ASHESI UNIVERSITY

EXPORTATION OF MADE IN GHANA GOODS AS A TOOL FOR DEVELOPMENT AND DEVELOPMENT OF THE ECONOMY

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DECLARATION

I declare hereby that This thesis is my genuine work, and no part of it has ever been submitted for another degree at this university or elsewhere.

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Date: 27th April, 2022

I hereby certify that the research and publication of this thesis were overseen in conformity with Ashesi University's requirements for thesis supervision.

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Date: 27th April, 2022

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ABSTRACT

Using yearly data from 1987 to 2021, the research looked at the influence of exporting Made in Ghana goods, thus the finished goods, on Ghana's economic development. The research investigates long-run and short-run correlations between exportation of domestically produced goods and gross domestic product using prominent time series econometric approaches such as cointegration and vector error correction approximations (GDP). In Ghana, the Johansen's cointegration test indicated that real GDP, exported goods and domestically produced goods had long-run correlations. Using the regression method, there was also an indication of bi-directional causation linking exported goods and GDP development.

According to the research, substantial gross capital creation has favorable effects on real GDP in both the short and long run. In the long run, domestically produced goods had an optimistic impact on GDP, but it had a favorable impact on real GDP development in the previous year in the short run. All factors were statistically significant at the 7% significance level in the long run. The alteration rate to the long-run equilibrium implied that the correction is relatively quick.

The research concludes that policymakers should focus on maintaining an open that focuses more on the finished goods and export-oriented policy to secure economic development and effectively stimulate economic development for export expansion.

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LIST OF ACRONYMS

AFCfTA	AFRICAN CONTINENTAL FREE TRADE AUTHORITY
DOTS	DATA ON TRADE AND STATISTICS
EXP	EXPORT
EU	EUROPEAN UNION
DPG	DOMESTICALLY PRODUCED GOODS
GDP	GROSS DOMESTIC PRODUCTS
GEPA	GHANA EXPORT PROMOTION AUTHORITY
LEX	Log OF EXPORTS
LGDP	Log of GDP
NTE	NON-TRADITIONAL EXPORTS
PP	PHILLIPS-PERRON

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CHAPTER 1 – INTRODUCTION

1.1 Background

"Many may claim that it was a momentous year in Ghanaian commerce and export across all industries." In 2019, the African Continental Free Trade Agreement (AfCFTA) and other projects and programs were being prepared for implementation. The Ghana Export Promotion Authority was in charge of these (GEPA). As a result, there is development, progress, and enthusiasm (Asare, A. 2020). Exporting locally-made goods is generally a feature of Globalization – a cross-border exchange of products and the most standard form of Globalization activity which has played a momentum role in the modification of world history (Okyere, 2020). Globalization is also the first form of foreign business activity conducted by most businesses. This is because importing and exporting requires the least effort and have a low risk to the business. Globalization is now at the heart of the international economy, and it is also accountable for much of the development and wealth of the modern technologically advanced world.

Ghana has its fair share of locally made goods for exported goods. Historically, various Ghanaian governments have sought, through policy and public engagements, to ensure that the export of locally made goods and services provides a momentum share of the national development agenda (Adam, 2004).

Economic development, as defined by Adam (2004), is a rise in the number of products and services produced per head of population over some time. It is not concerned with

all goods and services but rather economic goods and services. Thus, a good or service can command a price when sold (Adams, 2004).

Every country's economic development is dependent on its development. Every government in developing countries targets explicitly economic development, and this has seen the adoption of measures that are intended at accelerating development and development (Tetteh, 2015). Nations are now concerned with raising the living standards of their population, and macroeconomic prosperity is the source of this quality of life. As a result, achieving high GDP development has become a top priority for every economy. This objective can be achieved with various aPhillips-Perronroaches and export promotion strategy being one of them. Trade between two countries is a cross-border exchange of goods and services; it has been the instrument that plays a momentum role in modifying world history (Okyere, 2020). Most countries move their policies from import-oriented to outward-oriented (export enlargement). They engage in international commerce to boost the productivity of scarce inputs and resources, increase the inclination to save, and increase foreign exchange profits (Husain, 1996).

Globalization enables producers and retailers to search for foreign-produced goods and parts; no nation can only be dependent on the products that are domestically produced. Absolute advantage and Comparative advantage are two popular trade theories that make up the whole concept of a trade by stressing their importance. Countries are considering limiting imports through initiatives like the import substitution plan to subsidize domestically produced goods. Many developing countries, including Ghana, have adopted this strategy for import substitution. Ghana implemented policies intended at

industrialization and substituting home production for imported goods, resulting in balance-of-payments issues (Okyere, 2020).

Globalization is a way Ghana, as a developing country, can increase economic development**.** (Ghana Trade Policy, 2005). The country is increasingly diversifying its economy to reduce reliance on a few essential primary exported goods. Ghana is a net importer of goods and services, contributing approximately 25% of GDP (GEPA, 2019). Export commodities are gold, cocoa, timber and horticultural products. Ghana currently has a provisional agreement to export power to Cote D'Ivoire but exported goods power to neighboring Togo. Data revealed that as of 2013, Ghana's largest export market is the European Union. The goods exported to the EU countries were more raw materials such as gold, cocoa, and oil, among others. Over the years, Europe has been a long-standing and dominant terminus for the exported goods of Ghana, followed by the United States. Cocoa and other non-traditional exported goods have dominated trade. Between 2006-and, 2007, and the first half of 2008, the Netherlands and the United Kingdom were the top two importers of goods produced in Ghana. The Netherlands imported 14% of Ghana's total exported goods, while the UK imported roughly 9.2% of Ghana's total exported goods. Ghana's commodity exported goods in 2008 were dominated by cocoa, gold, and lumber, accounting for 75% of total exported goods (IMF, 2008). Ghana's main export partners in 2010 were the European Union with a total volume of €1,3175 million in Ghanaian exported goods, accounting for 38.7% of the country's overall exported goods. The United States ranked 2nd with €1940 million, accounting for 5.7 % of Ghana's total exported goods. The Netherlands had the lion's share of 11.7 % in the European Union followed by the United Kingdom with 7% and France with 5.7 %. In 2011 and 2012, the EU's share of

total exported goods from Ghana climbed to €3,134 million, marking 51.5 % of overall exported goods, and subsequently decreased to €2,987 million, representing 42.5% of Ghana's total exported goods (IMF; DOTS, 2013). Ghana's most prominent export terminus are summarized in table 4 in the appendix. As previously indicated, Ghana's exported goods are mainly destined for the European Union market. However, the EU's proportion of Ghana's exported goods has steadily fallen over time. While the EU accounted for approximately 63 % of overall exported goods in 1990, the EU's export share had fallen to around 38 % by 2010. Surprisingly, Ghana's proportion of overall exported goods to Africa plunged from 2.5 % to 11.4 % at the same time. On the other hand, Ghana's exported goods to the EU surged remarkably from 2010 to almost 51% in 2011. Oil exported goods are to blame for the dramatic shift in Ghana's exported goods to the EU in 2011.

1.2 Research Problem

Globalization is a cross-border exchange of goods and services and is also the most typical form of Globalization activity, which has played a momentum role in the modification of world history (Okyere, 2020). This is because importing and exporting require the least effort and have a low risk to the business. Globalization is now at the centre of the global economy, and it is also responsible for much of the modern industrialized world's development and properties. The resources obtained from the trade transaction help the exporting country offset the cost of imports and enhance the local economy, increasing GDP (GDP). As a corollary, exported goods benefit the country by bolstering monetary flow, contributing to rapid industrialization, and generating jobs and revenue. Jobs in local services are incremented by businesses in the export base. However, the amount of the

multiplier varies depending on the type of exporting business. With respect to the size of the working-age population, cities with more exporting jobs also have more jobs in local services. Conversely, the link between high-skill exporting jobs and local services jobs is more vital, inferring that high-skill exporters create even more demand for local services (Rowthorn, 2010).

Most of the goods exported by Ghana are in their raw states, for instance, cocoa and oil, compared to finished or transformed products. Specifically, about 60% of Ghana's exported goods are raw goods (statsghana.gov.gh, 2020). However, economic theory predicts that when a country exported goods more of its transformed goods, the value of the final product increases, which can help with economic development (Teece, 1998). Also, limited studies exist on the link between Globalization and economic development in Ghana and much scarcely is the effect of the exportation of finished goods on economic development. Hence the need to assess the effect of the exportation of made–in-Ghana goods on the development of the country

1.3 Research Question

Based on the preceding, this research seeks to answer the following question;

- What is the effect of the exportation of "made in Ghana goods" on the development of the Ghanaian economy?

1.4 Research Objective

The main objective of this is to:

- Examine the effects of the exportation of "made in Ghana goods" as a tool for economic development

1.5 Relevance of the Research

After analyzing the literature on the link between Globalization and economic development, there are limited studies on Ghana. Isaac Okyere (2020) was among the few that did this research and analyzed the impact of export and import on the economic development of Ghana. His research was to help bridge a knowledge gap by examining the effects of net exported goods on Ghana's economic development in isolation rather than as part of a bloc of Sub-Saharan African countries. This research examines the use of "made in Ghana products" as a tool for the Ghanaian economy's development and development, intending to bridge the pragmatic knowledge gap.

This research aims to see how much "made in Ghana" commodities contribute to Ghana's economic development. Statistics on the effects of export enlargement on economic development will be offered to policymakers with the goal of guiding them with a broad understanding of export promotion that leads to economic development. Moreover, the research will help decide whether Ghana should continue using the trade-led economic development agenda or change gears and focus on a completely different economic development. Every economy's goal is to achieve the highest level of development possible. This development would lead to an increase in the people's standard of living and

their aggregate welfare. This topic is of immense value to the Ghanaian economy as it aligns first and foremost with the current Government industrialization and export promotion drive. It will help bring to bear the policies adopted by other nations within similar geographic and climatic zones to boost their economic development. It seeks to use the insight gained through Ashesi to identify and plugs gaps within the national economic drive. This topic is supposed to research and analyses the need to promote "Made in Ghana goods" to correct the imbalance of imports against exported goods in the Ghanaian economy. The aim is to help grow our industries and Gross Domestic Product, strengthen our local currency – the cedi, provide jobs and highlight Ghana as an emerging economic powerhouse. This paper could also guide developmental economics researchers in conducting further work on a related topic here in Ghana or any country outside Ghana.

1.6 Methodology

For this research, the approach that will be used to collect data is the quantitative approach. Data will be collected from the Ghana Export Promotion Authority Impact Hub; exported goods per year and finished goods that are exported are some variable quantity used to collect the data. Time-series analysis method will also be employed.

1.7 Organization of Research

This research is alienated into five main chapters, with each chapter divided into segments;

Chapter 1 will provide a background of the general capstone and theoretical framework that will guide this research. The problem statement, research questions, research

objectives and the relevance of the research will also be stated. Chapter 2, which is the literature review, will review the literature on the importance of imports and exported goods, and the correlation between those two variable quantity and economic development will be stated in this chapter.

The methodology states the approach used to gather information, sampling methods used, the scope of the research defined, analysis of data collected and the methods that will be employed for the analysis, which will be discussed in the third chapter.

The fourth chapter shows the analysis and interpretation of the data collected to form a common theme and answer the various research questions.

The fifth and final chapter gives recommendations based on the results of the data analyzed and the conclusion of the comprehensive research.

CHAPTER 2 – LITERATURE REVIEW

2.1 INTRODUCTION

Since the dawn of economics in the 1900s, the importance of commerce for economic development has been acknowledged. Beginning in the 1960s, exported goods were widely viewed as a path to economic development and were advantageous in accelerating economic advancement in developing countries. Economists have agreed on a three-way relationship between exported goods and development: the first is the theory of economies of scale, which states that exportation leads to a rise in output due to technical effectiveness and specialized production elements (Grossman and Helpmann 1991). Thus, a possibility of output leading to export enlargement. The third is the mutual feedback effect between trade and output. (Kunt and Martin, 1989). International competition encourages economies of scale and boosts efficiency by focusing resources in sectors where the country has a competitive advantage.

2.2 THEORETICAL FRAMEWORK

Classical, neoclassical, and modern trade theories are the three phases of Globalization theories. According to traditional views, countries can benefit economically if they all implement free trade. The two well-known classic theories are Adam Smith's absolute advantage theory and David Ricardo's comparative advantage theory. According to neoclassical views, countries can benefit from free trade by manufacturing items they specialize in while making optimal use of resources (Usman, 2011). In the sixteenth century, a doctrine of mercantilism was created. According to this hypothesis, boosting exported goods and discouraging imports determine a country's prosperity. This idea

did not support free trade, and world wealth was fixed because countries could not benefit from trade at the same time.

2.2.1 Comparative advantage Trade Theory

The topic of whether there is gain from international commerce for countries that have or do not have absolute advantage on both products and services was raised by Adam Smith's theory.

The theory of David Ricardo, which posits that a country gains from Globalization by exporting commodities in which it has the most momentum comparative advantage in productivity and importing those in which it has the least, provides an answer to that question. The comparative advantage theory is supported by modern theories that identify economies of scale as a momentum source of economic development. Labour and manufacturing technology are the factors of production in this view. Labour and manufacturing technology are the factors of production in this view. Even if other countries have an absolute advantage in these items, a country can still benefit from Globalization by investing all of its resources in its most profitable productions. Another way, comparative advantage describes a country's ability to create goods and services at a lower opportunity cost (Berkum, 2013).

Although comparative advantage is the foundation of commerce, it does not always imply economic development. This is due to the costs of decreasing terms of trade for light manufactured and primary items, which are traded against industrialized countries' manufactured goods, as well as the costs of export promotion policies such as currency devaluations and export subsidies. Light manufactured items were the

principal exported goods of newly industrialized countries in their early stages of development. In later stages, just a few of them advanced to greater levels of technology. (Nushiwat, M. 2008).

2.2.2 Mercantilism

Mercantilism is a pecuniary theory that states that if the government governs a country's wealth by promoting exported goods and minimizing imports, the country's wealth will increase. Mercantilism emerged in the sixteenth and eighteenth centuries. According to this economic theory, the government should become more involved in globalization by regulating it to promote domestic or local products and firms (Gordon, J. 2021). The mercantilism theory states that the government should purchase fewer goods from other countries and sell more products outside of the country, implying that export rates should be greater than import rates. It focuses on the effects of government regulations on a country's wealth as an economic theory. According to mercantilist theorists, a nation can gain desirable wealth by enacting specific trade laws and regulations. The government should encourage commerce with other countries in a way that favors domestic product exported goods over foreign product imports. (Gordon, J. 2021). The concept that strong states may collect riches and build a global economy by enacting policies that favor local markets and home products are central to mercantilism.

PRINCIPLE OF MERCANTILISM **-** The concept that strong states and countries may collect riches and build a global economy by enacting policies that favor local markets and home products are central to mercantilism. These theories think that because wealth is static, a nation's wealth is determined by its amount of supply. This

means that increased exported goods and decreased imports will result in an optimistic trade balance. The belief that every nation must strive for economic independence by adopting policies that aid in the export of products is critical to mercantilist theorists. Agriculture should be promoted by nations because if there is adequate food in the country, food imports will be reduced. Mercantilism advocated for greater exported goods and lower imports.

2.3 OVERVIEW OF GLOBALIZATION IN GHANA

Globalization is the cross-border exchange of goods and services; In the context of the applicability of alternative methodological aPhillips-Perronroaches, economists have investigated the link between export enlargement and economic development intensively over the years. The relative benefits of export promotion policies versus import exchange development policies have piqued the interest of policymakers and academics' interest. The vast majority of research and concepts concurred that export promotion as a development strategy is a good concept. Ghana is a coveted beneficiary of foreign direct investment. The country is placed 67th in the Ease of Doing Business Index, with a primarily service-based economy. On the other hand, Ghana and Nigeria are increasingly diversifying their economies to minimize their reliance on a few basic main exported goods. According to trade theories, countries focus on international exchange when they anticipate they will profit as an outcome.

Crude oil, gold, cocoa beans, Manganese Ore, and Cocoa paste are Ghana's principal exported goods, particularly from France, Italy, and the Netherlands. Gold (44%),

Crude petroleum (18%). Cocoa Beans (15%) Cocoa Paste (2.3%) and Manganese ore (1.3%).

Since January 1995, it has been a member of the World Commerce Organization, and it has lately implemented a robust legal framework for managing its oil trade. Ghana has also made momentum progress toward achieving the Millennium Development Goals, although it still has challenges reducing under-5 death rates and improving maternal health.

2.4 MADE IN GHANA GOODS

Commodity exported goods in Ghana were classified into two categories: traditional and non-traditional exported goods (NTEs). Cocoa beans, minerals (gold, diamond, bauxite, manganese), wood, and fresh fish are among the most common primary commodities or raw materials exported. Many more non-traditional exported goods exist, such as handworks, aluminum goods, and cultivation items (GEPA, 2019). (NTE). Because of their considerable potential to create jobs and produce revenue, non-traditional exported goods (NTEs) are seen as a vital means of poverty reduction, particularly in Ghana's rural regions.

Ghana produces both traditional and non-traditional goods; Oil, Cocoa, GTP Wax Print, and Chocho Herbal fresh soap are among the many goods produced in Ghana.

2.5 FACTORS THAT INFLUENCE ECONOMIC DEVELOPMENT AND DEVELOPMENT

Countries that have established industries in a relatively short period have benefited from foreign commerce. These countries eventually gained international market share for their industrial goods. Under favorable foreign demand conditions, an export-biased strategy is expected to promote export supply. However, overall development plans are more likely to alleviate economic and institutional restraints on supply enlargement, particularly export supply.

Economic development theories and models depict the myriad ways in which present economic activity might influence future economic developments and the various sources to help achieve economic development. Denison (1962) affirmed that economic development increases real GDP or GDP per capita, an increase of national product measured in constant prices. Dollar (1992) investigated the sources of economic development in 95 developing countries, covering 1976-to 1985. The research found that natural exchange rate variability and the accurate exchange rate distortion index were negatively and momentum linked with long-run economic development using cross-sectional regression analysis: The rate of investment was optimistically and strongly related to economic development.

2.6 EFFECT OF EXPORTATION ON ECONOMIC DEVELOPMENT

Exported goods are critical to any country's economy. We are impacting the budget balance, employment creation, and economic development rates. Domestic trade and economic success are included. The distribution of employment, wealth and economic

progress are all linked to export development. (Liu, J. 2020). Export development boosts investment in industries where a country has a competitive edge, increasing national output and accelerating development in the economy. Increased exported goods promote foreign exchange inflows and enable more purchases of services and capital goods, although both are vital for productivity and economic development.

Other studies, on the other hand, have indicated that exported goods have a negative influence on economic development, with primary goods accounting for a high share of overall exported goods in some nations (Lee, H. 2002).

2.7 EMPIRICAL LITERATURE

This section summarizes pragmatic research on Ghana's export development on economic development. The preponderance of cross-country studies seems to corroborate exported goods' value for developing countries. There are different studies that have been done to examine the link between exported goods and economic development.

Isaac Okyere was of the view that trade liberalization was considered to be conducive to economic development. Exported goods and GCF had a favorable and momentous impact on GDP in the long run, as projected. As a result, a 1% increase in exported goods might result in a 1.4 % increase in GDP. At a 5% significance level, the export coefficient is statistically momentum. His research sought to determine the impact of exported goods on Ghana's real GDP development rate from 1980 to 2013. The research's pragmatic findings imply that exported goods boost Ghana's real GDP development in both the long and short run. This work gave more insight into the

general importance of trade liberalization and its effect on the development and development of the country. However, Okyere's work did not focus on the specific goods exported by Ghana, whether the raw goods or the finished goods.

According to Tutu, Ghana's economic development has consistently risen with the country's cocoa revenue (Armah, 2008). Prebisch-Singer (1950), for example, argues that strengthening the value of agricultural commodities is a long-term strategy. As a corollary, if raw cocoa beans were processed on a broader scale, revenue could skyrocket, leading to enhanced economic development. This work gave insight into the benefit of the cocoa industry concerning economic development. Her thesis focused on policies used to export cocoa beans instead of processing the beans into finished cocoa products like chocolate or body creams like cocoa butter. The research showed that, while costs were generally greater for processing raw cocoa beans, revenues were consistently greater than production for export. With that being said, it will be more profitable to increase beans processing in Ghana.

From 1973 to 1993, Vohra (2001) examined the correlation between exported goods and economic development in five developing markets. When a country has reached a particular level of economic development, the pragmatic results show that exported goods have a momentum and favorable influence on economic development. By implementing export promotion tactics and recruiting foreign investments, the research also underlined the necessity of open market policies. The following are some pragmatic studies of causality relevant to this research: Jung and Marshall (1985) used the Granger causality assessment to check the correlation between economic

development and export enlargement in 37 developing countries in determining the accuracy of the export promotion supposition.

Ram analyzed data from 88 LDCs between 1960 and 1982. He discovered a favorable association between exported goods and economic development in more than 80% of the nations. Through an inter-country regression analysis, Kavoussi (1984) illustrates the influence of export increase on total factor productivity using an essential production function. Between 1960 and 1978, Kavoussi looked at average annual development rates in the Gross National Product, labour force, capital stock, and exported goods. According to the determination made by the World Bank, $250.00 GNP per capita as the demarcation point, he separated LDCs into medium and low-income nations. He utilized seventy-three nations, with the chosen countries based on data availability. In both poor and middle-income nations, the coefficient of real exported goods was extraordinarily momentum and optimistic, demonstrating that export promotion has a considerable role in influencing total factor productivity development. Because manufactured exported goods account for a greater share of exported goods in middle-income countries, the greater coefficient of exported goods in this core sample indicates that finished goods that are exported have a more substantial influence on factor productivity than primary exported goods. The findings reveal that the influence of the export commodity mix varies greatly across medium and low-income nations.

For twenty developing nations, it was found that generally greater support for the causation of exported goods to economic development than prior research. In the case of seven nations, Love found optimistic and statistically momentum bidirectional

causation from exported goods to economic development, whereas in the case of four countries, he found negative causality. Three nations were found to have statistically momentum bi-directional causation. Love sees his findings as evidence of strong support for the theory that increased exported goods lead to increased output (Love, 1994).

In much of this research, the effects of exported goods on economic development are attributed to various sources. On the other hand, Exported goods boost the threshold effect because of economies of scale, improved capacity consumption, thruput advances, and greater product divergence. It is also said that exported goods and services allow companies to contend in global economies, leading to technical transfer and managerial skill enhancement. Similarly, in a topical review, Gunter et al. (2005) conclude that any benefits from globalization are typically accompanied by dynamic external consequences.

In assessing the relevance of the global environment for African economic development, Fosu (2001a) notes that export-promotion tactics help African nations thrive, while manufactured exported goods are more effective than primary exported goods. Furthermore, trade sector volatility might harm economic development. According to Bleaney and Greenaway (2001), terms-of-trade and exchange-rate volatility are harmful to African economic progress. In addition, volatility in the trade sector, particularly import volatility, is harmful to the development of African economies, according to Fosu (2001b). As a result, export enlargement techniques must be promoted. Although the preponderance of the relevant literature emphasizes the link

between trade and economic development, there is a growing body of work on trade and development.

The gap, however, with this work is that it focuses on just one commodity and not the other commodities that Ghana exported goods.

CHAPTER 3 - METHODOLOGY

3.1 INTRODUCTION

This chapter outlines the methods and processes employed in the research. This comprises the research's validity and reliability, sample population, sample size, sampling strategy, data gathering methods, data analysis methodologies, and data collection procedures. The methods used are qualitative ones in which primary data is gathered through semi-structured interviews, and the quantitative ones; using time series analysis and regression.

3.2 Research Design

The research design refers to the technique and method used by the researcher to address the research questions. In a nutshell, it is the strategy for writing a thesis. (Collis & Hussey, 2014, p. 59). This research employed two research types; qualitative and quantitative. The quantitative research design is defined as a "process of collecting and analyzing numerical data which can be used to find patterns and averages and make predictions" (Bhandari, P. 2020). Qualitative research, on the other hand is defined as the "process of collecting, analyzing and interpreting non-numerical data" (Bhandari, P. 2020). As a result, given the scarcity of data from previous studies on this research topic, the qualitative and the quantitative approach will be the most effective. This design is critical for experimenting with and creating new concepts in the exportation of made in Ghana goods and its effect on the development and development of Ghana's economy. In addition, the findings will provide direction for future academics on how to approach this problem.

3.3 Research Scope

An original research scope describing the focus of the research area will be investigated in the work and the criteria used to conduct it. This research focused more on the goods Ghana exported goods, both raw and finished goods, exported goods against GDP and the finished goods that have high demand on the international market.

3.3.1 The Research Population

The research population for this research was the Ghana Export Promotion Authority persons who have information on Ghana's export data.

3.4 SAMPLING STRATEGY

3.4.1 Sampling Method

To gather the best data from the target population, this research employed the non-probability sampling technique. Purposive sampling would be something other than non-probability sampling. Purposive sampling is a method of selecting participants with specific characteristics, which is frequently used to ensure that all groups are represented equally. As a result, this research obtained input from knowledgeable groups who would benefit the research and assist in making more succinct decisions.

3.4.2 Sampling Population

The sampling population was made up of the Ghana Export Promotion Authority, the National Board of small-scale industries and the Africa Continental Free Trade.

3.5 Data Collection

Data was collected from primary sources. Interviews were conducted with the CEO of the Ghana Export Promotion Authority. Aside from interviewing the CEO of the Ghana Export Promotion Authority, primary data was collected from the GEPA Impact Hub; because a series of specific questions will be established, the interview will be semi-structured. All data acquired through audio recordings or writing would be kept private, and only the researcher would have access to it. Moreover, data obtained from secondary sources. The data was extracted from the GEPA Impact Hub; it will include the following:

- Gross Domestic Product
- Domestically produced goods (both raw and finished)
- Exported goods

There are three variable quantity in total that will be analyzed. The independent variable is the Domestically produced goods.

3.5.1 Description of Variable quantity

Exported Goods (EX) - Traditional and non-traditional exported goods are included in the exported goods category. Ghana's traditional exported goods are mostly cocoa beans, lumber, and minerals. All other exported goods, excluding the items that make up traditional exported goods, are considered non-traditional exported goods (GEPA, 2013). This term varies in every country, depending on the country's export component. Exported

goods, assessed in real terms, are likely to boost productivity development. The World Development Indicators provided information on actual exported goods.

Domestically produced goods (DPG): Ghana produces both raw and finished goods such as cocoa, gold, African cloth popularly known as Kente and chocolate, among others.

Gross Domestic Product (GDP): A country's economic development may be measured in several ways. However, as a proxy for production, this research utilizes gross domestic product (GDP). "It is the total of all resident producers' gross value added in the economy, plus any product taxes, minus any subsidies not included in the product price" (Shim J.K. et al., 1995). Because it covers the essential part of economic development and is frequently used to gauge a country's well-being, real GDP will be used. In the regression, it is the dependent variable as it has been utilized as a dependent variable by previous studies (Khan and Bashar, 2007).

3.6 Data Analysis

The data was analyzed using the data reduction approach for data analysis. The data reduction methodology enabled the selection, summarization, and simplification of qualitative data. (Hubberman, 1994, p.10). The analysis would be based on the interview responses and then the secondary data collected, which will be summarized and then simplified. The module used to estimate the parameters for the variable quantity involved was done using the Jansen's Cointegration test technique. Since the model had both I (0) and I (1) variable quantity, the cointegration model was used. The cointegration model may be used if certain classical modelling assumptions are met, which the research did;

1. Linearity in Parameters: The model in the population can be written as:

   $Yi=\beta_0+\beta_1 x1+\beta_2 x_2+\beta_k x_k+u_I$

   Where 0, 1,…, k are the unknown parameters (constants) of interest, and ui is an unobservable random error or disturbance term.

2. Random Sampling: The sample is a random one of n observations {(x_{i1}, x_{i2},…x_{ik}, y_1,): i=1, 2,…., n} which follows the population model.
3. No Perfect Collinearity: There should be no perfect linear correlations between the independent variable quantity, and none of the independent variable quantity should be constant.
4. Error Correction Model: Given any variable of the independent variable quantity in the model, the error term (u) should have a value of zero. as if E ($u|x_1$, x_2,…x_k) = 0

When the initial conditions are fulfilled, the OLS estimator is the most accurate unbiased estimator for the models' coefficients, and it has been utilized by researchers such as Martin-Odoom (2021) to analyses the influence of FDI on the development of Ghana's agricultural sector.

3.6.1 The Model

This research is tasked with determining the effect of Exporting Ghanaian made goods on the development and development of the economy. As a result, a model was created that included aspects other than FDI that were vital to rural economic development by theoretical and pragmatic research in the economic-development nexus literature. Gross

Domestic Product, exported goods, and Domestically produced goods are the three-variable quantity.

3.6.2 Stationarity and Unit Root Problems

An application of the unit root test is critical for the variable quantity in the model to be stationary. In other words, the unit root test is performed to evaluate that all variable quantity has the same mean and disparity. The goal is to see if we can establish a long-term correlation between non-stationary variable quantity. As a result, after the unit-roots for data series have been verified, the next step is to see if there is a long-run equilibrium connection between variable quantity. This necessitates cointegration analysis, which would be necessary to prevent the possibility of erroneous regression. If the findings show that all-time series in tiers are non-stationary, they are all unified in the same order, i.e. I (0) at the 7% momentum level. As a result, the null hypothesis will be excluded for any of the variable quantity under consideration. If the variable quantity is not level-stationary, we proceed to the initial alteration. If the test does not accept the null hypothesis at the next alteration between each variable, it suggests they are unified at an order of one, that is I (1) at the 7% momentum level, indicating that they are stationary. Furthermore, if the test does not exclude the null hypothesis in tiers and initial variations however succeeds in excludeing it in the next alterations, the series has double unit roots which is of the unified order model.

3.6.3 Cointegration Tests

After the unit roots for data, sequences have been validated, and the variable quantity have been unified in almost the same order, the next step is to see if there is a

long-run equilibrium connection between the variable quantity. This necessitates cointegration analysis, which is necessary to prevent the possibility of erroneous regression. The Johansen Maximum Likelihood approach will test for cointegration since it has various advantages. For starters, it is an invariant test, meaning it can detect cointegration between system variable quantity without introducing bias into the aPhillips-Perronroximations. As a result, it does not assume the direction of the regression randomly, which might result in different and ambiguous conclusions.

3.7 LIMITATIONS

There are few ethical difficulties to resolve because the data utilized in this work was entire of a secondary quantitative variant. Existing ethical issues, on the other hand, include publishing results that favor the research's goal regardless of data manipulation and fabrication. In addition, using incorrect statistical tests on data is unethical since it invariably leads to a hypothesis that is not seen and cannot be extrapolated to the broader population.

CHAPTER 4: FINDINGS AND RESULTS

4.1 Introduction

Data was collected from the Ghana Exported goods Promotion Authority (GEPA) and the Africa Continental Free Trade Area. In this chapter, we will evaluate the short- and long-run correlations between the variable quantity of interest in our research and the causation between exported goods of Ghana made goods and Ghana's GDP. As a consequence, the results and findings of the stationarity and cointegration tests are presented. The tool of analysis was STATA.

4.11 Summary of Time Series Data

Table 1.1

Results of Descriptive Statistics

Variable	Observations	Mean	Standard Deviation	Min	Max
Gross Domestic Product	34	32.20	10.23	16.32	48.6
Exports	34	3.34	29.623	0.05	9.23
Goods domestically produced	34	18.764	12.26	7.13	57.46

Source: Author's estimation

The summary statistics of the variable quantity employed in this research are shown in Table 1. From the table, exported goods (a proportion of GDP), a proxy for agriculture's worth, averaged 32.20 %. This reflects exported goods rapid decline from contributing more than half of Ghana's GDP at the start of the research period to being the lowest contributor to GDP. As a percentage of GDP, goods domestically produced had a mean of 18.764% for the time. The count for all variable quantity was 34 recorded yearly from 1987 to 2021.

4.12 Multicollinearity Test

According to Wooldridge (2015), one of the Gauss Markov and Classical Linear Assumptions that must be satisfied to obtain accurate and unbiased regression findings is multicollinearity. It states that a strongly linked linear connection between the independent variable quantity leads to skewed regression results. To demonstrate that the variable quantity is not highly connected, a correlation matrix was created for the model.

Table 1.2

Correlation Matrix of Independent Variable quantity

	EXP	**PDF**	
EXP	1	0.183	
PDF	0.312	1	

Source: Author's Approximations

A Disparity Inflation Factor Test (VIF) is used to assess an independent variable's multicollinearity compared to all other independent variable quantity. A VIF of 1 indicates that the independent variable in the issue is not connected with the others. A VIF between 1 to 5 indicates a moderate correlation, whereas a VIF of more than 5 indicates momentum levels of correlation, which violates the multicollinearity requirement.

4.13 Results of Stationarity Test

The variable quantity in the research were evaluated for stationarity to avoid erroneous regression results due to the use of non-stationary variable quantity. To verify the existence of unit roots in the variable quantity, the Philip-Perron (PHILLIPS-PERRON) test statistic was used. The null hypothesis is that the series has a unit root (is non-stationary), whereas the contrary hypothesis is that it does not (stationary). As a result, the null hypothesis cannot be excluded for any of the variable quantity under consideration. As a result, the initial alterations are calculated, and the test strongly excludes the null hypothesis, indicating that not all the variable quantity are stationary. All parameters are unified into the first order (1). The PHILLIPS-PERRON test also detects if the data series are linked together. We can do cointegration tests once the variable quantity has been unified in the same order (Saunders et al., 2001). From table 2, LGDP and LEX represent the logarithms of Gross Domestic Product and Exported goods.

Table 2: Phillips-Perron (1988) unit root test in levels

Variable quantity	**Test Statistics**	**Critical Value 1%**	**Critical Value 5%**	**Critical Value 10 %**	**P-Value**
LGDP	-0.523	-2.646	-2.954	-3.6158	0.9740
LEX	1.991	-2.6463	-2.954	-3.6158	0.9298
LDPG	0.5539	-2.6463	-2.954	-3.6158	0.9856

Source: Author's Approximations

Table 3: Unit root test - first alteration – Phillips-Perron

Variable quantity	Test Statistics	Critical Value 1%	Critical Value 5%	Critical Value 10 %	P-Value
DLGDP	-3.8833	-3.6537	-2.95211	-2.61753	0.0076
ALEX	-4.91839	-3.6537	-2.95211	-2.61753	0.0014
DLDPG	-5.68692	-3.6537	-2.95211	-2.61753	0.9856

Source; Author's Approximations

4.2 Cointegration Test Results – Johansen's Test

After determining stationarity at the first difference of the Phillip Perron (PHILLIPS-PERRON) regression analysis, we determine cointegration among the variable quantity to build long-run and short-run linkages. Doraisami (1996) discovered a favorable long-run association between export and economic development in Malaysia, as previously referred

to in the article. Jordaan (2007) also discovered that an export-led development strategy supported by various spurs optimistically impacted Namibia's economic development. Most importantly for the current research, Enu et al. (2013) discovered that export has a beneficial influence on Ghana's economic development in the long run. An argument can be made that Ghana has benefited from its comparative advantage in agricultural goods as a source of economic enlargement. Thus, the primary export sector's beneficial impact on the economic development process is equivalent to that of Singapore, Malaysia, and South Korea. For Singapore and South Korea, Bahmani-Oskooee et al. (1992) discovered an optimistic link between exported goods and economic development. Azam (2009) stated that, the transition from a trade-restricted economy to a trade-loosened one is due to an optimistic association between export of domestically produced goods and economic development.

Table 4: Johansen's Cointegration Test

Number of Equations	**Value**	**Trace statistics**	**Critical Value (7% p-value)**	**Maximum Statistics**	**Critical Value (7% p-value)**
None	0.60785	54.6784	0.0088	28.8732	0.0024
1 At most	0.35225	26.18867	13.4785	14.7564	0.3475

Source: Author's Estimation

At the 10% level of significance, the Trace test data show the existence of one cointegrating equation. The maximal value test confirms this outcome. Based on the maximum value test, we infer that only one cointegration test equation among the variable quantity. When

normalized for a unit coefficient on LGDP, the null hypotheses of no cointegration are rejected, suggesting long-run optimum relationships among the variables.

Further information was gathered by interviewing personnel of the Ghana Export Promotion Authority. The method employed for this was the one-on-one interviews. Different questions were asked during the session

- How is exporting Ghana made goods going to improve GDP?

One of the respondents in the customs unit said, “Exported goods that are domestically produced goods had a favorable and positive influence on GDP in the long run, as projected. GDP will be improved because the goods that are domestically produced are going to create employment and reduce the unemployment rate in the country. Moreover, standard of living will also rise because more people will be working and get enough money to earn for themselves.

- Which countries does Ghana export to?

The respondent made mention of the countries that were Ghana’s top exporters as at 2013. From Figure 1 in the Appendix, it is evident that as at the year 2013 the European Union was Ghana’s top export market. However, after the introduction of the African Continental Free Trade Area, Ghana’s major exporter was the African Union which consists of 41 countries. This is because there were no more barriers to entry and tariffs so countries were allowed to trade between themselves easily. However, it is not all the goods that are permitted to export within the free trade area. The Ghana Export Promotion Authority along with the AfCFTA have standards that countries exporting goods are supposed to

meet. In the light of this, there is the introduction of Intellectual Property for the protection of goods and services.

- How well is GEPA working with the Tertiary institutions to educate and encourage the youth to participate in promoting Ghanaian made goods?

One other respondent said, in order for there to be a general awareness of the exportation and the domestically produced goods in Ghana, there have been attempts to work with the tertiary institutions to educate and encourage the youth to participate in promoting goods made in Ghana. Thus, encouraging the youth to start-up businesses that produce and provide goods and services in Ghana that can be exported and help develop the economy rather than coming out of school and then leaving the country to go and work.

Trade liberalization is frequently seen to be beneficial to economic development. In addition to the traditional economists' comparative advantage argument, trade liberalization fosters a large market, increased competition, knowledge transfer, and increased production efficiency (Asiedu, 2013). As a result, Ghana implemented a trade liberalization program as part of its organizational changes in 1986.

CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter brings the research to a close by summarizing the findings and discussing the ramifications of the findings. Recommendations are provided based on the research's findings and suggestions for undertaking more research to solve the limitations encountered in this research. Also, this section aims to synthesize the insights of this research, provide the principal inferences, and offer policymakers and future optimistic advice.

5.2 Summary of Findings and Conclusions

The core purpose of this research was to determine the effect of exporting made in Ghana goods on the development of the Ghanaian economy. Using yearly data from 1987 to 2021, the research calculated the influence of exporting made in Ghana goods on development in Ghana. The link between exporting made in Ghana goods or domestically produced finished goods and GDP development was studied in both the long and short run. The cointegration analysis was done to see any long-term correlations between GDP, exported goods and domestically produced goods. The findings reveal that the parameters are counted and have an underlying linear trend, implying that they move in lockstep across time. Pairwise causation was also investigated using Granger causality tests. The short-run relationship between the prior two time/lag periods of development rate in the authentic

gross domestic product, exported goods of domestically produced goods and current real gross domestic product development is optimistic but not statistically noteworthy in explaining disparity in real gross domestic product development to the research. On current real GDP, the relationship between the previous two time/lag periods and the current, past time/lag period of domestically produced goods. However, the results were positive and optimistic, respectively. Domestic goods' role in explaining fundamental gross domestic product changes was similarly not statistically momentum.

. This research was intended to determine the influence of exported goods on Ghana's real GDP development rate from 1987 to 2021. The research's practical findings imply that exported goods boost Ghana's real GDP development in both the long and short term.

5.3 Recommendations

Based on the findings, the following policy suggestions are made:

5.3.1 Recommendations for Government

The analysis found an optimistic link between exported goods of Ghanaian made goods and GDP in the long run. As a result, policymakers and the government should continue supporting and promoting exporting made in Ghana goods as they contribute considerably to long-term development. Policymakers should not lose sight of the reality that the export industry is not immune to Globalization restrictions and anomalies that conventional exported goods have been exposed to while promoting the sector through various programs especially after the introduction of the AFCfTA.

Export development involves more than just bureaucratic planning and campaign discourse. Policies that create a geographical balance in terms of export project development and policies that address vital export obstacles should be prioritized. The causation test revealed that an increase in both exported goods and development might drive each other to expand. As a result, while efforts are made to develop the export sector, measures should also encourage overall output development.

Export development is generally aided by a stable macroeconomic environment. As a result, the Bank of Ghana's primary focus should be on inflation targeting to sustain reduced inflation rates and a stable macroeconomic backdrop. Maintaining price stability might help to maintain economic stability and, as a result, boost export development.

5.3.2 Recommendations for further studies

Micro-level studies are needed to assess the relevance of export composition, especially given the literature's finding that manufacturing exported goods have high annual development effects. Finally, this research overlooked service sector exported goods, which future optimisticers should consider.

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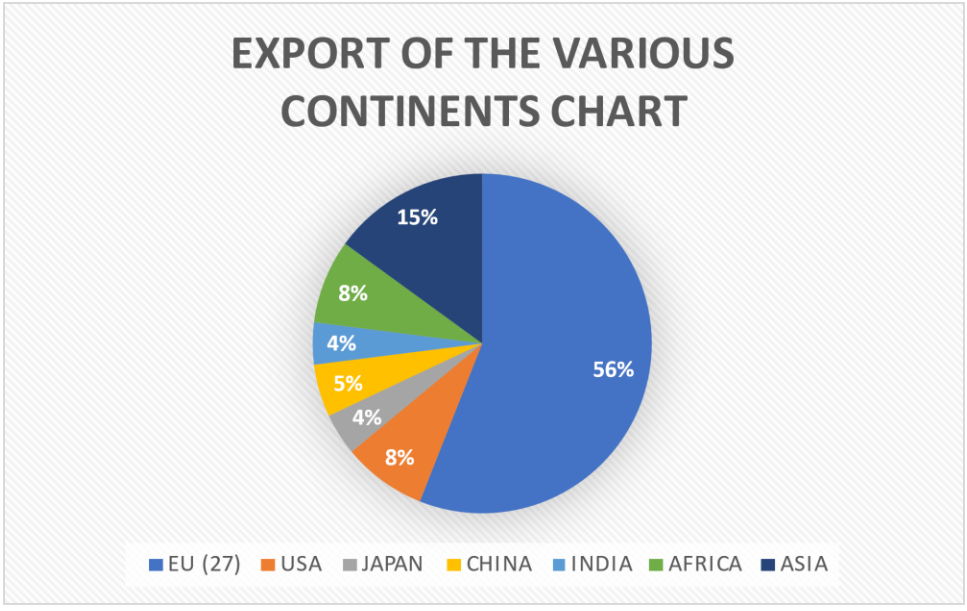
APPENDIX

Table 6: GHANA EXPORT TRADE STRUCTURE

Year	Volume of Trade (millions)	European Union (%)	Africa(%)	Asia (East, Southern and South East	Developed Economies (%)	Developing Economies (%)
2000	1566	50.1	10.2	5.6	68.4	18.7
2001	1544	49.4	11.0	5.5	44.9	19.9
2002	1648	52.2	10.8	5.5	66.3	19.9
2003	2009	51.4	12.1	5.4	64.1	22.6
2004	2327	48.8	10.0	6.8	62.2	21.4
2005	2370	45.9	9.0	9.5	58.6	25.0
2006	2841	45.2	9.4	7.0	58.2	25.3
2008	4175	39.7	9.3	10.7	59.3	24.2
2009	3465	39.7	10.7	11.6	49.4	28.6
2010	4575	38.4	11.4	10.6	50.0	29.0
2011	12700	50.7	14.1	12.2	63.2	32.2

Source: Ghana Export Promotion Authority

FIGURE 1



Source: Ghana Export Promotion Authority