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Mothers’ Non-Farm Entrepreneurship and Child Secondary Education in Rural Ghana

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Abstract

While an important share of the rural population in sub-Saharan Africa owns a non-farm enterprise (NFE), it is unclear how these businesses, especially among female owners, contribute to rural development. This study investigates the missing link between rural NFEs and children’s education in developing countries. We focus specifically on secondary education, as secondary schooling is lacking behind in enrollment rates compared to primary education. Moreover, while secondary education has received less attention than primary education in the 2000–2015 development agenda, it is high on the international policy agenda for 2015–2030 with a specific target on universal lower secondary education in the Sustainable Development Goals. We empirically analyse the link between NFEs and child education with national representative quantitative data from the sixth round of the Ghana Living Standard Survey (GLSS) and qualitative data from focus group discussions throughout rural Ghana. Using instrumental variable regressions that pass weak and over-identification restrictions, we estimate the impact of mothers’ non-farm entrepreneurship on the propensity of child secondary school enrollment. We find a strong significant positive effect of 10.6 % points, corresponding to a relative increase of more than 25 %. We find a positive effect on Junior High School enrollment but not on Senior High School enrollment, which relates to lower expenses and a better spread in payment for Junior High School education. We test interaction effects between mothers’ non-farm entrepreneurship and other important determinants of child schooling. The school-improving effect of mothers’ non-farm entrepreneurship is equally strong for boys and girls and for high- and low-educated mothers, and stronger for poorer households. While most of NFEs are small-scale and informal, our results show that even these businesses result in increased investments in child schooling and directly contribute to development. The results imply that NFEs entail the potential to stimulate child schooling among children of low-educated and poor mothers and thereby reduce inequality in rural education.

Keywords: Employment, Ghana, non-farm enterprise, rural development, schooling