

THE EMPLOYMENT-GENERATING POWER OF SOLE PROPRIETORSHIPS IN GHANAIAAN ENTERPRISES

Abena Ama Osei-Bonsu

Department of Land Economy, Kwame Nkrumah University of Science and Technology (KNUST),
Kumasi, Ghana

DOI:<https://doi.org/10.5281/zenodo.15480424>

Abstract: The paper investigated the role of sole proprietorships in addressing Ghana's unemployment challenges by analyzing their job creation Capacity. The research aimed to quantify employment contributions, Identify sectoral patterns, and assess operational constraints. Methodology combined an analysis of Ghana Statistical Service data with a literature review. Results showed sole proprietorships constituted 374 78% of businesses and created 48.2% of jobs, dominating services (80% of establishments) and industry (18.2% of employment). Structural Barriers like unlimited liability and income instability persisted. The paper concluded with policy recommendations for skills development is and regulatory reforms to enhance the employment potential of this model while mitigating its vulnerabilities.

Keywords: Sole Proprietorship, Job Creation, Entrepreneurship, Informal Sector, Ghana Economy.

INTRODUCTION

Unemployment is one of the serious demographic mega issues that confront humanity. It is a situation whereby individuals who have the ability, willingness, and are actively seeking to work do not have an occupation (Nadialista Kurniawan, 2023). Arguably, full employment is an illusion because a certain level of unemployment will always prevail and be tolerated. The dire concern of the circumstance is when it becomes not only prevalent but also perverse and pervasive as a problem. The costs are high to individuals, households, businesses, and society generally. For a sense of purpose, having a job or an occupation is fundamental to the individual, the family as a household, the community, and the economy of the nation. It is an essential element in structuring personal, family, and social identity. At the individual level, it sets and facilitates a daily target agenda. Income is earned not only for self-financial support but also for the person's dependents (Górny, 2018). Money is essential for survival as it makes life easy, stable, and secure. Access to money caters for the command for both basic and non-basic goods, services as well as well as lifetime events and activities. Mortgage payment or rent can be done on time with the rest of the money available for groceries, health, education, recreation, and luxury. Financial independence is delightful, particularly when the benefits of the job suffice not only for expenditure but savings and investment (Budd & Spencer, 2015). A salary or a wage prevents the individual from falling into debt and saves them from the health implications of stress from trying to make ends meet. Physical as well as mental well-being and confidence are bestowed, which, when

sustained, lead to self-actualization and esteem. It provides opportunities for life career building through skills upgrading and experience. In a community, it is a means of enhancing personal sense of usefulness, societal belongingness, and status (Smudde, 2021). At the global level, unemployment is caused by a combination of crises arising from dire circumstances, which include economic recession, depression, natural disaster, rapid population growth and urbanization, energy price hikes, technological advancement, and war. The incidence of some form of this polycrisis disrupts the elements of production, distribution, and consumption of goods and services within the economic system (World Economic Forum, 2023). With special reference to the labour market, the subject in this context, the interaction between the demand and supply of the workforce, is disrupted. The impact on economic growth is retarded and consequently, unemployment ensues, prevails and eventually becomes endemic. One such event was the emergence of the COVID-19 pandemic, which exacerbated the rise of the unemployment rate globally through lockdowns. It incapacitated the ability of firms not only to hire but also to lay off some of the existing employees (ILO, 2023b). While projections indicate that low-income nations are still far behind in the recovery process after the COVID-19 incidence, the worldwide unemployment rate is projected to fall to 191 million or 5.3% in 2023, below pre-pandemic level. According to the International Labour Organization 2023 estimations, it will be difficult for low-income nations in Africa and the Arab world to return to their pre-pandemic levels of unemployment any time soon (ILO, 2023a). In 2023, the expected unemployment rates for North Africa, Sub-Saharan Africa, and the Arab States are 11.2 percent, 6.3 percent, and 8.7 percent, respectively. Other regions, which include 6.7% in Latin America and the Caribbean (8.0%), 6.3% in Northern, Southern, and Western Europe (7.0%), and 7.8% in Central and Western Asia (9.2% in 2019), have been able to significantly lower their rates compared to pre-crisis levels (Celik & Ayhan, 2023). Africa's current population stands at 1.3 billion, and is projected to be about double in size by 2050. The government's inefficiency has made a significant contribution to the continent's lack of growth and development, which has ultimately resulted in a protracted period of inflation, unemployment, and economic stagnation (Folawewo & Adeboje, 2017; Gómez & Irewole, 2023). Each year, ten to twelve million young people enter the labour market in Africa, but the countries are only able to create 3 million formal jobs, leaving the majority of the youth unemployed (Kappel, 2021). In sub-Saharan Africa, the youth unemployment rate is relatively low against the background of the majority of young people being employed being underemployed, and earning income below the poverty line (US\$1.90) (ILOLab, 2020). Many youths report being employed despite working in disadvantaged and poor conditions in the informal sector. The informal sector employs as many as 80% of people in some African countries. The sector provides limited opportunities for growth and skills enhancement, and the working conditions are not conducive to escaping poverty (ADB, 2016). Unemployment rate in Sub-Saharan Africa increased from 5.7% in 2019 to 6.4% in 2021, and it remained at 6.4% in 2022. Although this trend is similar to the global unemployment rate over this time, it does not adequately explain the fact that a large portion of the labor force lacks access to opportunities for productive work. A large portion

of those who are employed are working poor, defined as those who reside in households with per capita incomes that keep them at or below the thresholds for moderate or extreme poverty (The World Bank, 2022). In 2021, 251 million employed people, or about 60.8% of the total labor force, were living on less than \$3.10 per day (2011 PPP per capita) of moderate poverty. In Ghana, the higher unemployment rate among the youth is also because limited formal jobs are created to absorb the number of new graduates entering the labor market each year. Instead, youth with higher levels of education settle for low-productivity jobs (Baah Boateng, 2021). The fact that many young people with advanced levels of education are facing unemployment is a serious cause of concern, which requires immediate intervention since the consequences are pertinent to growing political and social unrest and even the migration of young people out of the African continent (ILOLab, 2020). According to Statist Market Forecast 2023, the unemployment rate in Ghana stands at 4.64% in 2023. The rate was 3.87% in 2022. Promoting the culture of entrepreneurship has therefore become an attractive development strategy amidst the high levels of unemployment across the world. This has to do with its nature in job creation potency (Kritikos, 2014). Amidst the growing unemployment in Ghana and the inability of the government to create jobs to cope with the trend, the urge to promote entrepreneurship has been on high ebb. The government has since the 1990s responded with the establishment of the Youth Entrepreneur programmer (YIP), the National Entrepreneur and Innovation Plan (NELP), the National Youth Authority (NYA), the Steps towards Entrepreneurship and Productivity (STEP) Programmed, and the Informal Youth Enterprise Programmed (IYEP). Other governments have implemented the Planting for Food and Jobs, one District One Dam, and one District One Factory Programmed. The efficacy of these interventions remains unknown. Nevertheless, these interventions are meant to create an entrepreneurial ecosystem for individuals to venture into private business. The purpose of this paper is, therefore, to undertake an overview of the nature and contribution of sole proprietorship to job creation in Ghana. Questions that the study seeks to answer are: i) what is sole proprietorship within the scope of the entrepreneurial landscape? ii) In what way does sole proprietorship contribute to job creation? iii) What are the prospects and barriers associated with it as an entrepreneurial drive? How can the prospects be effectively exploited and enhanced to engender job creation? How can the barriers that impede their development be mitigated?

OVERVIEW OF LITERATURE

Entrepreneurship and Employment

Alongside innovation and competition, entrepreneurship plays a crucial role in the economic growth and development of nations. Economic growth is fundamental for employment generation and poverty reduction, which manifests in increased income levels, improved standards of living, and quality of life of the citizenry (Selvan & Vivek, 2020; Standards & Education, 2016). Entrepreneurship is touted as an art and science of not only creating or establishing a business but also of starting, organizing, and operating it. It is scientific because it involves the pursuit of a process of planning, organizing, and managing the operation of a business. As an art, it is fuelled by innovative thought, creativity, and risk-

taking in the implementation of starting and running a business (Sexton and Smilor, 1986). A business is an enterprise or organized concern set up to provide goods and services to satisfy customer wants and needs. Every business requires investment and a sound financial outlay for sustainable operation. To make a profit, a certain threshold of the customer market within a readily accessible range is essential (Alfonsius, 2018). Selvan & Vivek (2020) Submits that the level of prosperity of a society depends on the extent to which it rewards and encourages entrepreneurship. It is entrepreneurship that turns out new technology, new industries, and new institutional forms to produce new, high-quality goods and services and new market arrangements, all of which manifest in new jobs created. Entrepreneurship engenders self-sufficiency through not only self-employment attainment but also the creation of paid jobs for others (Chirani, Farahbod, & Pourvahedi, 2013). It involves the mobilization and utilization of material and human resources in the entity, which otherwise would lie idle. The use of local resources for production for domestic consumption and export provides the government with income derived from customs and excise duties. Entrepreneurship is therefore the source and driver of wealth accumulation that leverages and increases the levels of individual income, and through that, the betterment of the standard of living and the quality of life in society (Standards & Education, 2016). With increased income, people pay taxes in support of the government's revenue, which allows for the provision of social services comprising hospitals, schools, security and safety, as well as technical infrastructure in the form of water, energy, and transport. Entrepreneurship is also embedded with innovation, inventions, and technological change that results in the more effective use of resources, which tends to draw foreign investment to stimulate national economic development and job creation (Moataz, 2019; Barber, 2007).

Business Forms in Ghana

In Ghana, the Registrar General's Department is a statutory body that is mandated to register an organizational unit as a business entity (ND & C Launchpad, 2021). Of due relevance to entrepreneurship, there are 4 types of legal business organizational forms, which include sole proprietorship, partnership, private liability company, and public liability company (Alfonsius, 2018). Of Course, there are also public business organizations, but the main concern of this paper has to do with private enterprise and more specifically sole proprietorship, which is centred on an individual entrepreneur.

Sole Proprietorship: A sole proprietorship is owned by an individual entrepreneur. The business and its owner are legally treated as the same entity. The owner is the beneficiary of all the profits and rewards, and alongside personally responsible for any losses and debts that would instead be incurred (Permwanichagun et al., 2014). In Ghana, a sole proprietor does not register, particularly when he is running the business in his name (ND & C Launchpad, 2021).

Partnership: Where two or more persons come together to operate a business, the engagement is a partnership. A maximum of 20 persons can operate under a partnership, but they must be registered by the Registrar General's Department, the statutory body mandated to do so (ND & C Launchpad,

2021) . Partnership is attractive and fruitful where individual areas of expertise and resources are complementary. The owners and partnership are the same and bear the risks that may arise from any form of inappropriate decision, action, or inaction of a partner. Trust and confidence between members constitute the bedrock for a successful partnership (McQuaid, 2000; Alfonsius, 2018)

Company: A company is a business entity formed by a group of individuals. Rather than the owners themselves, the business is operated and managed by directors. It is a legally incorporated body separated from its shareholders and managed (Alfonsius, 2018). In Ghana, there are four kinds of companies which comprise companies limited by shares, limited by guarantees, unlimited companies, and external companies (ND & C Launchpad, 2021). **Public and Private Limited Company:** For a limited company, the form of incorporation, the liability of the members or subscribers is limited to their stake in the investments and commitments by way of guarantee equivalent to the unpaid value of their shares. A limited company is either private or public. Whilst the latter trades its shares on the stock exchange market, the former does not, and in addition, the number of its stakeholders is limited to a maximum of 50 (Sahu, 2012). An unlimited company, private or public, is a venture with or without share capital whereby the legal liability of shareholders is not limited. It is usually registered by professionals such as lawyers, architects, accountants, and auditors (ND & C Launchpad, 2021).

Public and Private Limited Guarantee Company: Limited guarantee companies are formed as not-for-profit organizations (sports clubs, workers' cooperatives). A limited guarantee company does not have shareholders. It is owned by guarantors who have agreed to pay certain amounts of money towards the business effort (Sahu, 2012). The personal finances of the guarantors are protected, and they are only obliged to pay the company's debt up to the amount they have committed (ND & C Launchpad, 2021).

Prospects and Opportunities

Economic Growth: Sole proprietorships contribute significantly to the wealth of nations. Sharma, Ilavarasan, and Karanasios (2024) espoused that globally, small businesses, primarily sole proprietorships, are responsible for around 50% of GDP and about 60% of employment. They assert that 90% of businesses in OECD countries are SME's and that 46% of sole proprietorship businesses in the US contribute close to 39% of the nation's income. The Global Entrepreneurship Monitoring report supports this and posits that as of 2011, over 388 million entrepreneurs had created new businesses, which invariably led to many job opportunities for the unemployed (Kelley, Singer, and Herrington 2012). This shows that sole proprietorships are critical to the economic growth and development of individuals and nations. Besides, Williams' (2023) study covering 112 countries shows that around 61.2% of the global workforce works in the shadow economy, where most businesses are owner-operated.

Job creation: Lambon-Quayefio et al (2023) observe that the rate of unemployment, especially amongst the youth, is 19.7%. Many of the unemployed people begin to look for alternate ways of making ends meet, including self-employment. This is why a larger proportion of business ventures in Ghana

are sole proprietorships. According to Ametepey, Jnr and Cobbina (2022), around ninety-two percent of micro and small-scale enterprises are owned by individuals and duly registered with the Ghana Registrar General Department. Perhaps, putting up new businesses is beneficial to the respective individuals and drives economic development. As stated by Cowling and Wooden (2021), sole proprietorships are important pathways to new job creation and the facilitation of economic development. The more people venture into sole proprietorships, the more jobs are created and more people get employed (Adeosun and Shittu, 2022).

Flexibility and Control: Flexibility is a key characteristic of sole proprietorships. Sole owners can decide to run their businesses alone without any form of consultation, or they can choose to manage the affairs of the business with a few persons (Walzer and Park, 2021). The flexibility can go as far as to allowing workers to execute their duties from home, which, in many instances, improves productivity (Gordon, McMullin, and Adams 2015). Also, Alfandia (2024) says that in sole proprietorships, there is relatively low cost of capital and an ability to shift income, which he believes makes them more flexible than other business types. It is also quite interesting to note that there are a lot of sole proprietors in the music industry globally. As Olazabal and Avila (2022) discovered, owner-operators in the music sector exhibit dynamic abilities sometimes through assimilation and recognition. They believe these make them flexible. To add on, decision making is quick and easy in sole proprietorships, and the majority of entrepreneurs prefer it over other business options (Baik, Lee, and Lee 2015). Some believe the reason is that decision making is based on personal traits (Fotouhi Ardakani and Avorgani 2021), and others say that business decisions are usually taken through instincts (Rizza 2019). All in all, sole proprietors are essentially individuals who bear losses and enjoy all profits accruing from their businesses (Qutieshat, Hamad, and Al Adwan 2024)

Room for innovation and creativity: Sole entrepreneurs have a lot of freedom to think, experiment, and create new things without interference from other people (Ratten, 2022). In the US, laws have even been enacted to support sole proprietorships and to encourage innovation (Torrance and von Hippel 2016). As sole proprietors discover new ways of doing things, it facilitates growth and development. Some of the products created through innovation may be novel and capable of being commercialized. However, Agyapong, Arthur, and Nketsiah (2024) mention that even though there is freedom to try new things in sole proprietorships, there is little knowledge about intellectual property. It will therefore be good for sole proprietors to take steps to learn about copyrights and patents to protect some of the new things they discover. Creativity and innovation go hand in hand, and Popescu (2022) believes the kind of leadership in a business entity influences the level of creativity. Intelligence to manage diverse social behaviors and leadership are essential parameters for creativity in young businesses (Kratzer and Mrożewski 2021). In many sole proprietorships, creativity has engendered newness in business delivery and success. Lee, Kern, and Sawang (2019) espoused that creativity is a positive fuelling tool for innovation in start-ups and has significantly increased productivity. It is therefore important to encourage creativity in businesses, especially sole proprietorships. Also, it is

particularly necessary to introduce information and training sessions in small businesses to enhance innovation and new ways of doing things (Sari and Kusumawati, 2022).

Growth opportunities: Sole entrepreneurs start small, but can develop into big national and multi-national corporations (Labedz and Berry 2011). They further acknowledged the fact that sole proprietorships face many problems, and to ensure sustained growth, there is a need for Human Resource Management interventions (ibid). Gancarczyk (2015) affirmed that small businesses, if looked at critically, can grow even bigger to make meaningful contributions to GDP. It is also the case that sole proprietorships can expand production and grow large, but then again lack of proper skill set is a major hindrance (Mazzarol and Reboud 2020). Adding to the voice of Mazzarol and Reboud (2020), Francis et al (2011) were of the view that the opportunities for growth and expansion of small sole proprietorships abound, however, high costs involved in business expansion usually deter investors. From the foregoing, one can say that if the sole proprietorships overcome barriers to grow bigger, livelihoods will be enhanced.

Challenges Facing Sole Proprietorship Businesses

Inability to do business planning: Planning is a must-do in startups. The reason is that it creates an opportunity to think beyond the present to envision what the business could be, say the next five years (McKeown, 2021). It also positions the business to compete squarely in the market and to generate profit (López-Lemus et al, 2021). Bortolini et al (2021) posit that startups can grow to immunize themselves from setbacks with adequate strategic thinking and planning. It is even the case that, ceteris paribus, businesses will grow to meet set targets when sole proprietors can plan appropriately at the early stages (Wulandari, 2022). The planning can encompass various things, including the succession plan for the startup (ibid), criteria for recruitment, technology adoption (Kitsios and Kamariotou, 2021), and sales (Nakajima and Sekiguchi, 2025). But sadly, a good number of start-up businesses are unable to plan properly for the future of their ventures. For example, Ogbeiwi (2021) reports that in the UK, young businesses do not have a clear vision on how to sustain growth, the ramifications of which could be the folding up of these businesses. According to Khosa (2023), many small businesses have crumpled in Ghana and South Africa, respectively, due to poor succession plans and goal-setting. Furthermore, LópezLemus et al (2021) observe that 75% of small enterprises in Mexico usually crumple under 24 months of being in operation, and they attribute 44% of these failures to poor planning. It is therefore imperative for businesses, and more particularly sole proprietorships, to invest keenly in planning for the growth, development, and the future of their enterprises, as is important for business success (Gyimah, Appiah, and Lussier, 2020).

Knowledge and skills gap: Among other things, competency in the specific business area is what makes businesses strive (Alvarez Salazar, 2021). A worker with adequate training and knowledge of the business operations could contribute to producing the right product in less time. Things will hardly go out of hand, and it is easier to attain the organization's vision, hence reducing the tendency of failure (Trupp et al, 2024). Relevant skillset reduces guesswork and makes it more likely for entrepreneurs to

overcome challenges when they arise (Del OlmoGarcía, Crecente, and Sarabia, 2020). However, there are skill gaps in businesses that usually contribute to their failure. As identified by Teka (2022), fifty percent of ventures are cut out of operation in Amhara, Ethiopia, because of a variety of reasons, including incompetence of workers and low-level technical know-how. A survey conducted by the Association of Talent Development also shows that 1500 companies were assessed and 92% of the leaders interviewed explain that the soft skills needed to manage small and medium-sized businesses in the US is lacking (Horstmeyer, 2020). In Malaysia, the situation is not very different. Mohamad, Mustapa, and Razak (2021) espoused that the total number of employees who have the relevant skillset to grow their small enterprises and produce goods at a capacity commensurate with consumer needs is non-existent. Their fear, therefore is that these enterprises producing at low levels which could cause them to collapse. The issue is even more alarming in the quantum computing sector. How and Cheah (2023) identify an all-time low skills gap in putting up quantum systems. Sole proprietorship is the future of global economic growth (Ekechi et al, 2024), and so, entrepreneurs must begin to develop key competencies in line with their business areas to meet consumers' demands.

Lack of product research: "The greatest risk that an entrepreneur may come across is to offer the market a product that no one wants or needs" (Bortolini et al, 2021). Many startup business owners are inexperienced, do not understand the market, and therefore tend to produce commodities they think consumers would need (Himki et al, 2022). This, however may not always be true. According to Sajjadian et al (2024), 90% of startups crumble because they fail to appreciate market dynamics, thereby limiting their understanding of the needs of consumers. When the market is not understood, entrepreneurs may produce products that are not needed. Biyela and Utete (2024); Abbass et al (2022); Amankwah-Amoah et al (2021) reveal that one of the reasons many businesses folded during the early stages of Covid-19 in South Africa and Pakistan was because the predominant need of the people (face masks) was not provided. Also, among 101 stalled new businesses, a non-existent market for goods produced was top of the list, accounting for about 42% of the reasons why these businesses failed (ibid). A Business Model Canvas (BMC), where the pains and gains of consumers are ascertained and services designed to meet those specific pains or gains could be a viable solution to this problem (Blank and Dorf, 2020). The BMC was developed by Alexander Osterwalder and Yves Pigneur in 2010 to help entrepreneurs conceptualize business ideas and test them through a nine-part framework. It enables the entrepreneur to convert complex business concepts into simple frameworks while taking into account the needs of the consumer (Holdford, Pontinha, and Wagner, 2022). So, for sole proprietors to scale their businesses, it will be necessary to use the BMC, conduct customer segment interviews for potential consumers, and thereafter develop products fit for the market. **Ineffective marketing strategy:** One of the major ways to increase the longevity of businesses is marketing (Azeem and Khanna, 2024). It is an avenue to develop value for consumers with the intention of keeping them and growing your business (Franco et al, 2021). It is good for marketing to be innovative and targeted. That is the basis on which Rezvani and Fathollahzadeh (2020) espouse that an effective marketing strategy

must leverage dynamic trends in the market, customer needs, and technology to advertise products. Nowadays, small enterprises have migrated from traditional means of advertising services to include online marketing because of the quest for effectiveness (Choi and Lim, 2020).

METHODOLOGY

Ghana sits on the Atlantic Ocean and borders Togo, Côte d'Ivoire, and Burkina Faso. Its population is about 34.8 million (2018). The Ghanaian domestic economy, as at the commencement of this study, revolved around services, which accounted for 50% of GDP and employed 28% of the workforce. This paper draws heavily on the data provided by the Integrated Business Survey conducted by the Ghana Statistical Service in Ghana in 2014. It is the first baseline survey comprising an economic census covering all legal economic units in the country. As is the statutory body mandated to conduct censuses, surveys, and other like manner research, the Ghana Statistical Service collects reliable and relevant statistics to support policy formulation and strategies for the socio-economic growth of the country. In tandem with conventional international standards, it executes tasks through the procedures and processes with due diligence by way of methodology to ensure product quality and credibility.

The project commenced with the formation of the national Steering Committee and the National Technical Committee to oversee the conduct of the business census, and the National Implementation Team was charged with the execution of the task. The National Implementation Committee began with the conceptualization of the project by soliciting ideas from stakeholders with experience and expertise, both local and foreign. Their success in this regard paid off as donors, which included the World Bank, UK-DFID, and the Dutch Government. Found it worthwhile and gave financial support. The Implementation Team drafted and piloted the survey instrument and saw to the training of those involved in the data collection, compilation, and processing. To execute the fieldwork, enumerators, supervisors, coordinators, and regional monitors were employed to implement the data collection. The Project Implementation Team visited the field staff to ensure the correct completion of the questionnaire and to ascertain the quality of data collection. The monitors resolved issues regarding the use of the administration of the survey instruments and the right interpretation of the survey manual. The regional statistician worked on matters of respondents' refusal to participate and to facilitate smooth data collection. Editing was an essential feature of fieldwork. Supervisors edited the completed questionnaires, correcting any errors that were detected. They also checked the completed questionnaires for completeness, consistency as well and accuracy before they were sent to the zonal coordinators. The zonal coordinators rechecked and sent the completed questionnaires to the regional offices. Data processing involved data capture, verification, editing, and coding of completed questionnaires and generation of tables. In short, the data used for this paper in no uncertain terms are credible.

ANALYSIS OF DATA

Typology of Business Entities

Table 1 shows the distribution of business entities in terms of typology. The total number of establishments was 638,234. Out of this number, the number of Sole Proprietorships was 498,077, representing more than 78 percent of the total. Private Limited Companies, Partnerships, and Public Limited Companies amounted to 27,965 (4.4 percent), 50,939 (8.0 percent), and 2,997 (0.5 percent) across all the sectors, respectively. The Other establishments, which included Statutory Bodies, Other Government Institutions, Quasi and Parastatal Government Agencies, NGOs, Cooperatives, and Associations, had a total of 58,256 establishments, representing 9.1 percent.

Table 1

Typology of Business Entities

	Total	Sole Proprietorship	Partnership	Private Limited Company	Public Limited Company	Others
Total	638,234	498,077	50,939	27,965	2,997	58,256
Percent	100.0	78.0	8.0	4.4	0.5	9.1

Number of Persons Employed

Figure 1 shows the number of persons employed. The total number of persons across all the sectors was 3,383,206 in the base year 2014. Since then, the next census has not been held so the forecast could be made for existing cases now. There were four categories of businesses, which included Sole proprietorship, Partnership, Private Limited Company, and Public Limited Company. The Other establishments included are Statutory Bodies, Government Institutions, Quasi and Parastatal Government Agencies, NGOs, Cooperatives, and Associations. Sole Proprietorship engaged 1,630,182 persons engaged in non-household activities, representing 48.2 percent. The other three categories, namely Private Limited Company, Partnership, and Public Limited Company, engaged 676,263 (20.0 percent), 246,836 (7.3 percent), and 52,630 (1.6 percent) persons respectively, thereby reflecting the dominant contribution of sole proprietorship in employment generation. The majority of the people are engaged in the Services sector (2,708,796), representing 80 percent of the total (3,383,206).

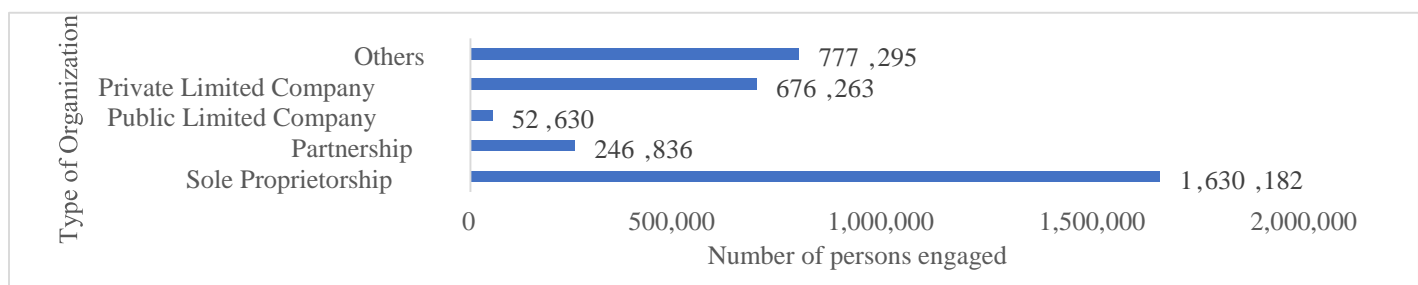


Figure 1: Number of Persons Employed

Sector Distribution of the Number of Establishments

The total number of establishments was 638,234. The Services sector engaged a higher proportion of establishments (527,161), representing 86.9 percent of all the sectors. This is followed by the industry sector with 108,242 establishments representing 6.3 percent, and the agriculture sector engaging the least number of establishments (2,831), representing 6.8 percent of the total. The industry sector had a larger proportion stemming from Sole Proprietorship (94,055), representing 86.9 percent of the total. Private Limited Companies, Partnerships, and Public Limited Companies engaged 6,111 (5.6 percent), 6,842 (6.3 percent), and 301 (0.3 percent) in the industry sector, respectively. The Other establishments had a total of 933 establishments, representing 0.9 percent. The Services sector had a larger proportion stemming from Sole Proprietorship (402,096), representing 76.3 percent of the total. Private Limited Companies, Partnerships, and Public Limited Companies had 21,535 (4.1 percent), 43,772 (8.3 percent), and 2,660 (0.50 percent) establishments in the Services sector, respectively. The Other establishments had a total of 57,098 establishments, representing 10.8 percent. & in the Agriculture sector, Sole Proprietorship had the largest proportion of all the establishments (1,926), representing 68.0 percent. Partnerships, Private Limited Companies, and Public Limited Companies had 325 (11.5 percent), 319 (11.3 percent), and 36 (1.3 percent) establishments in the agriculture sector, respectively. The Other establishments had a total of 225, representing 7.9 percent.

Sector Distribution of the Number of Persons Engaged

According to the data collected, the total number of persons engaged by all the sectors (Industry, Services, and Agriculture) by type of legal organization across the regions was 3,383,206. The Services sector engaged a higher proportion of persons (2,708,796), representing 80 percent of all the sectors, showing its contribution to the country. This was followed by the industry sector with 614,517 persons representing 18.2 percent, and the agriculture sector engaging the least number of persons (59,893), representing 1.8 percent of the total. In the Industry sector, a larger proportion of persons came from Sole Proprietorship (334,199), representing 54.4 percent, thus more than half of the total. Private Limited Companies, Partnerships, and Public Limited Companies engaged 202,896 (33.0 percent), 45,294 (7.4 percent), and 14,012 (2.3 percent) in the industry sector, respectively. The Other establishments had a total of 18,116 persons, representing 2.9 percent. The agriculture sector had a larger proportion of persons from Sole Proprietorship (1,275,828), representing 47.1 percent of the total. Private Limited Companies, Partnerships, and Public Limited Companies engaged 445,905 (16.5 percent), 197,160 (7.3 percent), and 37,700 (1.4 percent) in the Services sector, respectively. They had a total of 752,203 persons, representing 27.7 percent. The agriculture sector had a Sole Proprietorship, having 20,155 persons representing 33.7 percent. The highest number of persons (27,462), representing 45.9 percent, were engaged by Private Limited Companies. Partnership and Public Limited Company establishments engaged 4,382 (7.3 percent) and 918 (1.5 percent) persons in the agriculture sector, respectively. The Other establishments had a total of 6,976 persons, representing 11.6 percent engaged.

Table 2

Distribution of Persons Engaged by Sectors and Type of Legal Organization

Type of Organization	Industry sector		Services sector		Agriculture sector	
	No. of persons	Percent	No. of persons	Percent	No. of persons	Percent
Sole proprietorship	334,199	54.4	1,275,828	47.1	20,155	33.7
Partnership	45,294	7.4	197,160	7.27	4,382	7.3
Private Limited Company	202,896	33.0	445,905	16.5	27,462	45.9
Public Limited Company	14,012	2.3	37,700	1.4	918	1.5
Others	18,116	2.9	752,203	27.7	6,976	11.6
Total	614,517	100.0	27,08,796	100.0	59,893	100.0

Spatial Distribution of the Number of Persons Engaged by Sectors

Table 3 shows the distribution of persons engaged by type of establishment, sector, and regions categorized into three provinces, namely, Greater Accra, Northern provinces (Brong-Ahafo, Northern and Upper East, and West regions), and the Southern provinces (Western, Eastern, Ashanti, Central, and Volta regions). The table shows that the majority of the people were employed in the services sector (2,708,796), representing 80 percent, while the agriculture sector engaged the least number of persons (59,893), representing 1.8 percent of all the provinces. In Greater Accra, the Services sector engaged the highest number of persons (1,015,550), representing 79.01 percent of all the sectors, with the agriculture sector engaging the least number of people (19,706). The Northern and Southern provinces had the Services sector engaging the highest number of persons, which consisted of 456,621 and 1,236,625 persons respectively, with the agriculture sector engaging the least number of persons (7,655 and 32,532 persons respectively). In Greater Accra, Sole proprietorships engaged 141,860 people, representing 11.1 percent. Private Limited Company engaged the highest number of persons in Greater Accra (496,901), representing 38.7 percent, with Partnership, Public Limited Company, and other establishments engaged 71,003, 15,678, and 136,437 persons in Greater Accra, respectively. The Northern Province had Sole proprietorship, engaging the majority of the persons, 287,492, representing 50.1 percent. Partnership, Private and Public Limited Companies engaged 48,636, 27,518, and 6,515 persons in the Northern Province, respectively, with the other establishments engaging 194,263 persons., & in the Southern Province, Sole proprietorship engaged the majority of the people

(778,372), representing 50.1 percent. Partnership, Private and Public Limited Companies engaged 127,197, 151,844, and 30,437 persons in the Southern Province, respectively, with the other establishments engaging 446,595 persons

Table 3

Geographical Distribution of the Number of Persons Engaged by Sectors

Type of Establishment/ Industry	Greater Accra			Northern provinces			Southern provinces		
Sectors	Industry	Services	Agriculture	Industry	Services	Agriculture	Industry	Services	Agriculture
Sole Proprietorship	92,306	469,401	2,614	75,022	209,247	3,223	166,873	597,180	14,318
Partnership	12,262		459	8,840		869	24,192		3,054
Private		58,282			38,927			99,951	
Limited Company	133,831		15,700	9,961	15,787	1,770	59,104		9,992
Public Limited Company	5,310		133	963		23	7,739		762
		10,235			5,529			21,936	
Others	5,375	130,262	800	5,362	187,131	1,770	7,379	434,810	4,406
Total	249,084	1,015,550	19,706	100,146	456,621	7,655	265,287	1,236,625	32,532

Geographical Distribution of the Number of Establishments by Sectors

Table 4 shows the distribution of establishments engaged by type of establishment, sector, and regions categorized into three provinces namely, Greater Accra, Northern provinces (BrongAhafo, Northern and Upper East, and Upper West regions), and the Southern provinces (Western, Eastern, Ashanti, Central, and Volta regions). The Services sector engaged a higher proportion of establishments (527,161), representing 86.9 percent of all the sectors, showing its contribution to the country. This is followed by the industry sector with 108,242 establishments representing 6.3 percent, and the agriculture sector engaging the least number of establishments (2,831), representing 6.8 percent of the total. In Greater Accra, the Services sector engaged the highest number of establishments (149,513), representing 84.4 percent of all the sectors, with the agriculture sector engaging the least number of

people (338). The Northern and Southern provinces had the Services sector engaging the highest number of establishments, which consisted of 495,890 and 281,758 establishments respectively, with the agriculture sector engaging the least number of establishments (847 and 1,646 persons respectively). In Greater Accra, Sole proprietorship had the highest number of establishments, 141,964 people, representing 80.1 percent. Partnership, Private Limited Company, Public Limited Company, and other establishments engaged 12,182, 17,607, 384, and 5,016 establishments in Greater Accra, respectively. In the Northern Province, Sole proprietorship had 90,721 establishments, representing 75.5 percent. Partnership, Private and Public Limited Companies engaged 9,738, 2,037, and 453 persons in the Northern Province, respectively, with the other establishments engaging 17,154 persons., & in the Southern Province, Sole proprietorship engaged the majority of the establishments (265,392), representing 77.8 percent. Partnership, Private and Public Limited Companies engaged 29,019, 8,321, and 2,160 persons in the Southern Province, respectively, with the other establishments engaging 36,086 persons.

Table 4

Geographical Distribution of the Number of Establishments by Sectors

Type of Establishment / Industry	Greater Accra			Northern provinces			Southern provinces		
Sectors	Indus- try	Service s	Agricultur e	Indus- try	Service s	Agricultur e	Indus- try	Service s	Agricultur e
Sole Proprietorship	21,869	119,942	153	20,940	69,174	607	51,246	212,980	1,166
Partnership	1,496		24	1,478	8,150	110	3,868		191
Private Limited Company		10,662						24,960	
Public Limited Company	3,788		149	538	1,467	32	1,785		138
		13,670						6,398	
Others	52	331	1	36	415	2	213	1,914	33
	97								
		4,908	11	374	16,684	96	462	35,506	118

Total	27,302	149,513	338	23,366	95,890	847	57,574	281,758	1,646
-------	--------	---------	-----	--------	--------	-----	--------	---------	-------

Persons Engaged by Year of Establishment in a Sole Proprietorship

Figure 2 demonstrates the number of persons engaged in sole proprietorship by year of establishment from before 1975 to after 2014. The total number of persons engaged in sole proprietorship over the years amounted to 1,630,182. It shows the highest number of persons in the year 2005-2014 (869,980), representing 53.4 percent.

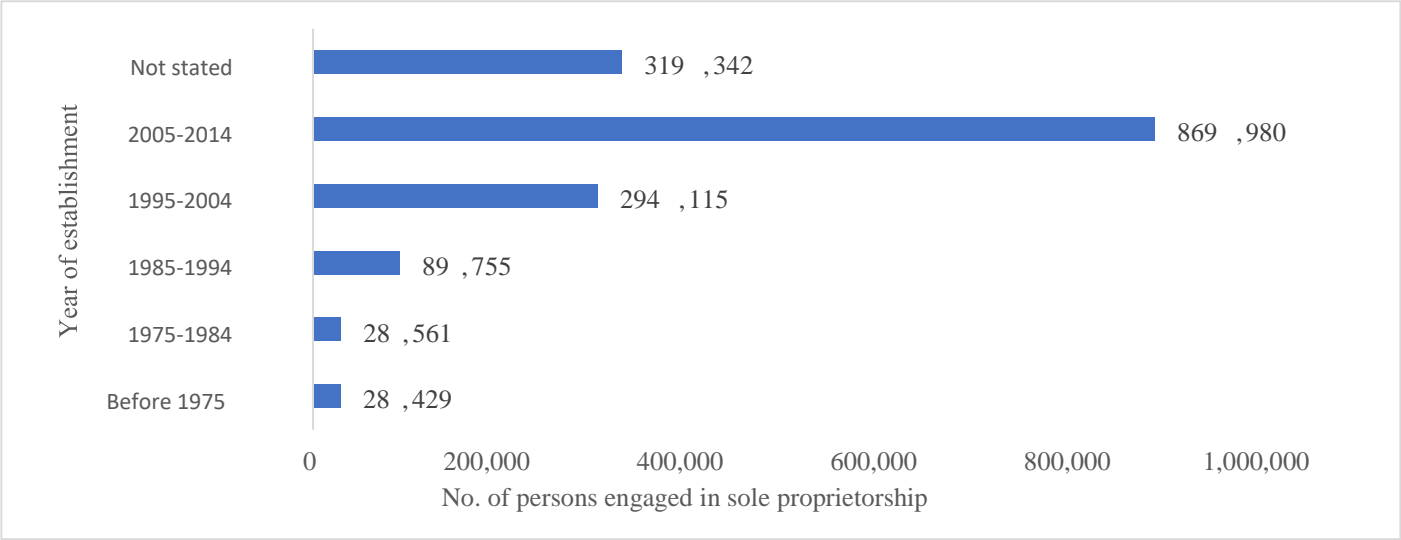


Figure 2: Distribution of Persons Engaged by Year of Establishment in Sole Proprietorship

CONCLUSION

This paper has examined the significant contribution of sole proprietorships to job creation in Ghana, highlighting both the opportunities and challenges faced by these businesses. Based on the findings, several recommendations are proposed to enhance the effectiveness of sole proprietorships in contributing to sustainable job creation. It is essential to implement targeted training programs to equip sole proprietors with essential business management skills, financial literacy, and marketing strategies. This will empower them to make informed decisions and improve operational efficiency. Facilitating easier access to financial resources for sole proprietors through microfinance institutions and government grants is also crucial. Establishing low-interest loan schemes tailored for small businesses can enable them to invest in growth and innovation. Advocating for policies that create a conducive environment for sole proprietorships is necessary. This includes simplifying the registration process, reducing bureaucratic hurdles, and providing tax incentives for small businesses. Encouraging the formation of networks among sole proprietors can lead to shared resources, knowledge, and experiences, increasing the potential for job creation and business growth. Promoting the importance of market research is vital to help sole proprietors understand consumer needs better. Providing

resources and tools for conducting market analysis can help align products and services with market demands. Encouraging sole proprietors to leverage technology for operational efficiency and marketing is essential. Training in digital tools and platforms can enhance their competitiveness in the market. Fostering a culture of entrepreneurship through awareness campaigns in educational institutions and communities can inspire potential entrepreneurs to pursue self-employment. Highlighting successful sole proprietorships can motivate others to venture into business. By addressing these recommendations, stakeholders can significantly enhance the role of sole proprietorships in job creation, contributing to economic growth and stability in Ghana. Continuous monitoring and addressing of the challenges associated with sole proprietorships, such as limited liability and income insecurity, will ensure the sustainability of these businesses in the long run.

References

- Abbass, K., Begum, H., Alam, A.F., Awang, A.H., Abdelsalam, M.K., Egdair, I.M.M., & Wahid, R. (2022). Fresh insight through a Keynesian theory approach to investigate the economic impact of the COVID-19 pandemic in Pakistan. *Sustainability*, 14(3), 1054.
- ADB. (2016). *Jobs for Youth in Africa Catalyzing youth opportunity across Africa* The role of the African Development Bank, 1–2.
- Adeosun, O.T., & Shittu, A.I. (2022). Small–medium enterprise formation and Nigerian economic growth. *Review of Economics and Political Science*, 7(4), 286-301.
- Agyapong, D., Arthur, K.N.A., & Nketsiah, I. (2024). A review of intellectual property laws in Ghana in the context of small enterprises’ innovations and inventions. *Entrepreneurship and Enterprise Development in Africa*, 95-105.
- Alfandia, N.S. (2024). How do countries curb their debt or profit shifting: A systematic literature review. *Cogent Business & Management*, 11(1), 2344032.
- Alvarez Salazar, J. (2021). Organizational resources and survival of startups firms—a qualitative analysis in the Peruvian context. *Academia Revista Latinoamericana de Administracion*, 34(1), 59-87.
- Amankwah-Amoah, J., Khan, Z., & Wood, G. (2021). COVID-19 and business failures: The paradoxes of experience, scale, and scope for theory and practice. *European Management Journal*, 39(2), 179-184.
- Ametepey, S.O., Jnr, E.Y.F., & Cobbina, J.E. (2022). Barriers to the growth of small and medium scale construction enterprises in Ghana. *Open Journal of Civil Engineering*, 12(1), 38-55.
- Azeem, M., & Khanna, A. (2024). A systematic literature review of startup survival and future research agenda. *Journal of Research in Marketing and Entrepreneurship*, 26(1), 111139.

- Baah boateng, W. (2021). Youth Employment and Unemployment Challenges in Ghana:
- Baik, Y.S., Lee, S.H., & Lee, C. (2015). Entrepreneurial firms' choice of ownership forms. *International Entrepreneurship and Management Journal*, 11, 453-471.
- Barber, H. D. (2007). The importance of entrepreneurship to economic growth, job creation and wealth creation. *Canada-United States Law Journal*, 33(1), 7-46.
- Biyela, N.Y., & Utete, R. (2024). Agenda for future business resilience and survival avenues in crisis times: A systematic literature review of the effects of COVID-19 on SMEs' productivity in South Africa. *Social Sciences & Humanities Open*, 10, 100982.
- Blank, S., & Dorf, B. (2020). *The startup owner's manual: The step-by-step guide for building a great company*. John Wiley & Sons.
- Bortolini, R.F., Nogueira Cortimiglia, M., Danilevicz, A.D.M.F., & Ghezzi, A. (2021). Lean Startup: A comprehensive historical review. *Management decision*, 59(8), 1765-1783.
- Budd, J. W., & Spencer, D. A. (2015). Worker well-being and the importance of work: Bridging The gap. *European Journal of Industrial Relations*, 21(2), 181-196.
- Chirani, E., Farahbod, F., & Pourvahedi, F. (2013). Entrepreneurship and Its Importance in Organizations. *Oman Chapter of Arabian Journal of Business and Management Review*, 3(4), 72-76.
- Choi, J.A., & Lim, K. (2020). Identifying machine learning techniques for classification of target advertising. *ICT Express*, 6(3), 175-180.
- Cowling, M.L., & Wooden, M. (2021). Does solo self-employment serve as a „stepping stone“ to employership?. *Labour Economics*, 68, 101942.
- Del Olmo-García, F., Crecente, F., & Sarabia, M. (2020). Macroeconomic and institutional drivers of early failure among self-employed entrepreneurs: An analysis of the euro zone. *Economic research-Ekonomska istraživanja*, 33(1), 1830-1848.
- Delik, K., & Ayhan, M. (2023). *Munich Personal RePEc Archive Potential Growth : A Global Database*, (116902).