

FACTORS AFFECTING THE SUCCESS AND FAILURE OF AGRIBUSINESSES IN THE  
ACCRA AND KUMASI METROPOLES IN GHANA: AN EMPIRICAL STUDY

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by

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**APPROVAL PAGE**

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**FACTORS AFFECTING THE SUCCESS AND FAILURE OF AGRIBUSINESSES IN THE  
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## ABSTRACT

Ghana's agricultural sector remains a significant contributor to the economy. Moreover, agricultural entrepreneurs contribute positively to the economy of Ghana through job creation, tax revenues, and foreign exchange earnings. Nevertheless, in the agriculture sector, to wit, agricultural entrepreneurs are underperforming below their potential. This study sought to understand the factors that influence the success or failure of agribusinesses in the Accra and Kumasi Metropolises in Ghana. A qualitative method approach was employed to gather data from agricultural entrepreneurs in the study areas. Findings from this study showed that the success of agribusinesses in the study area is not necessarily based on the economic performance of the agribusiness, but rather on social factors – that is, the human capital and personal qualities such as the technical skills, communication, and leadership skills of the entrepreneur, teamwork, customer relationship management skills and the attitudes of the employees such as commitment and discipline towards work. Meanwhile, this study associated the failure of agribusinesses primarily with economic factors, such as access to finance, adequate capital, and the pricing strategies of the business. Therefore, the study recommends that agribusinesses should consider the soft skills of candidates before hiring them to fill roles. Additionally, it is recommended that agribusinesses offer on-the-job training to improve the skills and knowledge of their employees. Furthermore, this study recommends that agribusinesses should take advantage of the Ghana Incentive-based Risk-sharing System for Agricultural Lending (GIRSAL), to enhance their chances of receiving agricultural finance from commercial banking institutions.



# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

To achieve the world's Sustainable Development Goals (SDGs), there is a need for healthy, sustainable, and inclusive food systems. Agricultural development is one of the most effective weapons for ending extreme poverty, boosting shared prosperity, and feeding the 9.7 billion people expected to exist by 2050 (The World Bank, 2021). Agriculture is also crucial to economic growth: in 2018, it accounted for 4% of global gross domestic product (GDP), and in some developing countries it can account for more than 25% of GDP (Food and Agriculture Organization (FAO), 2020).

Agricultural sector development is indispensable in most developing nations because of its interconnections with other sectors of the economy. Agriculture also employs a larger percentage of the population (Oluwatoyese et al., 2015) compared to the services and industry sectors of the economy of Ghana. Agriculture is recognized as the engine of economic growth and a primary path out of poverty in Sub-Saharan Africa (SSA), employing 65 percent of the region's people and accounting for 75 percent of its domestic trade (FAO, 2016).

Conversely, in Ghana, about 52% of the labour force is engaged in agriculture, with 29% in services and 19% in industry (FAO, 2019). Agriculture also contributes to 54% of Ghana's GDP and accounts for over 40% of export earnings, while simultaneously providing over 90% of the food needs of the country (FAO, 2019). The importance of agriculture to Ghana's economy cannot be overemphasized; however, without entrepreneurship in agriculture there would still be heightened poverty rates, decreased income, and a lag between food production and population growth as found in previous studies by Babu and Zhou (2020) and Olomola et al. (2015).

Agriculture entrepreneurship refers to the process of using creativity, innovation, profitability, and risk management by agricultural producers (Njegomir et al, 2017). Agriculture entrepreneurship has enormous potential for improving rural people's living standards, reducing poverty, raising income, and closing the gap between food production and population growth, as well as enhancing the national economy by making it more globally competitive (Naminse et al., 2019).

## **1.2 Problem Statement**

Whilst there seems to be a radical shift in diverse sectors of the economy that have given rise to new businesses, technological innovations, and improved entrepreneurship, ample evidence indicates that agricultural entrepreneurship remains an emerging field in Ghana (Lans et al, 2020). This necessitates an analysis for a better understanding of agricultural entrepreneurs' strategies, particularly in light of institutional changes as well as economic and technical challenges in the agricultural industry (Cheriet et al, 2020).

Over the past two decades, the environment in which agricultural enterprises operate has greatly increased its complexity. Entrepreneurs in the agricultural sector face many barriers which can result in their failure (Sandberg and Aarikka-Stenroos, 2014). Several studies have identified factors that pose challenges to agricultural entrepreneurship, some of which include but are not limited to lack of access to finances, poor cross-sector collaborations, poor infrastructural development, lack of adequate skilled labour, inadequate institutional support and weak/inadequate government policy (Adobor, 2020, Grey, 2016; Justino, 2015; Verma et al., 2018).

Despite the importance of agricultural entrepreneurs in the development of any economy, there appears to be a paucity of empirical evidence about the factors responsible for entrepreneur

failure generally, and in African countries such as Ghana in particular. Therefore, this study intends to specifically analyze factors that negatively influence and constrain agricultural entrepreneurs, ultimately leading to their failure.

### **1.3 Objective of the Study**

The objective of the study has been categorized into two. Namely, General and specific objective.

#### ***1.3.1 General Objective***

The main objective of this study is to examine the factors that affect the success and failure of agribusiness in the Accra and Kumasi metropolises in Ghana.

#### ***1.3.2 Specific Objective***

- I. To assess the factors affecting agribusiness entrepreneurship in Ghana
- II. To examine whether or not the factors that contribute to the success of agribusiness the same as those that contribute to its failure.

### **1.4 Research Questions**

- I. What are the factors affecting agribusiness entrepreneurship in Ghana?
- II. Are factors that contribute to agribusiness success similar to those that contribute to business failure?

## **1.5 Significance of the Study**

Entrepreneurship is an important factor for economic growth, especially in developing countries of which Ghana is not an exception, and examination of factors affecting the success of entrepreneurship are essential.

The relevance of this research is linked to practice, policy, and research. Since interest rates and the business environment are controlled by government policies and actions, thus, this research will help the government and state stakeholders to make appropriate rules and regulations and stabilization and enforce appropriate interest rate policies that provide incentives to entrepreneurs and producers by reducing the risk of entrepreneurs' initial investment returns. Overall, the government could enforce relevant laws and policies that create the right environment for entrepreneurship success.

## **1.6 Brief Methodology**

The study employed a quantitative research design and a cross-sectional survey method. The research employed a descriptive survey design and a quantitative approach. The study used a quantitative strategy because of its survey format. The use of a quantitative approach allowed the use of numbers, hypotheses, and computable models in the interpretation of data collected (Maxwell, 2016). Also, the study utilized a descriptive design to enable the research accurately depict opinions, perceptions, and other data collected for analysis. Mohajan (2017) posits that the combination of quantitative and descriptive research methods helps achieve comprehensive data-gathering and analysis processes. Structured questionnaires were used to collect primary data.

This study population included entrepreneurs in 2 selected metropolises in Ghana; Accra and Kumasi. A sample size of 32 respondents were selected for the study. Purposive sampling was utilized to select targeted entrepreneurs. Gustafsson (2017) posits that purposive sampling allows respondents to be sampled from a given population. This sampling method was suitable because it is representative and allows the research findings to be generalized. It also increases the context quality of the study because respondents are normally authorities engaged to provide precise information on the topic under study (Choy, 2014). A questionnaire was the instrument used to collect data. The study presented findings using tables and charts.

### **1.7 Scope of the Study**

The study seeks to examine the factors that affect the success and failure of agribusiness in the Accra and Kumasi metropolises in Ghana. Geographically, the study will be limited to Accra and Kumasi metropolises in Ghana.

### **1.8 Limitations of the Study**

Time was the main constraint while undertaking this study. It was undertaken within specific academic timelines as the research study was projected to fulfill academic coursework requirements. To successfully overcome this constraint, the researcher narrowed the respondents to entrepreneurs in two out of the sixteen regions in Ghana.

## **1.9 Organization of the Study**

This study comprised five chapters. Chapter one dealt with the introduction which focused on the study background, statement of the problem, research objectives and questions, significance of the study, a brief methodology of the study, the scope and limitations, and the organization of the study.

The second chapter discussed related literature. It looks at previous findings of other research works that are relevant to the study and also set the theoretical and conceptual framework of the study.

The third chapter covered the methodology of the study which described the research purpose and design, study population, sample and sampling procedures, techniques for analyzing data, and ethical issues and also gives the profile of the study setting.

The fourth chapter focused on the presentation and discussion of the data that has been analyzed.

The first part of this chapter presented and discussed the analysis of the demographic characteristics of respondents and proceeded to discuss the analysis of data relating to the research objectives. Finally, the fifth chapter dealt with the summary, conclusions, and recommendations.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

This chapter presents the empirical review and conceptual framework of the study. It further discusses the literature on the economic, social, and environmental factors affecting the success or failure of agribusiness.

#### 2.2 Empirical review

The success of a business depends on innovation, entrepreneurship, and the business environment. In addition, the fight against poverty, frustration, and depression with employment and education, enthusiasm for business, and concerns about social participation affect an entrepreneurial career (Ephrem et al., 2021). Entrepreneurial success is defined in terms of two main goals: financial and subjective or non-financial goals (Orser et al., 2000). Entrepreneurship is considered successful based on its financial performance, such as profits or income (Haber and Reichel, 2005), and the non-financial aspect of performance comprises factors such as customer satisfaction, personal development, and entrepreneurs' awareness (Masuo et al., 2001).

Occupational qualifications, family resources, and work environment are the main determinants of the decision to become an entrepreneur (Berglann et al., 1970). Moreover, entrepreneurs with managerial experience and skills, impressive entrepreneurs in the family, practical knowledge, and workers with unique skills obtain higher scores in the general index of entrepreneurial success (Staniewski, 2016). Variables such as the total amount of investment, education, and government support policies have positive effects on entrepreneurial success

(Fatimah-Salwa et al, 2013). Microcredit financing is another factor that has a major impact on the success of entrepreneurial activities (Carter and Shaw, 2006).

In many developing countries, government plays an important role in the success of entrepreneurs. Government incentives and support policies in many ways, such as financial and technical assistance, training programs and workshops, development and consultancy, and information resources (Jill et al., 2007). Entrepreneurship is an important factor in economic growth, and favourable government programs can encourage entrepreneurship via programs that provide favourable financial access for entrepreneurs. Government programs that reduce barriers to entry, support growth and development and provide better access to credit encourage entrepreneurial opportunities. Governments can enhance opportunities by improving access to capital, reducing barriers to new investment, and continuing to support entrepreneurs beyond the initial startup phase through development programs (Jang et al., 2020).

Lack of infrastructure, political environment, market access, and related skills and experiences have a significant effect on the success of entrepreneurs (Chowdhury et al., 2013). Moreover, business and managerial knowledge and skills, personality traits (such as flexibility, risk-taking, discerning, etc.), and entrepreneurial experience are positively correlated with entrepreneurial success (Trang, 2015). Educational support for entrepreneurship development has had a positive effect on entrepreneurial self-efficacy (Alvarez-Risco et al., 2021). Professional experience and education are essential success factors for entrepreneurship and have a great impact on the development of entrepreneurial skills and self-employment (Schröder, 2021).

Motivational factors such as achieving a better business environment and common factors such as having competitive products/services are among the motivations of entrepreneurs in starting new businesses (Robichaud et al., 2001; Stefanovic et al., 2010). Entrepreneur performance



depends on factors such as type of business, ability to take risks, customer service, human capital, and quality of goods sold (Nimoh et al., 2011). Developing entrepreneurial capacities, innovation, risk-taking, financial, and infrastructural capacities by entrepreneurs in the agricultural sector were considered a priority (Darmadji, 2016). Entrepreneurship promotion is supported by access to financial resources, entrepreneurial culture, taxes, regulations, coordinated training, and support in all areas mentioned by specialized organizations such as entrepreneurial associations and clubs, government agencies, and business centers. Empirical studies identify factors affecting entrepreneurship such as technology, culture and institutions, level of economic development, demography, government spending, individual characteristics, characteristics of the social environment, education, and ease of access to financial resources (Rusu and Roman, 2017)

Levels of entrepreneurial activity vary by gender, age, and educational attainment. In general, men are more likely to start new businesses, younger people are also more likely to do so, and graduates are more likely to start a new business. The four specified motivations for entrepreneurship are: to make a difference in the world, to build a high income, to continue a family tradition, and to earn a living when jobs are scarce. Moreover, there are many reasons to exit a business. The most obvious relates to insufficient sales or profitability, the burden of taxation or bureaucracy, the failure to access resources, including finance, or changes in personal circumstances (Hill et al., 2022).

Literature shows that entrepreneurs play a key role in the economic growth and development of countries (Valliere and Peterson, 2009), and therefore, as stated above, understanding the motivational factors of their success is important. However, there are few empirical studies about factors affecting the success of entrepreneurs, especially in developing countries; this research is aimed to fill that gap. Hence, this study sought to understand the factors that

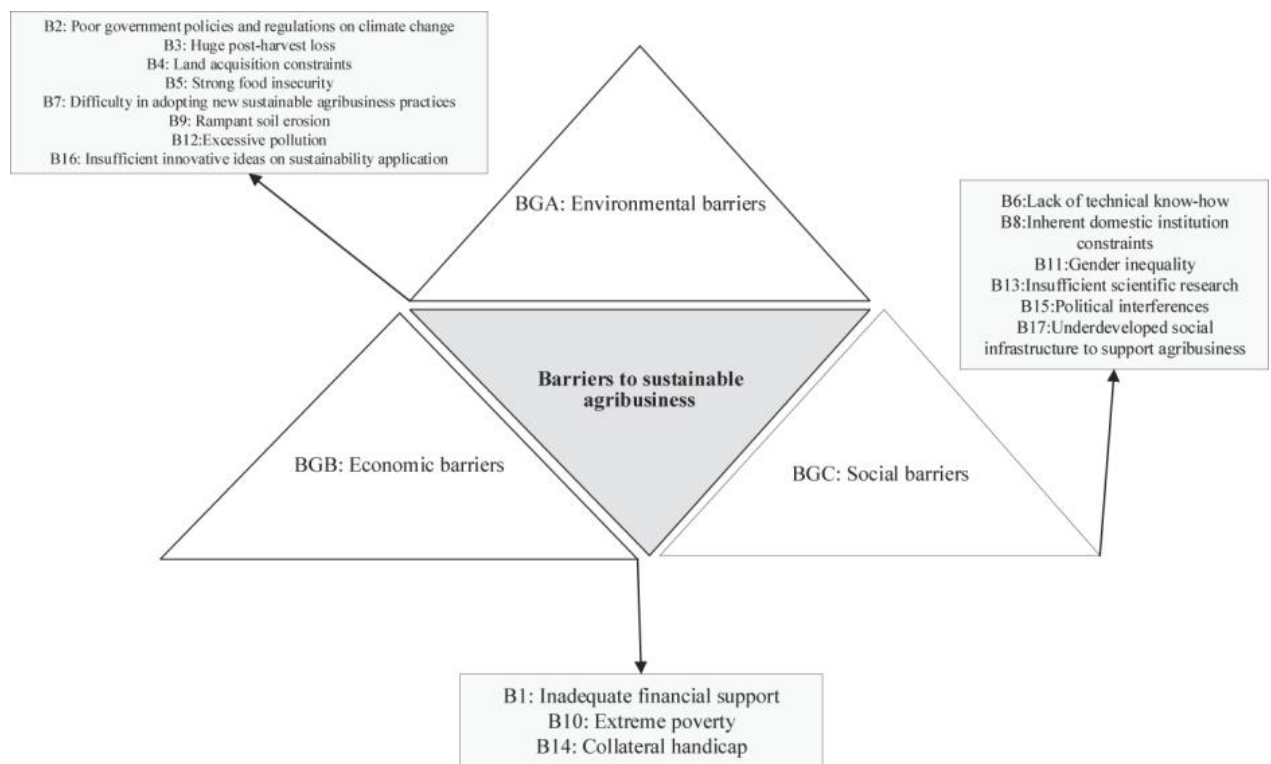
influence the success or failure of agribusinesses in the Accra and Kumasi Metropolises in Ghana.

### 2.3 Conceptual framework

This section provides a conceptual framework for the research depicting the relationships among variables under study.

**Figure 1**

*A three-dimensional conceptual framework*



**Note. Adapted from Brenya et al. (2022)**

A three-dimensional conceptual framework designed by various authors as cited by Brenya et al. (2022) has been used to highlight the economic, social, and environmental issues which are

key frameworks in the conceptualization of the constraints to sustainable agricultural entrepreneurship. The three constructs in this conceptual framework further emphasize the United Nations' Sustainable Development Goals (SDGs), which serve as a foundation for evaluating the key impediments that agricultural entrepreneurs are faced (Siebrecht, 2020). The SDGs provide a platform for assessing the major barriers to the profit-oriented interest of agribusiness owners, the social well-being of people, and the preservation of natural resources in the environment. Moreover, there is a growing concern about the sustainability of agribusinesses and the need to address economic, social, and environmental challenges to ensure a sustainable future for the industry. As such, the concept of sustainability in the agribusiness fields has garnered attention, both in national discourse and academic research over the past decades (Malorgio and Marangon, 2021).

For instance, Danley (2019) points out that agribusinesses are increasingly recognizing the importance of sustainability due to factors such as consumer demand for sustainable products and concerns about environmental degradation and social inequality. To ensure their long-term success, Danley (2019) recommends that agribusinesses adopt sustainable practices and technologies that reduce their environmental impact. Similarly, Mahat et al. (2019) stress the significance of sustainability for achieving green growth and climate finance in Nepal. They argue that sustainability necessitates consideration of economic, social, and environmental factors and that sustainable agribusiness practices can contribute to poverty reduction, improved food security, and better natural resource management.

### ***2.3.1 Economic factors influencing the success or failure of agribusinesses***

Economic factors, such as financial limitations, market access, and resource constraints, are frequently cited as key determinants of agribusiness success or failure (Ali, 2016; Nsoke et al., 2018; Yami et al., 2019). Access to credit is a particularly important economic factor that affects the viability of both small-scale farmers and agribusinesses. Small-scale farmers need credit to purchase inputs, expand their operations, and boost productivity. Similarly, agribusinesses require credit to ensure they have adequate resources, like inventory, to sustain their operations and grow their business. However, access to credit remains a significant challenge for many actors in the African agricultural sector, including farmers and agribusinesses, as formal financial institutions often do not lend to them. For instance, the study by Nsoke et al. (2018) in Nigeria revealed that access to credit had a positive correlation with the profitability of agribusinesses. Their research demonstrated that agribusinesses with access to credit had higher profits than those without.

Research conducted by Ali (2016) in India supports the notion that restricted access to credit and financial services poses a significant obstacle to agribusinesses adopting high-quality inputs and machinery required to thrive. Similarly, Njuguna and Nyairo (2015) discovered in Kenya that access to credit was a crucial determinant of the prosperity of agribusinesses, as those with access were more likely to invest in new technologies, resulting in higher productivity and profits. However, a study by Prahalad and Hart (1999) showed that credit access alone is insufficient to guarantee the success of agribusinesses. Even if they have access to credit, those that are unable to find profitable markets for their products are still likely to fail. Therefore, it can be concluded that while credit access is a vital component in determining the success or failure of agribusinesses, other factors such as profitable markets are also necessary. Overall, these studies have demonstrated that credit access plays a significant role in determining the fate of agribusinesses.

Another economic factor that can affect the success or failure of agribusinesses is access to markets. Yami et al. (2019) conducted a study that showed access to markets is crucial for the profitability of agribusiness ventures, which can determine their success or failure. Pricing and price fluctuations are also important economic factors that impact agribusinesses. Schwab's (2019) research revealed that price fluctuations were a significant factor that influenced the competitiveness of agribusinesses worldwide. Meanwhile, Zhao et al. (2021) found that pricing was a determinant of the profitability of agribusinesses. Those who could negotiate better prices for their products had higher profits than those who couldn't, and the authors suggested improving their bargaining power and negotiation skills. Similarly, Stamate (2014) discovered in their research in Peru that pricing played a vital role in the success of agribusinesses in export markets. In addition to pricing, Amanor (2009) found that the quality of the product was also critical. Agribusinesses that could offer products that met export market quality standards were more likely to succeed.

### **2.3.2 Social factors influencing the success or failure of agribusinesses**

The success or failure of agribusinesses is also influenced by social factors, which could be qualitative, such as innovation, risk-taking behaviour, leadership, and business strategy (Saghaian et al., 2022). Social factors can also be external, and often related to the social environment of businesses, which includes government policies, education, culture, and gender. Furthermore, social factors can impact issues such as social equity, labour relations, community engagement, and the expertise of employees (Adobor, 2020). Poor labour relations and employee management can reduce productivity and profitability, particularly in small-scale agribusinesses. Qiu et al. (2020) also assert that government policies can affect the success of agribusinesses, as policies that support small-scale farmers and agribusinesses and promote

value-added processing can strengthen the agribusiness sector, while policies that favour large-scale commercial farming and agribusinesses can hinder the success of smaller operators. Thus, government policies should be designed to support the needs of all stakeholders in the agribusiness sector.

Shangase (2017) conducted a study that investigated the critical factors that contribute to the success of small and medium enterprises in South Africa. The study found that successful small agribusiness owners have a clear vision and mission, are innovative, have strong leadership skills, and practice effective resource management. Additionally, customer focus is crucial for success as it ensures that the business caters to the needs of its customers and delivers high-quality products and services. Another study by Dossou et al (2023) examined the social factors that impact agribusiness performance in rural Ethiopia. The research found that bridging and linking social networks have a positive relationship with agribusiness performance, providing agribusiness owners with access to new ideas, technologies, and markets that enhance productivity and profitability. Moreover, the study revealed that gender plays a role in agribusiness performance, with women facing additional constraints such as limited land ownership rights and access to credit.

### **2.3.3 Environmental factors influencing the success or failure of agribusinesses**

To ensure the success and sustainability of agribusinesses, environmental factors, such as climate change, natural resource degradation, and land use changes, should be taken into consideration since agriculture is dependent on the natural environment. According to Mahat et al. (2019), climate change presents a significant challenge to the viability and sustainability of agribusinesses, with changes in rainfall patterns and increasing temperatures resulting in reduced crop yields and increased crop losses. Balvanera et al. (2017) also found that

agribusinesses located in regions with higher temperatures and less rainfall in Mexico were more prone to failure compared to those in cooler and wetter areas, highlighting the importance of adapting to changing climatic conditions for the long-term success of agribusinesses.

To determine the success or failure of agribusinesses, soil quality is another environmental factor that plays a crucial role, as agriculture is inherently reliant on the natural environment. Amadu et al. (2021) discovered that the implementation of climate-resilient agricultural practices, like intercropping and agroforestry, had a positive effect on soil health in Malawi, mitigating the impact of land degradation and natural disasters on crop yields. However, if agribusinesses fail to adopt climate-smart agricultural practices, crop yields, and income could decline, leading to business failure. To improve soil health and productivity, agribusinesses must adopt climate-resilient practices such as conservation agriculture, cover cropping, and integrated soil fertility management, according to the study. Furthermore, the profitability of agribusinesses was positively associated with soil fertility, as seen in Bidzakin et al. (2023). The study revealed that agribusinesses that employed organic fertilizers generated higher profits than those that used inorganic fertilizers. The authors recommended that agribusinesses invest in soil management practices that can improve soil fertility and reduce their reliance on inorganic fertilizers. Likewise, Erenstein et al. (2012) found that sustainable soil management practices such as crop rotation and cover cropping were critical determinants of agribusiness success. The study found that agribusinesses that used such practices generated higher yields and profitability than those that did not. The authors recommended that agribusinesses invest in sustainable soil management practices to enhance their productivity and profitability.

Water scarcity is a major environmental challenge that agribusinesses face. In many regions, water scarcity poses a significant obstacle to agricultural productivity and sustainability. According to Patra et al. (2021), water scarcity is a significant challenge for small-scale farmers in India. To mitigate this, agribusinesses need to implement water-efficient practices such as

drip irrigation, rainwater harvesting, and wastewater reuse to reduce water usage and increase productivity. Blignaut & Van Heerden (2009) investigated the impact of water scarcity on agribusiness success in South Africa and found that agribusinesses that could access alternative water sources, such as groundwater or rainwater harvesting, were more likely to succeed than those that relied solely on surface water. Therefore, agribusinesses need to be adaptable to changing water availability to ensure their long-term viability.

## **2.4 Conclusion**

In conclusion, based on the literature, it is evident that agribusiness success or failure is influenced by economic, social, and environmental factors. Although there may be some overlap between factors that contribute to success and those that lead to failure, there are significant differences that need to be taken into account. Sustainable agricultural practices, including climate-resilient agriculture and access to credit and markets, can promote economic success. Gender, education, and land tenure are critical social factors that influence agribusiness success. Policies and programs that enhance gender equality and support smallholder farmers can lead to both social and economic success. Environmental factors such as climate change and unsustainable environmental practices significantly affect the sustainability of agribusinesses. It is critical to recognize in the context of success and failure research that the factors that contribute to success are not always the same as those that lead to failure. Therefore, it is essential to investigate both outcomes comprehensively, as an absence of factors associated with success does not necessarily equate to failure. The purpose of this paper is to provide insights into the underlying fact that the lack of factors affecting success does not imply failure.



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The main objective of this research is to explore the various factors that influence the success or failure of agribusiness in the Accra and Kumasi metropolises in Ghana. The research methodology adopted to achieve the objective of the study is presented in this section. This section further highlights the research design, population of the study, sample size and sampling technique, data collection methods, data analysis, test of validity and reliability, and ethical considerations.

#### **3.2 Research Design**

A quantitative research approach was used for this study. In using the quantitative research approach, the researcher attempts to maintain objectivity by not allowing his personal bias to influence the analysis and interpretation of data (Tshikovhi, 2012). According to Jain et al., (2019), “the essence of quantitative research is that the researcher deliberately focuses on measuring content that is quantitative in nature” (p.13). According to Creswell (2012) “A basic rationale for this design is that one data collection form supplies strengths to offset the weaknesses of the other form and that a more complete understanding of a research problem results from collecting both quantitative and qualitative data.”

Research design outlines the plan or scheme that a particular study adopted to accomplish the various studies’ objectives (Addo, 2017). This study employed a cross-sectional survey and correlational research design. According to Bordens and Abbott (2021), “correlational designs

can establish the existence of relationships between the observed variables and determine the direction of the relationships” (p.125). The cross-sectional survey design will offer the opportunity to collect data or information at one point in time (Creswell and Creswell, 2018).

### **3.3 Research Setting**

The study was conducted at the Accra and Kumasi Metropolitan Assembly Ghana. These areas were selected based on the following rational:

- I. They are the two most populated Metropolises in the country. The largest markets in the country are also situated in these Metropolises.
- II. A majority of agribusinesses, such as poultry farmers, processing firms, and logistics, operate in these Metropolises.

### **3.4 Target Population**

The population for this study is all agribusiness entrepreneurs from Accra and Kumasi Metropolitan, Ghana. These entrepreneurs are individuals whose businesses are registered, produce goods, and/or offer services through the marketing of their products, have 10 or more customers, and have made or had expected revenue of \$20,000 per annum. This population was superlative in the essence that they could provide first-hand information on challenges facing agricultural entrepreneurship, being entrepreneurs themselves.

### **3.5 Sampling Technique**

The sampling procedure is classified into probability and non-probability sampling procedures (Taherdoost, 2016). Probability sampling techniques are related to quantitative research and

refer to the notion that each element in the population has an equal chance of being part of the sample. The non-probability sampling procedure is associated with qualitative research and case study research design (Yin, 2014).

A non-probability purposive sampling technique is utilized in selecting respondents in this study, as this helped the researcher focus on particular characteristics of a population that are of interest to the study. Respondents were accessed through snowballing within the entrepreneurial network.

### **3.6 Sample Size Determination**

To determine the sample size for the qualitative aspect of this study, the data saturation criterion was used. The aim of a qualitative research is to have an adequate sample size to garner diverse ideas and responses but limit the sample size at the saturation point. Saturation is the point at which additional data do not lead to any new emergent themes or the point in coding when no new codes occur in the data as explained by (Creswell and Plano Clark, 2007). Creswell (2012) further adds that the saturation point is subjective to the researcher, however, “most qualitative researchers realize when it occurs”. Therefore, this research initially targeted a sample size ranging between 30 and 35 for this study. However, the researcher was able to identify and interview 32 agribusiness entrepreneurs to participate in this research.

### **3.7 Data Collection and Instrumentation**

To meet the objectives of the study, the researcher used empirical data from primary sources. Thus, a structured questionnaire was used for collecting the primary data. A questionnaire is a data collection instrument used to gather primary data in survey-based studies (Carelse, 2017) and is mostly associated with quantitative research. The questionnaire was prepared in simple and easily understandable language. Aside, secondary information was obtained from relevant

textbooks, journal articles, and other publications available to aid in comparing the present study's findings with previous findings.

A semi-structured interview guide with open-ended questions was used as the data collection instrument, which provided a considerable amount of leeway for the researcher to probe the respondents along with maintaining a basic interview structure. Even though it was a guided conversation between the researcher and interviewees, appreciable flexibility was offered to the researcher with the use of the data collection tool. Meanwhile, a questionnaire comprising close-ended questions was utilized for the quantitative section of the study.

The research tool is a questionnaire that contains two sections with 20 questions, including information about the personal characteristics of respondents and questions related to the factors affecting entrepreneurial success and failure in agribusinesses. The statistical population of the present study is entrepreneurs who are active in agricultural businesses in the Accra and Kumasi metropolises of Ghana in 2023. Gender, age, business registration, activeness of business, working with a team, education, and earning were questions in the first part of the questionnaire. In the second part, information about economic factors affecting entrepreneurship such as financial limitations, resource constraints, and market access was obtained. Also, social factors such as innovation, risk-taking behaviours, leadership, business strategy, and government policy were assessed. Finally, the second part of the questionnaire investigated environmental factors such as climate change, natural resource degradation, and land use changes affecting agribusiness entrepreneurs in the Accra and Kumasi metropolises.

### **3.8 Data Analysis**

There are a lot of ways to analyze this vast amount of literature. The traditional or narrative literature review analyses the literature and summarizes it. It does not necessarily follow any methodological or structured approach (Coughlan et al., 2007). The meta-analysis approach uses statistical methods to analyze the findings of the literature to draw a conclusion or find patterns in the findings of the literature (Coughlan et al., 2007; Polit and Beck, 2006). This research is more quantitative because its deployed primary data from the targeted population (agribusiness entrepreneurs). Thus, some parts of the questionnaire were coded and further analyzed with the help of the R package in R studio. In this study, the primary data were analyzed using descriptive and inferential statistics.

Also, descriptive analysis was done to create a picture of the participants and to describe the constructs under investigation. So, descriptive statistics like frequency, percentage, means and standard deviations were used to characterize the sample and the variables under investigation.

The researcher not only needs to analyze the findings but also understand the process through which those findings emerge that will help in the replication of the process in the future, which is called the systematic and structured approach. This type of review is known as a systematic literature review. Hence, we followed a systematic literature review approach for analyzing the literature and answering the underlying specific research questions.

### **3.9 Reliability and Validity**

Reliability is the extent to which data-gathering methods and analysis methodologies will produce reliable, repeatable results (Denscombe, 2014; Krabbe, 2017). It evaluates the consistency and regularity of the researcher's measurement tool (Yilmaz, 2013 Zikmund et al., 2009). Test-retest, parallel forms, internal consistency, and inter-rater reliability are among the

types of dependability (Krabbe, 2017). Test-retest reliability measures how closely results from the same test that the researcher gave to the same group of subjects on two separate occasions are positively associated. The capacity of two versions of the same instrument to measure the same trait with findings that are strongly positively associated is known as parallel form reliability. Measuring instruments have internal consistency when used on a group of people. There should be uniformity among a measurement tool's components or question subsets. The procedure that enables researchers to acquire data by asking raters to evaluate a group of objects is known as inter-rater or inter-observer reliability. The most trustworthy multiple-item scale for this study was the test-retest and internal consistency Cronbach's Alpha (Hair et al., 2014). According to Krabbe (2017), coefficients between 0.7 and 0.9 are often acceptable, but values below 0.6 are less dependable and unreliable as they get closer to 0. Internal consistency will be further evaluated using PLS-Average SEM's Variance Extracted (AVE) and Composite Reliability (CR) metrics (Hair et al., 2014).

The accuracy of the research data is referred to as validity. It performs a purposeful measurement of items' accuracy or honesty (Neuman, 2014). Face, content, criteria, and construct validity are the four main categories of validity (Neuman, 2014). Using the opinions of people as a guide, face validity assesses how well a measurement item makes sense as a measure of a concept (Hair et al., 2022). The degree to which the items on a scale accurately reflect a given construct is known as content validity. To compare the items to another measure of the same construct and generalize the findings, criteria, or external validity depends on some independent or external validation. A collection of items' construct validity evaluates how closely they correspond to the construct that they are intended to measure (Hair et al., 2014). Discriminant and construct validity were used to test the study's validity.

### **3.10 Ethical Consideration**

Before conducting the research, ethical clearance was sought from the institutional review board at the University of Missouri-Columbia. Additionally, all ethical issues including autonomy, beneficence, non-maleficence, justice, and confidentiality as stipulated by Resnik et al. (2015) were upheld in this study.

## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS, AND DISCUSSION OF FINDINGS**

#### **4.1 Introduction**

This chapter presents the results from the descriptive and inferential statistical analyses. The descriptive statistics cover the demographic profile of the respondents in addition to the study variables. Following that, the validity and reliability of the measurements and structural models' evaluations were investigated using partial least square structural equation modeling. Thus, there are three main goals for this chapter. The first objective is to present the results from the primary data collected. The second is to interpret the results while the third is to discuss the findings by making inferences and linking the findings to the literature.

#### **4.2 Response rate**

The questionnaires were administered to 35 agribusiness entrepreneurs in the Accra and Kumasi metropolises, Ghana. The researcher designed the questionnaire using google forms, and hence, administered it to respondents through face-to-face interviews, zoom, and WhatsApp calls. Some questionnaires were personally administered by the researcher to the respondents during their working hours. However, 32 responded to the survey resulting in a response rate of 91.43%.

#### **4.3 Demographic characteristics**

The profile of the respondents is reported in this section. The frequencies and percentages were calculated for gender, age, sector/category, education, and activeness in business. Table 4.1 provides the results



**Table 1**  
*Demographic characteristics of respondents*

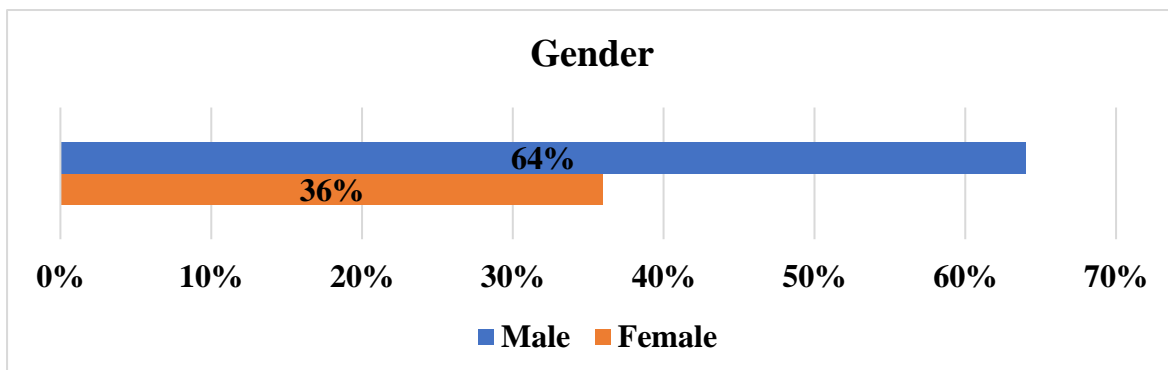
No.	Age	Gender	Sector/Category	Activeness of Business
1	32	MALE	PRIMARY PRODUCTION	YES
2	27	MALE	DISTRIBUTION AND MARKETING	YES
3	30	MALE	PRIMARY PRODUCTION	YES
4	28	MALE	PRIMARY PRODUCTION	YES
5	29	MALE	DISTRIBUTION AND MARKETING	YES
6	30	MALE	DISTRIBUTION AND MARKETING	NO
7	29	MALE	PROCESSING AND MANUFACTURING	YES
8	30	MALE	PROCESSING AND MANUFACTURING	YES
9	26	FEMALE	DISTRIBUTION AND MARKETING	YES
10	30	MALE	DISTRIBUTION AND MARKETING	NO
11	29	FEMALE	DISTRIBUTION AND MARKETING	NO
12	30	FEMALE	PROCESSING AND MANUFACTURING	NA
13	24	MALE	DISTRIBUTION AND MARKETING	YES
14	30	MALE	DISTRIBUTION AND MARKETING	YES
15	24	MALE	PROCESSING AND MANUFACTURING	NO
16	30	FEMALE	DISTRIBUTION AND MARKETING	YES
17	27	FEMALE	DISTRIBUTION AND MARKETING	YES
18	55	FEMALE	PRIMARY PRODUCTION	YES
19	30	FEMALE	PROCESSING AND MANUFACTURING	YES
20	26	FEMALE	PRIMARY PRODUCTION	YES
21	31	MALE	PROCESSING AND MANUFACTURING	YES
22	32	FEMALE	DISTRIBUTION AND MARKETING	YES
23	30	MALE	PRIMARY PRODUCTION	YES
24	35	MALE	PROCESSING AND MANUFACTURING	YES
25	29	MALE	PRIMARY PRODUCTION	YES
26	38	MALE	DISTRIBUTION AND MARKETING	YES
27	40	MALE	PRIMARY PRODUCTION	NO
28	27	FEMALE	DISTRIBUTION AND MARKETING	YES
29	28	FEMALE	DISTRIBUTION AND MARKETING	YES
30	31	MALE	PRIMARY PRODUCTION	YES
31	31	MALE	PRIMARY PRODUCTION	YES
32	32	MALE	PRIMARY PRODUCTION	NO

The research tool used is a questionnaire that contains two sections, with 34 questions including demographic information about the personal characteristics of respondents and questions related to the factors affecting entrepreneur success and failure in the chosen metropolises under

study. Out of the 35 questionnaires sent to the targeted population, only 32 were completed due to the limitation of access to entrepreneurs and unanswered questionnaires. The result showed that 20 representing 64% were male while 12 representing 36% of the respondents were females. 7 (23%) were entrepreneurs in processing and manufacturing, 11 (35%) were in primary production and 14 (42%) were in distribution and marketing. The study also took into account whether the entrepreneurs were active in business or not. From the data, 26 representing 82% of the entrepreneurs were active in business while only 6 representing 18% were out of business. The age of respondents was between the range of 27 and 40 years.

#### 4.3.1 Gender

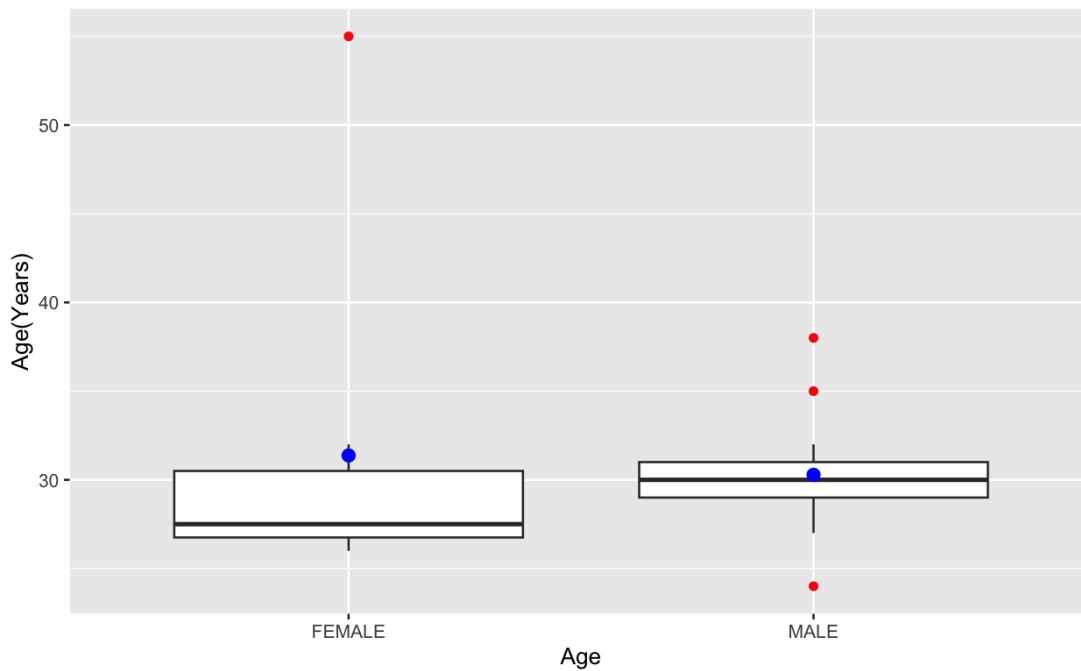
**Figure 2**  
*Age level of the respondents*



**Source:** *Field survey, 2022*

Out of the 32 agribusiness entrepreneurs selected for this study, the results indicate that 20 representing 64% were male while 12 representing 36% of the respondents were females. This presupposes that a greater percentage of male entrepreneurs are into agribusiness compared to female entrepreneurs in the Accra and Kumasi Metropolises in Ghana.

**Figure 3**  
*Age and Gender Variation*

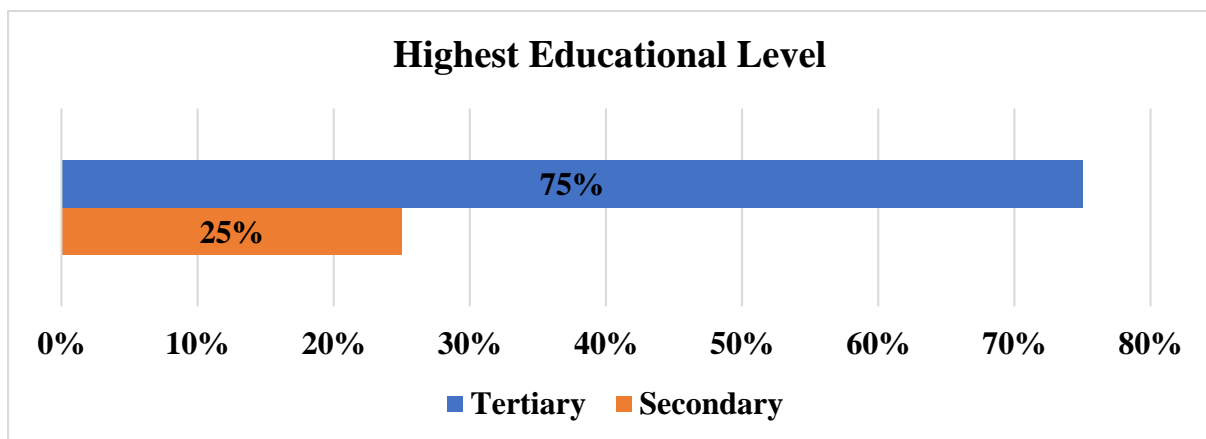


**Source:** *Field survey, 2022.*

The result as presented in Figure 3 above shows that the age of the 32 represented agribusiness entrepreneurs ranges from 24 years to 55 years. The average age of females and males were 33 years and 30 years respectively. Also, the outlier age of female entrepreneurs was recorded at 55 years while that of males was indicated at 38 years. However, the data recorded the youngest male entrepreneur at 24 years. This indicates that there are more active and young male entrepreneurs in the selected area under study.

### 4.3.2 Education

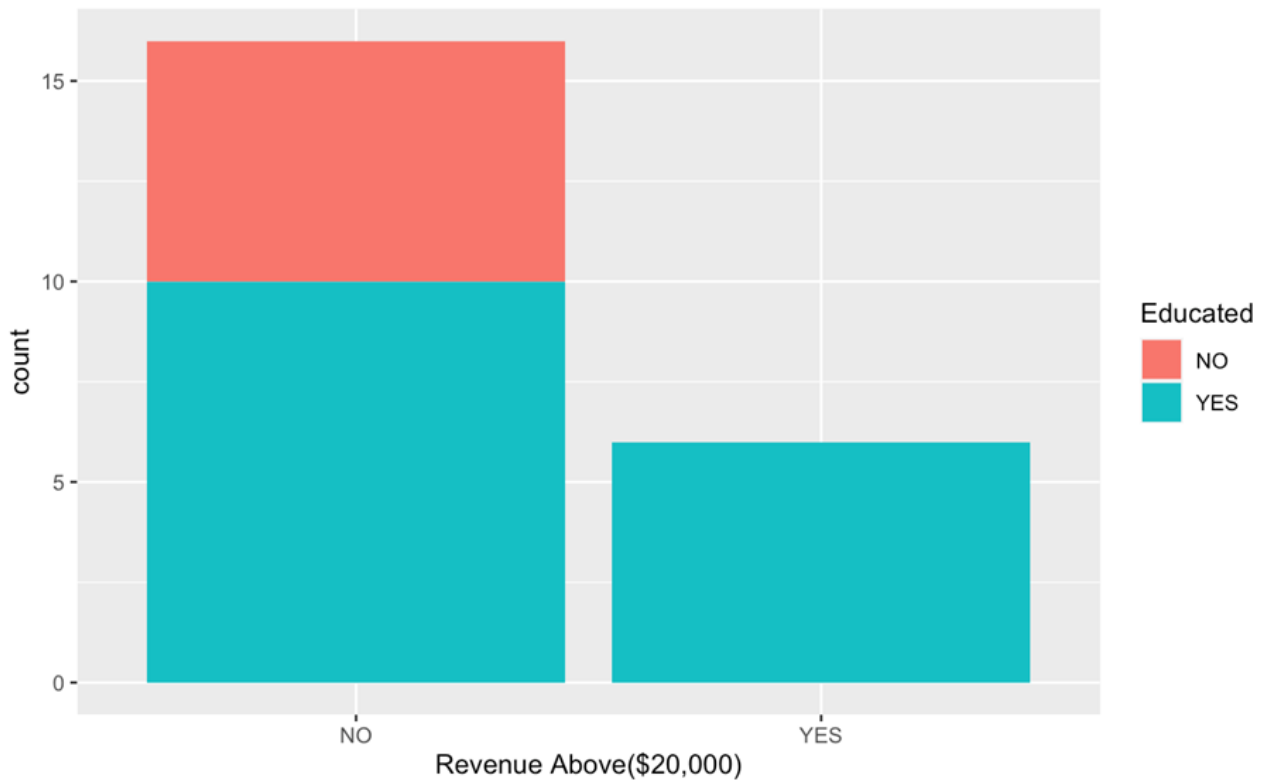
**Figure 4**  
*The highest educational level of respondents*



Source: *Field survey, 2022*

Thirty-two agribusiness entrepreneurs in the Accra and Kumasi Metropolises were interviewed in this study. As shown in Figure 4, the minimum educational level attained by the respondents was secondary education, which is represented by 25%. Furthermore, the study found that the majority (75%) of the respondents have attained tertiary education. This result implies that there is a high literacy level among agribusiness entrepreneurs in the study areas. Similarly, the result revealed that only educated entrepreneurs made or have plans to earn above \$20,000.00 per year.

**Figure 5**  
*Education and earning difference*

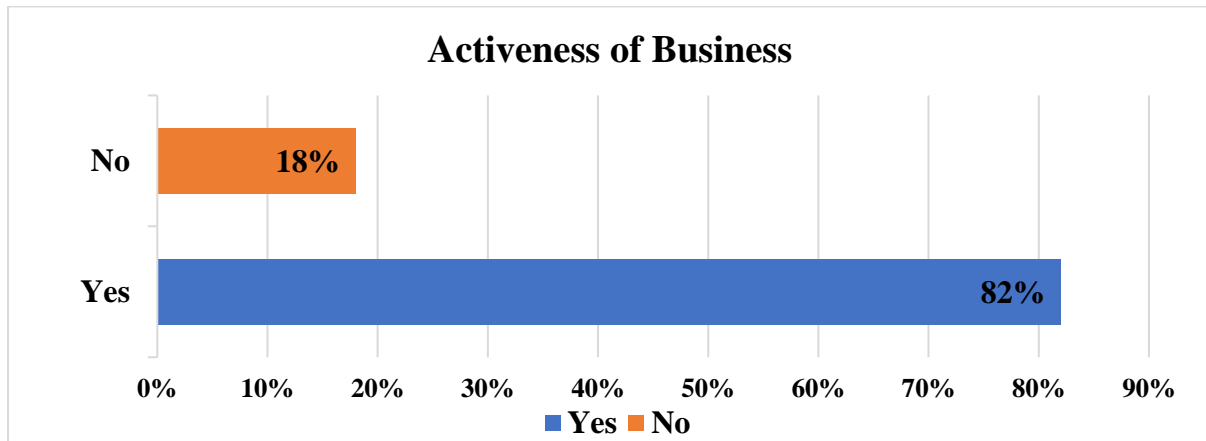


**Source:** *Field survey, 2022*

Entrepreneurs' level of education and earning/revenue above \$20,000.00 per year was computed for the study (see figure 5). As indicated earlier in the aforementioned discussion, though all agribusiness entrepreneurs sampled for the study had some sort of education, there was a disparity in their level of education (24=tertiary; 8=secondary). It is worth mentioning that, entrepreneurs' education directly affects their revenue. Hence, respondents' feedback presented clearly that only educated entrepreneurs made or plan to earn above \$20,000.00 per year.

### 4.3.3 Activeness of agribusiness

**Figure 6**  
*Activeness of business*

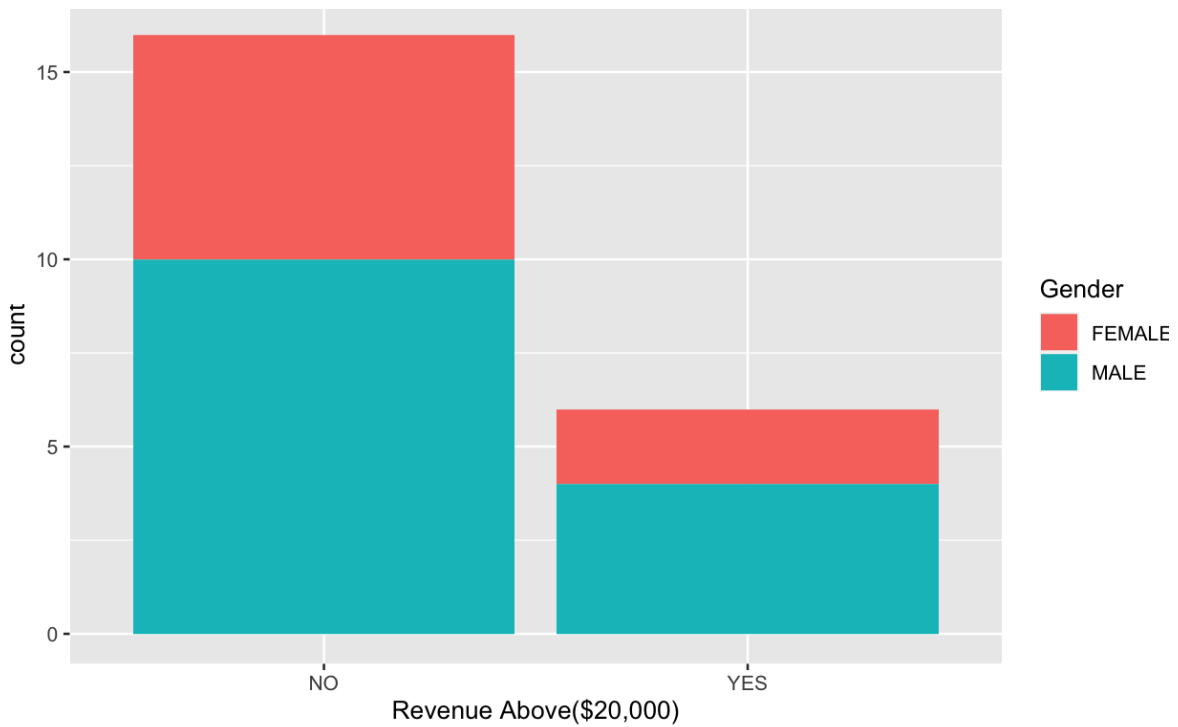


Source: *Field survey, 2022*

Approximately 82% of the respondents confirmed their businesses are still operational, while the remaining 18% indicated otherwise (Figure 6). It further showed that men are 1 year older in business.

**Figure 7**

*Gender and activeness in business variation*

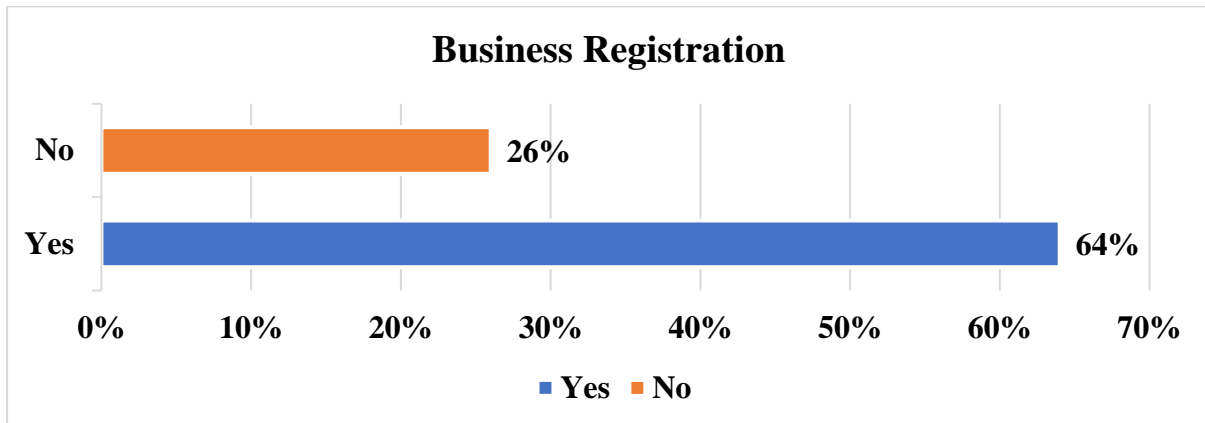


**Source:** *Field survey, 2022*

Figure 7 above presents the gender of agribusiness entrepreneurs and their activeness in business. The average years in business for males and females was 3 and 4 respectively. It was noted that men stay active in business as compared to female. This is evident as indicated in the outlier years in the business of males recorded 20 years. However, the highest length at which females could stay in business was 9 years as shown above.

#### 4.3.4 Business registration

**Figure 8**  
*Business Registration*

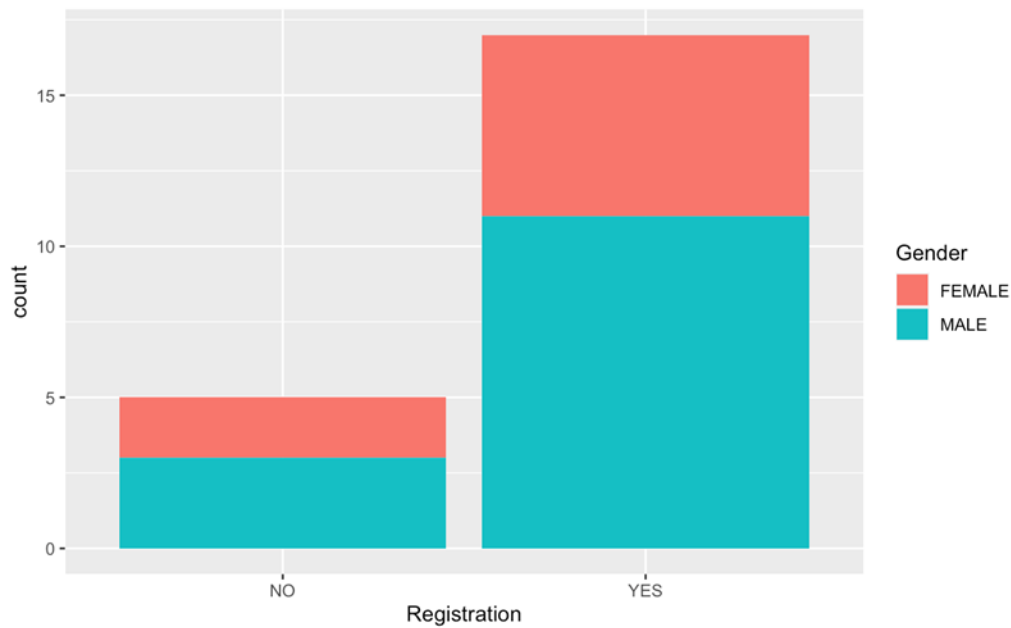


Source: *Field survey, 2022*

From Figure 8, it can be seen that roughly three-quarters (74%) of the respondents have officially registered their agribusinesses with responsible government institutions. Meanwhile, the remaining 26% admitted that their agribusinesses are not registered officially with government institutions. Despite successfully submitting their registration documents, ten percent of the participants remained in a state of uncertainty as they awaited feedback from the governmental registration body. This lack of clarity hindered their ability to determine the official status of their business, leaving them unsure whether it was registered or not. The results indicated no significant difference between males and females in business registration.



**Figure 9**  
***Gender and Business registration variation***

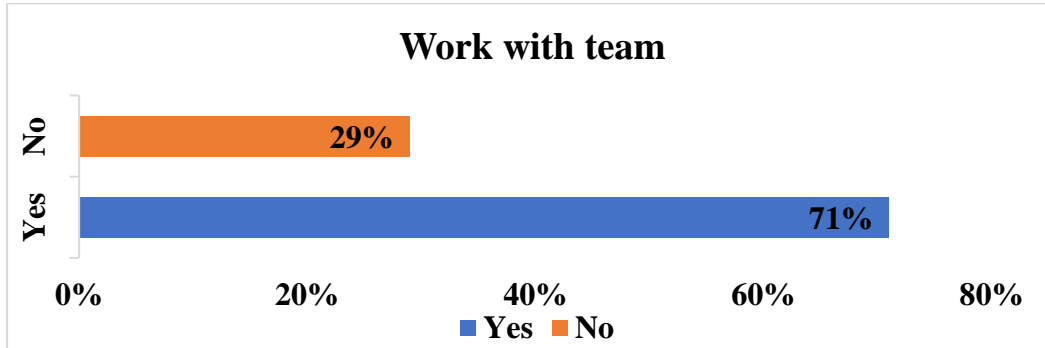


**Source:** *Field survey, 2022.*

Figure 9 presents data on gender and business registration collected from the respondents. As discussed above, out of the 74% representing 24 agribusiness entrepreneurs who have fully registered their business, 17 and 7 were male and female respectively. This explains that a greater percentage (70.83%) of agribusiness registered are men in the Accra and Kumasi metropolises.

### 4.3.5 Team

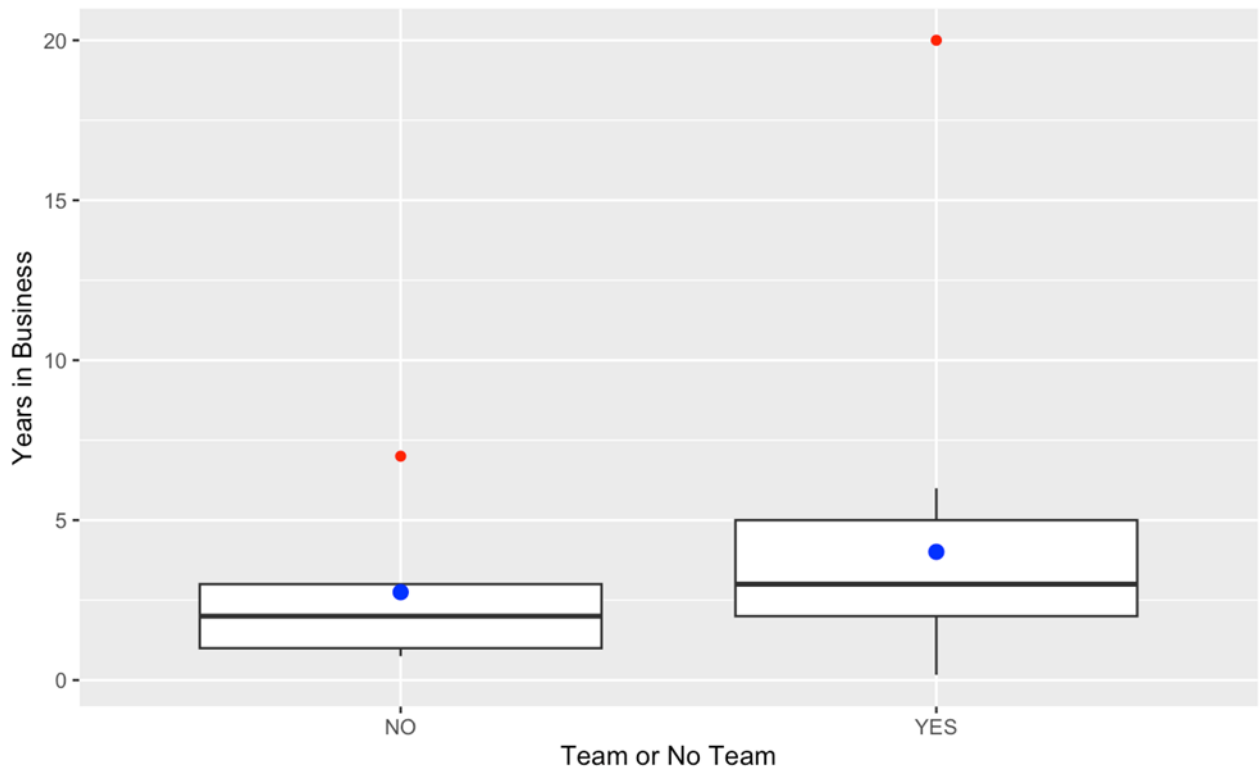
**Figure 10**  
*Work with team*



Source: *Field survey, 2022*

The study asked the respondents whether they run their agribusinesses alone or work together with a team in the operations of their agribusinesses. Figure 10 depicts that approximately 71% of the entrepreneurs surveyed in this study work together with a team in their agribusinesses. 29% representing 10 indicated that they do not work with the team.

**Figure 11**  
*Impact of team on business activeness*

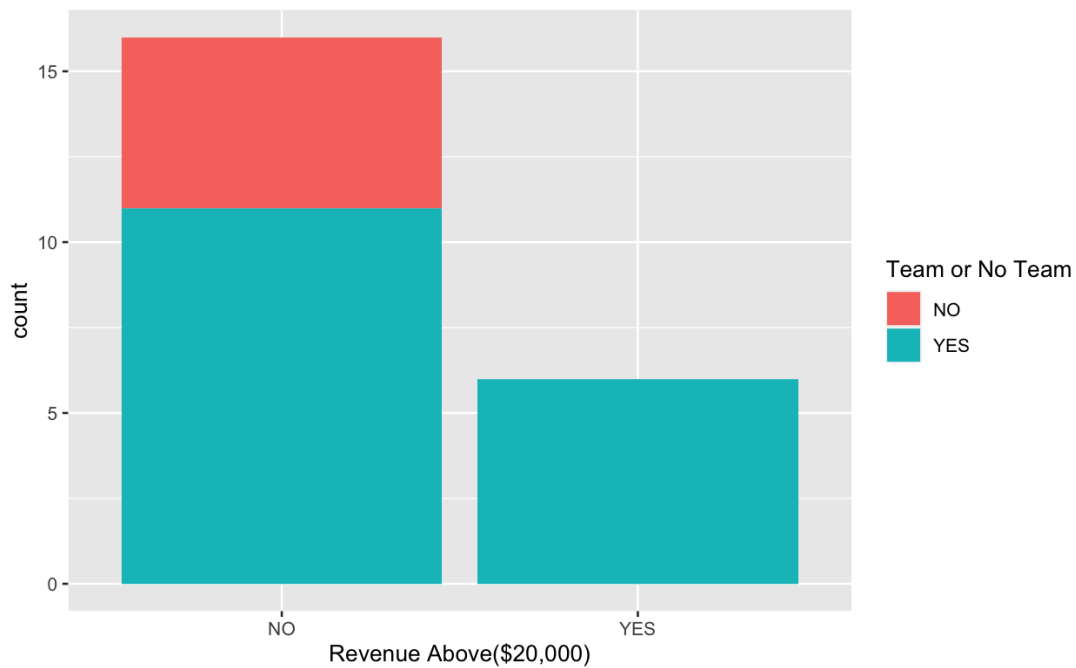


**Source:** *Field survey, 2022*

Figure 11 presents the impact of the team on business activeness in the underlying study. It was observed that the average of agribusiness entrepreneurs with teams and those without teams was recorded at 4 and 2 respectively. Entrepreneurs without teams are the minimum outlier from the mean, thus, 7 years in business. On the contrary, agribusiness entrepreneurs working with a team recorded a maximum of 20 years of business activeness. Based on the above, the researcher posits that entrepreneurs are more likely to stay in business for a very long period if they work with a team.

Figure 12

*The impact of team on revenue*



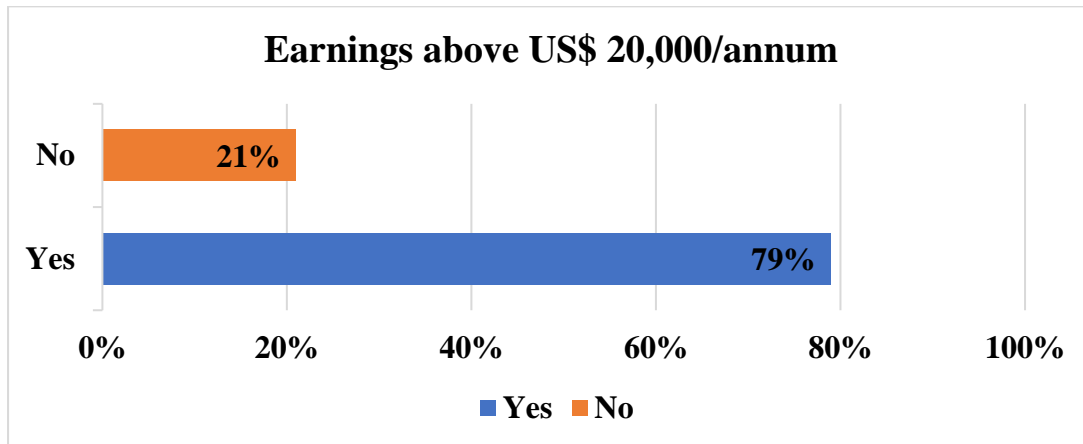
**Source:** *Field survey, 2022*

The study revealed that agribusiness entrepreneurs who work with a team have greater revenue generated and business activeness (see figure 12). 71% representing 23 agribusiness entrepreneurs who work with a team had a significant and positive change in their revenue. The remaining 16% who worked without a team did not realize any revenue progress. Thus, the researcher put forward that, a business's revenue generation is dependent on its ability to work with the team.

#### 4.3.6 Annual revenues generated by the agribusinesses

**Figure 13**

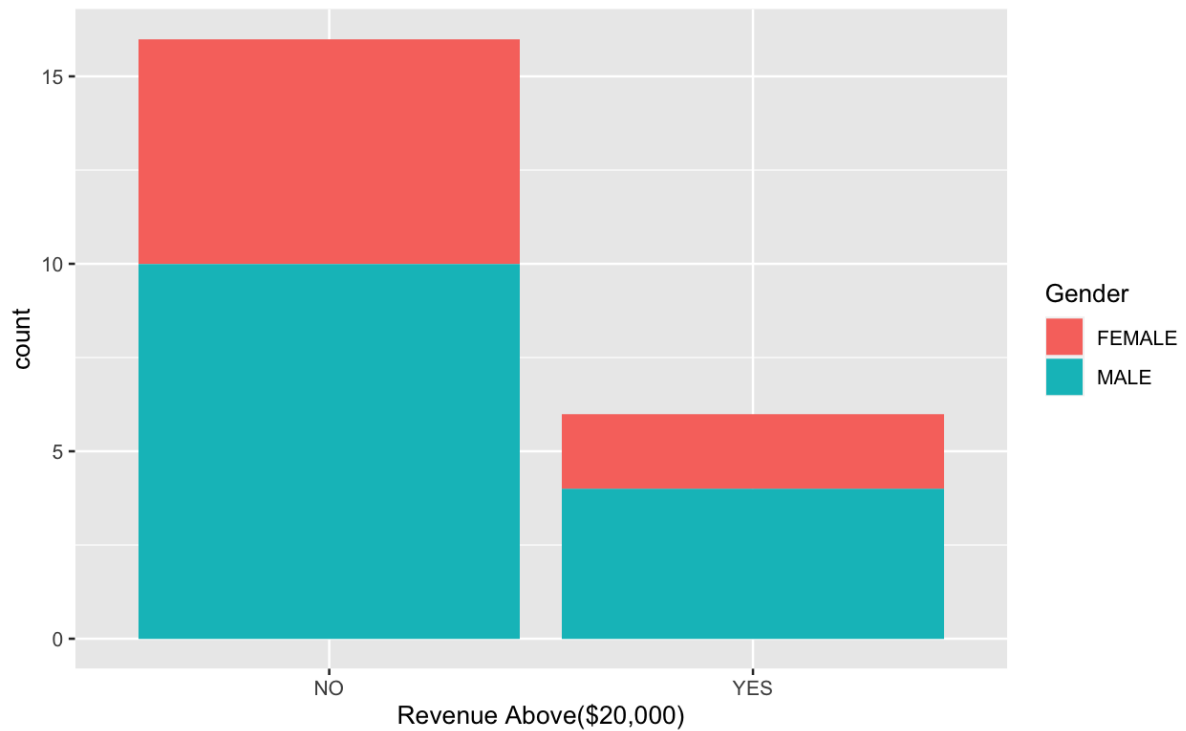
*Earnings above US\$ 20,000/annum*



Source: *Field survey, 2022*

The study enquired about the revenues made by entrepreneurs in their agribusinesses. From Figure 13 above, the majority of the respondents (79%) indicated that they generate or planned to generate more than US\$20,000 in revenues each year. 21% recorded earning below \$20,000.00.

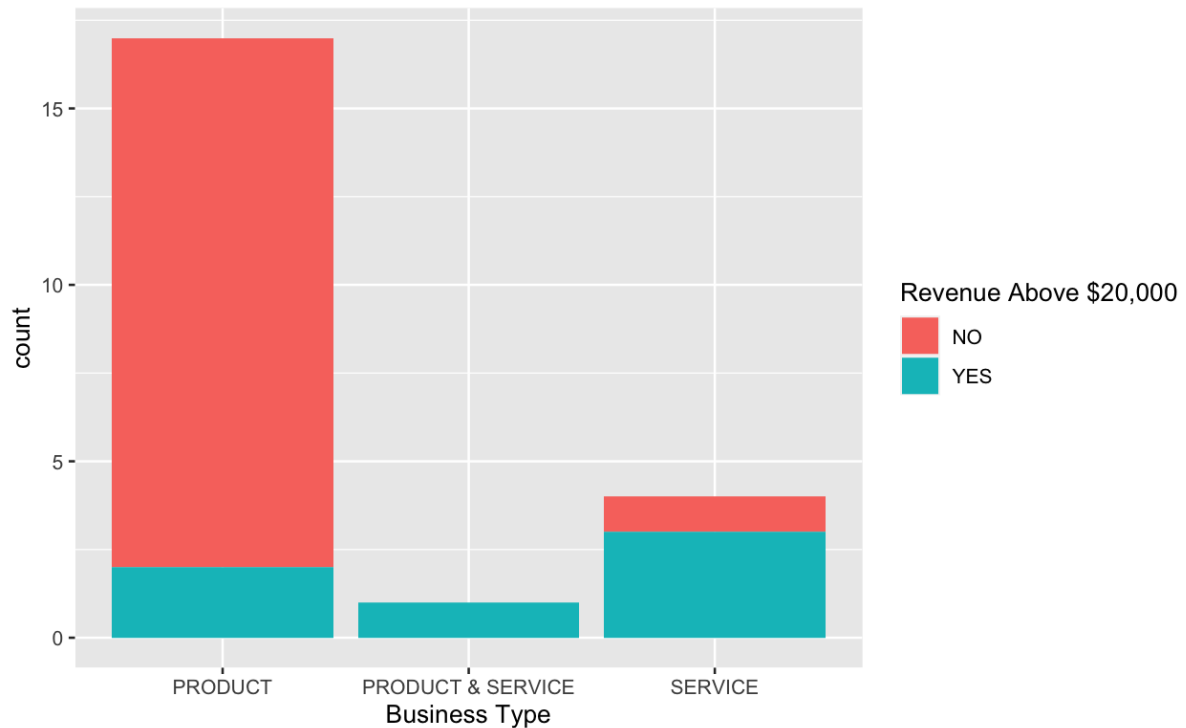
**Figure 14**  
*Earning above \$20,000 and customer*



**Source:** *Field survey, 2022*

The study also investigated the impact of agribusiness entrepreneurs' customer base on their revenue. Responses from respondents revealed that all entrepreneurs who made above \$20,000 had more than 10 customers.

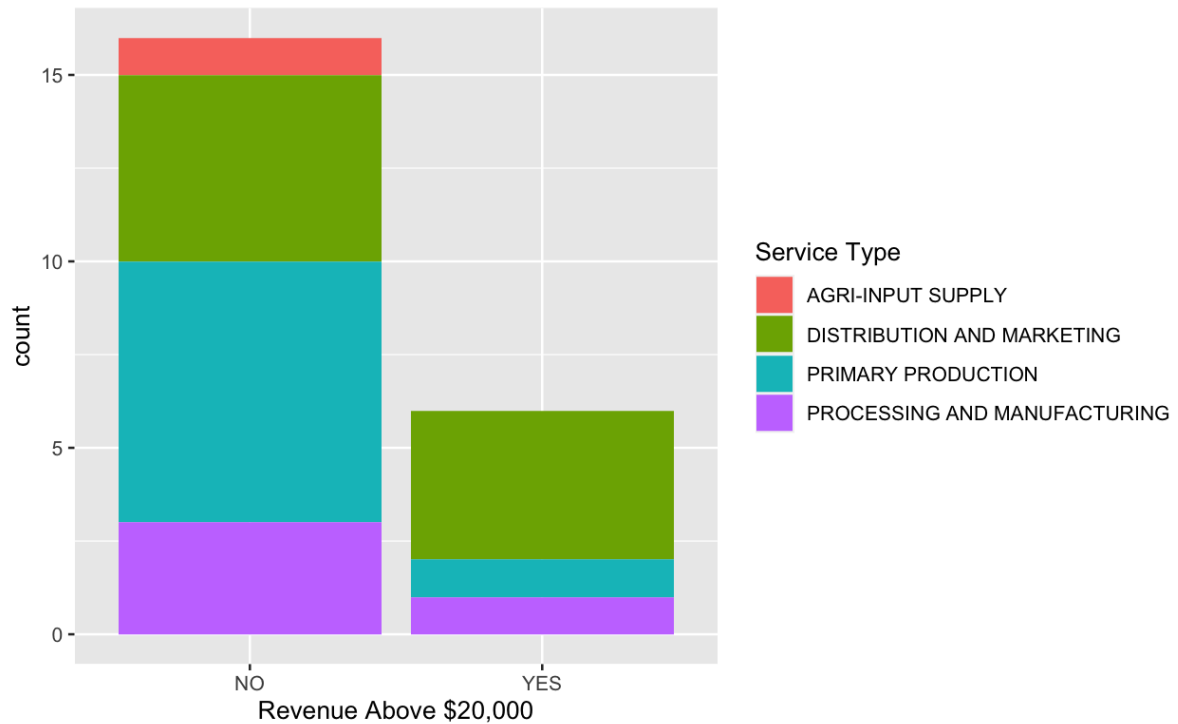
**Figure 15**  
***Earning above \$20,000 and business type.***



**Source:** *Field survey, 2022*

The study also collected data on entrepreneurs’ earnings above \$20,000 and their respective business types. It was revealed that 18 agribusiness entrepreneurs traded solely into products. Out of the 18, only 2 entrepreneurs had or planned to earn above the threshold of \$20,000.00. Also, only 1 entrepreneur was named into product and service and further earn above \$20,000.00. Lastly, 4 entrepreneurs were into the service business type where 3 out of the 4 earned above \$20,000.00.

**Figure 16**  
**Revenue above \$20,000 and service type**



**Source: Field survey, 2022**

Figure 16 presents employees' revenue above \$20,000 and service type. The study took into account service types such as agribusiness input supply, distribution and marketing, primary production, and processing and manufacturing.

Findings from respondents revealed that 17 entrepreneurs recorded revenue below \$20,000.00. out of this, 3 were into agribusiness input supply, 5 were into distribution and marketing, 7 were into primary production and 3 were int processing and manufacturing. Only 7 agribusiness entrepreneurs responded positively to revenue above \$20,000.00. Here, 5 were into distribution and marketing, 1 into primary production, and 1 into processing and manufacturing.



#### **4.3.7 Business profile of the respondents**

From Table 2, the average number of years of existence of the agribusinesses of the respondents is about 3 years and 9 months. Moreover, it can be seen that the minimum period of operation of the agribusinesses, as revealed by the respondents is 2 months, while the longest period of existence of an agribusiness by the respondents is 20 years.

**Table 2**  
*Descriptive statistics of respondents*

<b>Variable</b>	<b>Mean</b>	<b>Std. Dev.</b>	<b>Min.</b>	<b>Max.</b>
Age (in years)	30.74	5.39	24	55
Years of business existence (in years)	3.78	3.88	0.17	20
Team size (in number of persons)	3	3.90	1	20

**Source: Field survey, 2022**

Furthermore, agribusiness entrepreneurs are in their youthful age, with an average age of roughly 31 years (Table 2). Table 2 also shows that on average, the entrepreneurs work together with three additional team members, with a minimum of one additional person and a maximum of 20 people.

### **4.4 Discussion of results**

#### **4.4.1 Discussion on factors associated with agribusiness success and failure in the study areas**

The responses by study participants were coded and grouped under the three dimensions of sustainable agricultural entrepreneurship. For instance, if a participant commented on poor access to agricultural finance, then that was coded as “funding”. Furthermore, as an example,

under the environmental dimension, “diseases” was used to represent responses such as contamination of water resources used in agricultural production. In contrast, after-sale services and communication to customers were coded as “feedback” and categorized under the social dimension. Figures 7 and 8 show the percentage of responses for each of the three dimensions in terms of their contribution towards the success and failure of agribusinesses in the study areas, respectively. From Figure 7, it can be seen that about three-quarters of the factors associated with the success of agribusinesses are social factors, as revealed by 24 out of 32 respondents. In contrast, the respondents revealed that the failure of agribusinesses has less to do with social factors. From Figure 8, about half of the responses by the participants (16 out of 32) showed that the failure of agribusinesses is caused by economic factors.

#### ***4.4.2 Factors associated with agribusiness success in the Greater Accra and Ashanti***

##### ***Regions of Ghana***

The performance of any organization relies heavily on the performance of the people (employees) who are in the organization. Moreover, the performance of the employees on their assigned tasks is also influenced by their behaviour and attitude towards the work. The findings of this study attributed the success of agribusinesses to the personalities or personal qualities or social factors of the entrepreneurs and their employees rather than to the economic or financial factors. These findings corroborate the assertion made by Nieves and Quintana (2018), which stated that not regarding the efficiency and quality of the machinery and financial capacity of a business, human capital is the most important component of the business needed to ensure the other resources of the business are performing to their capacity to guarantee the success of the business. Thus, for any business to achieve optimal capacity utilization, the

employees of the firm need to stay motivated, work hard, and stay disciplined and committed to their assigned duties.

According to Aqeel et al. (2011), most businesses fail because they focus solely on profit-making while paying little attention to the need to satisfy customers. Aqeel et al. (2011) believe that this approach prevents most businesses from providing high-quality products that meet the specifications of the customers, leading to poor customer satisfaction and ultimately losing the customers. Hence, it is not surprising that the most common factor mentioned among the respondents in this study is that successful agribusinesses are those that can satisfy their customers by delivering upon their promises consistently. Put in another way, the study found that for agribusinesses to succeed, they need to maintain consistent supply and timely delivery of high-quality products that offer value to the customers.

Moreover, it was found that successful agribusinesses are those that can build meaningful and lasting relationships with their customers. According to the respondents, building and maintaining relationships with the customers of the businesses encourages repeated purchases, positive ratings by the customers, and retaining customers. To achieve this level of interaction with the customers, the respondents recommended that businesses can offer after-sale services to their customers and try their best to address customer complaints and feedback. From the perspective of Sousa (2003), the ability to build relationships with customers not only promotes sales and profitability but also increases the competitive advantage of agribusiness in the industry.

Aside from ensuring consistent delivery of quality products and building relationships with customers, the respondents stated that products have to be affordable to meet the paying capacities of the target market group. Pricing is a key component of the marketing mix which is perceived to match the value offered by the product to the customers (McCarthy, 1984).

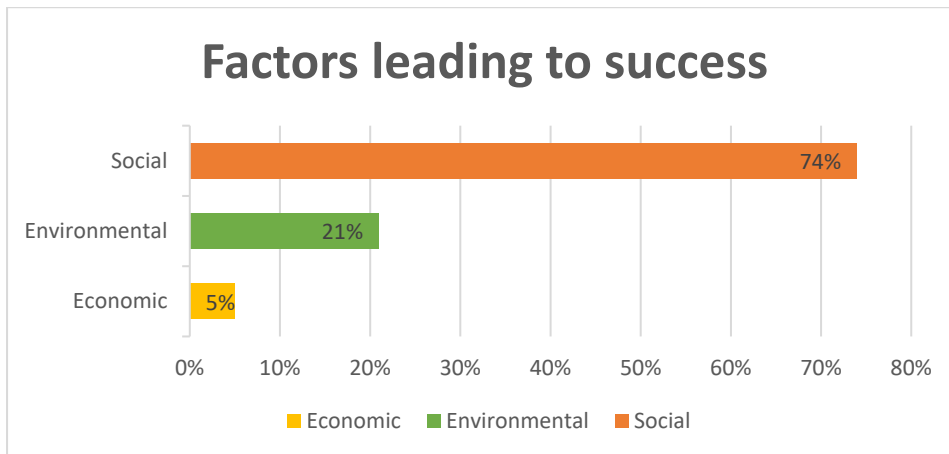
Nevertheless, in setting the price for a particular product, Uusitalo and Rokman (2007) posit that businesses should not focus on the cost alone, but rather on the competition and consumer buying behaviour. From this study, it was revealed that setting prices too high might scare potential customers off. Conversely, placing the prices too low can potentially create the impression of a low-quality product, thus discouraging customers from patronizing the product.

Cronin-Gilmore (2012) explained that agribusiness entrepreneurs typically have a good understanding or knowledge of their products; however, they lack the skills needed to develop strategic and operational plans for their businesses and the tenacity to follow through on their plans. This assertion is backed by Eddleston et al. (2013) who emphasized that entrepreneurs who can plan strategically and revise those plans when necessary, and who follow their plans diligently, have lesser tendencies to fail compared to those with no strategic planning or an excessively comprehensive strategic plan for their business. According to the majority of the respondents in this study, the ability of entrepreneurs and management of agribusinesses in the study areas to set goals and targets, plan and execute them effectively to achieve the goals while also being versatile when required, is a crucial ingredient for the success of agribusinesses in the study area.

Another factor resulting in the success of businesses, according to the respondents in this study is the leadership skills of the entrepreneur. From the view of the entrepreneurs, the ability of the entrepreneur to create a culture that promotes creativity, innovation, and willingness to take more responsibilities among the employees, has the potential to ensure business success. Furthermore, effective leadership can inspire positive attitudes among employees, which can minimize negative behaviours such as lateness, absenteeism, and lack of discipline among others, a claim supported by Surdez-Perez et al. (2014). Figure 17 below presents graphically the factors leading to agribusiness entrepreneurs' success.

The researcher computed the social, environmental, and economic factors leading to the success of agribusiness entrepreneurs in the selected area under study as shown in figure 17. Social factors emerging the leading factor recorded at 74%, followed by environmental factors at 21%, and lastly economic factors at 5%.

**Figure 17**  
*Factors leading to success*



**Source:** *Field survey, 2022*

For factors leading to the success of entrepreneurs, the researcher conducted the test for the assumption of continuity, and the results revealed that all the expected frequencies were greater or equal to 5. Hence, the assumption of continuity was not violated. A Chi-Square goodness-of-fit test was performed to determine whether there were discrepancies in the expectations that the Factors of success categories were equal. Assumptions of the Chi-Square test were met. The results of the Chi-Square goodness-of-fit revealed that there were discrepancies among social factors of success 32 (74.4%) were significant and the others were not significant,  $\chi^2(2) = 34$  and  $p < .001$ .

#### ***4.4.3 Factors associated with business failure in the Greater Accra and Ashanti Regions of Ghana***

Respondents in this study suggest that a majority of the factors that lead to the failure of agribusinesses in the study areas are mostly economic. In addition to economic factors, the study revealed that social factors such as the attitudes, skills, and technical know-how of the entrepreneurs and their workforce also contribute to the failure of agribusinesses. Specifically, the majority of the respondents indicated that limited access to finance is the leading cause of the failures of agricultural businesses in the Accra and Kumasi Metropolitans in Ghana. Access to finance is a critical component for the sustenance of every business entity. Adequate finance is needed for agribusinesses to be able to fund the operational costs and capital expenditures of the businesses to ensure their survival and growth. For most entrepreneurs in Ghana, especially in the agricultural sector, access to finance remains a major barrier. According to the respondents, commercial financial institutions are reluctant in funding agricultural activities due to the perceived high risks in the sector such as crop failures. As a result, most entrepreneurs rely on other sources of finances, such as personal savings, the sale of personal properties, relatives and friends, and other informal sources. However, these sources offer limited funding, which is mostly inadequate to ensure the sustenance and expansion of businesses. Findings from this study share a similar view with Arasti (2011), which reported that a major concern and usually a cause of business failure among businesses is their poor access to credit facilities from commercial financial institutions. According to Mendes (2012), the most important barrier to access to finance for entrepreneurs is their lack of collateral security and high information asymmetry, which discourage financial institutions from providing them the needed finance.

Aside from limited access to finance, making and receiving payments is crucial in the operations of every agribusiness. The inability of entrepreneurs to manage their inventory and

credit to customers is seen as a potential cause of the failure of agribusinesses. The respondents admitted that keeping inventory for long periods results in higher costs, such as tying up capital and holding costs, which ultimately impact their profitability. Moreover, respondents noted that the failure of businesses to keep adequate inventory and supply customers readily could also lead to lost sales and other challenges. Another cause of failure among businesses in the study area is the inability of entrepreneurs to separate private matters from that of the business. According to the respondents, a key factor for the failure of agribusinesses can be linked with the misuse of business funds for personal expenses and the luxurious livings of the entrepreneur, eating into the capital of the business and impeding growth and expansion of the business. Moreover, a lack of financial discipline on the part of the entrepreneurs is considered a key factor that influences the success or failure of the business. For instance, some entrepreneurs cannot put controls on the use of funds and the expenditures and costs of the business, always running into debts and defaulting on such debts.

The pricing strategy used by businesses was revealed by respondents as another economic factor that can result in business failure. This result agrees with the assertion of Holt (2013) that pricing a product too low to generate more sales could lead to the failure of the business when the revenue generated is lower than the costs involved in the operations of the business. In contrast, setting the price of the product too high can also reduce the demand by customers due to unaffordability. Also, if the customers perceive that the value derived from the product does not correspond with the price, then their patronage of the product would fall.

Failure of customers to repay their debts can result in the collapse of businesses, as admitted by some respondents in this study. According to them, businesses could fail due to the accumulation of bad debts and default on credit by their customers. As such, Cronje et al. (2000) state that businesses need to build a longer-term and mutually beneficial relationship

with their customers, as well as conduct rigorous due diligence and assessment of the creditworthiness of their customers, before offering them products on credit.

In terms of social factors, scarcity of skilled personnel is a major reason for the failure of agribusinesses. For any business to succeed, entrepreneurs and employees of the business need to be equipped with adequate knowledge and skills in the operations of the business. They should be well-informed about the industry and the technicalities of the business in which they are operating. Unsurprisingly, respondents in this study admitted that inadequate knowledge and skills in the business or the operations of the business were considered a key reason for the failure of businesses. This finding is corroborated by the study by Mahamid (2012), which found that a lack of understanding of a particular business and poor management skills and experiences are contributing factors to the failure of businesses. For some respondents in this study, their team involved family members, such as parents and siblings. In some situations, the family members in the business might lack the required knowledge and skills to execute their roles properly. That said, James (1999) believes hiring competent people outside the family should be considered as a means to sustain the operations and growth of the business.

Moreover, the lack of leadership skills on the part of the entrepreneur is seen as another factor causing businesses to fail in the agricultural sector of Ghana. For instance, these entrepreneurs lack skills in planning, organizing, and controlling activities, especially when the business starts taking off. They are unable to plan adequately, in terms of finance, marketing, and workforce management, among others. According to Arasti (2011), management's approach to resolving issues, and lack of effective communication skills are the root causes of several of the factors leading to the failure of businesses. When management fails to disseminate relevant information to employees, it breeds a lack of trust among them, leading to careless attitudes towards work and an unhealthy work environment.



The absence of market planning on the part of the entrepreneurs and management of agribusinesses has been linked with their failures in the study areas, as mentioned by the respondents. Specifically, it was revealed that these entrepreneurs do not consider the demand, competition, pricing, market structure, prices, sales and distribution, and other strategies to be used in the market. Most agricultural entrepreneurs fail with their products in the market because they do not invest time and effort into their markets but decide to produce a product, with the assumption that there will be a ready market.

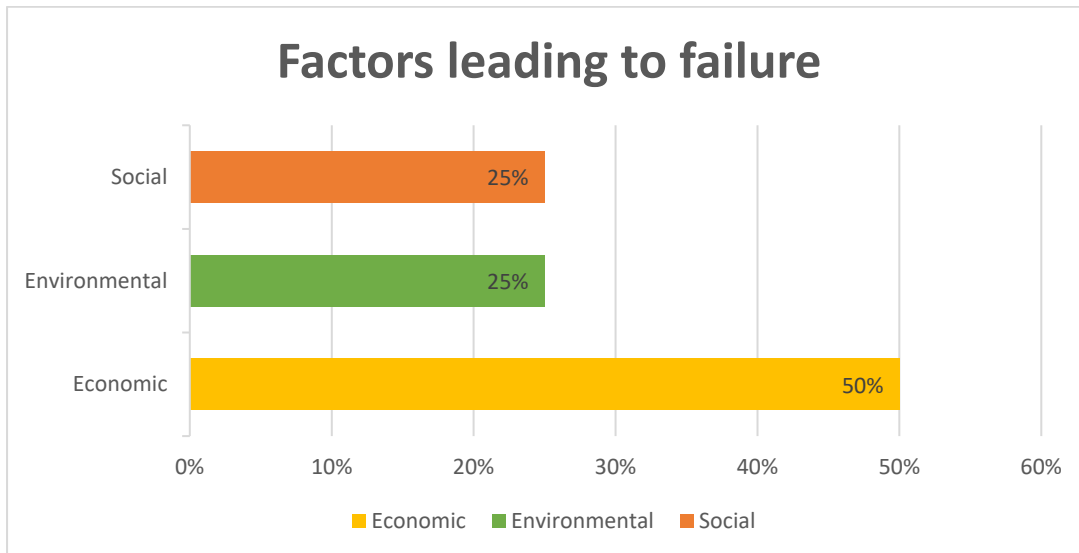
Another reason accounting for the failure of agribusinesses is the lack of continuity when the entrepreneur is not actively involved in the operations of the business anymore. For most agribusiness in Ghana, the entrepreneur needs to play an active role in the daily operations of the business. Without their active involvement in the daily activities of the company, employees are usually lax in their duties, leading to the failure of the business. Furthermore, this need for the active participation of the entrepreneur impedes the scaling up of the business, as mentioned by a section of the respondents in this study. The reason is that the entrepreneur might lack the management skills to oversee a growing business or expansion in the workforce or operational areas of the company. Also, monitoring and overseeing daily operations of the agribusiness will become increasingly challenging and almost impossible in some cases for the individual entrepreneur, leading to inefficiencies and misappropriations. These entrepreneurs might be overwhelmed with lots of workload, leading to loss of control and proper monitoring of the business.

Finally, the study found that poor attitude of employees towards work is a recipe for the collapse of businesses. As stated by Yadav and Uprtou (2022), “the strength of any organization is its people”. Hence, it can be inferred that the performance of any organization relies on the performance of its employees. Respondents in this survey agree that poor performance and eventual collapse of businesses can stem from poor attitudes and behaviours of employees,

such as dishonesty, mistrust, disloyalty, laziness, and indiscipline. Figure 18 below shows factors that leads to agribusiness entrepreneurs' failure.

Figure 18 presents factors that leads to agribusiness entrepreneurs' failure in the Accra and Kumasi metropolises. Economic factors recorded 50%, environmental factors 25% and social factors 25%. It was noted that economic factors were the leading factors contributing to failure of agribusiness business for the selected area.

**Figure 18**  
*Factors leading to failure*



**Source:** *Field survey, 2022*

For factors leading to the failure of entrepreneurs, the researcher conducted the test for the assumption of continuity, and the results revealed that all the expected frequencies were greater or equal to 5. Hence, the assumption of continuity was not violated. A Chi-Square goodness-of-fit test was performed to determine whether there were discrepancies in the expectations that the Factors of failure categories are equal. Assumptions of the Chi-Square test were met. The results of the Chi-Square goodness-of-fit revealed that there were **discrepancies** among

**Economic factors of failure 24 (50%) were significant, and the others were not significant,**

$\chi^2(2) = 6$  and  $p \leq .05$ .

## CHAPTER FIVE

### CONCLUSION AND RECOMMENDATION

#### 5.1 Introduction

The section summarizes and concludes the findings under study. It also provides the theoretical and practical implications for the study.

#### 5.2 Conclusion and Recommendation

This study was conducted to provide evidence on the factors responsible for the success or failure of agribusinesses in the Accra and Kumasi metropolises in Ghana. Even though this study expected a relationship between the factors that cause agribusiness entrepreneurs to succeed or fail, the findings show otherwise. More specifically, this study has shown that the factors responsible for the success of agribusinesses are not the same factors that can cause agribusinesses to fail. This study showed that the success of any agribusiness in the study areas is not necessarily based on the economic performance of the agribusiness, but rather on social factors – that is, the human capital and personal qualities such as the technical skills, communication, and leadership skills of the entrepreneur, teamwork, customer relationship management skills and the attitudes of the employees such as commitment and discipline towards work. Meanwhile, this study associated the failure of agribusinesses primarily with economic factors, such as access to finance, adequate capital, and the pricing strategies of the business. Therefore, from the results of this study, it can be concluded that both social and economic factors are crucial in ensuring that agribusinesses in the study areas stay successful.

As revealed by this study that human capital is a crucial factor that can impact the success of agribusinesses, it is recommended that agribusinesses consider the competence of potential

hires to execute their roles effectively to ensure their business' success. In addition, on-the-job training can be considered to sharpen employees' skills and knowledge, and also keep them updated with current technologies and know-how, to improve the competitiveness of agribusinesses in the study areas. Another success factor identified in this study for agribusinesses is customer satisfaction. This study recommends that agribusinesses should offer quality products on a consistent and timely basis by maintaining an efficient inventory management system. Additionally, agribusinesses need to build and maintain lasting relationships with their customers to promote return purchases and customer references. Furthermore, agribusinesses should offer after-sale services and establish feedback mechanisms to satisfy their customers and sustain their business' survival and growth. Access to finance was mentioned as a key factor that fails agribusinesses in the study area. Moreover, the study established that commercial banking institutions are reluctant to provide credit facilities to agribusinesses due to their perceived high risks to the sector. Therefore, this study recommends that agribusinesses should take advantage of the Ghana Incentive-based Risk-Sharing System for Agricultural Lending (GIRSAL), a non-banking financial institution set up to de-risk agricultural financing in the country. Agribusinesses covered by GIRSAL are better positioned to receive agricultural financing from commercial institutions in the country since the element of perceived high risk in the sector is minimized. Finally, this study recommends that agribusinesses should assess the creditworthiness of their clients before providing them with credit facilities. This can mitigate the risks of bad debt and default on payments, which are major causes of the failures of agribusinesses in the study areas.

This study explored and has brought to light factors that result in the success or failure of agribusinesses in the Accra and Kumasi Metropolises in Ghana. A suggested area of further research is diving deeper into the factors that influence the reluctance of commercial financial institutions in offering credit to agribusinesses in the study areas. Additionally, future research

can look into the specific attitudes and behaviours of employees that affect the success of agribusinesses. Also, further studies can explore the environmental factors that can impact the success or failure of agribusinesses in the study areas.

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## APPENDIX A

### **QUESTIONNAIRE ON WHY BUSINESS ENTREPRENEURS SUCCEED OR FAIL IN GHANA WITH EMPHASIS ON REASONS FOR FAILURE**

This questionnaire is designed to aid the collection of data for a study being carried out by a final year student pursuing **MSc. Agricultural and Applied Economics** at the University of Missouri, United State of America, for partial fulfilment of the requirements for the awards of degree.

This survey is solely for academic purpose, hence, information given will be held highly confidential.

#### **Pre selection Questionnaire**

##### **Section A**

- I. Is/Was your Business registered
  - Yes
  - No
- II. If yes, please state the date, month and year it was registered
- III. Does/Did your business produce goods or provide services?
  - Yes
  - No
  - If yes, list the type of products or services provided
- IV. Has/Did your business reached 10 customers or more?
- V. Has/Did your business reached USD 20,000 in revenue or more since inception or planned to reach USD 20,000 or more in revenue per annum?

#### **Main Questions**

##### **Section B: Demographic Details**

- I. Name of Entrepreneur (First name and Last Name)
- II. Email
- III. Name of business
- IV. Business Location
- V. Age of Entrepreneur
- VI. Are you still in business?
- VII. Yes
- VIII. No

## **Section C**

- I. If no, please answer the following questions  
When did you halt operations?
- II. Do you or did you have a co-founder?
- III. If yes, how long have you known each other?
- IV. Do you or did you have a team?
- V. How many people are/ were on your team, including co-founders?
- VI. How old is/was your company?
- VII. When did you start production and/or provision of service to customers if it is not the same date of registering your business?
- VIII. Briefly describe the products and/or services provided by your company?
- IX. What stage is/was your business? (Research, MVP, growth)
- X. What qualities and core values do you attributed or attributes to your company's success and progress?
- XI. What personal or team qualities do you attribute to the success of your business?
- XII. Are you still in business?
- XIII. Yes
- XIV. No
- XV. If No, please answer the following questions
- XVI. Did you have a co-founder?
- XVII. How long did you know each other before starting the company?
- XVIII. Did you have a team?
- XIX. How many people were on your team, including co-founders?
- XX. How old was your company before it failed?
- XXI. When did you start production and provision of service to customers?
- XXII. At what point did you notice that your business was failing?
- XXIII. Briefly describe the products and services provided by your company before it failed?
- XXIV. What stage was your business before it failed?
- XXV. What factors would you say lead or could lead to the failure of your company?
- XXVI. What personal or team qualities do you attribute to the failure of your business?

## APPENDIX B

### *Interview – Consent*

Hi, my name is Jeffrey Appiagyei. I am researching reasons why business entrepreneurs in Ghana succeed and fail. This research could offer insights to improve the success of new business ventures in Africa. During this conversation, I will ask you about your business experience, what you did to start a business, and how you feel about your experiences. I will also ask you to describe challenges you faced, including why you think your business succeeds or failed.

This information may be used for scientific, educational and outreach purposes. I anticipate this interview to last about 60 minutes. Your participation in this research interview is entirely voluntary and you can discontinue your participation at any time and for any reason. Because I want to record the interview, I can assure you that your confidentiality will be maintained. You may contact the University of Missouri Institutional Review Board (IRB) in the United States if you have any questions about your rights as a study participant, want to report any problems or complaints, or feel under any pressure to take part or stay in this study. The IRB is a group of people who review research studies to make sure the rights of participants are protected.

You can reach them at +1 573- 882-3181 or [muresearchirb@missouri.edu](mailto:muresearchirb@missouri.edu). If you want to talk privately about your rights or any issues related to your participation in this study, you can contact University of Missouri Research Participant Advocacy by calling +1 888-280-5002 or emailing [MUResearchRPA@missouri.edu](mailto:MUResearchRPA@missouri.edu). The IRB number for this study is 2090859, and the project title is “Factors that make agricultural business entrepreneurs succeed or fail in Africa, with an emphasis on reasons for failure. “By consenting to participate you acknowledge that your participation in this research is voluntary, that you are 18 years of age or older, and that you are aware that you may choose to end your participation in this research at any time and for any reason.

Do you consent to this interview being recorded, knowing your identity will not be revealed in any publications? (*A vocal yes will be required to be noted by the interviewer.*) If you want a copy of this consent for your records, I am able to provide it for you.