133 (0.186)	-0.129 (0.189)	-0.136 (0.206)	-0.171 (0.179)
Banks return on average equity	-0.010* (0.003)			
Banks return on average assets		-0.052* (0.019)		
Banks' return on equity (using PBT)			-0.008* (0.003)	
Cost-to-income (efficiency) ratio				0.007* (0.003)
Kenya\$	0.001 (0.012)	-0.006 (0.074)	0.004 (0.010)	-0.007 (0.010)
GDP per capita	0.967* (0.352)	0.953* (0.341)	0.844 (0.404)	0.978* (0.398)
Credit to private sector by banks	0.006 (0.010)	0.003 (0.009)	0.006 (0.010)	0.016 (0.015)
Human development index	-0.004 (0.014)	-0.007 (0.012)	0.006 (0.013)	-0.006 (0.029)
Regulatory quality	0.440 (0.272)	0.462 (0.282)	0.432 (0.342)	0.405* (0.146)
Inflation	0.001 (0.008)	0.002 (0.008)	0.001 (0.007)	0.005 (0.006)
Trade openness	0.016* (0.006)	0.016* (0.007)	0.015 (0.008)	0.011* (0.004)
Constant	-7.04** (1.84)	-6.65** (1.89)	-6.61* (2.49)	-7.48** (1.49)
Country fixed effects	Yes	Yes	Yes	Yes
Time effects	Yes	Yes	Yes	Yes
R-squared	0.01	0.02	0.01	0.01

PBT is profit/loss before tax. *, $p < 0.1$; **, $p < 0.05$; ***, $p < 0.01$. Standard errors in parentheses.

The effects are mute for the agriculture, forestry and fishing sector (see Table 5). This is not surprising. To illustrate, Central Bank of Kenya's (CBK) Annual Supervision Report 2022 documents that the country's agriculture sector had one of the lowest allocations of commercial bank credit, accounting for only about 2.4% of total credit.¹² Given such a noticeable neglect of the sector by banks, which speaks to (a possibly erroneous) information about the sector's financing risk, it is not unreasonable to expect that the productivity of potentially the most important extractive sector¹³ in the East African economy would not be closely linked to bank profitability. This result is consistent with previous studies' (e.g., Kodongo, 2018), which document strong negative effect of banking regulations (e.g., capital adequacy requirements) on lending to the agriculture sector in Kenya and show that credit allocation policies of banks with larger market power (proxied by the Lerner index) tend to ignore the agriculture sector. Since banks with larger market shares tend to shape the aggregate banking sector's profitability, the sector's performance must be uncorrelated with the agriculture sector's productivity.

Table 4: Fixed effects estimation results for the Services sector

Dependent variable: change in services value added per capita				
	(1)	(2)	(3)	(4)
Lagged dependent variable	0.071 (0.073)	0.080 (0.074)	0.021 (0.153)	-0.145 (0.094)
Banks return on average equity	-0.009** (0.002)			
Banks return on average assets		-0.052*** (0.007)		
Banks' return on equity (using PBT)			-0.007** (0.002)	
Cost-to-income (efficiency) ratio				0.001 (0.002)
Kenya	0.018* (0.007)	0.105* (0.040)	0.055 (0.041)	-0.005 (0.009)
GDP per capita	0.762 (0.383)	0.768 (0.352)	0.865* (0.325)	-0.381 (0.308)
Credit to private sector by banks	0.015** (0.004)	0.012** (0.004)	-0.021* (0.007)	-0.001 (0.008)
Human development index	-0.002 (0.012)	-0.006 (0.011)	-0.017 (0.020)	-0.002 (0.017)
Regulatory quality	0.129 (0.177)	0.125 (0.172)	0.177 (0.162)	0.268 (0.258)
Inflation	-0.012** e(0.002)	-0.011** (0.002)	-0.005 (0.002)	0.013** (0.003)
Trade openness	0.014** (0.003)	0.013** (0.003)	0.010 (0.005)	-0.008** (0.002)
Constant	-5.903* (1.995)	-5.601* (1.817)	-5.003* (1.980)	3.111 (1.934)
Country fixed effects	Yes	Yes	Yes	Yes
Time effects	Yes	Yes	Yes	Yes
R-squared	0.15	0.16	0.15	0.01

PBT is profit/loss before tax. *, $p < 0.1$; **, $p < 0.05$; ***, $p < 0.01$. Standard errors in parentheses.

The cost-income ratio, a measure of banks' operational efficiency, report mixed findings. The efficiency metric is positively and significantly related to the manufacturing sector's value added per capita (Table 3). A plausible implication of this finding is that an efficient banking sector can pass through its operational efficiency benefits to borrowers in the manufacturing sector (for instance, in the form of lower fees on services), which can in turn exploit the resulting savings to magnify the positive effect of borrowed capital

on their productivity. The bank efficiency measure does not, however, appear to have any discernible effects on the productivity of services (Table 4) and agriculture (Table 5) sectors.

Table 5: Fixed effects estimation results for the Agriculture, Fisheries, and Forestry sector

Dependent variable: change in agriculture, forestry, and fishing value added per capita				
	(1)	(2)	(3)	(6)
Lagged dependent variable	-0.145 (0.094)	-0.148 (0.093)	-0.159 (0.086)	-0.097 (0.061)
Banks return on average equity	0.001 (0.002)			
Banks return on average assets		0.008 (0.010)		
Banks' return on equity (using PBT)			0.001 (0.002)	
Cost-to-income (efficiency) ratio				-0.002 (0.001)
Kenya	-0.005 (0.009)	-0.031 (0.058)	-0.004 (0.007)	0.013* (0.005)
GDP per capita	-0.381 (0.308)	-0.381 (0.304)	-0.355 (0.336)	-0.350 (0.277)
Credit to private sector by banks	-0.001 (0.008)	0.000 (0.007)	0.001 (0.007)	-0.008 (0.007)
Human development index	-0.002 (0.017)	-0.001 (0.016)	-0.001 (0.018)	-0.016 (0.019)
Regulatory quality	0.268 (0.258)	0.271 (0.270)	0.292 (0.307)	0.042 (0.111)
Inflation	0.013** (0.003)	0.013** (0.003)	0.013** (0.003)	0.013*** (0.002)
Trade openness	-0.008** (0.002)	-0.008* (0.003)	-0.008* (0.003)	-0.009*** (0.001)
Constant	3.111 (1.934)	3.036 (1.958)	2.853 (0.260)	3.731* (1.293)
Country fixed effects	Yes	Yes	Yes	Yes
Time effects	Yes	Yes	Yes	Yes
R-squared	0.01	0.01	0.01	0.30

PBT is profit/loss before tax. *, p < 0.1; **, p < 0.05; *, p < 0.01. Standard errors in parentheses.**

As mentioned, the foregoing discussed relationships speak broadly to the East African region. Yet, since Kenya, being the most developed economy in the region by GDP per capita, and with the largest banking presence¹⁴ in the region, it is interesting to establish whether the relationships identified equally apply to it. The result show (Table 3) that, regardless of the measure of bank performance used, there is no relationship between the performance of the banking sector and the productivity of the manufacturing sector. This finding is consistent with anecdotal evidence and with intuition: Figure 2 reports estimates of recent GDP growth rates for the two sectors – financial and manufacturing – reported in CBK's recent Annual Supervision Report 2022. The data, for the period 2021 and 2022, are observed on a quarterly frequency. Consistent with our results, the figure shows weak interdependence in the real GDP growth rates (performance) of the two sectors with a correlation coefficient of only 0.116! Elsewhere, the relationship between bank performance and sectoral value added is positive when significant, for Services (Table 4, columns 1 and 2) and for Agriculture (Table 5, last column), suggesting complementarity between the banking and real sectors. Thus, our baseline results suggest heterogeneity at the country and sectoral levels in the elasticities of East Africa's real economies to banking sector performance.

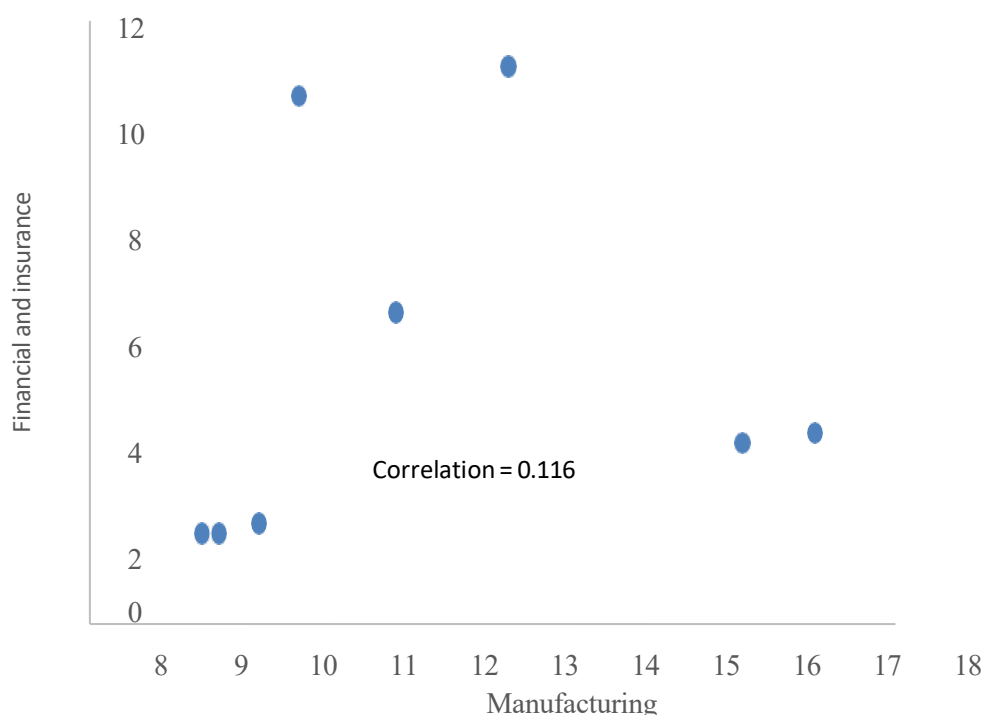


Figure 2: Scatter graph of manufacturing and financial sector growth, Kenya 2021-22
Data source: Central Bank of Kenya, 2022

Of the control variables, trade openness appears to report the most interesting and intuitively appealing findings. It is largely positive and significant for manufacturing and services productivity (Table 3 and Table 4) and negative and significant for agriculture (Table 5). The latter finding can be explained in the context of theoretical propositions made in studies such as Young (1991), which hypothesize that opening up to trade might hurt the economy if it specializes in sectors with dynamic comparative disadvantage. The external trade of East African economies is dominated by extractive sectors with agriculture and minerals playing a key role. In the typical case, exports comprise largely of unprocessed raw materials such as coffee (Ethiopia, Uganda), tea (Kenya, Rwanda), and gold (Tanzania), whose prices are externally determined. The low levels of value addition weaken the competitiveness of the agriculture sector and exposes it to the adverse effects of trade openness. Contrarily, although small relative to the GDPs of these economies, manufacturing and services sectors are better placed to exploit the benefits of external trade which expands their end-markets and broadens their customer base.

Transmission mechanisms

The results of our empirical tests based on Equation (2) are reported in Table 6 through Table 8. In Table 6 and Table 8, the results report findings that are consistent with the interpretation that the noninterest channel has been used effectively by banks in East Africa to drive their earnings beyond what would be regarded as normal profit, which hurts borrowers. rough which the negative effects of bank profitability are transmitted to real sector productivity. Depending on the profitability measure, noninterest channel accounts for between 1% and 15% in the manufacturing sector, and between 2% and 29% in the agriculture sector, of the negative effects of bank profitability on sectoral productivity growth. The practice of using noninterest income to boost earnings has been rife since the adoption of Basel regulations as banks seek not only to diversify their income sources but also to grow their income while concurrently avoiding excessive risk-taking (e.g., Abedifar et al., 2018). On the average (Table 2), noninterest income constitutes almost 30% of East African banks' total revenues. From borrowers' perspective, noninterest income (e.g., loan initiation, or closing, costs; prepayment penalties; and ledger fees) increases the

costs of operating an account and servicing credit. When these levies are high, they negatively affect the ability of borrowers to effectively put to use the borrowed capital, resulting in productivity losses.

Table 7, however, documents a different observation for firms in the services sector. The results show that noninterest income cannot be regarded as a channel through which banks' performance affects productivity of the services sector. Rather, we find that the interest channel transmits positive effects of bank profitability, of between 0.5% and 29%, to productivity growth in the services sector. A possible interpretation of this is that firms in the services sector are broadly deemed as less risky than firms in agriculture and manufacturing and are therefore able to access bank credit at less exploitative interest rates. This is plausible if Services firms (e.g., utilities and tech firms) are believed by banks to be less exposed to business cycles and/or seasonal fluctuations such that their abilities to service their obligations do not reflect state-dependency.

The results for Kenya are also mixed, initially documenting no sensitivity to any of the two hypothesized channels (Table 6). However, for the agriculture sector (Table 8), the results conform to the East African case, showing the noninterest channel as adversely affecting agricultural productivity whereas in the case of services (Table 7), the interest channel, unlike the East African case, is mute, while the noninterest channel is supportive of productivity in the sector.

Table 6: Fixed effects estimation results for the Manufacturing sector

Dependent variable: change in manufacturing value added per capita						
	Return on average equity		Return on average assets		Return on equity (using EBT)	
Lagged dependent variable	-0.050	-0.127	-0.050	-0.127	-0.050	-0.127
	(0.209)	(0.088)	(0.209)	(0.088)	(0.209)	(0.088)
Interest channel	-0.003		-0.111		-0.002	
	(0.014)		(0.514)		(0.010)	
Noninterest income channel		-0.02*		-0.33*		-0.02*
		(.011)		(0.13)		(.008)
Kenya	-0.037	0.019	-1.360	0.232	-0.025	0.015
	(0.080)	(0.023)	(2.888)	(0.272)	(0.054)	(0.017)
GDP per capita	0.935	0.97*	0.935	0.97*	0.935	0.972
	(0.958)	(0.34)	(0.958)	(0.34)	(0.958)	* (0.3)
Credit to private sector by banks	-0.016	0.007	-0.016	0.007	-0.016	0.007
	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)
Human development index	-0.021	-0.01*	-0.022	-0.01*	-0.021	-0.016
	(0.017)	(.007)	(0.017)	(.007)	(0.017)	(.007)
Regulatory quality	0.262	0.541	0.262	0.541	0.262	0.541
	(0.352)	(0.317)	(0.352)	(0.317)	(0.352)	(0.317)
Inflation	0.007	0.006	0.007	0.006	0.007	0.006
	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)

Table 7: Fixed effects estimation results for the Services sector

Dependent variable: change in services value added per capita						
	Return on average equity		Return on average assets		Return on equity (using EBT)	
Lagged dependent variable	0.021 (0.153)	-0.204 (0.160)	0.021 (0.153)	-0.204 (0.160)	0.021 (0.153)	-0.204 (0.160)
Interest channel	0.007* *		0.272* *		0.005* *	
	(0.002)		(0.071)		(0.001)	
Noninterest income channel		-0.020 (0.009)		-0.244 (0.109)		-0.016 (0.007)
Kenya	-0.056 (0.041)	0.037* (0.016)	-2.016 (1.499)	0.451* (0.188)	-0.038 (0.028)	0.029* (0.012)
GDP per capita	0.865* (0.325)	0.652* *	0.865* (0.325)	0.652* *	0.865* (0.325)	0.652* *
		(0.128)		(0.128)		(0.128)
Credit to private sector by banks	- 0.021* (0.007)	0.008 (0.009)	- 0.021* (0.007)	0.008 (0.009)	-0.021* (0.007)	0.008 (0.009)
Human development index	-0.017 (0.020)	0.005 (0.016)	-0.017 (0.020)	0.005 (0.016)	-0.017 (0.020)	0.005 (0.016)
Regulatory quality	0.177 (0.162)	0.414* (0.145)	0.177 (0.162)	0.414* (0.145)	0.177 (0.162)	0.414 (0.145)
Inflation	-0.005 (0.002)	- 0.006* (0.002)	-0.005 (0.002)	-0.006 (0.002)	-0.005 (0.002)	- 0.006* (0.002)
Trade openness	0.010 (0.005)	0.011* *	0.010 (0.005)	0.011* *	0.010 (0.005)	0.011* *
		(0.002)		(0.002)		(0.002)
Constant	- 4.807* (1.675)	-5.058** (1.138)	-4.388** (1.057)	-4.963** (1.083)	-4.818* (1.691)	-5.052** (0.134)
Country fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Time fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
R-squared	0.05	0.15	0.11	0.15	0.05	0.15

PBT is profit/loss before tax. *, $p < 0.1$; **, $p < 0.05$; ***, $p < 0.01$. Standard errors in parentheses.

Trade openness	0.005 (0.016)	0.007 (0.009)	0.005 (0.016)	0.007 (0.009)	0.005 (0.016)	0.007 (0.009)
Constant	-4.887 (4.949)	-5.78* (2.08)	-4.127 (3.107)	-5.58* (2.03)	-4.905 (4.996)	-5.77* (2.07)
Country fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Time fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
R-squared	0.01	0.06	0.11	0.07	0.01	0.06

PBT is profit/loss before tax. *, $p < 0.1$; **, $p < 0.05$; *, $p < 0.01$. Standard errors in parentheses.**

Robustness checks

Inclusion of GDP per capita on the right-hand side of Equation 1 introduces the possibility of simultaneity bias since, for example, higher levels of total factor productivity (proxied by sectoral value added) often cause

higher levels of economic growth which may result in faster realization of economic development. Accordingly, parameter estimates from Equation (1) may be biased by endogeneity. We address this concern by running a fixed effects instrument variable regression. Thus, we need instrument variables that are both relatively strongly correlated with the endogenous variable (instrument's strength) but uncorrelated with the residual of the regression (instrument's validity). To satisfy these conditions, we are guided by the instrumentation procedure in the System Generalized Method of Moments, and accordingly, use deep lagged values of levels of the dependent variables. We restrict our choice to two lags (lag 2 and lag 3) to avoid the conventional instrument proliferation problem (Roodman, 2009) and to preserve degrees of freedom.

Abridged results of the IV-fixed effects regression are presented in Table 9. Save for a little attenuation in the levels of significance of some variables in the manufacturing equation, the results are qualitatively similar, indicating that omitted variables bias, and simultaneity bias, do not affect the relationships of interest. Thus, we can infer that the bank performance in the East African region is negatively related to the productivity of real sectors, particularly manufacturing and agriculture, which generally tend to be exposed to business cycle and seasonal fluctuations and therefore likely to be scored by banks' credit evaluation systems as riskier.

Table 8: Fixed effects estimation results for the Agriculture, Forestry and Fishing sector

Dependent variable: change in agriculture, forestry and fishing value added per capita						
	Return on average equity		Return on average assets		Return on equity (using EBT)	
Lagged dependent variable	-	-0.223**	-	-0.223**	-	-0.223**
	0.150*	(0.057)	0.150*	(0.057)	0.150*	(0.057)
Interest channel	-0.005		-0.182		-0.003	
	(0.006)		(0.213)		(0.004)	
Noninterest income channel		-0.013**		-0.160**		-0.010**
		(0.002)		(0.028)		(0.002)
Kenya	0.045	-	1.624	-	0.030	-0.014*
	(0.020)	0.018*	(0.730)	0.212*	(0.014)	(0.005)
		(0.006)		(0.075)		
GDP per capita	-0.607**	-0.190	-0.607**	-0.190	-0.607**	-0.190
	(0.165)	(0.155)	(0.165)	(0.155)	(0.165)	(0.155)
Credit to private sector by banks	0.013	0.015*	0.013	0.015*	0.013	0.015*
	(0.006)	*	(0.006)	*	(0.006)	*
		(0.003)		(0.003)		(0.003)
Human development index	0.010	-0.006	0.010	-0.006	0.010	-0.006
	(0.007)	(0.008)	(0.007)	(0.008)	(0.007)	(0.008)
Regulatory quality	0.281*	0.434***	0.281*	0.434***	0.281*	0.434***
	(0.091)	(0.062)	(0.091)	(0.062)	(0.091)	(0.062)
Inflation	0.011**	0.013***	0.011**	0.013***	0.011***	0.013***
	*	(0.001)	*	(0.001)	(0.001)	(0.001)
	(0.001)		(0.001)			
Trade openness	-0.006**	-0.007***	-0.006**	-0.007***	-0.006**	-0.007***
	(0.002)	(0.001)	(0.002)	(0.001)	(0.002)	(0.001)
Constant	3.603*	1.990*	3.205*	2.153*	3.613*	2.000*
	*	(0.792)	*	(0.789)	*	(0.791)
	(0.984)		(0.746)		(0.991)	
Country fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Time fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
R-squared	0.24	0.10	0.21	0.12	0.23	0.09
PBT is profit/loss before tax. *, p < 0.1; **, p < 0.05; ***, p < 0.01. Standard errors in parentheses.						

Table 9: IV-FE abridged regression outputs

Dependent variable: Change in	Manufacturing value added pc				Services value added pc				Agriculture value added pc			
	(1)	(2)	(3)	(4)	(1)	(2)	(3)	(4)	(1)	(2)	(3)	(4)
Lagged dependent variable	-0.138 (0.111)	-0.134 (0.112)	-0.151 (0.121)	-0.166 (0.126)	0.041 (0.131)	0.053 (0.123)	0.069 (0.148)	-0.011 (0.148)	-0.138 (0.104)	-0.139 (0.104)	-0.153 (0.102)	-0.096 (0.084)
Banks return on average equity	- 0.009 * (0.006)				- 0.009*** (0.003)				0.002 (0.003)			
Banks return on average assets		- 0.051 * (0.031)				- 0.049*** (0.014)				0.010 (0.017)		
Banks' return on equity (using PBT)			-0.008 (0.006)				- 0.008*** (0.003)				0.001 (0.003)	
Cost-to-income (efficiency) ratio				0.007 (0.005)				0.006 ** (0.002)				-0.002 (0.002)
Kenya	0.002 (0.015)	0.001 (0.097)	0.006 (0.013)	-0.006 (0.020)	0.018*** (0.007)	0.110*** (0.041)	0.018*** (0.006)	-0.013 (0.009)	-0.005 (0.007)	-0.024 (0.045)	-0.003 (0.006)	0.013* (0.006)

Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R-squared	0.04	0.03	0.01	0.07	0.10	0.11	0.09	0.02	0.01	0.02	0.02	0.43

PBT is profit/loss before tax. *, **, *** respectively refer to statistical significance at 10%, 5% and 1%.

Table 10: Fixed Effects abridged regression outputs – Manufacturing value added

Dependent variable: Change in	Return on average equity			Return on average assets			Return on equity (PBT)		
Country	RWA	TAN	UGA	RWA	TAN	UGA	RWA	TAN	UGA
Lagged dependent variable	-0.137 (0.182)	-0.138 (0.188)	-0.136 (0.191)	-0.134 (0.186)	-0.137 (0.194)	-0.130 (0.197)	-0.131 (0.203)	-0.138 (0.195)	-0.129 (0.209)
Banks return on average equity	- 0.012 * (0.004)	- 0.009 * (0.003)	- 0.008 * (0.003)						
Banks return on average assets				- 0.074* * (0.021)	-0.048* (0.017)	- 0.045 * (0.019)			
Banks' return on equity (using PBT)							-0.007 (0.005)	- 0.007 *	-0.007* (0.003)

							(0.003)		
Country	0.005 (0.006)	-0.004 (0.011)	-0.007*** (0.001)	0.036 (0.034)	-0.043 (0.070)	- 0.034* * (0.009)	0.000 (0.008)	-0.002 (0.009)	-0.007 (0.008)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R-squared	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01

PBT is profit/loss before tax. *, **, *** respectively refer to statistical significance at 10%, 5% and 1%. RWA, TAN and UGA respectively mean Rwanda, Tanzania and Uganda.

It is interesting to establish whether the regional results also hold for individual countries in the sample. Thus, for additional robustness checks, we test the extent to which the effects on sectoral productivity are observed at the individual country level. The abbreviated results are reported in Table 10 for the manufacturing sector value added and only with the profitability variables.¹⁵ Ethiopia is used as the baseline case. Except Uganda, which reports similar effects as the region, in the rest of the countries (Kenya's results were reported in the previous sections), our results show that real sector productivity is largely unresponsive to changes in banks' profit performance for the rest of the countries. It is also important to note that the regional results remain qualitatively similar to those reported in the baseline tests.

Concluding remarks

Summary

Anecdotal evidence shows inconsistency in the behavior of bank return metrics compared to indicators of sectoral productivity in East Africa. For example, the 2022 data show that the return on average assets (ROAE) for banks was negatively related to value added per capita of real sectors (see Figure 1). Further, ROAA appeared negatively correlated to agriculture value added and positively correlated to manufacturing value added. These observations raise several questions: What is the nexus between banking sector performance and real sectors' productivity? Are the relationships (if any) between the banking sector and the real sectors similar across sectors? Through which channels, if any, do banking sector profitability affect real sector productivity? An examination of the literature shows that no study has examined the nexus between the performance of banks on the one hand and the real sector productivity on the other hand, for East Africa. Our study sought to attempt answers to the questions posed using data for five East African economies, namely, Ethiopia, Kenya, Rwanda, Tanzania, and Uganda, for the period 2014 through 2022. We use the traditional panel fixed effects regression, which can control for country-specific characteristics and time-related events with the ability to affect the underlying relationships, in the first instance. For robustness checks, we also use the instrument variable fixed effects estimation.

We report interesting findings. First, we document a negative and largely significant relationship between the banking sector profitability and the real sector performance in the region. However, we do not document a discernible relationship between agricultural sector productivity and bank performance. Prodding deeper, we find that noninterest income of banks act as a more effective channel of transmission of adverse effects from the banking sector to real sectors such as manufacturing, while the interest channel tends to transmit positive effects especially to the services sector. The services sector results, however, need to be interpreted with caution given "Services" are defined to include financial services. Our results are robust to alternative estimation methods and do not appear to be driven by the endogeneity bias.

Policy implications

We make several policy recommendations. First, the negative- to no-relationship between bank performance and real sector productivity speaks to possible predatory behavior of banks. To address this, countries in the East African region may want to consider the creation of state-owned banks or specialized finance agencies with a mandate to provide banking services (especially credit) to vulnerable but important sectors with high social returns such as agriculture and small, micro, and medium enterprises. One may criticize this proposal on the grounds that state-owned banks are often less efficient than private banks in developing countries (e.g., Noulas, 2001), and due to concerns that state banks may not operate profitably (García-Herrero et al., 2009). However, some studies do not record evidence of a systematic difference in the efficiency of private and public banks (e.g., Karas et al., 2010) while others find that the lower performance of state-owned banks and associated fiscal costs are outweighed by the benefits of state-owned banks' financing of sectors with higher social returns and lower private sector investments (Levy-Yayeti et al., 2004). A modified version of this policy proposal is the option for the public sector to work alongside private banks to offer subsidized credit to firms in

sectors with high social returns. Under this arrangement, the state buys out a specified proportion of the market interest rate (say 4%), allowing the bank to offer credit to firms in specified sectors at below-market interest rates.

Second, we find that noninterest income is the most important channel through which banks' performance affect real sector productivity. Noninterest charges of banks may be motivated by the need to diversify income especially when faced with a policy regime that limits risk-taking to mitigate systemic risk. However, existing research shows that noninterest income increases bank fragility and does not provide diversification benefits (e.g., Stiroh, 2004) since, for the typical bank, noninterest income is positively correlated with interest income. These effects are nuanced and depend, in some cases, on the degree of bank concentration in the economy: for example, Engle et al (2014) show that noninterest income does not reduce the volatility of profitability in low concentration economies but can reduce systemic risk in high concentration economies.

Thus, although real sector productivity appears to be adversely affected via the noninterest income channel, the policy options must be nuanced: countries in the East African region, such as Kenya, with relatively low bank concentration may propose policies to limit the use of noninterest income to reduce the systemic risk and to boost real sector productivity. If some level of restriction is already imposed in such countries, regulatory agencies may have to tighten their enforcement. However, for countries such as Uganda, with relatively high levels of bank concentration, although noninterest income inhibits real sector productivity, there are benefits in terms of low volatility in bank profitability; such countries do not have to impose restrictions on banks' noninterest charges.

¹⁵ Due to space paucity, results for the other sectors are not reported. They are, however, available from the authors upon request.

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APPENDIX

Table A1: Definition and construction of variables

Variable source	Construction/Definition of variable	Data
Manufacturing value added, per capita	Value added is the net output of a sector after adding up all outputs and subtracting intermediate inputs. It is calculated without making deductions for depreciation of fabricated assets or depletion and degradation of natural resources	World Development Indicators
Services value added, per capita		
Agriculture ¹ value added, per capita		
Banks' return on average equity	$\frac{\text{Net earnings}}{(\text{Beginning equity} + \text{Ending equity})/2}$	Bank Focus
Banks' returns on average assets	$\frac{\text{Net earnings}}{(\text{Beginning Total Assets} + \text{Ending Total Assets})/2}$	
Banks' return on equity, using PBT	$\frac{\text{Earnings before tax}}{\text{Ending equity}}$	
Banks' interest income on loans	Interest earned on loans and advances	
Banks' noninterest income	Income from noninterest sources such as fees and commissions	
Banks' cost-to-income (efficiency) ratio	$\frac{\text{Operating expenses}}{\text{Operating income}}$	
Gross domestic product per capita	The average of countries' economic output normalized by total population The financial resources provided to the private sector by deposit taking	World Development Indicators
Credit to the private sector, by banks.	Corporations except central banks, such as through loans, purchases of nonequity securities, and trade credits and other accounts receivable, that establish a claim for repayment	
Human Development interest	This is a synthetic index composed of Health, Education, Social Protection and Welfare and Sustainable Environment. Values range from 0 (worst) to 100 (best).	Mo Ibrahim Foundation
Regulatory Quality	Regulatory Quality captures perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.	

Inflation (from consumer price index)	Percentage change in consumer price index Trade openness(Exports + Imports)/Gross domestic. Values range from -2.5 (worst) to +2.5 (best	World Development Indicators
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TRACK 2: Entrepreneurship, Small Business, and the Informal Sector

Examining Geographical Variances in Ghana's Entrepreneurial Ecosystem: Analyzing Factors Influencing Startup Success and Sustainable Growth

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Abstract

Fostering sustainable startup success in Ghana's entrepreneurial ecosystem requires a keen understanding of the intricate interplay of geographical variances in this dynamic landscape. With a special focus on examining regional variations within the entrepreneurial ecosystem, this study explores the subtleties of Ghana's entrepreneurial landscape by analyzing factors influencing the success, prosperity, and long-term expansion of startups in different regions of Ghana. The research question driving this research is, "How do geographical variances influence startup success and sustainable growth in Ghana's entrepreneurial ecosystems?" A thorough analysis using a mixed-methods approach is carried out to answer this question. Using a multistage sampling approach, made up of simple random sampling and stratified sampling, the study selects startup businesses operating in manufacturing and agricultural sectors from various Ghanaian regions. A sample of 500 respondents from the Greater Accra, Oti and Northern regions of Ghana was selected for a balanced representation of various regions. Quantitative data gathered is analyzed following the hierarchical regression approach. The study found significant regional variations in Ghana's entrepreneurial landscape, with Greater Accra, Northern, and Oti regions exhibiting distinct dynamics. Greater Accra shows higher female entrepreneurship and government support, while Northern and Oti regions lag behind. Start-up sizes vary across regions, with Greater Accra hosting medium-sized businesses, Oti with micro, and Northern with small-sized enterprises. Access to funding and supportive infrastructure is more prevalent in Greater Accra, indicating disparities. Policymakers should focus on region-specific interventions, nurturing female entrepreneurship, improving access to capital, and fostering supportive ecosystems to enhance start-up success and sustainability nationwide.

Introduction

In an increasingly interconnected global economy, the role of entrepreneurship as a driver of economic growth and innovation has gained prominence (Audretsch & Belitski, 2017). Furthermore, governments across the world have long recognized entrepreneurship as an important driver of economic growth

(Hamdan et al., 2020; Acs & Szerb, 2009). Across diverse geographical contexts, entrepreneurial ecosystems play a crucial role in facilitating the emergence and success of start-ups, fostering innovation, and driving sustainable economic development (Madzikanda et al., 2021; Isenberg, 2010). Moreover, the 21st century has witnessed a remarkable surge in entrepreneurial activities globally, driven by technological advancements, globalization, and evolving consumer preferences (Li, 2022; Ajmal, et al., 2021).

Ghana has emerged as one of Africa's most promising hubs for entrepreneurial endeavours. With a vibrant and diverse economy, coupled with an increasing emphasis on innovation and entrepreneurship, the Ghanaian entrepreneurial ecosystem is a dynamic landscape that provides support for micro, small, and medium enterprises (MSMEs). It serves as the basis of interactions among various institutions within the Ghanaian and regional business environment (Akomea et al., 2023; Ochianwata et al., 2024). As indicated by Asravor and Acheampong (2024), Ghana's entrepreneurial ecosystem is characterized by a rich tapestry of factors that contribute to the creation, growth, and sustainability of start-ups across various sectors. Further studies have suggested that at the heart of Ghana's entrepreneurial ecosystem lies a diverse array of factors that influence start-up success. These factors encompass both internal and external elements, ranging from access to capital, infrastructure, and human capital to regulatory frameworks, market dynamics, and cultural attitudes toward entrepreneurship (Asravor & Acheampong, 2024; Blankson, et al., 2018).

Despite these factors, the geographical location of start-ups within Ghana can significantly impact their access to resources, market opportunities, and support networks, thereby influencing their prospects for success and sustainable growth. The effect of geographical location has largely not been investigated in the empirical literature. This study seeks to delve deeper into the multifaceted nature of Ghana's entrepreneurial ecosystem, examining how geographical variances shape the experiences and outcomes of start-ups operating within different regions of Ghana. From the foregoing, the main research questions answered in this study were: Is there a geographical variance in Ghana's entrepreneurial ecosystem? What are the determinants of Start-up success and sustainable growth? By analysing a range of factors, including but not limited to, access to funding, availability of skilled talent, presence of support institutions, and market dynamics, this research aims to uncover insights that can inform policy interventions, strategic initiatives, and entrepreneurial practices aimed at fostering a thriving start-up ecosystem nationwide.

This study, therefore, contributes to the existing literature in two significant ways. Firstly, it responds to the need for empirical research on entrepreneurial ecosystems, specifically, the geographical variances in the Ghanaian entrepreneurial ecosystem. While conceptual studies dominate the field, empirical research, particularly in developed countries, remains relatively in the infantile stage creating an opportunity for empirical investigations in alternative settings, particularly in developing African economies, such as, Ghana. Secondly, the study offers insights for policymakers and practitioners regarding the factors influencing start-up success and sustainable Growth focusing in the regional variance. The rest of the sections of this article are structured as follows: Section 2 presents a review of literature. Section 3 discusses the material and methods. Section 4 presents empirical findings, discussion, and implications. Finally, Section 5 offers conclusions, identifies limitations, and suggests avenues for future research.

Literature and hypothesis

Institutional theory

The review of the theoretical literature largely follows Atiase et al (2018) study on entrepreneurship development. Entrepreneurship studies emphasize the need for an integrated framework to analyse conducive environmental conditions for enterprise growth (Gnyawali & Fogel, 1994). Institutional theory provides insight into how institutional settings impact market behaviours and evolve over time, particularly in emerging economies like Africa (Bruton et al., 2009). Research underscores the significance of institutional frameworks, or the "rules of the game," in understanding entrepreneurship growth (Naude, 2010). In this context, environmental influences on entrepreneurship, especially

concerning start-ups, are increasingly examined through an institutional lens (Su et al., 2016). According to institutional theory, environmental forces significantly influence the creation, design, and management of ventures, encompassing critical and socio-cultural dimensions (Alvarez et al., 2011). These environmental factors comprise state structures, trade associations, cultural dynamics, social norms, educational institutions, professional associations, and markets (Scott and Meyer, 1984). Institutional theory aims to elucidate how external institutions shape standards of behaviour within socially constructed norms, values, and beliefs (Scott and Meyer, 1984; Scott, 1992). Institutional factors play a pivotal role in shaping entrepreneurial behaviour and the ability of individuals and firms to seize entrepreneurial opportunities (Scott, 1992). Favourable regulatory, cognitive, and normative institutions have been found to positively influence entrepreneurial development, fostering a conducive environment for business growth (Bruton et al., 2013). These institutional factors influence entrepreneurs' attitudes and the pace of entrepreneurial development within a country (Manolova et al., 2008). Regulatory institutions, classified as public or private bodies, establish the framework for business creation and operation by enacting laws and regulations (Khavul et al., 2013). Streamlined regulations and supportive policies have been associated with increased start-up activity, while cumbersome bureaucratic processes often act as barriers to entrepreneurship (Gnyawali and Fogel, 1994). Hence, fostering an enabling regulatory environment is essential for encouraging entrepreneurial ventures and economic growth.

Empirical literature

Asravor and Acheampong (2024) examined the risk attitudes of male and female entrepreneurs in urban Ghana, utilizing cross-sectional data from 161 micro, small, and medium enterprises (MSMEs). Employing the Arrow-Pratt (AP) absolute risk model and regression analysis, the research explores factors influencing entrepreneurs' risk preferences and decomposes gender differences in risk aversion. Findings reveal that most MSME entrepreneurs are extremely risk-averse, with men displaying higher levels of risk aversion compared to women. Additionally, female entrepreneurs exhibit more risk-neutral tendencies. Socioeconomic factors, access to funds, business type, sector, financial knowledge, and cultural values significantly influence entrepreneurs' risk attitudes, explaining gender differences in risk aversion. Atiase et al (2018) employed the institutional theory to examine four critical resources (credit, electricity, contract enforcement, and political governance) impacting entrepreneurship quality and ecosystem depth in Africa. Using data from the Global Entrepreneurship Index (GEI), World Bank, and Ibrahim Index of African Governance, along with control variables, ordinary least squares regression analysis is conducted. Findings reveal the importance of financial inclusion and effective contract enforcement for entrepreneurship. While access to credit showed no significant impact, electricity and political governance positively correlated with entrepreneurship quality. Also, Kansheba (2020). This study investigates the mediation role of innovations in the relationship between the entrepreneurial ecosystem approach and productive entrepreneurship across 35 African countries using panel data. The findings contribute by bridging theoretical debates and empirical gaps, revealing both positive and negative influences of eco-factors like finance, government support, knowledge, market, and culture on productive entrepreneurship, with innovations mediating these relationships. This offers insights for policymakers and practitioners to develop policies and programs that enhance entrepreneurial ecosystems and innovation performance for better entrepreneurship development. The study concludes with recommendations for future research to further explore this dynamic relationship.

Materials and Methods

Study area

This study is based on a sample of MSMEs start-up entrepreneurs operating in three regions of Ghana. Thus, the study was conducted in the Greater Accra region, the Northern region, and the Oti region. The Greater Accra region harbours the capital of Ghana and it predominately the headquarters of most private and public businesses. Also, the Greater Accra region is the region with the most-dense businesses in the whole of Ghana. The Northern region of Ghana is the predominately a peri-urban region of Ghana. It has a unique business environment as it is made up of many informal sectors workers who are owners of small malls and businesses. The Oti region of Ghana is one of the newly created

regions of Ghana. it was carved out of the Volta region with the intention of raising the area from a poor community to the status of other regions of Ghana.

Sampling Technique

The study employs a multistage sample, consisting of both purposive and stratified random sampling techniques in selecting available start-ups from the three regions used in the study. Purposive sampling was used in the selection of the regions for the study. For instance, the choice of the Greater Accra region was made because it is a hub of businesses in Ghana. Additionally, to account for the Southern and Northern divide of the country, the Northern region was selected, while the Oti region was chosen to cater to the newly established regions of Ghana. The sampling framework comprises the founders of the start-ups, most of whom initiate their business operations as MSMEs. After purposive sampling, the stratified random sample was used to select the start-up entrepreneurs from the sample frame. The stratification was conducted in terms of the size of the business, determining whether the business is a micro, small, or medium enterprise. In total, 220 MSMEs were selected from the Greater Accra region of Ghana, 160 MSMEs from the Northern region, and 120 MSMEs from the Oti region.

Estimation model

The estimated model used in this study is presented as:

$$Y_i = \beta_0 + \beta_1 \text{Gender} + \beta_2 \text{Cap} + \beta_3 \text{Market} + \beta_4 \text{Infras} + \beta_5 \text{Exper} + \beta_6 \text{Talent} + \beta_7 \text{Govt} + \beta_8 \text{Tech} + \beta_9 \text{Support} + \varepsilon_i \dots \dots \dots (\text{eqn } 1)$$

Where $\beta_1 - \beta_9$ are the standardized coefficients, β_0 is the constant term and εi is the error term. The definition of the variables presented in the model are Gender (Gender): Represented by a binary variable (1 for Female, 0 for Male);

Access to Capital (Cap); Market information/Demand (Market); Infrastructure Quality (Infra); Entrepreneurial Experience (Exp); Availability of skilled talent (Talent); Government Support (Govt); Technological Innovation (Tech), and Support institutions (Support). Equation 1 is estimated in 4 different model presented in Table 3.

Data analysis

The study used manually extracting data from survey responses and interviews to facilitate the data analysis. The Statistical Package for Social Science (SPSS) version 26 was used in the analysis of the data gathered from the field survey. This study utilized descriptive statistics and hierarchical regression to analyse the gathered data. Descriptive statistics aided in elucidating the various statistics of the variables employed in the study whereas the cause and effect model was estimated using the hierarchical regression model.

Result and Discussion

Table 1 shows the type of business being operated by the start-up entrepreneurs in the selected regions of Ghana. The finding shows that comparatively most start-up entrepreneurs in the Oti region of Ghana operate micro-enterprises (58.8%) followed by the Northern region start-up entrepreneurs (28.8%) and the Greater Accra region (22.7%) start-up entrepreneurs. Additionally, majority of the entrepreneurs from the Greater Accra region of Ghana are classified as medium enterprises (50%), followed by the Northern region of Ghana (34.4%) and the Oti region (12.5%). Of the respondents sampled Northern region had the most enterprises being classified as small enterprises (36.9%), followed by the Oti region (39.2%) and the Greater Accra region of Ghana (27.3%). In terms of the sector of operation, most of the enterprises in the Greater Accra region were in the service sector (45.9%) followed by manufacturing (40%) and the agricultural sector (14.1%). Contrary, the Oti region had most start-up operating in the agricultural sector (45%), followed by the service sector (35.8%) and manufacturing sector (19.2%). Also, in the Northern region, most respondents operated in the agricultural sector (43.1%) and almost an equal percentage of the respondents were operating in the service sector (28.8%) and the manufacturing sector (28.1%).

Table 1: Type of business operated by Start-up entrepreneurs

Variable	Greater Accra	Oti Region	Northern region
Category of business			
Micro	50 (22.7%)	70 (58.3%)	46 (28.8%)
Small	60 (27.3%)	35 (29.2%)	59 (36.9%)
Medium	110 (50%)	15 (12.5%)	55 (34.4%)
Types of Sector			
Service	101 (45.9%)	43 (35.8%)	46 (28.8%)
Manufacturing	88 (40%)	23 (19.2%)	45 (28.1%)
Agriculture	31 (14.1%)	54 (45%)	69 (43.1%)

Source: Authors Computation

Table 2 shows that in the Greater Accra Region, females constitute 70% of the sample, indicating a higher proportion compared to the Oti Region (58.3%) and the Northern Region (56.3%). In the Greater Accra Region, a substantial proportion of start-up entrepreneurs (63.6%) report having entrepreneurial experience, indicating a higher prevalence compared to the Oti Region (33.3%) and the Northern Region (45%). Also, Table 1 confirms that start-up entrepreneurs from the Greater Accra Region have relatively higher government support (45%) compared to the Northern Region (33.8%) and the Oti Region (25.8%). Also, the findings reveal that in the Greater Accra Region, start-up had access to infrastructure that helped in their business operation (56.4%), followed by the northern region (50.6%) and the Oti region (35%). Similarly, the Oti Region had the lowest access to market information (53.1%), and the Greater Accra region start-up enterprises had the largest access to market information (61.4%).

Variable	Greater Accra	Oti Region	Northern region
Gender: Female	154 (70%)	70 (58.3%)	90 (56.3%)
Entrepreneurial Experience: Yes	140 (63.6%)	40 (33.3%)	72 (45%)
Government Support: Yes	99 (45%)	31 (25.8%)	54 (33.8%)
Access to funding: Yes	121 (55%)	23 (19.2%)	66 (41.3%)

Table 2: Descriptive Statistics

Availability of skilled talent; Yes	189 (85.9%)	52 (43.3%)	89 (55.6%)
Presence of support institutions: Yes	184 (83.6%)	54 (45%)	91 (56.9%)
Access to infrastructure as a start-up:	124 (56.4%)	43 (35%)	81 (50.6%)
Technology Innovation	140 (63.6%)	54 (45%)	89 (55.6%)
Access to Market Information	135 (61.4%)	59 (49.2%)	85 (53.1%)

Source: Authors Computation,

Also, the finding shows that the usage of technological innovation was higher among start-up enterprises in the Greater Accra region of Ghana (63.6%) followed by the northern region of Ghana (55.6%) and the Oti region of Ghana (45%). Correspondingly, the Northern Region exhibits a higher proportion of micro-enterprises (28.8%) compared to small (36.9%) and medium-sized enterprises (34.4%). In addition, the study reports that 55% of start-up entrepreneurs in the Greater Accra region of Ghana reported having access to funding, followed by the Northern Region (41.3%) whilst the least region with start-up entrepreneurs' having access to funds was those in the Oti region (19.2%). Across the surveyed regions, 83.6% of the start-up businesses, reported the existence of support institutions for

start-up entrepreneurs. However, in the Oti region, only 45% of small business owners acknowledge the presence of such institutions.

Table 3: Model estimation of the relationship between
Greater Accra Oti Region Northern region

0.48			0.12	<0.00	0.45	0.11	<0.00	0,40	0.12	<0.01	
Model	Access to Capital Market information/ Demand	0.42	0.11	1 <0.001	0.38	0.1	1 <0.00 1	0.37	0.11	<0.01	
	Infrastructure Quality	0.35	0.09	<0.01	0.28	0.08	<0.01	0.29	0.08	<0.05	
Model	Entrepreneurial Experience Availability of skilled talent	0.22	0.07	<0.05	0.25	0.08	<0.05	0.2	0.06	<0.05	
		0.28	0.08	<0.01	0.3	0.09	<0.01	0.25	0.07	<0.01	
3	Government Support	0.2	0.07	0.07	0.22	0.07	0.05	0.18	0.05	0.06	
Technological Innovation			0.3	0.08	<0.01	0.33	0.09	<0.01	0.38	0.1	<0.00
Model										1	
4	Support institutions	0.25	0.06	<0.05	0,30	0.07	<0.05	0.35	0.08	<0.01	

Results of the Hierarchical Regression

Table 3 presents the results from the hierarchical model. In the hierarchical model, four regression analysis was performed as indicated in equation 1. The first model (Model 1) examined the relationship between gender (male and female) and the start-up success and sustainability. The findings from model 1 indicate that comparatively the Greater Accra region of Ghana had the highest coefficient for the female being significant, followed by the Northern region and the Oti region. More specifically being female significantly predicts start-up success and sustainability in the Greater Accra region of Ghana by explaining 40% of the variance in revenue growth rate ($\beta = 0.40$, $SE = 0.10$, $p < 0.001$). Similarly, in the Oti region, being female significantly explains 30% of the variance in revenue growth rate ($\beta = 0.30$, $SE = 0.08$, $p < 0.05$). Also, the coefficient for females in the Northern region was 0.35, suggesting that 35% of the success and sustainability of start-up was explained by gender (being a female). This finding is confirmed by Asravor and Acheampong (2024). According to these authors, females are more successful as start-up because they see it as their main sources of livelihood hence are very meticulous when it comes to managing their small businesses. Furthermore, female start-up entrepreneurs have the adeptness at multitasking, strong communication skills, and resilience in the face of challenges and often have a deep understanding of community dynamics and customer needs which permit them to tailor their businesses.

The result from the second model shows that access to capital ($\beta = 0.45$, $SE = 0.11$, $p < 0.001$), market demand ($\beta = 0.38$, $SE = 0.10$, $p < 0.001$), and Infrastructure Quality ($\beta = 0.28$, $SE = 0.08$, $p < 0.01$) was significantly to start-up success, explaining 45%, 38% and 28% of the variance in the Greater Accra region respectively. In the Oti region access to Capital ($\beta = 0.48$, $SE = 0.12$, $p < 0.001$), market demand ($\beta = 0.42$, $SE = 0.11$, $p < 0.001$), and Infrastructure Quality ($\beta = 0.35$, $SE = 0.09$, $p < 0.01$) significantly contribute to start-up success by explaining 48%, 42% and 35% of the variance in the start-up MSMEs success and sustainability respectively. Additionally, findings from the Northern region shows that having access to capital ($\beta = 0.40$, $SE = 0.10$, $p < 0.01$), knowing the market demand ($\beta = 0.35$, $SE = 0.09$, $p < 0.01$), and infrastructure quality ($\beta = 0.30$, $SE = 0.07$, $p < 0.05$) significantly contribute to start-up success and sustainability.

In the case of model 3, prior entrepreneurial experience ($\beta = 0.25$, $SE = 0.08$, $p < 0.05$), availability of skilled talent in the location ($\beta = 0.30$, $SE = 0.09$, $p < 0.01$), and government support ($\beta = 0.22$, $SE = 0.07$, $p = 0.05$) are significant predictors as they explain additional 25%, 30% and 22% respectively of the factors that leads to start-up enterprises success and sustainability in the Greater Accra region. In the case of Northern region, model 3 shows that entrepreneurial experience ($\beta = 0.22$, $SE = 0.07$, $p < 0.05$), and availability of skilled talent ($\beta = 0.28$, $SE = 0.08$, $p < 0.01$) are the only significant factors that that influence start-up MSMEs success and sustainability. On the contrary government Support ($\beta = 0.20$, $SE = 0.06$, $p = 0.07$) was not a significant factor leading to MSMEs success. Also in the Northern region, model 3 shows that entrepreneurial experience ($\beta = 0.20$, $SE = 0.06$, $p < 0.05$) and availability of skilled talent ($\beta = 0.25$, $SE = 0.07$, $p < 0.01$) are significant predictors but and Government Support ($\beta = 0.18$, $SE = 0.05$, $p = 0.06$) was not a significant factor that explain Start-up enterprises success. In model 4, Technological Innovation ($\beta = 0.30$, $SE = 0.08$, $p < 0.01$) and support institutions ($\beta = 0.25$, $SE = 0.06$, $p < 0.05$) significantly influence sustainable growth of Start-up businesses in the Greater Accra region whereas in the Oti region Technological Innovation ($\beta = 0.33$, $SE = 0.09$, $p < 0.01$) and support institutions ($\beta = 0.30$, $SE = 0.07$, $p < 0.05$) significantly influence sustainable growth of the Start-up businesses. In the Northern region, Technological Innovation ($\beta = 0.38$, $SE = 0.10$, $p < 0.001$) and support institutions ($\beta = 0.35$, $SE = 0.08$, $p < 0.01$) significantly influence sustainable growth of MSMEs.

Conclusion and Recommendation

The study concludes that there are significant regional and geographical variances in Ghana's entrepreneurial ecosystem with the Greater Accra region being more favoured followed by the Northern region and the least region enjoying this favour was the Oti region. The Greater Accra Region has a comparatively higher female population percentage, while the Oti and Northern Regions exhibit slightly lower percentages of female entrepreneurs. The study concludes that the Greater Accra Region exhibits

a higher experience for entrepreneurship, while the Oti and Northern Regions demonstrate comparatively lower levels of entrepreneurial experience. Thus, government support was relatively higher in the Greater Accra Region, followed by the Northern Regions and the Oti region. Start-up businesses in the Greater Accra region of Ghana were medium in size, those in the Oti region were micro in size whereas those in the Northern region were small in size., supporting institutions, infrastructure that support entrepreneurship and Access to funding are more prevalent in the Greater Accra Region, while the Oti and Northern Regions exhibit comparatively lower access to funds.

In summary, the hierarchical regression analysis conducted reveals the intricate dynamics influencing start-up success and sustainability across different regions in Ghana. Gender, access to capital, market demand, infrastructure quality, entrepreneurial experience, skilled talent availability, government support, technological innovation, and support institutions all play significant roles. Notably, the study highlights variations among regions, with Greater Accra, Northern, and Oti regions exhibiting unique patterns of influential factors. Female entrepreneurship emerges as a potent force in the Greater Accra region, while access to resources and supportive environments significantly impacts start-up success across all regions. The study argues that policymakers should tailor interventions to regional contexts, addressing specific challenges and leveraging unique strengths. Initiatives promoting female entrepreneurship, improving access to capital, enhancing infrastructure, nurturing entrepreneurial talent, and fostering innovation ecosystems should be regionally targeted to maximize impact on start-up success and sustainability. Moreover, collaboration between government, industry, and academia is vital to create comprehensive support frameworks tailored to each region's needs.

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TRACK 3: Exporting, Internationalization and Foreign Direct Investment

The Effect of Pandemics on Trade: Case of Covid-19

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Abstract

This paper examines the impact of the health crisis on the global economy, how the pandemic affected export, especially in the agricultural sector, the long-term impact of the COVID -19 on trade, the comparison of the impact of previous pandemics on trade and the effect of the pandemic on foreign direct investment. We found that COVID-19 pandemic has disrupted trade, supply chains, and demand patterns, with far-reaching and diverse effects on the global economy. The pandemic has also had a substantial impact on foreign direct investment. We also found that COVID-19 has had a significant and extensive impact on trade and the global economy compared to previous pandemics. We suggest that policymakers emphasise diversification and regionalization and ensure faster adoption of digital technologies to mitigate the possible long-term effects of pandemics on trade.

Keywords: *Pandemics; COVID-19 Pandemic; International Trade; Exports*

Introduction

The sudden outbreak of the COVID-19 pandemic has wreaked havoc on several economies throughout the world, causing lockdowns and shutdown of numerous businesses and industrial facilities and consequently impeding the normal flow of goods and capital (World Bank, 2020c). The economic slow-down continues to this day and is projected to have a major and far-reaching global economic cost, mostly due to supply chain and trade disruptions (Baldwin and di Mauro, 2020), which directly or indirectly affect the volume and direction of global trade (United Nations Conference on Trade and Development-UNCTAD, 2022; Verschuur, Koks and Hall, 2021). For example, existing evidence suggests that the recent COVID-19 outbreak had a significant negative impact on trade, thus, reducing global merchant trade by 7% in 2020 (United Nations, 2020). This is by far the biggest fall after the 2007-2009 Global Financial Crisis, where trade fell by 22% in 2009 (World Trade Organization - WTO, 2021).

Since this prediction, there have been several empirical studies on the implications of the COVID-19 pandemic on trade, albeit most of them are restricted to the short-term (Lin and Zhang, 2020; De Lucio et al., 2020; Büchel et al., 2020; Hayakawa & Kohei, 2021; Verschuur et al., 2021). There are equally studies that suggest that trade was expected to fall by 8%, 17% and 20% in economies with V-shape, U-shape and L-shape recovery respectively from the adverse effect of the COVID-19. (Bekkers and Koopman, 2020). Also, data from the General Administration of Customs of China indicate that export fell by 17.2% from January to February of 2020 compared to the same period in the previous year (GACC, 2020).

Other studies have examined the implications of previous pandemics/epidemics (Ebola and SARS) on trade and found that they resulted in significant increases in trade costs due to travel restrictions. In the specific case of SARS, it took a long time for tourism revenues to recover given that recovery was influenced by consumers' perceptions and fears of sanitary emergencies in non-affected nations (see Keogh-Brown and Smith, 2008; Sadique et al., 2007).

This paper contributes to the literature on the impact of the COVID-19 pandemic on trade. The discussion focuses on the impact of the COVID-19 pandemic on the global economy, the effect of the COVID-19 pandemic on foreign direct investment, the long-term impact of COVID -19 on trade, and the comparison of the impact of previous pandemics on trade.

Overview of the COVID-19 Pandemic's Impact on the Global Economy

The COVID-19 pandemic is suggested to be responsible for significant unprecedented disruption in the global economy, and consequently, a significant decline in economic growth, trade, and employment. This section provides an overview of the impact of the COVID-19 pandemic on the global economy, based on evidence from recent studies.

The literature examining the economic impact of COVID-19 reveals extensive disruptions experienced in various sectors and countries, emphasizing the multifaceted consequences of the pandemic. Industries such as tourism, hospitality, aviation, and non-essential retail were particularly hit hard due to travel restrictions, social distancing measures, and a shift in consumer behaviour towards online shopping and digital services (Kolahchi et al., 2021; Pinilla et al., 2021; Jackson, 2021). These disruptions led to widespread job losses, reduced GDP, fall in investment and significant challenges for businesses (World Bank, 2020c).

Furthermore, the pandemic exposed vulnerabilities in global supply chains, prompting businesses to diversify and regionalize their operations to minimize dependence on single suppliers or regions. This trend towards regionalization and diversification has the potential to reshape the global economy in the post- pandemic era, alongside increased digitalization and automation (Arriola et al., 2022).

The COVID-19 pandemic has impacted on the economic growth of African economies through domestic and external channels. Prior to that, it was forecasted that the average GDP in 2020 for African economies would diminish for the first time in 25 years. This had implications for the general well-being and level of poverty on the continent. The UN estimated that 30 million people could fall into poverty and many more could become acutely food insecure (Abor *et al*, 2022). The economic challenges faced by African countries include ineffective poverty alleviation strategies, hindered economic growth, and increased dependence on external financing (African Development Bank, 2020). The literature also highlights the need for effective fiscal and monetary policies to mitigate the adverse effects of the pandemic on vulnerable populations and promote sustainable economic recovery (Asare & Barfi, 2021).

The COVID-19 crisis had notable environmental implications. On the one hand, the pandemic led to a temporary decline in greenhouse gas emissions due to reduced industrial activity and transportation. On the other hand, it also created new environmental challenges, such as increased use of disposable products and disruptions in waste management systems (Amirova et al., 2021).

The COVID-19 pandemic's effects on the global economy are widely known. For example, the International Monetary Fund (IMF) estimated in its 2020 World Economic Output Report that the global economy had contracted by 3.2%, but was projected to recover by 5.9% in 2021 and 4.9% in 2022. However, countries in different geographical regions were expected to recover at different times and speeds due to variations in the pace of vaccinations and extent of economic policy support. By the end of October 2021, a number of significant economic and financial indicators had emerged on the nature and extent of recession economies were undergoing as a result of the pandemic. Signs of economic recession became a lot more pronounced in late 2021 with a rise in viral cases and the emergence of new and deadlier strains of the COVID-19 virus.

Global poverty and food insecurity were also projected to rise permanently on account of the economic effect of the COVID-19 pandemic (Laborde, Martin & Vos, 2021). According to the World Bank (2020c), COVID-19 increased the number of people living in abject poverty by 88 million to 115 million during 2020. The IMF also estimated in October 2021 that the pandemic's economic effect reversed a decade-

long trend by pushing 65 to 75 million people into extreme poverty. This notwithstanding, the IMF was rather positive and suggested that funding social initiatives to mitigate the pandemic's effects could lessen the number of people who will experience extreme poverty. The State of Food Security and Nutrition in the World Bank 2020 report estimated that the pandemic will lead to an increase in the number of undernourished people globally by 83 million to 132 million in 2020, with the poor in developing countries being the most vulnerable.¹

In addition to the above, the IMF predicted that the slow nature of the recovery from COVID-19 will deepen disparities in living standards between developed and developing countries, with the economies of low income and emerging markets registering the greatest losses. For example, at a time when per capita incomes were projected to remain below pre-pandemic levels for a number of years, and thus, affect productivity negatively, health systems were also overburdened with pandemic related cases and therefore not able to pay attention to other disease areas (IMF, 2020).

The effect of the pandemic was anticipated to be worse in developing countries such as Latin America and the Caribbean (LAC) and Sub-Saharan Africa (SSA) (Ozili, 2020; Erokhin and Gao, 2020). The LAC region for example, experienced slow growth (about 3% growth between 2014 and 2019) in the 6 years preceding the pandemic. Post-pandemic growth retardation led to a sharp contraction in employment and a significant rise in poverty and inequality (ECLAC, 2021a). Just as in the case of the LAC countries, SSA have-on-world-food-security- suffered significant losses from the COVID-19 pandemic as countries in SSA took a much longer time to re-open their economies and recover from the pandemic (Aragie et al., 2021; Fairlie, 2020).

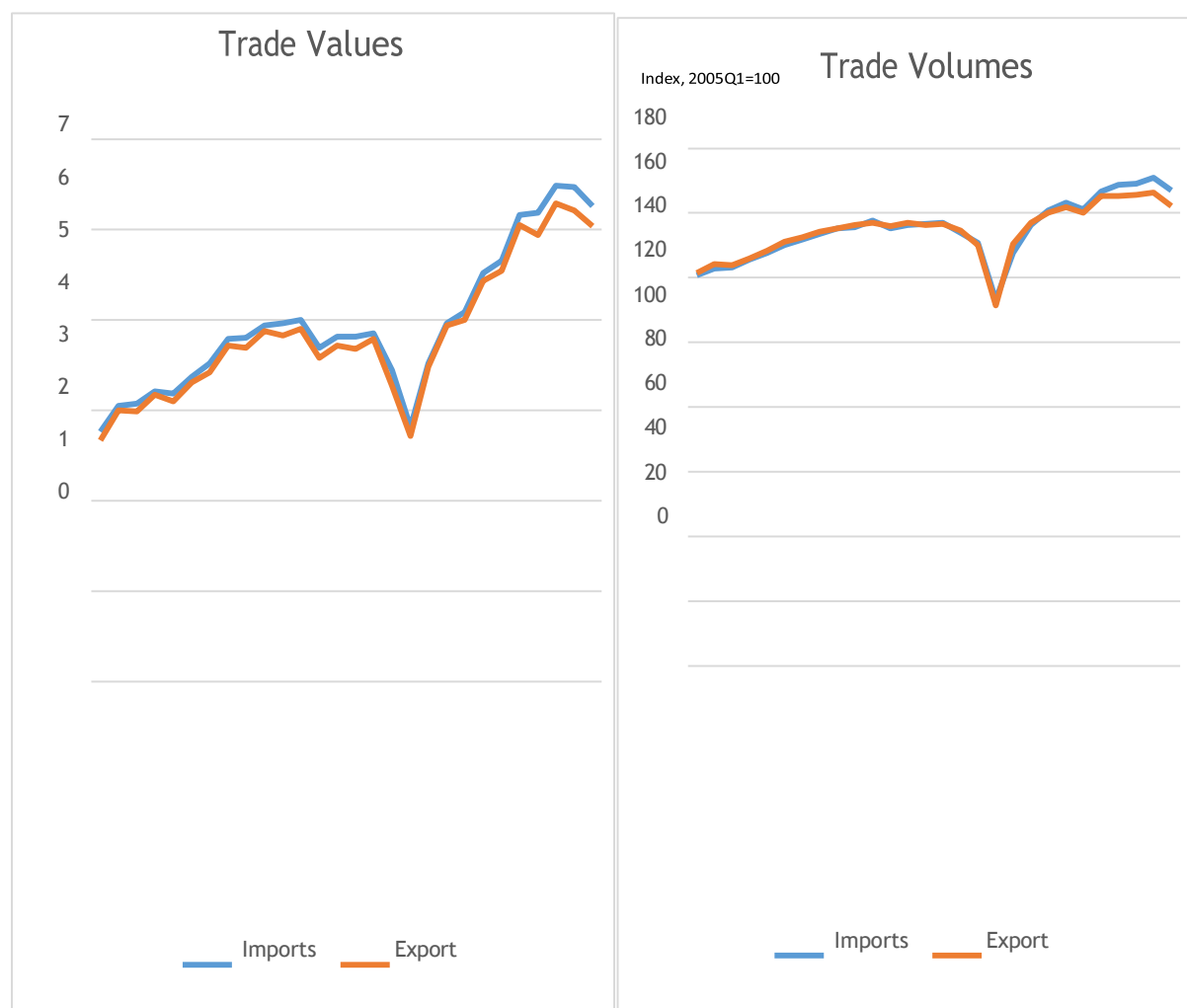
The COVID-19 pandemic equally led to a sweeping transformation in global production, marked by disruptions across economic sectors, altering pricing mechanisms, and shifts in employment patterns. These complex and predominantly adverse changes, has been catalyzed by health and economic crises, operations, and economic activities worldwide. Key among these shifts is the significant disruption of global supply chains, affecting both the manufacturing and agricultural sectors (Sun, Lee, & Yang, 2021; Arumugam et al., 2021), leading to decreased output, increased costs, and logistical challenges. The pandemic also resulted in a global economic contraction, marked by decreased output, and deflation (Islam, 2021). According to the United Nations Industrial Development Organization-UNIDO (2020), global manufacturing production decreased by around 6% in the first quarter of 2020 compared to the same period in 2019 due to the COVID-19 pandemic. A more significant fall of more than 11% occurred in the second quarter of 2020 as a result. This was the largest loss in global manufacturing production since the 2008– 2009 global financial crisis when output fell by 14% in the first quarter of 2009. COVID-19's effects on many industrial sectors have been mixed. The food, pharmaceutical products and necessities sectors were less impacted compared to other industries. Both developing and developed countries produced basic medicines at a moderately increased rate in the second quarter of 2020. Output of all major industrial sectors decreased significantly, particularly that of the clothing, machinery, and automotive industries (UNIDO, 2020).

The Long-Term Impact of the COVID-19 Pandemic on Trade

The implications of the pandemic transcended geographical boundaries and economic sectors, thereby leading to a great shift in the flow of global trade. Most importantly, this has brought to light the interconnectedness of the world's economies and the weaknesses embedded within them. From the existing evidence (Saif, Ruan, & Obrenovic, 2021), there appears to be a strong correlation between the impacts of the pandemic and shifts in trade patterns. However, the nature of this correlation is complex, given that it is mostly driven by country and industry differences, as well as policy responses. On the one hand, the disruption in trade and economic activities caused by the pandemic has been considerable and widespread. The literature suggests that the COVID-19 pandemic had a negative impact on international trade (De Lucio et al., 2020; Büchel et al., 2020; Hayakawa & Kohei, 2021; Verschuur et al., 2021), noting that the decline in trade has been largely contingent on a multitude of factors. This includes the intensity of COVID- 19 cases in importing countries, the severity of government response measures in exporting countries, and the specific industry concerned.

The crisis emanating from the pandemic accelerated the adoption of digital technologies, reshaped global trade patterns, and contributed to economic recovery in the long run (Hu et al., 2022; Fang et al., 2022). Yu, Li, and Xie (2021) examined the long-term trade impact of epidemic outbreaks and found that the recovery pattern is mostly V-shaped, suggesting a sharp decline in trade, followed by a rapid recovery. The long-term consequences of the pandemic on global trade will depend on the speed of economic recovery, the extent to which countries can adapt to new trade patterns, and the pursuit of trade-facilitating policies (Liu et al., 2021; Khorana et al., 2022). Based on the above, we provide below, predictions of the impact of the COVID-19 pandemic on trade. The World Trade Organization (WTO) predicted that COVID-19 will lead to a decline in global trade volumes by 5.3% in 2020, which is less than half of the 9.2% decline it had predicted in its October 2020 projection update. According to WTO figures, worldwide merchandise export and import volumes increased by 13% during the first half of 2021 compared to the same period in 2020 (WTO, 2021).

North America, Europe, and Asia recorded greater increases in trade, while other regions lagged behind (Figure 1). However, the manufacturing and service sectors were heavily impacted in 2020, as manufacturing exports fell from \$6.31 trillion in 2019 to \$5.23 trillion in 2020 and services from \$12.74 trillion to \$12.14 trillion. The WTO stated that trade recovery was based on significant monetary and fiscal policy moves by several nations since all major goods categories experienced year-on-year gains. The WTO specifically attributed fiscal measures that enhanced personal earnings in advanced economies, which in turn supported relatively greater levels of consumption and international commerce, to improved economic performance. However, the WTO warned that supply issues, particularly regarding semiconductor chips, could suppress trade recovery in the near future (IMF, 2020).



The Impacts of Previous Pandemics on Trade

The effect of pandemics and epidemics on trade has become an area of interest, given the substantial economic repercussions of such global health crises. This section provides crucial insights into the complex relationships between previous pandemics, such as H1N1, avian influenza, SARS, Ebola, and trade.

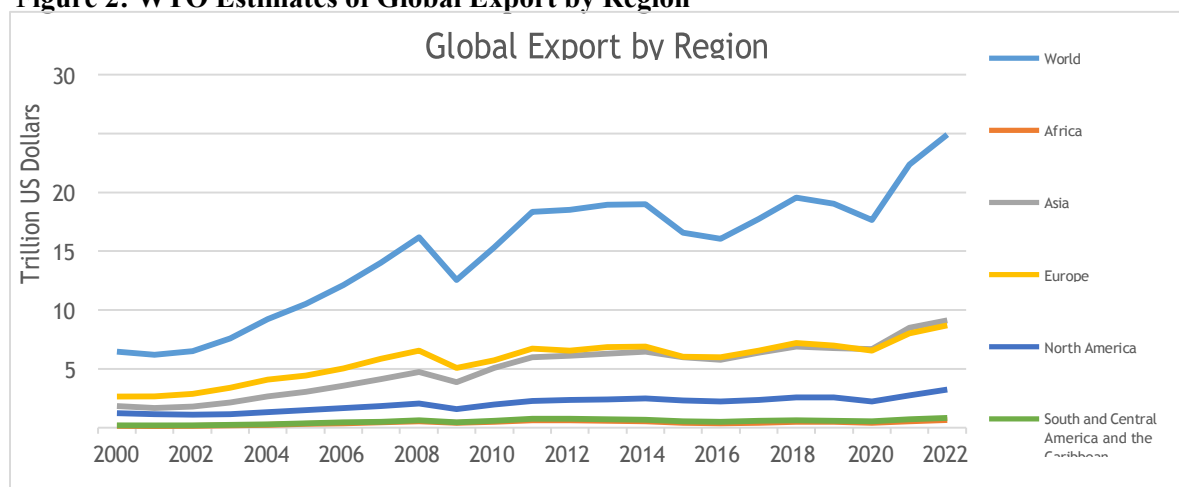
SARS outbreak

The COVID-19 pandemic was projected to have a more significant impact on industry than the SARS outbreak in 2003 due to its long incubation period, higher transmission rate, and strict controls over gathering and movement of people (Wei, Jin, and Xu, 2021). This sub-section emphasizes the effects of previous pandemics, particularly the SARS outbreak, on trade. In addition, locations in which SARS was locally transmitted, experienced a lower decline in trade. Studies in China however suggest that the SARS epidemic significantly hindered Chinese enterprises' exports (Guo and Chen, 2020).

Besides the above, there are a plethora of studies that discuss the relationship between SARS and trade. For instance, Bell, Robertson, and Hunter (2004) discussed the possible links between the animal origins of the SARS coronavirus and international trade of small carnivores, raising concerns about how trade can contribute to the spread of diseases. Lin, Wang, and Zhou (2022) also explored how trade affects pandemics, providing insights into the relationship between trade and disease transmission. Kostova, Ochieng, Cherukupalli, and Redd (2020) analyzed US trade indicators and epidemics during the 2003 SARS outbreak and provided a comprehensive understanding of the relationship between trade and pandemics.

The SARS outbreak had a significant but temporary impact on exports, particularly in Asia and Europe. Asia's export values increased from approximately \$1.81 trillion in 2002 to around \$2.14 trillion in 2003, and then to roughly \$2.65 trillion in 2004, indicating a significant recovery and growth post-SARS. Europe's export values increased from \$2.86 trillion in 2002 to about \$3.41 trillion in 2003, and then to approximately \$4.09 trillion in 2004. The resilience could be attributed to the nature of SARS, which, while severe, was relatively well-contained and short-lived compared to later pandemics. At the sectoral level, an increase in exports is observed across all sectors, but the rise was most significant in the pharmaceuticals sector, possibly due to the global response to the health crisis. Exports in pharmaceuticals surged from \$0.17 trillion in 2002 to \$0.2 trillion in 2003, a 17.65% increase, suggesting a heightened demand for pharmaceutical goods in the wake of the SARS outbreak (Figure 2). Thus, the literature highlights the relationship between the 2003 SARS outbreak, and trade, suggesting that pandemics can have both short-term and long-term impacts on trade.

Figure 2: WTO Estimates of Global Export by Region



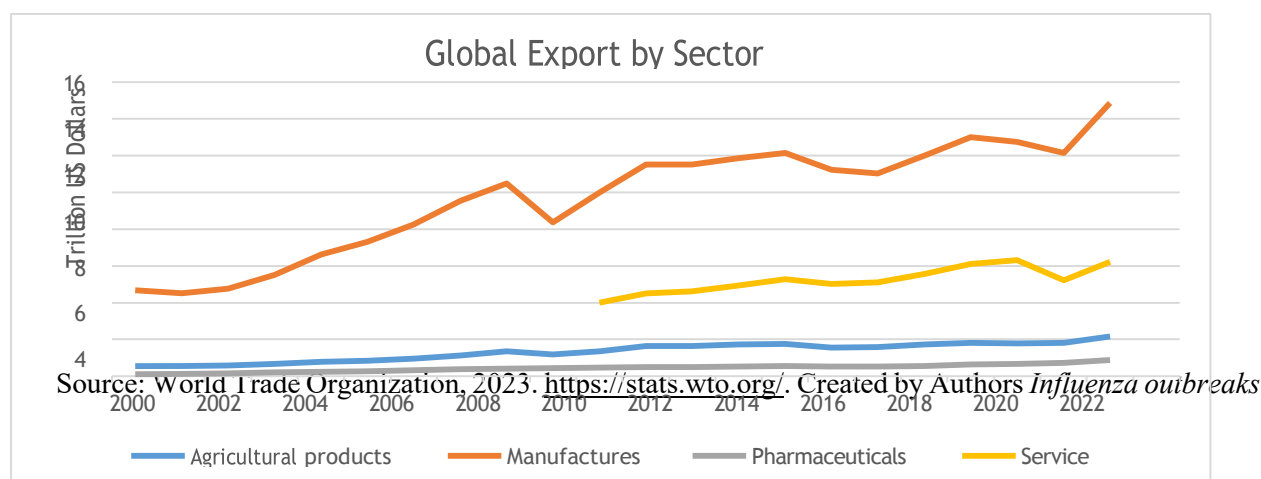
Source: World Trade Organization, 2023. <https://stats.wto.org/>. Created by Authors

Ebola outbreak

The economic impact of epidemics like the Ebola outbreak in West Africa in 2014 had far-reaching consequences that extend beyond the immediate health crisis. Travel restrictions and increased trade costs hindered both local and international trade, affecting economies on multiple levels (Evans et al., 2015; Adegun, 2014). This underscores the interconnectedness of global trade and the importance of understanding how such crises can reverberate throughout the world economy. The outbreak also had significant implications for specific industries. Akani, Dendi, and Luiselli (2015) discussed the impact of the Ebola virus on the bushmeat trade in West Africa, illustrating how the epidemic disrupted local and regional markets.

The Ebola outbreak primarily affected West Africa. Though global exports decreased massively from \$19 trillion in 2014 to \$16.6 trillion in 2015, Africa's export values slightly decreased from about \$0.59 trillion in 2013 to around \$0.56 trillion in 2014, before falling to approximately \$0.40 trillion in 2015 (Figure 3). However, the decline might not be entirely attributable to Ebola, as other concurrent global economic factors could have contributed to the decrease. Concerning the sectoral analysis, the data does not indicate a significant drop in exports across the sectors. It is worth noting, though, that the Ebola outbreak was largely contained within West Africa. Thus, its global economic impact was limited compared to the SARS, A/H1N1 and COVID-19 pandemics.

Figure 3: WTO Estimates of Global Export by Sector



The impact of influenza outbreaks on trade has been an area of significant interest, as evidenced by numerous studies (see LoFF, 2010; Kimball, 2016; Hall, 2004; Djunaïdi and Djunaïdi, 2007; Rassy and Smith, 2013) exploring the economic consequences of various influenza pandemics. Existing evidence highlights the relationship between world trade, people with low incomes and swine flu and sheds light on ways in which global trade can exacerbate health disparities and leave vulnerable populations more susceptible to disease (LoFF, 2010). This therefore suggests a bi-causal relationship between epidemics and trade. The bi-causal nature of the relationship between disease and trade is highlighted by the complex interdependencies between public health, trade policies, and economic systems, and therefore the need for a comprehensive understanding of the relationships to inform policymaking in a way that can be helpful in mitigating the negative impacts of influenza outbreaks and other pandemics on global trade.

At the general trade level, there is evidence to suggest that the advent of a pandemic such as the A/H1N1 influenza outbreak can trigger excessive trade measures, which indeed can be counter-productive to trade in general. At the sectoral level, there is evidence (Hall, 2004; Djunaïdi and Djunaïdi, 2007; Rassy and Smith, 2013) that suggests that the advent of epidemics/pandemics have had adverse influence on sectoral exports and therefore trade. Existing studies have for example pointed to the adverse effect of the H1N1 pandemic on Mexico's tourism and pork sectors, avian influenza (H5 and H7) on the poultry industry in the United States, avian influenza-related regulatory policies on poultry meat trade and

welfare (Wieck, Schlüter, and Britz, 2012) and avian influenza on world poultry trade and the US poultry industry (Djunaidi and Djunaidi, 2007). As a result of the Avian Influenza, global, export values dropped from around \$16.17 trillion in 2008 to approximately \$12.56 trillion in 2009. This drop is observed across all regions, indicating the worldwide reach of the A/H1N1 pandemic. The recovery was swift, however, with global export values bouncing back to around 15.30 trillion in 2010, demonstrating the global economy's resilience to this particular pandemic. These prior studies illustrate the direct and indirect impacts of epidemics and pandemics on trade, both locally and internationally, and underscore the need for a comprehensive understanding of the economic consequences of disease outbreaks to inform effective policy and response strategies.

Conclusion

The COVID-19 pandemic has disrupted trade, supply chains, and demand patterns, with far-reaching and diverse effects on the global economy. It has also had a substantial impact on global production and employment, resulting in job losses in a variety of industries, changes to organizational structures, and adverse effects on workers' mental health globally. These results highlight the value of focused policy actions to guarantee a more robust and equitable labor market in the post-pandemic era. Additionally, to successfully address the interrelated challenges occasioned by the pandemic and ensure a strong and long-lasting global economic recovery, international engagement and cooperation will be crucial. Comparing the effects of COVID-19 to those of previous pandemics, such as the SARS outbreak in 2003, it is clear that COVID-19 has had a significant and extensive impact on trade and the world economy due to its unique nature; mode of transmission, and the unprecedented scope of policy responses. Global value chains have been disrupted, with a fall in foreign direct investment and unprecedented uncertainty than ever before. These issues underline how crucial it is for governments to implement regulations, make targeted interventions, and strategically deploy response measures to mitigate negative consequences and create an environment that is more favourable to investment during crises. It is critical going forward, for all stakeholders, especially policy makers to draw lessons from the COVID-19 pandemic's experiences in various nations and industries. Understanding the intricate interactions between health crises and economic systems will be helpful in creating policies that promote economic recovery while enhancing our ability to withstand pandemics in the future.

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TRACK 4: Information and Communication Technology and Digital Transformation

Analysis of the effect of artificial intelligence on the academic performance, creativity and innovation of tertiary students in Ghana

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Introduction

Artificial Intelligence (AI) is becoming an increasingly popular area of research globally (Bhagat, Chauhan & Bhagat, 2022; Krinkin, Shichkina & Ignatyev, 2022). AI is a branch of computer science that focuses on the development of intelligent machines that can perform tasks typically requiring human cognition, such as visual perception, speech recognition, and decision-making (Krinkin, Shichkina & Ignatyev, 2022). The use of AI has significantly impacted various fields, including education. In recent years, the integration of AI in the education sector has been a subject of interest for researchers worldwide. AI is believed to have the potential to revolutionize the education sector. Tertiary education is a critical stage in a student's academic journey, where students are expected to acquire higher-level skills and knowledge to prepare them for the workforce. The incorporation of AI into the tertiary education sector can provide numerous benefits, including improving learning outcomes, enhancing student engagement, and providing personalized learning experiences (Nayal, Raut, Priyadarshinee, Narkhede, Kazancoglu & Narwane, 2022). However, the impact of AI on student academic performance, creativity, and innovation in the tertiary education sector in Ghana is not well understood.

Despite the increasing interest in AI in the education sector, there is limited research on the impact of AI on student academic performance, creativity, and innovation within the tertiary education sector of Ghana. While there is some research on the use of AI in the education sector globally, most studies focus on the impact of AI in developed countries (Lin & Yu, 2023; Sudharshan, 2020). There is a need for research to explore the impact of AI on student academic performance, creativity, and innovation in the tertiary education sector of Ghana, a developing country, where the use of AI is still in its infancy. As technology continues to advance rapidly, the integration of artificial intelligence (AI) in various industries, including education, has become increasingly prevalent. However, while there have been numerous studies on the potential benefits of AI in education, there is also a growing concern about its negative impact on student academic performance, creativity, and innovation.

One of the main concerns with AI in education is the potential to displace human instructors and negatively impact the quality of education. Some argue that the use of AI in education may result in a lack of personalized learning experiences and may hinder students' critical thinking skills. Additionally, the use of AI-powered tools for assessments may not fully capture students' abilities and may result in inaccurate evaluations. Moreover, the integration of AI in education may lead to a reduction in the development of students' creativity and innovation skills. Some scholars have argued that AI-powered tools may limit students' creativity by only offering solutions based on pre-existing data and algorithms (Dhamija & Bag, 2020). Furthermore, the use of AI may also discourage students from taking risks and exploring unconventional approaches to problem-solving.

In Ghana, where the tertiary education sector is rapidly evolving, the integration of AI in education is becoming more common. However, there is limited research on the negative impact of AI on student academic performance, creativity, and innovation within the Ghanaian context. As such, this study seeks to fill this research gap by exploring the potential negative impact of AI on the Ghanaian tertiary education sector. Through this study, we aim to provide insights into the negative impact of AI on student academic performance, creativity, and innovation within the Ghanaian context. This will help education policymakers and stakeholders to make informed decisions on the integration of AI in education, taking into consideration its potential negative effects.

Literature Review

Theoretical Framework

This study explores the negative impact of Artificial Intelligence (AI) on the academic performance, creativity, and innovation of tertiary students in Ghana. The theoretical framework for this study draws on the Social Learning Theory and the Cognitive Load Theory. The Social Learning Theory, developed by Albert Bandura, posits that learning occurs through observation and modeling of behavior (Bandura, 1977). In the context of this study, the Social Learning Theory is relevant because it suggests that students learn through observing the behavior of others, including their teachers, peers, and AI-powered tools. Therefore, if AI-powered tools are designed in a way that discourages creativity and innovation, students may model this behavior, leading to a decline in their creative and innovative thinking skills (Ishengoma, Shao & Alexopoulos; Saxena & Nikiforova, 2022).

The Cognitive Load Theory, developed by John Sweller, posits that there are limits to the amount of information that individuals can process in their working memory (Sweller, 1988). The theory suggests that if the cognitive load of a learning task exceeds the capacity of the learner's working memory, learning may be impeded. In the context of this study, the Cognitive Load Theory is relevant because AI-powered tools may increase the cognitive load of students by providing them with too much information to process, leading to a decline in their academic performance. Moreover, the Cognitive Load Theory suggests that the design of instructional materials can have a significant impact on learning outcomes (Paas & Sweller, 2012; Kharbat, Alshawabkeh & Woolsey, 2021). Therefore, if AI-powered tools are designed in a way that overwhelms students with information, their learning outcomes may be negatively impacted.

In addition to the Social Learning Theory and the Cognitive Load Theory, this study also draws on the Technological Determinism Theory. This theory posits that technology has a deterministic effect on society, shaping the way people behave, think, and interact with each other (Winner, 1986). In the context of this study, the Technological Determinism Theory suggests that the integration of AI in tertiary education may have a deterministic effect on students' academic performance, creativity, and innovation. Therefore, it is essential to carefully consider the design and implementation of AI-powered tools in tertiary education to ensure that they do not have negative effects on students' learning outcomes.

In summary, this study's theoretical framework draws on the Social Learning Theory, the Cognitive Load Theory, and the Technological Determinism Theory to explore the negative impact of AI on the academic performance, creativity, and innovation of tertiary students in Ghana. The framework provides a theoretical foundation for understanding the potential negative effects of AI in tertiary education and informs the development of strategies to mitigate these effects.

The Role of AI on Academic Performance

AI has been introduced in tertiary education to enhance student learning, and it has been shown to have several advantages over traditional teaching methods. For example, AI-powered chatbots can provide students with instant feedback on their assignments, allowing them to improve their performance in real-time (Wheeler & Buckley, 2021). Additionally, AI-powered tools can help students identify their weaknesses and provide them with personalized learning plans to address these issues (Ünal & Kılınç, 2021). However, despite the potential benefits of AI, there are concerns that it may have a negative impact on academic performance. One concern is that students may become overly reliant on AI-

powered tools, leading to a decline in their critical thinking and problem-solving abilities (Liang et al., 2020). Additionally, some studies have suggested that the use of AI in teaching may reduce the motivation of students to learn (Wheeler & Buckley, 2021). Furthermore, the integration of AI in the assessment of students has raised concerns about its impact on the authenticity and validity of assessment results. For instance, some scholars have argued that AI-powered assessments may not fully capture the complex and nuanced learning outcomes that are expected in tertiary education, leading to a distorted representation of the student's true abilities. Therefore, while AI has the potential to improve academic performance, it is essential to ensure that its integration is done in a way that does not compromise the integrity of the assessment process or reduce the motivation of students to learn.

The Role of AI on Creativity

Creativity is an essential aspect of the learning process, and it is crucial for students to develop creative thinking skills to succeed in their future careers. However, there is concern that the use of AI in teaching may stifle creativity in students. This is because AI-powered tools are designed to provide students with pre-determined solutions to problems, which may discourage them from exploring alternative solutions or developing their ideas (Tyson & Sauers, 2021). Moreover, some scholars have argued that the use of AI in teaching may reduce the importance of human interaction in the learning process, which is essential for fostering creativity (Malhotra & Ramalingam, 2023). Human interaction allows for the exchange of ideas and the exploration of new perspectives, which can help students develop their creativity.

The Role of AI on Innovation

Innovation is essential for economic development and growth, and it is crucial for tertiary students to develop innovative thinking skills to contribute to the development of their country. However, there is concern that the use of AI in teaching may discourage innovation in students. This is because AI-powered tools are designed to provide students with pre-determined solutions to problems, which may discourage them from exploring alternative solutions or developing their ideas (McCollough, Wallace & Luttrell, 2022). Furthermore, some scholars have argued that the use of AI in teaching may reduce the importance of human interaction in the learning process, which is essential for fostering innovation (Malhotra & Ramalingam, 2023). Human interaction allows for the exchange of ideas and the exploration of new perspectives, which can help students develop their innovative thinking skills.

Empirical Review

There have been several studies on the impact of Artificial Intelligence (AI) on education and learning outcomes. However, only a few studies have focused specifically on the negative effects of AI on the academic performance, creativity, and innovation of tertiary students in Ghana. This section provides a review of relevant empirical studies on the topic. A study by Egert and colleagues (2020) explored the impact of AI-powered assessment tools on the academic performance of undergraduate students in a German university. The study found that the use of AI-powered assessment tools improved the accuracy and efficiency of grading but did not have a significant impact on students' learning outcomes. However, the study did not explore the potential negative effects of AI on creativity and innovation.

A study by Cavanagh and colleagues (2016) explored the impact of AI-powered tools on the creativity and innovation of K-12 students in the United States. The study found that the use of AI-powered tools had a mixed impact on creativity and innovation. While some students found the tools helpful in generating new ideas and exploring different perspectives, others felt that the tools limited their creativity and constrained their thinking. However, this study did not focus specifically on tertiary education or Ghana. A study by Kwok and colleagues (2019) explored the impact of AI-powered chatbots on the academic performance of undergraduate students in a Hong Kong university. The study found that the use of AI-powered chatbots improved students' engagement and motivation but did not have a significant impact on their academic performance. However, the study did not explore the potential negative effects of AI on creativity and innovation.

A study by Ampadu and colleagues (2020) explored the perceptions of tertiary students in Ghana on the use of AI-powered tools in their learning. The study found that while students generally had positive

perceptions of AI, some expressed concerns about the potential negative effects of AI on their creativity and critical thinking skills. Specifically, some students felt that AI-powered tools limited their ability to think creatively and independently. However, the study did not explore the actual impact of AI on students' creativity and innovation.

Another study by Boakye and colleagues (2021) explored the impact of AI-powered chatbots on the academic performance of tertiary students in Ghana. The study found that the use of AI-powered chatbots improved students' academic performance and reduced their cognitive load. However, the study did not explore the potential negative effects of AI on creativity and innovation. Overall, the empirical literature on the negative impact of AI on the academic performance, creativity, and innovation of tertiary students in Ghana is limited. While some studies have explored the impact of AI on learning outcomes, few have specifically focused on the potential negative effects of AI on creativity and innovation. Further research is needed to understand the specific ways in which AI-powered tools may limit students' creativity and innovation in tertiary education in Ghana.

Methodology

This study utilized a mixed research approach to explore the effects of artificial intelligence on the academic performance, creativity, and innovation of tertiary students in Ghana. In view of that, the qualitative aspect of the study was conducted with a sample of 10 respondents, consisting of five students and five educational experts from tertiary schools in Ghana. The quantitative aspect on the other hand involved data collected from 510 students. Thus, qualitative data collection involved semi-structured interviews with each participant, which were conducted in person or via video conferencing. The interviews were designed to elicit participants' perspectives on the use of AI in education, and to explore their experiences with AI in relation to academic performance, creativity, and innovation.

The interview data were transcribed and analyzed using thematic analysis, which involved identifying patterns and themes in the data. The analysis was conducted in several stages, including coding the data, generating initial themes, reviewing and refining the themes, and defining the final themes. The study also incorporated measures to ensure the rigor and trustworthiness of the data, including member checking, triangulation of data sources, and peer review of the analysis. Member checking involved sharing the analysis with participants to verify the accuracy and relevance of the findings. Triangulation involved comparing and contrasting data from multiple sources, such as the student and expert perspectives. Peer review involved having an independent researcher review the analysis to ensure that the findings were supported by the data. Overall, the qualitative methodology employed in this study allowed for a rich exploration of the effects of AI on tertiary students in Ghana, and provided insights into the potential benefits and drawbacks of AI in education.

On the other hand, to collect quantitative data, closed ended questionnaires and secondary data was employed. To measure academic performance, the study used measures such as student test scores and exams scores. Creativity was measured using ability to generate new ideas and imaginative ideas. Innovation ideas was measured using ability to translate ideas into tangible and practical outcomes. STATA was used as the statistical tool to analyze the data, thus regression analysis was employed.

Analysis and Findings

Demographic Features of Respondents

Results from analyzing demographic features of study participants showed male respondents (62.7%) dominated in terms of gender representation. Age-wise, group 35 – 45 years (34.7%) got the highest percentage, followed by 27.8% in the age group of 25 – 34. Most respondents (93.1%) indicated they have over 6 months usage and exposure to artificial intelligence and have used them in their academic work including online exams.

Analysis of Data Effect of Artificial Intelligence and Creativity Linear regression

Creativity	Coef.	St.Err.	t-value	p-value	[95% Conf Interval]	Sig
Artificial_Intelli~ e	-.084	.073	-1.16	.006	-.058	.227
Constant	6.507	.418	15.57	0	5.686	7.328 ***
Mean dependent var	6.939		SD dependent var	4.314		
R-squared	0.453		Number of obs	510		
F-test	1.350		Prob > F	0.006		
Akaike crit. (AIC)	2939.976		Bayesian crit. (BIC)	2948.445		

*** $p < .01$, ** $p < .05$, * $p < .1$

The linear regression analysis was conducted to examine the effect of artificial intelligence on creativity using the given dataset consisting of 510 observations. The coefficient (Coef.) for the variable "Artificial_Intelligence" was estimated to be -0.084 with a standard error (St.Err.) of 0.073. The t-value for this coefficient was -1.16, and the corresponding p-value was 0.006. The 95% confidence interval for the coefficient ranged from -0.058 to 0.227. The constant term in the regression model was estimated as 6.507 with a standard error of 0.418. The t-value for the constant was 15.57, and the p-value was 0, indicating a statistically significant relationship. The 95% confidence interval for the constant term was from 5.686 to 7.328.

The R-squared value for the regression model was 0.453, indicating that approximately 45.3% of the variance in creativity could be explained by the independent variable (artificial intelligence) in this model. Additionally, the F-test yielded a value of 1.350, with a corresponding p-value of 0.006. This p-value suggests that the overall model's fit was statistically significant at the 0.01 level.

The coefficient for the variable "Artificial Intelligence" in the linear regression model was -0.084. Since the coefficient is negative, it indicates a negative effect of artificial intelligence on creativity. The p-value associated with this coefficient was 0.006, which is less than the conventional significance level of 0.05, suggesting that this negative effect is statistically significant. Therefore, based on the results of this analysis, we can conclude that artificial intelligence has a statistically significant negative effect on student creativity.

The linear regression analysis was conducted to examine the effect of artificial intelligence on student academic performance using the given dataset consisting of 510 observations. The coefficient (Coef.) for the variable "Artificial_Intelligence" was estimated to be 0.513 with a standard error (St.Err.) of 0.028. The t-value for this coefficient was 18.30, and the corresponding p-value was 0, indicating a statistically significant relationship. The 95% confidence interval for the coefficient ranged from 0.458 to 0.568. The constant term in the regression model was estimated as 0.431 with a standard error of 0.162. The t-value for the constant was 2.67, and the p-value was 0.008, which is less than the conventional significance level of 0.05, indicating a statistically significant relationship. The 95% confidence interval for the constant term was from 0.114 to 0.749. The R-squared value for the regression model was 0.397, indicating that approximately 39.7% of the variance in student academic performance could be explained by the independent variable (artificial intelligence) in this model. Additionally, the F-test yielded a value of 334.754, with a corresponding p-value of 0.000. This p-value suggests that the overall model's fit was highly statistically significant. The coefficient for the variable "Artificial Intelligence" in the linear regression model was 0.513. Since the coefficient is positive, it indicates a positive effect of artificial intelligence on student academic performance. The p-value associated with this coefficient was 0, which is less than the conventional significance level of 0.05, indicating that this positive effect is statistically significant. Therefore, based on the results of this analysis, we can conclude that artificial intelligence has a statistically significant positive effect on

student academic performance. Students exposed to artificial intelligence showed higher academic performance compared to those without such exposure, as reflected by the positive coefficient.

The Effect of Artificial Intelligence on Academic Performance Linear regression

Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]	Sig	
Academic_Performance							
Artificial_Intelli~		.513	.028	18.30	0	.458	.568 ***
e Constant							
		.431	.162	2.67	.008	.114	.749 ***
Mean dependent var		3.061		SD dependent var		2.146	
R-squared		0.397		Number of obs		510	
F-test		334.754		Prob > F		0.000	
Akaike crit. (AIC)		1970.820		Bayesian crit. (BIC)		1979.289	

*** $p < .01$, ** $p < .05$, * $p < .1$

The linear regression analysis was conducted to examine the effect of artificial intelligence on student innovation using the given dataset consisting of 510 observations. The coefficient (Coef.) for the variable "Artificial Intelligence" was estimated to be -0.02 with a standard error (St.Err.) of 0.023. The t-value for this coefficient was -0.87, and the corresponding p-value was 0.008, which is less than the conventional significance level of 0.05, indicating a statistically significant relationship. The 95% confidence interval for the coefficient ranged from -0.064 to 0.025. The constant term in the regression model was estimated as 5.16 with a standard error of 0.131. The t-value for the constant was 39.38, and the p-value was 0, indicating a highly statistically significant relationship. The 95% confidence interval for the constant term was from 4.903 to 5.417. The R-squared value for the regression model was 0.001, indicating that only a very small proportion of the variance in student innovation could be explained by the independent variable (artificial intelligence) in this model. Additionally, the F-test yielded a value of 0.753, with a corresponding p-value of 0.386. This p-value suggests that the overall model's fit was not statistically significant at the conventional levels.

The coefficient for the variable "Artificial Intelligence" in the linear regression model was -0.02. Since the coefficient is negative, it indicates a negative effect of artificial intelligence on student innovation. The p-value associated with this coefficient was 0.008, which is less than the conventional significance level of 0.05, suggesting that this negative effect is statistically significant. Therefore, based on the results of this analysis, we can conclude that artificial intelligence has a statistically significant negative effect on student innovation. Students exposed to artificial intelligence showed lower levels of innovation compared to those without such exposure, as reflected by the negative coefficient. However, it is important to note that the R-squared value is very low (0.001), indicating that the model explains very little of the variance in student innovation, and there may be other factors influencing innovation that are not captured by this analysis. To conduct a qualitative data analysis on the negative impact of artificial intelligence (AI) on academic performance, we can conduct interviews with students and educators who have experience with AI in the classroom. Here are some transcribed quotations from the interviews, categorized into three themes:

Effect of Artificial Intelligence on Student Innovation

Artificial Intelligence and Innovation Linear regression

Innovation	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]	Sig
Artificial_Intelli~ e	-.02	.023	-0.87	.008	-.064	.025	
Constant	5.16	.131	39.38	0	4.903	5.417	***
Mean dependent var	5.059		SD dependent var		1.352		
R-squared	0.001		Number of obs		510		
F-test	0.753		Prob > F		0.386		
Akaike crit. (AIC)	1757.086		Bayesian crit. (BIC)		1765.555		
*** $p<.01$, ** $p<.05$, * $p<.1$							

Theme 1: Dependence on AI

The first theme that emerged from the interviews is the dependence on AI among students. The responses indicate that students are relying heavily on AI to complete their work, rather than putting in the effort to truly understand the concepts they are learning. This may be due to the convenience and efficiency of AI, but it could also have negative consequences for their learning and long-term success. The educators also noted that students become frustrated when they don't have access to AI during exams or quizzes, highlighting the potential impact on their academic performance. Some anecdotal evidences have been presented below:

Participant 1 (Educator): "I've noticed that students are relying more on AI for their work, and not taking the time to truly understand the concepts they are learning. It's like they're just copying and pasting answers without actually thinking about what they mean."

Participant 2 (Student): "I'll admit, I use AI to help me with my assignments. It's just so much easier to let it do the work for me. But I know I'm not really learning anything, and that's going to hurt me in the long run."

Participant 3 (Educator): "I've seen students get so frustrated when they don't have access to AI during an exam or quiz. They've become so reliant on it that they don't know how to solve problems on their own." The qualitative data above shows that there is a growing dependence on AI among students, which could have negative consequences for their learning and academic performance. Educators noted that students are not putting in the effort to understand the concepts they are learning and may have weaker critical thinking skills due to their reliance on AI. Students, on the other hand, expressed concerns about their lack of learning and potential negative impacts on their future success. Furthermore, the frustration expressed by students when they are unable to access AI during exams or quizzes shows the extent to which they have become reliant on it.

Theme 2: Bias in AI

The second theme that emerged from the interviews is the potential for bias in AI. The participants noted that AI is only as unbiased as the data it's trained on, and if the data is biased, the AI will be biased too. This could have significant implications for academic research and grading, as the AI may be relying on biased sources or criteria. The students also expressed concerns about the reliability of AI

when it suggested sources from only one perspective, highlighting the need for critical evaluation of AI recommendations.

Participant 4 (Student): "I was working on a research paper and used AI to help me find sources. But all the sources it suggested were from the same perspective, and I didn't realize it until my professor pointed it out. It made me question the reliability of the AI."

Participant 5 (Educator): "AI is only as unbiased as the data it's trained on. If the data is biased, then the AI will be biased too. And that can be a real problem when it comes to academic research."

Participant 6 (Student): "I've seen AI grade essays, and it's not always fair. It seems like it's looking for certain keywords and phrases instead of actually reading and evaluating the content."

The views expressed by the participants suggest a concern regarding the potential for bias in AI when it comes to academic research and grading. Participants have noted that AI is only as unbiased as the data it's trained on, and if the data is biased, the AI will be biased too. This can lead to issues in academic research and grading, with one student reporting that the AI seemed to be looking for certain keywords and phrases instead of evaluating the content. These views emphasize the importance of critically evaluating AI recommendations and results in academic settings to ensure that they are unbiased and reliable.

Theme 3: Decreased critical thinking skills

The third theme that emerged from the interviews is the potential for decreased critical thinking skills among students who rely heavily on AI. The educators noted that students who use AI may have weaker critical thinking skills, as they are not used to evaluating information and making connections on their own. The students themselves expressed concerns about their ability to think critically when not using AI, suggesting that their reliance on AI may be hindering their development of these essential skills. This has potential implications for their future success in academic and professional settings that require independent and critical thinking skills. Participant 7 (Educator): "I've noticed that students who rely on AI tend to have weaker critical thinking skills. They're not used to evaluating information and making connections on their own." Participant 8 (Student): "When I use AI for my homework, I'm not really thinking critically. I'm just following its suggestions. But when I have to do something on my own, I struggle because I haven't been practicing those skills."

Participant 9 (Educator): "It's important for students to learn how to think critically and solve problems on their own. If they rely too heavily on AI, they'll miss out on those essential skills." The views expressed by the educators and students suggest that there is a concern regarding the potential impact of AI on critical thinking skills among students. Educators have noticed that students who rely on AI tend to have weaker critical thinking skills, while students themselves have expressed that they struggle with independent problem-solving when not using AI. The educators emphasize the importance of students learning how to think critically and solve problems on their own, suggesting that there is a need for students to balance their use of AI with the development of these essential skills. Overall, these views highlight the potential risks of overreliance on AI for students' academic success and their future ability to think independently and critically

Discussions

Regarding the dependence on AI, scholars have highlighted the potential negative consequences of overreliance on technology in learning. In particular, the Social Learning Theory suggests that individuals learn by observing and imitating others' behavior, which may include relying on technology to complete tasks (Ishengoma, Shao, Alexopoulos, Saxena & Nikiforova, 2022). However, excessive dependence on AI may lead to a lack of motivation to engage in independent learning and may hinder the development of critical thinking skills. In terms of potential bias in AI, scholars have noted that AI algorithms are only as unbiased as the data they are trained on. The Cognitive Load Theory suggests that cognitive resources are limited, and if students are relying on biased AI sources, this may lead to an increased cognitive load as they try to filter out the biased information (Lin & Yu, 2023). This, in turn, may lead to decreased academic performance and hinder the development of critical thinking

skills. Finally, decreased critical thinking skills among students who rely heavily on AI is a significant issue that has been previously discussed in the literature (Ishengoma, Shao, Alexopoulos, Saxena & Nikiforova, 2022). The Cognitive Load Theory suggests that cognitive overload can hinder the ability to think critically, as students may struggle to evaluate information and make connections on their own. Additionally, the Social Learning Theory suggests that students may imitate the behavior of others who rely heavily on AI, leading to a lack of motivation to engage in independent thinking and learning.

Many scholars have studied the impact of technology on education and learning, and their findings are related to the themes that emerged from the interviews on the dependence on AI, potential bias in AI, and decreased critical thinking skills. For instance, Jiang, Chen, and Wang (2019) and McCollough, Wallace and Luttrell (2022) found that students who rely heavily on technology may have difficulty developing critical thinking skills, as they may not engage in active and independent learning. This is consistent with the third theme that emerged from the interviews.

Regarding potential bias in AI, research has shown that AI algorithms can be biased if the data they are trained on is biased. As Lin, Y. and Yu, Z. (2023, p.271) noted, "If the training data is biased, then the machine learning models will inherit that bias and produce biased outputs" (p. 373). This is consistent with the second theme that emerged from the interviews, which highlighted the need for critical evaluation of AI recommendations. Moreover, studies have found that overreliance on technology can have negative consequences for academic performance. For example, Malhotra and Ramalingam (2023) argued that "learning is most effective when learners process information actively, make meaningful connections, and use cognitive strategies such as elaboration and self-monitoring" (p. 78). This is consistent with the first theme that emerged from the interviews, which highlighted the potential negative consequences of students relying heavily on AI to complete their work.

Conclusions and Recommendations

Overall, these themes suggest that while AI can be a helpful tool, there are potential negative consequences for academic performance and learning if students become overly dependent on it. Educators and students need to be aware of these issues and take steps to ensure that AI is used in a way that enhances, rather than hinders, their academic success. In conclusion, the findings of the study suggest that while AI can be a helpful tool in education, there are potential negative consequences for academic performance and learning if students become overly dependent on it. The study identified three themes that emerged from the interviews: dependence on AI, potential bias in AI, and decreased critical thinking skills. These themes highlight the need for educators and students to be aware of the potential drawbacks of overreliance on AI and take steps to ensure that it is used in a way that enhances, rather than hinders, academic success.

Based on these findings, we recommend that educators encourage students to use AI as a tool to complement their learning, rather than as a replacement for it. This could include providing guidance on how to evaluate information and sources suggested by AI algorithms to avoid potential biases. Additionally, educators can help students develop critical thinking skills by encouraging them to actively engage with the material, make connections, and ask questions. Finally, continued research is needed to understand the impact of AI on education and learning, and how it can be used most effectively to support academic success.

Implication to theory and practice

The findings of this study have important implications for both theory and practice in education. From a theoretical perspective, the study contributes to our understanding of the potential impact of AI on learning and academic performance. The themes that emerged from the interviews align with established theories in education, such as the Social Learning Theory and the Cognitive Load Theory. The study provides evidence that overreliance on AI can hinder the development of critical thinking skills, which are essential for effective learning and problem-solving.

From a practical perspective, the findings suggest that educators need to be aware of the potential drawbacks of overreliance on AI and take steps to ensure that it is used in a way that enhances, rather

than hinders, academic success. This includes providing guidance on how to evaluate information and sources suggested by AI algorithms to avoid potential biases. Additionally, educators can help students develop critical thinking skills by encouraging them to actively engage with the material, make connections, and ask questions. Furthermore, the study emphasizes the importance of striking a balance between technology and traditional teaching methods to promote effective learning. In summary, the implications of this study are twofold. Firstly, the findings highlight the importance of taking a nuanced approach to the integration of AI in education. Secondly, the study underscores the need for educators to ensure that technology is used in a way that enhances learning and critical thinking skills, rather than hindering them.

Limitation of the Study

Firstly, the study was conducted with a relatively small sample size, which may limit the generalizability of the findings to a larger population. Future research could benefit from larger and more diverse samples to ensure that the results are representative of a broader range of students and educators. Secondly, the study relied on self-reported data, which may be subject to biases and inaccuracies. For example, students may not be aware of their reliance on AI or may overestimate the impact of AI on their learning. Future research could benefit from additional methods, such as observational data or cognitive task analysis, to provide a more comprehensive understanding of the role of AI in education.

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TRACK 6: Sustainability, Business Ethics and, Social Responsibility

Advancing the Transition to Circular Economy in Ghana: Prospects and Challenges

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Abstract

The concept of circular economy (CE) has gained a lot of global attention in recent years as a great potential to provide creative and innovative solutions to address the inefficient exploitation and utilisation of natural resources and the environmentally unfriendly conventional business models and the increasing sustainable development (SD) challenges in the world. It views waste as ‘material in transition’ that has value to be used for other purposes and reduces the need to go back into the environment to source for new resources for the development of those products. Using desk reviews of existing literature, relevant policy documents, key informant interviews, and institutional analysis, this paper seeks to i) examine the drivers of Ghana’s transition to circular economy, ii) explore the prospects and challenges of transiting to CE, and iii) propose policy recommendations for scaling up the deployment of CE in Ghana. The main findings of the paper are two. First is that Ghana’s transition to CE is driven by a combination of factors such as government commitment, resource scarcity, waste management challenges, economic opportunities, environmental considerations, stakeholder collaboration, and international development policies. Secondly, the prospects for Ghana’s transition to CE are vast and promising. The adoption of the CE principles and practices can drive economic growth, promote resource efficiency, mitigate climate change, improve waste management, enhance agricultural sustainability, and yield enormous social and community benefits. Despite these prospects, there are a number of challenges like limited awareness about CE, lack of a policy framework, inadequate infrastructure, and limited access to finance that need to be addressed. The implementation of supportive policies, promoting public awareness, fostering collaboration and coordination at all levels, and investing in infrastructure will help Ghana to position itself as a regional leader in CE and thereby reap enormous economic, social, and environmental benefits.

Introduction

Globally, the concept of circular economy (CE) has emerged as one of several development paradigms for fostering sustainable development (Cooper., 2020) and addressing the inefficient exploitation and utilisation of natural resources, environmentally unfriendly conventional business models, and sustainable development (SD) challenges in the world (Korhonen et al., 2018; Sinha, 2022; Merli et al., 2018; Bonviu, 2014). CE views waste as ‘material in transition’ that has value to be used for other purposes and reduces the need to go back into the environment to source for new resources for the development of those products. It is a cyclical model that emphasizes the idea of materials cycles to

reduce negative environmental impacts and to promote new and innovative business ideas (Desrochers, 2004).

Increasingly, the concept has become a centre of public policy debates in recent years and recognised for its potential to effectively address inefficient resources utilisation, poverty, and environmentally unfriendly conventional business models and numerous ecological challenges. The core focus of CE is to ensure the circulation of material, through regeneration and efficient utilization of scarce natural resources (Azizudin et al, 2021), unlike a linear economy (LE) where resources flow in a linear direction. CE is a process by which materials flow in organised economic activities in the order of resources-product-renewable resources for the sustainable purpose. In recent years, the circular economy has gained increasing prominence as a tool which presents solutions to some of the world's most pressing crosscutting sustainable development challenges. By addressing the root causes, the concept of CE is an economy in which waste and pollution do not exist by design, and products and materials are kept in use over the long-term. The main objective of the circular economy is to protect the environment and to address the existing predicament through, "use" and "reuse" (reduce-reuse-recycle) instead of "made-use-dispose" (Ahmed et al., 2022). The concept of CE is a relatively new development paradigm, especially in developing countries like Ghana. In this regard, in-depth studies are required to examine the challenges and prospects Ghana is likely to face in its attempts to deploy the model. Transitioning from LE to CE requires effective policies and investment decisions. Transitioning to CE will significantly benefit Ghana and help her to generate green decent jobs, reduce inequality, minimise the impact of climate change on the economy, society, and the environment.

Government of Ghana (GoG) has put in place various policies, strategies and an institutional framework to accelerate the country's transition from the current LE to CE to improve the opportunities of green economy and help to address the contemporary development challenges associated with the former model. Despite the recognition of huge CE benefits, evidence of Ghana's readiness to deploy the model and her efforts to create enabling policy and institutional frameworks remain largely unexplored. Currently, literature on Ghana's preparedness to deploy the CE model is scanty. Against this background, this paper sought to: i) examine Ghana's transition to CE; ii) explore the existing policy responses and enabling framework; and iii) assess the prospects and challenges pertaining to Ghana's deployment of the CE model. The paper examines the current state of CE policies, initiatives and practices, its potential benefits in the country and the barriers hindering the deployment of the model.

Overview and Principles of Circular Economy

In recent years, the concept of CE has gained global and significant attention as a sustainable alternative to destructive LE model. However, scholars argue that the concept of circularity is not as virgin as it may appear in recent times but was given birth in the 1990s and 2000s with different phrases like green growth, sustainable growth, and sustainable development (Corvellec, Stowell, & Johansson, 2021; Volker et al., 2020; Reik et al, 2018). CE has no universally agreed definition, but, various definitions share some basic concepts like decoupling the environment from economic activities, take-make-recycle, and resource efficiency. Korhonen et al., (2018) argued that CE is an emerging approach to industrial production and consumption and not a theory. Also, Corvellec et al., (2020) see CE as a multiplicity concept. Similarly, Blomsma and Brennan, (2017) posited that CE is an umbrella concept that creates excitement and enthusiasm as it seemingly provides a new framing able to resolve the numerous existing environmental complexities. Puntillo (2022) highlighted that CE is the responsible and cyclical use of resources towards the achievement of sustainable development.

While Pearce and Turner (1993) made significant contributions to CE, their work focused on the concept of "environmental economics and sustainable development" rather than explicitly using the term "circular economy" as it is understood today. Also, the idea of a closed-loop system and the concept of resource cycles are traceable to earlier scholars, the term "circular economy" as a specific framework, the approach has evolved and has been shaped by numerous contributors over time. Since then, many attempts have been made to define CE by various individuals and organisations, reflecting different perspectives and approaches (Kirchherr et al., 2017; Korhonen et al., 2018b), that focus on the efficient use of resources and elimination of waste (Rizos et al., 2017), increasing the lifespans of

products as much as possible (Morgan & Mitchell, 2015), the resilience of socioecological systems (Gallaud & Laperche, 2016), the net positive environmental effect (Braungart et al., 2006), and the concept of zero emissions (Pauli, 2010).

In the context of the Circular Economy (CE) model, the traditional linear flow from production to consumption undergoes a significant transformation. This transformation involves the incorporation of various sustainable practices, including but not limited to reuse, repair, recycle, refurbish, rethink, remanufacture, repurpose, recover, and reduce, as articulated by Gennari (2022). These practices form the foundation of the CE framework, with each element contributing to the goal of resource sustainability and waste reduction. The CE model challenges the conventional "take-make-dispose" approach, offering a holistic strategy that not only conserves resources but also addresses pressing issues of resource scarcity and waste management throughout the entire value chain, as highlighted by Homrich et al. (2018).

Principles of Circular Economy

CE is built on three key principles: designing out waste and pollution, keeping products and materials in use, and regenerating natural systems (Ellen MacArthur Foundation, 2015). Another principle based on which CE is built is to close the loop. The CE emphasizes closing the resource loop by promoting circular supply chains and value networks (Corvellec, Stowell, & Johansson, 2021; Kirchherr et al., 2017). This involves creating systems and procedures where waste from one process can turn into resources or valuable input for another process, such that reliance on virgin resources can be minimized as well as the extraction of new raw materials. CE aims to minimise environmental impacts, maximise waste prevention, reduce natural resource extraction, and optimise economic, environmental, social, and material values. And to address pollution and greenhouse gas emissions, through the promotion of sustainable production practices, clean technologies, and renewable energy sources. It seeks to promote products and systems that are recyclable, durable, and repairable (Geissdoerfer et al., 2017). The model also ensures longevity and resource efficiency through product components reused, recycled, and materials reintegration in the production cycle (Ellen MacArthur Foundation, 2015).

Policies and Initiatives for Promoting CE in Ghana

The government of Ghana has demonstrated its commitment to CE through a development policy framework (Osei, 2023). Table 1 provides an overview of the policy landscape in Ghana, highlighting key initiatives, frameworks, and strategies that have been implemented to drive the transition to a CE. It examines how these policies and strategies align with international best practices and the sustainable development goals and the unique challenges and opportunities specific to Ghana's context. Table 1 highlights some policies and strategies that support Ghana's transition to CE.

Table 1: Some Policies and strategies for promoting Ghana's transition to CE

Policies/Strategies	Focus
National Environmental Policy (2013)	The National Environmental Policy of Ghana emphasises sustainable development and encourages resource use efficiency and waste reduction.
National Environmental Sanitation Policy (2010)	This policy focuses on improving waste management practices, promoting recycling and composting, and reducing open burning of waste.
National Climate Change Policy (2013)	Ghana's Climate Change Policy addresses issues related to sustainable consumption and production, including promoting resource use efficiency, waste reduction, and recycling.

National Waste Management Strategy (2010)	This strategy aims to improve waste management practices, reduce waste generation, and promote recycling and waste-to-energy initiatives.
National Plastics Management Policy (2015)	The policy aims to reduce plastic waste through initiatives such as promoting the use of biodegradable materials, implementing plastic waste recovery and recycling systems, and encouraging producer responsibility.
E-waste Management and Recycling Strategy (2012)	This strategy focuses on environmentally sound management of electronic waste, including the establishment of e-waste collection centres, recycling facilities, and public awareness campaigns.
Renewable Energy Act (2011)	While not directly related to the circular economy, this act promotes the development and utilization of renewable energy sources, which can contribute to reducing reliance on finite resources and GHG emissions.

Methodology

This paper sought to examine the policy responses, prospects and challenges of Ghana's attempts to transition to CE. A qualitative approach guided the investigation and the collection of in-depth insights and information on the subject in Ghana. The paper focused on understanding the current status of CE deployment in the country, the key drivers, prospects and challenges. The use of qualitative research approach allowed the researcher to obtain a deeper insight on the CE concept and related issues. The decision to use a qualitative method is also motivated by the strength of the approach to provide better explanations to the research problem and thereby offer a clearer understanding of a phenomenon (Creswell, 2016). Three main qualitative methods used in the investigation are desk review of relevant CE policies, analysis of the institutional framework, and key informant interviews.

The study was preceded by a comprehensive review of the existing policies relating to CE and the transition trajectory in Ghana. Relevant policy documents, reports, and case studies on CE practices in Ghana are analysed to provide a contextual understanding of the current landscape. Second, the impact of the policies on the transition trajectory is analysed and information and knowledge gaps as well as synergies and complementarities across the various sectors of the economy identified and discussed. The key *sectors involved in the study are Energy, Agriculture, Transport, Environment, Forestry, Waste, Industries*. The institutional architecture of these sectors and capacity to transit to CE is also analysed. These sectors were selected because they have been identified to be critical drivers of CE and Ghana's sustainable development agenda. To ensure a comprehensive exploration of perspectives and experiences, a diverse sample of 21 participants were selected from these key sectors. In addition, five key informants were purposively sampled from the Ministry of Local Government and Rural Development, Ministry of Sanitation, Ministry of Environment, Science, Technology and Innovation and Association of Ghana Industries. The participants were selected mainly because of their knowledge, expertise and involvement in CE key sectors and policy formulation and implementation. The sample also included representatives from government agencies, industry associations, non-governmental organisations (NGOs), academic institutions, and private sector entities involved in sustainable practices. Face-to-face or virtual interviews were conducted with the selected participants. The interviews were designed to explore their experiences, opinions, and insights on the prospects and challenges of CE deployment in Ghana. The interviews were processed by first, transcribing the audio recordings into words (verbatim) and then analysed using qualitative thematic content analysis. The researcher generated common patterns and organised in themes and presented according to the objectives of the study (Yin, 2003; Miles & Huberman, 1994; Ellram, 1996). The collected data was

analysed using qualitative techniques. Themes and patterns were identified, allowing for the identification and discussion of key CE prospects and challenges in the country.

Results and Discussion

This section presents the results of the data analysis which is followed by a detailed discussion. The current state, prospects, and challenges of CE deployment in Ghana are discussed in this subsection of the paper. The results and discussions are structured around key themes and sub-themes that emerged from the analysis, shedding light on the opportunities and barriers to deploying CE practices in Ghana. It includes a detailed discussion of CE transition drivers, prospects and challenges.

Drivers of Ghana's transition to circular economy

Ghana's transition to CE is driven by several key factors that recognise the importance of sustainable development, environmental protection, and economic growth. The transition to CE is influenced by a combination of factors such as government commitment, resource scarcity and waste management challenges, economic opportunities, environmental considerations, stakeholder collaboration, and international development cooperation.

Government Commitment

The Government of Ghana (GoG) has shown a strong commitment to transitioning to CE. It has recognised the need to move away from the linear "take-make-dispose" model and has therefore incorporated CE principles into its national policies, strategies, and development plans.

Resource Scarcity and Waste Management Challenges

Ghana faces grave challenges with regard to resource scarcity and waste management. The country's rapid population growth, urbanisation and industrialisation have led to increased resource consumption and waste generation. Recognising the need to address these challenges, there is a growing understanding that transitioning to CE can help to optimise resource use, reduce waste generation, and enhance resource efficiency.

Economic Opportunities

CE offers significant economic opportunities for Ghana. By transiting to CE business models, such as recycling, remanufacturing, and product-service systems, Ghana can create new jobs, stimulate innovation and entrepreneurship, and develop local industries. A respondent from the Ministry of Energy expressed his view thus:

"I can say that there a lot of opportunities in circular economy. This transition can also attract investments, improve resource productivity, and enhance competitiveness in domestic and international markets."

Environmental Protection and Climate Change Mitigation

CE practices contribute to environmental protection and climate change mitigation. By promoting waste prevention, recycling, and sustainable consumption patterns, Ghana can reduce its environmental footprint, minimise pollution, and conserve natural resources. These actions perfectly align with the global sustainability goals, such as the United Nations Sustainable Development Goals and the Paris Agreement on climate change.

International Development Cooperation

Ghana has received support and collaboration from international organisations and development partners to stimulate her transition to CE. These entities provide technical assistance, capacity building, and funding for projects and initiatives that promote circularity. International collaboration also facilitates knowledge sharing, best practice exchange, and access to global networks which enable Ghana to learn from other countries' experiences and accelerate her CE efforts.

Prospects for Transiting Circular Economy in Ghana

This section discusses the economic, environmental, and social benefits that Ghana enjoy from transitioning to CE. The potential sectors and industries that are well-suited to adopt the CE model and areas where the concept's principles can be employed are identified and discussed. The discussion is supported by market trends, policy analysis, and best practice examples from other countries that have successfully embraced CE policies and strategies. The prospects for Ghana's transition to CE are promising and hold significant potential for accelerating her sustainable development process.

Economic Growth and Job Creation

CE presents opportunities for new business models, innovation, and job creation. By adopting circular practices, Ghana can tap into new markets, enhance resource use efficiency, and stimulate economic growth. Industries such as waste management, renewable energy, and sustainable agriculture will significantly thrive, create employment opportunities and attract investment.

Resource Use Efficiency and Cost Savings

The CE model aims to optimise the use of resources by reducing waste, reusing materials, and recycling products. By embracing circular practices, Ghana can enhance resource use efficiency, reduce dependence on scarce resources, and minimise environmental degradation. This can lead to cost savings for businesses and households through reduced waste disposal costs and lower raw material expenses.

Sustainable Waste Management

The CE approach emphasises waste prevention, reduction, and management. Ghana faces significant challenges in waste management, particularly with growing urbanisation and population. A key informant noted that:

“Transitioning to a circular economy can enable the development of efficient waste management systems, including recycling infrastructure, composting facilities, and waste-to-energy technologies. This can help address the pressing issue of waste pollution and create a cleaner, healthier environment for Ghanaian communities.” (Ministry of Sanitation).

Social Benefits and Inclusive Growth

CE can bring about social benefits and inclusive growth by creating opportunities for marginalised communities and fostering social entrepreneurship. Initiatives such as community-based recycling programmes, sustainable agriculture projects, and circular supply chains can improve livelihoods, enhance social equity, and empower local communities. A respondent of Ministry of Trade and Industry stressed that: *“The circular economy can bring social benefits to Ghanaian communities. It can create employment opportunities, particularly in sectors such as recycling, repair, and remanufacturing.”*

Challenges of Ghana's Transition to Circular Economy

The study also examines the challenges of Ghana's CE. The findings reveal that the implementation of CE practices in Ghana faces several barriers and challenges including limited awareness understanding, lack of policy framework, inadequate infrastructure, limited access to finance among others.

Limited Awareness and Understanding

There is limited awareness and understanding of the CE concept among businesses, policy-makers, and the Ghanaian general public. One of the main barriers to implementing CE practices in Ghana is the limited awareness and understanding of the CE concept among businesses, policy-makers, and the general public. This lack of awareness hinders the adoption and integration of CE principles into business strategies, policy frameworks, and everyday practices. Two key informants from the Ministry of Sanitation and MESTI expressed their views on this challenge thus:

“Many stakeholders are not fully aware of the potential benefits and opportunities associated with circular economy practices, which hinders their adoption. (Key informant, Ministry of Sanitation I can say that many businesses, and members of the general public may have limited knowledge about the circular economy concept, its principles, and its potential benefits. This lack of understanding makes it

challenging to identify opportunities and effectively implement circular economy practices.” (Key informant, MESTI)

Lack of Clear Policy Framework on Circular Economy

While Ghana has made progress in developing environmental policies and waste management strategies, there is an absence of clear policies and regulatory frameworks specifically focusing on CE. The absence of clear policies and regulatory frameworks creates uncertainty for businesses, investors, and stakeholders interested in adopting CE practices. It is therefore urgent to formulate a comprehensive policy framework specifically for promoting and supporting CE practices. A respondent at the Ministry of Trade and Industry put the problem this way:

“I would say that there no clear policy to promote circular economy.....This absence of clear policies and regulatory frameworks tailored to the circular economy limits its mainstream integration. The lack of dedicated policies and regulations is hindering the effective implementation and scaling up of circular economy initiatives. There are some existing policies in Ghana, but these are not adequate to address the unique needs and requirements of the circular economy which can create barriers and disincentives for circular practices.”

Inadequate Infrastructure

The current inadequate infrastructure in Ghana for waste collection, segregation and recycling poses a significant challenge to the transition to CE in the country. This challenge is hampering the efficient management of waste streams, impedes recycling efforts, and restricts the establishment of closed-loop systems. A key informant at the Ministry of Sanitation echoed the problem in these word:

“As a country we do not have sufficient recycling facilities and waste management infrastructure which makes it difficult to implement circular economy practices effectively. Investments in infrastructure are crucial to support waste separation, recycling, and resource recovery. While some recycling initiatives exist, they are often limited in scope and capacity. Insufficient recycling facilities mean that a significant portion of recyclable waste is not effectively captured and processed, hindering the circular economy transition.”

Limited Access to Finance

Access to finance is a common challenge for circular economy projects. The implementation of circular economy practices often requires upfront investments in new technologies, infrastructure, and business models. Limited access to affordable financing options and lack of supportive financial mechanisms hinders the scale-up of circular initiatives.

“What I can say is that limited access to finance is a significant challenge affecting Ghana's transition to a circular economy. Access to finance plays a crucial role in supporting the development and implementation of circular economy initiatives.” (Respondent, Ministry of Energy).

CE projects often require substantial upfront investments in infrastructure, technology, and process redesign. However, accessing the necessary capital can be challenging for businesses, particularly small and medium-sized enterprises (SMEs).

Behavioural and Cultural Factors

Socio-cultural factors and consumer behaviour play a role in hindering the adoption of CE practices. There may be resistance to change, limited consumer demand for recycled products, and a preference for cheaper but less sustainable options. Educating and influencing consumer behaviour is crucial to foster demand for circular products and services. According to a key informant at MESTI:

“There are some factors that influence the way individuals and communities perceive, value, and engage with sustainable and circular practices. For instance, some Ghanaians have the perception that products made from recycled materials or second-hand goods are of lower quality or less desirable. This perception can affect our transition to circular economy.”

Overcoming such perceptions and promoting the value and benefits of circular products and services is essential for their wider adoption. By addressing socio-cultural factors and consumer behaviour barriers, Ghana can create an enabling environment for the adoption of CE practices and facilitate sustainable resource management, reduced waste generation, and improved environmental outcomes.

Conclusion

Ghana's transition to CE has the potential to accelerate sustainable development in the country, reduce resource depletion, and address environmental challenges. The prospects for Ghana's transition to CE are vast and promising. The adoption of CE principles and practices can deliver economic growth, promote resource use efficiency, mitigate climate change, improve waste management, enhance agricultural sustainability, and increase social and community benefits. Despite the huge prospects of CE, there are a number of challenges such as lack of policy framework, limited awareness understanding of the concept, inadequate infrastructure, and limited access to finance. To facilitate the transition to CE, it is crucial for Ghana to prioritise policy coherence and coordination among various government agencies. Clear and consistent policies should be implemented to support sustainable production and consumption practices, waste reduction, and resource recovery.

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Buyer Power and Sustainable Performance: The Role of Market Orientation, Green Innovation and Regulatory Pressure

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Abstract

This study examines the concept of buyer power in the fashion industry and its impact on sustainable performance of textile suppliers. It also investigates the mediating role of market orientation and green innovation, as well as the moderating role of regulatory pressure. This is because the industry especially the apparel and textile sector is noted for its excessive waste, having a detrimental effect on the environment. It is predicted that the largest consumer generation, Generation Y, could worsen the problem by refusing to dispose of their apparel in an environmentally friendly way. Additionally, industry consumers who express interest in sustainability are perceived as only intending to engage in sustainable consumption but fail to take actual action. The study will utilise quantitative research methods and leverage the snowballing strategy to reach its target sample. The significance of the study lies in its potential to benefit the industry's stakeholders and address the environmental impact of waste production.

Introduction

The fashion industry is commonly regarded as a significant and influential sector on a global level, exerting a vital impact on the overall condition of the global economy. The industry itself is complex and constantly evolving, influenced by advancements in technology, changes in design trends, and societal needs (Thorisdottir & Johanssdottir, 2020). The current operational framework is characterized by a Fast fashion model, as described by Wei and Jung (2022) as a model that involves the production of stylish and reasonably priced apparel collections that may swiftly respond to prevailing fashion trends.

This outcome is attained through enhancing the capabilities of product design and optimising response time. The term "Fast Fashion" is frequently used by fashion retailers to recognise the swift movement of designs from the runway to the point of sale, as a direct response to current trends in the fashion market (Bonillae et al., 2019). According to Kim and Kim (2020), the integration of social media and sustainability has been a prominent aspect of effective fashion company and management in recent times.

The detrimental environmental impact in the sector can be attributed to the amplification of the fast fashion model via social media. The industry is widely acknowledged for its inclination towards excessive production and inefficiency (Kishor et al., 2021). The problem is expected to be exacerbated by Generation Y, the largest consumer cohort, due to their unwillingness to adopt sustainable practices while disposing of their clothes items (Cesarina Mason et al., 2022). This phenomenon has resulted in an increasing emphasis on sustainable fashion across the realms of legislative bodies, corporate entities, and individuals who engage in consumption (Busalim et al., 2022). The rapid emergence and subsequent of social media trends have compelled fashion suppliers to speed in order to meet the constantly evolving expectations of customers (Bernard, 2023). The utilisation of social media has become increasingly prevalent among celebrities as a prominent avenue through which they can exert influence over their followers in relation to emerging trends and design (Kim & Kim, 2022). This assertion is substantiated by empirical research that has examined the connection between celebrity influencers and the intention to make purchases, revealing a positive correlation (Tsang & Wang, 2023). The success of fast fashion is predicated upon its capacity to offer low pricing and cater to consumer affordability, as evidenced by many aspects (Khurana et al., 2021).

One noteworthy facet of the discourse on fashion sustainability in literature is the fact that industrialised nations have a tendency to abstain from participating in extensive production processes, thereby leading to limited levels of environmental destruction. Additionally, these nations demonstrate lower population densities, and both consumers and producers display an increased consciousness regarding the adverse ramifications linked to extensive production and consumption. It is worth noting that the manufacturing of fashion goods for the Western world primarily occurs in developing countries, specifically those categorised as low and middle income countries (Khurana & Muthu, 2022).

The proliferation of fast fashion within the fashion industry is having a detrimental impact on both the environment and society. Numerous scholars, including Gupta et al. (2022), have highlighted in the literature that the fashion industry is a significant contributor to agricultural land pollution, ranking second only to the oil industry. This pollution has been found to have a wide range of detrimental environmental impacts according to Brydges (2021), the fashion industry is widely acknowledged as one of the most environmentally unsustainable sectors in terms of consumerism on a worldwide scale. As a result, there has been a notable focus among researchers and policymakers on conducting thorough analysis and implementing regulatory frameworks to address the dynamic nature of this field. This is evident via the existing body of research and the implementation of regulatory measures (Chein, 2022). The Sustainable Development Goals (SDGs) have played a crucial role in increasing awareness regarding sustainable development. The Sustainable Development Goals (SDGs), specifically focusing on Goal 12, have formulated a comprehensive agenda for the year 2030 with the objective of facilitating worldwide transformation.

The primary objective of this agenda is to tackle a wide range of difficulties that are now faced by humanity. Its overarching aim is to advance societal well-being, stimulate economic growth, and ensure the protection of the environment (Pradhan et al., 2017). These literatures (Abdelmeguid et al., 2022; D'Adamo et al., 2022; Nicola et al., 2022; Saha & Papagiamaki, 2022) highlights the contributions made by scholars in addressing the issue of sustainability in the Fashion Industry (FI). These contributions encompass various approaches, with notable emphasis on the Circular Business Model (Farishmar & Parida, 2019; Huynh, 2021; Musou et al., 2021). This model entails a framework that elucidates the processes by which an organization generates, disseminate and retains value whilst maximising the use of resources for an extended duration (Dragomir & Dimitru, 2020).

Other school of thought have also proposed a sustainable framework known as Slow Fashion (de Oliveira & de Paula Dias, 2022; de Albuquerque & Fabian, 2023; Lira & Costa, 2022). The notion of slow fashion involves a purposeful deceleration of the manufacturing process of garments, with a focus on producing fewer items of greater quality (Castagna, Duarte & Pinto 2022,) This approach leads to an increased price range for an improved product. The notion of slow fashion underscores the need of choosing long-lasting garments rather than fashionable ones, giving priority to exceptional workmanship and durability above an excess of clothing items (Ting & Stagner, 2023). Scholars have criticized these two approaches for not really solving the problem because slow fashion assumes durable goods, which drives up prices. Rausch et al. (2021) assert that even consumers of the apparel industry struggle to translate their sustainable mindset into actual sustainable behavior due to perceived higher costs, that discourage consumers from buying sustainable apparel. Regarding the Circular model, though this model may handle resource efficiency and environmental sustainability, it may not address all societal issues associated to sustainable performance; as a result, it may not resolve the society aspect of sustainable performance (Corvellec et al., 2022).

An emerging perspective in the field of sustainability is the Buyer Power approach (Talay, Oxborrow & Brindley, 2020; Owusu & Abdul-Majeed, 2021; Ahmed & Shafiq, 2022). This approach is based on the recognition that the fashion industry is comprised of influential retailers (Talay, Oxbrow & Brindley, 2020) and posits that buyer firms with substantial market power are better positioned to exert pressure on their suppliers, thereby can motivate them to comply with environmental standards (Wang et al., 2019) Furthermore, Hui et al. (2019) suggested the need for further investigation into the various dimensions of customer power on firm performance. However, this study specifically focuses on sustainable performance, as there is a dearth of research that encompasses both social and environmental

sustainability in the industry (Zhong & Mitra, 2020). Despite this, there are limited studies conducted with the Buyer Power approach and it has also yielded inconsistent results (Gelderman et al., 2021). Additionally, most of these works consider and assume the relationship between the buyer and the seller to be most often collaborative, ignoring the fact that not all power dynamics run like that. The fashion industry has an intense competition so power play may not always play out like that, so an in-depth understanding of Buyer-Supplier relationship is needed (Wu, Hodges & Seo, 2023).

This study makes a valuable contribution to the existing body of literature by firstly examining the concept of buyer power in a comprehensive manner and goes further by investigating its impact on sustainable performance of textile suppliers in the fashion industry. This study focuses on the textile industry because it is acknowledged as the second most resource demanding polluter after the oil industry and the second largest global polluter. Secondly, taking into consideration the shortcomings of Slow Fashion and the Circular Model approach to fashion sustainability, the study intends to investigate the potential role of Market Orientation (M.O) and Green Innovation as mediators. It is believed that market research and information will assist fashion suppliers in developing sustainable products that are in line with consumer preferences which may motivate fashion customers purchasing sustainable products. Market orientation is widely recognized in the marketing literature as an ongoing topic related to a firm's sustainable performance (Tollin & Christensen, 2019). Also, innovation helps in coming out with products that will meet consumer need. Research indicates that Innovation has a positive impact on sustainable practices (Hanaysha et al., 2022). This study will focus on innovation that will factor in sustainable practices hence Green Innovation which has been notified as having a strong positive correlation with Sustainable performance (Wang & Yang, 2021). Thirdly, this research looks at the role of regulatory pressure as a moderator. It is critical to emphasise that governments have the ability to impose pressure and assume new obligations through institutional reforms. Regulations, in particular, exert a coercive influence on business environmental management practices (Hoque et al., 2023). This actually heeds to the call of Okai-Mensah et al. (2022) who calls out researchers to examine the moderating role of Regulatory pressure on sustainable performance. In sum, this study contributes to literature by looking at:

1. The impact of Buyer power on Sustainable firm performance
2. The mediating role of Market Orientation and Green Innovation between Buyer Power and Sustainable Performance
3. The moderation role of regulatory pressure between Buyer Power and Sustainable Performance

This study intends to make an important contribution to resolving the inherent sustainability issues of the fashion industry, particularly the enormous environmental effect caused by its extensive waste production. Furthermore, it aims to improve theoretical understanding of the influence of buyer power on fashion suppliers, ultimately benefiting the industry's numerous stakeholders.

Literature Review Buyer Power

Buyer power dates as far back as far as Porters (1985) who posits that power of a buyer in an industry is dependent on price sensitivity and bargaining Leverage which is very eminent in the fashion industry (Talay et al., 2020), thus the extent of a buyer's power is related to their bargaining leverage and level of price sensitivity towards a product. Buyer power refers to the buyer's ability to effectively negotiate a price that is less than the supplier's, or more generally, the buyer's ability to get conditions of trade that are more favorable than the supplier's. (Chen, 2015). Power has been classified in so many categories; scholars like Ahmed and Shafiq (2022) classified source of buyer power into two categories Legitimate Power ("a generalized perception or assumption that the actions of a buyer are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions) and Market Power (when a buyer has access to resources that the supplier needs therefore has the ability to carry out his will despite resistance), they found out that legitimate power is the most influential source of power.

There are also two types of power: Coercive power and Non-Coercive (reward) power. Coercive power is more beneficial but has limits (Han et al., 2022). Six types of power are often used in literature but

this study conceptualize Buyer power as Coercive and Reward power because it is set up from the buyer's point of view., (Gelderman et al.,2022)

Past works empirically argue that Buyer Power is positively associated with firm performance (Patatoukas ,2012; Irvine et al.,2016) but Hui et al (2019) disagreed strongly by pointing out the weakness of these works and empirically evidencing that Buyer Power is negatively associated with firm performance. It appears there are less works on buyer power and long-term business performance, noteworthy of these works is Marhsall et al (2019),whose work resulted that coercive,legitimate and reward power of buyers doesn't have any significant impact on sustainable adoption practice, this is inconsistent with that Gelderman et al (2021) who finds out that while Coercive power has little effect on information sharing for business sustainability, Reward power is used to incentivize suppliers to give traceability data for sustainable performance in the supply chain industry.In addition this study heeds to the call of Okai – Mensah et al.(2022) who called for research into the effect on the effort interested parties on supplier firms to be sustainable. This study will help enhance the understanding of this literature with the inclusion of the moderating and mediating variables. Based on the stakeholder theory this study posits that Buyer Power (coercive and reward) has a positive relationship with Sustainable performance.

Green Innovation

Green innovation involves industrial process innovations like resource reduction, pollution prevention, and environmental management systems (Asadi et al.,2020). Green innovation can also be described as the creative methods used by various industries to convert their conventional methods into sustainable ones (Wang &Yang,2022).This study focuses on green innovation because it aims at not just by offering novelties of any kind, but also by introducing novelties that systematically address the various aspects of sustainability and have a good impact on both the environment and society (Kuzma et al.,2020) The Sustainable Development Goals (SDGs) promote "green innovation." to help businesses develop environmentally friendly products (Ahmed et al.,2022) .Green innovation involves both technological and management innovation (Santuri et al.,2022).It is assumed that green innovation will result in the company coming up with ecofriendly products that will still appeal to fashion customers which might bridge the gap between sustainable intent and action. Various scholars argue that green innovation have a positive effect on sustainable performance (Aftab et al.,2022;Asadi et al.,2023 ;Wang &Yang ,2021dc) integrating green innovation into a firm's strategy can contribute to sustainable performance .Leveraging on the RBV framework and past works, this study proposes that Green Innovation mediates the relationship of Buyer Power and sustainable firm performance.

Market Orientation

A wide range of firms benefit greatly from market orientation (Bylon & Jerry, 2019). Market Orientation has rapidly expanded within two dominant streams in nature, becoming a cornerstone of marketing theory based on the marketing premise (Mahmmoud et al.,2015). These are Behavioral (Kohli & Jaworski, 1990) and cultural (Narver and Slater, 1990). The latter operationalized MO as entailing three behavioral components: customer orientation, competitor orientation, and interfunctional coordination, coupled with two selection criteria, i.e., long-term focus and profitability and came up with the MKTOR scale. The former defined market orientation as the process of gathering data on past, present, and future consumer demands across the entire organization, disseminating that data both horizontally and vertically, and taking organizational-wide action in response, he also developed the MARKOR scale. Most scholars argue that MO has a positive relationship with firm performance (Al-Henzab et al.,2018; Powers et.al,2020) .MO is also noted to have a positive relationship with Sustainable performance (Habib et al.,2020). Based on the context of study, it adopts the conceptualization of (Kholi &Jaworski,1990)

It is anticipated that through MO, organizations can identify opportunities for the development of products and services that demonstrate greater environmental sustainability, social responsibility, and ethical standards by gathering market knowledge and analysing customer behavior.

Based on the RBV theory, this study hypothesizes that MO will mediate the relationship between Buyer Power and Sustainable performance.

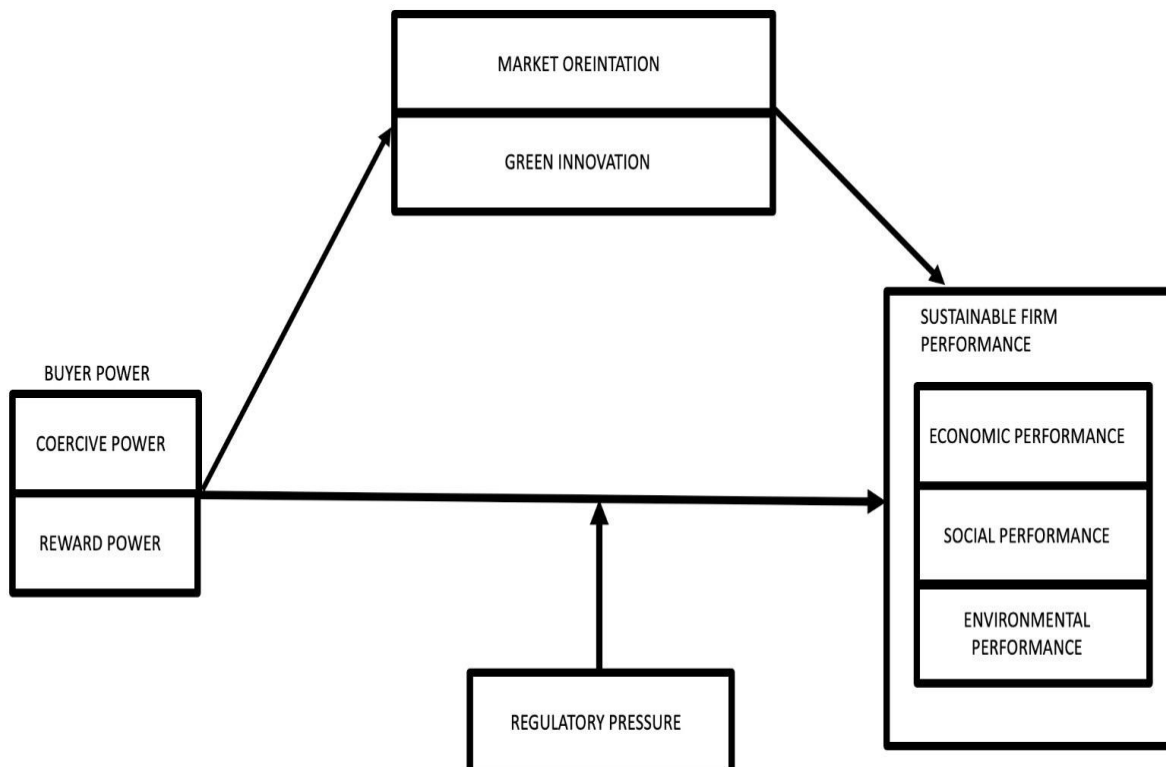
Regulatory Pressure

Regulatory pressure is the degree to which regulatory stakeholders demand or exert pressure on businesses to enhance their environmental performance (Kazemain et al., 2016). Just as Hoque et al (2023) conceptualized in their work, this study also conceptualizes regulatory pressure as the influence of industry associations and government regulations. Given the power Industry regulators and government regulators wield, they can serve as a catalyst for organizations to prioritize sustainable practices and improve their overall performance. Regulations exert pressure on a company's environmental management practices (Fu et al., 2018). It also heeds to the recommendation of Okai Menash et al., (2022) that local regulations can be moderated for sustainable practices among firms. Guided by the stakeholder theory this study hypothesizes that Regulatory pressure will moderate the relationship between Buyer Power and Sustainable Performance.

Sustainable Performance

Organizations are now advised to not only focus on economic performance but rather a holistic performance which is termed as Sustainable Firm Performance, Societal and Environmental Performance. An innovative way to characterise an organization's sustainable performance is the triple bottom line (TBL), which incorporates social and environmental aspects with traditional economic outcomes to quantify a firm's success from a sustainable perspective (Padua and Jabbor, 2015). The growing importance of social and environmental issues is making traditional financial reporting, which primarily covers economic activity, less relevant (Laskar and Gopal, 2018). Due to this, this study conceptualizes sustainable firm performance as a firm performance which encompasses Economic, Societal and Environmental.

CONCEPTUAL FRAMEWORK



Proposed Research Methodology

The study is based on the positivist philosophy, so therefore a quantitative research approach will be used. The target population are small scale textile manufacturers, this is because though the domestic textile sector has been over studied but theoretical and empirical gaps exist about the sustainability of the Ghanaian textile sector (Okai-Mensah et al.,2022

Proposed Research Design

In order to answer the research questions mentioned above, this study will utilize small scale firms across the various regions of Ghana. these firms will be gotten through snow balling technique as the researcher will be dwelling solely on referrals to reach its sample (Christopoulos,2009).

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The End of Cursing The Darkness Of Gaps In Project Management Education Programmes: A Lesson From Unisa

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Abstract

This paper critically examines the global landscape of project management education, addressing the pervasive challenge of the 'accidental project management syndrome' and the gaps in existing Programmes. The exploration encompasses various theoretical strands shaping project management, with a focal point on the innovative Postgraduate Diploma in Project Management (PGD PM) at the University of South Africa (UNISA). Positioned as a potential model, the PGD PM responds to identified shortcomings. The paper concludes by offering strategic recommendations to redefine project management Programmes and their research paradigm.

Keywords: Project management education, accidental project management syndrome, global challenges, theoretical foundations, postgraduate diploma in project management, research paradigm redefinition..

Introduction

In the realm of contemporary global business, the prevalence of the 'accidental project management syndrome' poses a significant challenge. This phenomenon arises when individuals, possessing technical expertise, are thrust into project management roles without adequate training (Turner, 1999; Rwelamila & Ssegawa 2014). The consequence is a stark misalignment between the demands of effective project management and the offerings of existing educational Programmes. This paper aims to critically examine the landscape of project management education globally, focusing on addressing the persistent gap between theoretical foundations and the practical challenges faced by project managers.

Central to this exploration is the overarching theme of the 'Theory & Practice of PM,' highlighting the imperative to bridge the gap between theoretical underpinnings and real-world project management realities (Kerzner, 2017; Rwelamila & Ssegawa 2014). While this section of the paper provides an overview of various historical theoretical strands shaping project management, in-depth exploration awaits in subsequent sections. The historical evolution of project management theories is multifaceted, encompassing the widely embraced 'hard' systems model emphasizing planning and control dimensions (Kerzner, 2017). Another strand, rooted in organizational design literature, advocates for a spectrum of organizational structures ranging from functional to project-based (Turner, 1999). Furthermore, a third strand emerging in the late 1980s shifted focus to major projects and the management of external factors, laying the foundation for a holistic 'management of projects' framework (Shenhar & Dvir, 2007). Recent perspectives delve into the intricate interplay between projects and strategic business direction, conceptualizing projects as information-processing systems (Ssegawa and Rwelamila, 2009; Morris & Pinto, 2007; PMI, 2023; APM, 2021). Simultaneously, a critical management perspective has surfaced, scrutinizing projects and project management as instruments of control (Turner, 1999).

Atkinson (1999) discusses project management criteria beyond cost, time, and quality, advocating for broader success criteria. Cicmil et al. (2006) explore the actuality of projects, prompting a rethinking of project management practices. Pinto and Slevin (1988) provide insights into project success definitions and measurement techniques, while Maylor et al. (2006) discuss the transition from projectification to Programmification, arguing for a fundamental refocusing of the project management discipline, this paper stresses the need to comprehend the interconnections between project management and various facets of business performance. Central to this argument is the development of the Postgraduate Diploma in Project Management (PGD PM) at the University of South Africa (UNISA), positioned as a significant response to theoretical insights (Kerzner, 2017). The PGD PM

endeavors to redefine the essence of project management Programmes by incorporating a comprehensive framework derived from diverse perspectives.

The subsequent sections will provide detailed explorations of these theoretical strands, their contributions, and illuminate the unique features of the PGD PM. By doing so, this paper contributes to the ongoing discourse on project management education and offers strategic recommendations for reshaping Programmes and their research paradigm.

Literature Review

Theory and Practice of Project Management

The landscape of project management – the strands

The landscape of project management theory and practice is multifaceted, reflecting diverse perspectives that have evolved over time. At its core lies the dominant 'hard' systems model, deeply rooted in critical path scheduling and emphasizing planning and control dimensions (Morris 2002; Checkland 1989; Yeo 1993; Winch 2004). This model has been the bedrock of project management education and methodologies, yet criticisms persist for its failure to address the emergent nature of front-end work and its tendency to treat all projects uniformly, neglecting crucial human factors (Cicmil 2003; Cooke-Davies 2004).

Building on this foundation, the organizational design perspective emerged in the late 1960s and 1970s, advocating for a spectrum of organizational alternatives, from functional to project-based structures (Lawrence and Lorsch 1967; Mintzberg 1983). This perspective triggered the exploration of projects as temporary organizations within the broader organizational context, a concept further elucidated by the Scandinavian school (Sydow et al. 2004; Lundin & Soderholm 1995). The shift towards a more flexible organizational structure challenges the rigid hierarchy implied by the hard systems model, recognizing the diversity and adaptability required in project management

In the late 1980s, a third strand emerged, focusing on major projects, and acknowledging the importance of front-end work and managing exogenous factors (Miller & Lessard 2001; Morris & Hough 1987; Flyvbjerg 2002). This perspective broadens the traditional view, recognizing the complexity and interconnectedness of various project elements. From this strand, the 'management of projects' framework emerged, aligning with the holistic findings of the Network (Morris 1994; Morris & Pinto 2004). This framework introduces a more comprehensive and context-aware approach to project management, emphasizing strategy, learning, and managing both exogenous and endogenous factors. Recent perspectives highlight the interplay between projects and strategic business direction, viewing projects as information-processing systems (Davies & Hobday 2005; Winch 2004). This viewpoint challenges the traditional view of projects as standalone entities, emphasizing their integration into the broader strategic goals of the organization. Additionally, a critical management perspective explores projects and project management as instruments of control (Hodgson and Cicmil 2006), introducing a dimension of reflexivity and ethical considerations in project management.

The evolving nature of these perspectives collectively underscores the need to refocus the project management discipline. Understanding the linkages between project management and business performance, technology and design, IT, supply chain management, knowledge, learning, and competency development becomes imperative. The four perspectives outlined above formed the foundation of the PGD PM framework, providing a holistic and context-aware approach to project management education.

The journey through literature reveals a dynamic interplay of theories that have shaped project management thought, each contributing unique insights and challenging traditional norms. This diversity sets the stage for a comprehensive exploration of project management education, particularly in the context of the Postgraduate Diploma in Project Management (PGD PM) at the University of South Africa (UNISA).

The landscape of project management – global challenges and emerging trends

Beside what is described above, another part of the genesis of the Postgraduate Diploma in Project Management (PGD PM) stems from a profound exploration of the current and future landscape of project management as a discipline (Miller & Lessard 2001; Morris & Hough 1987; Flyvbjerg 2002; Winch 2002 & 2004; Rwelamila 1989; Rwelamila & Ssegawa 2014). This exploration was fueled by an inquiry into the global challenges and emerging trends shaping the field as described below:

- i. Globalization and virtual teams: Advancements in information and communication technologies have facilitated effective collaboration among teams separated by geographical distances, giving rise to the era of virtual teams. The decentralization of workplace models and the prevalence of flexible innovation hubs are anticipated trends.
- ii. Open innovation culture: In the professional services sector, open innovation culture is reshaping client-supplier relationships. Suppliers are evolving into laboratories, fostering collaborative partnerships that emphasize shared strategy building and open innovation.
- iii. Diversity of workforce: Technological advancements and global connectivity enable organizations to access a diverse workforce. This shift allows for a broader choice of location and employer for talented individuals, contributing to a more inclusive and globally connected work environment.
- iv. Gig economy: The rise of freelancing platforms, exemplified by Upwork, reflects the emergence of a gig economy. This trend offers businesses access to a pool of freelancers, promoting flexibility and cost-effectiveness.
- v. Changing corporate culture: A shift away from traditional full-time, full-availability work models is underway, particularly with the entry of millennials into the workforce. This necessitates adaptive leadership styles, flatter hierarchies, and more flexible working arrangements.
- vi. Automation and human-machine collaboration: As companies embrace automation, questions arise regarding the value of essential human skills. The coexistence of robots and humans in workplaces, as seen in Ford's Cologne plant, exemplifies the potential for complementary collaboration.
- vii. Digital implementation and project complexity: While digital technologies enhance organizational efficiency, some industries (e.g., construction) lag in digital adoption. Addressing the digital skills gap becomes crucial for effective project management in the digital era.

Emerging economies & project management challenges

Furthermore, the PGD PM Programme is also rooted in addressing the "PM trilogy challenges" that afflict project management in African countries and other emerging economies elsewhere (Rwelamila & Purushottam 2012). Despite projects being recognized as crucial for organizational success, project management remains an underdeveloped field. This is evident in the prevalence of accidental project managers and inadequate PM knowledge bases.

The architects of the Programme acknowledge that the future growth of organizations hinges on successful project development, creating infrastructure, public services, and sustainable policies. However, the success of projects is contingent on the organizational environment and the competence of project managers.

Drawing from extensive research (Rwelamila, 2010b) and discussions with key authorities, the PGD PM architects identify three key causes of project failure, referred to as the PM trilogy challenges:

- Confusion between technical specializations and project management competences.
- Inadequacy of project management training Programmes.
- Lack of strategic project management in project-oriented organizations.

These challenges form the core modules of the PGD PM Programme, addressing bad practices that contribute to project failures.

Professional voluntary organizations as contributors

The architects of PGD PM emphasize the importance of understanding prominent Project Management Voluntary Organizations (PMVOs) globally, including the International Association of Project

Managers (IAPM), Project Management Institute (PMI), Association for Project Management (APM), and International Association for Project and Portfolio Management (IAPPM). Graduates are encouraged to critically analyze and choose PMVOs based on their contributions, weaknesses, and strengths.

PGD PM Programme as a transformative initiative

The PGD PM Programme emerges as a transformative initiative to reshape project management education, addressing global challenges and deficiencies. By focusing on the PM trilogy challenges and promoting awareness of PMVOs, the Programme aims to produce graduates equipped to navigate the complexities of modern project management.

The Framework & Architecture of the PGD PM Programme

According to Ssegawa and Phungula (2009), the development of recognisable project management body of knowledge (BoK) continues unabated throughout the world. Several professional bodies continue prescribing what knowledge and skills a future PM ought to have, for example, the PMBoK (PMI, 2023), APMBok (APM, 2021) and CPPMBoK (IAPPM) (IAPPM 2007). Some of the institutions of higher learning have relied on the bases to develop their Programmes. However, the question is: are Programmes crafted from these and other PM knowledge bases [including the International Association of Project Managers (IAPM)] (IAPM, 2018) appropriate to bridge the CPM knowledge gap? This section, therefore, answers the question by describing a two-year-old Programme which is offered at the Graduate School of Business Leadership, University of South Africa.

Based on Ssegawa and Rwelamila's (2009) argument for postgraduate training in project management (whether generic or undustry/or sector specific), they suggested that higher learning institutions developing and offering appropriate Programmes to train future construction project managers (CPMs) should aim for balanced content characterized by PM theory and practice. To assess their appropriateness a project management knowledge base was constructed by synthesis of literature resulting in what may be termed a well-balanced project management programme (generic or construction focused) covering seven broad topic areas as indicated in Table 1.

Table 1: Project management curriculum dimensions

Main Broad Dimensions	Sub-dimensions
PMCK1: Planning techniques (PT)	Ability to put together a project plan - project planning; estimating; and risk analysis techniques
PMCK2: Behavioural aspects of PM (BAPM)	Team building; motivating team members, and networking (dealing with upper managers, contributing department managers and other stakeholders).
PMCK3: Controlling techniques (CT)	Project monitoring, project reviews; skills for meetings; project audit techniques; and project close-out techniques.
PMCK4: Organisational issues (OI)	Techniques for managing across organisations when the PM has all the responsibility and little authority.
PMCK5: Business fundamentals (BF)	Business of the organisation; how decisions affect the bottom line, how to run a project as if it were a business.
PMCK6: Marketing and customer issues (M&CI)	Techniques of defining and developing a market; understanding the needs and desires of the project 's customers and end users.
EPMK: Creating an environment for successful projects (CESP)	Change to project-based organisations; strategic emphasis for projects and portfolio and Programme management; developing a core

team process; developing PM in the organisation; organising for PM; understanding upper management influence; developing a learning organisation, planning for project manager selection; and developing a PM information system.

Source: Ssegawa and Rwelamila (2009)

During the process of putting together the seven modules as illustrated in Table 2 below, the dimensions were used as a yardstick for the required knowledge and skills dimensions needed for an effective PM. The strands defining the landscape of project management described above were used to shape the yardsticks. Furthermore, to put the seven dimensions in context, there was need to revisit research studies on critical success factors of a project. Debates on project success from various researchers and practitioners (for example, Pinto and Slevin 1988; Cooke-Davies 2002; Gardiner 2005) have led to a significant level of understanding of project success criteria. The success factors of project and their relationship with the proposed dimensions of PM curricula (Table 1) as critically synthesized and analysed by Ssegawa and Rwelamila (2009) were used to identify content of the seven modules (Table 2). Cooke-Davies (2002) work provided further insight into project success by defining two success criteria. Firstly, success criteria may be defined by the inputs to the management system that lead directly or indirectly to the success of the project (project management success). This is referred to as the project management coal-face knowledge (PMCK) in Ssegawa and Rwelamila's (2009) curriculum dimensions in Table 1.

The second criteria, again developed by Ssegawa and Rwelamila (2009), is defined by a project's objectives which is due to executive project management knowledge (EPMK). Using the two criteria, a project success bridge concept proposed by Rwelamila (2008) was used to locate the required PM knowledge base. The factors for project success as advanced by Ssegawa and Rwelamila (2009) is a combination of 'Construction Project Knowledge (PMCK)' and 'Strategic PM Knowledge (EPMK)' which is a down-stream and upper-stream PM knowledge base of the project success bridge. Thus, the need to match down-stream and upper-stream PM knowledge base - 'Critical success factors of project success,' strengthen the importance of all seven dimensions in any full-fledged PM Programme.

As argued by Ssegawa and Rwelamila (2009), studies have indicated that technical expertise resulting from being a marketer, engineer, an architect, ICT specialist, etc. is not an overriding indicator for an effective project manager. A future PM needs more than technical skills to effectively manage projects. While higher learning institutions across the world, have realised this gap and developed Programmes to close it, there are still strong indications to suggest, they are not offering the required Programmes to produce a future PM with appropriate knowledge.

Post Ssegawa and Rwelamila's (2009) seminal study no work has been done to provide an opposite argument. Most of PM Programmes are still dominated by the technical knowledge base (e.g., WBS, schedules and budgets) of managing 'a project,' thus primarily focusing on the 'project coal face.' Little is covered under sociocultural knowledge base (e.g., leadership, problem solving, teamwork, negotiation, organisational politics, and customer expectations) and understanding the components for successful projects (e.g., strategic emphasis for projects and portfolio and Programme management and developing an effective PM information system). In short, the "accidental PM syndrome" is rampant and this is what conditioned the author to design a PGD PM Programme.

The weaknesses are so significant to warrant a conclusion that most PM Programmes exhibit a clear gap and need extensive reviews. It is thus recommended that the PGD PM Programme described below should be used as a mirror in designing future PM Programmes. A continuation of cursing the darkness of gaps in PM Programmes was no longer an option, an example had to be set and the PGD PM has been running for three years.

An Overview of the Postgraduate Diploma in Project Management (PGD PM)

The foundation of the Postgraduate Diploma in Project Management (PGD PM) at the University of South Africa (UNISA) lies deeply embedded in the critical examination of global project management education, as elucidated in the preceding sections of this paper. The exploration undertaken above not only addresses the prevalent challenges encapsulated in the 'accidental project management syndrome' but also identifies gaps in existing Programmes. This paper, drawing extensively from the above sections, strategically positions the PGD PM Programme as a response to these identified shortcomings. The design of the PGD PM Programme is intricately woven with the theoretical strands shaping project management, as discussed in the previous section.

As we navigate the landscape of project management theory and practice, outlined above, it becomes evident that traditional approaches, particularly rooted in the 'hard' systems model, often fall short in addressing the nuanced challenges faced by project managers in the contemporary global business environment. The paper advocates for a fundamental refocusing of the discipline, emphasizing the need to understand linkages between project management and various facets of business performance. It is within this backdrop that the PGD PM Programme emerges as a pivotal point of discussion, aiming to redefine the DNA of project management education.

In the subsequent sections, we delve into the intricate details of the PGD PM Programme, exploring its architecture and framework. As we unpack each dimension of the curriculum, guided by the comprehensive synthesis of project management knowledge bases, we aim to shed light on how this Programme stands as a beacon of change in the realm of project management education. The Programme, informed by the diverse perspectives outlined above, serves as a model that goes beyond mere theoretical discussions, preparing graduates to navigate the complexities of modern project management successfully.

The Postgraduate Diploma in Project Management (PGD PM) serves as a pioneering force, strategically addressing the prevailing challenges in global project management education. Administered by the University of South Africa (UNISA), this innovative one-year Programme is meticulously designed for individuals holding a minimum three-year degree qualification from any specialization, industry, or sector, reflecting a truly inclusive and generic perspective. Beyond the conventional educational landscape, the PGD PM responds to the ubiquitous 'accidental project management syndrome' and existing Programme deficiencies. This transformative model comprises seven modules (see Table 2), with six following the traditional lecture and assignment system, while the seventh module adopts the 'studio' system reminiscent of training architects. In this unique module, students immerse themselves in a simulated project management firm, collaborating in teams to produce essential project documents based on a given project brief. This approach aligns with contemporary industry demands, enhancing practical skills and fostering a holistic understanding of project management. This section provides a concise overview of the Programme's structure, emphasizing its pivotal role in cultivating a comprehensive project management knowledge base. Subsequent paragraphs delve into the distinctive features of each module, elucidating their collective contribution to empowering professionals with the requisite skills and insights for navigating today's dynamic project landscape.

Table 2: PGD project management Programme modules

Module Code	Module Name	Exam
PGM4811	Managing Project Execution and Control	Non-venue based
PGM4812	Managing Project Stakeholders	Non-venue based
PGM4813	Managing Project Cost and Finance	Non-venue based
PGM4814	Managing Project Risk	Non-venue based
PGM4815	Managing Project Procurement and Contracts	Non-venue based
PGM4816	Managing Project Leadership	Non-venue based
PGM4817	Integrated Project Management Practice	Non-venue based (Presentations)

Managing Project Execution and Control (PGM4811)

This module forms a central pillar of project management knowledge, focusing on planning, goal determination, and project performance. It aims to minimize uncertainty, prevent cost, and schedule overruns, and instill comprehensive project management knowledge and skills. The content covers project feasibility studies, scope statements, work breakdown structures, scheduling, project auditing, project close-out and introduces sustainable project management principles.

Managing Project Stakeholders (PGM4812)

This module emphasizes effective stakeholder engagement through leadership and management strategies, promoting consistent communication, conflict resolution, and negotiation management. It adapts to various project management methodologies and integrates sustainability into stakeholder management, aligning with Sustainable Development Goals (SDGs) and the United Nations Global Compact (UNGC) principles.

Managing Project Cost and Finance (PGM4813)

Focuses on project cost estimation and financing, this module equips students with various cost estimation techniques and financial instruments. It incorporates Agile methodology where suitable and integrates sustainability into project finance and costing, aligning with contemporary project-based organizational needs.

Managing Project Risk (PGM4814)

Addressing the inherent risks in projects, this module provides a comprehensive understanding of risk identification, analysis, and response development. It integrates Agile methods, emphasizes change control management, and highlights sustainable project management within the risk management process.

Managing Project Procurement & Contracts (PGM4815)

This module exposes students to commercial management fundamentals, covering procurement planning, bidding processes, subcontract management, costings, and alliance administration. It incorporates Agile methods and emphasizes the integration of sustainability principles into project procurement, moving away from a focus on the lowest cost bidder.

Project Leadership (PGM4816)

Focusing on leadership at multiple organizational levels, this module explores the role of executives and senior management in project success. It covers aligning projects with organizational strategy, leading portfolios, and Programmes, and establishing a Project Management Office (PMO). Sustainability in a project environment is a key consideration.

Integrated Project Management Practice (PGM4817)

As the culminating module, it integrates knowledge from previous modules into practical project management. Emphasizing hands-on experience, it addresses project initiation, planning, and execution, encouraging students to apply fundamental tools and techniques. The module embraces Agile methods where suitable and aligns with the evolving needs of contemporary project-based organizations. This module adopts the 'studio' system reminiscent of training architects. In this unique module, students immerse themselves in a simulated project management firm, collaborating in teams to produce essential project documents based on a given project brief.

In summary, the PGD PM offers a comprehensive and contemporary approach to project management education, addressing core knowledge areas and integrating sustainability principles. Each module serves a specific purpose, contributing to the development of well-rounded project management professionals equipped to tackle the challenges of diverse projects in today's dynamic environment.

Conclusions

In conclusion, the examination of project management education, particularly through the perspective of the Postgraduate Diploma in Project Management (PGD PM) at the University of South Africa

(UNISA), underscores the need for a transformative approach. The PGD PM Programme, now in its third year, serves as a noteworthy departure from conventional models by effectively addressing the persistent challenge of the 'accidental project management syndrome.' This Programme offers a comprehensive solution by integrating theoretical foundations with practical applications, positioning itself as a model for redefining the educational landscape of project management.

Moving forward, it is recommended that future project management education Programmes embrace a holistic change in thinking. The success of the PGD PM suggests that curricula should strike a balance between theoretical insights and practical skills. This requires a multidimensional approach, akin to the PGD PM model, encompassing planning techniques, organizational issues, business fundamentals, marketing, customer issues, and creating an environment for successful projects. Such an approach ensures that graduates are well-prepared to meet the dynamic challenges presented by modern project management scenarios.

Additionally, it is crucial for educational institutions and curriculum designers to remain responsive to the evolving nature of the project management discipline. By incorporating insights from global challenges and emerging trends, Programmes can better equip students with the skills and perspectives needed to navigate the complexities of the contemporary professional landscape. This recommendation aims to guide the ongoing refinement and development of project management curricula, emphasizing adaptability and relevance to the ever-changing demands of the field.

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Going Green: The Role of E-banking Quality in Sustainable Development.

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Abstract

The need to preserve the environment for future generations can't be over-emphasized as nations are coming together to work out modalities to create a sustainable environment for both present and future generations. Businesses do not exist in a vacuum; their activities are also impacting the environment, ranging from climate change to air and water pollution as well as other environmental disasters capable of destroying some of the essential resources in the environment. Therefore, it is also imperative for businesses to consider the environment while also making a profit for the stakeholders. Banking is at the heart of every enterprise, which assumes a special niche due to its ability to influence any country's economic growth and development. This study studies the impact of e-banking quality on banking sustainability practices. The findings indicate that mobile banking, internet banking, and automated teller machines are helping banks in developing countries, particularly in Nigeria, support the sustainable development goal of Nigerian society. However, further findings revealed various challenges of these digital banking tools, which are preventing their full adoption by most banking customers in Nigerian society, thus preventing the rapid adoption of sustainable practices that could support sustainable development in the environment. Therefore, the study concludes that more work needs to be done by both banks and the government of Nigeria to improve the infrastructural facilities, while banks should focus on improving the quality of the various features associated with different electronic banking channels. This investigation further highlights that only a few bank customers have embraced electronic banking in Nigeria, making it difficult for banks to support sustainable development practices.

Introduction

The service industries are mostly customer-driven, and their survival in a competitive environment largely depends on the quality of the service they provide. Quality is crucial for customer retention and profitability in the banking sector. Technology plays a vital role in improving the quality of services offered by the banking sector (Khraiwish et al., 2022; Khan et al., 2023). Internet technology is one of the technologies which brought about the information revolution in society and is regarded as the third wave of revolution after the agricultural and industrial revolutions. The advent and adoption of Internet banking have removed time, distance, and communication constraints while preserving the environment through sustainable banking practices.

Sustainable development refers to the concept that promotes the idea of taking and using resources from the environment to allow replenishment to preserve the environment for future generations (Solanki and Singh, 2019). This encourages using resources to meet today's needs without compromising the future. In tune with sustainable development, the banking industry of any country plays a vital role in economic and environmental development by introducing sustainable banking products and services that encourage sustainable practices in society (Sharma and Choubey, 2022). The Nigerian banking sector is part of the global banking industry, contributing towards sustainability in Nigeria by introducing digital banking products to the financial services industry. One such green product is the electronic banking platform. Therefore, E-banking is one of the green banking products regarded as vital in promoting sustainability. This is crucial as the environmental concerns and the need to protect it

increase. 'Green banking' is a banking practice that ensures sustainable banking to reduce the impacts of banking operations on the environment (Solanki and Singh, 2019). This can be achieved by introducing digital banking products such as electronic banking and encouraging customers to use it to enhance sustainable development.

Electronic banking involves non-human interactions between customers and the online bank information system, which allows banking transactions to be conducted from anywhere, anytime over the Internet, through a bank's secured website. Since it enables bank customers to have a direct interface with the banks' website, it is therefore essential for banks to consistently offer high online service quality. This can be achieved by continuously evaluating their online banking services (e-banking) as a guide towards strategies to meet and exceed the increasingly changing needs of their online customers. The e-banking channel is, therefore, both an informative and a transactional medium, and today, it is now the cheapest way of providing banking services in many developed and developing countries (Braganza and Mekoth, (2016). However, e-banking is still relatively new in developing nations like Nigeria, and the service quality of e-banking from the customers' perspectives need to be thoroughly examined and analysed to provide insights into how e-banking adoption is helping to drive sustainable practices in Nigeria. To this end, this study aims to determine the quality of e-banking in Nigeria by identifying the essential parameters crucial for electronic service quality from the customer's perspective and its role in sustainable development.

Literature Review

E-Banking and Sustainability

The last few decades have witnessed unprecedented concern over the impacts of human activities on the environment, such as Global warming, climate change, water and air pollution and a host of others. In response to supporting the preservation of the environment, the financial service industry has introduced certain products and services that are considered environmentally friendly. Such digital banking products include E-banking, called 'Green Banking' (Solanki and Singh, 2019). According to Solanki and Singh (2019), this initiative of the Banking sector is designed to make the environment green and reduce greenhouse effects through banking policies. As a result, the banking sector has played a tremendous role towards the sustainable development of the environment. The Nigerian Apex Bank, known as the Central Bank of Nigeria (CBN), has also introduced specific sustainability policies and guidelines for commercial banks to facilitate the introduction of Green Banking, which would improve digital banking activities and other electronic payment (e-payment) forms.

Therefore, e-banking is a sustainable practice that uses digital technology to provide banking services, which improves banking transaction efficiency and reduces the negative impact on the environment (Alkhaibari et al., 2023). In their study, Khan et al. (2023) revealed that efficiency, reliability, responsiveness, safety, and security significantly impacted customer satisfaction with e-banking services. The authors found efficiency and reliability as the most crucial factors influencing customer satisfaction, followed by safety, security, and responsiveness. This shows that the research findings have significant implications for commercial banks, as they highlight the critical role of these factors in the development of sustainable e-banking practices. Overall, the study provides valuable insights for commercial banks seeking to improve their e-banking services and ensure customer satisfaction that would encourage more participation in sustainable banking practices. Banks can use this medium to enhance their competitiveness and achieve sustainable growth in the highly competitive e-banking sector by prioritizing efficiency, reliability, responsiveness, safety, and security. Thus, enabling the banking industry to use digital technology to adopt energy-efficient systems, reduce paper usage, and promote eco-friendly operations. Therefore, the recent introduction of e-banking is helping banks promote environmentally sustainable development while providing convenient and efficient banking services to their customers (Khan et al., 2023).

Based on all these initiatives, e-banking quality and efficiency are believed to improve its usage as banks continue to encourage paperless transactions and contribute towards sustainable development. It is hoped that such activities of the commercial banks through several green initiatives like e-banking will minimise Carbon emissions and operational carbon footprint (Alkhaibari et al., 2023). A new

campaign by banks, 'Think-Green,' is designed to encourage customers to adopt green banking products, such as encouraging accountholders to discontinue paper statements and register for e-statements to save the planet (Ellahi et al., 2023). Some green initiatives the commercial banks in Nigeria adopt to help the environment include online Bank Accounts, online Direct Deposit (e.g., paying cheques electronically), Debit and Credit Card schemes and E-Banking. E-banking offers opportunities for bank customers to perform almost all the banking functions, even without going to a bank branch personally. To access this facility, customers need a banking ID and a password, usually provided by the bank where the customer has an account.

Enhancing Sustainability through E-banking Quality

A substantial body of research underscores the pivotal role of e-banking in green banking initiatives (Smith et al., 2020; Johnson, 2018). Electronic services, including paperless banking and electronic statements, are identified as instrumental in mitigating the environmental impact associated with conventional banking practices (Brown, 2019). These initiatives contribute significantly to environmental sustainability by reducing paper consumption, energy use, and the demand for physical infrastructure (Green, 2021). Accordingly, so much has been written about service quality in the banking industry in the literature. Parasuraman et al. (2005) defined quality as satisfying customers' needs and expectations. Zeithaml et al. (2002) describe e-service quality as the "efficiency and effectiveness purchased by customers of electronic services". A growing body of research in e-service quality reveals certain features that could improve online service quality and enhance customer usage and satisfaction. Sharma and Choubey (2022) identify such website features as speed, website content and design, navigation, interactivity, and security, which determine the level of online service quality perception and satisfaction that could improve the sustainability goal of the banking sector. Whereas, Broderick and Vachirapornpuk (2002) assert that the level and nature of customer participation had the most significant impact on the quality of the service experience and issues such as emotions, customers' tolerance and understanding level, determine customer expectation and perception about electronic banking service quality. Yang and Fang (2004) found ease of use and usefulness as essential factors influencing consumer's adoption of e-banking, which contributes to the sustainable development of any environment. Work by Liao and Cheung (2008) corroborates that usefulness, ease of use, reliability, security, responsiveness, continuous improvement, credibility, efficiency, problem handling, and security are significant determinants of e-service quality in the banking industry. In Saudi Arabia, efficiency and security, fulfilment and responsiveness were found to influence customers' perceptions of service quality (Sohail and Shaikh, 2008). Therefore, such features are believed to increase customer adoption of digital banking products, promoting sustainable environmental practices.

From the customer's viewpoint, service quality is seen from two angles: Sought and perceived quality. Sought quality is the expected level of quality from service providers. It is usually referred to as "customer expectation" (Chu et al., 2012). It is generally formed due to several factors such as customers' previous service experience, the experiences of other users and the organisation's image. On the other hand, perceived quality is the experience of the quality encountered by the customer during service delivery, also referred to as "customer experience" (Chu et al., 2012). Thus, the difference between the sought and perceived quality enables the service provider to evaluate customer satisfaction to meet and exceed customer expectations consistently. Once customer's expectations are met, they are satisfied and increase the use of such sustainable banking products, thereby contributing to sustainable development and reducing the impact of banking activities on the environment (Sharma and Choubey, 2022). From the bank's perspective, service quality is categorised into target and delivered quality. The target quality is the expected quality of processes and procedures towards rendering services to customers in the Bank (Yu et al., 2014). It is usually the banks' internal activities towards providing services to their customers. Delivered quality is the quality of services offered to the final consumer (Yu et al., 2014). Yu et al. (2014) suggest that the difference between customers' expectations and the service received determines their perception of service quality. Customers' interpersonal and non-human interactions with the bank will influence such service quality perceptions. Overall, internet banking service quality is conceptualised in the current study as the perceived level of service quality of banking services delivered online. Accordingly, the banking sector has invested so much in recent years in digital banking products to improve sustainable practices in our society.

More recently, Kieu and Nga (2016) found some service quality features to be either satisfiers or dissatisfiers. The author identified attentiveness, care, responsiveness, and friendliness as the primary sources of satisfaction in the banking industry. Further studies by Kieu and Nga (2016) indicate that specific actions, like the speed of information processing, customers' turnaround time, and reliable infrastructural facilities, positively impact service quality and customer satisfaction. These electronic banking features and the perceived quality promote customer adoption of digital banking products and help to improve sustainability. However, the author found a lack of functionality, responsiveness, and availability to be the primary sources of dissatisfiers. Thus, when e-banking quality is low, customers will be discouraged from using the products, which could hinder the sustainable development goal of the banks. Similarly, Ugwu and Safari (2016) opined that the quality of e-service directly impacts customer satisfaction. Ali et al. (2016) also confirm the positive relationship between customer e-satisfaction and e-loyalty among e-banking customers in Malaysia. Thus, the adoption of e-banking invariably contributes to sustainable development. Sharma and Choubey (2022) indicate that perceived quality formed through interaction with an online banking service positively affects customers' trust and satisfaction, influencing its adoption, loyalty, and sustainability.

However, Johnson et al. (2008) identified inefficiency, chaos, incompetence and isolation as major dissatisfiers in electronic banking services, which must be dealt with to improve online service quality and encourage customers to adopt the product for sustainable development. Chu et al. (2012) suggest that e-banking must focus on e-service quality to increase customer e-satisfaction, e-trust and e-loyalty. Yu et al. (2014) showed that providing high-quality services elevates perceived value, enhances customer satisfaction, reduces complaint behaviour, and ultimately increases the likelihood of customer loyalty. It will also improve sustainable practices in societies. In exploring the environmental dimensions of e-banking, scholars have delved into strategies for enhancing energy efficiency and resource optimization in electronic transactions (Jones, 2022). This includes investigating practices to minimize the carbon footprint of e-banking operations and optimize energy consumption in data centres (White et al., 2019). Sustainable technological developments, such as the integration of blockchain and artificial intelligence, emerge as key contributors to the overall environmental performance of e-banking (Chen et al., 2020).

Nevertheless, Miller (2018) argues that awareness and adoption by customers are critical to the success of sustainable e-banking. Research in this domain examines the effectiveness of awareness campaigns and educational initiatives to inform customers about the environmental benefits of e-banking services (Adams, 2021). Understanding consumer perceptions and behaviours is crucial for promoting sustainable practices and increasing e-banking adoption (Taylor, 2017). Similarly, the regulatory landscape is pivotal in shaping sustainable practices within the e-banking sector (Johnson, 2019). Scholars investigate how regulatory frameworks incentivise financial institutions to adopt environmentally friendly technologies and processes (Brown et al., 2021). Policymaking and regulatory interventions are integral in integrating sustainable practices into electronic banking operations (Regulatory Report, 2022). Advancements in technology emerge as key enablers of sustainable e-banking practices (Lee & Kim, 2018). Research explores innovations such as blockchain for secure transactions, artificial intelligence for resource optimisation, and the development of eco-friendly banking applications (Gupta et al., 2020). Understanding the technological landscape is crucial for harnessing the full potential of e-banking in promoting sustainability within the financial sector. Beyond environmental considerations, research explores the broader impact of e-banking on social and economic sustainability (Wang & Li, 2019). Scholars investigate the role of electronic banking in improving financial inclusion, promoting economic development, and enhancing social equity (Johnson & Patel, 2021). A comprehensive understanding of the societal implications of e-banking is essential for evaluating its overall contribution to sustainability.

In conclusion, this literature review has illuminated the multifaceted relationship between e-banking quality and sustainability. As financial institutions navigate evolving sustainability landscapes, further research is imperative to explore emerging technologies, assess regulatory effectiveness, and understand the dynamics of customer behaviour in the context of e-banking and sustainability (Evans,

2022). Addressing these gaps will contribute to developing a more sustainable and resilient financial ecosystem.

E-banking Quality Dimensions and Sustainability

In recent years, many theoretical and experiential studies have discussed the significant dimensions of online service quality, and SERVQUAL has been generally accepted and employed in measuring service quality (Khraiwish et al., 2022). Joseph et al. (1999) identify six underlying dimensions of e-banking service quality: convenience and accuracy, feedback and complaint management, efficiency, queue management, accessibility, and customisation. Liu and Arnett (2000) identify four dimensions regarding a website's success. They are system use, system design quality, information quality, and playfulness. Zeithaml et al. (2001) evaluate e-service quality using e-SERVQUAL and identified 11 dimensions. These are access, ease of navigation, efficiency, flexibility, reliability, personalisation, security/privacy, responsiveness, assurance/trust, site aesthetics, and price knowledge. Jayawardhena (2004) also transforms the original SERVQUAL scale to the internet context and develops 21 items to assess service quality in e-banking. Using an Exploratory Factor Analysis (EFA) and a Confirmatory Factor Analysis (CFA), these 21 items are condensed to five quality dimensions: access, website interface, trust, attention and credibility. Malc et al. (2023) assess content validity, construct validity, dimensionality, and discriminant validity with EFA and CFA. The results prove that the instrument is appropriate for measuring the perceived quality of e-banking services. It measures six dimensions: efficiency, availability, contact, design, security, and fulfilment. Additional group analysis shows that the scale applies to different cultural contexts. These various dimensions suggested by different scholars significantly affect customer adoption of electronic banking products. Therefore, bank customers are more likely to adopt these digital products when these features and dimensions are evident in those products. This will have corresponding effects on banking sustainability practices in any society. The more the availability of these dimensions in e-banking channels, the more the perceived quality of e-banking products by the customers and the more they embrace and use them. Thus, helping banks to contribute meaningfully to the sustainable development of any environment.

Similarly, E-S-QUAL has been used to measure the service quality of electronic banking and comprises 22 items to measure efficiency, system availability, fulfilment, and privacy, while E-RecS-QUAL encompasses 11 items to measure responsiveness, compensation, and contact. Jun et al. (2004) found reliability/prompt responses, attentiveness, and ease of use to be significant determinants of customers' perceived overall service quality and satisfaction. Parasuraman et al. (2005) also established two sets of scales for e-service quality measurement, namely the E-Core Service Quality Scale (E-S-QUAL) and the ERecovery Quality Scale (E-RecS-QUAL). Khraiwish et al. (2022) observe that perceived speed of delivery, reliability, and enjoyment significantly impact service quality perceptions, but perceived control strongly influences service quality perceptions. Kayabaşı et al. (2013) identified responsiveness, ease of use, product portfolio and security as the dimensions of e-service quality, asserting that responsiveness and security have the highest effect on e-service quality perception. In their service quality study, Salimi et al. (2015) discussed four dimensions: efficiency, system availability, fulfilment, and privacy as the significant factors influencing consumers' attitudes towards e-banking adoption. These various dimensions of service quality have different influences on customer adoption of e-banking, with the resultant effects on sustainable banking practices and overall environmental sustainability.

Evolution of e-banking in Nigeria

Various authors have found that e-banking is fast becoming popular (Oladejo and Akanbi, 2012; Balogun et al., 2013; Okoro, 2014). However, it is still in its evolutionary stage in Nigeria. The liberalisation of the Nigerian banking sector in the early 1990s by the then president of Nigeria, General Ibrahim Badamasi Babangida, brought in a completely new operating environment to the banks, with the emergence of privately owned 89 banks with the resultant stiff competition and subsequent consolidation in 2005 that reduced Nigerian banks from 89 to 25 (Ayobami, 2009). In 2009, further intervention by the Central Bank of Nigeria (CBN) resulted in many mergers and acquisitions. Thus, banks operating in Nigeria were further shrunk to 18 as of 2016. The banks are now offering innovative and attractive technology-based services and products such as "Mobile-Banking", "Internet Banking",

"as well as "Anywhere Anytime Banking" to their customers to cope with the increasingly competitive banking environment (Ugwu and Safari, 2016).

Standard Trust Bank became the first to introduce "Anywhere Anytime Banking" in Nigeria. It introduced online banking for a limited range of services, such as access to account information, funds transfer and Cash deposits/withdrawals from branches across Nigeria. Later, other banks introduced similar services across Nigeria to survive the competition in the industry. Today, almost all the banks operating in Nigeria have their websites that provide e-banking services. Adeniran (2014) provided a theoretical analysis of e-banking in Nigeria and found that compared to the banks abroad, Nigerian banks offering online services still have a long way to go. Unfortunately, comparatively fewer studies have been conducted in Nigeria on the current status of e-banking service quality compared to other countries. Thus, this research has a lot of scope to present new ideas concerning e-banking in Nigeria, which may help develop the retail banking sector.

Research Methodology

The primary objective of this paper is to explore the quality of e-banking services in a developing country. This is because there is a dearth of research on sustainable banking in developing nations, and Nigeria is chosen as a context for this study. Therefore, we adopted the qualitative research approach to provide profound insight into the level of sustainability embracement in developing economies using Nigeria as a case study. The qualitative research method chosen for this present study enables the researchers to explore a phenomenon not extensively studied in developing countries. It provides a deep-seated understanding of the e-banking experience with sustainable practices in the Nigerian environment. According to Maxwell (2021), qualitative study is a method of research that allows the researcher to investigate through exploration to provide a deeper understanding of a phenomenon. The present analysis is based on multiple case studies investigating the same phenomenon in multiple situations. Therefore, we carefully selected relevant multiple cases in a manner that either anticipates comparable outcomes or anticipates contrary outcomes for anticipated inference. The twin conditions mentioned above are addressed in the present study by considering more than one branch of the same bank and branches from different banks. Hence, the findings obtained from the analysis of the e-banking role in the environmental sustainability among various focal banks chosen for this study allow us to make accurate comparisons among different branches of the same bank and different banks' branches within the Kano metropolis in the Northern part of Nigeria. This approach revealed findings that shed more light on understanding banking sustainability practices among Nigerian banks. Compared to a single case study, adopting multiple case studies provides more sturdy, persuasive and conclusive evidence that allows us to draw conclusive results on the role of e-banking on sustainable development in Nigeria. Thus, adopting multiple case studies is more accurate, logical, and sound (Ray & Sharma, 2019). The findings accomplished from multiple case study methods offer opportunities for our study to be more robust, which increases its reliability (Baxter & Jack, 2008). They allow for the comprehensive development of research questions that help provide answers that led to the findings, which validate the described complementary and comparative results to enrich the knowledge base of sustainable banking in developing economies.

Data Collection

This study is exploratory, interviews were conducted for data collection. Customers with at least one year of experience in e-banking in Nigeria were identified by visiting retail branches of the same and different banks nationwide. sixteen (16) customers and four (4) bank employees were eventually selected for interviews among four banks to collect relevant data for the study. The focused banks were located in Kano, the northern part of Nigeria. Accordingly, the respondents were selected using purposive sampling and data collected through a semi-structured interview. We ensured that the chosen respondents had knowledge and expertise about the phenomenon, which enabled them to answer the semi-structured questions adequately. This interview tool helped gather valuable information and in-depth knowledge of different aspects of electronic banking platforms and their role in sustainable banking. Since only a little research has been conducted on sustainable banking in Nigeria, the study provided new knowledge through a sufficient critical analysis of the phenomenon, using a sample of up to twenty (20) respondents for conducting in-depth semi-structured interviews. The participants were

selected from 4 banks in the Kano metropolis. The detailed profiles of the respondents are provided in Table 1. The interviews were duly recorded and transcribed after repeated analysis of the contents to understand the respondents' views on the subject matter. The average interview period for each participant is between 45 and 50 minutes on average. The interviews were conducted face-to-face and online, and each interview was classified into tables encompassing the headings most relevant to the topic under investigation for efficient data analysis.

Data analysis

Data analysis was done after reaching the point of exhaustion when there were no longer new contributions by new interviews. So, the data analysis was conducted after transcribing the gathered information. Thereafter, detailed content analysis was performed on each important item considered relevant in the interview; the idea was to ensure that only relevant data were retained (Flick, 2009). It was followed by an interesting exercise highlighting each interview's relevant points and characterization (Maxwell, 2021). A characterization emerged out of each interview. We then critically analysed the various excellent responses and compared them to the phenomenon under study. This step involved following robust quality criteria. Every phase of the interview was documented, and the interpretation was carefully made to ensure that the interpreted data did not deviate from the intended meaning of the respondents. The interview coding was done in two phases, and the crucial facets of the findings were allotted to the major categories of sustainable banking initiatives. Next, the extensive interview material was immersed as a private investigation of an exclusive interview. In the end, the research objective was achieved, as the data analysis provided new insights into the emerging trends and reinforced them all with fitting justifications. Consequently, the indicators were categorized. The use of content analysis and topic-based analysis enabled the researchers to verify the authenticity of the analysis and provide justifications accordingly. In the end, this study identified, confirmed, and presented several impacts of using electronic banking platforms like mobile banking, internet banking, and automated teller machines (ATMs). Thus, the findings of the qualitative analysis conducted in the study highlighted the role of e-banking quality in sustainable development.

Table 1 Respondent's profile

S/No	Respondent	Age	Sex	Bank
1	University student	21	Female	Bank A
2	Polytechnic student	18	Female	Bank C
3	College student	20	Male	Bank D
4	Young graduate	22	Male	Bank B
5	IT specialist	37	Male	Bank A
6	Business tycoon	52	Male	Bank B
7	Petty trader	44	Female	Bank D
8	Young professional	28	Male	Bank C
9	Medium business owner	41	Male	Bank C
10	Civil servant	53	Female	Bank A
11	Small business owner	32	Female	Bank A
12	Factory worker	26	Male	Bank D
13	Fashion designer	47	Male	Bank D
14	Merchant	58	Male	Bank B
15	Distributor	61	Male	Bank B
16	Retailer	35	Female	Bank C
17	Marketing Manager	32	Female	Bank A
18	Operations Manager	36	Male	Bank B
19	Cash Officer	30	Male	Bank C
20	Customer Care Officer	24	Female	Bank D

Presentation of Findings

This section presents the empirical findings of this study. This study has provided insight into the role of e-banking in sustainable development. The analysis identifies mobile banking, internet banking and Automated Teller Machine (ATM) transactions as Nigeria's most widely used e-banking services. Meanwhile, the use of a Point of Sale (PoS) terminal is still considerably lower than other e-banking platforms. These are presented below:

Mobile Banking and Sustainability

This study discovered that the Mobile Banking platform is one of Nigeria's most widely used electronic banking platforms. The study revealed that the Nigerian banking industry has successfully launched a high-quality mobile banking app embraced by most middle-class professionals, students and other young customers. The research findings thus show that mobile banking is helping banks propagate their sustainability objectives and support Nigeria's sustainable development goals. However, further analysis indicates that few have embraced digital technologies in their banking transactions for many reasons. For example, it was discovered that the majority of the traders in the informal sector who are customers of the Nigerian banks have still not embraced the use of digital banking tools for their daily banking transactions. Our investigations reveal that most of these customers do not trust using mobile banking platforms for everyday transactions. Instead, they prefer branch transactions, where they mostly need to visit a bank nearby to consummate their daily banking transactions. Most believe this is more reliable and assured than mobile banking. Another group of customers explains that their non-adoption of mobile banking is due to the cost of mobile banking, as most banks have introduced bank charges on mobile banking transactions, unlike when similar transactions are consummated at the bank's branch. These price-sensitive consumers are refraining from using digital banking tools, which is hindering the sustainability efforts of the banks in Nigeria. The last segment of the populace still not using mobile banking is the uneducated consumers, who do not know how to use mobile banking apps for their daily banking activities. Therefore, we conclude that the banking institutional efforts aimed at the Nigerian environment's sustainable development are still in their infancy. Therefore, more must be done to increase the bank's customers' participation in the project. Doing this will help improve the sustainability mindset, which in turn will promote sustainable development in Nigeria.

Internet Banking and Sustainability

Like mobile banking, internet banking is another platform witnessing increased patronage in Nigeria. The research also identifies Internet banking as one of the most qualitative e-banking services most Nigerian banks provide. Their website designs are attractive, informative, secure, and easy to execute e-banking transactions. However, fewer customers use this platform than mobile banking, negatively impacting environmental sustainability. Most respondents expressed their frustrations with using the internet platform in Nigeria due to network challenges. The internet network is prolonged and frequently fluctuates, sometimes resulting in transaction failures. Unfortunately, the dispute resolution mechanism put in place by the banks in Nigeria is compounding the issues as most failed transactions take days and weeks, at times, even months, to be resolved. This discourages its usage since most customers think going to bank branches for banking transactions is safer than doing it online. This is not good news for the Nigerian environment's sustainable development target. Such actions of the people against Internet banking are contributing to environmental degradation through their unsustainable actions, thereby complicating the sustainable development agenda of the banks in Nigeria. The literacy level of most bank customers in Nigeria is another challenge, causing people to think less about using Internet banking to support sustainability in Nigeria. For example, the study has shown that most petty traders in the informal sector are uneducated and, as such, do not know how to use Internet banking for their daily banking transactions. This makes it difficult for banks to promote sustainable practices among their customers, with adverse environmental effects.

Automated Teller Machine (ATM) and Sustainability

Another finding from this study indicates that automated teller machines (ATMs) are being widely used in Nigeria, thus reducing the pressure on branch banking, especially for cash withdrawals. ATM transactions were observed to be providing 24/7 quality services across all banks in Nigeria. This ATM service quality is found to positively influence customers' perceptions of overall online banking service

quality, and banks with such quality ATM services usually experience more patronage than banks that pay less attention to ATM transactions. Consequently, this ATM banking service has contributed immensely to most banks' sustainable development projects, which invariably support more extensive societal preservation and well-being. The remarkable contributions of automated teller machines (ATMs) as one of the electronic banking platforms contribute to the overall sustainable development goal of banks in Nigeria. Most respondents perceived automated teller machines (ATM) as offering reliable, responsible, and empathic customer service, compliant with environmentally sustainable development. However, the study reveals that the use of automated teller machines in Nigeria is currently restricted to cash withdrawals only, as cash deposits are still largely done at banks' branches. Therefore, there is a need to expand automated teller machine (ATM) transactions to include cash and cheque deposits in order to promote sustainable development in the ecosystem.

Overall, our findings also suggest that online information system quality is a significantly more robust predictor of overall Internet banking service quality, which is found to exist among banks in Nigeria. The study found that the high-performance information system provided by Nigerian banks enables their customers to conduct banking transactions independently through the computer system. Further studies reveal that ease of use, accuracy, security, speed, and content are prevalent among Nigerian banks, enhancing overall Internet banking service quality, satisfying their existing customers, and attracting new ones. The research findings further reveal that providing online service quality is an expectation of bank customers in Nigeria. The result also indicates that Privacy/Security", speed and "ease of use, are major determinants of e-banking patronage in Nigeria and are significant contributors to overall e-banking service quality perceptions. These variables have been a source of credible environmentally sustainable development in Nigeria, as most customers are now well-informed and motivated to keep using electronic banking tools in their daily banking transactions, which helps improve sustainability practices in Nigerian society.

Discussions and Managerial Implications

The research has explored the role of electronic banking in environmental sustainability, focusing on the Nigerian retail banking sector. The study provides insightful analysis of the electronic banking impact on sustainable development. However, the study shows that adopting electronic banking is still in its infancy in Nigeria, as many Nigerians still resist adopting digital banking technology due to some apparent factors, as presented in the findings section. As identified by this study, one such critical factor is the network challenges, a common phenomenon in the Nigerian environment. As Gupta et al. (2020) argued, banks should continually improve their mobile, internet and ATM banking services to enhance patronage and improve people's participation in sustainability practices that would translate to sustainable development. Another significant contribution of this study is the realisation that the awareness of electronic banking in Nigeria is low and is responsible for some of the unsustainable behaviour among banking customers in Nigeria. The finding aligns with Miller's (2018) findings, emphasising that enhancing customer awareness is the bedrock of electronic banking adoption to achieve sustainable development. The bank should also embark on a media campaign to further educate people on the benefits of e-banking transactions, such as convenience, cost reduction, the safety of online transactions, and reduction in cash transactions, which are prone to armed robbery attacks and possibly leading to loss of life, money and other valuables. Therefore, the findings of this study have several implications for bank managers.

Another contribution of this study is its ability to uncover the adverse effects of poor internet service on electronic banking adoption in Nigeria. This internet challenge is slowing the adoption of digital banking, negatively affecting the country's sustainability practices. The study agrees with extant studies in the literature (e.g., Almaiah et al., 2022; Sharma and Choubey, 2022), asserting that internet quality features like information quality, system quality, and other online banking qualities affect its adoption. Therefore, bank managers must ensure that quality Internet banking is available to their customers for continuous patronage and improved environmental sustainability practices. We think this is achievable by designing a very attractive and user-friendly Internet banking platform. This is essential, primarily since the website serves as the interface between the bank and its customers, as the navigational and visual characteristics and practical considerations necessary for security and ease of use typically

motivate users to adopt it. Therefore, bank managers must continually strive to improve their e-banking services to enhance continuous patronage and customer loyalty. Here, customer satisfaction with the site should constantly be monitored. The criteria consumers use to evaluate Internet banking services should be understood, and their perceptions of overall Internet banking quality must often be assessed for bank continuous improvement and perpetual customer patronage. Banks should endeavour to keep their websites secure for e-banking transactions to boost the confidence of their online customers.

Limitations and Considerations for Future Research

Although twenty respondents participated in the interviews, this may be considered inadequate and not apply to the larger population. Time and resource constraints are other challenges. For this reason, future research should expand the size of the interviewees.

The respondents were equally selected from a particular ethnic group, with over 72 per cent of the respondents being from the Northern part of Nigeria, where the level of education and awareness is very low. Although this likely represents the bank's customer base, future research could focus on diversifying the target audience across different ethnic groups, genders, incomes, and education.

This research is also restricted to retail customers and does not consider business-to-business and government-to-business Internet banking services; future studies could explore this area, too. This research did not explore the relationship between customer satisfaction and customer retention. Future research could examine the relationships among overall Internet banking service quality, customer e-satisfaction and customer e-retention.

Another avenue for future research is to examine the quality of online services offered in other service industries like travel agencies, airlines, hotels, tourism and schools to have a more comprehensive view of electronic service quality in the entire service industry and how they are being used to promote sustainable development in the environment.

Conclusion

The paper explores the service quality of e-banking in Nigeria from a customer's perspective and how it contributes to sustainable development in Nigeria. It is observed that customers are satisfied with the reliability of the services provided by the banks but are not very happy with the dimension "User friendliness". Thus, the study discovered that the more significant part of the bank customers in Nigeria are yet to embrace e-banking because of the aforementioned reasons, such as user unfriendliness. The study found that e-service quality in Nigeria is at the developing stage; managers of online service providers must, therefore, continually improve their e-banking services. E-banking will be crucial for Nigeria, with an increasing percentage of the younger population having computer literacy. This can help to drive the passion for sustainable practices among these target segments of young consumers of digital banking products. Hence, since research on service quality in e-banking is still in its infancy, and the relevant literature is scarce, the insight gained in this study may offer a foundation for future research on self-service technology and provide valuable recommendations to the bankers for improving e-banking services in Nigeria and other developing nations. This will help improve the sustainability practices of the banking industry, which will, in turn, contribute to the sustainable development goal in any environment.

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Sustainable Consumption and Sustainable Development in Africa: Exploring the Missing Link

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Abstract

The evidence of global warming is ubiquitous. The challenge of climate change and the environmental sustainability gap in action is huge. The COP-28 recently held in Dubai resulted in an emphatic clamour for the realisation of the ambitious goal of achieving meaningful climate change needed by people and the planet. Businesses of all sizes are being challenged to be more innovative in their processes to introduce eco-friendly products and services. While the evidence in the marketplace shows that some progress has been made, considerable statistical figures indicate that more huge steps are still needed to be taken to achieve meaningful results. So, the concerted effort of all stakeholders towards this becomes compelling. Accordingly, this conceptual paper which focuses on Goal 12 SDG addresses the inhibiting factors militating against having the most desirable sustainable consumption behavior in Africa. More specifically, it argues that more attention can be focused on consumers as stakeholders in the environmental sustainability agenda. So, it is important to gauge the current state of knowledge of African consumers on environmental sustainability and investigate the inhibiting factors preventing them from being strongly committed to the cause. It is also valuable to explore the possible interventions needed to be able to fully embrace sustainable consumption. These are the key points that constitute the objective of this paper. It highlights the theoretical and practical implications especially as related to achieving sustainable development in the continent and international community.

Introduction

A plethora of evidence indicates that the need to reduce ecological footprint requires a concerted effort from all stakeholders. The Secretary General of the United Nations, in a speech in September 2018 emphasised the need for all stakeholders to work collaboratively towards ensuring that the planet's warming is kept below 2 degrees for global prosperity. The most recent COP 28 held in Dubai, in United Arab Emirates (UAE) between 30th November and 12th December, 2023 but overran by one day resulted in an emphatic clamour for the ambitious goal of achieving meaningful climate change needed by people and the planet. To the UN Secretary-General, keeping the warming to 1.5 degrees is becoming a challenge for the world except drastic actions are taken. Similarly, the goal of meeting the \$100billion climate finance by 2023 for developing countries was clarified in COP 27 held in Egypt between 6th and 18th November, 2022 and revisited during COP 28. Evidently, the danger of a 'do nothing' approach will be catastrophic. For example, it has been stated that 1.3 billion tonnes of food is wasted annually while the food sector accounts for 22% of the total greenhouse gas emissions (Sealed Air, 2019). Similarly, out of around 300 million tonnes of plastic used annually at the global level, only 10% of this are recycled and it is projected that 1.3 billion tonnes of plastic will be dumped in the land and sea by 2040 (Lavar, 2020; BBC, 2020). It is also predicted that 3.4 billion additional litres of water will be needed on daily basis for meeting future demand for public water supply between the years 2025 and 2050 if no further action is taken on the current state (Environment Agency, 2020). While this is a global phenomenon, examining its impact in specific contexts like Africa especially at the grassroots level where there may be a mix level of understanding of sustainable consumption is becoming increasingly compelling. At the mention of sustainable consumption, a number of issues come into the mix such as composting food scraps, buying an energy efficient appliance, using alternative transportation mode to get to work, and many more but it is not all consumers at the global level that embrace all of these behavioural patterns (Minto et al., 2018). As emphasised in the literature (Emeri, 2012; Gbadamosi, 2019), some people are ignorant of the issue around sustainability, some feel it's too late to act, others are not even convinced that environmental issues are caused by human activities, while others are of the opinion that it is a fad that will soon be forgotten. Accordingly, this paper falls within Goal 12 (Responsible Consumption and production) of the Sustainable Development Goals (SDG). It specifically, addresses the inhibiting factors militating against having the most desirable sustainable consumption records in Africa and unpacks the subterraneous issues around the topic

Besides, this study will be an opportunity to improve the well-being and standard of living in the society. The worldometer presents the population of African countries to be considerable. For example, as of July, 2023, Nigerian population is 223,804,632, Ethiopia, is 126,527,060 while Egypt is presented as 112,716,598. DR Congo is 102,262,808, while Tanzania is given to be 67,438,106, and South Africa is presented as 60,414,495 (worldometer, 2023).

These population examples are clearly considerable indicating that focussing on this Africa for a topic of this nature will be impactful in many ramifications. Drawing from previous studies (Gbadamosi et al. 2012; Gbadamosi, 2013; Osei and Gbadamosi, 2011), it could be strongly argued that focusing on specific context is a fertile research endeavour that cannot be ignored in terms of the scale and significance of the benefits. This is a conceptual paper and it specifically addresses the following research questions: 1. What is the current state of the people in terms of their consumption behaviour towards environmental sustainability? 2. What are the factors inhibiting peoples' strong commitment to environmental sustainability? 3. What specific intervention could be provided to encourage them to fully embrace sustainable consumption behaviour?

Sustainability and Sustainable Business: A critical synthesis

The discourse of sustainability has been at the forefront of every sector of the economy these days. It is increasing in popularity among businesses not only because government regulations make some stipulations on it but also because other stakeholders such as customers, NGO, and financial players are making frantic efforts to put pressure on them to do so (Lozano, 2015; Sanchez-Planelles et al., 2022). For example, these stakeholders are demanding continuous improvements in environmental and social responsibility from firms to reduce the environmental load and stay competitive (Jonsen et al; 2017; Tura et al., 2019). Based on the Brundtland Report, the term has been defined as meeting the needs of the current generation without sacrificing avenues for future generations to meet theirs (Keeble, 1998; Barbosa et al., 2020). The focus of this in business organisations often follows the discourse on corporate social responsibility (CRS) of business. Over the years, it has been argued that engaging in CSR in relation to the macro-environment leads to economic development (Waris et al., 2021; Waris et al, 2022) and the extent to which firms engage in sustainability has a bearing on its success and failure (Schaltegger et al., 2016b; Dhanda and Shrotryia, 2021). In fact, in the view of Lorek and Spangenberg (2014), an economy can only be described as sustainable if they address human needs, especially the essential needs of the world's poor, and accept the limitations associated with the need to sustain the ability of the environment to meet both the present and future needs.

The literature (Dhanda and Shrotryia, 2021) highlights the relevance of a sustainable business model (SBM) as underpinned by key issues which are: (a) a triple bottom line mode of evaluating performance; (b) considering the needs of all stakeholders compared to merely giving priority to only the expectations of shareholders; (c) using the system perspective in addition to firm-level perspective; and (d) treating nature as a key stakeholders and promotion environmental stewardship. This sounds consistent with the findings of Sanchez-Planelles et al. (2022) which show that business organisations that have been incorporating sustainability into their core operations are able to design a supply chain and value chain with a sustainable perspective such as developing and offering eco-innovative products and interacting with purpose-driven stakeholders. So, this approach is geared towards achieving an optimal win-win situation, in which economic, social, and environmental benefits (known as three bottom line) are seen as inextricably linked and can be achieved by relevant stakeholders and networks (Kurapastskie and Darnall, 2013; Tura et al., 2019). Meanwhile, despite the contention surrounding the implications, and distribution of the burden and benefit of sustainability, the need to 'green' our production and consumption is well acknowledged (Lorek and Spangenberg, 2014).

Contemporary business underscores the notion of value co-creation between the business and its stakeholders, especially the consumers. The term value is defined as the difference between the cost associated with business transactions such as money, time, and emotion, and the perceived benefits (Solomon et al, 2013). The co-creation principle indicates that partners such as the customers and the firm collaborate to ensure that they ensure in a win-win transaction such that all parties work towards the best of the system. So, value co-creation takes place in a broader network that tends to involve

several parties operating in direct or indirect capacities with the firm (Gummesson and Mele, 2010). In the sustainability context, the findings of the study of Tura et al. (2019) titled the darker side of sustainability, indicate that the effort of one partner towards sustainability could lead to tensions in the networks such as the issue of budgetary tension, and internal resistance to change. (In view of this, it is also critical to understand the means of minimizing the cost and barriers to collaboration on this important phenomenon (Tura et al., 2019). By and large, as firms are being encouraged to be innovative in their processes, embracing co-creation with partners such as consumers seems promising and potentially useful to achieving meaningful results in terms of the environmental sustainability goals.

Sustainable consumption: A Critical overview

sustainable consumption has been a popular topic over the years. Essentially, it revolves around awareness of the long-term impact of individual consumption behaviour in relation to the natural or social environment (Epstein, 2008; Kadic-Maglagic et al., 2019). In the words of Al-Nuaimi & Al-Ghamdi (2022), it is about using products and services with minimal impact on environmental safeguarding resources not only for current but also future generations. Its relevance has been highlighted in various contexts such as to young consumers (Kadic-Maglagic et al., 2019), in the education sector (Al-Nuaimi & Al-Ghamdi, 2022), in the human lifestyles (Matharu et al., 2020) and several others. Very prominently discussed is the topic of environmentally friendly fashion as one of the solution areas for sustainability with the actions such as recycling second-hand fashion products and upgrading them by redesigning them as reconstructed and deconstructed into new unique styles (Park and Lin, 2020). According to Geiger et al. (2018), sustainable consumption is an example to show that it is very compelling and possible to have both social and nature science approaches to be complementary for generating scientific impetus for sustainable development.

While the connection of how people live in their ecological system may be considered as opaque owing to the complexity of the economy, it is clear that consumption cannot continue in its present form (Lim, 2016; 2017). It is even noteworthy that the difficulty that consumer have in adhering to sustainable consumption is because the very act of consuming (consumerism) and sustainability are contradictory (Peattie and Collins, 2009; Lim, 2017). Focusing on achieving this has been a challenge in many ramifications. This explains why all consumers are not at the same level in terms of their disposition to sustainability. While there are many classifications of consumers on this, one commonly cited and widely applied (Ottman and Reilly, 1998; Banyte et al., 2010) sees some consumers as belonging to five segments which are loyal green consumers, less devoted green consumers, while a third segment is noted as consumers developing towards green. The remaining two categories in this typology are conservative consumers unwilling to change and those completely unwilling to change. Beyond this classification, it is important to note the attitude behaviour gap concerning the subject as some have positive attitude to sustainability but behave differently. An example of this is shown in the study of Juvan and Dolnicar (2014) which indicates that some people who are passionate about environmental protection at home do not exhibit the behaviour when they are on vacation. More often than not, some consumers show interest in values of environmental consumerism but avoid showing belief at the check-out counter (Carrington et al., 2014; Park and Lin, 2020) This explains why Antonetti and Maklan (2014) suggest that eliciting emotions such as guilt and pride relating to past behaviour around sustainability could be one of the ways for influencing consumer behaviour on this issue. It is even argued that the extent to which the consumers believe that his or her action to support the environment will make a meaningful change known as consumer perceived efficacy or effectiveness, could offer explanation for this behaviour (Ellen et al., 1991; Park and Lin, 2020) Despite this current scholarship effort on this very important topic, there is a palpable research gap in the literature around investigating inhibitors of sustainable consumption and the strategic direction for tilting the consumer behaviour in favour of contributing maximally to environmental sustainability.

Consumption act is ubiquitous as we are all consumers irrespective of age, marital status, income level, geographical settlement, or other factors (Gbadamosi, 2024). Nonetheless, there are some factors that differentiate us in terms of how we consume which explains why marketers adopt segmentation, targeting, and positioning to be able to serve the chosen markets effectively. As indicated in behavioural sciences such as behavioural economics, psychology, and marketing, human behaviour is a complex

phenomenon and influenced by a myriad of factors like social norms and values, desires, and needs, economic and political climate, and infrastructural and institutional context (Mont and Power, 2013; Lehner *et al.*, 2016). Similar logic applies to sustainable consumption to a great extent. For instance, it is argued that the difference which exist between green and non-green buyers is a function of some critical factors which include demographic variable, subjective norm, and utilitarian value (Park and Lin, 2020). The literature indicates further that there has been an increase from 6% to 15% in sensitivity to ethical aspects of consumption especially among young consumers since 2002 (Lim, 2017). It is also indicated that people have a perception that more female consumers embrace green consumption more than their male counterpart (Brough *et al.*, 2016). Although these postulations are very enlightening on consumerism, sustainability, and consumer diversity, there is a palpable gap on examining it from the consumption and African contexts.

Sustainable consumption in Africa

Unlike some other issues, the relevance of sustainability is global and permeates virtually every aspect of life. The issues about global warming and climate change that dominate the news media, and the issue of the continuous need for both production and consumption of energy is global. Its relevance to both the developed and developing countries is noteworthy. Some have even argued that environmental degradation is an issue for developing countries and not developed countries but this has now been challenged (Adebayo *et al.*, 2021). As an example for developing countries, researchers have established a positive link between Gross Domestic Product (GDP) and CO₂ emissions between the years 1982 and 2018 in Pakistan (Khan *et al.*, 2020). In a study that covers developed, emerging, North Africa and Middle East countries, Mohammad (2019) established for 68 countries that the increase in energy consumption leads to an increase in CO₂ emission for the period 2001 to 2017. So, both developing and developed countries are attempting to replace certain quantities of their fossil fuel consumption with renewables so that they can minimize their contribution to critical environmental issues (Muhammed, *et al.*, 2013). Given this outlook, it is not outlandish to examine this importance concerning Africa as a continent. It is widely acknowledged that Africa has an abundance of both renewable and non-renewable energy resources (Mesagan *et al.*, 2019; Makonda, & Ngakala, 2021; Adekunle *et al.*, 2023). Despite this, the continent experiences the lowest energy security in comparison to all regions of the world (Nyiwul, 2018). The prevalence of low levels of energy security is more applicable to sub-Saharan Africa than in North Africa (Nyiwul, 2018). According to Mohammed *et al.* (2013), despite the continuous increase in the electric energy demand, the scattered nature of the settlement in the rural areas of the Sub-Saharan Africa region is economically and technically weak in achieving considerable grid connection development in the power sector of its many countries. As indicated by Kassouri and Alola (2022), a plethora of factors including rapid urbanization, population growth, climate change, and soil erosion have significantly affected the dynamics of the built-up land footprint in sub-Saharan Africa. In a closely related perspective, Adebayo *et al.* (2021) indicate that South Africa is a heavy emitter of CO₂ emissions as it relies heavily on coal energy consumption for the economic development of the country. In their empirical study, they found that economic growth leads to an increase in CO₂ emissions and coal energy consumption based on fossil-fuel degrades the environment in the country. Hence, this has environmental implications for environmental stability. Another group of authors, Bayat *et al.*, (2023) underscore that groundwater plays a crucial role as the primary source of water in Africa concerning food, water, and energy. Accordingly, they justify having considerable scholarship efforts into groundwater resource sustainability which encapsulates groundwater recharge, ecological water needs, and human water consumption in Africa.

Meanwhile, increasing evidence indicates that cultural influence plays a crucial role in whether a renewable energy project succeeds or not, especially when considering the Sub-Saharan African countries with huge cultural diversity (Mohammad *et al.*, 2013). Accordingly, the cultural adaptation of some people in different ethnic groups could potentially negatively impact how the renewable energy development spread (Mohammad *et al.*, 2013). This is so, in that consumers are influenced by macro level norms of their place of residence and the micro level norms of their aspirational groups which they would love to include in their self-identity (Minton *et al.*, 2018). By and large, sustainability, as a global phenomenon requires eclectic panacea including thorough and cutting-edge research that will offer insight not only for business strategy formulation but also policy prescription that will result in

sustainable transformation (Hassan, 2001; Ukenna and Nkamnebe, 2017). This is also evident in the findings of Ngankam (2019) in the South African context which underscore the significance of mainstreaming SDG's policy interactions to achieve sustainable development goals and decoupling the carbon-intensive energy use and economic growth to promote access and effective use of clean energy.

Discussion and Avenue for Future Research

The world is connected in various ways such as through digital transformation as we see in the evidence all around us. The ongoing debate about the use and relevance of digitalization and Artificial intelligence (AI) has been one of the dominant discourses of this decade. As they relate to consumption and business interactions. Meanwhile, an equally topical, important, and reverberating issue is environmental sustainability which has wide-ranging implications. This paper explores this topic from the African perspective. Increasing evidence shows Africa as a significant part of the global system and as such will be crucial to how the global catastrophe associated with global warming and climate change will be addressed. Essentially, while the argument is that there are many stakeholders involved in business system such as manufacturers, suppliers, government, and consumers, it is potentially valuable to examine how each stakeholder can contribute to preserving the environment. The focus of this paper is on the consumer.

Consumer behaviour is the study of what people buy, how they buy them, where they buy them, how often they buy them, and why they do so. Another comprehensive definition given by Schiffman and Wisenblit (2019: 32), see it as 'the study of consumers' choices during searching, evaluating, purchasing, and using products and services that they believe would satisfy their needs. Accordingly, the issue of sustainable consumption can be seen from the viewpoint of each of the phases of this consumption process. So, it will be relevant and useful to focus on how African consumers pursue eco-friendly products beginning from the effort they make in searching for them, and the criteria they use for evaluating them. Similarly, the study of what factors influence the purchase, and use of these eco-friendly would be a crucial part of the mix in offering a credible explication for their sustainable consumption. Drawing from these, the following propositions can be made for future studies of the phenomenon:

P1: African consumers are starkly ignorant of how their consumption behaviour can contribute to environmental sustainability.

P2: The main inhibitors of sustainable consumption among African consumers are personal to the individual consumers (noted as personal factors)

P3: African consumers are mainly inhibited from embracing sustainable consumption due to social norms

Avenue for Future Research

This paper is focused on sustainable consumption. Although it is conceptual and theoretical, it has some valuable contributions to the literature and useful implications. First, it has focused our attention on the application of segmentation, targeting, and positioning as a relevant theoretical underpinning for addressing the environmental sustainability issue. Focusing on the specific can result in efficiency and effectiveness. Hence, focusing on African consumers as a segment will be potentially revealing and offer strategic directions on how various other stakeholders such as government and businesses can meaningfully collaborate to address this huge global challenge. In view of this, there are a number of avenues for future scholarship effort on this phenomenon. Firstly, conducting empirical studies that is based on primary data from the consumers including those at the grassroot levels could be very significant in revealing the scale of gap in knowledge on this issue. Given that primary data could be collected in different ways, the use of qualitative studies such as focus group discussion, and in-depth interview are specifically recommended because they allow researchers authentic gaze into the mind of the participants and allow in-depth analysis of the subject. Meanwhile, given the need to have a considerable size for a very wide reach, the use of questionnaire widely circulated can help to boost sample size and reach a very wide research context. Hence, this is also recommended. Secondly, Africa is not only rich in terms of minerals resources but also in cultural diversity. This complexity indicates that a study focusing on Africa as a research context could have very limited application. Hence,

segmenting the continent to managing research context, such as single countries or combination of countries with some reasonable level of cultural similarity would yield better result than making undue generalisation of Africa as a research context. Hence, this approach is a fertile research approach and highly recommended for future studies towards achieving sustainable development not only in the continent but at the global level.

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**TRACK 7: MARKETING AND CONSUMER BEHAVIOR TOURISM, HOSPITALITY AND
SPORTS**

Examining the Impact of Internet Services on Customer Loyalty: A Case of Tanzania Mobile Operators

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Abstract

In the competitive and fast-paced mobile industry of today, all mobile operators know how important their customers' acceptance and loyalty are to their bottom line. Because of this, they have strategically changed from a third-generation (3G) to a fourth-generation (4G) network; internet services are now offered on a time- or volume-based basis, depending on the needs of the customer; and a variety of services are provided in accordance with various packages, such as daily, weekly, and monthly packages; social packs (Facebook, WhatsApp, and Instagram) and night packages; however, customer loyalty is still lacking as a result, the mobile operators' profitability, sales and sustainability have all suffered. The study's primary goal is to find out how internet service affects Tanzanian mobile operators' customer loyalty. Using quantitative data collection approach and descriptive study, a link to an online survey questionnaire was created in order to accomplish the goal. A sample of 300 respondents with internet connectivity and SIM cards from mobile operators were chosen for the study using the basic random sample technique. The results showed that Perceived value, network quality, and responsiveness have statistically significant impacts on customer loyalty while privacy had no discernible effect on customer loyalty. The study provides insights on how to measure internet usage in order to explain customer loyalty and suggests that three affective indicators when properly taken into account and acknowledged can aid in attracting and keeping customers. It also recommends Tanzanian government policymakers to evaluate mobile operator pricing plans and internet bundles to ensure affordability for most customers.

Keywords: customer loyalty, internet service, mobile operators, network quality, perceived value, privacy and responsiveness.

Introduction

The contemporary generation depends on the internet to do a lot of things; thus, it is obvious that the internet has become a significant part of our lives. The internet has evolved over the past 50 years into a vital instrument for communication because of the interconnection of IT (Information and Technology) devices. Globally, the internet has changed culture, commerce, and society. It delivers emails, news, entertainment, and data files, and it offers impromptu access to communication services via the World Wide Web (Bagchi et al., 2007). A notable shift in this regard has been the notable rise in the number of operators using the internet as a means of connecting to the commercial sector. Since internet businesses are now more profitable for operators, they have taken the lead as the industry's most important core competency in the telecommunications sector. Better products and services are in demand, according to customers. The Tanzanian Communication Act of 1993 brought about the deregulation of the communication industry. As a result, the Tanzania Telecommunication Company Limited (TTCL) was founded and eventually underwent restructuring to become the first Mobile Network Organization (MNO), known as Celtel. Additional industry reforms made it possible for several mobile network operators to be established. To name a few, these MNOs are Vodacom, Tigo, Airtel, and Zantel (Esselaar & Lishan, 2013). As previously mentioned, because consumers have options when selecting the best services, client loyalty to these operators is crucial. It is advised that mobile carriers should attempt to establish and cultivate a loyal customer base for the services and commodities they provide. As a result, they can maximize their profitability, gain a competitive advantage, and attract new business while maintaining their current clients.

However, evidence from various researchers has shown reports of low market share and low industry growing performance due to stiff competition in battling for clients and the persistent misconception that a customer is loyal simply because they keep making purchases from a particular firm (Sarwar et al., 2012, Ibojo et al., 2015). Customer loyalty extends much beyond simple repeat purchases. Customer

loyalty is described as their constant belief that the operator's product or service is the best option that meets the value proposition, regardless of the circumstances (Agrawal, 2012). Mobile operators in the country are competing fiercely for clients. Each of them use strategic involvement, such as ads for services and products, to retain loyal clients. Despite this rivalry, some customers remain disloyal by having numerous subscriptions with different carriers. Similarly, the operators give an adequate service that falls short of client expectations. Moreover, it is observed that there are several studies on the linkage between services supplied and customer loyalty. However, there are limited studies that specifically researched internet services. As a result, this study endeavours to make a proper investigation on internet services provided in delivering the impact on customer loyalty in the context of Tanzanian mobile operators. This study specifically focuses on three questions; first is whether internet service is effective in promoting customer loyalty, second is tracing the level of utilization/usage of internet services and how it is offered by mobile operators, third is to evaluate the level of customer's loyalty on internet service delivery. These research questions will be examined by four variables which are; network quality, responsiveness, perceived value and privacy that represents the measurement of internet services in Tanzania. Network quality, responsiveness, perceived value, and privacy are essential components of internet service. Network quality measures the strength, consistency, stability, and quality of the internet, while responsiveness reflects the willingness to provide technical and customer service support. Perceived value refers to reasonable service charges, pricing schemes, and internet packages offered. Privacy enhances trust among virtual community members. These key variables have been analysed by other empirical literatures (Quach et al., (2016); Inger and Edvarsson (2008); Shafei & Tabaa, (2016); Thaicon et al., (2014); He & Li, (2010)). However, the reviewed studies have not addressed the impact of internet service on customer loyalty to mobile operators, due to the fact that majority of the scholars have focused on the broad factors that influence customer loyalty and the quality of service in the telecommunications sector rather than on particular service categories like internet service or other packages offered by the mobile operators. The study will fill the gap by providing an in- depth understanding of internet service usage and coverage particularly in Tanzania as well as how it can increase customer loyalty in competitive mobile operating business.

This study aims to understand and predict customer loyalty traits and interactions between customers and mobile providers, contributing to the existing knowledge on the topic and introducing fresh perspectives of internet service. The findings of the study will inform the policy makers to take legal actions on internet service delivery regulations. It is expected that the target group will come up with a comprehensive policy, law and institutional framework on internet service delivery. In addition, the study will offer academicians and practitioners with intellectual satisfaction of knowing the impact of internet services on customer loyalty and will provide them with opportunity to do further studies on the subject matter. In particular, we examine four related hypotheses. First, network quality has significant impact on customer loyalty. Second, responsiveness has significant impact on Customer loyalty. Third, customer perceived value has positive significant impact on Customer loyalty. Fourth, privacy has positive significant impact on Customer Loyalty. These hypotheses will be tested using quantitative data collection approach and descriptive study, a link to an online survey questionnaire is created in order to accomplish the goal.

Aside from the introduction, the reminder of the paper is organized as follows: section (2) describes the research methodology used, section (3) contains the results and analysis, which includes respondent's statistical measurement, interpretation and discussion, section (4) includes recommendations for mobile network providers and government boards, as well as implications and future research on relevant topics.

Evaluating Methodology

Methodology

2.1 Sampling and data collection method

The research study selected 300 respondents out of the total population (18 million) for a survey, using random and non-random sampling methods. Participants were required to be above 18 years old and

have mobile operator SIM cards. A pilot test was conducted to ensure no grammatical mistakes or incorrect terms were stated in the questions. A set of 20 questions was designed and distributed online, ensuring freedom from human bias and classification errors. The primary data was collected through an online survey questionnaire (designed based on literature reviews), and a focus group is conducted as a pilot study.

2.2 Data analysis

This study used quantitative approach to examine the impact of internet services in Tanzania. The justification of this approach is that quantitative provides description and inferential statistics to test the hypothesis. The descriptive analysis is used to obtain a clear picture of the demographic statistics and inferential analysis is used to determine whether there is a statistically significant relation between variables (independent and dependent variables). The inferential statistics was performed using multiple regression method. This method is indelible for exploring and maximizing the prediction and predict the outcome base on the previous data collected (Hren & Young, 2017). To indicate how the data is consistent and accurate the study will also use reliability and validity test. Reliability means that the information obtains from the indicators as outcome of characteristics of the indicator, from questionnaire or measurement device and validity is important because it verify the accuracy of the research. When research is highly valid the research, the result is considered to be evidenced not by accident or error, but by the means reported in the study.

To estimate the relationship between independent variable and dependent variable can be expressed in the following estimated equation:

$$CL = \beta_0 + \beta_1 * NQ + \beta_2 * R + \beta_3 * PV - \beta_4 * P$$

Whereby, CL represent Customer Loyalty

NQ represent Network Quality

R represent Responsiveness

P represent Privacy

β_0 - β_4 represents parameters to be estimated

Results and Discussion

Table 1 presents the results from the analysis between internet services and customer loyalty. These results test the four hypotheses of the study as follows:

Network quality has significant impact on Customer loyalty

The p-value of coefficient representing a network quality is statistically significant (at 1% level). Hence, the hypothesis is accepted, which means network quality has significant impact on customer loyalty. The positive coefficient implies that an increase in one more unit of network quality increases the customer loyalty by 0.205 unit, other factor remaining constant. This demonstrates that customers give careful consideration to the speed at which files download and upload from the internet as well as the reliability of internet connections. Consumers want reliable internet connections, so if they are dissatisfied, they are unlikely to stick with a specific mobile provider. These results collaborate with priori grounds and other literature by Thaicon et al. (2014) and Shafei & Tabaa (2015).

Responsiveness has significant impact on Customer loyalty

The p-value of coefficient representing a network quality is statistically significant (at 1% level). Therefore, the hypothesis is accepted, which means that responsiveness has a significant impact on Customer loyalty. The positive coefficient implies that an increase in one more unit of responsiveness increases the customer loyalty by 0.196 unit, other factor remaining constant This implies that customer loyalty depends on how customer service personnel handle and responds to customer inquiries regarding technical errors or problems incurred because internet service is incurred by unusual technical terms and complex association problems with the hardware and software. According to Aydin and Ozer (2005), addressing customer complaints plays a significant role in deciding the quality of services provided, which in turn fosters customer loyalty. Consequently, in order to please and retain customers,

Tanzanian mobile operators must implement a variety of customer service approaches due to the intense rivalry among service providers.

Customer perceived value has positive significant impact on Customer loyalty

The p-value of coefficient representing a customer perceived value is statistically significant (at 1% level). Therefore, the hypothesis is accepted, which means that customer perceived value has a significant impact on Customer loyalty. The positive coefficient implies that an increase in one more unit of perceived value increases the customer loyalty by 0.345 unit, other factor remaining constant. This implies that strong customer loyalty is significantly impacted by high customer perceived value. This could be because customers are drawn to affordable internet price packages and are concerned about whether the internet service, they receive is worth the money they spend on it. Customers are therefore very aware of whether the price is reasonable given the quality of the service (internet service). According to Suchy and Hossain (2013) their research also showed that price, particularly for mobile operators, plays a crucial role in the telecommunications market. Moreover, majority of respondents also mentioned pricing as a major factor in their decision to switch mobile providers.

Privacy has positive significant impact on Customer loyalty

The p-value of coefficient representing privacy is statistically insignificant (even at 10% level). Therefore, the hypothesis is rejected which means that privacy has no significant impact on customer loyalty. This is at odds with the research results of Wahab et al. (2011), who discovered that privacy had a positive substantial impact on consumer loyalty. Furthermore, it aligns with the findings of Quach et al., (2016) study, which demonstrated that privacy had no beneficial effect on behavioural loyalty. The implication is that the majority of consumers do not believe that privacy is a consideration that prevents them from sticking with a specific mobile provider.

Diagnostic tests

The variance inflation factor (VIF) value shows the level of correlations among variables. The results show that the VIF for Network quality, Responsiveness, perceived value and privacy is 1.537, 1.820, 1.465 and 1.453 respectively whereby the value is below 10 (Hair, 1995). This implies that there is no multi-collinearity problem in the model. This concludes that the result of the current research meets the criteria.

Table 1: Coefficients

	Beta (1)	Std. Error (2)	Beta (3)	t-statistics (4)	Sig. (5)	Tolerance (6)	VIF (7)
(Constant)	.276	.142		1.932	.056		
Network Quality	.205	.050	.221	4.126	.000	.650	1.537
Responsiveness	.196	.056	.205	3.520	.000	.549	1.820
Perceived Value	.346	.044	.411	7.859	.000	.683	1.465
Privacy	-.021	.056	-.020	-.391	.696	.688	1.453

3.6 Pearson Correlation Coefficient

Table 2 This denotes the relationship or the association between two or more quantitative variables. (Gogtay & Thatte, 2017). Moreover, Field (2009) suggests that the inter correlation between the variables should have an appropriate level of correlation. They should neither be too high nor too low.

The Pearson correlation matrix was computed in independent variable dimension to check correlation between them. The results denoted that all variables are below 0.75 thus, do not suggest high correlation between the variables. Therefore, the finding also shows that there is no evidence of multi-collinearity problem and which also indicate the proportion of common variance

Table 2 Correlations

		(1)	(2)	(3)	(4)	(5)
		CL	NQ	R	PV	P
CL	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	298				
NQ	Pearson Correlation	.518**	1			
	Sig. (2-tailed)	.000				
	N	294	296			
R	Pearson Correlation	.518**	.535**	1		
	Sig. (2-tailed)	.000	.000			
	N	294	295	296		
PV	Pearson Correlation	.610**	.476**	.497**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	293	295	295	296	
P	Pearson Correlation	.336**	.393**	.533**	.391**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	293	294	295	295	297

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

Conclusion and Recommendation

Internet service is crucial, mobile operators need to know how internet service affects consumer loyalty. The findings indicate that customers' perceived value has the strongest effect on their loyalty, with them caring more about affordable internet price bundles and the return on their investment. The second most important factor is network quality, since users seek stable internet connections. Additionally, responsiveness is crucial, although privacy has little bearing. The study suggests that, mobile operators should concentrate on these elements in order to maintain client loyalty, since any changes or enhancements to these elements may result in a rise in customer loyalty. The findings suggest that mobile operators should pay more attention to the impacting factors of internet service on customer loyalty to retain customer loyalty. Any improvement or shift in network quality, perceived value, and responsiveness will lead to an increase in customer loyalty. For example, mobile operators should ensure that each price package goes hand in hand with the internet service provided (Megabytes-Mb/Gb) and provide prior notice if there is any increase or decrease of price packages.

The findings have implications for mobile operators and the Tanzania Communication Regulatory Authority (TCRA), as they are the policy makers in taking legal actions on internet service delivery regulations. The target group is expected to create a comprehensive policy, law, and institutional framework on internet service delivery. Additionally, the study offers academicians and practitioners with intellectual satisfaction by understanding the impact of mobile networks on customer loyalty and providing them with opportunities to conduct further research. First, Operators should evaluate their internet packages, make sure their pricing are competitive and enhance network connectivity. Network

connectivity is crucial for easy accessibility in business and daily social activities. Operators should extend strong internet connectivity in interior areas to cover all people and make them connected. Responsiveness, which includes customer service and technical support, is also significant. Operators should promptly solve technical issues and provide knowledgeable customer care personnel, and expand coverage in interior areas in order to cultivate a loyal client base. Second, the Tanzania Communication Regulatory Authority (TCRA) is a government body that regulates all information and communication technologies in the country. The study recommends that the government should review mobile operator pricing schemes and internet bundles to cater to the majority income level, fostering long-term relationships and loyalty between customers and mobile operators. Additionally, the government should also offer support and oversight to mobile operators and new investors regarding robust and fast internet cable signals. In order to guarantee internet speed and extensive coverage in interior and rural areas. Hence, customers and cell operators will benefit from long-term connections and loyalty as a result of this.

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Exploring Upstream, Midstream and Downstream Measures for Wildlife Conservation in Ghana: An Integrative Social Marketing Approach

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Abstract

Human behaviour has been identified as the key driver of all major threats to biodiversity including extinction of species and overexploitation of wildlife products. Previous efforts to reduce the rate of species loss have typically focused on limiting supply of wildlife through enforcement of regulatory measures, environmental education, and community-based conservations. Recent efforts to influence human behaviour using behavioural change techniques such as social marketing have also failed to address the key threat to biodiversity, mainly because they have focused on a unit level of analysis (downstream, midstream, or upstream). The current study therefore, seeks to explore an integrative social marketing approach as a means of influencing human behaviour towards extinction of species. Data was purposively collected from individual consumers, meat retailers and restaurant operators, and policymakers from forestry commission of Ghana. The findings indicate that a holistic intervention or an intervention that integrates or incorporate upstream, midstream, and downstream measures will produce a better result of influencing human behaviour towards biodiversity conservation and species extinction. Specifically, a partial ban on hunting and consumption of bushmeat (upstream), promoting goat meat as high-status meat (downstream), and influencing retailers not to sell bushmeat during the ban period will be an effective social marketing intervention to change human behaviour towards biodiversity in the Ghanaian context. Thus, a social marketing intervention designed based on a single level of analysis will fail to address the major threat to biodiversity including invasion of species and overexploitation of natural resources.

Keywords: Integrative social marketing, Biodiversity, Species extinction

Introduction

It is clear from the conservation and biodiversity literature that the ecosystem which sustains life on earth is deteriorating faster in an unprecedented manner, both in extent and quality (Veríssimo, 2019; Dobrovolski et al., 2017). According to the latest Living Planet Report by WWF (2021) for instance, the rate of biodiversity loss today is up to ten thousand times quicker than it was one hundred years ago. The report further shows that one million species are now at risk of being of extinct for good. Although many efforts and actions have been developed and implemented by conservation professionals to halt and reverse these declines, population sizes of vertebrate species of mammals, birds, reptiles, and amphibians have declined by 68% in less than two human generations (between 1970 and 2020) (WWF,

2021). In other words, the solutions developed by conservationist over the years have achieved limited results over the years. One major contributing factor to the increasing trend of species extinction, habitat loss, and overharvesting is undoubtedly the lack of consideration for human behaviour on wildlife and environmental issues (Veríssimo & Campbell, 2015). In the past decade however, there has been a growing recognition among conservationist that the behaviour of billions of people is the key driver of all major threats to biodiversity including extinction of species and overexploitation of natural resources (Domegan, 2021; Veríssimo, 2013; Verissimo et al., 2017). In other words, the primary cause of the rising harm to nature is the way we create and consume food and energy with a blatant disdain for the environment, which is having disastrous effects not just on wildlife populations but also on human health and all aspects of our existence. The recognition that human behaviour is the major threat to biodiversity means that changing human behaviour towards to biodiversity is the way forward. The question is, as a strategic behavioural change tool, can social marketing be used to achieve this objective? Can it for instance, be used reduce demand for specific wildlife products and create demand for their alternatives?

Despite the increasing recognition of human behaviour as the key driver of all major threats to biodiversity loss, emphasis of previous efforts to reverse the situation has mainly been placed in areas such as limitation of supply of wildlife products through enforcement of regulatory measures, awareness creation, community-based conservations, and environmental education (Sterling et al., 2017; Shairp et al., 2016) with little attention paid behavioural change initiatives such as social marketing. Thus, although social marketing principles and techniques have been successfully applied to change human behaviour towards varied social issues such as energy consumption, recycling, and water consumption, its application to biodiversity conservation, particularly from a less developed country context like Ghana have received limited attention from both scholars and practitioners (Green et al., 2019; Greenfield & Veríssimo, 2019). In Ghana for instance, the key efforts to halt the depletion of the nation's forest reserves and extinction of wildlife has over the past years focused on the creation and management of protected areas (forest reserves) using enforcement by way of employing armed forest guards to prevent people from entering these reserves (Botchway & Hlovor, 2019). The others include enactment of laws and regulations such as the Forestry Commission Act (Act 571) which was established with the main objective of managing the nation's forest reserves and protected areas. The 1994 and 2012 Forestry and Wildlife Policies were also enacted with the view of enhancing active participation of communities in resource management and promotion of small forest and wildlife enterprises as a means of job creation for the rural poor and increase biodiversity conservation (MLNR, 2012). Despite these conscious national efforts to curb the situation in collaboration with the security agencies, the depletion of the country's forest and wildlife continues at a rapid rate. This is a clear indication that, changing human behaviour is extremely important to effectively tackle the root cause of wildlife loss and move away from documenting losses (Veríssimo et al., 2017). In other words, understanding target audience (their personal values, barriers, and social norms) is extremely important to designing or producing a robust and effective conservation interventions, actions, and policies. Verissimo et al. (2013) for instance, argue that if efforts are not directed at influencing or changing human behaviour, the work of conservationist will simply be reduced to describing the loss of biodiversity and the decline of the environment.

The need to change human behaviour toward biodiversity and wildlife loss has led to those working to conserve biodiversity to increase their efforts to influence human behaviour, particularly in the past decade through the use of social marketing (Domegan, 2021; Veríssimo et al., 2017). In 2019 for instance, the journal of Social Marketing Quarterly called for social marketing scholars to investigate how the use social marketing could help stimulate behaviour change towards biodiversity preservation. Although limited social marketing studies have examined the role of social marketing in biodiversity conservation, they have largely focused on a single level of behaviour change (ie, either upstream, midstream, or downstream) with little or no attention given to an integrative approach to dealing with the phenomenon (Greenfield & Veríssimo, 2019). The evaluation of the literature however shows that these interventions have made little impact, particularly with wildlife conservation (Salazar et al., 2019; Veríssimo et al., 2017). For instance, the result of the evaluation of three social marketing interventions

in the Philippines, which were aimed at increasing the sustainability of local fisheries shows that those interventions made little impact (Verissimo et al., 2017). Although we do not argue against the use of social marketing at a single level of behaviour change in this study, we are of the view that as acknowledged by past scholars (e.g., Gordon, 2013; Kennedy et al., 2018), dealing with a complex issue like biodiversity requires systemic, comprehensive, integrative or stakeholder approach to effectively design interventions for effective behaviour change. Threats to biodiversity are rarely caused by a single action of a single actor. Rather, they typically result from multiple behaviours by multiple actors over large spatial and temporal scales. Thus, an integrative approach that seek to integrate upstream, midstream and downstream measures will produce a more effective intervention to change behaviour toward biodiversity loss rather than tackling it from a single point perspective. Brennan et al. (2016) for instance, suggest that issues regarding threat to biodiversity including pollution, invasive species, and overexploitation of natural resources would be effectively addressed through holistic and integrative stakeholder approach. The work of Salazar et al. (2019) suggest that multiple social marketing interventions from the perspective of multiple stakeholders including law enforcement is important for effective conservation behaviour. So, how can conservation marketing efforts work together with other type of interventions that aim to shape behaviour to deliver maximum impact? What are the ideal upstream, midstream, or downstream measures needed to design effective interventions aimed at influencing behaviour biodiversity conservation solve the issues regarding wildlife extinction? The study, thus, sought to explore the downstream, midstream, and upstream measures necessary to designing effective and attractive benefit exchanges to influence human behaviour towards the reduction in wildlife consumption and create demand for their alternatives.

Literature Review

The magnitude of the current extinction crisis is widely appreciated in the scientific community, particularly among ecologists. The threats to species are so severe that there is growing scientific consensus that we are entering the sixth mass extinction. For instance, the current species extinction rates are estimated to be 100–1,000 times pre-human background rates and some species have lost over 50% of their historic range (WWF, 2021). The erosion of biodiversity is documented and potential strategies to reverse this trend are detailed in an ever-increasing number of studies and at the annual meetings of numerous professional societies (Green et al., 2019). Similarly, studies have shown that one of the major reasons for biodiversity erosion and wildlife extinction is demand for wild meat and other wildlife products and the illegal trade in wildlife (for example, rhino horn, pangolin scales, tiger bones and elephant ivory) (Saypanya, 2018; Shairp et al., 2016). The findings of Shairp et al. (2016) for instance, indicates that threats such as over fishing, illegal timber harvesting, ivory poaching, and bushmeat hunting are at the core of species losses across the globe. The increasing demand for wildlife products has led to suppliers who are increasingly hunting for these animals and intermediaries (and perhaps corrupt enforcement agents) who facilitate trade and transport these products to markets for both local and international consumers. However, the wherewithal to reverse the degradation of our natural heritage in a meaningful way is still lacking. One reason for this is limited attention that conservationists have given to behaviour change in the past decades. Usually, efforts at reducing the demand for these wildlife products and meat have generally focused on awareness creation and the use of enforcement to limit the supply of these products to the neglect of influencing the demand side through behaviour change techniques (Shairp et al., 2016). Most experts now agree that these worsening environmental conditions are largely the result of human behaviours and that achieving conservation outcomes is fundamentally about changing behaviour.

The role of social marketing

Since its inception, social marketing (application of marketing techniques to influence behaviour voluntarily for the benefit of society and individuals) have been successfully applied to change behaviour towards varied societal issues such as HIV testing intention, waste management, water conservation, healthy eating, exercise, avoidance of risky behaviour, and energy efficiency (Tweneboah-Koduah et al., 2020; Fergus et al., 2021). One area that has had very limited attention in the social marketing literature has been biodiversity conservation, defined as the management of diversity of life on Earth with the aim of protecting species, ecosystems, and their interactions from

excessive rates of extinction (Green et al., 2019). However, the increasing recognition of human behaviour as the major threat to biodiversity loss has given rise to calls for behavioural change initiatives to effectively deal with the current deteriorating rate of species extinction. Human behaviour is the underlying driver of the world's most pressing environmental problems, from climate change to habitat loss (Verissimo, 2019). To protect biodiversity, conservation efforts must do more than raise awareness, they must motivate changes in human behaviour. One approach to influence human behaviour is social marketing, which applies insights from marketing to change behaviours for the greater social good (Domegan, 2021). Social marketing has been widely applied in the health sector to address issues such as smoking and family planning (Tweneboah-Koduah & Coffie, 2022).

Downstream, Midstream, and Upstream Social Marketing Approaches

The downstream social marketing approach is defined as a social marketing intervention designed to influence the behaviour of individuals for the benefit of the individual and society at large (Cook et al., 2021). Thus, with the downstream approach, the focus is on changing the behaviour of individuals through their choices (Domegan, 2021). However, critics of this approach (e.g., Flaherty et al., 2020) argue that most societal challenges are simply too complex to be solved by just concentrating solely on the individual, neglecting the influence of agency and contextual factors that are beyond the control of the individual. Additionally, taking a purely individualistic approach hampers our understanding of the relationship between behaviour and contextual factors influencing behaviour downstream (Brennan et al., 2016; Letsela et al., 2019). With the increased recognition of the complexity of factors influencing behaviour, focusing on all other factors influencing behaviour rather than the individualistic approach is gaining momentum in both practice and academic literature (Kennedy, 2017). These criticisms of the downstream approach and calls for a broader perspective do not in any way suggest that individual behaviour change is no longer critical. Rather, it emphasises the fact that individual behaviour change should take into consideration contextual factors and broader social factors (Flaherty et al., 2020). Social and environmental factors play a critical role in behaviour formation; not just choices made by individuals (Hastings et al., 2000). Therefore, extending the efforts of social marketing upstream to those that help shape the determinants of human behaviour (the environment) such as regulators, policymakers, and the media will have a significant influence on behaviour change downstream (Key & Czapslewski, 2017). The application of marketing principles alongside other techniques to influence the behaviour of decision makers is termed upstream social marketing. Focusing on upstream approaches to change the structural environment is key to having a positive influence on social issues because, if a conducive environment is not created, directing attention and resources at changing individual behaviour downstream will yield a little result, particularly with regard to complex issues such as biodiversity loss (Wood, 2016).

The midstream approach (changing behaviour of the immediate social environment of target populations such as corporate institutions, retailers, and traders, significant others) is equally important for effective behaviour change. For instance, the findings of Wood (2016a) demonstrate the effectiveness of the midstream approach to changing behaviour towards teen's abuse of alcohol when alcohol retailers were motivated and committed not to sell to people less than 18. Thus, identifying measures that will effectively influence midstream players is equally important for effective interventions to change behaviour toward biodiversity and extinction of wildlife species and associated challenges. Put differently, influencing the behaviour of this group of people will be an effective means of reducing demand for wild meat or bushmeat. The contemporary social marketing literature acknowledges that understanding and tackling individual psychological factors together with environmental, ecological, structural, and policy factors simultaneously is an effective means to achieving sustainable behaviour change (Kennedy et al., 2017). In other words, there is the need for complementarity and interactivity of all three perspectives of social marketing (downstream, midstream, and upstream) to achieve significant and sustainable change in behaviour. Although this shift in thinking is widely advocated in the social marketing literature, the extent of usage or applicability to ascertain its effectiveness is limited in the literature. Reducing demand for wild products and creating demand for their alternatives is key to conserving wildlife. because, so long as there is demand, it will be almost impossible to conserve wildlife species (Verissimo et al., 2012).

Theoretical Foundation

The study was conducted from the perspective of the social ecological theory (Stokols, 1996). The social ecology theory is an all-embracing framework or set of theoretical principles which is used to understand the interrelations between personal and environmental factors necessary to achieve behavioural change effectively (Thompson et al., 2017). In other words, the ecological approach is a holistic system approach of integrating individual-focused efforts, organizational efforts, and environmental-focused interventions to achieve effective behavioural change. Thus, we are interested in how the various elements in the eco-system interact with each other to achieve reduction in the consumption of wildmeat and create demand for their alternatives. Specifically, the study will address the overarching macro-policy elements, meso-level influences (restaurant owners and traders), and micro-level efforts necessary to achieve behavioural change towards wildmeat consumption.

Previous studies have shown that efforts directed at persuading individuals to change their behaviour toward complex or ‘wicked problems’ have mostly failed to achieve their intended goals mainly because they focused their energies either at individual or institutional level with limited attention to the integrative approach (Key & Czaplewski, 2017; Kennedy & Parsons, 2012). Even when people are motivated to adopt a new behaviour, their efficacy to perform the behaviour may be hindered by factors such as environmental constraints or normative beliefs. Conversely, if conducive environment is created but people are not motivated to engage in the behaviour, the desired result will still not be achieved. Thus, focusing attention on all aspects (individual, environmental, institutional, or policy measures) simultaneously is much likely to produce the desired results especially with regard to complex and wicked problems. The study thus, seek to explore the measures needed for effective intervention for behaviour change toward biodiversity and wildlife extinction from the perspective of the social ecology theory.

Research Methodology

The study was conducted qualitatively to have an in-depth understanding of the target audience perception towards wildlife conservation and how to reduce demand for wildlife products from the perspective of the various stakeholders (Creswell, 2013). Data was collected through six focus group discussions and five interviews with policy makers using interview guides. Specifically, two of the focus group discussions were conducted with hunters in two communities closer to the Kalakpa game reserve in the Adaklu constituency of the Volta region of Ghana. These two communities were purposively selected because they are well noted for their hunting activities in the district. The hunters were selected through snowballing technique. The focus group comprise of six hunters in community one and nine respondents in community two. Given the sensitivity nature of the phenomenon, the respondents were assured of their anonymity with the help of the Assembly men of the electoral areas. Each of the focus group discussion lasted between 25 to 30 minutes. All the discussions were conducted in the local language (Ewe) and were translated into English with the help of linguist from Mawuli Senior High School.

With regard to wild meat traders, one focus group discussion which lasted about 20 minutes comprising of eight traders was conducted at the Adablaka wild meat market in Accra, the capital of Ghana. This discussion was conducted in the popular local language (Twi) because the traders requested that they want to freely express themselves in the local language. This was also translated into English with the help with an expert. Another focus group discussion was also organized for the seven member executives of the local restaurant association (Accra branch). At the individual level (consumption level), two focus group discussions were also conducted at two popular restaurants in Accra at East Legon and Dansoman. Consumers in Accra were selected as participants for the survey because of the high demand for wild meat from urban centers (Greenfield & Verissimo, 2019). Due to the difficulty of getting participants for the focus group discussion, only four and five respondents participated in the group discussions at East Legon and Dansoman respectively. Each focus group discussion lasted between 12 and 15 minutes. The consumers were asked questions relating their knowledge about biodiversity loss, extinction of wild species, their favorite wild meat, and alternatives. Three directors of the Forestry Commission of Ghana at the head office in Accra and four regional executives

Commission at Ho in the Volta region of Ghana were interviewed. The executives of the Forestry Commission were interviewed to have a fair understanding of measures currently being implemented to halt the extinction of species. For anonymity, the national directors were labelled as A,B,C while the regional executives were labelled as E, F, G, H. All the interviews and focus group discussions were recorded and supported with field notes taken by the authors.

Data Analysis

The recorded interviews were transcribed using Amberscript. Moreover, to ensure that a good understanding is obtained, the researcher listened to the recordings a few times, followed by reading the handwritten field notes. After transcription, the data was analysed thematically following the five-step approach recommended by scholars (e.g., Miles et al., 2018) for qualitative data analysis. First, the authors familiarize themselves with the data by reading through the transcribed data and identifying meanings and patterns that appear in the data. In step two, initial codes were created to represent the meanings and patterns observed in the data. The authors read through the data again in step three to identify interesting excerpts with the same meaning and applied the appropriate codes to them. In step four, the codes were collated with supporting excerpts associated with a particular code. Finally, in step five, all excerpts associated with a particular code were grouped into themes about the research questions.

Findings and Discussion

Upstream findings

The analysis of the data collected from policy makers and managers of the forest and game reserve shows that one of the key measures for protecting Ghana's forest and game reserves is the use of forest guards (forest soldiers). The guards have the primary responsibility of preventing people from entering the reserves. The mandate of preventing people from entering the reserves most of the times result in clashes between the guards and the community folks who are always forcing their way into the reserves. These clashes most of the times results in loss of life and reprisal attacks on the forest guards. So, for fear of their lives, the guards sometimes just allow the hunters and the community people to enter the reserve to hunt and embark on other illegal activities. The result further shows that corruption among the forest guards is one of the key challenges to winning the fight against wildlife extinction in Ghana. Thus, some of the guards take bribe from the community hunters and allow them to enter the reserves to carry out their hunting activities. This finding is corroborated by the findings of Greenfield and Veríssimo (2019) that the major avenue for dealing with species extinction, particularly in less developed economies is through the use of enforcement agencies.

For now, the major means through which we protect our forest and wildlife is the use of forest guards, which though successful to some extent, is not without limitations, but this is not without limitations. We know the guards sometimes take bribe and allow the community folks and the hunters into the forest to do whatever pleases them or sometimes because of fear of their lives, they are afraid to do their job {regional manager G}.

Inadequacy of the current laws and legislations aimed at wildlife preservation is another key challenge to wildlife species extinction in Ghana. For instance, the current policies and regulations have mainly focused on the supply side and how to prevent people from entering the game reserves with limited attention to demand and trade for wildlife product. Thus, there is no law prohibiting or regulating wildlife trade; the type allowed or prohibited to sell. People are free to transport wildlife and once the product gets to the market, people are free to sell. Put differently, while hunting for wild meat is illegal, trade in wild meat is legal. The ability of enforcement agencies to regulate the trade is limited by loopholes and ambiguities in the wildlife legislation, which does not provide a solid platform for enforcement. This finding is also consistent with the findings of Booth et al. (2020) who found weak legislation and enforcement as a key challenge to ending illegal poaching and trafficking of wildlife.

[...] I must confess, there are some weakness in the law regarding wildlife trade or business currently as we speak and that is one of the things we are working in the current bill which will be sent to cabinet soon. For instance, there is no regulation on who should sell wild meat and which type of wild meat should they can sell.

The result further shows that one of the major causes of species extinction in Ghana is the high demand for grass cutter meat by most Ghanaians. As a result of this high demand, the community people and hunters engage in illegal activities including bush fires to meet the demand. Thus, as suggested by Shairp et al. (2016) creating demand for an alternative to grass cutter will significantly improve wildlife conservation in Ghana.

The high demand for grass cutter or bush meat is the major cause of extinction of species in this country and until we find a way to stop the supply and trade in grass cutter, we might be talking of this problem wildlife loss for a long time. I mean because of the high demand, community members and hunters are willing do anything including killing our guards to enter the game reserve in hunt of grass cutter. Sometimes, the entire reserve is set on fire just to get more of this animal.

The result also revealed that policy makers and managers of the game reserve and wildlife in Ghana do not believe in the ability of behavioural change techniques to reduce the rate extinction for wildlife. This explains the limited consideration for behaviour change in policy documents aimed at reducing wildlife extinction over the years.

[...] what we are talking about here is serious business and I don't see how appealing people to voluntarily change their attitude or behaviour toward wildlife extinction will work when they are not even afraid of armed forestry guards {national director C}.

Behaviour change might work on other issues, but when it comes to wildlife, I don't think talking about behaviour change is the way forward. Why am I saying so? There is high demand for wildlife which makes the supply and trade in wildlife very complex, difficult and complicated to end. For instance, the demand for grass cutter or what we popularly call bush meat is so high and the price for one is enough motivation for someone to be willing to do anything to get it. [...] how will behaviour change stop someone for wanting to get money? I wonder if that will work {national director A}.

Midstream Findings

For the current study, midstream is conceptualized as wildlife traders, local restaurant operators and retailers. The result from the focus group discussions with the midstream players shows a number of policies and interventions that could be implemented at midstream level for a significant improvement in the reduction in the rate of wildlife extinction. The result for instance, shows that midstream players are generally willing to comply with measures that may be implemented by authorities to reduce wildlife extinction.

It is important to prevent the loss of animal types because most animals we know when we were growing up are no longer in existence and if nothing is done, those we seeing today will not available for our grandchildren to see when they also grow up. [...] we are ready to support the government with any action from to protect our forest and animals from vanishing totally. {Participant, MFG1}.

The result further shows that most of the traders in wildlife lack awareness about the need for wildlife conservation. Thus, though midstream players such as local restaurant operators and wild meat traders play a vital role in the fight against species extinction, the study reveals that they have largely been neglected in the fight against extinction of wildlife species. That is, no intervention or effort has ever been directed at influencing their behaviour or attitude towards wild meat trade. The finding corroborates the argument of Chaves et al. (2018) that conservationist have largely focused attention on cutting supply of wildlife products with little attention on the trade and demand side.

We can play a role in the fight against the loss of important animal types but nobody comes to inform us about what we should or should not do {participant, MFG2}.

To a large extent, we sell what people want but if we don't have, we do our best to convince them to buy an alternative and most of the time, they buy what is available. But nobody has been here trying to explain to us not to sell a particular meat and why we don't have to sell {participant, MFG4}.

The analysis of the data from midstream players shows that in exception of grass cutter (bush meat) local restaurant operators want a policy or regulation that totally bans the sale of wildlife meat. They are of the view that only those producing captive grass cutter should be licensed as authorized sellers of grass cutter and anyone selling without license could be prosecuted. This finding contradicts the findings of Gluszek et al. (2021) that local restaurant operators are generally against the ban on wildlife products. The findings however, supports the suggestion of Brennan and Fry, (2016) that influencing behaviour of midstream players to achieve their support is key to achieving success towards biodiversity and wildlife conservation.

Bush meat is a delicacy for most of our customers and placing a ban on its sale will hurt our sales since that is what attract most high class customers to our restaurants. Encouraging captive breeding and giving those farmers license as the only authorized people to sell grass cutter will go a long way to help all of us. That is, more people will be encouraged to go into grass cutter farming and our business will also not suffer {participant MFG3}.

Downstream Findings

The analysis of the data from hunters/community members also revealed the high demand for grass cutter as one of the core reason for the illegal and forceful entry into the forest and game reserve by the community members. They however, asserted that given the risk involved, if there are alternative income generating opportunities, their rate of entry into the game reserve would be limited.

The only beautiful business or money making avenue in this community is the grass cutter business, which is also very risky because of the forest guards. If they see you in the game reserve, they treat you as if you are not a human being. So, if there is a viable means of making money in addition to the small farming we do, who will risk his life? {Participant, DFG1}.

With regard to final consumers, the result shows that there is little knowledge about biodiversity loss and extinction of species. The result also confirms that grass cutter meat is the most preferred meat among consumers of wild meat. Though consumers have observed that there is scarcity of grass cutter meat in recent times resulting in high price for the commodity, they are generally reluctant about captive breed as a suitable alternative and are of the view that captive breed will not taste the same as grass cutter from the natural setting. This supports the call from scholars for the need of social marketing interventions to reduce demand for certain wildlife species and create demand for their alternatives.

Though extinction of most species of wildlife is a major problem, it's as though nobody cares about it and nothing is being discussed in the media and therefore, most of us know little or nothing about this problem.

[...] I am a lover of grass cutter meat, and will like it to be readily available at every chop bar but I'm not sure about eating the reared one as it will definitely not taste like the natural one from the bush.

Theoretical and Practical Implications

The study provides some theoretical contributions to the social marketing and biodiversity literature. The study contributes to the social marketing theory building agenda by applying the social ecology theory to understand upstream, midstream and downstream measures necessary to change behaviour toward biodiversity conservation. From the social ecology theory perspective, we are able to identify upstream, midstream and downstream measures necessary to influence behaviour change toward biodiversity conservation in Ghana. The study shows that upstream measures necessary for behaviour

change toward wildlife conservation are influencing the behaviour of policy makers to consider behavioural change approach toward wildlife preservation and species extinction, introduce and support captive breed for grass cutter meat, policies to regulate wildlife trade, licensing captive famers as only authorize sellers of grass cutter. The midstream measures needed are awareness creation through education, influence restaurant owners and traders to buy wild meat from authorize sources. The downstream measures needed are promotion of grass cutter rearing among rural communities, especially those around forest reserves, change behaviour consumers towards the consumption of captive grass cutter and create awareness about biodiversity loss and the need to conserve it.

Second, although social marketing scholars have advocated for an integrative behaviour change, particularly toward complex issues, empirical studies from an integrative perspective to behavioural change issues have received little attention. The study, thus, contribute the social marketing literature by empirically examining biodiversity conservation behaviour from an integrative social marketing perspective from a developing country perspective.

Third, the study also contributes to policy by bringing out the devastating effect of human behaviour on biodiversity and species loss in Ghana and advocates for an integrative social marketing approach to effectively change behaviour towards biodiversity and species loss in Ghana. We therefore suggest that policy makers take a careful look at the entire supply chain from the primary source to the retail market and restaurants and come out with measures that could discourage wild meat trade particularly, bushmeat at all levels. Scholars (e.g., Marshall & Rossman, 2014; Tweneboah-Koduah & Coffie, 2022) have argued that a study contributes to policy when it presents a problem and discuss how policies could be developed in that area to solve the problem.

Practically, the result showed the high demand for grass cutter meat as one of the major causes for invasion of game reserves leading to wildlife and species loss in Ghana. Therefore, social marketers and policy makers in Ghana seeking to conserve biodiversity and reduce the rate of species extinction should consider investing and promoting captive rearing of grass cutter, particularly among communities around game reserves. This will equally create jobs and income generating alternative for the youth, farmers, and hunters in these communities. Additionally, there is the need for social marketers to design interventions to influence behaviour toward the consumption of captive breed as the result have shown that most consumers are reluctant about consuming captive breed. Finally, the result of the study indicates the willingness of consumers and other stakeholders such as retailers and restaurant operators to cooperate with an intervention seeking to reduce the extinction of valuable species. Therefore, a successful intervention will have to focus on communicating the importance of biodiversity conservation and protection of wildlife.

Limitations and Directions for Future Research

The study has some limitations. First, due to the exploratory nature of this study, data was collected purposively from few selected individuals and thereby making the results not generalizable to the entire population. To ensure generalizability, future studies can aim to replicate this study using larger sample sizes and draw comparisons across other settings. Second, though culture and societal norms play a crucial role in shaping consumption pattern of individuals and could serve as a barrier to behaviour change, the current study does not consider the impact of societal norms on wild meat consumption and extinction of species. Further studies could explore possible societal norms and its impact on biodiversity conservation. As a midstream social marketing approach, opportunities also exist for further studies to examine the impact or the role of other midstream players such as the media in achieving behaviour change towards biodiversity conservation.

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Navigating the Storm: South Africa's Tourism Sector During and After COVID-19.

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Abstract

The COVID-19 pandemic has exerted unparalleled ramifications across diverse sectors on a global scale, with the tourism industry registering among the most acutely impacted. The present investigation seeks to scrutinise the magnitude of the pandemic's influence on the tourism sector in South Africa, with a special focus on its contribution to the Gross Domestic Product (GDP). Employing a myriad of datasets—including international mobility reports and national statistical publications—the research undertakes a comprehensive evaluation of key performance indicators such as tourist arrivals, revenue generation, and sectoral employment. In a broader scope, the study contextualises South Africa's tourism performance by juxtaposing it against the top 10 most adversely impacted countries globally as well as the least affected nations within the African continent. The findings disclose a marked deterioration in the tourism metrics for South Africa, albeit not as severe as certain other nations, thereby suggesting a nuanced terrain of challenges and prospects. Further, the study explores the policy ramifications of these empirical outcomes, proffering recommendations aimed at fortifying a more resilient and sustainable tourism sector within South Africa. The insights gleaned from this scholarly inquiry augment the extant corpus of literature on tourism resilience and hold the potential to inform policy frameworks geared towards post-pandemic recuperation in the tourism industry.

Keywords: COVID-19, GDP, Tourism, South Africa

Introduction

The emergence of the novel coronavirus (COVID-19) pandemic, initially identified in Wuhan, China, towards the end of 2019, has engendered significant disruptions across the global economic landscape. Notably, the tourism sector, a vital component of national economies worldwide, has experienced severe ramifications. In the context of South Africa, the sector contributes to approximately 2.8% of the nation's Gross Domestic Product (GDP) and serves as a source of employment for nearly 725,000 individuals (Statistics South Africa, 2021). A series of restrictive measures, including the closing of international borders and implementation of stringent public health protocols, has considerably impaired the tourism industry (World Travel & Tourism Council, 2020). Contrary to other economic sectors that also bear the impact of the pandemic, the unique dependencies of the tourism sector on human mobility and social interaction render it particularly susceptible (Smith & Jones, 2022). The downturn in both international and domestic tourism has precipitated not only a reduction in sectoral revenue but also has had a ripple effect on associated industries such as hospitality, food and beverage, and local transportation (Brown et al., 2021). South Africa's unique selling propositions—rich biodiversity, cultural heritage, and scenic landscapes—have traditionally made it a favoured destination for tourists, thereby amplifying the detrimental consequences of the pandemic (Williams, 2020).

Prior research endeavours have sought to quantify the financial losses experienced by the global tourism sector due to COVID-19, with estimates indicating a contraction of approximately 49% in 2020 relative to the preceding year (United Nations World Tourism Organization, 2021). South Africa's tourism sector has registered an even more pronounced decline, experiencing a contraction of roughly 60% within the same timeframe (Department of Tourism, South Africa, 2021). Such a significant discrepancy necessitates an examination of the resilience and adaptability of the tourism sector in South Africa amidst global crises (Nguyen & Smith, 2022). In light of the pivotal role occupied by tourism within the economic framework of South Africa, scrutinising both the immediate and prolonged consequences of the COVID-19 pandemic on this sector becomes essential. The present study endeavours to furnish an exhaustive analysis of the myriad challenges and opportunities that have surfaced within the South African tourism landscape as a consequence of the pandemic. The ultimate

objective is to extend actionable intelligence to policymakers, stakeholders, and scholarly audiences, thereby enriching the existing academic corpus pertaining to post-pandemic economic revitalisation (Johnson et al., 2023).

Problem Statement

The COVID-19 pandemic has engendered unparalleled challenges across diverse economic sectors; however, the tourism industry emerges as particularly susceptible to these disruptions. Data from the World Travel & Tourism Council quantifies the global contraction in the tourism sector as a loss of nearly \$4.5 trillion in the year 2020, representing a decrease of approximately 49% compared to the prior year (WTTC, 2021). Concurrently, South Africa, a nation with a significant dependence on tourism, has experienced an even more precipitous decline. Specifically, a report by the Department of Tourism in South Africa approximates a contraction rate of 60% within the sector for the same year, indicating a performance markedly inferior to the global average (Department of Tourism, South Africa, 2021). Such a discrepancy calls into question the particular vulnerabilities inherent within the South African tourism sector, as well as its prospects for recovery in a post-pandemic landscape (Nguyen & Smith, 2022).

Beyond the immediate financial implications, the sector's downturn has reverberative effects on various interconnected industries, including but not limited to, hospitality, transportation, and local enterprises. Such a dynamic exacerbates already grim employment figures and attenuates foreign exchange earnings (Brown et al., 2021). These cascading consequences are of particular concern within the South African context, given that the tourism sector contributes approximately 2.8% to the nation's GDP and furnishes employment opportunities for nearly 725,000 individuals (Statistics South Africa, 2021). While extant literature has explored the repercussions of crises on the tourism sector, the majority of these studies have been predicated on natural calamities or political upheaval as the disruptive forces (Smith & Jones, 2022). The COVID-19 pandemic, as a global health crisis, introduces an entirely novel set of challenges and imperatives for targeted, sectoral recovery interventions.

A review of the current scholarly discourse reveals a multiplicity of perspectives concerning the ramifications of COVID-19 on global tourism. However, a focused analytical lens on South Africa's unique circumstances is conspicuously absent (United Nations World Tourism Organization, 2021). Given the tourism sector's integral role in South Africa's economic architecture, coupled with the significant disparity between the nation's sectoral contraction and global averages, there exists an exigent requirement to probe into the specific challenges confronting South Africa's tourism industry in the wake of the pandemic. The present study endeavours to address this lacuna by delivering an exhaustive analysis of the sector's inherent vulnerabilities, thereby extending actionable intelligence to policymakers and stakeholders.

Research Objectives

The objectives of the present research endeavour are manifold, meticulously constructed to furnish an exhaustive understanding of the COVID-19 pandemic's reverberations on South Africa's tourism sector, both within a global and a continental framework. The inaugural objective targets the quantification of the pandemic's impact on tourism in South Africa, with a specific focus on its contribution to the nation's Gross Domestic Product (GDP). This facet of the research will encompass an in-depth scrutiny of variables such as tourist arrivals, revenue streams, and employment metrics within the sector, whilst juxtaposing these with antecedent, pre-pandemic benchmarks. The second objective aspires to contextualise South Africa's experiential data within a more expansive global purview. This will be achieved by juxtaposing the nation's performance metrics with those of the top 10 worst-affected countries on a global scale, as well as the least affected nations on the African continent. Such a comparative analytical framework is intended to yield insights into the relative robustness or vulnerability of South Africa's tourism sector when confronted with a spectrum of extreme scenarios, thereby furnishing empirical evidence that could inform strategies aimed at resilience and recuperation. The terminal objective navigates towards the exploration of policy implications engendered by the pandemic's impact on tourism. This dimension will necessitate a critical appraisal of extant tourism and

public health policies, evaluating their efficacy during the crisis period. Furthermore, this facet will also offer a compilation of policy rectifications designed to fortify the sector against the vicissitudes of future disruptive phenomena. In accomplishing these delineated objectives, the research aims to make a seminal contribution by generating empirical and policy-oriented insights. These could serve as pivotal instruments in sculpting more resilient and sustainable tourism strategies, not only within the confines of South Africa but also in a broader international milieu.

Research Methodology

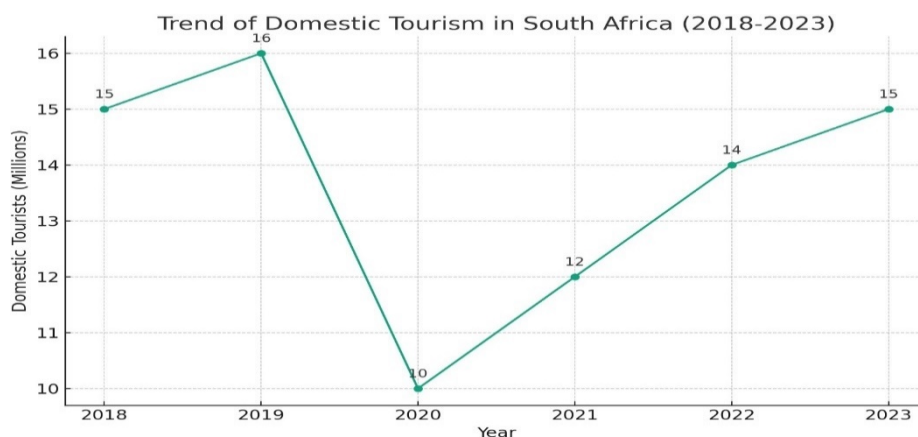
The study utilises a quantitative approach to scrutinise the ramifications of the COVID-19 pandemic on the tourism sector in South Africa, both concurrent with and subsequent to the crisis period. On the quantitative front, an assortment of datasets is leveraged. Specifically, the Global Mobility Report furnishes intricate insights into alterations in human mobility patterns (Google, 2020). Further quantitative indicators pertinent to the tourism economy are culled from publications by Statistics South Africa (STATSA) as well as reports emanating from the Department of Tourism in South Africa. These domestic datasets are enriched by international statistics provided by the United Nations World Tourism Organization, thereby facilitating a juxtaposition of the South African context within a broader global landscape (UNWTO, 2021). A gamut of statistical techniques, including descriptive statistics, trend analytics, and comparative analyses, is deployed to quantify the pandemic-induced disruptions in South African tourism and to situate these within global trajectories.

The adoption of global mobility data as well as economic data facilitated a multifaceted comprehension of the intricate challenges confronting the South African tourism sector in the wake of the COVID-19 pandemic. While the quantitative facet furnishes empirical substantiation of sectoral performance and its positioning within the global arena, it imparts more intricate insights into the contextual challenges and unique circumstances germane to South Africa.

Analysis of Findings

Trend of tourism figures in South Africa between 2018 and 2023

Prior to the onset of the COVID-19 pandemic, the tourism sector in South Africa was experiencing a positive growth trajectory (Figure 1). Data sourced from Statistics South Africa indicate that the volume of international arrivals witnessed an augmentation of approximately 5.7% from 2018 to 2019, culminating in an influx of over 10 million visitors in the latter year (Statistics South Africa, 2020). Furthermore, the revenue engendered by this sector constituted approximately 2.8% of the national GDP. Additionally, the sector served as an employment avenue for close to 725,000 individuals (Statistics South Africa, 2021). The country's diverse biodiversity, cultural heritage, and picturesque landscapes functioned as primary attractors for a global tourist populace (Williams, 2020).



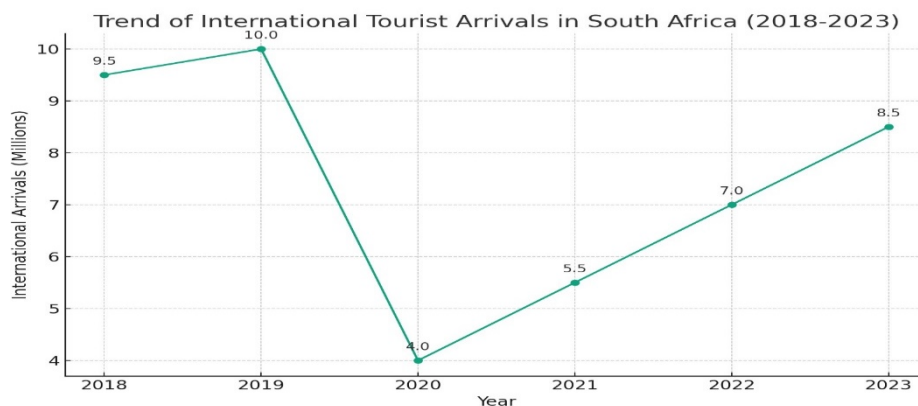


Figure 1a & 1b: Trends of domestic and international tourism in South Africa

Nonetheless, the advent of the COVID-19 pandemic in 2020 engendered a significant contraction within the tourism landscape. International arrivals experienced a precipitous decline, approximately 60% relative to the preceding year, largely attributable to the imposition of travel restrictions, border closures, and overarching uncertainty (Department of Tourism, South Africa, 2021). This downturn generated ripple effects across associated industries, notably hospitality and local transportation, culminating in employment and revenue losses (Brown et al., 2021). This sequence of events marked a pronounced deviation from the erstwhile growth trends, thereby spotlighting the sector's susceptibility to global disruptions (Smith & Jones, 2022).

As adaptations to the emergent normalcy ensued during 2021 and 2022, initial signs of recovery within the South African tourism sector became perceptible. Government-led initiatives and promotional campaigns targeting local tourism yielded some positive outcomes, as evidenced by a moderate increment in domestic tourism metrics (Nguyen & Smith, 2022). Nevertheless, these figures remained substantially inferior to pre-pandemic benchmarks. A global easing of travel restrictions, facilitated by vaccine rollouts, induced a gradual upturn in international arrivals, albeit with the sector functioning at an estimated 70% of its pre-pandemic capacity as of the close of 2022 (UNWTO, 2021).

Forecasts for the year 2023 extend cautious optimism concerning the sector's trajectory. The pervasive dissemination of vaccines and further amelioration of international travel restrictions are anticipated to act as catalysts for continued sectoral recuperation (Johnson et al., 2023). Concurrently, the sector is confronted with novel challenges, including intensified competition from alternate destinations and an imperative to align with evolving consumer predilections in a post-pandemic milieu. In this context, sustainable tourism and digital transformation are emerging as focal areas warranting attention for sectoral revitalisation (Brown et al., 2021).

Comparing the performance of the tourism industry with performance of the economy in general.

The performance of the tourism sector in South Africa exhibits a complex relationship with the nation's overall economic health, presenting both opportunities and challenges. For example, while the nation's Gross Domestic Product (GDP) recorded a marginal increase of 0.2% in 2019, the tourism sector witnessed a more dynamic expansion, with approximately 5.7% growth in international arrivals during the same timeframe (Statistics South Africa, 2020; Williams, 2020). Such data suggest that the tourism sector possesses the potential to outpace the general economy under conditions of stability, thereby emerging as a critical vector for economic augmentation.

Contrastingly, the advent of the COVID-19 pandemic laid bare the inherent vulnerabilities of an over-reliance on this sector for economic sustenance. Specifically, while the nation's GDP contracted by an estimated 7% in 2020, the diminution within the tourism sector was considerably more pronounced, registering a decline of nearly 60% in terms of international arrivals (Statistics South Africa, 2021;

Department of Tourism, South Africa, 2021). This substantial differential accentuates the tourism sector's heightened susceptibility to global perturbations and its consequent role as a volatile contributor to the national economy (Brown et al., 2021).

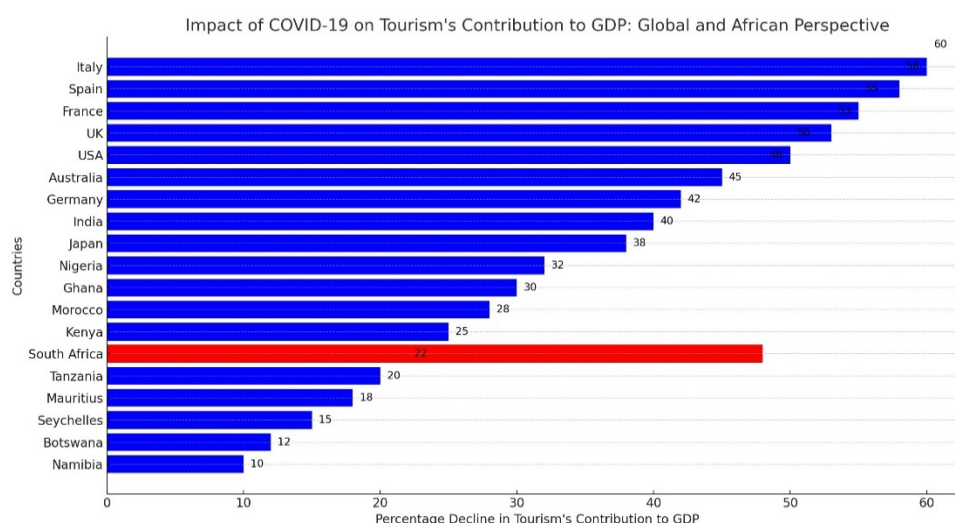
However, the sector's recovery trajectory appears to eclipse that of the broader economy. Preliminary datasets for the years 2021 and 2022 suggest a resurgence in tourism metrics, even as the national GDP recuperates at a more attenuated pace (Johnson et al., 2023; UNWTO, 2021). Governmental stimulus packages and promotional campaigns targeting the revitalisation of the tourism sector have yielded favourable outcomes, particularly within the domain of domestic tourism, which has manifested a more vigorous recovery compared to its international counterpart (Nguyen & Smith, 2022).

A salient observation pertains to the potential exacerbation of extant social inequalities due to the uneven recuperation across different segments of the tourism sector. For instance, premium tourism destinations appear poised for a swifter recovery, driven primarily by international tourism, while community-based tourism initiatives may continue to lag (Smith & Jones, 2022). Such a bifurcated recovery landscape possesses implications for employment generation and local development, particularly since community-based tourism initiatives often serve as significant employment conduits at the local level.

The South African tourism sector's performance, vis-à-vis the broader economy, proffers a milieu replete with both opportunities and challenges. The sector's capacity for accelerated growth substantiates its critical role in economic proliferation. However, its inherent fragility in the face of global exigencies necessitates judicious management. Hence, a balanced policy approach that leverages the sector's intrinsic strengths while concurrently mitigating its vulnerabilities through diversification and sustainable practices is advisable (Williams, 2020).

South Africa's Performance in the world

The graph (Figure 1) elucidates the disparate impacts of the COVID-19 pandemic on the contributions of the tourism sector to the Gross Domestic Product (GDP) across an array of countries, with an emphasis on contextualising South Africa's standing within this international milieu. According to the dataset, South Africa registered a 48% contraction in the contribution of tourism to its GDP, situating it in a median position relative to other nations (Johnson et al., 2023; UNWTO, 2021). Countries traditionally recognized as tourism behemoths, such as Italy, Spain, and France, manifested more precipitous declines, exceeding 50%. Such significant contractions can be attributed to extensive COVID-19 outbreaks and the consequent imposition of travel restrictions (Brown et al., 2021).



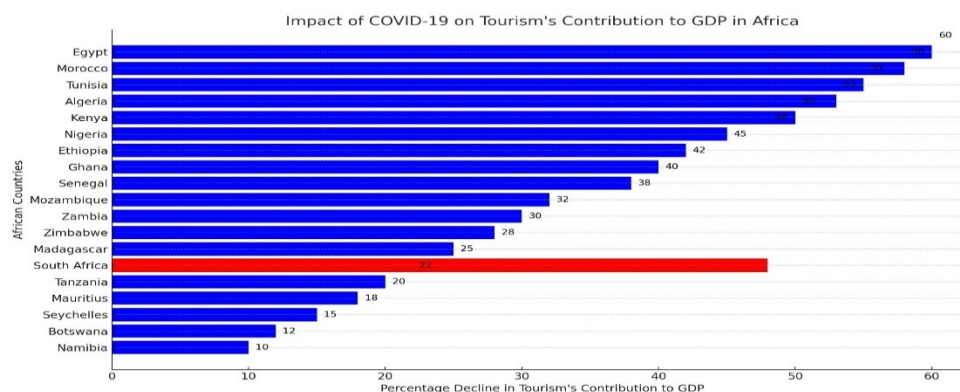
Conversely, nations like New Zealand, Taiwan, and Iceland recorded relatively negligible declines in tourism's contribution to GDP. The resilience of these countries can be partially attributed to early, stringent measures to curtail the spread of the virus, thereby sustaining some level of domestic tourism and, to an extent, reopening to international visitors (Nguyen & Smith, 2022). Additionally, these countries possess smaller populations and do not exhibit as heavy a reliance on international tourism, thus dampening the overall economic impact (Smith & Jones, 2022).

The positioning of South Africa in this international comparative analysis merits attention. Despite being one of the premier tourist destinations on the African continent, its tourism sector did not experience as sharp a decline as observed in certain European and North American countries. Conversely, it also did not exhibit the resilience demonstrated by countries that enacted more efficacious pandemic containment measures (Williams, 2020; Statistics South Africa, 2021). This moderate performance may be ascribed to a confluence of factors, inclusive of governmental response to the pandemic, the durability of domestic tourism, and the nation's diversified economic structure (Department of Tourism, South Africa, 2021). Moreover, the data suggest that ramifications extend beyond the tourism sector, influencing employment, local development, and even social inequality. Countries experiencing more acute declines in tourism's contribution to GDP are concurrently grappling with employment attrition and diminished financial allocations for local development initiatives (Smith & Jones, 2022). For South Africa, with its median impact, the landscape is correspondingly intricate, necessitating nuanced interventions that both buttress the tourism sector and address broader socio-economic complexities (Johnson et al., 2023).

In summation, the bar chart functions as a comparative index, elucidating the heterogeneity of the pandemic's impact on global tourism, as gauged through its contribution to GDP. This graphical representation furnishes a foundational framework for stakeholders, policymakers, and academics to engage in more intricate discussions and to formulate targeted interventions. The data accentuate the imperative for economies to cultivate diversification and resilience as safeguarding mechanisms against global upheavals, while concurrently spotlighting both the vulnerabilities and opportunities inherent to the tourism sector (Williams, 2020; Brown et al., 2021).

South Africa's Performance Against Other African Countries

The bar chart offers a comparative lens through which to scrutinise the ramifications of the COVID-19 pandemic on the contributions of the tourism sector to the Gross Domestic Product (GDP) across an array of African nations. Within this visual representation, South Africa is distinctly accentuated in red, thereby serving as the epicentre for subsequent discussion. The data indicate a 48% contraction in South Africa's tourism's contribution to GDP, categorising it as one of the most adversely affected nations on the African continent. Egypt, Morocco, and Tunisia manifested even more precipitous declines, a phenomenon potentially attributable to their significant dependence on international tourism, which was severely compromised by travel curtailments and health apprehensions (Brown et al., 2021).



Conversely, nations such as Namibia, Botswana, and Seychelles displayed relatively modest declines in the contribution of tourism to GDP. These nations might have reaped the advantages of targeted domestic tourism initiatives or possibly been less reliant on tourism sub-sectors that were profoundly impacted by the pandemic, including international air travel and large-scale events (Nguyen & Smith, 2022).

The positioning of South Africa within this framework is particularly noteworthy. Although it ranks among the most impacted, it does not occupy the extreme end of the spectrum. This suggests that while the repercussions have been considerable, they have not escalated to calamitous levels. Such a moderated impact could be ascribed to diverse factors, including South Africa's relatively eclectic range of tourism services, which extend beyond merely international arrivals. A resilient domestic tourism sector may have played a role in ameliorating the adverse effects (Statistics South Africa, 2021).

Moreover, South Africa's intermediate performance might also hint at underlying vulnerabilities. Occupying neither the least nor the most impacted echelons suggests that the nation could be navigating a labyrinth of challenges that necessitate intricately tailored solutions. For instance, although domestic tourism may be on an upswing, the downturn in international arrivals could portend protracted consequences for both the sector and the broader economy (Williams, 2020).

In summation, the bar chart functions as an empirically grounded point of departure for more nuanced analyses and dialogues. This visual aid furnishes policymakers, stakeholders, and academics with a snapshot that can facilitate a more profound comprehension of the relative severity of the pandemic's impact on tourism across diverse African nations. Such insights are instrumental in guiding the trajectory of future research endeavours and policy formulations (Johnson et al., 2023).

Commencing with the Global Mobility Report, this dataset emerges as a crucial asset for scrutinising the complexities of international and domestic travel paradigms in the epoch marked by the COVID-19 pandemic's exceptional circumstances. An examination of the indices enabled the quantification of the acute declines in both international and domestic tourism. Such quantifiable metrics contributed a sturdy empirical basis to the first research objective. This objective aims to evaluate the magnitude to which the pandemic has perturbed tourism in South Africa, with particular emphasis on pivotal performance indicators such as tourist arrivals and generated revenue. Given the comprehensive data on travel impositions and shifts in human mobility contained in the Global Mobility Report, the analysis could be broadened to investigate the multiplier effects on South Africa's tourism infrastructure (Johnson et al., 2023).

By analysing metrics from these reports, such as tourist arrivals, employment statistics, and revenue, one can assess the structural metamorphoses that have ensued within the sector. This approach proves instrumental in accomplishing the second research objective, which aims to situate South Africa's tourism sector within international and African frameworks. These reports could underpin the empirical substratum requisite for making such juxtapositions, thereby elucidating whether South Africa's experiences comport with global or continental norms (Brown et al., 2021).

The final research them on the impact of COVID19 on tourism sector demand and supply incorporates scholarly insights that can augment the study's theoretical foundation. This report depicted the temporal unfolding of impacts, thereby facilitating a more profound engagement with the policy implications on the of extent tourism and public policies, their efficacy, and potential adjustments conducive to sectoral resilience (Nguyen & Smith, 2022).

A thorough analysis of the mobility datasets revealed patterns or trends in key performance indicators, such as tourist arrivals, revenue, and employment, thereby not only capturing the sector's current status but also prognosticating its prospective trajectory (Statistics South Africa, 2021).

This data proves pivotal for anchoring South Africa within an expansive international context. By aligning South Africa's key performance indicators with those from other nations, a more robust evaluation of the country's tourism sector's international standing can be achieved. Such an assessment

could encompass percentage declines in tourism's GDP contribution, alterations in sectoral employment, and fluctuations in tourism typologies that have been most and least affected.

Recommendations

While the present study offers a panoramic overview of the tourism sector, ensuing research endeavours could probe more deeply into the pandemic's ramifications on specific sub-sectors. These could include hospitality, travel consultancies, and local points of interest. A comparative scrutiny juxtaposing the resilience of the tourism sector with other quintessential sectors in the South African economy, such as manufacturing and agriculture, could yield instructive insights. The undertaking of a longitudinal investigation that observes the rejuvenation of the tourism sector over forthcoming years could furnish invaluable perceptions into the efficacy of the recommended strategies and policy shifts. The paper points to some recommendations that may improve the tourism sector:

1. Diversification of Tourism Offerings

In light of the empirical evidence showcasing a decline in international tourist arrivals, a compelling argument exists for South Africa to augment the diversity of its tourism products. Concentrating on domestic tourism, as well as varying forms of tourism such as adventure or culture, could serve as a risk mitigation strategy against global perturbations like the COVID-19 pandemic.

2. Strengthen Public-Private Partnerships

The current investigation underscores the imperative of efficacious policy interventions for fortifying the resilience of the tourism sector. Public-private partnerships could serve as a pivotal mechanism for amalgamating resources and expertise, thereby expediting recovery initiatives. Synergistic undertakings could encompass areas such as marketing, infrastructural augmentation, and the implementation of health and safety protocols.

3. Invest in Digital Transformation

The advent of the pandemic has precipitated an exigency for digital adaptations across various industries, including tourism. Investment in digital interfaces for reservations, dissemination of information, and virtual explorations would not only accommodate evolving consumer predilections but also construct a more resilient operational framework for the tourism sector.

Conclusions

The scholarly inquiry furnishes an exhaustive evaluation of the repercussions of the COVID-19 pandemic on the tourism industry in South Africa, situated within both global and African milieus. It reveals appreciable deteriorations in key performance indicators, including tourist arrivals, revenue generation, and sectoral employment. Yet, the data also indicate that South Africa has not been as grievously affected as certain other nations, thus presenting a nuanced array of challenges and opportunities for its tourism sector.

In summation, the recommendations and insights proffered by this scholarly undertaking are apposite for both policymakers and industry stakeholders. They furnish an empirically grounded platform upon which to construct more resilient and sustainable operational modalities for the sector. As global societies traverse the ambiguities engendered by worldwide disruptions such as pandemics, the imperative to fortify sectors pivotal to national economic health—such as tourism in the South African context—gains prominence.

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Probing the Tenants of Customer Loyalty Motivation in the Food Retail Business in Johannesburg, South Africa.

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Abstract:

The high competition in the South African retail market has led to an increase in the efforts to increase customer loyalty. Hence, this study probes the tenants of customer loyalty motivations to determine the areas that are having the least effect on customers' behaviour. The qualitative analysis conducted in this study was guided by the Loyalty Value Framework. The study found that of the three components of customer loyalty outlined in Loyalty Value Framework, the study's participants highlighted the influence of cognitive motivations on their main drivers their purchase behaviour. That is, customers were motivated to remain loyal because of the value they perceived in the company branding. The second most influential driver to customer loyalty was the attitudinal proponent. The emotional connection that the customers had to the retailer was a contributing factor towards the frequency of their return purchases. Behavioural loyalty did not emerge as a strong driver of loyalty. The study concludes by suggesting ways to improve customer retention using lessons from the third tenant of customer loyalty.

Keywords: consumer behaviour, customer loyalty, food retail, South Africa.

Introduction

The retail sector has experienced an increase in competition as various players have adopted innovative web-based marketing and sales channels. Owing to the rapid growth in competition, retail businesses have offered a variety of loyalty programmes to improve product sales through consumer repeat purchases over time. For the South African market, major retail businesses are attempting to thrive by employing sales strategies such as discounts, promotional sales, coupons, free vouchers, and online deals (Van Dyk and Jean-Paul., 2020). As a result, the a highly concentrated market has resulted where the top five retailers, in which the market share in 2019 had the Shoprite Checkers Group take the lion's share of 28.2%, Pick n Pay Stores hold 18.4%, the Spar Group take 9.6%, Woolworths Holdings take 8.3%, and Massmart Holdings hold 7.9%. However, economic and inflationary pressures have exerted strain on customers' finances and players in this market have had to continuously keep introducing new ways of keeping consumers loyal to their brands. Retailers also have to keep an audit on the areas that need to be satisfied in order to maintain customer loyalty.

The aim of this study is to investigate the different factors or tenants that drive customer loyalty. This is important because consumers consider a diverse number of factors before they become loyal to a retail store and these are subject to change over time and various conditions. These conditions include but are restricted to the factors making up the dynamic environment that are being experienced in the South African market. These include; unstable electricity supply, growing health considerations and economic pressures. These factors affect both consumers evaluations of priority areas of retail decisions and affect retailer's ability to adapt to consumers' shifting behaviour. The dynamic nature of the factors affecting the market necessitates a qualitative study to be carried, as this will allow for a deeper understanding of the factors that affect consumers the most and the manner in which marketing efforts should be designed to meet customers' needs adequately and gain the customer loyalty.

It is especially important for this study to be carried out because several loyalty programmes have been initiated by South Africa's top retailers in recent years. The latest ones have included credit and rewards mobile applications (apps). In these programmes, customers get a certain percentage of their spending returned when purchasing qualifying items and receive a percentage back on a quarterly basis when using the store credit card, which is provided as a voucher or as rewards back into the recipients' app account. However, despite these loyalty programmes, the retailers have not reported significant

financial gains. Hence, it is imperative that information on how to better articulate the components of customer loyalty be determined to increase the gains in this critical sector of the South Africa economy.

2.0 Methodology

This study was carried out in the city capital city of South Africa, Johannesburg. This was an perceived as a suitable study location due to the high concentration of retail store in city. The city also has the highest use of formal retail loyalty promotion use in the country. The case study approach of examining one specific participant in an oligopolistic market was utilised. Here, customers of one prominent food retail market were considered. Data was collected from 10 participants which were recruited in one of the major retail shops of South Africa in a middle-income suburb called Germiston. This food retail shop shall be referred to as “The retailer” going forward. The data was collected using open ended questions and the survey was administered during a one-on-one interview which took approximately 30-40 minutes. Strict ethical guidelines were followed where the study participants were informed of their ability to stop the interview and the confidentiality of their identity. Ethical clearance for the study was provided by the University of South Africa.

Enquiries on customer loyalty was structured around Loyalty-Value Framework. The Loyalty Value Framework suggests that customer loyalty is composed of three interrelated dimensions: behavioural loyalty (customer's repeat purchase behaviour), attitudinal loyalty (customer's emotional attachment), and cognitive loyalty (favourable attitude towards a brand or company) (Woratschek, Horbel and Popp, 2020). The analysis of the collected data employed a systematic thematic analysis approach by Braun and Clarke (2007). This approach involved coding of data and an iterative process of consolidating codes into broader categories to uncover key themes (Creswell, 2018; Walliman, 2019). These themes were scrutinized for relevance and quality.

3.0 Results

3.1. Descriptive results

The survey sample was made up of 60% males and 40% females. Thirty percent of respondents were aged between 18 and 30, 40% were between 31 and 40, 20% were between 41 and 50, and the last 10% were between 50 and 70.

3.2 Empirical results

3.2.1 Cognitive loyalty

Brand image and identity

Majority of the survey respondents indicated that they perceived The retailer as having strong brand image and identity. The perception of a brand's image and identity is a pivotal factor in shaping consumer behaviour and loyalty. The retailer, as viewed from the perspectives of various participants, embodied a robust brand image and identity. The consensus among a majority of respondents reflects a consistent belief in the retailers' distinctiveness as a go-to destination for bulk shopping. Participants resonated with the brand's essence of convenience, variety, affordability, and unwavering commitment to quality. This analysis delves into the impressions shared by participants, showcasing. The retailer successful fusion of these elements into a powerful brand identity.

Participant 10 had this to say: "The retailer feel like the go-to place for bulk shopping. It's where I get everything I need in one place, a brand that's all about convenience and variety."

"Their brand image is solid. You know what to expect when you walk in it's about affordability without compromising quality. That consistency keeps me coming back." Participant 7.

"People around here see The retailer as the reliable spot. It's not just about the products; it's about being a part of this community, meeting needs efficiently." Participant 9.

"They want us to see them as a blend of affordability and quality, and I think they've nailed that. The retailer's image matches what they strive to be." Participant 5

"When I think about bulk shopping, The retailer pops into my mind immediately. That's what they've built over the years a recognizable and trusted brand." Participant 2.

The responses of participants collectively affirm that the retailer's stronghold in establishing a formidable brand image and identity. The brand association with bulk shopping has become synonymous with convenience, quality, and community engagement. Participants' perspectives underline a brand that not only delivers a wide array of products but also fosters a sense of reliability and belonging within its customer base. The retailer's consistent emphasis on affordability without compromising on quality has cultivated a deep-seated trust, making it a recognizable and trusted name in the retail landscape. The convergence of affordability, quality, and community integration has cemented the retailer's standing as a beacon of reliability and excellence in the realm of bulk shopping. These findings are consistent with Söderlund (2016) who reported that customer perceptions are heavily influenced by a brand's image and identity.

Brand promise and values

Participants in this study perceive The Retailer's brand as the ones that can provide its promise and values. The participants' viewpoints highlight a consistent acknowledgment of retailers' commitment to fulfilling its assurances and embodying values that resonate with their customer base. From assurances regarding discounts and product availability to a conscientious approach to sustainability and responsible sourcing, The retailer's brand appears to stand firm in its commitments.

Participant 5 argued that: "What they say they'll do, they do. I've never been let down by their promises, especially with their discounts and product availability."

This was supported by participant 4 who said that: "Their commitment to sustainability and responsible sourcing matters to me. It's not just about selling; it's about how they do it, and that matters."

Participant 8 had this to say: "Their values seem to align with what I care about fair pricing, diverse products, and a sense of responsibility. That's important in a brand for me."

Participant 10 supported the above by saying that: "The retailer's promise to deliver quality products consistently is why I keep returning. Trust is built on that reliability, and they haven't disappointed."

Findings in this study show that participants perceive the retailer as brands that can deliver its promises and values. The insights provided by the participants within this study underscore the pivotal role that the retailer's brand promise and values play in fostering consumer trust and loyalty. The unwavering commitment to fulfilling promises, coupled with a dedication to values such as sustainability, responsible sourcing, fair pricing, diverse product offerings, and reliability in delivering quality goods, contributes significantly to the brand's enduring appeal. Customers often form perceptions based on a brand's promise and values. If a brand consistently delivers on its promises and aligns with the values it communicates, it strengthens positive perceptions among customers (Tahal, 2014).

Customer Experience

The majority of participants view the brands sold by the retailer as those that offers highest customer experience. These participants show that retailers emerge as a beacon of excellence according to the majority of participants. These individuals highlight various facets that contribute to the retailer's reputation for offering unparalleled customer satisfaction. From exemplary customer service to product quality and the seamless shopping experience, these accounts collectively underscore the brand's commitment to fostering an environment where customers not only feel valued but also consistently delighted.

Participant 1 had this to say: "Their customer service is top-notch. When I needed help, they were there, making sure my experience wasn't just good but memorable."

"The quality of what I buy matters and the retailer's products have consistently met or exceeded my expectations. That's a big part of my perception." Participant 4

"Shopping at the retailer is straightforward. It's easy to find what I need, and that ease matters in shaping how I see the brand." Participant 5

"They listen to feedback. When there's an issue, they address it. That responsiveness makes a difference in how I perceive their brand." Participant 10

"Every visit feels the same in a good way. That consistency in delivering a positive experience keeps me loyal to the retailer." Participant 3

The survey responses indicate the positive customer experience provided by The retailer stands as a cornerstone of its brand identity. From the unwavering quality of products to the attentiveness towards customer feedback and the ease of navigating their stores, The retailer has succeeded in cultivating an environment where every interaction contributes to a memorable and positive experience. This consistent dedication to ensuring customer satisfaction is not merely a transactional aspect but a key driver in fostering enduring loyalty among patrons, making the retailers standout entities in the landscape of exceptional customer service. Literature has shown that interactions and experiences with a brand significantly impact perceptions. Positive experiences, whether through customer service, product quality, or ease of use, contribute to a favourable perception. On the contrary, negative experiences can tarnish the brand image (Woratschek, Horbel and Popp, 2020).

Discussion

The study aimed to determine the tenants of customer loyalty motivation. It found that of the three components of customer loyalty outlined in Loyalty Value Framework, the participants recruited for this study mainly highlighted the influence of cognitive proponents. That is, the influence of favourable attitude towards the Retailer's brand. The second most influential loyalty was the attitudinal loyalty. That is, the emotional connection that they have to The Retailer. Behavioural proponents did not emerge as strong driver of loyalty. These findings are commensurate with theory as customer perceptions of an organizational brand play a pivotal role in shaping its success in establishing customer loyalty. These perceptions are the culmination of various interactions, experiences, and communications that individuals have with the brand. Understanding and managing these perceptions are essential for businesses striving to build a strong and favourable brand image. Past studies also indicate that establishment of cognitive and attitude loyalty represents a higher level of loyalty when compared to behavioural loyalty. This indicates that the retailers are in a very competitive space in the market.

Conclusion

The study succeeded in deriving information on the tenants of customer loyalty among South African customer. It highlighted the key role that cognitive proponent of customer loyalty has played in this market. This has been with the aid of attitudinal loyalty. The findings indicate that the behavioural loyalty is the weakest in the South African market and indicate that this may be the area of improvement for The Retailer and other companies in this space. Hence, the study recommends that marketing efforts be geared toward finding way to stimulate behavioural loyalty. Examples of such efforts would be create initiatives that make it convenient to be in the retail shops. Partnerships with frequently used service could be provide such an avenue. However, as these efforts have already been on increase further research should be done to compare the effectiveness of the different initiatives. Studies also conduct a comprehensive quantitative study to precisely measure and analyse the influence of identified drivers of customer loyalty on financial performance. This analysis could involve regression models,

correlation studies, and predictive analytics to establish concrete numerical relationships between these drivers and financial outcomes.

Further studies should be done to undertake a detailed longitudinal study spanning multiple years or even decades to capture the evolution of customer perceptions and loyalty over an extended period. This research should involve regular surveys, interviews, or data collection at consistent intervals to track changes in customer preferences, behaviours, and loyalty trends. By observing these changes over time, the study can reveal patterns, trends, and underlying factors that influence customer loyalty dynamics, considering potential shifts in market conditions, technology, and customer expectations.

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TRACK 8: Operations and Logistics/Supply Chain/Project Management

Enhancing Sustainable Rural Income in Tanzania through Agricultural Information Access: Examining the Contribution of Age, Gender, Marital Status, and Education on Income Improvement among Agropastoralists in Kilosa and Monduli Districts.

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Abstract

This paper assessed the contribution of access to agricultural information for enhancing Sustainable Rural Income in Tanzania. Specifically, the paper assessed the contribution of agricultural information on guiding agropastoralists towards diversifying income sources, examining the influence of age, sex, marital status, and education on income sustainability and; evaluating effectiveness of information channels. on enhancing production for sustainable income. A multistage sampling technique was employed to select 311 household heads in the study area. The quantitative data were gathered through questionnaire and analyzed using SPSS version 22.0. Multiple regression analysis was performed to assess the influence of age, sex, gender, and education on income. To enhance the discussion of findings of data collected through questionnaire, Qualitative data were collected through Key Informant Interviews and Focus Group discussion and analyzed thematically. Findings from KII and FGD were used to complement findings from the questionnaire on the contribution of gender, education and marital status on income. Key Findings revealed that agriculture has inadequately contributed to sustainable livelihoods income among agropastoralists due to inadequate skills attributed to low literacy level and gender inequality, inconsistent access to information and knowledge pertaining to livelihood income diversification and limited channels disseminating context specific agricultural information. The paper recommends mainstreaming country's agricultural sector Development policy and plans towards focusing on equal access to socio-economic opportunities, to empower information centres to disseminate context specific agricultural information and information literacy training for empowering agropastoralists with skills to utilize relevant agricultural information for sustainable livelihoods income.

Key words: Agricultural diversification, agricultural information, information access, agropastoralist, sustainable agricultural income

Introduction and Background

Access to information is deemed a fundamental necessity for daily human activities (Akanda and Roknuzzaman, 2012). When individuals can effectively acquire and utilize relevant information in decision-making, it significantly contributes to the socio-economic empowerment of communities (Mnubi-Mchombu, 2014; Ndimbwa, 2019). Crucially, timely access to pertinent information is essential for governments, private sector, non- governmental organizations (NGOs), and communities to make informed decisions aimed at improving livelihoods, increased income, and fostering competitiveness in global markets (Ndimbwa, 2019).

Recently, there have been numerous endeavours and initiatives aimed at raising awareness about agricultural productivity to enhance income in Tanzania (Lwoga et al., 2011; URT, 2015). However, most farmers are inadequately accessing information that meet their agricultural needs. Farmers are still using low technologies such as hand hoe, low level tillage practices using oxen plough, due to lack of information which results in poor yields and scanty economic returns while facing high production costs, price instability and limited capacity to invest in farming activities (Chengula, et al, 2017).

Agropastoralists in Kilosa and Monduli District are facing the challenge of inadequate livelihood incomes (Mtega, 2012; Silayo, 2016). Although a significant number of agropastoralists in the districts are involved in agriculture, their cash economy-based production remains low thereby perpetuating endemic poverty with counter-initiatives proving largely ineffective (Silayo, 2016). These communities grapple with uncertainties in decision-making related to production, market prices, livestock diseases,

pest control, land acquisition and ownership and climate change. This situation exacerbates poverty, compounded by the fact that these rural communities predominantly lead in semi-sedentary lives which hindering direct access to both print and non-print information with their cash incomes remains predominantly low.

Research indicates a lack of sustainable initiatives to enhance information dissemination in agriculture for improved income among farmers (Hazel, 2004; DFID, 2005; URT, 2015). Studies such as Matovello (2008) and Ssegujja (2011), highlight weak information infrastructures, and farmers' limited educational backgrounds as significant obstacles to agricultural production efforts for improved incomes in rural Tanzania. Conversely, other research findings (Mtega, 2012; Mosha et al., 2017) acknowledge inadequate access to reliable, current, and pertinent agricultural information for empowering the economically disadvantaged rural communities as among factors impede access to livelihoods income. The studies insisted on a need to comprehend the types and extent of interventions required to uplift agricultural production for enhancing access to income.

While numerous studies have explored farmers' information needs, channels, and seeking behaviour, there is a noticeable scarcity of systematic investigations linking access to agricultural information and enhanced sustainable rural-based income among farming communities in Tanzania. The specific objectives of this paper were to assess the impact of accessible agricultural information on guiding agropastoralists towards diversifying income sources, to examine how age, sex, marital status, and education influence income sustainability among agropastoralists, and to evaluate the effectiveness of agricultural information channels on enhancing agricultural production for the purpose of achieving sustainable income among agropastoralists.

Theoretical Grounding

This study is informed by the Sustainable Livelihood Approach (DFID, 2000), which places a central focus on agricultural production, income diversification, and infrastructure to enhance the understanding of the livelihoods of impoverished populations. The Approach recognizes that integrating livelihood assets into socio-economic production activities, along with fostering information literacy skills within the broader context of the lives and aspirations of the poor, is essential for achieving increased production (DFID, 2000). In the context of agriculture as a livelihood-earning activity, markets play a crucial role in improving the living standards of the poor. Information serves as a guide for communities in accessing market prices and facilitating connections between sellers, buyers, and consumer demands (Hamilton & Townsley, 2004). The author further establishes that access to pertinent agricultural information for enhancing crop and livestock production is identified as a key factor in reducing the problem of inadequate livelihoods income in rural settings.

Scholars emphasize the importance of socio-economic information needs related to the production, pricing, marketing, and processing within rural communities, considering them as essential a set of activities undertaken by individuals to enhance their livelihoods (Chapman et. al., 2004; Abera et al., 2021). In the scope of this study, livelihoods encompass pastoralism, agropastoralist, smallholder farming, large holder farming, entrepreneurship, and wage employment (Kijisart & Soparth, 2017). The underlying assumption is that agricultural production and increased income among agropastoralists are linked to effective access to and utilization of agricultural information relevant for facilitating informed decision-making. The SLA therefore, sheds light on integrating livelihood assets such as land and human skills, knowledge, and power into production processes. For example,

gender plays a crucial role in shaping livelihood strategies, access to resources, and decision-making power within households and communities (Ellis, 2000). Women and men often have different roles, responsibilities, and access to assets, which can affect their ability to pursue sustainable livelihoods (Doss, 2001). In some rural areas women face constraints in accessing education, credit, and land ownership, limiting their opportunities for income generation.

According to Carney (1998) Education is a critical determinant of livelihood outcomes as it enhances human capital, increases access to employment opportunities, and improves income-earning potential. It also provides skills that are useful for empowering individuals, particularly women, by enabling them to challenge traditional norms and assert their rights fosters innovation and entrepreneurship, which are essential for sustainable livelihoods (De Brauw et al., 2014).

Material and Methods

This study utilized an exploratory research design to assess the impact of accessible agricultural information on guiding agropastoralists towards diversifying income sources and to examine how age, sex, marital status, and education influence income sustainability among agropastoralists, and to evaluate the effectiveness of agricultural information channels on enhancing agricultural production for the purpose of achieving sustainable income among agropastoralists. The study was conducted in Kilosa District in Morogoro and Monduli District in Arusha Region in Mainland Tanzania. The districts were selected because most of the agropastoralists in Tanzania reside in these areas. The selection was based on the fact that agropastoralists in Kilosa District are of a mixed breed including local people, migrants from the Maasai steppe, the Barabaig, the Sukuma and other ethnic groups from Mainland Tanzania (Mung'ong'o & Mwamfupe, 2003). In Monduli, a majority of agropastoralists are original inhabitants of the area and have a consolidated socio-cultural and economic characteristic based on age set political organization system (Berntsen, 2011). Generally, Agropastoralists in Monduli and Kilosa districts perform similar economic activities but they have different socio-cultural characteristics (Mung'ong'o & Mwamfupe, 2003). The socio-cultural characteristics have a bearing on information seeking behaviour (Lee & Cho, 2011). Such influence had positive and negative impacts on agricultural development and income sustainability in the two districts. Based on such influence, Kilosa and Monduli districts were selected for this study because they have elements relevant to the objective of this study that could be generalised to other areas with similar characteristics.

A multistage sampling technique was employed to select 311 household heads participated in the study. Household heads were chosen because in agropastoral communities, this group have significant insights into the socio-cultural, political, and economic aspects of their communities (Smith, 2010). Household names were randomly selected from village household registers using the formula = Rand () * x in an Excel computer program, where X represented the number of household heads in the village registry. Quantitative and qualitative data were collected through questionnaires, key informant interviews (KIIs), and Focus \group Discussion (FGD). The quantitative data were coded and analyzed using Statistical Package for Service solution (SPSS) version 22.0. Multiple regression analysis for selected demographic variables was performed to assess their influence on income. Qualitative data from KIIs and FGD were thematically grouped and analyzed based on content to complement and validate findings from the questionnaire data

Findings and Discussion

Impacts of Demographic factors on Access to Agricultural Information

In this study, demographic factors such as age, sex, education, and marital status were deemed crucial variables. These factors play a significant role in influencing the sustainable livelihood income of the respondents, as the needs and services within any given population depend on these key demographic variables.

Age and Sex

To identify quantifiable study elements, the respondents were asked to indicate their age and sex. Table 4.1 indicates that 124 (31.3%) of the study participants fell into the 45-54 age group, while 99 (24.9%) were in the 35-44 age group, reflecting the prevalence of the most productive age groups.

Table 4.1.1: Age and Sex of Respondents by District (n=311)

Category	District					
	Kilosa			Monduli		
	Male	Female	Total	Male	Female	Total
15-24	7(1.8%)	0(0%)	7(1.8%)	1(0.3%)	7(1.8%)	8(2.1%)
25-34	48(12.2)	3(0.7%)	51(12.9%)	13(3.3%)	3(0.7%)	16(4.0%)
35-44	32(8.1%)	29(7.3%)	61(15.4%)	28(7.1%)	10(2.4%)	38(9.5%)
45-54	65(16.5)	18(4.5)	83(21.0)	30(7.3%)	11(2.8%)	41(10.3%)
55-64	22(5.6)	5(1.2%)	27(6.8%)	28(7.1%)	0(0%)	28(7.0%)
65+	17(4.3%)	4(1.0%)	21(5.3%)	13(7.3%)	1(0.3%)	14(3.5%)

Source: Field Data

Moreover, the findings reveal that a majority of the participants (76.3%) were male. This aligns with the prevailing societal structure in the two communities under investigation, where households are predominantly led by males in line with the patriarchal system. The study's results accurately depict the reality observed among agropastoralists, as their socio- economic and political systems determine the distribution of responsibilities based on the age-set organization system.

Marital Status of Household Heads and Agricultural information Access

The survey responses indicated that 233 (59.0%) and 139 (35.2%) of the participants from Kilosa and Monduli districts, respectively, were married. Overall, the majority of respondents (94.2%) were married and fell within the age group categories of 35-44 and 45- 54 years old. Marital status, in general, suggests the likelihood of an increased number of family members in the household. Furthermore, agropastoral activities are predominantly carried out at the household level, making this unit a crucial component in conducting socio- economic activities aimed at augmenting household income. Households with many members, considered to have the opportunity to cultivate more crops and tend to more livestock, benefiting from additional hands for various agricultural activities organized within the household. This aligns with findings from studies such as Econg (2000) and Nwachuku and Jibowo (2000) which indicate that the majority of successful farmers in farming activities are married.

Respondents' Education Level

The participants were queried about their education levels, aiming to assess the literacy of the respondents, as education significantly influences socio-economic development. The ensuing Table 5.4 reveals that 137 (34.6%) of both male and female respondents in Kilosa and Monduli were illiterate, while 258 (65.2%) were literate.

Table 4.1: Respondents' Educational Levels (n=311)

District	Sex	Category				
		NPSE	PSE	PPSE	Total by District	Grand Total n=395
Kilosa	Males	54(21.6%)	118(47.2%)	19(7.6%)	191(76.4%)	191(48.3%)
(n=203)	Females	38(15.2%)	20(8.0%)	1(0.4%)	59(23.6%)	59(14.9%)
	Total	92(36.8%)	138(55.2%)	20(8.0%)	250(100%)	250(63.3%)

Monduli (n= 145)	Male	27(18.6%)	70(48.3)	16(11.0%)	113(77.9%)	113(28.6%)
	Female	18(12.4%)	12(8.3%)	2(1.4%)	32((22.1%)	32(8.1%)
	Total	45(31.0%)	82(56.5%)	18(12.4%)	145(100%)	145((36.7%)
Grand Total		137(34.6%)	220(55.6%)	38(9.6%)	395(100%)	395(100%)

*Key; NPSE =No primary school Education, PSE = Primary School education, PPSE=Post-primary school Education

Source: Field Data

These findings indicate that slightly over half (55.6%) of the respondents in the study areas possessed only primary school education, while slightly over one-third (34%) had not attended any formal education. Additionally, a small percentage (9.6%) of respondents had achieved post-secondary school education. The study's results underscore the limited representation of respondents with post-primary school education, which can be attributed to various factors. During the FGDs with women groups, it emerged that aspirations for wealth through bride-price and early marriages hindered girls from pursuing secondary school education.

Socio-economic factors

Livelihoods Diversification Based information

The findings reveal that respondents sourced income from various avenues. Consequently, there was a demand for information on livelihood diversification to support these varied income sources. Results from a multiple-response question showed that out of the 311 households surveyed, 225 (73.3%) engaged in diversifying their income-generating sources, with agricultural activities (crop and livestock farming) being the predominant source. Among these, 137 (67.4%) were from Kilosa, and 98 (90.7%) were from Monduli districts (Table 4.2).

Table 4 .2: Diversification of Livelihood Earning Activities (n= 311)

Category	Districts		
	Kilosa (n=203)	Monduli (n=108)	Total (n=311)
Cultivation and livestock keeping	137(67.4)	98(90.7%)	225 (72.3%)
Crop cultivation and livestock husbandry and casual labour	17 (8.3 %)	6 (5.5%)	23 (7.4%)
Crop cultivation, livestock husbandry and Petty business,	13 (6.4 %)	8 (7.4%)	21 (6.7 %)
Crop cultivation, livestock keeping and formal employment	8 (3.9%)	7 (6.4%)	15 (4.8%)
Crop cultivation, livestock keeping and entrepreneurship	2 (1%)	10 (9.3%)	12 (3.8%)
Total	115 (56.5%)	80 (74.1%)	195 (62.7%)

Source: Field Data

The study findings highlight that the basis for diversification revolves around livestock- keeping and crop cultivation. Additional income-generating activities other than agriculture serve as a means to help agropastoralists withstand the impacts of crop failure or livestock disasters, thereby maintaining sustainable income. In discussions with women group representatives, it was ascertained that although there was a high level of income diversification among agropastoralists still, community participation in income generating activities is gendered. Community participation in income-generating activities can be gendered due to various social, cultural, and economic factors. Here are some ways in which gender influences participation in such activities division of labor: access to resources, decision-making power over family resources, social norms and limited access to education and skills training. Social ties among agropastoralists limit equal access to income sources among men and women. The findings corroborate World Bank Report by Arce and Caballero (2015) which reported that in Tanzania, women are particularly vulnerable owing to a lack of rights and various physical, social, and financial inequalities. This situation undermines women's efforts towards income sustainability.

Levels of Household income among Agropastoralists

Participants were provided with a checklist encompassing different categories of cash income levels and were requested to specify their average annual cash income levels (Figure 4.1) The examination aimed to gauge household income levels among agropastoralists to comprehend its impact on accessing information for agricultural decision- making in the study areas.

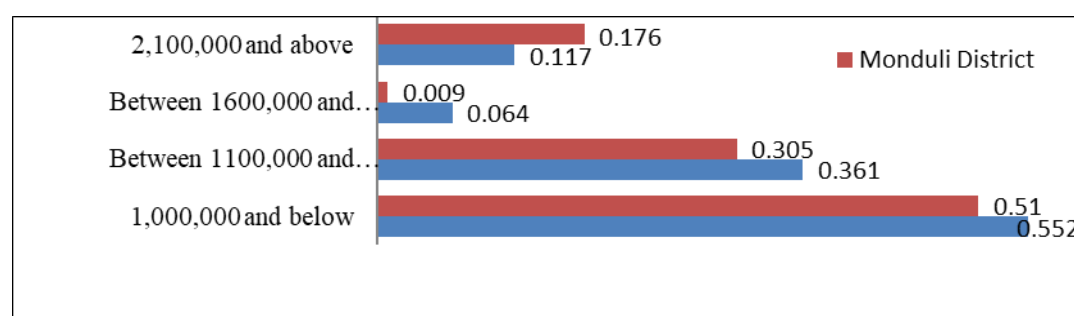


Fig 4.1: Annual Income Status of Respondents in the study area

Figure 4.1 demonstrates that slightly over half of agropastoralists in Kilosa and Monduli districts reported an annual cash income of Tsh. 1,000,000 or less. When examined on a daily subsistence basis, this annual income equated to approximately Tsh. 2,739.7, or roughly 1.36 US dollars per household per day. This falls below the World Bank's established poverty line of 1.90 US dollars per person per day (World Bank, 2011). Considering that a household may consist of more than five individuals, this amount is deemed insufficient to cover the basic needs and services essential for the survival of the household. The ability of household members to sustain themselves is intricately linked to the income status of the household. During KIIs with the District Agricultural and Livestock Development Officer (DALDO) in Monduli District and with Ward WAEs in Tindiga and Mabwerebwere wards in Kilosa District revealed that agropastoralists lacked adequate information to guide them towards selecting appropriate sources for income diversification in alignment with the available socio-economic opportunities.

The influence of Age, Sex, Marital status and Education on Income Sustainability among Agropastoralist

The findings underscore that both the age and marital status of the respondents significantly influenced the entire process of accessing agricultural information. For example, Older individuals found to have accumulated knowledge and experience regarding traditional agricultural practices and local environmental conditions thereby relying more on traditional methods of information dissemination, such as oral communication within the community. FGD with Agricultural Extension Officers revealed that the community under the study were less familiar with modern technologies and formal agricultural

extension services. This limit their access to up-to-date information on new farming techniques, climate-resilient practices, and market trends. The responsibilities borne by agropastoralists within their households compel them to actively seek, access, and share specific agropastoral information. The findings of this study align with studies by Doss et al. (2014) and FAO (2018), which established that demographic factors such as age, marital status, education, farming experience, asset ownership, and networks influence access to socio-economic information among farming communities. In general, the income of the majority of agropastoralists proved inadequate to meet their basic needs, and simultaneously they faced challenges in affording communication devices such as smartphones and television sets that enable quick access to information. However, the constraint of inadequate income also hindered agropastoralists from regularly recharging their mobile phones, thereby impeding their ability to access and share important agricultural information. Multiple regression analysis was performed to establish the influence of demographic characteristics on income to determine how far the selected demographic characteristics influenced beta coefficient (Table 4.3)

Table 4.3 Multiple Regression on the Influence of Demographic Characteristics on Incomes (n= 311)

Variable	Beta (β_i)	P-value
Constant	(1255588.944)	.000
X1 (sex of head of household: 1= male, 2 = female)	-.039	-.620
X2 (age of head of household)	-.062	.273
X3 (marital status)	-.078	.187
X4 (education level)	.192	.002**
N = 311 $R^2 = 0.057$ Model (ANOVA) significance = $p < 0.000$ ** = Statistically significant at $P < 0.01$		

Source: Field Data

Analyzing the beta coefficients from Table 4.1 reveals that education level emerges as a more substantial contributor to the income generation of agropastoralists in the study area, with a beta coefficient of 0.192. Following this, respondents' marital status shows a moderate contribution (beta coefficient = 0.078), followed by age (beta value = 0.062), and sex (beta value = 0.039). Notably, among these four variables, educational status stands out as making a statistically unique contribution to the respondents' income levels. The findings also highlight variations in incomes attributed to sex, age, marital status, and education level. In fact, 5.7 percent of the variance in income can be attributed to these demographic factors. This suggests that, within the agropastoralist context, there may be additional factors beyond demographics influencing one's income. The results underscore the significance of educational attainment in shaping income levels among agropastoralists, indicating the potential impact of education on economic outcomes in this community.

The findings further uncovered a low level of education among the majority of agropastoralists, limiting their access to information crucial for making informed decisions. KIIs with Ward Agricultural Officers (WAOs) in Kilosa highlighted that most agropastoralists in the study areas had only received primary school education. This educational background was considered insufficient for farmers to have the capability to seek and access various agricultural-related information from modern channels. Extension Officers (EOs) encountered challenges when instructing illiterate farmers via short message services (SMS) through certain mobile phone applications.

Furthermore, channels such as mobile phones with complex applications, the internet, and libraries were found to require some expertise, as emphasized by FGD participant from one of the women's groups in Kilosa. These findings are consistent with observations by Mugwisi (2014), who noted that rural farmers, particularly those who are illiterate and live in remote areas, may find certain literacy skills unfriendly. The results also align with the work of Matovello (2008) and Ssegujja (2011), who found that farmers' poor educational backgrounds pose significant impediments to agricultural production efforts in rural Tanzania.

Contribution of Accessed Agricultural Information and Increased Income

Respondents also provided insights into the impact of agricultural information on income improvement. The findings revealed that 85 (41.9%) and 62 (57.4%) of the respondents in Kilosa and Monduli, respectively, reported that their incomes had not improved. In contrast, 65 (32.0%) and 28 (25.9%) of the respondents from Kilosa and Monduli, respectively, indicated that their incomes had improved. These results suggest that the agricultural information they accessed had not necessarily led to an increase in incomes. A chi-square test was conducted to ascertain the significance of the statistical difference in the level of access to agricultural information concerning increased income. The results of this test are presented in Table 4.5.

Table 4.5 Chi-Square Test Results on Agricultural Information and Increased Income (N=311)

	Highly improved	Improved	Somewhat Improved	Not Improved	Chi-Square Test
Observed frequency	0%	29.9%	22.8%	47.3%	$\chi^2 = 21.0356$ Df = 3
Expected frequency	25%	25%	25%	25%	P < 0.05

Source: Field Data

Key: The degree of freedom (df) for chi-squared is $C-1$, where C is the number of columns in the chi-squared frequency table. For $df = 3$ and $\alpha = 0.05$,

The table of crucial value for chi-squared indicates that the crucial χ^2 has a value of 21.0356, hence, a significant statistical difference is evident between the observed and expected frequencies in the levels of incomes [χ^2 (3, n=311) = 21.0356, $p < 0.05$]. Findings from FGDs with representatives of agropastoralists in both districts align with the questionnaire results, indicating that the accessed agricultural information did not succeed in improving incomes among agropastoralists. In summary, the findings suggest that the contribution of accessed agricultural information to enhancing individuals' capabilities for making informed decisions leading to increased incomes was limited because there was no context specific information disseminated to farmers on regular basis. In other words, the agricultural information accessed exhibited inconsistent effects on incomes among agropastoralists.

Influence of Information Channels on Increased Incomes

Respondents were then asked to indicate how frequently they had utilized the listed communication channels in the last twelve months for agricultural information purposes. Table 4.6 present the results.

Table 4.6: Rate of Access to Information Channels and Income Level of Household heads (n=311)

Category	District (Kilosa, n =203: Monduli, n =108)	Rate of Access (%)											
		Tsh. 100,0000 and Below			Tsh. 1,100,000 to 1,500,000			Tsh. 1,600,000 to 2,000,000			Tsh. 2,100000 and above		
		Often	Rare	Never	Often	Rare	Never	Often	Rare	Never	Often	Rare	Never
Friends and relatives	Kilosa	2.0	13.3	11.7	0	25.1	2.0	5.9	0	0.5	25.1	9.4	1.5
	Monduli	39.9	19.4	17.6	0	29.6	0.9	0.9	0	0.9	31.5	0	4.6
Mobile telephones	Kilosa	2.0	26.7	9.4	0.5	25.7	1.0	5.9	0	0.5	26.2	2.0	0
	Monduli	0	21.5	17.8	0	29.0	1.9	0.9	0	0	50.5	0	0
Radio	Kilosa	2.5	30.0	22.7	3.4	23.6	0	5.9	0.5	0	8.9	2.5	0
	Monduli	0	31.5	19.4	0	30.6	0	0.9	0	0	15.7	1.9	0
Village Meetings	Kilosa	2.5	26.6	26.1	3.0	23.6	5.5	0	0.5	5.9	8.4	2.5	0.5
	Monduli	0	23.1	27.8	0	30.6	0	0.9	0	0	15.7	1.9	0
Television	Kilosa	2.0	7.4	45.8	2.0	3.9	21.2	0.5	1.5	4.4	0.5	0	10.8
	Monduli	1.9	0	49.1	0.9	0	29.6	0	0	0.9	1.9	0	15.7
Trainings	Kilosa	2.0	32.0	21.2	2.5	24.1	0.5	3.4	1.0	2.0	6.4	4.4	0.5
	Monduli	0	32.4	18.5	0	30.6	0	0.9	0	0	13.0	2.8	1.9
Extension Officer	Kilosa	3.0	6.9	45.3	2.5	4.9	19.7	1.0	1.5	3.9	7.4	0.5	3.4
	Monduli	1.9	0	4.9	0.9	0	29.6	0	0	12.0	3.7	1.9	0.9
Religious gatherings	Kilosa	3.0	9.4	40.9	1.0	8.4	17.0	0.5	2.0	3.9	5.9	2.5	3.0
	Monduli	0.9	8.3	41.7	0	3.7	26.9	0	0	0.9	7.4	2.8	7.4
Agricultural Institutions	Kilosa	3.0	24.1	1.0	16.7	9.9	0.5	3.4	3.0	0	6.4	4.4	0
	Monduli	33.3	17.6	0	13.9	16.7	0	0	0.9	0	12.0	5.6	0
Internet	Kilosa	1.0	25.1	29.1	2.0	13.8	11.3	0.5	2.5	3.4	0.5	6.9	3.9
	Monduli	0	32.4	18.5	0	18.5	12.0	0	0.9	0	0	10.2	17.6
Library	Kilosa	3.0	4.4	47.8	0	2.5	24.8	0.5	0.5	5.4	0	1.0	10.3
	Monduli	5.6	6.5	38.9	0	6.5	24.1	0	0	0.9	0	3.7	13.9
Books and fliers	Kilosa	4.9	49.3	1.0	1.0	26.1	0	0.5	5.9	0	1.0	10.3	0
	Monduli	0.9	5.6	44.4	0	1.9	28.7	0	0	0.9	0	0	17.6
Cinema	Kilosa	0	4.4	50.7	0.5	2.0	24.1	0	0.5	5.9	0	1.0	10.3

	Monduli	3.7	8.3	38.9	0.9	3.7	2.5	0	0	0.9	0	2.8	14.8
Newspapers	Kilosa	16.3	3.0	36.0	8.9	2.0	16.3	2.5	0	3.9	3.4	1.0	6.9
	Monduli	21.3	4.6	24.1	6.5	7.4	16.7	6.4	0	0.9	3.7	2.8	11.1

(Source: Field Data)

As illustrated in Table 4.6, there was variation in incomes based on the rate of access to information channels. In fact, incomes exhibited a significant increase with a higher frequency of access to information channels. Conversely, incomes experienced a considerable reduction with low access to information channels. For instance, many respondents reporting an income of about Tsh. 2,100,000 also claimed to have often accessed information through interpersonal and mobile phone channels. Therefore, a higher frequency of access to information channels correlated with higher income levels. During observations in the study areas noted inadequate dissemination of print information, a lack of community libraries, and a deficiency in farmers' information centers where agropastoralists could search for agricultural information. Further, during interview session with one of the clan heads in Monduli District, it was discovered that agricultural information accessed through the radio was not area-specific. A similar perspective was presented during interviews with the VEO at Tindiga Village in Kilosa who stated:

"In February this year [2012], we were alerted about heavy rains through the radio, which urged farmers to prepare farms soon for sowing. Unfortunately, the rain came two months later in our district, but it rained heavily in other districts in the region."

The reported situation diminishes the trust that receivers have in the information delivered through the radio. These findings suggest that the agricultural information accessed generally tends to contribute little towards agricultural development for improved income in the study areas primarily due to the scarcity of current and value-added information.

During the FGD with agropastoralists in Monduli district, and interviews, the WEOs in Kilosa it was determined that, many of these channels were incapable of disseminating relevant agricultural information that met user needs because they did not focus on agricultural information. These respondents expressed the opinion that agropastoralists would benefit from a central place where they could access print agricultural information.

Conclusion and Recommendations

Based on the findings, the study concludes that agriculture has inadequately contributed to sustainable livelihoods income among agropastoralists due to inadequate skills attributed to low literacy level and gender inequality as women participation in activities that were less contribution to income sustainability due to the established male dominance towards major household income sources.. , inconsistent information and knowledge on issues pertaining to livelihood diversification and limited agricultural information channels that delivered context specific agricultural information. The paper recommends for policies and actions mainstreaming towards improving the livelihood of agropastoralist focusing on equal access to socio-economic opportunities, strengthening access to agricultural information by improving information centres to disseminate retrievable agricultural information that are context specific to agropastoralists and to administer information literacy training on pricing, marketing and application of new technological farming innovations to empower agropastoralists with skills to identify, locate, retrieve, evaluate, and utilize relevant agricultural information for improving their livelihoods and income.

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Industry 4.0 and the Pharmaceutical Industry in Africa: A Case study of Ghana

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Abstract

The Fourth Industrial Revolution (I4.0) refers to the cyber-physical age in which software and hardware are seamlessly integrated to perform well defined tasks autonomously using artificial intelligence and other technologies. Adoption of I4.0 is expected to lead to reduction in pollution, carbon emission, greenhouse effect and deterioration of the environment. Thus, I4.0 connects industry and sustainable development. Recent data indicate that the contribution of manufacturing to Africa's gross domestic product (GDP) has decreased to only 10 percent, the lowest of any geographic region of the world. I4.0 has been proposed as a way to resuscitate and enhance Africa's manufacturing. Recently, a Ghanaian consulting firm advised firms wondering whether their systems are ready for the I4.0 revolution to ask themselves whether they are geared for a mobile workforce; have modular software; flexible systems; can scale up to cater for big data from thousands, or even millions of devices and sensor; etc. To answer the question of readiness of the Ghanaian pharmaceutical manufacturing sector for I4.0, as a case study of the African situation, three readiness assessment tools were used to sample the opinions of academics familiar with I4.0. Assessment using the Sitepu et al. (2020) tool suggests that overall, the industry is Fairly ready for I4.0 adoption. Using the Gadekar et al. (2021) tool suggests that the industry is Moderately Ready for I4.0 adoption. The University of Warwick's (2017) tool suggests the industry is at the Intermediate Stage of readiness. The take-home here is that the pharmaceutical industry in Ghana is not ready for immediate I4.0 adoption. However, since I4.0 is the future, the industry must consciously work towards I4.0 readiness.

Introduction

The world has gone through the *First Industrial Revolution*, *Second Industrial Revolution* and *Third Industrial Revolution* and is on the verge of the *Fourth Industrial Revolution*, abbreviated I4.0. These revolutions were the result of adoption of technologies that resulted in remarkable social and economic improvements spanning more than two hundred years. I4.0 is a fusion of physical, digital and biological technologies that can interface autonomously (without human intervention) using artificial intelligence and other technologies. In a certain sense, under I4.0, products "talk" back to their manufacturers using technologies that track environmental conditions, quality attributes of the products, use of the products and performance of the products.

The literature on I4.0 unanimously suggests that I4.0 has the potential to significantly enhance many dimensions of industrial production of medicines, including making production more agile, more efficient, more flexible and increase the quality of produce. The challenge is for organizations to use technology to reach maximum efficiency. Formstack (2022) reports a worldwide survey finding that 51% of workers report spending at least two hours per day on repetitive, manual tasks. Industry 4.0 will digitalize such tasks, optimizing processes that used to be undertaken manually and repetitively by workers, but which end up not being good enough to provide efficient and satisfactory experiences to customers.

Fully deployed, I4.0 will improve production processes, increase productivity, reflect individual demands, reduce lead-time, reduce time-to-market, reduce product development time, promote ad-hoc networking within cyber-physical systems, enhance transparency in real time ensuring faster and more flexible decision making and achieve global optimization in development and production.

In the pharmaceutical sector, I4.0 is revolutionizing innovations in how pharmaceuticals are manufactured and how health personnel connect with patients, enabling healthcare service providers and supply chain members access required resources to treat patients more cohesively.

Sharma, Patel and Shah (2023) argue that I4.0 is used in manufacturing vaccines to improve quality and enhance efficacy. Adoption of I4.0 leads to reduction in pollution, carbon emission, greenhouse effect and reduction in deterioration of the environment. Using I4.0 results in more complex drugs with reduced side effects. They continue that I4.0 binds industry and sustainability, resulting in sustainable development. I4.0 technologies exhibit more robust and agile production processes ensuring less obstructions and fewer defects.

Pharmaceutical Industry in Africa and Ghana

Deloitte South Africa (2016) noted that compared to the rest of the world, Africa's adoption of, and the impact of industry 4.0 was low, however, the subject was being acknowledged and discussed by African industry leaders and policy makers in the wake of the positive impact smart technologies can make on socio-economic lives on the continent. On its part, PricewaterhouseCoopers (2016) reported that leading South African manufacturers were digitizing essential functions within their internal vertical operations and processes. They expect this to result in growth of revenues and operational efficiencies. Further, 90% companies surveyed expect to include digital offerings in their product portfolios going forward.

Now that vulnerability of countries to disruptions in global supply chains has been exposed by COVID-19, domestic sourcing of manufactured items cannot be ignored entirely, even if home countries do not have comparative or competitive advantages in production. Recent data indicate that the manufacturing sector has decreased to only about 10 percent of Africa's GDP. This is the lowest for any geographic region of the world. For Ghana, the 2021 and 2022 ratios were down to 12% each year. Without doubt, the poverty rate in Africa is very high and has been linked to scarcity of sustainable and well-paying jobs that are associated with the manufacturing sector.

To transform Africa's pharmaceutical manufacturing industry into fourth generation will require new approach to production and how process data is captured (better quality control, fewer obstructions, fewer defects, Arden et al., 2021) to promote sustainable value creation. I4.0 in the pharmaceutical sector results in tailored drug treatments, advanced drug delivery tools, and medication development. In November 2022, African pharmaceutical experts from Ghana, Uganda, South Africa, Zambia and Kenya held a conference in Accra to discuss ways by which Africa can strengthen her capacity to produce her own medicines.

This paper contributes to understanding Africa's I4.0 readiness by undertaking I4.0 readiness assessment of Ghana's pharmaceutical industry as an African case study. It will throw light on how much more work Ghana needs to do to integrate I4.0 technologies and principles into pharmaceutical manufacturing. It will serve researchers well if they use well designed assessment tools to investigate the level of preparedness. Such tools must also recognize the increasing importance of stakeholders in sustainability analysis.

Pertinent literature on I4.0 and sustainability are discussed next, followed by the methodology adopted to assess I4.0 readiness in Ghana. Findings are then presented and discussed. Finally, conclusion and policy implications are made.

Literature

Africa and Ghana's readiness for I4.0

UNDP (2016) notes that two major challenges facing pharmaceutical manufacturing in Africa are higher costs of production and absence of manufacturing facilities that are compliant with World Health Organization's Good Manufacturing Practice (GMP). UNDP explained that production costs (per unit) are higher in Africa relative to other jurisdictions due to inadequate numbers of technically qualified people, higher unit costs of raw materials because African manufacturers buy in smaller volumes, pay higher transportation costs and stock higher inventories of materials and spare parts due to difficulties arranging supplies at short notice, higher costs of imported machinery, higher interest charges on loans and higher electricity and other utility charges. UNDP recommends that strategies that will help promote

local pharmaceutical manufacturing must address technological requirements and production standards and ensure that funds are available to set up GMP plants.

Adetunla & Madonsela (2022) investigated the potential impact of implementation of I4.0 in the biggest five economies of Africa, namely, Nigeria, South Africa, Egypt, Algeria and Angola. Their findings suggest less low-level labour will be required and unit costs of products will be reduced. They also identified organizational resistance to I4.0 technologies in Africa, due to high risk of job losses. Finally, they concluded that Africa needs to urgently upgrade how it calculates competitiveness index.

Ndung'u and Signé (2020) observed that industrial policies needed to increase the African Continental Free Trade Area's impact must focus on productivity, competition, diversification, and economic complexity. Hence, African policymakers must emphasize five key drivers of successful manufacturing, namely, human capital, cost-effectiveness, competitive [supply] networks, access to finance, especially for small and medium enterprises, and increasing domestic demand.

Necessary ingredients for I4.0 adoption

Artificial intelligence (AI) is one. And there is plenty of discussion about AI these days. AI is the integration of digital data and computational analysis to make decisions that would otherwise have been made by human beings. However, AI processes larger amounts of data and faster than humans. The tasks may involve reasoning, problem solving, learning, and decision-making, etc. Examples of AI application in pharmaceutical manufacturing include the use of machine vision technology to replace human visual inspection of packaging, capsules and vials; predictive equipment maintenance to reduce disturbances, etc.

The literature reports the full list of technologies embedded in I4.0 which also applies to pharmaceuticals, in Table 1. The literature argues that use of I4.0 technologies ensures that present needs are met without compromising the future. For pharmaceuticals, use of these advanced technologies saves time and money and provides better outcomes to pharmaceutical formulations, tailored drug treatments, advanced drug delivery tools, and medication development.

I4.0 and sustainable development

The United Nations defines sustainable development as “Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” That is, natural resources should be used conservatively and wisely with a view to long-term priorities since resources are finite. Sustainable practices support ecological, human, and economic health and vitality in the long term.

Ding (2018) reviewed 33 articles that appeared in peer-reviewed academic journals over 2008-2018 that are pertinent to sustainable pharmaceutical supply chains (PSC) and I4.0. Using the content analysis method, the author's review revealed that I4.0 improves the productivity of the pharmaceutical industry. And that continuous production (embedded in I4.0) has the capacity to reduce material utilisation, energy consumption and green-house gas emission. Also, some I4.0 technologies enable supply chain managers to make decisions in more autonomous ways (more objectively and faster). Arden et al. (2021) observed that, in the health sector, the term *Pharma 4.0* is used and refers to product improvements that benefit both pharmaceutical companies and the patients linked to them. It is used in provision of services that directly influence the health of society. This is expected to create growth opportunities for the pharmaceutical industry and for people as their quality of life improves.

Table 1: I4.0 technologies and their applications.

TECHNOLOGY	APPLICATION
Internet of Things (IoT)	Used in the management of the positions of inventory in hospital pharmacies
	Used to connect more instruments and semi-finished products, to link with each other through standard technologies to take advantage of integrated information processing
Cloud technologies	IT services that are provisioned and accessed from a cloud computing provider. Enhance the ability of the service of manufacturing systems for information-driven conclusions
	Drug consumers' orders might be studied for fine-grain research of pharmaceutical sector trends
3D printing	Used in fabricating solid oral dosage form, customized products, and advanced objects with developed characteristics and complicated, lightweight design
	Introduce more complicated medication profiles to decrease side effects and improves drug compliance
Additive manufacturing	It permits the layer-upon-layer production of a 3D object from a digital file
Artificial intelligence (AI)	Used to replace human visual inquiry of packaging caps and vials by using machine vision technology
	Provides complicated models for predictions and conclusion-making based on complex algorithms
	Used to simulate human intelligence and cognition to study and interpret comprehensive complicated healthcare and medical data
Digitization	Involves knowledge about variability of raw materials and worldwide tracking of materials across facilities
	Statistical process is used in measuring and evaluation of stability of process and process ability
Big data analysis	It assembles and stores of massive amount of data at high speed
	It is used for decreasing price, improving conclusion-making, enhancing products and services
Robotics	Robotics reduces the exposure of operators to repetitive processes and biological risk
	Used to analyze, pick, pack, sort, make, examine, or transfer materials of different sizes and weights quickly and more efficiently
	Used in price deduction, decreasing the interval in operations and manufacturing time
	Collaborative robots (cobots) allow closer work between humans and robots and are naturally secured
Augmented and virtual reality	to solve hurdles related to changing needs from customers and suppliers in manufacturing industries
Smart sensors	Used to recognize materials and measure processes, which may be embedded or installed in machines, products, tools, collecting stations, logistic vehicles, etc.
Cyber-security	Used to prevent disruption of large data network caused by intelligent manufacturing systems, data sharing, and viruses.
Smart sensors	Used to recognize materials and measure processes, which may be embedded or installed in machines, products, tools, collecting stations, logistic vehicles, etc.

Source: Bai et al. (2020) and Sharma, Patel and Shah (2023).

Sustainable Development Goals

The United Nations' Sustainable Development Goals (SDGs) are a call to action on 17 goals and 169 targets for peace and prosperity for all people on the planet in a sustainable manner. Bai et al. (2020) argue that I4.0 technologies have the potential to positively impact the SDGs. Analyzing the relationships between SDGs and I4.0 as espoused in Table 2 of Bai et al. (page 4), this author notes the link between I4.0 and four healthcare related SDGs namely, ending poverty; ending hunger; good health and well-being and clean water and sanitation. Siekmann et al. (2023) argues that assessing sustainable development implications requires elaborate measurement frameworks, since technologies that constitute I4.0 are many and varied (about 17) and could have conflicting impact on dimensions of sustainability.

Discussing the role of stakeholders in I4.0 adoption in India, Bhatia and Kumar (2022) advanced and tested a number of hypotheses. The following hypotheses are supported by their data: *Stakeholders positively affect environmental commitment; Environmental commitment positively affects adoption of I4.0; I4.0 is positively related to green process innovation; and I4.0 positively affects environmental performance.*

Challenges in adopting I4.0

Sitepu et al. argue that lack of precedent in the new industry, the costs associated with adopting the new system and perceived regulatory uncertainties leave many firms keen on a “first to be second” approach by observing how competitors approach new manufacturing technologies and how regulators respond. The literature adds that a number of new skills will be needed to adopt AI in pharmaceutical manufacturing. I4.0 adoption requires data scientists, computational and systems engineers and AI experts to work together. Other challenges include the potential that sharing big data may weaken information safety, require cleansing of big data, require enhancing reliability of autonomous computer-aided decision making and require time to put in place pertinent infrastructure.

Readiness assessment

Without a doubt, there is the need to evaluate Africa's readiness/preparedness to pursue integration of I4.0 technologies and principles into manufacturing in Africa. Several readiness assessment tools have been proposed in the literature. The literature speaks of I4.0 readiness at three levels – at the firm level (micro level), at the level of the sector (meso level) and at the country level (macro level). Readiness assessment tools are discussed in for example, Demeter et al. (2018), Gaddekar et al. (2021); Sitepu et al. (2020) and The University of Warwick (2017).

Demeter et al. (2018) developed a framework for assessing I4.0 assessment at the sector level and applied it to four manufacturing sectors in the European Union. They argued that irrespective of the specific firm, certain digital technologies need to be in place for a successful implementation. They further argued that, given technology, the most important barriers to implementation of I4.0 are human resources, including the skills and competences of employees, and understanding of and use of evolving digital solutions.

Sitepu et al. (2020) rode on the back of a previously developed socio-technical framework to propose nine factors for assessing existing social and technical condition (readiness) of organization for I4.0 adoption. They emphasize that, to succeed, adoption of I4.0 requires a new approach to all aspects of organizations including vision, social aspects (culture and people); technology, processes and infrastructure. However, they quickly added that no readiness assessment tool covers the complete technical and social aspects of organization.

Gaddekar et al (2021) undertook a comprehensive literature review to identify key success factors in I4.0 adoption. In addition, they sought the opinion of experts on I4.0 in the manufacturing industry using the Evaluation Based on Distance from Average Solution (EDAS) approach, the identified 11 key success factors.

The University of Warwick (2017) too has developed a readiness assessment tool. It considers six core dimensions, with 37 sub-dimensions of I4.0 readiness. This tool was designed to provide “a simple and intuitive way” for firms to assess their readiness to harness the potential of I4.0.

Methodology

The principal object of this study is to assess the I4.0 readiness of the Ghanaian pharmaceutical manufacturing industry as a case study of African countries. In 2017, a Ghanaian based local firm, Multisoft Solutions Limited, organized a seminar to apprise businesses of the dawn of I4.0. They advised firms wondering whether they are ready for the I4.0 revolution to ask themselves whether: they are geared for a mobile workforce; their softwares are modular; flexible; can scale up to cater for big data from thousands, or even millions of devices and sensor; are ready for an alternative to the rigid, monolithic enterprise resource planning (ERP) systems of the past?

This study first undertook a desktop literature search of the state of the pharmaceutical industry in Ghana and Africa. Pharmaceutical manufacturing is one of the most vibrant components of the manufacturing sector in Ghana. Ghana has been manufacturing medicines for more than 40 years. A gradual yet consistent improvement in pharmaceutical manufacturing in quality and quantity has been noted, UNIDO (2019).

For the desktop study, the following publications were covered: GCB Bank Limited (2022), Mamo (2020), Nti (2015) and the supplement to the *Daily Graphic* newspaper of September 25, 2023. UNDP (2019), 2022 Ghana & Drugs Authority [FDA] Report, websites of the Ghana FDA and the Pharmaceutical Manufacturers of Ghana. Accepting the observation by Sitepu et al. that no single readiness assessment tool covers the complete technical and social readiness of an organization for I4.0 adoption, it is reasoned here that a triangulation approach involving a number of assessment tools will better serve the purpose of bringing up different dimensions of readiness assessment. To this end, 14 academics who are familiar with the potential of I4.0 in the disciplines of operations and management information systems; marketing; public health; finance; human resource management and the National Vaccines Institute were sampled for their opinions in respect of Ghana’s pharmaceutical industry’s I4.0 readiness. Respondents were required to complete three readiness assessment instruments. In the literature, it is clear that use of standard instruments that are clearly and precisely spelt out enhances the reliability of a study. Use of three instruments also helps test validity of convergence of findings. It is hoped that these are the first steps towards developing grounded theory on the subject in Africa.

Readiness assessment tools used

The Sitepu et al. framework considers social and technical factors as indicators of existing conditions. They are goals, people, infrastructure, technology, culture, process, regulation, financial situation and stakeholder. Their original framework asked questions about direct preparedness for I4.0. However, in Ghana there isn’t direct preparation for I4.0. More obvious are efforts to enhance pharmaceutical manufacturing processes. Thus, the Sitepu et al. 4-point Likert was modified to a 5-point Likert scale to capture the peculiarities of the Ghanaian industry. The scores range from 1– *Hardly Ready*; 2- *Fairly Ready*; 3- *Moderately Ready*; 4- *Ready*; to 5- *Very Ready*.

The second assessment tool used focused on the 11 key success factors extracted by Gaddekar et al. (2021) using the *Evaluation Based on Distance from Average Solution* (EDAS) method as drivers for the introduction of I4.0 innovations. The factors are managerial support and leadership; internet infrastructure; financial support; data security; collaboration and teamwork; existing workforce skills compatibility; competition and pressure from business partner; hardware and software compatibility and availability; government and legal support; customer expectations; and existing technology compliant with industry. Here too respondents were restricted to a five-point Likert scale. The least score is *Minimally Ready* (requires 7 years or more to be ready) and the highest is *Maximum Readiness* (can adopt I4.0 within a year).

Finally, The University of Warwick's (2017) readiness assessment tool was also used. The core dimensions are Products and services; Manufacturing and operations; Strategy and organization; Supply chain; Business model; and Legal considerations. This tool asks assessors to indicate their opinion the readiness of the industry in respect of each core dimension (1-*Beginner*; 2-*Intermediate*; 3-*Experienced*; or 4-*Expert* stage. A firm at the Expert stage is most ready for I4.0 adoption. In all cases, the 14 responses were averaged. It is noteworthy that the Sitepu et al. (2020) and Gadekar et al. (2021) instruments explicitly recognize people, stakeholders, workers, customers and others as important factors.

Results And Discussion

The Ghanaian Pharmaceutical Industry

Domestic manufacturers currently supply 30% of the country's pharmaceutical needs. Their strategic plan is to increase this proportion to 50% over the next five years, then 70% over another five years. Finished products and unfinished products are imported into the country. Domestic manufacturers manufacture mostly generic drugs. Some partnerships with multinational firms to upgrade local manufacturing infrastructure exist. Ghanaian law imposes 10% import-levy on imported finished formulations and another 17.5% value-added tax. For public procurement, there is 15% price preference for local manufacturers. Up to 40 drugs can only be sold in Ghana if produced locally.

Within West Africa, Ghana is reputed to have the best quality of locally produced pharmaceuticals due to stringent manufacturing criteria, inspection and enforcement procedures of the Ghanaian FDA. The Ghana FDA attained ISO 17025 accreditation in 2014 and ISO 9001 Certification in June 2017. These have positioned the Ghanaian FDA among the best pharmaceutical quality controllers in Africa. In 2020, she attained the World Health Organisation's (WHO) Maturity Level 3 (second after Tanzania) of the four-tiered national medicines regulatory systems in respect of safety, quality and efficacy of all medical products imported, manufactured or distributed in the country. On one dimension, pharmacovigilance (collection, detection, assessment, monitoring, and prevention of adverse effects with pharmaceutical products), Ghana has attained Level 4. However, there is the need to enhance FDA's capacity in marketing authorization (registration), good manufacturing practice (GMP) inspections and enforcement, post-marketing surveillance activities, and medicines regulation.

The Ghana Government, supported by UNIDO, has develop a strategy that details steps to attain affordable financing; evolution of the current FDA into National Medicines Regulatory Agencies; enhancing human capital; accessing know-how for product development; and achieving policy coherence. In addition, UNIDO is funding production of essential generic drugs in Ghana and Kenya.

One manufacturer has attained WHO GMP certification. In 2017, UNIDO undertook GMP assessments of 7 local companies on all 17 key Quality Elements (QEs) of WHO. On each QE, they were rated *Acceptable*; *Requires Improvement* or *Inadequate*. Of the 17 key QEs, the best performing firm was ranked *Acceptable* on six attributes. The worst performing firm did not score *Acceptable* on any of the 17 QEs.

For the 7 companies, the report said the most problematic areas are materials handling; nature of premises; availability of utilities; production practices (plant layout, process flow, etc.); quality assurance; qualification and validation; and quality control practices. Challenges faced include high cost of imported raw materials, lengthy lead times for deliveries, raw material quality problems, and unfavourable contractual supply arrangements. For the industry, challenges noted include lack of adequate skilled human capital in manufacturing, regulatory affairs and management and design and construction of GMP compliant manufacturing facilities.

On achieving GMP certification, a three-pronged strategy has been developed by UNIDO, Ghana FDA and the industry players. These are licensing only new plants that appear upgradable to WHO GMP; enforcing WHO GMP standards for the most critical QE violations; and enforcing stringently WHO-GMP standards for "high-risk" products.

In the third quarter of 2023, 41 technical staff of Ghana FDA underwent training to enhance the FDA's capacity to regulate production of vaccines. The training covered quality assessment, clinical assessment and non-clinical assessment. Over two years, 300 staff would undergo this training in preparation for vaccines production in Ghana. The Ghana FDA is also expected to initiate feasibility for construction of ISO Class 5 with 6 Background Cleanroom and to establish Molecular Biology Laboratory by end of 2023.

Readiness survey

As indicated earlier, 14 experts expressed opinions on Ghana's readiness on the in respect of the factors identified by Sitepu et al. (2020), Gadekar et al. (2021) and The University of Warwick (2017). Table 2 displays their average factor-by-factor score using the Sitepu et al. (2020) tool. The Ghana pharmaceutical industry's readiness was least in respect of *culture, economic/financial situation and regulation*, and highest in respect of *stakeholders* readiness and readiness of *processes*. Overall, the industry's readiness is assessed to be **Fairly ready** (2.28 out of 5) for adoption of I4.0.

Table 3 says, of the 11 success factors of the Gadekar et al. tool, the Ghanaian industry is least ready in respect of *Financial Support*, followed by the *Government and Legal* factor (i.e. infrastructural assistance from governments, legislative rules, regulations). The industry is most ready in respect of *Hardware and Software Compatibility and Availability* and *Customer Expectations*. Overall, the industry is **Moderately ready** (3.01 out of 5).

Table 2: Readiness assessment score on Sitepu et al. (2020) instrument.

Socio-technical factor	Score out of 5	Interpretation
1.Regulation	2.0	Fairly ready
2.Economic/Financial Situation	2.0	Fairly ready
3. Stakeholders	2.8	Moderately ready
4. Goals	2.3	Fairly ready
5. People	2.3	Fairly ready
6. Culture	2.0	Fairly ready
7. Infrastructure	2.2	Fairly ready
8. Processes	2.6	Fairly ready
9. Technology	2.3	Fairly ready
Overall average	2.3	Fairly ready

Source: Field survey by author.

For The Warwick University tool, Ghana scored least (*Beginner*) in respect of *Strategy and organization* and scored most (*Experienced*) in respect of *Legal considerations*. Overall, the industry was scored **Intermediate**. To be truly ready she must move two notches higher – through the *Experienced* user stage then to the *Expert* stage.

Table 3: Readiness assessment score on Gadekar et al. (2021) instrument.

Success factor	Score out of 5	Interpretation
1. Managerial Support and Leadership.	2.7	Moderately ready
2 Internet Infrastructure	3.0	Moderately ready
3 Financial Support	2.5	Moderately ready
4. Data Security	2.8	Moderately ready
5. Collaboration and Teamwork	3.3	Moderately ready
6. Existing Workforce Skills Compatibility	2.7	Moderately ready
7. Competition and Pressure from Business Partner	3.5	Moderately ready

8. Hardware and Software Compatibility and Availability	3.4	Moderately ready
9. Government and Legal support	2.6	Moderately ready
10. Customer Expectations	3.4	Moderately ready
11. Existing Technology Compliant with I4.0	3.1	Moderately ready
Overall average	3.0	Moderately ready

Source: Field survey by author.

Table 4: Degree of Readiness on The University of Warwick (2017) instrument

Core dimensions	Score out of 4	Interpretation
1. Products and services	2.2	Intermediate
2. Manufacturing and operations	1.6	Intermediate
3. Strategy and organization	1.5	Beginner
4. Supply Chain	2.2	Intermediate
5. Business Model	2.1	Intermediate
6. Legal considerations	3.2	Experienced
Overall average	2.1	Intermediate

Source: Field survey by author.

Conclusion

The average score on the three frameworks – *fairly ready*; *moderately ready* and *intermediate* all point to the fact that Ghana's pharmaceutical industry is not ready for immediate adoption of I4.0. Given that the wind of change in this now global village is towards the fourth industrial revolution, the industry must begin to take active steps to prepare herself for the future. That there are a number of foreign firms operating in Ghana whose parents operate in countries that are more industry 4.0 ready than Ghana would help. Based on the scores, factors that need the most attention are setting I4.0 goals; enhancing people and human capital skills and competences; putting in place I4.0 compliant infrastructure, hardware and software; enhanced access to finance; data security; and I.40 compliant technology. Ghanaian policy makers should take note.

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Making Sense of Default Project-Based Organisations (PBOs): A Study of Ethiopian Construction Firms (ECFs)

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Abstract

Local construction firms in Ethiopia and other emerging economies are faced with fierce competition from international firms, regional market dynamics, economic set-ups, and capacity-related problems. Rethinking the parent organization's design is essential to fostering a favourable work environment for projects. A Project-based organization (PBO) is a suitable organizational form for managing and executing business operations centred on projects. PBOs undertake work primarily in the form of projects. Hence, they prioritize adaptability, innovation, and flexibility to address the unique challenges of each project. A construction firm is essentially a PBO as it conducts most of its operations through projects. There are scanty empirical studies that focused on performance of construction firms, specifically on design and management of construction firms as PBOs – a significant gap in addressing the issue of construction firms which have remained active behaving as non-PBOs. The phenomenon of behaving like non-PBOs has put them in a confusing state and qualifying them as “default PBOs” handling construction projects. Behaving and embracing “non-PBOs” characteristics by pretending to engage in routine activities, where processes are repetitive and on-going, have significantly affected their performances and strengthened the need to address the research gap mentioned – specifically finding a formal way of moving construction firms from “default PBOs” to “full-fledged PBOs”. This study aimed to close this gap by developing a conceptual model to assist ECFs to become full-fledged PBOs. An exploratory QUAL-quant design was adopted. A thematic content analysis was done for the interviews. One-way ANOVA and Pearson correlation were used to analyse the quantitative data. A transformational model is proposed, the transformation process should start with evaluation of the environment, strategic documents, and PBO characteristics in the organisation. The missing PBO characteristics which led to the confusing state described above need to be well assimilated in the design of ECFs.

Key Words: Project-based organisations; Transformation; Organisational Design; Projects; Construction Firms

Introduction

The Ethiopian construction industry (ECI) has witnessed a significant surge in the dominance of international firms in recent years, with local firms limited to few small-size projects (MUI, 2020). Construction companies are among the primary units of the construction industry (Tripathi & Jha, 2019). The execution and success of a construction firm's projects serve as the metrics for assessing the performance of construction firms (Hove & Banjo, 2018). Based on the study conducted by COST-Ethiopia on 52 construction projects; project delays and cost overruns were identified as the main sources of concern for the ECI (COST-Ethiopia, 2016). The main reasons preventing Ethiopian local contractors from completing public and private projects in time and within the apportioned budget include issues related to their internal capability (MUI, 2020; CMI, 2017).

A construction firm is inherently a PBO as its majority of its activities are carried out through construction projects which are unique, uncertain, and have brief life cycles (Chinowsky, 2011; Englund & Graham, 2019; Melkonian & Picq, 2011). PBO describes an array of organisational forms that entail setting up makeshift mechanisms to carry out project tasks (Thiry & Deguire, 2007). A typical full-

Firms in construction and engineering are fundamentally PBOs as their major tasks are carried out through projects (Chinowsky, 2011; Englund & Graham, 2019; Melkonian & Picq, 2011). Business operations are carried out and managed around transient projects in PBOs, a unique type of organisation (Thiry & Deguire, 2007; Choi, et al., 2018). PBOs are recognised for their ability to deliver difficult non-routine activities, combine innovation and multiple knowledge sets, overcome organisational change hurdles, and adaptably answer fluctuating consumer expectations (Miterev, Engwall, & Jerbrant, 2017; Sydow, Lindkvist, & Defillippi, 2004).

Organizational Design of PBOs

Organisational designs have a direct impact on the behaviour and performance of organizations and millions of workers, as well as the well-being and productivity of economies worldwide (Burton & Obel, 2018; Daft, 2012, Van De Ven, Ganco, & Hinnings, 2013). There is still much to learn about the design of institutions and organisations (Van De Ven, Ganco, & Hinnings, 2013).

Within organisational studies, organisational design is a field that is well-established and focuses on various organisational forms, the variety of design techniques that CEO's and managers might use, and their internal and external consequences (Turner & Miterev, 2019; Miterev, Mancini, & Turner, 2017). Organisational design has garnered a lot of attention lately, especially in the field of project management (Aubry & Lavoie-tremblay, 2018).

Restructuring that is primarily concerned with structural issues is rarely successful and is not an organisational design. There are tales of uncertainty, frustration, and stress, as well as plummeting morale, motivation, and productivity, from everyone who has experienced this kind of reorganisation (Stanford, 2007). Organizational design is not limited to structural considerations (Kates & Galbraith, 2007). The structure is only one facet of an organizational design (Mccaskey, 1974). Organizational design could be related to the various elements that make up a structure like cardiovascular, respiratory, muscular, and other systems that turn around things in our body and make certain its functions (Cunliffe, 2008). Without a science of organizational design, it is difficult to use our accumulated knowledge to design effective and efficient organizations that serve their purposes well (Tripathi & Jha, 2019).

Compared to other type of organisations, PBOs demand a different organisational design (Turner & Miterev, 2019). The wide range of organisational forms and methodologies at project, programmes, portfolios, project networks, and organisational levels makes it far from easy to develop the organisational design perspective for PBOs and projects. Additionally, projects and the organisations to which they belong face varying degrees of uncertainty and complexity, and organisations may not introduce the structures and management approaches that best suit their project activities (Turner & Miterev, 2019). Therefore, it is important to identify interrelated patterns of organizational design dimensions and various conditions under which they exist to pave the way for causal explanations (Turner & Miterev, 2019).

Project management scholars have tried to address the various facets of the PBO designs (Hobday, 2000). An organizational design has started to get clear attention in the literature at multiple levels, including projects, multiple projects, and the PBO as a whole (Turner & Miterev, 2019). The majority of studies focused primarily on supporting structures, processes, and human resources (Miterev, Turner, & Mancini, 2017). Even if the PBO has been recognized in the literature for over 25 years, there was no definitive, holistic model developed for its design.

Miterev, Mancini, and Turner then modified the Star model to fit to PBOs (Miterev, Mancini, & Turner, 2017). Given that PBO design is a new field, even fundamental knowledge of organisation theory and design are beneficial. A number of groundbreaking models, such as the McKinsey 7-S Framework (1979), the Galbraith Star Model (1977), Hackman and Oldham job diagnostic survey (1974), the

Nadler and Tushman congruence model (1980) that serve as the foundation for an organization design of PBOs (Van De Ven, Ganco, & Hinnings, 2013; Miterev, Mancini, & Turner, 2017).

As early as 1977, the Star model has been a well-established model. Strategy, processes, structure, people, and rewards were all included in Galbraith's initial design. Miterev, Turner, and Mancini (2017) recently modified the star model to suit the design of PBOs. Galbraith's Star Model was preferred by them since projects may be considered as information processing systems (Miterev, Mancini, & Turner, 2017). All the Galbraith Star Model's components have been addressed in project management literature, albeit to varying degrees. In their modified star model, Miterev, Mancini, and Turner, (2017) have selected the five nodes—strategic, process, behaviour, human resource, and structure—starting at the top and working their way clockwise. The modified star model (Fig. 2) comprises five components at the pentagon's nodes. The phrase "alignment" is positioned at the heart of the star to highlight the necessity for the five components to be in line with organisational strategy as well as with one another.

The underpinning theory for the modified star model was the contingency theory (Van De Ven, Ganco, & Hinnings, 2013; Aubry & Lavoie-tremblay, 2018). The contingency theory emphasises that the alignment of the internal arrangements and external setting determines an organisational unit's effectiveness. Miterev, Mancini, and Turner (2017) then identified a number of antecedents that influence PBO design (Miterev, Mancini, & Turner, 2017).

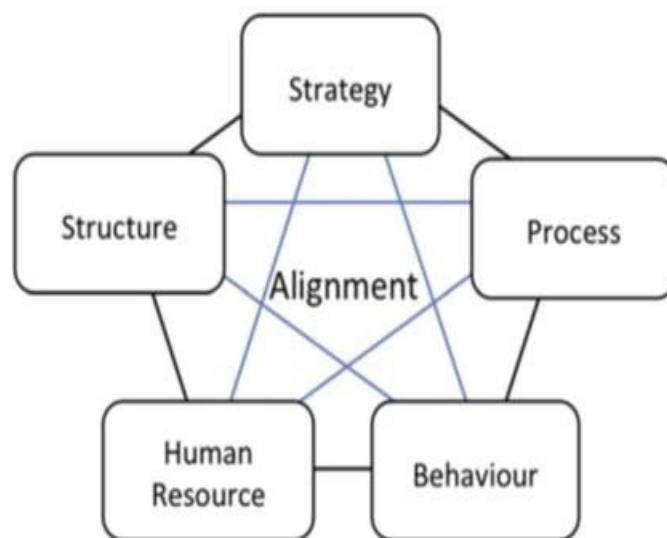


Fig. 2 Modified Star Model
Galbraith (1977) and Miterev, Mancini & Turner (2017)

Research Objective/Propositions

The main objective of this study is to develop the conceptual model necessary to transform Ethiopian construction firms into full-fledged PBOs. For this purpose, the three propositions listed below would need to be Proved or Disproved.

- (i) **Proposition One (P1):** "The core dimensions of organisational design are parts of the fundamental requirements for Ethiopian construction firms"
- (ii) **Proposition Two (P2):** "The key antecedents of organisational design dimensions are necessary for Ethiopian construction firms"
- (iii) **Proposition Three (P3):** "A conceptual model does not exist for transforming Ethiopian construction firms into full-fledged PBOs"

Research Methodology

The pragmatism philosophical stance of the study opened the door to mixed methods, different worldviews, and different assumptions, as well as different forms of data collection and analysis. Using an exploratory sequential research approach—a qualitative inquiry is followed by a quantitative analysis—the research propositions of the study were evaluated (Creswell & Creswell, 2018).

An interview (semi-structured) was conducted with twelve purposefully selected top-level managers with adequate expertise and experience in the ECI. A thematic content analysis was used to analyze the qualitative data. Then a questionnaire was developed after a detailed literature review enriched by the interview findings. The sampling method for the quantitative part was stratified random sampling.

The Quantitative survey participants were ECI stakeholder firms, which included Grade I Contractors (Building, General, Road, and Specialized Contractors); Grade I Consultants; Construction Works Authority; Prime construction project owners; and Construction Management Institute (CMI). One-way ANOVA, correlation analysis, and descriptive statistics were all used for the quantitative data analysis.

Results and Discussions

Different antecedents necessary for the required transformation of ECFs into full-fledged PBOs were initially found out after a thorough analysis of literatures. This include Project working; Project orientation; Project culture; Fit; Churn; History and context of the organisation; Size; Control by behaviour or results; Shareholder versus stakeholder orientation; and Uncertainty, complexity and dynamism. Afterwards, six more antecedents were discovered through the interviews: Project core team; Awareness and knowledge of project management; Upper management support; Strategic project management information systems; Competency of project managers; and Dynamic capability and organisational learning.

A total of 180 responses were obtained from the 223 ECI representatives that received the questionnaire. The quantitative data was analysed using One-way ANOVA, Pearson correlations, means, standard deviations, frequencies, and percentages. The results of the normality test, which was performed prior to any Statistical testing, showed that the data were normally distributed.

The One-way ANOVA test results indicated that there was no statistically significant difference between mean scores of the antecedents necessary for organisational design dimensions of ECFs and the scores of the different groups of the background of the respondents ('Type of organisation of respondents'; 'Educational qualification of respondents', 'Experience of the respondents' organisations').

A Pearson correlation analysis was used to look at relationships between the salient features of full-fledged PBOs and the organisational design dimensions. The results are displayed in Table 1. The results demonstrated a positive correlation (0.296 and 0.343) between "Structure" and "Strategy" and the salient features of full-fledged PBOs. "Behaviour," "Process," and "Human resource" (0.599, 0.486, and 0.479) showed a comparatively stronger correlation with the salient features of full-fledged PBOs.

Table 1: Correlation between the salient features of full-fledged PBOs and organisational design dimensions

		Strategy	Process	Structure	Human resource	Behaviour	Salient features of full-fledged PBOs
Strategy	Pearson Correlation	1	.208**	.188*	.176*	.171*	.296**
	Sig. (2-tailed)		0.005	0.012	0.018	0.022	0.000
	N	180	180	180	180	180	180
Process	Pearson Correlation	.208**	1	.209**	.517**	.386**	.486**
	Sig. (2-tailed)	0.005		0.005	0.000	0.000	0.000
	N	180	180	180	180	180	180
Structure	Pearson Correlation	.188*	.209**	1	.362**	.317**	.343**
	Sig. (2-tailed)	0.012	0.005		0.000	0.000	0.000
	N	180	180	180	180	180	180
Human resource	Pearson Correlation	.176*	.517**	.362**	1	.359**	.479**
	Sig. (2-tailed)	0.018	0.000	0.000		0.000	0.000
	N	180	180	180	180	180	180
Behaviour	Pearson Correlation	.171*	.386**	.317**	.359**	1	.599**
	Sig. (2-tailed)	0.022	0.000	0.000	0.000		0.000
	N	180	180	180	180	180	180
Salient characteristics of full-fledged PBOs	Pearson Correlation	.296**	.486**	.343**	.479**	.599**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	
	N	180	180	180	180	180	180

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

* . Correlation is significant at the 0.05 level (2-tailed).

The results of the Pearson correlation analysis demonstrated a strong association between the different antecedents required for the organizational design dimensions of ECFs and organizational dimensions of full-fledged PBOs. Table 2 provides a summary of the associations that exist between the antecedents and the specific organisational design dimensions.

Table 2: Associations between organisational design dimensions of PBOs and antecedents necessary for organisational design dimensions of ECFs

Antecedents	Organisation Design Dimensions of full-fledged PBOs				
	Strategy	Process	Structure	Human Resource	Behaviour
Project orientation	x	x	x	x	x
Project working	x	x	x	x	x
Fit	x	x	x	x	x
Project culture	x	x	x	x	x
Churn				x	
History and context of the organisation	x	x	x	x	x
Size	x	x	x	x	x
A shareholder versus stakeholder orientation		x	x	x	x
Control by behaviour or results	x	x	x	x	x
Uncertainty, dynamism, and complexity		x			x
Awareness and knowledge of project management		x			x
Project core team		x	x	x	x
Strategic project management information system	x	x	x	x	x
Dynamic capability and organisational learning		x	x		x
Upper management support		x	x	x	x
Competency of project managers		x	x		x

As illustrated in Table 2, each of the antecedents was associated to at least one of the five organisational design dimensions of full-fledged PBOs. The qualitative and quantitative studies conducted as part of this research **proved the first** proposition which states “there are core dimensions of organisational design necessary for local ECFs to become full-fledged PBOs.” Regarding the second proposition, through the qualitative and quantitative studies, the study **proved** that key antecedents of organisational design dimensions are necessary for local ECFs to be transformed into full-fledged PBOs. Furthermore, the study found out that the key antecedents are associated with the organisational design dimensions of ECFs. In turn, the organisational design dimensions are related to the salient features of full-fledged PBOs. These **proved** the third proposition of this study: **“A conceptual model does not exist for transforming Ethiopian construction companies into full-fledged PBOs”**. “Proving/Disproving” the propositions has charted the way to design the conceptual model to transform ECFs into full-fledged PBOs. The next section goes over the specifics of the suggested conceptual model, including how to use it and how it adds to the body of knowledge. A conceptual model, using the components found in this study, was then developed accordingly (Fig. 3). The model could enable CEOs and other top management members of ECFs to design their organisations to become full-fledged PBOs. Additionally, it would benefit regulatory bodies and policymakers in the construction industry focused on reinforcing construction firms as key players in implementing different development projects. Organisational models represent a collection of elements or as a system, process, or subject area that is typically developed in order to comprehend, evaluate, enhance, or replace processes (Stanford, 2007).

Proposed Conceptual Model

The proposed model (Fig. 3) demonstrated how ECFs could become full-fledged PBOs by making an effort to integrate the distinct PBOCHs into their organisational designs. The proposed model also incorporated the new additional components the study found out. Next, the three phases that needs to be passed towards designing full-fledged PBOs is discussed.

Phase I Assessment of Internal and External Environment (AIE)

An internal and external environmental assessment (AIE) should be the first step in the organizational design process for construction firms. The internal evaluation focuses on the identification of the organisation's strengths and weaknesses. The external environmental evaluation needs to cover the economic, political, social, and technological areas influencing an organization's mission and goals as well as how it operates. AIE provides a comprehensive overview of the firms' current state for upcoming strategic measures.

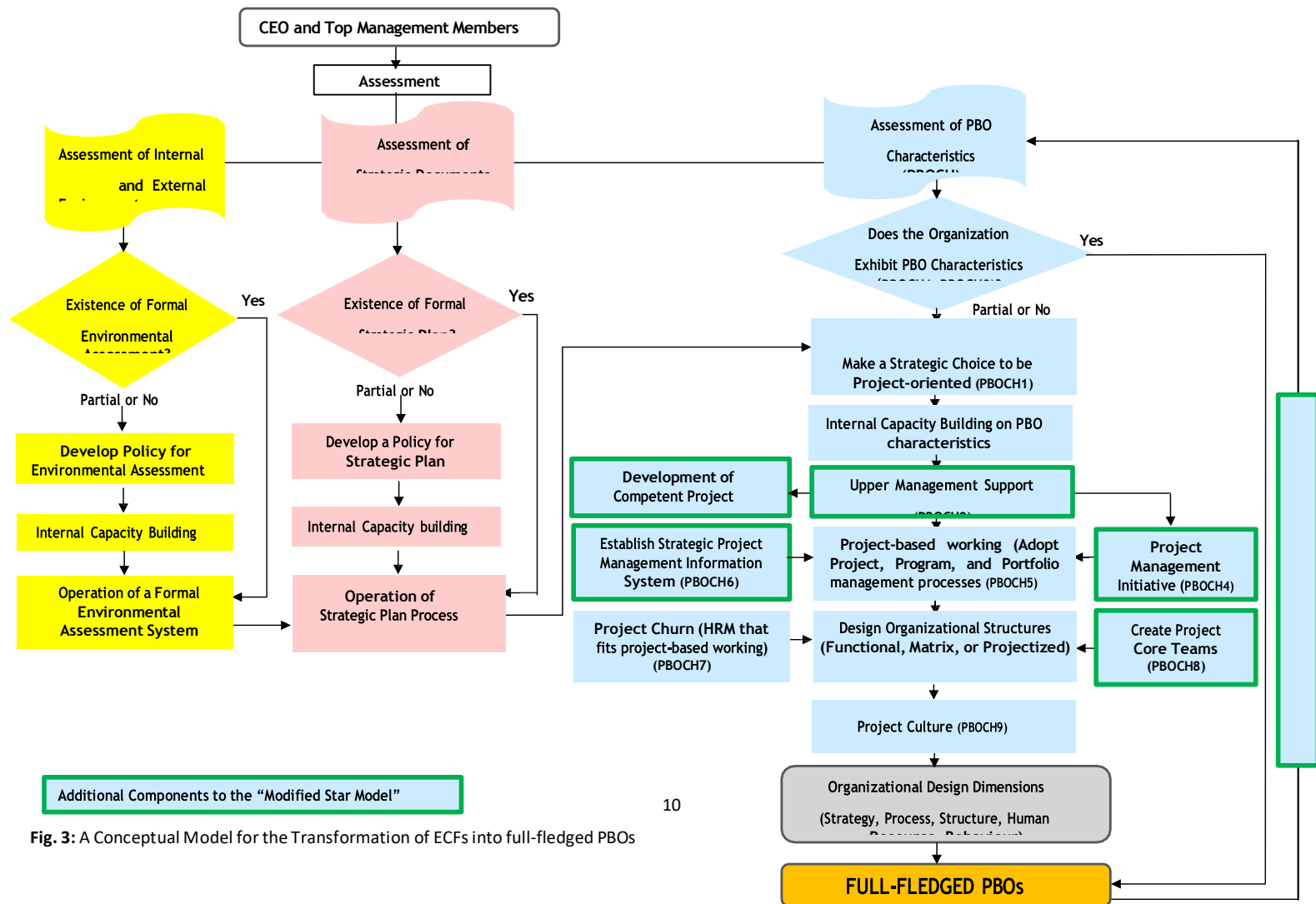


Fig. 3: A Conceptual Model for the Transformation of ECFs into full-fledged PBOs

Phase II Assessment of Strategic Documents (ASD)

The assessment of strategic documents is the main objective of Phase II (ASD). Strategies are long-term directives for the whole organisation or sizable sections of it. A strategy seeks to assure that the organization's primary objectives are met. Only when these strategic parameters are adequately communicated will they provide the intended results. As a result, strategic documents are essential for outlining an organization's strategy. Regarding ASD, the first thing that needs to be addressed is whether a formal procedure is in place for preparing strategic documents. If the answer is yes, the organization must have already a policy for ASD and the ASD process is in place. Thus, go to Phase III.

However, if the response is "partially" or "no," a comprehensive ASD system must be formalised. The creation of the ASD policy is the first step. Building organisational members' capacity in the preparation of strategic documents would be essential. The ASD process is in place within the organisation when the ASD policy and associated capacity-building are put together. The companies ought to have a formal working strategic plan by the time this phase is over. Then, move to Phase III.

Phase III Assessment of PBO Characteristics (APBOC)

Since construction firms are PBOs, they need to apparently display the core traits of PBOs (PBOCHs). Phase III focuses on making sure if the construction firm exhibits strong PBOCHs. For this, the first question that needs to be addressed is: Does the organisation display PBO characteristics? If the answer is affirmative, it must have a policy on the importance of PBOCHs and their assimilation within the firm, and PBOCHs which strongly define the respective firm. However, if "partial exhibition" or "no exhibition" of PBOCHs is the response, then what? Formalising a comprehensive approach for capacity building on PBOCHs is therefore required. Ensuring that everyone is aware of the significance of PBOCHs and their value for the firm is the responsibility of the corresponding firm. Next, the required PBOCHs identified and confirmed by this study and become components of the proposed model are briefly discussed.

Project-Orientation (PBOCH1): A strategic choice should be made to align the selection of projects with the firms' strategies. Following this, the construction companies must build their internal capacity on PBO characteristics. This would enable members of the firms understand and quickly integrate PBOCHs in their organisations.

Upper Management Support (PBOCH2): It is imperative for upper managers to exhibit outstanding leadership by formulating an organisational strategy, tying projects to the vision, and subsequently assisting project managers in their attempts. An effective upper manager provides the necessary staff to projects, launches project management initiatives, supports the project planning process, creates project core teams, and sets up an organisational reward system that promotes project work.

Development of Competent Project Managers (PBOCH3): Technical, organisational, behavioural, and business skills are all necessary for competent project managers to have in their arsenal. A well-thought-out programme of selection and development is necessary to produce competent project managers.

Awareness and Knowledge of Project Management (PBOCH4): Project management initiative guides the development of project management practices in construction firms. In order to raise awareness and increase knowledge of project management throughout the firm, this initiative need to develop a project management curriculum.

Project-based working (PBOCH5): Implementing project-based working as their main business process is crucial for construction firms. Project-based working provides customers with tailored or bespoke goods or services. The firms should define project, program, and portfolio management as business processes.

Strategic Project Management Information System (PBOCH6): Establishing a project management information system is something that the construction firms should plan ahead for. It is necessary first to examine the kind and extent of information that project stakeholders require. Subsequently, customized software programmes could be employed to plan, schedule, implement, control, report, communicate, forecast, review, and handle the cost aspects of a project.

Project Churn (PBOCH7): Repositioning frequently is likely to cause significant stress for project members, which is something that the firms' human resource management should consider. It is imperative for the firms to recognise and adapt to the expected churn created by constant remapping of projects, programs, portfolios, and the people working on them.

Project Core Team (PBOCH8): Every project must have a formal project core team made up of a representative from each department that is affected. Project core teams should be formed early on and continue to exist until the project is completed. The core teams should be authorized to make decisions about their projects.

Project Culture (PBOCH9): By addressing the balance between project and functional managers and rewarding project managers for their contribution to the bottom line, firms that made the strategic decision to be project-oriented must also embrace a project-oriented culture. In an ever-changing project environment, construction firms should be flexible and adaptable.

Embracing PBOCHs through process consolidation and methodological changes is contingent upon the change management drive inside the individual construction firm.

Conclusions

A Full-fledged PBO is an organisational form suitable to complex and dynamic environment. Identifying the organisational design dimensions of full-fledged PBOs and their antecedents that are required for ECFs to transform into full-fledged PBOs was the main objective of the study. The study underscored that the organisational design of the majority of ECFs do not exhibit the salient features of a full-fledged PBO. Thus, were not able to prioritize adaptability, innovation, and flexibility to address the unique challenges of each construction project.

The study confirmed that strategy, structure, human resources, process, and behaviour as the core dimensions of the organisational design of ECFs. In addition to confirming the ten antecedents of the organisational design of ECFs identified by prior studies, the study identified six additional antecedents of organisational design dimensions necessary for local ECFs to be transformed into full-fledged PBOs: awareness and knowledge of project management; project core teams; strategic project management information systems; dynamic capability and organisational learning; upper management support, and competency of project managers. The conceptual model designed with the identified components provides a vehicle for transforming ECFs into full-fledged PBOs, capable of utilizing specialized project management tools and methodologies, to ensure successful project execution.

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Training as a Critical Tool for Stakeholder Engagement -A Case for Sea Farers

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Abstract

Seaports are critical to national growth and development for most nations as international trade is done mostly by sea. Hence, training of ports stakeholders such as seafarers is strategic to a balanced, and effective stakeholder engagement. Port stakeholders stand to benefit from the implementation of the UNSDGs. However, not all stakeholders are aware of the UNSDGs. Training is a veritable platform for port stakeholder engagement, however, not many ports in sub-Saharan Africa have utilised training as a tool to facilitate the training on the United Nations Sustainable Development Goals. The focus of this research is geared towards the role of training in raising stakeholder awareness of the sustainable development goals. This is a quantitative research in which 50 seafarers were contacted via an electronic survey. 64% of the respondents were not aware of the specific UNSDG goals that is aligned to the maritime sector. Furthermore, website content analysis was done 25 sub Saharan container ports. The results shows that the Transnet Port Authority of South Africa, Ports of Lüderitz in Namibia and the Port of Maputo of Mozambique and the Kenyan Port Authority, included education and training as a CSR initiative. Other ports had various initiatives but training was not emphasised. This study recommends the deliberate training of seafarers in the UNSDGs amongst others.

Keywords: Ports, Stakeholder Engagement, Sub-Saharan Africa, Training, UNSDGs.

Introduction

The United Nations Sustainable Development Goals (UNSDGs), can be referred to as an international call to action to put an end to poverty and protect the planet (UNSDG,2030). In the bid to actualise these goals, many organisations including the Ports, Shipping companies have included one aspect or more of the seventeen UNSDGs in their sustainability projects. However, the following sustainable development goals are aligned to the maritime sector: SDG 1 -no poverty, SDG 2-zero hunger, SDG 3-good health and well-being, SDG-4 quality education, SDG5-gender equality, SDG 6- clean water and sanitation, SDG-10 reduced inequalities, SDG-13 climate action and SDG-14 life below water. These SDGs are integrated, such that action in one area will affect outcomes in others, hence creating a balance for social, economic and environmental sustainability. With regards to the SDG-13, the shipping industry contributes immensely to anthropogenic CO₂ emissions (Dewan and Radu, 2024). Dewan and Radu (2024) opines that trained seafarers have a role to mitigate emissions from vessels at berth in a Port.

Ports are points of convergence and interface between two geographical domains of freight circulation; the land and the maritime domains (Nanyam & Kumar Jha, 2023). The role of maritime ports in the economics of trade and transport is one of importance and complexity (Merkel & Holmgren, 2017). According to ISO 26000 (2023), a stakeholder can be referred to as an individual or group that has vested interest in the decisions or activity of a specified organisation. The relationship of the port with its stakeholder must be symbiotic. Gutterman (2023) posits that stakeholder engagement is a call for companies (ports) to acknowledge that no entity is an island, hence, the need for collaborations amongst stakeholders. The various categories of stakeholders stand to benefit from the implementation of the UNSDG. However, not all stakeholders are aware of the UNSDGs. Twenty-five seafarers of African descent completed the quantitative survey. Furthermore, selected sub-Saharan African container ports and their alignment to the UNSDGs were examined.

This study is specifically focusing on the role of training of seafarers as a critical tool for stakeholder engagement specifically to meet the UNSDGs. The Port authorities have a role to play in the training of seafarers who form part of their stakeholder ecosystem. Seafarers work under fluctuating weather conditions with the aim of transporting passengers, cargoes and freight from origin to destination. Over the years, the role of the seafarer has changed, requiring the shipping industry to devise strategies aimed at developing seafarer skills and competencies, (Mojafi, 2023). There is a gap in the training of seafarers (Dewan, and Radu, 2024).

This study aims to examine the role of training as a critical tool in the implementation of the UNSDGs amongst the selected sub-Saharan African ports. The research is categorised into; introduction; research problem; research objectives; review of literature and research methods, key findings, conclusions and recommendations.

Research Problem/Gap

The maritime sector is not successful in the adoption of training as a stakeholder engagement for the implementation of UNSDGs (Caliskan, 2022). Previous study have noted such gaps, for instance, Ports in Nigeria are unable to optimally utilize employee training and development strategies for stakeholder engagement as compared to that of their private sector counterpart (Otuaga, George, and Ohiani, 2022). In South Africa, one of the key challenges facing maritime officers are lack of training (Dewan and Radu, 2024). Seafarers are critical maritime stakeholders. Over time, the role of the seafarer has changed, requiring the shipping industry, port to devise strategies aimed at developing seafarer skills and competencies, (Mojafi, 2023). This study aims to examine the role of training as a critical tool for stakeholder engagement towards the implementation of the UNSDGs amongst the selected sub Saharan African ports.

Review of Literature

Port stakeholders stand to benefit from the implementation of the UNSDGs. However, not all stakeholders especially sea farers are aware of the UNSDGs. Training is a veritable platform for Port stakeholder engagement, however, not many ports in sub-Saharan Africa have utilised training as a tool to facilitate the training on the United Nations Sustainable Development Goals.

Training

It is argued that training and capacity building are inherently important components of systematic reviews and maps for all stakeholders, Eales, Haddaway, and Webb, (2017). Stakeholders can be engaged via training. Caliskan,(2022) avers that since the Sustainable Development Goals (SDGs) agenda encourages and establishes initiatives that are important to society. It is vital and valuable to adapt these initiatives on a sectorial basis. These initiatives can only be adapted if the stakeholders are aware and trained. This is the burden for the maritime sector. Haberlein & Havel (2023), opined that conducting regular training programs is important for building stakeholder engagement. Eales, et., al (2017) also agrees that training can help to build capacity and explains complex methods to stakeholders. Therefore, training is quite important for organisations to create awareness and facilitate the training of the UNSDGs, hence, facilitating the stakeholder engagement process (Eales, et., al 2017).

Port

Mehrnaz, Walker, Magnan, Adams and Acciaro (2020) avers that ports play a critical in facilitating trade and serving as pivotal nodes in global transport chains. The study posits that sustainable stakeholder engagement is necessary for ports to remain competitive. Mahajan, Lim, Sareen, Kumar, Panwar,(2023) posits that stakeholder theory is a profound engagement business ethics and organisation management. The pursuit of stakeholder theory is to ensure that the firm is not only making profit, but that its creating value for its stakeholders. Saeyeon, Thai, Jang and Yeo (2023) did a study on the best practices of port sustainable development, for Korean Ports. The study identified and validated the sustainable port development practices considering all three aspects of sustainability. The three aspect of sustainability includes the economic, social and environmental. Ngingue, Wided Bedoui and Venkatesh (2023) did a study to integrate stakeholder theory into developing port

performance management systems through the sustainable balanced scorecard (SBSC). The study developed an integrated stakeholder-based framework for global performance measurement, for fifty-seven ports. Port sustainability actions and measures, including the linkage with the UNSDGs, are overarching and multidimensional and seen as a step in achieving far-reaching sustainable implementation (Alamouh, Ballini, & Ölçer, 2021).

Stakeholder Engagement Practices

In stakeholder engagement, it is important to create platforms for discussions and dialogue which essentially helps to identify and respond to stakeholders' expectations (Gutterman, 2023). Communication is crucial for effective stakeholder engagement. From the stakeholder perspective, training can be referred to as a deliberate effort to provide skill and learning opportunities for stakeholders. Stakeholder engagement is related to the fundamental principle of corporate social responsibility (Gutterman, 2023). Therefore, since corporate social responsibility is a platform for stakeholder engagement. Table 1 provides a snapshot of the port stakeholders. According to Tezcan and Kuleyin (2022), port stakeholder can be described as corporations, institutions, groups, or individuals that a port enterprise relates with in the process of doing business. Stakeholder engagement can only be effective if and when the various stakeholders have been identified. Doods (2018) posits that there are generic stakeholders and specific stakeholders. Hence, engagement of stakeholders can only be effective based on the needs of the stakeholders. According to Acuti, Glozer, and Andrew (2024), Stakeholders increasingly expect to be engaged in corporate social responsibility (CSR) agendas through dialogue; the joint creation of meaning between firms and stakeholders, or among stakeholders.

Table 1: Ports Stakeholders

Ports	Internal Stakeholders	External Stakeholders
	Employees	Terminal Operators
	Board Members	Shipping Agency
	Seafarers	Individual companies
	Unions	Community groups
		Forwarding Agents
		Shareholders

Source: Adapted by Osundiran, 2023

Stakeholder engagement: Case studies

The Port of Singapore is one of the World's Busiest Ports in the World. The Port of Singapore realises the importance of Sustainability (MPS,2024). This led to the creation of the Maritime Green Initiative in 2011 and the Maritime Sustainability Guide of 2019 for all its maritime stakeholders (MPS, 2024). The Port of Houston in the United States of America commissioned a set a corporate goal to establish an action plan for Environmental, Social, and Governance (ESG). The Port of Houston conducted a series of workshops known as the Sustainability Action Team (SAT) workshops. These workshops focuses on engaging and training its stakeholders. The outcome of the engagement led to the development of the Sustainability Action Plan and ES2G Report (Port Houston, 2024). From these cases studies, ports in developing nations can be deliberate about ensuring sustainable CSR initiatives.

Theories and Practices

Vanelslander (2016) suggests that Seaports have gained importance in recent years, hence, societal and environmental pressures have increased. The consequence of these pressures has resulted in the introduction of corporate social responsibility (Vanelslander,2016). The activities carried out in ports are disruptive to the environment hence the presence of corporate social responsibility (CSR) in the missions and visions of the main ports are critical (López-Morales, Huerta-Estévez, Andrade-Estrada, and Zarrabal-Gutiérrez., 2020). Brin, Pavlo, and Nehme. (2019) states that there are three main CSR theories and models, which are : Carroll, Triple Bottom Line (3BL), and Stakeholder. Carrol (1991) posits that, a socially responsible business adheres to economic, legal, ethical, and philanthropic expectations given by society at a point in time (Carrol, 1991). Elkington (1994) states that the 3BL

firms must take cognizant of the 3Ps, (Planet, Profit and People) in its operations. The present operation of the organisation must not destroy the planet for the future generations. Firms must be profitable, such that stakeholders are able to get return on investment. The workplace must be conducive for people to work in. Even though Elkington's definition was geared towards business enterprises, this definition is relevant to the ports also. Freeman (1984) states that the firm must create value for its stakeholders and not its shareholders only. This is basis of the stakeholder theory. For the purpose of this research the triple bottom line theory is relevant based on the activities of the selected ports. The triple bottom line theory accentuates social, economic, and environmentally inclined obligation of the ports to its stakeholders. The social aspect deals with the issue of welfare of the stakeholders; the economic aspect involves not only the ability to pay salaries but to add value to the stakeholders; the environment has to do with the effect of port operations on the environment.

Research Methods

The purposive non probability sampling method was used because these ports have the characteristics of what is needed, for port selection (Obilor, 2023). The World Bank Container Port Performance Index (2022), highlights 37 sub Saharan container ports. 25, of these ports were selected based on their rankings. This research makes use of the case study approach because it provides in depth knowledge (Pace, 2021). It also makes use of the Quantitative Case study research technique (Yin, 2009). Google forms was used to design the survey. The survey link was sent to fifty seafarers, however, due to the seafarers being away at sea, only 25 responded. Quantitative research is a research strategy that focuses on quantifying the collection and analysis of data. (Givens, 2018). This is because it is necessary to quantify the number of seafarers that have been trained on UNSDGs and also to note the number of those that are not aware of the UNSDGs and even yet to be trained. Descriptive statistics in terms of percentages and graphs effectively analysed the responses of the sea farers. Referral sampling also known as Snowballing was used. Snowballing is relevant to find a sample because it was initially difficult to locate seafarers. It is important to note that this is one of the limitation of this study. .

Results and Discussions

This section covers the results and discussions of the study. The first part will be the website content analysis, then the concluding part is quantitative analysis.

Port Profile

There are 37 top container sub Saharan African Ports, this study examines 25. The ports were selected based on the World bank (2023) report of ranking ports in sub-Saharan Africa. Furthermore, ports like Durban, Cape Town, Apapa, Beira, Tema, Mombasa are large container ports.

South Africa has seven logistics ports, Richards Bay, Durban, Saldanha, Cape Town, Port Elizabeth, East London and Port of Ngqura. Port Terminals handles container sector, mineral bulk, agricultural bulk & Roro sectors (Transnet, 2023)

The Port Walvis Bay is Namibia's largest commercial port, receiving approximately 3,000 vessel calls each year (NamPort, 2023). The Port of Lüderitz, provides access to markets in the Northern Cape of South Africa (NamPort, 2023).

Maputo is the largest and principal port of Mozambique, lying on the southern coastline facing the Indian Ocean (Joshi, 2022). The port of Beira is the second largest ports developed port of the country (Joshi, 2022).

Kenya Ports Authority,-KPA manages scheduled seaports and Inland waterways along Kenya's coastline. This includes; Mombasa, Lamu, Kisumu, Malindi, Kilifi, Mtwapa, Kiunga, Shimoni, Funzi and Vanga. KPA also manages the Inland Container Depots in Nairobi, Eldoret and Naivasha.(KenPort, 2023).

The Port of Tema and the Port of Takoradi harbour are the two major ports in Ghana. Amongst the two, the Port of Tema is the largest port in Ghana (Atta and Samuel, 2021) The port receives an average of over 1511 vessel calls per year.(GPHA,2023).

The Nigerian Ports Authority (NPA) is a Federal Government Agency that governs and operates the Ports in Nigeria. The major Ports include; Lagos Port Complex and Tin Can Island Port Complex both in Lagos State. The Calabar Port Complex in Cross River State. The Delta Ports in Warri, Delta State and the Rivers Port Complex and Onne Port Complex both in Rivers State. (NPA, 2024)

The Mauritius Port is not only the gateway to investment in Africa and Far East, it is ranked as one of the top twenty countries for ease-of-doing business globally (Mau Port, 2023).The Port of Mauritius is very critical in terms of liner shipping connectivity as the UNCTAD classifies it as a sub-regional load centre (Pallis, 2021).

Seychelles lies in the western Indian ocean between Madagascar and India (Benoit, 2021). The main engine of economic growth rests on tourism and (UNECA, 2020).

The triple bottom line theory is quite important to the port as it shows the action taken by the port to fulfil its social, economic, and environmental obligation to its stakeholders. The social aspect deals with the issue of welfare of the stakeholders; the economic aspect involves not only the ability to pay salaries but to add value to the stakeholders; the environment has to do with the effect of port operations on the environment.

Discussion

Table 2, shows the various port stakeholder engagement practices of the selected ports. Training is not predominant amongst these initiatives. The Transnet Port Authority of South Africa, Ports of Luderitz in Namibia and the Port of Maputo of Mozambique and the Kenyan Port Authority, included education and training as an initiative. Other ports had various initiatives but training was not emphasised.

The Transnet Port Authority of South Africa, uses Corporate social investment to empower neighbouring needy communities (Transnet,2023).

In terms of port stakeholder practices, the NamPort Social Investment Fund was established for the purposes of positioning NamPort as a responsible corporate citizen who is committed to making a meaningful contribution to the development and upliftment of the people of Namibia (Namport, 2023). The purpose of this fund is to collaborate with Namport's stakeholders, and other relevant parties for the development of communities in Namibia (Namport, 2023).

The Ghana Ports and Harbours Authority is poised to be environmentally sustainable in its operations by launching the green agenda that aims at protecting the environment for human, plant and aquatic life. (GPHA, 2023).

Nigerian Ports Authority (NPA, 2023), is deliberate in its commitment to the communities in which it operates in Nigeria. This includes, driving innovation and building an environment that enhances health, education and entrepreneurship to foster economic growth (NPA, 2023)

Kenya Ports Authority has invested in improving education and health facilities in each of the coastal counties (KPA, 2023). The authority allocates two percent of its profits to humanitarian causes such as education and health projects as well as for charities, disaster, relief funds and other worthy causes (KPA, 2023). It is only the Kenyan Ports Authority that states on its website it aligns with 6 UNSDG. Kenya Port Authority aligns with the SDG 1-no poverty, SDG 3-good health and well being, SDG4-quality education, SDG5- gender equality, SDG 10- reduced inequalities, and SDG 11- sustainable cities and communities.

The Port of Maputo is engaged in various sustainable initiatives under the pillars of environmental education, safety with ports, training of employees (Maputo ports, 2023). The Port of Beira is engaged in tree planting and food parcel distributions (Beira ports, 2023).

Mauritius Port Authority has implemented the ISO 14001 Environmental Management System which has enabled the port to set and achieve both energy and environmental targets (MauPort, 2023). The Mauritius port has also embarked on actions focused on waste management (MauPort, 2023). In terms of Corporate Social Responsibility-CSR initiatives, the Seychelles Port Authority is involved in donations and offerings towards community projects, sporting events and capacity building of educational institutions (PSA, 2023)

Table 2 highlights the various CSR initiatives and it serves as a check to see the sustainability initiatives been practiced by these sub Saharan African ports. The initiatives align are to align with UNSDGS of SDG 1 -no poverty, SDG 2-zero hunger, SDG 3-good health and well-being, SDG-4 quality education. However, other SDGs of SDG5-gender equality, SDG 6- clean water and sanitation, SDG-10 reduced inequalities, SDG-13 climate action and SDG-14 life below water has not been acted upon more deliberately.

Table 2: Platforms for Stakeholder Engagement

Name of Port	CSR Initiatives	Sustainability Report
South African Ports:	Education and Training	Yes
Cape Town Port	Environment	
Durban Port	HIV and Aids	
East London Port	Entrepreneurship	
Richards Bay Port	Development	
Coega Port	Employee Voluntarism	
Saldanha Port		
Ports in Namibian	Job Creation	Yes
Walvis Bay Port	Income Generation	Yes
Luderitz Port	Education	
	Entrepreneurial	
	Skills Development	
Ports in Ghana	Health Care	
Tema Port	Environmental	No
Takoradi Port	Sustainability,	
Ports in Nigeria:	Development of the	
Lagos Port Complex	Communities in which the	
Tin Can Island Port	Nigerian Ports operates.	No
Calabar Port		
Delta Port		
Rivers Port		
Onne Port		
Ports in Kenya:		
Mombasa Port		
Lamu Port	Projects that uplifts the	Yes
Kisumu Port	standards of living of	
Shimoni Port	communities within the	
Port of Maputo	coastal region.	Yes
Port of Beira	Education and Training on	
	the Environment.	
Mauritius Port	Food Parcels and Tree	Yes
Port of Seychelles	Planting	Yes
	Green Port Initiatives	
	Community Projects	

Source: Authors, 2023

The Seafarers

These Seafarers had worked in the maritime sector for various periods completed the questionnaire. A set of questions was designed and sent to 50 respondents but 25 -twenty -five, internal stakeholders-

completed the survey. These respondents work with various ports and shipping companies over a period of time.

The respondents were youthful male and females who mentioned their affinity for the sea and the desire to be trained. In terms of the age range, 66.7% of the total respondents were between the ages of 30-40 years. 28.6% of the respondents were between the ages of 20-30 years and only 1% was between age 40-50 years. This shows that age is a determining factor for this type of work. There is so much rigour a youth can forbear because of the boundless energy. Actually, this youths are the replacement generation as there is an increasing demand for seafarers. Age is critical for assimilation and training purposes. The caliber of the respondents are at the prime of their lives. All the respondents had formal education that ranged from diploma to first degree and even to masters degree.

Training Needs

96% of the respondents agreed that training is critical for stakeholder engagement, however 24% of the respondents stated that they have never been trained by their respective organisation on anything. This is why the Port authorities should play a role in training initiatives. However, only 36% of the respondents have been trained on the United Nations Sustainability Development goals.

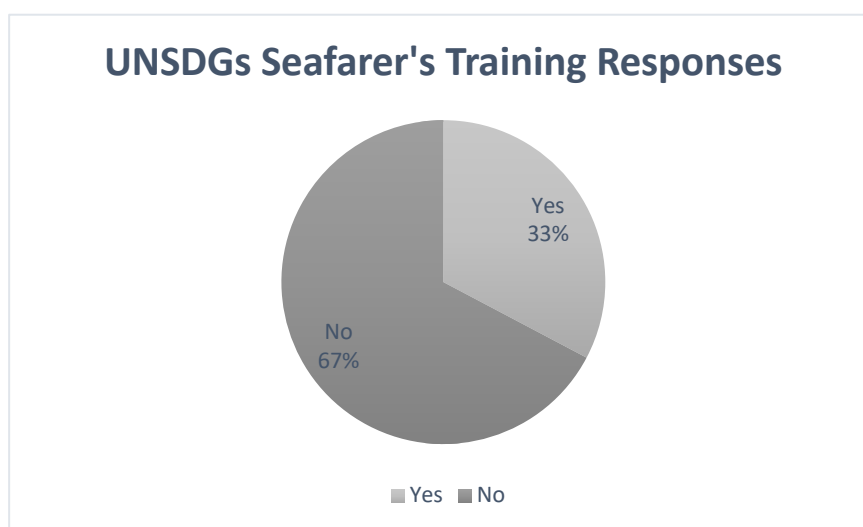


Figure 1: UNSDG Seafarers Response
Source: Authors, 2023

32% of the internal stakeholders were engaged through the provision of adequate and timely information by their organisation. However, 20% of the respondents admitted that their organisation asked for their input, whilst 8% of the respondents mentioned online training as a means of engagement. 8% of the respondents mentioned that training is beneficial as it is a vehicle for empowering the stakeholders. Employees are motivated when they are trained and equipped. 36% of the internal stakeholder agreed that training improves their performance. Furthermore, 20% of the respondents stated that knowledge is increased by virtue of training. Figure 2, displays the various tools used by the ports and shipping companies for stakeholder engagement. The tools used; surveys, interviews, focus group discussions, workshop, training and meetings.

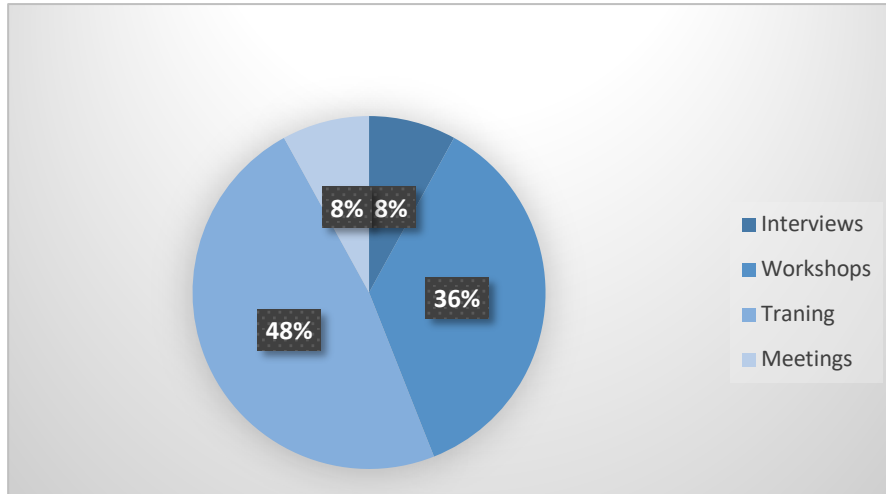


Figure 2: Tools for Stakeholder Engagement
Source: Authors, 2023

Conclusions

Raising stakeholder awareness and training of the Sustainable Development Goals (SDGs) may enhance pro-sustainable behavior (Yamane, and Kaneko, 2021). Stakeholder collaborative efforts can raise awareness of the SDGs and encourage action toward their achievement. (Hübscher, Hensel-Börner, and Henseler, 2021). The seafarers indicated lack of awareness in the UNSDGs. There is an urgent need to bridge the training gap amongst seafarers (Dewan and Radu, 2024).

The result showed that out of the eight port authorities, only the Kenya Port Authority showed its alignment to the UNSDG by displaying it on its website the specific UNSDGs that it is aligned to. The Kenyan Port is well aligned to the United Nations Sustainability Development Goals. On its website, it indicates the UNSDG goals that it is focused on such as UNSDG 1-no poverty, SDG-3 good health, SDG 4-quality education, SDG5-gender quality, SDG 10-reduced inequalities and SDG 11-sustainable cities and communities. Other selected ports located in Ghana, Nigeria, Mauritius, South Africa, Namibia, Mozambique, Seychelles also displayed their various CSR and Sustainable initiatives on their website but did not specify which specific UNSDG they are aligned with. 96% of the internal stakeholders indicated the importance of training, however only 36% of the respondents were aware of the specific UNSDG goals. The research also indicated that training empowers, motivates and leads to personal growth and development. Surveys, trainings, workshops are some of the various stakeholder engagement tools.

In conclusion, it is highly recommended that to improve port performance ports should be deliberate in Training on specific UNSDGs. Furthermore, the port should create awareness and training on this specific UNSDGs for all their stakeholders especially seafarers.

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Sociopolitical complexity in international development projects

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Abstract

International development projects are a key driver of socio-economic growth and sustainability on the African continent. The context within which they are funded, designed, and implemented is complex. The inability to identify complexity factors that cause disruptions contributes to poorly designed and executed projects. The objective of this research was to identify the sociopolitical complexity factors experienced by international development projects, conducted via a qualitative cross-case analysis of four international development projects. Two infrastructure development projects, one in Ghana and other on the border of Botswana and Zambia, and two capacity building projects, one in Nigeria and the other in Zimbabwe. Thirty-eight interviews were conducted, and fifteen project documents reviewed resulting in the identification of the most common sociopolitical complexity factors, namely the multiplicity of project stakeholders and the need for capacity building. The study also indicates some of the adaptive approaches applied to deal with sociopolitical complexities experienced.

Keywords: International development projects, project complexity, sociopolitical complexity, project stakeholder, Africa

Introduction

International development (ID) projects seek to contribute directly or indirectly to achieving the challenges of sustainable and equitable poverty reduction and or the improvement of living standard in the Global South (Ika et al., 2020). They aim to improve the living conditions of the poor and vulnerable in terms of economy, health, and education (Golini et al., 2017). ID projects are often public sector projects covering a wide variety of development sectors inclusive of infrastructure, agriculture, education, transportation, water, sanitation, hygiene, macroeconomic reforms, small business development, strengthening parliamentary systems and civil society movements, climate change, women empowerment, and humanitarian relief (Manning, 2017; Richey & Ponte, 2014). Projects vary from large multi-billion-dollar reconstruction projects to small micro-finance projects. The measurement of failure or success is not only based on cost, schedule, and scope, but also on their post-delivery impact to target communities and their sustainability. Thus, strategic failure in ID projects has an adverse societal effect particularly on the lives of beneficiaries (Golini et al., 2015; Shafiei & Puttanna, 2021).

The ever-present global volatility, uncertainty, complexity, and ambiguity continues to cause disruptions impacting various levels of project stakeholders and increasing the probability of project failures (Naderpajouh et al., 2020). The challenge is how project practitioners identify these complexity factors which will then enable the application of appropriate responses to mitigate the inevitable disruptions that emerge during the project life cycle (Ramalingam, 2013). The study of complexity in ID projects is under researched and this study aims to close this knowledge gap by empirically identifying sociopolitical complexity factors. This paper therefore focuses on a single objective - to identify the sociopolitical factors that make ID projects complex. The study also explores some of the adaptive approaches applied to deal with sociopolitical complexities experienced.

Project complexity literature

Existing literature indicates various project complexity definitions originating from earlier researchers stating that project complexity consists of many varied interrelated parts, operationalized in terms of differentiation and interdependency (Baccarini, 1996, p. 202). Variations of definitions have evolved over the past 25 years with no consensus (Brady & Davies, 2014). More recently researchers have described project complexity as an intricate arrangement of the varied interrelated parts in which the elements can change and evolve constantly with an effect on the project objectives. Complex projects

consist of ambiguity and uncertainty, interdependency, non-linearity, unique local conditions, autonomy, emergent behaviours, and unfixed boundaries (Bakhshi et al., 2016).

Project complexity dimensions

A systematic literature review inspired by the pioneering work of Geraldi et al. and conducted by Maylor and Turner resulted in an integrated complexity framework with three dimensions: structural, sociopolitical, and emergent. Structural complexity is the number of sub-systems of a project and their inter-relationships derived from political, economic, geographic, socio-cultural, historic, demographic, and environmental factors. (Geraldi et al., 2011; Maylor & Turner, 2017).

Sociopolitical complexity results from the behaviour of human beings and organisations that deliver projects, each with potentially conflicting interests and even difficult personalities. It emerges in the interaction between people and organisations which may be due to problematic relationships between stakeholders triggered by issues relating to transparency, variety of languages, and cultures (Geraldi et al., 2011). It increases with the divergence of people involved, political power play, lack of stakeholder commitment, lack of shared understanding of project goals, hidden agendas, and conflicting priorities of stakeholders (Maylor & Turner, 2017).

Emergent complexities are the result of unexpected changes that occur in the internal and external environment that affect projects. A project and its parts evolve over time. Such evolution may give rise to emergent behaviours and generate disruptions in the process to both the current and future states of each element of the project system (people, processes, organisation) being managed. These dynamic interactions and interdependencies can impact the project's decision-making, behaviour, and performance (Geraldi et al., 2011; Zhu and Mostafavi, 2017). This paper strictly focuses on the socio-political dimension in alignment with stakeholder engagement and participation theme of the conference.

Complex adaptive systems

An increased number of researchers and practitioners have challenged the conventional approaches of project delivery highlighting deficiencies in linear delivery paradigms of decision making and underscoring the role that inconsistencies, iterations, and uncertainty play in this context (Cicmil et al., 2009; Ramalingam, 2013). They instead advocate for an alternative mindset that is responsive, innovative, and adaptive approaches, such as the theory of complex adaptive systems (CAS) – “*non-linear dynamic systems that comprise of many interacting parts that must adapt to a changing environment*” (Sweetman & Conboy, 2018, p. 19). This is an alternative that is better suited to project settings characterised by a diversity of stakeholders, conflicting expectations, and the need for trade-offs. In such a context, wicked problems can be influenced by creating an environment that enables individuals and teams to imagine a wide range of options, share lived experiences and insights to generate new and innovative implementation, and thus create a better understanding of real-world dynamic complexity. This enabling environment may facilitate a better understanding and navigation of problems such as climate change, food price hikes, conflicts, and urbanisation (Ramalingam, 2013). The project ecosystem is getting more complex requiring a shift from complexity-reducing strategies, replacing them with complexity-absorbing ones, developing good practice responses in consideration of the dynamic nature of complexity (Tywoniak et al., 2021), thus project practitioners need to understand and live with complexity. CAS thinking is a way of challenging taken-for-granted assumptions about how people, organisations and systems interact.

Complexity in international development projects

The peculiarity of the ID ecosystem is influenced by multiple stakeholders consisting mainly of funders providing capital and technical assistance dominated by institutions from the global north and others via ID agencies or funding institutions, and foundations. Recently new funders from the global south have emerged, such as Brazil, Russia, India, China, and South Africa (BRICS) New Development Bank, a multilateral development bank geared to finance infrastructure and sustainable development projects in BRICS and other emerging markets and developing countries (Duggan et al., 2022). How ID projects are funded adds a layer of complexity as funders generally set the agenda and conditions of cooperation

with the recipient country, with power relations influencing the project delivery environment, resulting in unequal stakeholder relations (Ika et al., 2020; Rahman & Baranyi, 2018).

2.1. Socio-political complexity in international development projects

Sociopolitical complexities experienced in ID projects include cultural complexity resulting from local ways of life, institutions, politics, legislation, belief systems and customs, practices, standards, languages, time zones, contracts, conflicts, and resources (Ika & Hodgson, 2014). For example, *multi-stakeholder* engagement, dialogue and relationship building is necessary in a ‘mine field’ with multiple stakeholders. ID projects are implemented in developing countries with numerous political, economic, geographic, socio-cultural, demographic, environmental challenges. This context makes project management (PM) much more difficult due to institutional and sustainability problems in the form of over politicization, lack of political support, lack of institutional capacity to implement, pressure for quick results from funders and politicians, and impractical target setting, among others (Ika & Donnelly, 2017).

Adaptive complexity response insights in international development projects

Research exploring alternative, adaptive, and innovative ways of dealing with project complexity have resulted in several approaches such as the agent-based modelling (ABM). This approach models complex social dynamics facilitated by computer-based programmes where actors in a system are represented as autonomous individuals, and are given rules to govern their behaviour, including adaptation and interaction with each other and their environment through time. The model then simulates both individual trajectories and population-level patterns generated from the decentralised actions and interactions of the agents (Hammond, 2015, p. 1). This approach is used to inform policy making or decision making on projects with unclear problem statements, diverse stakeholders, contentious or multiple objectives and negotiated solutions (Xiang, 2013). It has been used in sectors such as public health, natural resources management, supply chain networks, elections, and political reform, enabling the integration of technical information and effective public participation as a key component in collaborative decision-making methods, using various types of computer models to inform and engage stakeholders in the planning process (Falconi & Palmer, 2017, p. 1625).

ABM focuses on anticipating stakeholder coalition formation dynamics and gauges the political feasibility of alternative proposed interventions over time, providing an empirical assessment of the likelihood of reform and degree of stakeholder support for a specific outcome (Nunberg et al., 2010). For example, a participatory modelling tool was applied in a community-based forest management project in the midlands of Zimbabwe with local stakeholders from various backgrounds with at least 10 years knowledge of the problem. The tool combined participation with traditional optimisation tools to obtain diverse participant knowledge, elicit participant preferences, and aggregated individual choices to evaluate, prioritise and aggregate the indicators identified by participants. This enabled collaboratively generated, scenario-based analysis of the problem, enabling comparison of various policies, and informing better decision-making (Falconi & Palmer, 2017, p. 1631).

Methodological Approach

The study involves the collection and analysis of qualitative data (Saunders et al., 2019). Given the limited research on complexity in ID projects a case study research design strategy was used as an in-depth empirical inquiry investigating a contemporary phenomenon within its real-life context was needed (Yin, 2014). A multiple case study strategy was employed to broaden theory-building by enabling the exploration of a phenomenon in more than one context with rich data, deliberately replicating case studies that differ from each other, enabling cross-case conclusions (Blumberg et al., 2014).

Case selection

Four projects were selected across two different sectors and funding sources. The selection criteria for the ID projects were an infrastructure development project or capacity building project with complexity and resilience elements; geographically located in Sub-Saharan Africa; funding from a single or multiple international funders; 90-100% completed between 2010 and 2021. Due to a lack of space a summarized profile of the four cases is provided in Table 1 consisting of the project background, objectives, and funding.

Data collection, coding, and analysis

The first data collection phase was a document archival analysis of the selected cases. Project feasibility reports, project implementation reports, environmental and social impact assessments, project evaluations and others were reviewed to obtain background and context-specific project information. The second phase involved 38 in depth interviews with 13 project funders, 7 project designers, and 18 project implementers involved in the projects, reflecting a diversity of perspectives.

Most of the interviews were conducted in person with a few virtually. These were recorded, transcribed, and the conceptual framework used to group the data to develop a coding frame using Atlas.ti 22 software. A within case analysis was conducted to identify similarities and variances in responses between interview respondents for each project. Quotations associated with specific codes were generated, themes constructed, refined, and finalised. An inductive approach and thematic analysis technique was applied, generating themes in accordance with the study research objectives. Themes from interview responses were categorised into various sociopolitical complexity themes.

Findings and discussion

The theoretical grounding of this research was based on Maylor and Turner's (Maylor & Turner, 2017) project complexity framework with some attributes from Gajic and Palcic's (Gajić & Palčić, 2019) framework. Thus, the research findings discussed below serve as an empirical test of these attributes in an ID project environment. The findings across the four cases enabled the identification of socio-political complexities manifested in these projects.

Common sociopolitical complexity contributing factors

The management of *multiple project stakeholders* and *intangible capacity building goals* were the most dominant sociopolitical complexity factors identified from the cross-case analysis as illustrated in Figure 1. The number and variety of internal and external stakeholders involved in the projects describe the multiple levels of stakeholders at political levels (some at continental and multi-country levels); funding levels (some at bilateral, multilateral, development finance institutions, and philanthropic); implementation levels [some with consortiums of multiple international and local organisations and multiple contractor joint ventures]; and community levels (non-government organizations, religious leaders, traditional leaders, and individual beneficiaries).

Table 1: Case study project profiles

Project Background and Objectives	Project Funding
Case 1 - Ashesi University Campus Berekuso, Eastern Region, Accra, Ghana Infrastructure development in the education sector Greenfield construction of a state-of-the-art university campus. Environmentally conscious design of administrative buildings, classrooms, computer laboratories, library, research laboratories, student housing, and staff housing.	\$39.3 million Philanthropist donations; International Finance Corporation; United States Agency for International Development (USAID); American Schools and Hospitals Abroad
Case 2 - Northern Education Initiative Plus (NEIPlus) Bauchi & Sokoto states, Northern Nigeria	\$ 82,201,163 USAID

Project Background and Objectives	Project Funding
Capacity building in the education sector Education system strengthening to deliver quality basic education through sustainable education policies, planning, management, and assessment; improve early grade reading outcomes.	
Case 3 Africa Risk Capacity (ARC) African continent, with a focus on Zimbabwe Capacity building in the disaster risk management sector Joint African Union and the United Nations World Food Program initiative to establish a disaster risk financing facility for drought management in Africa. Build capacity within AU member states to manage catastrophic risks, enable countries to strengthen their disaster risk management systems and access rapid and predictable financing when disaster strikes.	<i>Capital contributions:</i> UK Foreign, Commonwealth & Development Office (£70 million) KfW Entwicklungsbank Development Bank (€30 million) Multiple international donor agency grants
Case 4 - Kazungula Bridge (KB) Border of Zambia & Botswana Infrastructure development in the transportation sector Construction of a road and rail bridge between Botswana and Zambia. A one-stop border post (OSBP) on the Botswana side of the border, a OSBP on the Zambia side of the border. Rehabilitation of a section of the North-South Corridor in Zambia between Kazungula and Lusaka. Relocation and resettlement of the Lumbo community.	\$259.3 million Governments of Botswana and Zambia, African Development Bank, European Union Africa Infrastructure Trust Fund, and the Japan International Cooperation Agency

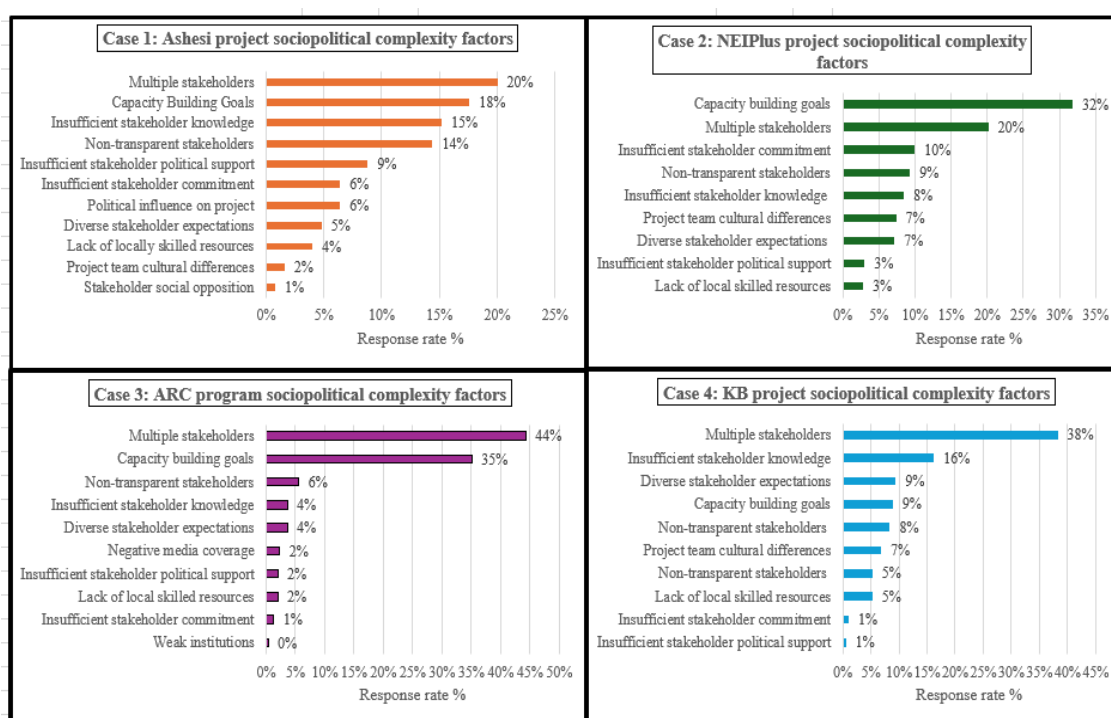


Figure 1: Sociopolitical complexity factors for each case

Project management literature supports the findings that sociopolitical complexity increases with the divergence of stakeholders involved, with different political agendas (Maylor & Turner, 2017). The latter's proposed complexity reduction response includes engaging stakeholders earlier and more systematically, plus the development of suitable governance structures such as a project boards for collective engagement and decision-making, as well as other traditional approaches. However, even though these were applied to the ID projects as a response to complexity, they were insufficient in dealing with the complexity. For example, on the KB project there were multiple and diverse stakeholders across two countries. A joint steering committee was set up for joint engagement and decision-making at a strategic level. Another example is evidenced on the ARC program with high sociopolitical complexity (Manning, 2017) due to the multiplicity of stakeholder levels from the African Union devolving to district level beneficiaries at country level.

On the other hand, even though there were multiple stakeholders on the NEIPlus project with multiple levels of implementation subcontractors, government counterparts, local organizations, parents, teachers, students, and the entire federal education policy environment, the project team's response was to apply an adaptive approach using the collaboration, learning, and adaptation approach (CLA) method which captured the essence of the complexity enabling navigation resulting in successful stakeholder engagement and participation (Solomon, 2021). It enabled the project to proceed, face challenges, address developments as they popped up, expand, and tweak interventions as the CLA tool facilitates proactive engagement with the stakeholders. Application of the CLA method enabled the NEIPlus project team to collaborate, learn, and adapt as many times as possible. Facilitating a dynamic process that required understanding the changing dynamics of the project. Major stakeholders for each activity were consulted and the stakeholder database was updated regularly.

"Key to any project implementation is collaboration, learning and adaptation. That is how you create resilience, sustainability, and stability. That is how you respond to different types of developments including culture. That's how you obtain buy-in, promote a spirit of partnership, and teamwork. Whoever is going to embark on a path of managing a project of this complexity CLA should be at the core." (Project designer, NEIP7)

This finding is supported by literature, similar to the ABM model with the integration of technical information and effective broad participation as a key component in collaborative decision-making methods, to inform and engage stakeholders in the planning process (Falconi & Palmer, 2017). Intangible *capacity building goals* were also identified as a common sociopolitical complexity factor. Two of the cases studied were capacity building projects, thus by design determining the exact point at which the project initiatives implemented resulted in sustainable change was difficult. This required higher concentration stakeholder lobbying in various phases of negotiation to obtain buy-in from diverse key stakeholders. For example, on the ARC program....

"Most African countries do not have laws that define what the government or the disaster management agency should do in terms of the value of reserves that should be held. This really brings in a level of complexity that even if you are doing your technical capacity building, there is still that weakness in the system. You must contend with the lack of an enabling environment from a macro perspective. It is quite easy to have a country in one year, they do not get a payout, they then decide that this does not make sense and pull out because they do not really understand how insurance is supposed to work with other pools" (Project designer, ARC4)

This finding is supported by literature indicating that inherently, projects with a main objective of capacity building or those with a significant capacity building component, translate to intangible project objectives that are difficult to measure (Golini & Landoni, 2013; Ika & Hodgson, 2014) as evidenced in this study, as it is difficult to pinpoint the tipping point required to sustainably embed institutional change. The finding is also supported by literature suggesting that the concept of capacity building is complex, multi-dimensional, multi-level, and multi-layered, which contributes to these types of projects often failing to achieve the intended benefits, and meeting stakeholder and beneficiary expectations (Ika

& Donnelly, 2019; Kacou et al., 2022). The need for capacity building translates to a lack of knowledge and experience of the local project implementers, and project users or beneficiaries. This is consistent with the theory that complexity increases with the lack of previous experience or aspects imposed on the project team by the project (Maylor & Turner, 2017). Similarly, the findings concur with the theory that the inherent asymmetry of capabilities and knowledge between the donor requirements and the appointed local consultants and contractors often require capacity building of local implementing partners and beneficiary organisations, due to context-driven institutional conditions (Ika & Donnelly, 2017). Consequently, despite the provision of technical assistance, benefits realisation is still a challenge in most public sector capacity building projects (Kacou et al., 2022), requiring high levels of multi-stakeholder commitment, collaboration, alignment, and adaptation to address this challenge (Ika & Donnelly, 2019). The support provided to transfer knowledge is expected to consider the context by applying culturally sensitive approaches that factor the lived experiences and socio-economic circumstances of the diverse project actors (Ika & Donnelly, 2017).

Uncommon sociopolitical complexity contributing factors

Insufficient project stakeholder knowledge on the KB project was the only sociopolitical factor that was not common across case studies. Results revealed that there were multiple areas where there was a deficit in technical, business acumen, general knowledge on project requirements at various stakeholder levels, especially those with decision making authority. Some of the key areas of technical knowledge required for a construction project of this magnitude and complexity were poor or non-existent: these included quantity surveying, procurement, contract management, project management, and project financing. This context created challenges for the project delivery team. This is prevalent in large public sector projects that require partnerships between public and private sector stakeholders, with a high probability of the former experiencing asymmetry in information, insufficient contract negotiation and management ability and others (Wang et al., 2022).

"Training in procurement is very important for people that will do procurement because once you mis-procure, you lose a lot of funds. And these were the consequences on the Zambian side, we incurred an additional cost of \$13 million that could have been avoided" (Project Implementer, KBPI)

In addition, sociopolitical complexity factors such as lack of stakeholder commitment and political support, lack of shared understanding of project goals and strategic fit typical in non-ID projects (Maylor & Turner, 2017) were uncommon contributing factors rated very low by participants. This was due to stakeholder buy-in obtained early in the project life cycle as a result of intentional application of PM practices such as consistent stakeholder mapping and communication. This was adopted throughout the life of the project, and not just at the initiation stage. The joint forward planning of interventions and activities with major stakeholders was another practice that facilitated shared understanding. For example, on the NEIPlus project the development of the work plan was a highly consultative process between USAID as the funder; the project owners and beneficiaries at national, state, and local government authority levels; and the implementing partner and their subcontractors devolved to the field offices at state level.

Conclusion

This research aimed to identify the sociopolitical characteristics of complex ID projects and how this makes these projects complex to manage. The study addressed this research objective by identifying the main sociopolitical factors affecting ID projects by conducting four case studies: two infrastructure development projects in Ghana and the border of Botswana and Zambia. The other two case studies were capacity building projects, one in Nigeria and the other in Zimbabwe. A total of 38 in depth interviews were conducted across the four cases with a mix of project funders, designers, and implementers.

The findings revealed that multiple stakeholders and capacity development goals are the most common sociopolitical complexity factors in ID projects, contributing to project disruptions. Therefore, one can conclude that a contextualised versus a one size fits all assessment of complexity factors is required for ID projects. Surprisingly, even though capacity building of project stakeholders was identified as a

common complexity factor, project stakeholder knowledge, understanding of project goals, stakeholder commitment and political support were uncommon contributing factors. This illustrates the intentional, expansive, and adaptive stakeholder engagement and participation approach applied across the projects studied.

Research contribution to theory

This study expands the work of Maylor and Turner and its conceptual application by Ika et al. in ID projects by identifying sociopolitical complexity factors that are prevalent in an ID context. This enables ID researchers to better understand sociopolitical complexity in an ID setting.

Practical recommendations

The context-driven dynamic nature of ID projects presents an opportunity for ID project funders and designers to first intentionally integrate specific contextualized sociopolitical complexities during the project design and funding process. Secondly, to build in a threshold of adaptive capacity within project design, providing project teams the flexibility to adapt to context induced changes. Project implementation agencies and practitioners can now conduct a contextualized assessment of sociopolitical complexity factors throughout the project planning and delivery life cycle enabling the development of capabilities to navigate the inevitability of emergent disruptions. In addition, developing the capability to apply alternative and adaptive approaches such as the CLA is critical.

Limitations

This research is part of a larger doctoral research thesis but limited to one dimension of project complexity. The choice of dimension was informed by the theme of the AABD conference, and paper submission guideline limitations.

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TRACK 9: Graduate Student Papers and Special Sessions

Innovation Service Demands and Stakeholder Functions in Agritech Start-Up Innovations in Ghana

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Abstract

Researchers have highlighted innovation intermediaries and stakeholders as crucial facilitators of the innovation processes. While many studies have explored the organisational perspective, only a few have examined the functional dimensions of innovation intermediaries and stakeholders, especially in nascent start-ups in emerging country contexts. This study seeks to contribute to understanding the innovation stakeholders and their functions in the innovation process of AgriTech start-ups in Ghana. By this, the study presents the innovation service demands of start-ups in the nascent AgriTech ecosystem vis-à-vis the services provided by existing intermediaries, thereby understanding the service gap. Empirically, the study is set in the emerging AgriTech ecosystem in Ghana with an exploratory qualitative research design. Using purposive and snowballing sampling techniques, in-depth interviews were conducted with twenty-five (25) AgriTech start-ups and five (5) stakeholder organisations active in the AgriTech ecosystem in Ghana. Results suggest resource availability and the kind of product or service technology influence the tendency and extent to which start-ups engage stakeholders in the innovation process. AgriTech start-ups in Ghana predominantly seek financial support, incubation opportunities, organizational support, and networking from stakeholders during the innovation journey. The study reveals that innovation intermediaries and stakeholders fulfil these demands by offering access to early-stage funding, mentorship, networking opportunities, business development support, and research and development facilities. These functional supports, provided by intermediaries, serve as crucial bridges, facilitating the successful market launch of AgriTech start-up innovations and contributing to the growth of the ecosystem in Ghana. However, AgriTech start-ups identify conspicuous gaps in critical services amidst this support landscape. Addressing these gaps will fortify the innovation ecosystem and empower AgriTech enterprises to navigate the complexities of the start-up space and ensure sustainable growth and success.

Keywords: Innovation Intermediaries; AgriTech Start-ups; Stakeholder Engagement; Innovation Ecosystem; Service Gaps

Track 10: African Studies, Diversity Equity & Inclusion, Indigenous Communities

A Text-Mining Investigation of the 'Color Line' in Afro-Centric Accounting Research

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Abstract

Accounting research abstracts published from 1966-2021 were analyzed using text-mining protocols to extract latent characteristics. The goal of the study was to determine whether there are discernible differences in the properties of accounting articles with Afro-Centric titles compared to others. The study found that Afro-Centric articles have topical content that is more rather than less similar in structure compared to other papers on the same topic and on average are published in venues with lower ratings on the Australian Business Deans Council list. The study found evidence that isomorphic tendencies in accounting research are increasing over time for both Afro-Centric and Non-Afro-Centric titles. The latent properties examined provide compelling evidence that publishing protocols coupled with the non-dualistic effects of prestige- oriented journal ranking schemes reward conformity over innovation. Despite the accounting academy's rhetoric in support of diversity, equity, and inclusion, this study strongly suggests that a distinct 'Color line' still exists in accounting publication outcomes. The findings corroborate prior warnings that journal ranking metrics should be used with extreme caution as the implicit characteristics of these scales may be driving out the very qualities that are needed to support a healthy, sustainable profession.

Introduction

Attracting and retaining staff is a pressing problem for the accounting profession. The profession's troubling history in relation to a phenomenon that Frederick Douglas (1881) and W.E.B. DuBois (1903, xiii) dubbed the 'Color line' exacerbates the contemporary pipeline problem. Modern businesses and professional groups have embraced the rhetoric of creating a welcoming space for people from diverse backgrounds. Yet one might note a certain dissonance when the American Institute of Certified Public Accountant's (AICPA, 2023) cites promotion of diversity as a motivation for requesting the U.S. Congress to designate accounting as a Science, Technology, Engineering, and Mathematics (STEM) discipline when the profession has yet to seriously acknowledge African-American scholar W.E.B. DuBois' contributions to the development of data visualization methods (Battle-Baptiste & Rusert, 2018; Mansky, 2018). A pioneer of large-scale sociological and historical studies, DuBois was a central figure in a research network that changed the direction of thought on the Pan-African experience half a century before the invention of the computer. Though DuBois's reputation as a champion of social and economic justice for oppressed peoples of color around the world is widely known, Morris (2015) argues that recognition for DuBois' scientific innovations have been largely suppressed and wrongly attributed to Robert E. Park, a White University of Chicago protégé of Booker T. Washington.

A central plank in DuBois' (1896, 1898, 1899/2007, 1903, 1968/2007) research program was the use of empirical evidence to demonstrate flaws in the then prominent academic theories of race. In the late

nineteenth and early twentieth century, White academics commonly used now-discredited theories of social Darwinism to paint Black cultures as inferior and destined to either adopt European customs or disappear. DuBois amassed a body of evidence that pointed to cultural and institutional barriers as more important than race, skin color, or genetics in determining human outcomes. Dubois (1907) suggested that persons of African origin have historically shared cultural values that on average are more cooperative and less competitive than the individualist norm that pervades Anglo/Western society. Still, he recognized that there are significant social pressures to conform to the mores of the dominant group. This paper investigates the degree to which vestiges of the ‘Color line’ still impact the global accounting research community.

Accounting academics do not all agree on the meaning of the term public interest (Dellaportas and Davenport, 2008). Still, some like Burns and Jollands (2020) argue that academic research can help combat social injustice by uncovering truths that should be addressed to alleviate the plight of the vulnerable. Kuhn’s (1962) work on the structure of scientific revolutions is often been cited as an apologetic for normal science protocols wherein small advances can eventually lead to revolutionary change in scientific thought. In contrast, Morris (2015, 170-175) reads Kuhn as recognizing that normal science protocols discourage the development of novel theories and methods. In a similar vein, Scott (1931), Althusser (1971), and Lakatos (1978) emphasize gatekeeping and social control processes in the academy, positing that peer review systems allow newcomers to air minor modifications in prior theories but reject and thereby silence challenges to central assumptions that uphold dominant paradigms. Gendron and Rodrigue (2021) posit that tight boundaries and flawed reward structures for intellectual outputs threatens the sustainability of the profession. Moore (2023) argues that the silencing of ideas and the profession's current problems attracting workers from historically underrepresented groups may be connected.

The discussion that follows will introduce Hirschauer’s (2006) ideas about the ‘silence of the social’ in order to encourage accounting academics to reflect on gatekeeping protocols in the research community that may serve to suppress ideological diversity. The body of the paper discusses properties of accounting research abstracts that have been assigned a content group by applying latent semantic analysis and principal components factor loadings. The text-mining project compares characteristics of research with Afro-Centric terms in the title with other outputs published between 1966 and 2021. A limitation of the study is that it includes only those articles with English-language abstracts. The two central questions motivating the study are:

- What is the relationship between ranking metrics and objectively determinable semantic characteristics embedded in accounting research abstracts?
- What can the semantic characteristics of accounting research papers with Afro-Centric titles allow us to infer about the academy's track record on demographic and ideological diversity, elitist gatekeeping, and methodological innovation?

The contributions of this paper are two-fold: 1) to introduce a text-mining protocol that can give voice to problematic silences in the academy, and 2) to provide evidence on the current status of diversity, equity, and inclusion efforts in the global accounting research community.

Theoretical Background

The Silence of the Social

Hirschauer (2006) coined the term ‘the silence of the social’ to capture his observation that even when digital technologies capture a near perfect audio or visual transcript of unfolding social interactions, there will still be highly salient topics that participants either knowingly or unconsciously omit from overt discourse. Omission from public discourse does not necessarily imply unimportance. Sue (2015) notes that victims and perpetrators of racial discrimination are likely to leave their motives and the emotional impact of the experience unstated. Though sent to internment camps during World War II without the due process protection enshrined in the United States Constitution, American citizens of

Japanese origin have rarely chosen to air their grievances in public forums (Williams 2019). Similarly, filmmaker Eva Munyiri (2017) documents events in 1950's Kenya that the survivors still find too painful for open reflection.

Artifacts can help us quantify overt themes in empirical research studies. In contrast, issues left 'unsaid' poses significant obstacles when researchers seek to make inferences about the strategic ends served by silences in the record (Durrheim & Murray 2019). On the other hand, not all silences arise from omissions in the record, dogmatic adherence to overly rigid theoretical paradigms can cause researchers to ignore what is in plain sight. Normal science protocols where new hypotheses are expected to derive from the conventional canon run the risk of reinforcing blindness to salient issues, forestalling rather than encouraging ideological revolutions.

Foucault (1980, 86) observes that power is "proportional to its ability to hide its own mechanism." Jaworski (1993, 1997) concurs that when participants in a social system refuse to talk about a phenomenon that is deeply imbedded in everyday interactions, the silence points to fundamental elements of social power and control. The intractability of working in the realm of "what could have been said yet wasn't" (Huckin, 2002, 353) may in fact be what "gives the unsaid its power and its unique rhetorical and ideological functions (Durrheim & Murray 2019, 10)."

An Exercise in Text-Mining of Accounting Abstracts and Titles

Rather than rigorous specification of a priori hypotheses about properties to be examined, text-mining provides an inductive methodology that this study employs to explicate variations in topical content for Afro-Centric vs. other forms of accounting research in reference to the Australian Business Deans Council (ABDC) journal ranking metric. The ABDC labels their metric as a 'Journal Quality List'. Yet Moore (2015) notes the irony that the ABDC journal ranking panels, and most others, are notoriously silent as to what specific functional characteristics—qualities if you will—drive their ratings. The research program described below seeks to infer unstated properties implicit in the ABDC scale.

Description of the Database Used

Peer reviewed journals have become a primary vehicle for dissemination of research findings in accounting, business, and other social sciences. Journal aggregation platforms provide a convenient way to access peer-reviewed and other publications in accounting, business, and related social sciences. The findings below derive from a database curated by an informal research group.⁽¹⁾ Key members of the curation team teach in a health science data analytics program and have had industry experience; others in the research group hold accounting academic positions. The analytics faculty downloaded accounting abstracts and related identifiers from EBSCO, ABI Inform, and Scopus aggregator sites along with citations included in the initial set of articles. The downloaded articles and traceable citations produced an initial corpus of 102,712 publications published between 1926 and 2021 from 158 accounting journals listed on the 2019-2021 ABDC list as "1501 Accounting". Eliminating duplications, abstracts not in the English language, abstracts shorter than 50 words, works with incomplete citations, and journals no longer readily accessible reduced the database to 125 journals and 66,567 outputs.

As the team worked to refine the database, it became apparent that the American Accounting Association's flagship journal was the only ABDC rated journal retroactively digitized and included prior to 1962. No research titles with Afro-Centric regional designations are present in the database prior to 1966. Therefore, the current project used only the publications from 1966 onward, a total of 63,976 articles. As part of the curation process for the initial 1921-2021 dataset, the research team utilized latent semantic analysis and principal components analysis to group the documents into twenty-six topical areas using software designed to detect similarity of words and phrases in the abstracts via

1 For examples of earlier versions of the team's work see Zengul, Byrd, Oner, Edmonds, and Savage (2019); Zengul, Oner, Byrd, and Savage (2021).

loading scores. Higher load scores indicate that a paper has a greater density of words and phrases that overlap with other papers in the grouping. Accounting faculty experts reviewed articles in each topical areas and the semantic terms driving the load metrics as input to provide a label describing the conceptual nature of topics the software had identified as most similar based on terms in titles, abstracts, and author-supplied key words.

Methods Used to Examine the Database

To identify papers with an Afro-Centric focus, article titles were sorted using the following search terms in the order listed: Africa, African American, and the names of the twenty largest countries in Africa ranked by Gross Domestic Product (GDP). If two African countries names appeared in a single title, the classification scheme used the one with the larger GDP. A limitation is that there are undoubtedly papers in the corpus produced by African scholars or that address other aspects of race or marginalization with no geographic indicator in the title. The search methodology was merely an expedient means to derive a sample of papers clearly addressing pan-African issues. Table 1 shows the number of Afro-Centric and Non-Afro-Centric titles identified in the database for each ABDC rank. The search process did not identify any titles in the database that specifically referenced Algeria, Angola, Ivory Coast, or Cameroon; other African countries with low counts were combined as shown below. For each of the designated African regions, Afro-Centric titles had a below average ABDC journal rank.

Table 1. Articles by Location Indicator in Title

COUNTRY OR REGION:	NUMBER OF ARTICLES BY RANK				Total N	AVG Rank A*=4
	A* (N)	A (N)	B (N)	C (N)		
South Africa	14	48	180	47	289	2.10
Nigeria	10	16	50	89	165	1.68
Egypt	4	37	58	48	147	1.98
Other Specific African Countries	10	24	55	41	130	2.02
African General	8	32	51	27	118	2.18
Tunisia	0	5	27	44	76	1.49
Ghana	2	14	20	32	68	1.79
Subtotal African Continent	48	176	441	328	993	1.94
African American	3	1	3	3	10	2.40
OTHER	19413	16984	14979	14188	65564	2.63
GRAND TOTAL	19464	17337	15423	14519	66567	2.62

In exploring the Afro-Centric research in more detail, it became apparent that the relative number of papers published in some topical areas was significantly less than in the larger sample. To assure more meaningful numbers for analytic purposes, the twenty six topics initially identified were condensed to seventeen topics by combining the following: 1) Board, Owners, and Governance, 2) Auditing and Auditors, 3) Profession and Standards, 4) Banking, Bankruptcy, and Debt, 5) Three areas of Capital Market Research: Earnings, Forecasting, and Return, and 6) Cost/Managerial.

Figure 2 (Panels A and B) shows the percentage coverage for Afro-Centric and Non-Afro-Centric titles. Figure 2 provides visual confirmation of differences in topical interest that was confirmed by a Chi-Square test of independence (Chi-Square: 54.74 with 16 degrees of freedom) to rule out random variation in counts at a level of $p < .001$. A Chi-Square test of independence between topical coverage and number of articles by rank using all articles in the data base found that journal rankings are highly correlated with the topical coverage (Chi-square: 330.93 with 48 degrees of freedom at $P < .001$). An analysis of variance test based on average rankings grouped by topical coverage and Afro-Centrism provided further confirmation that rankings assigned by ABDC rating panels differ by topical coverage ($p < .02$) and Afro-Centric focus ($p < .01$). Afro-Centric titles published in A* and A venues exhibit more affinity for History, Corporate Social Responsibility (CSR), and Governmental. In contrast, A* and A journals were giving more overall attention to topics associated with the Profession/Standards, Audit, Capital Markets, and Cost/Managerial. Figure 2 suggests that the topics more commonly addressed

Afro-Centric papers are generally consistent with DuBois' (1907) thesis that African cultural elements may be driving a greater cultural affinity for cooperative public interest issues as compared to the emphasis on individualism that undergirds market based competition in Anglo/European influenced cultures.

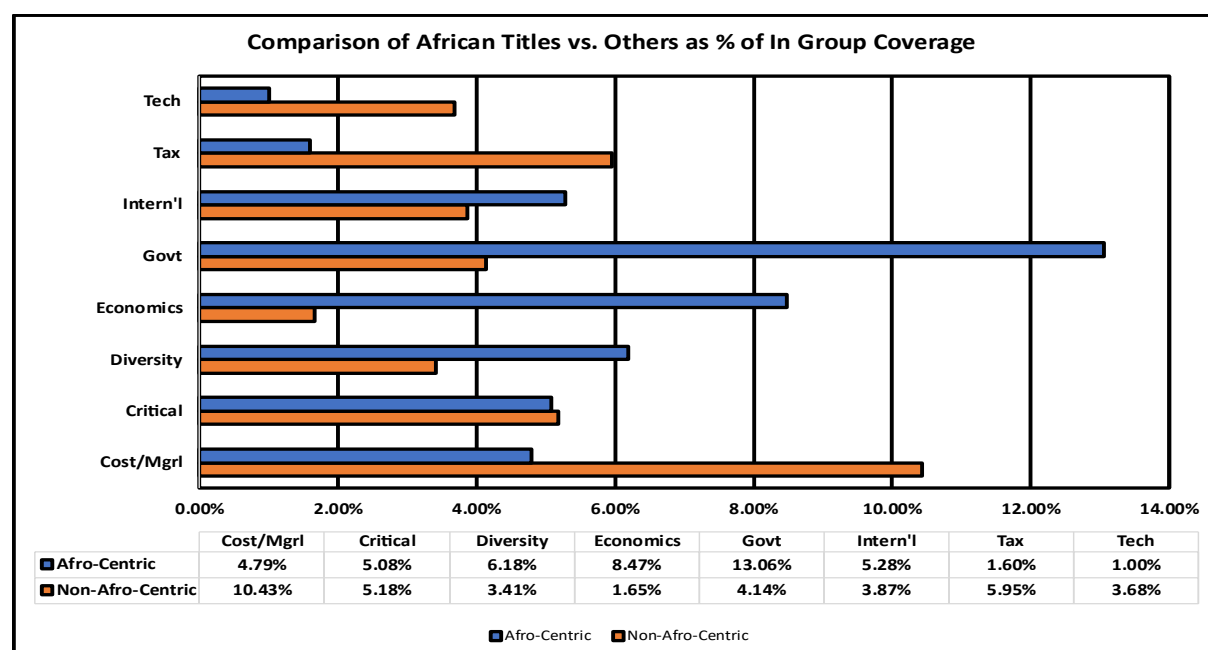


Figure 2. Panel A: Comparison of Coverage by Afro-Centric vs. Others

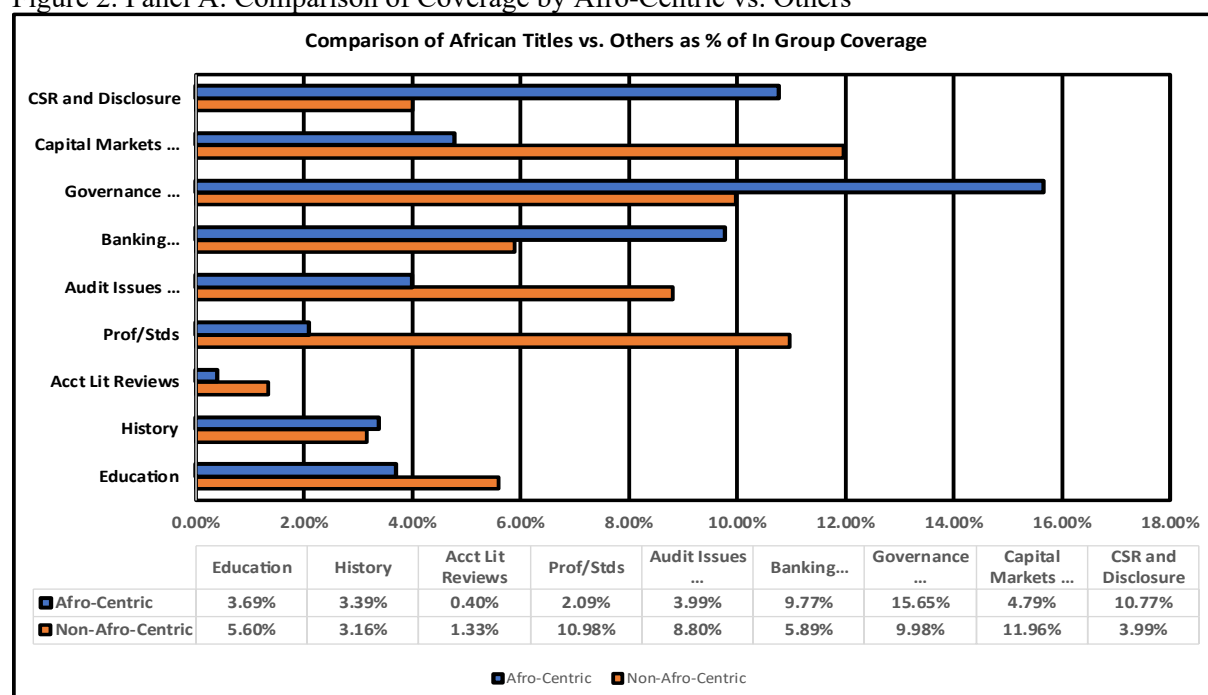


Figure 2. Panel B: Comparison of Coverage by Afro-Centric vs. Others

The principal components loadings used to identify the original twenty six topics provide a measure of within group similarity in semantic structure. Topic classifications use principal component loads to determine classification with some papers in a content area being a better fit than others. High loading paper use a preponderance of the terminology and phrases proportion of the words and phrases used in related papers. One interpretation of a high load metric is that the authors have delved deeply into the prior literature. An alternative interpretation would be that the paper exhibits a clone-like isomorphism

with little creative innovation. Figure 3 shows the result of an analysis of variance test that looks at the differences in loadings by topical content and by Afro-Centric title status. While one might expect Africo-Centric titles to exhibit higher levels of semantic diversity in relation to a database that is dominated by scholars from Western institutions, these metrics suggest that Afro-Centric titles in fact have a greater tendency to mimic the same terms and constructs used by others working in the same topical. Average Loads were not random but related to both topical coverage ($P < .001$) and Afro-Centric title status (also $P < .001$). Though not shown due to space limitations, one for every topical area, the average load score was higher for papers with Afro-Centric titles compared to others.

SUMMARY	Count	Sum	Average	Variance
Education	2	13.7344	6.8672	0.7265
Diversity	2	12.9431	6.4715	1.4732
Critical	2	14.5844	7.2922	5.2311
History	2	13.1841	6.5920	1.1183
CSR ...	2	14.6863	7.3432	1.5739
Economics	2	18.8253	9.4126	1.9624
Govt Ac	2	11.3550	5.6775	3.4460
Intern'l	2	12.4492	6.2246	0.9534
Tax	2	13.7018	6.8509	0.5567
Tech	2	9.7253	4.8626	0.7174
Lit Reviews	2	10.8059	5.4030	0.0155
Prof/Std	2	11.4686	5.7343	1.8183
Audit ...	2	13.8808	6.9404	0.3974
Cap Mkts	2	13.1013	6.5506	0.0888
Cost/Mgrl	2	10.8866	5.4433	1.2598
Banking...	2	15.1667	7.5833	0.0449
Governance ...	2	13.9692	6.9846	1.8293
NonAfro Centric Title	17	99.8030	5.8708	1.1466
AfroCentric Titles	17	124.6649	7.3332	1.4001

Source of Variation	SS	df	MS	F	P-value	F crit
Topics	35.71401	16	2.23213	7.09599	0.00016	2.33348
Afro-Centric Title?	18.17975	1	18.17975	57.79393	0.00000	4.49400
Error	5.03299	16	0.31456			
Total	58.92674796	33				

Mar

Figure 3. Analysis of Variance for Loadings by Topic and Afro-Centrism in the Title

Figure 4 on the following page shows the changes in average loadings over three decades for all research in the database. Average loads in each rank are increasing. The analysis of variance confirms that the average loadings have a significant correlation with time ($p < .05$) and are not confined to particular ranks ($p < .26$). Journal editors might interpret increases in load as indicative of more rigorous reference to extant literature that will increase their journal's 'impact' score. Metrics the academy has labelled as confirming impact, are heavily influence by citations. Impact scores are another metric that rewards engagement with extant literature in a fashion that may have little to do with addressing broader public interest concerns. Another interpretation is that increasing load values are evidence of stagnation in thought that does not bode well for a profession operating in a dynamic social and technological environment (Tuttle & Dillard, 2007; Gendron & Rodrigue, 2021).

Limitations

The various taxonomies commonly used for accounting classification purposes are built on an Aristotelian logic that assumes natural phenomena can be readily assigned to mutually exclusive categories. Still, even in the so-called natural sciences biologists struggle with whether to treat whales as fish or mammals. In the social sciences many research papers will fall into multiple categories such as History and Critical Analysis or Banking and Capital Markets. While the database used is one of the broadest currently available, the impact of excluding of papers without an English language abstract is unknown. The analysis used ABDC ranked journals because it covers more accounting journals than many other ranking metrics; it was not within the scope of the project to compare the ABDC metric with other scales. Finally, the methodology employed allows inferences about papers that have survived

review processes, but much is still unknown about the experiences of those who have had their research efforts rejected by the black box of academic publication protocols.

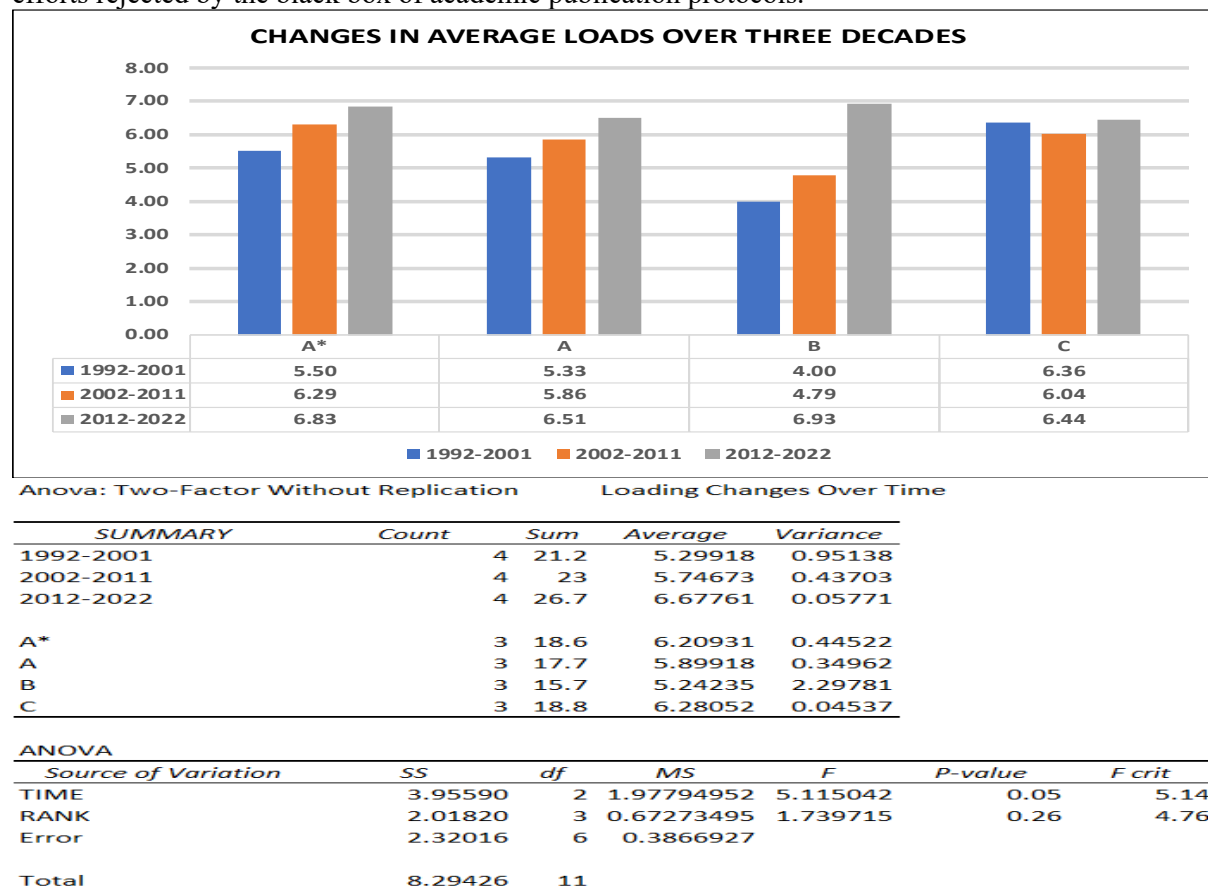


Figure 4 Changes in Loads Over Three Decades by Rank with Analysis of Variance

Summary and Implications

Text-mining protocols were used to classify and analyse the characteristics of accounting research studies with titles that include Afro-Centric terms appearing in common aggregator sites and classified by ABDC rank in relation to non-Afro-Centric work. The focus of the project was to discern whether there appears to be a 'Color line', i.e., a difference in the characteristics of Afro-Centric title papers compared to others published in accounting journals. The analysis draws attention to significant differences in the topical coverage and rankings for papers with an Afro-Centric focus per the title. Afro-Centric titled papers' coverage was higher for Governmental Accounting, Diversity, Economics, International, CSR, Governance, and Banking topics. We examined the abstracts to determine if Afro-Centric titles would be less isomorphic in form compared to others. This was distinctly not found to be the case. In every topical area, papers that included Afro-Centric terms in their titles had principal components factor loads that are indicative of significantly greater use of conventional terms and constructs compared to works that did not include an Afro-Centric indicator in the title.

The unexpected degree of conformity to the dominant semantic structures within each topic area among Afro-Centric accounting research titles is reminiscent of Munyiri's (2017) observations on the Kenyan experience: "[Colonizers] arriving from Britain shared an ambition to create a plantocracy modelled on the American South. Missionaries determined to convert the Africans not just to Christianity, but to an entire Western way of life (12:27-12:43)." Foucault (1995) recognizes that on the surface, modern systems of control may seem more benign than the physical punishments once used, but in point of fact are designed to silently and powerfully incentivize conformity to dominant mores. Champions of diversity, equity, and inclusion programs often note that a more demographically diverse workforce will bring fresh new ideas to the table. One interpretation of the above average loadings for papers with

an Afro-Centric focus is that the authors are exhibiting a high engagement with extant literature but at the expense of suppressing the diversity of viewpoint or structure that one might expect from materials coming from areas with unique cultures.

This study has uncovered some troubling properties quietly embedded in published accounting scholarship, but additional research is needed to pierce the black box of publishing protocols. Blind reviews ostensibly should shield authors from overt forms of discrimination, but this paper suggests that may not always be the case. Further studies are needed to better understand and document the personal experiences of non-Western authors whose work was submitted for review but not accepted for publication.

Moore (2015) argues that journal ranking projects are symbolic exercises whereby the more powerful and well-connected institutions can solidify their prestige and power as the actual ‘qualities’ the scales purport to measure are shrouded in silence. Though most Aristolean classification projects have their limitations, faculty either do not realize or feel powerless to raise obvious questions about scales that reduce a broad variety of scholarship into only four labels of quality. It is not at all clear that what kind of yardstick could provide a fair comparison between Capital Markets and Education research. Would this not be like trying to compare the intrinsic value cats vs. dogs? The functional and symbolic characteristics—qualities if you will—that drive rating panelists to give systematically lower ratings to certain topical areas are not made explicit. Citation counts are sometimes used as proxy for quality based on the influence or impact of an article, but even this approach leads to a self-referential circle where scholars feel pressure to stick to popular paradigms rather than work on innovations that may be ahead of their time. Power and influence would seem to be the unstated explanation as to why some mature topical areas within accounting research have no journals deemed worthy of a top ranking.

In summary, the findings in this study give voice to troubling characteristics embedded in a journal ranking metric widely used in business and accounting disciplines. Principal components loadings used to classify accounting research were found to be higher for Afro-Centric titled papers to a degree that is not only statistically significant, but also highly troubling in an environment where professional organizations claim to value diversity, equity, and inclusion. Further, within-topic load scores are increasing over time within each journal ranking category for Afro-Centric and Non-Afro-Centric titled works. These loading scores studied in this paper are an indicator of a isomorphism in accounting research that Tuttle and Dillard (2017) suggest is at unacceptable levels in the accounting discipline. This study has provided compelling evidence that while the ‘Color line’ in the academy is less overt than it once was, it still persists.

Publication protocols that reward conformity over innovation do not bode well for the sustainability of a profession that operates in a dynamic technical and cultural environment. Even when one sees that the journal ranking game is intended to further bolster the power of current elites, Nkomo (1009, 106) rightly observes that journal ratings have a ‘seductive power’ that can alter “the very substance of the knowledge we produce and the kinds of questions we ask” (Nkomo 2009, 106). More work is needed to determine to what degree the ‘Color line’ is being supported by biased reviewers, editors, or the self-policing imposed by scholars themselves. The Global Engagement Task Force concluded that: “journal ranking lists should be used with caution and should not be used to assess individuals or small groups, or to assess research quality across disciplines” (Black and Stainback 2017, 1). Given Bernardi, Zamojcin, and Delande’s (2016) finding of significant differences in classification depending on the journal ranking metric employed, accounting programs from non-elite and non-Western programs are encouraged to be especially wary of the latent characteristics that may be embedded in widely used journal ranking metrics.

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An Examination of SME Development in an Emerging Economy: ‘Funding & Sustainability

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Abstract

A key premise which underpins this study is the proposition that resolve of the small business financing constraint requires creativity and innovation in both the unfolding of a holistic understanding of the issue and its multi-dimensions. The creative interpretation of the emerging holistic picture will facilitate the development of an innovative approach to small business funding which embraces the cooperative and collaborative ‘partnership working’ of all stakeholders to the dilemma. The study adopts a ‘blended’ approach where understanding of the enabling and constraining contexts of small business financing is incrementally derived from the integration of the current literature-based understanding and the progressively enriching insight unfolded by the empirical component of the study. The paper thus concludes with the proffering of a potential innovative approach to small business financing which, derives out of holistic embrace and treatment of ‘demand-side small enterprise as borrower’ and ‘supply-side financial institution as lender’ constraints, challenges, and opportunities. This is through the positing of the growth-seeking small business as essentially owner-manager entrepreneurial learning capability-dependent alongside all key stakeholder actors within their local or regional entrepreneurial ecosystem.

Introduction

Small and medium-sized enterprises (SMEs) are increasingly acknowledged as crucial for the economic and social development of African countries, with the potential to elevate them to fully developed nation status. In Ghana, SMEs contribute 70% to the GDP and constitute 92% of businesses, while in South Africa and Nigeria, they form 91% and 70% of formalized businesses and the manufacturing sector, respectively (Yeboah Frimpong, 2013). These enterprises are not only economic drivers but also key to diversification and international market penetration, particularly those utilizing innovative technology. This paper focuses on the effectiveness of existing financial sources and methods for SMEs in Nigeria, where high SME numbers contrast with low growth expectations, largely due to funding constraints. The study delves into whether these challenges are more a result of supply-side issues or deficiencies within the SMEs themselves.

SMEs are vital to Nigeria's economy, representing about 96% of its businesses (Gbandi and Amissah, 2014). The Nigerian government has implemented policies to support SME financing, recognizing their role in economic growth (Adedayo, Ojo, and Toluwalope, 2015; Gbandi and Amissah, 2014; Tende, 2014). Banks, the primary external finance source for SMEs, often impose stringent collateral requirements (Onakoya, Fasanya, and Abdulrahman, 2013). Despite these efforts, SMEs underperform in contributing to Nigeria's economic development, hindered by capital market imperfections and restrictive banking policies (Adebisi and Olayinka, 2013). Managerial challenges, particularly financing, persist for Nigerian SMEs. Both formal (commercial and development banks) and informal (friends, relatives, cooperative credits) financing sources are crucial, yet bank loans remain elusive due to risk aversion and investment constraints (Aruwa, 2014; Agrawal et al., 2016; Hishigsuren, Spahr, Estevez, and Magnoni, 2014).

The paper underscores the necessity of finance for Nigerian SMEs to realize their potential in economic and social contributions. Inadequate finance hampers both SME expansion and national economic growth. In 2020, macroeconomic conditions and high government borrowing in Nigeria restricted SME credit access, with banks favouring less risky government treasuries (NDHS, 2019). Government interventions through monetary policy and financial reforms have increased private sector lending but

haven't fully alleviated high interest rates and prohibitive collateral challenges (USAID's DCA Impact Brief, 2009). Access to medium and long-term financing remains a critical need for SMEs, essential for their capital investment and growth.

Statement of the Problem:

It is widely recognized in small business literature that micro and small enterprises are crucial for economic and social development within a country. However, their full potential is often hindered by difficulties in accessing reasonably priced finance. In Nigeria, this challenge is particularly acute. The country's external business environment is less favourable compared to many other developing economies, characterized by considerable uncertainty and, in recent years, hostility towards small businesses. The increasing social unrest adds further unpredictability and adversity to this environment. This challenging context forms the backdrop for identifying the specific 'research problem' areas addressed in this study.

Study Focus, Aims and Objectives

The paper focuses upon the issue of availability of finance for small business start-ups and development in Nigeria and the key issues of management capability in accessing such finance. The approach embraces consideration of the potential role of government and other small business support providers in facilitating that access. The overall aims and objectives of the research were firstly couched in a semi-finalised form to focus the base epistemological bootstrapping component of the research (Archer 1988; Wyer 1990-ongoing). The epistemological bootstrapping process in turn, in its production of an in-depth field review of the study area (involving literature review underpinned by an initial base understanding from the author-researcher's own personal experience on small business practice in Nigeria) enabled the completion of the end-of literature review conceptual framework. This facilitated making explicit the key research issues for empirical investigation and the firming up of the initial hazy research objectives.

Significance of the Study

The study has significant academic knowledge-base and 'world of small business practice' significance. The ultimate output of the research, an innovative small business financing model, offers itself as potential pilot and experimental vehicle for 'try out' for the underpinning and facilitating of enhanced 'small business as borrower'– 'financial institution as lender' relationship. A relationship currently epitomised by both-parties tension, mutual mistrust and an underlying perpetuating failure by demand side small businesses and supply-side funders to adequately empathise with and respond to the challenges and needs of each other. Crucially, however, beyond the ultimate end-of-research model output, the study significance also lies in the incremental build-up of understanding of small business development strengths and constraints which the innovative research approach progressively unfolded. Thus, an adding to existing small business management knowledge – and provision of a creative case study investigation and analysis methodology which lends itself for further use in the future by other small business researchers striving to build thick contextual understanding.

Scope and Limitations of the study

The study focuses on the financing of micro and small enterprises within Nigeria and, due to time and resource constraints associated with a study of this nature, will concentrate upon Osun state as geographical study frame. Osun being one of the major areas where small scale enterprises are situated. Whilst it is recognised that problems relating to small business access to finance is universal and potentially impacting small businesses of all sizes and forms, this study is scoped to give specific focus only to micro and small enterprises who are growth-oriented. Financing problems encountered by such as parochial one-man domestic service providers and small retail and shop outlets who are content with maintaining tick-over size of operation is outside of the reach of this study.

Thus, the potential universe from which the participant case study small businesses and business support providers were selected was Osun state-based owner managed small businesses with aspirations for ongoing development or growth and already demonstrating achievement of such development and growth. And a small business support provider whose provision embraced the operational territory of the participant small firms. Those growth achieving small businesses who were selected as the case study enterprises were those led by owner managers who were able and willing to participate and demonstrated real enthusiasm to contribute and who met the case study participant selection criteria.

Literature Review

This paper presents the literature review component of the research which informs and facilitates the study in its totality. The literature review sits as a key integral activity within a base epistemological bootstrapping process (Archer 1988; Wyer 1990-ongoing) designed to overcome major shortcomings associated with small business research in general and case study mode of investigation which this research utilises. The epistemological bootstrapping process involves critical review of relevant strands of the existing literature together with initial researcher interface with the world of small business practice. The latter reinforces researcher start-point existing experience and knowledge base surrounding small business and in so doing reinforces ability to assess and critique the literature-based understanding. In effect the process transcends the literature review into a form of 'field review'. The literature review commences with consideration of the issue of definition of small business before proceeding with focus on the distinctives of small businesses vis-à-vis large companies. International perspective is sought as informing underpinnings to a more specific examination of small business contribution and challenges in the target focus of the study, Nigeria.

Having, within the above, commenced touch-upon small business financing difficulties, a more robust and deeper understanding of the issue is developed from assessment of the wider small business and general business finance literatures. A more focused consideration of the potential enabling and constraining dimensions of the external Nigeria business environment progressively facilitates 'full context' consideration of the small business financing dilemma within the country. And within that unfolding of 'full context' insight is a making explicit the extent to which both build of robust understanding of the dilemma and any opportunity for design of some resolve to the dilemma, will sit within an 'holistic' frame of assessment and analysis which embraces both 'demand-side small business borrower' and 'supply-side small enterprise lender' dimensions of the relationship central to the funding dilemma.

The Issue of Definition of Small- Scale Enterprises (SMEs)

Differing Perspectives on SME Definition

A wide literature base exists on Small and Medium Enterprises {SMEs} presented by numerous authors and in different languages and for a variety of purposes (see for example Olashore 1987, Obitayo 1991, Ekpenyong 1992, Olorunshola 2001, Anyawu 2001, Smallbone and Wyer (2012). Such breadth of attention underscores the essence, importance and relevance of this sub-sector in the development of any given economy. The experiences of developed economies in the relation to the roles played by SMEs underpin the fact that the relevance of SMEs cannot be overemphasized especially among the Less Developed Countries (LDCs), or rather developing countries. In order to highlight the significance of SMEs in relation to the growth and development of a given economy, SMEs have been widely referred to as the "engine of growth". This stems from the fact that many countries that have focused on the SME sector and striven to ensure its vibrancy have ended up succeeding in the significant reduction in hardship and its attendant enhancement in the quality and standard of living, reduction in crime rate, increase in per capita income and rapid growth in GDP, among other salutary effects (Basil, 2005).

One major drawback in Nigeria's quest for industrial development over the past years has been the absence of a strong, vibrant and virile SME sub-sector. Given a population of well over 120 million people, vast productive and arable land, rich variety of mineral deposits, as well as enormous human and other natural resources, Nigeria should have been a haven for Small and Medium Enterprises with maximum returns as it also has the location advantage as a marketing hub for the West and even East African Countries.

Arriving at a precise definition of small and medium enterprise is not straight forward. Many academics have propounded various definitions and explanations as to what SMEs are. One can find approaches to definition based on the characteristics of the business, such as size, level of operations, type of industry, assets employed, and number of employees, turnover, market, management or control of the business, and several others (Austin, 2009). Thus, there is no consensus on definition of SMEs. Definition and terminology differ from industry to industry and country to country. And indeed, from SME oriented project to project. Moreover, what might therefore be defined as SME in a developed country can be regarded as a large-scale enterprise in some developed countries.

The Nigerian Bank for Commerce and Industrial (NBCI) adopted a definition of small- scale business as one with total capital not exceeding N750,000 (excluding cost of land but including working capital). The Federal Ministry of Industry's guidelines to NBCI defined a small - scale enterprise as one with a total cost not exceeding N500,000 (excluding cost of land but including working capital). The Nigerian Industrial Development Bank (NIDB) defined Small - Scale enterprise as an enterprise that has investment and working capital not exceeding N750,000, while it defined Medium Scale enterprises as those operating within the range of N750,000 to N3million in 1979, the new Industrial Policy for Nigeria Small Scale Industries are defined as those with total investment of between N100,000 and N2 million. (NBCI/ NIDB -World bank project)

The Central Bank of Nigeria (CBN) has through its various circulars and intervention fund programmes generally defined Small and Medium Enterprises as entities with asset base of N5 million and not more than N500 million, excluding land and buildings, and with employees between 11 and 200 (CBN-SMEs). The Central Bank of Nigeria, in its credit guidelines to banks, stated that in the case of Commercial Banks, small scale enterprises are those with annual turnover not exceeding N500,000. In the case of Merchant Banks, they are enterprises with capital investment not exceeding N2 million {excluding cost of land} or with maximum turnover not more than N5 million (CBN 2018- up to date). What is clear is SMEs play a major role in most economies, particularly in developing countries. SMEs account for the majority of businesses worldwide and are important contributors to job creation and global economic development. They represent about 90% of businesses and more than 50% of employment worldwide. Formal SMEs contribute up to 40% of national income (GDP) in emerging economies. These numbers are significantly higher when informal SMEs are included (World bank 2022). According to World Bank estimates, 600 million jobs will be needed by 2030 to absorb the growing global workforce, which makes SME development a high priority for many governments around the world. In emerging markets, most formal jobs are generated by SMEs, which create 7 out of 10 jobs. However, access to finance is a key constraint to SME growth, it is the second most cited obstacle facing SMEs to grow their businesses in emerging markets and developing countries (World Bank 2022).

International Definition of SMEs

Generally, SMEs are businesses that engage in economic activity on a small scale as compared to large companies and can be found in both the informal and formal sector. According to the G20 summit held in 2010 there are approximately 365-445 million SMEs in the emerging economies, out of which about 285-345 million operate within the informal sector and non-employer firms. This as compared to only 25-30 million small and medium-sized businesses and 55-70 million micro enterprises that are in the

formal sector (G20, 2010, p.6). Globally, defining small and medium-sized enterprise in a form that is universally accepted may not be pragmatic because of the perceived nature of SMEs in different countries and regions.

For OECD, (2004, p.20), the definition of SMEs usually depends upon the scale and structure of business in the economy and, as seen in the previous section above, varies from country to country. Therefore, having one definition that fits all the SMEs across the globe is not feasible because the concept of SME and its embracing from micro to medium size enterprise and its treatment varies from one country or region to another and from one industry sector to another (Gibson and Vaart 2008). Accordingly, countries and regions have different stages of economic development and therefore, it would be difficult to have a standard definition that reflects all the SMEs in the world (Beyene, 2002; Ayaggari et al., 2003). Conversely, different governments, organisations and international bodies tend to define SMEs according to the purpose that fits their criteria (Gibson and Vaart 2008). However, whilst there are differences in the definition of SMEs from country to country and within a particular country, there is, to some extent, common ground regarding the base criteria that countries use to define SMEs which basically is founded on number of employees and financial turnover. Internationally, the most widely accepted and used definition of SME is that of the European Commission (EC) in which micro businesses are classed according to specified staff headcount, annual turnover and annual balance sheet as indicate in Table 1 (EC, 2005).

Table1: SME Definition used by European Commission (EC)

Enterprise Category	Headcount: Annual Work Unit (AWU)	Annual Turnover or	Annual balance sheet total
Medium-sized	< 250	≤ €50 million	≤ €43 million
Small	< 50	≤ €10 million	≤ €10 million
Micro	< 10	≤ €2 million	≤ €2 million

Sources: adapted from European Commission (EC), (2005)

As the above table shows, across the European Union (EU) SMEs are classified into three groupings according to their size and capacity. Thus, the EU defined SMEs as businesses that have headcount ranging from at least one person to less than 250 people and with a maximum turnover ceiling of 50 million Euros (EU, 2005). It then follows that, the criteria and factors used to define SMEs enable people associated with the sector to classify them into micro, small and medium-sized enterprise. Even though the above definition thresholds may seem to be higher for most developing countries, nonetheless, it does serve as a benchmark that fits reasonably well with the classifications that many countries use to define small business. For many commentators, the number of employees and sales volume are more suitable criterion for describing SMEs. However, despite the above definition being considered as a benchmark for establishing criteria used to define SMEs, one needs to accept that there are other international definitions that appear significantly different in context to that of European Commission as can be seen presented in the table below.

Table 2: SME Definitions used by Multinational Institutions

Institution	Maximum No. of Employees	Maximum Revenue or Turnover (\$)	Maximum Assets (\$)
World Bank	300	15,000,000	15,000,000
MIF – IADB	100	3,000,000	(none)
African Development Bank	50	(none)	(none)
UNDP	200	(none)	(none)
Asian Development Bank	No official Definition. Uses only definition of individual national governments		

Sources: adapted from Gibson, and Vaart, (2008, p.5)

Reflection on how the above definitions used by multinational institutions differ from the EU underline the difficulties of arriving at a universally accepted definition (Beyene, 2002; Gibson, and Vaart, 2008). This is more so in developing countries such as Nigeria where a large number of small businesses operate in an informal sector with varying degrees of capital, revenue and assets, and above all, most of the SMEs are operated under a self-employed structure (Carter & Evans, 2006). In developing countries, some small businesses do not even have employees per se, but family members who offer their services to the business with no standard method of reward for their input, Gibson and Vaart (2008, p3) argue that the debate about the role of SMEs in promoting economic growth in developing countries has been affected by confusion in the definition which, in turn, “*can lead to serious distortions in the allocation of donor spending for private sector development*”. On the other hand, having a single unified definition of SMEs for multiple countries with different stages of economic development can also lead to additional distortions (Gibson and Vaart, 2008). According to Gibson and Vaart (2008, p3), SME definitions are sometimes linked to eligibility for special support from national governments, multilateral and bilateral development institutions, and NGOs and as a result it would be difficult to have a universal definition that might be accepted by all.

The ‘Official’ Definition of SME in Nigeria

The Nigerian National Policy on micro, small, and medium-sized enterprises (MSMEs) have addressed the issue of definition as to what constitutes micro, small, and medium enterprises (SMEDAN, 2010). According to SMEDAN, who are the small and medium enterprises development agency of Nigeria, the definition adopts a classification based on dual criteria, employment and assets (excluding land and buildings) as shown below.

Table 3: The official definition of SMEs in Nigeria

S/N	Size Category	Employment	Assets (=N= Million) (excl. land and buildings)
1	Micro enterprises	Less than 10	Less than 5
2	Small enterprises	10 to 49	5 to less than 50
3	Medium enterprises	50 to 199	50 to less than 500

Sources: adapted from SMEDAN, (2010, p.18)

The SMEDAN (2010) report indicated that, if there is a conflict on classification between employment and assets criteria (for example, if an enterprise has assets worth seven million naira (N7M) but employs 7 persons), the employment-based classification will take precedence and the enterprise would be regarded as micro. However, a survey of small and medium scale industries and their potential in Nigeria presented by Udechukwu at the annual general meeting (AGM) of the African Express Bank (which was officially published by the Central Bank of Nigeria (CBN) in 2003) used the same dual criteria of classification, employment and assets, but with differences in numbers (CBN, 2003). Despite the above official definition, various institutions within Nigeria have their own definition of SMEs according to their own criteria, as the table below shows (Ramachandran, 2002, p.138).

Table 4: The Institutional definition of SMEs in Nigeria

in million naira	Assets exc. real estate			Annual Turnover			No. of Employees		
	Micro	Small	Med	Micro	Small	Med	Micro	Small	Med
Central Bank	<150	<1		<150	<1		<100	<50	
NERFUND		<10							
NASSI		<40	<1		<40			3-35	

Min. of Industry	<200	<50					<300	<100	<10
NASME	<150	<50	<1	<500	<100	<10	<100	<50	<10
Arthur Anderson				<500	<50				

Sources: adapted from Ramachandran, (2002, p.138) of World Bank Group

Toward a Working Definition for the Purpose of this study

The various definitions from the same country but from different institutions clearly support the argument regarding difficulty relating to a universal definition of SMEs that ‘fits all’. However, despite the differences in definitions revealed in this review, the core criteria of employment, turnover or assets are clearly evident. Almost all definitions rely on a combination of either employment and assets or all the three criteria. For the purpose of this research SMEs are defined through utilization of the EU employee-based criteria. Thus, micro enterprises being those employing up to 9 workers; small businesses are those with a workforce between 10 and 49 workers; and medium sized enterprises are those employing between 50 and 249 workers.

Characteristics and Distinctiveness of Small Businesses vis-à-vis Large Companies

Foundation Understanding of Small Business Distinctiveness

As an approximation, core characteristics of micro enterprises and small businesses tend to orient around ownership structure, which to a great extent revolves around the sole proprietorship, or in many cases proprietorships where family members or business partnership is embraced. Whatever the nature of the formation, the key characteristics revolve significantly around structure, number of employees, turnover and total business assets. As seen above, such characteristics determine whether the business falls within the definition of micro, small or medium size enterprise - and those that can be classified large business falls outside the definition of SME (Gibson and Vaart 2008). Helmsing and Kolstee, (1993) argued that it would be imprudent to categorise SMEs as businesses similar in nature because of their diverse characteristics that describe them across the globe. However, there are some commonalities of the basic characteristics such as ownership, number of employees, turnover, and total business assets that regions and countries use to identify them (Gibson and Vaart 2008).

Predominantly, most smaller businesses within developing economies can be found in the informal sector. This to a great extent is due to lack of knowledge and skills and challenging regulations involved in formalizing businesses. Characteristically, nearly all small businesses start with limited resources where finance is mainly sourced through owner contributions, commonly from personal savings, and support from family and close relatives and friends. Furthermore, small enterprises in developing countries such as Nigeria are characterised by limited access to external finance, high input costs; lack of viable markets for the products and services and, above all, managerial capacity or incapacity because their operation can often at least be attempted by anyone. Normally, in most developing countries, micro and small enterprises tend to have very small customer base and operate mostly in one local area.

SME Development Problems in Nigeria

A relatively recent study focusing on the factors constraining the growth and survival of SMEs in Nigeria revealed that the most common constraints hindering small business growth and survival are lack of financial support, poor management, corruption, lack of training and experience, poor infrastructure, insufficient profits, and low demand for product and services (Okpara, 2011). And the African Development Bank Group Country Strategy Paper for Nigeria (2013) reinforces that lack of financing for small and medium enterprises is a major challenge to the development of small businesses in Nigeria: integral to the problem is limited access to credit, the high cost of borrowing (averaging about 30% interest) and the lack of long -term financing.

There are many challenges that SMEs face around the globe and those in Nigeria are no exception. Difficulties in accessing external finance are one of the fundamental obstacles that inhibit SMEs growth and development (Aryeetey, 1998). The problem of accessing external finance is linked to asymmetric information about the strength and capacity of SMEs and the financial security that may be required by the lenders which may not be available. In fact, the most vulnerable are those in the informal sector who may not have basic management expertise and structure to be able to provide a cash flow forecast and other relevant information that may be required by the lenders (Beck et al 2005). Furthermore, undeveloped lender-borrower relationships and what may appear as a complex process of securing external finance is another barrier that SMEs face in accessing external finance. In Nigeria, SMEs face all the challenges mentioned above as confirmed by the ADB, (2010, p.3) report that suggests that SMEs in general “*lack business know-how and face problems of economies of scale, and poor managerial, financial and marketing capabilities.*” In addition, the institutional coordination that promotes the activities of SMEs coupled with limited presence and influence of a culture of entrepreneurship within the population are integral to the challenges that undermine the sustainable growth of SMEs (ADB, 2010).

Potential problems which micro enterprise and small business face within Nigeria which thus embrace the generis problem-types reviewed in previous sections above: difficulties raising reasonable cost finance; ability to obtain adequate marketing information (Carson, 1991); difficulty relating to the external environment (Gibb, 1983); and people problems, whereby the offering of low wage levels and career path development opportunity vis-a-vis large companies can frequently see small business problems with regard to attracting quality, experienced workforce and associate problems of absenteeism; lateness; leaving without notice (Curran, 1988). It will be noted that a number of these studies date back to the early years of small business research – and yet the insight which these studies offer still prevail today and provide informing frames of reference for understanding of small business within developing as well as developed economies (indeed, the early works of the likes of Gibb, Curran and Carson remain seminal).

Research Methodology

An underlying aspiration of this study is to unfold ‘rich’ ‘thick’ full context understanding of the small business financing dilemma which perpetuates within Nigeria (and indeed many economies worldwide) – a ‘thickness’ and ‘fullness’ of understanding which a quantitative research investigation is unable to produce. A predominantly case study research approach is thus adopted to facilitate the build-up of the sought-after fine detail, contextual insight. The core case study participants are: (a) small businesses in various stages of development; that is: small business pre-starts (i.e.: those considering business start-up); those start-ups trying to establish themselves and consolidate their position; and established growth-seeking small businesses; and (b) organizations who provide small business support. Together with supporting external context insight from those financial institutions who provide small business finance.

Case study unit of analysis reading the small enterprises is the owner manager in his small business in its external operating environment – thus facilitating capture of full context insight and understanding. The selected participant case studies span different manufacturing and service sectors. Integral to the approach is recognition of and response to criticism of case study investigation as ‘little more than common-sense storytelling’. A base ‘epistemological bootstrapping’ (Wyer 1990-ongoing) approach is utilised whereby the extant relevant multi disciplines academic and practice literatures, an initial overview interface with the world of business practice and researcher own early stage experience and perspectives are assessed and key partial frames of guiding insight therefrom integrated into an end-of-literature review conceptual framework. A conceptual framework which footholds the empirical

component of the study and informs a structured approach to case study interview instrument design and development.

Effectively, the study is utilising epistemological bootstrapping as a base methodology to foothold a qualitative case study mode of investigation into the availability of small business start-up and development finance in Nigeria and associate issues of small business support provision and small firm management capability development. Significantly, the epistemological bootstrapping process is also facilitating the address of other shortcomings and pitfalls of small business management research., including: a shift from over reliance on single discipline insight to multidisciplinary perspective; avoidance of treatment of the small business as a ‘little big business’ and recognition of qualitative as well as quantitative differences to large companies; awareness of potential tendency of small business researchers to over-reductionism and the cutting across concept, theory or model; and ensuring of adequate foundation insight by this researcher in her commencement of the empirical component of the study of the small business (Wyer 1990; Wyer, Choong and Barrett, 2003).

Conclusion

This study sought to enhance understanding of Nigerian micro enterprise and small business access to reasonable cost financing of their start-up and business development aspirations in what continues to be a highly uncertain operating environment. Robust full context comprehension of the key potentially enabling and constraining dimensions surrounding the small enterprise funding issue has been pursued and integral demand-side ‘small business as borrower’/supply-side small business lender challenges and opportunities identified. Creative, holistic interpretation of that challenge-opportunity context has then facilitated the proffering of the potential for design and development of an innovative small business financing model.

The use of Personal Construct Theory as interpretative analytical vehicle makes explicit that many would-be entrepreneurs within Nigeria will be influenced by this ‘anti subculture’ into a fixed personal mindset which deters any attempt at all to obtain borrowing facility from the banks [some of the case study owner managers were so deterred]. Crucially, however, whilst such fear of bank rejection will for many would-be-entrepreneurs be ‘real’ in that the demanding lender conditions, attitudes and behaviours would actually prevent lender offer of facility or the small business as borrower unwillingness or inability to accept, other start-up stage would-be’s will be constrained from approaching the banks by their perception that such an approach would be futile.

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