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Historical Evolution of Entrepreneurial Development in the Global South: The Case of Ghana, 1957-2010

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ABSTRACT

In spite of growing awareness among strategy, business history and entrepreneurship scholars of the benefits of entrepreneurial development, our understanding of the evolution of entrepreneurial development in developing nations remains limited. A historical analysis of the issue in post-colonial Ghana from 1957 to 2010 led to the identification of three distinctive phases. The first phase represented the immediate post-colonial reforms (1957–1966), where large-scale nationalisation and establishment of state-owned enterprises hampered development of private enterprises. The second phase was the turbulent period (1967–1979), where totalitarianism and confiscation of assets deterred private investments and ownership, thereby creating a harsh economic and institutional environment. These culminated in the last phase, the renaissance of social entrepreneurship (1980–2010) where different entrepreneurial models flourished, including the diaspora philanthropy and the “philanthropic chief”.

Keywords: entrepreneurial development; Ghana; Africa; government policy

1 Introduction

The twenty-first century has witnessed the growing body of research on entrepreneurial development (Audretsch, Keilbach and Lehmann 2006; Lee and Peterson 2000). One of the primary drivers behind the wider embrace of entrepreneurship in the world has been the growing recognition of its potential in creating wealth and fostering economic development (Robson, Wijbenga and Parker 2009). Although studies on entrepreneurial development are rapidly gathering momentum (Acs and Dana 2001; Oppedisano 2004), we know relatively little about how entrepreneurial development unfolded over time. Despite the growing awareness among nations and practitioners of the benefits that can be accrued from entrepreneurial development (Barringer and Ireland 2016), much of the existing body of research has largely neglected the historical evolution and precipitating forces as a country transitions from one political system to another (e.g. from totalitarianism to democracy). The dearth of scholarly attention is surprising given that history has potential to inform the future national policies (Nicholls 2010; Wooster 2002).

Against this backdrop, our principal goal is to examine the evolution of entrepreneurial development in post-colonial Africa, focusing specifically on Ghana from 1957 to 2010. Besides being recognised as the first sub-Saharan African nation to gain independence, Ghana also epitomises the unique features of economic, political and social developments in post-colonial Africa (Amankwah-Amoah and Debrah 2010). The case study of Ghana is also novel in a sense that much of the existing literature has concentrated on first-world nations and offers little insight into the historical origins and evolution of entrepreneurial activities in developing countries. Therefore, Ghana offers a fertile ground to examine this underexplored issue. In the immediate post-colonial setting, most nations in the “new” states of Asia and Africa were confronted with parallel economic and political challenges (Esseks 1971b), yet by the start of the 21st century most nations in Africa

lagged significantly behind their rivals in Asia in terms of economic and entrepreneurial development. Thus, the study also capitalises on this unique context to illuminate our understanding of the precipitating factors.

In articulating the arguments, the present paper offers several contributions to business history, strategy and entrepreneurship literature. First, this article extends the prior scholarly works on the Northian institutional theory (North 1990 2005; Peng 2014) and entrepreneurial environment (Luthans, Stajkovic and Ibrayeva 2000; Lee and Peterson 2000) by integrating these insights to inform and develop a historical phase model to capture the effects and actions of government in facilitating and hampering entrepreneurial development in post-colonial Ghana. Our analysis and arguments that the level and nature and dynamics of entrepreneurial activities within a jurisdiction is associated with the cultural environment. Second, in the light of growing calls for business history literature to account for the evolution of entrepreneurial activities (see Harvey, Maclean and Suddaby 2016), the study demonstrates how national policies can hamper entrepreneurial development and create conditions for different types of entrepreneurial activities to emerge. In so doing, our study adds to the growing body of knowledge on how past governments' policies can hamper or foster the development of entrepreneurship in underdeveloped economies (Blackburn and Schaper 2012; Robson et al. 2009). In addition, the study adds to the recent theoretical advances in entrepreneurial philanthropy (Harvey, Maclean, Gordon and Shaw 2011; Maclean and Harvey 2016) by developing a historical account of the shift towards entrepreneurial philanthropy in post-colonial Ghana. Here, we also utilise archival data to shed light on national policies and the effects of promotion of state-owned enterprises and confiscation of assets.

The rest of the paper is structured as follows. In the next section, we review the literature on entrepreneurial development and government. This is followed by an examination of the Ghanaian context and research approaches. The case study of Ghana is then employed to illustrate the

evolution of entrepreneurship from 1957 to 2010. In the concluding section, the implications for practice and theory are identified and examined.

2 Entrepreneurial development, national culture, entrepreneurial class and government: An integrated review

Scholars have long recognised that governments can help foster entrepreneurial development (see Blackburn and Schaper 2012; Luthans et al. 2000). A relevant theory is the Northian perspective of entrepreneurial development (North 1990). Anchored in the Northian perspective/institution-based view (Yamakawa, Peng and Deeds 2008) is the suggestion that formal constraints (such as legal and political systems) and informal constraints (such as nation culture, norms and customs) can facilitate or retard entrepreneurial development within a particular jurisdiction or nation (Adomako, Danso and Ampadu, 2015; Jenniskens et al. 2011; Peng 2014). By national culture, we are referring to the collective values and norms that are common to the members of a country (Hofstede 1984; Sirmon and Lane 2004).

It is also worth noting that institutions encompass socio-cultural factors such as cultural norms, social norms and societal beliefs (North, 1992; Adomako et al., 2015). It also includes economic factors such as societal wealth, economic stability and capital (including culture capital) availability (North, 1992; Lindsay, Ashill, and Victorio, 2007; Bourdieu 2010). These forces may be more powerful compared with legal and political systems in shaping entrepreneurial activities within a given economy.

A number of noteworthy studies have demonstrated that national culture can have long-lasting influence on the nature of business activities and entrepreneurship (Jenniskens et al. 2011; Sirmon and Lane 2004). Indeed, some scholars have attributed the difference in entrepreneurial performance between countries to factors such as lack of quality human capital and national culture

(Uhlaner et al. 2011). Indeed, the linkages between cultural factors and entrepreneurship have been examined by past studies (for a detailed review, see Jenniskens et al. 2011). A body of literature suggests that environmental factors such as laws and regulations, government policies, government bureaucracies, infrastructural development and industrial policy are powerful forces in facilitating entrepreneurship in a given nation (North 1990; Luthans et al. 2000; Lee and Peterson 2000; Minniti 2008). One line of inquiry has identified environmental factors such as nationalisation, state-ownership and availability of market intermediaries to foster entrepreneurial activities (Brinkerhoff 2008; Mohan 2006; Yamakawa et al. 2008).

Studies indicate that entrepreneurial development in developing nations can be shaped by access to quality infrastructure and a favourable regulatory environment to foster an enabling environment (Minniti 2008; North 1990). Indeed, government policies geared towards promoting entrepreneurship can play a pivotal role in combating unemployment and poverty, and fostering economic development (Robson et al. 2009). On other hand, some studies have demonstrated that government policies can become a barrier to entrepreneurial development (Goedhuys and Sleuwaegen 2010; Lu et al. 2015). Research has demonstrated that government can discriminate against privately owned firms by offering subsidies, tax relief and preferential treatment to state-owned enterprises, and in so doing curtail the development of entrepreneurial development (Ramirez and Tan 2004; Nguyen, Le and Bryant 2013).

Besides government support, it has been shown that shielding state-owned firms from market competition to protect them may eventually make them more complacent and uncompetitive which then precipitates their collapse and hampers entrepreneurial development (Amankwah-Amoah 2015). Another burgeoning stream of research indicates that political instability, overregulation, corruption and lack of clear government policy can not only disrupt the formation of new businesses, but also hampers the development of existing ones (see Handley 2008; Goedhuys and

Sleuwaegen 2010). Indeed, inappropriate state involvement and control to a large extent can not only suppress the entrepreneurial impetus, but also impede the activities of entrepreneurs (Arthur 2005).

Related to above is the issues of occupational culture (or professional culture), which refers to the shared norms, values and beliefs associated with a particular occupation (Heery and Noon 2001; Sirmon and Lane 2004). Entrepreneurship as a profession faces a number obstacles such as crippling government policies and control under dictatorship, which often hamper formation of new businesses and functioning of existing ones (see Arthur 2005 2007; Handley 2008). Indeed, as it has long been recognised “societies differ in the value they attach to entrepreneurship as a profession as well as the protection they give discoveries—be it in the form of products, processes, organizations or business models” (Zahra, Korri and Yu 2005, p. 138).

A related body of research has demonstrated that external organisations such as charities and philanthropists can also play a pivotal role in facilitating entrepreneurial development (Harvey et al. 2011). Researchers have demonstrated that some of the activities of entrepreneurial philanthropists encompass providing technical assistance and financial capital to support business creation as well as mentoring aspiring business owners (De Lorenzo and Shah 2007).

Recent streams of research have shown that the absence or lack of an effective government can entice generous individuals to act by supporting the formation of new businesses in underserved communities (see Mohan 2006; Taylor, Strom and Renz 2014). For entrepreneurial philanthropists, their primary objective is not to profit from their investments, but to help others. Philanthropists are also motivated to engage in entrepreneurial development by a host of factors such as religious beliefs and sense of obligation to a community (see Mohan 2006; Brinkerhoff 2008, 2014; Moyo 2011) and a desire to help others (Harvey et al. 2011; Shaw et al. 2013). Perhaps the most important

factor in fostering entrepreneurial development is the symbolic capital (i.e. attributes such as prestige and status) which motivates some individuals to engage in entrepreneurial philanthropy (Rath and Schuyt 2015). Indeed, studies have demonstrated that philanthropists can gain reputable benefits and experience enhanced status after giving (Aidoo 2013; Boulding 1973; Lindadl and Conley 2002).

Insert Figure 1 about here

The above arguments suggest that institution-based factors can impede or facilitate the evolution of entrepreneurial development, as demonstrated in Figure 1. It also shows that government can be both constraining and facilitating forces in entrepreneurial development. It is contended that entrepreneurial evolution is punctuated or shaped by the factors noted above. The study seeks to fill the void in our understanding by examining the evolution of entrepreneurial development. To achieve the African Union's Agenda 2063, entrepreneurship and innovation has been identified as central pillars (African Union 2014). It is noted that entrepreneurial revolution by eliminating barriers to entrepreneurial development can foster a shift from overdependence on government job creation to business-led job creation to invigorate nation economies. It contended that fostering 21st century entrepreneurial revolution and revitalising entrepreneurial development requires examination of the historical pathways. Below we begin a review of the historical backdrop.

3 From Gold Coast to Ghana: National institutions, culture and entrepreneurship

Since time immemorial, entrepreneurship and philanthropy have been at the cornerstone of Ghanaian society. Entrepreneurship existed even well before the early Portuguese explorers set foot on its shores in 1471 (Debrah 2002; Handley 2008). Historically, the then Gold Coast (later renamed Ghana) possessed a fertile ground for entrepreneurial development before its independence

in 1957 as exemplified by the Asante Kingdom, and its gold trade and farming businesses. For instance, the Asante Empire of the eighteenth century thrived on trade in ivory, gold and slaves (Handley 2008). Indeed, even before the transition to chiefdoms in the Asante society, the economically successful individuals were referred to as “big men” who assisted society and served as a source of finance (McCaskie 1995; Handley 2008). The only question is the degree to which entrepreneurship had taken root prior to European colonialism. One of the most effective justifications offered by the coloniser in the then Gold Coast was the “implied benevolence” on their part and desire to bring religious salvation by promoting Christianity (Bonsu 2009, p. 14) and medical missionary (British Medical Journal 1926). It is interesting to note that the “rhetoric of benevolence” was marshalled to champion a solution to the nation’s problems (Bonsu 2009).

In Gold Coast, like much of sub-Saharan Africa, the Christian missionaries advocated for the introduction of Western-type education (Ross 1957), trade and business formation (Boahen 1975). Much of the discourse on missionaries during the colonial era has centred on the adverse effects on traditional life (Strayer 1976). Nevertheless, there was an effective entrepreneurial dimension (Bonsu 2009; Kolapo 2000). Perhaps the most widely recognised manifestation of this was noted by David Livingstone, the 19th century British missionary-explorer, who asserted that Africa could be redeemed by the three “C’s” encompassing “Commerce, Christianity and Civilization”, which eventually culminated in the “scramble” for African resources (British Medical Journal 1913; see Pakenham 1991, for detailed historical analysis). Although the main motive of colonial rule was commerce (Carmody 2011), considerable resources were directed towards Christianity-oriented courses (Bediako 1995).

By 6 March 1957, when Ghana gained independence, the deep roots of Christianity had taken hold and became more potent forces in how individuals behaved, society was governed and resources allocated. This experience had an enduring influence and determined much of the post-

independence environment. At independence, Ghana had one of the highest per capita incomes and standards of living in the sub-Saharan Africa and also was

“less afflicted by tribalism in politics than most other countries ... It possessed a substantial and talented political class, including many leaders who not only practised liberal professions but professed liberalism, and it was to this class that the officers had entrusted the very liberal constitution of 1969” (Goldsworthy 1973, p. 9).

Elite schools were largely preserved for the elites and business activities dominated by “foreign-owned businesses”, thereby creating conditions for inequality. By the end of the colonial period, around 90% of the import trade was controlled by foreign firms and 96% of timber concessions (Boahen 1975, p. 196; Handley 2008, p. 152). This, coupled with the fact that the gold mines, banking and insurance were all dominated by foreign owned-enterprises, resulted in Ghana having to deal with the issues of widespread inequality across an array of sectors.

The country’s founding father, President Kwame Nkrumah (1957–1966) and the ruling Convention People's Party (CPP) faced a clear choice of how to foster local development and industrialisation either via state control or unlocking the potential of all the entrepreneurial classes (Handley 2008). In most and major cases, Nkrumah opted for state-control as a means of achieving his aim of quick industrialisation. From 1957 to 1960, cocoa exports (a main generator of foreign income) averaged 250,000 tons annually and then surged to an average of 434,000 tons in the years 1961–65 (Esseks 1971a). This improvement was largely due to increased production and growing national priority to unlock the potential of the sector. Perhaps nothing was more controversial during the Nkrumah era than his decision to make the nation a one-party system, which contradicted his original vision of democracy for Africa and by Africans. In April 1964, the nation became a single party state under the CPP. The shift to statism under Nkrumah to an extent hampered the progress of the

entrepreneurial class in Ghana and sowed the seeds with long-term devastating consequences for the nation. It was until the later decades in the 1990s that entrepreneurial activities regained gathered momentum.

Following the euphoria of independence and becoming a republic in 1960, the 1970s was a turning point in ushering in economic decline. One possible explanation for this can be traced to the overdependence on cocoa for its national income. In 1970, the country's cocoa income accounted for 70% of export income and 30% of government revenue (Goldsworthy 1973). The country actually had trade surpluses in 1969 and 1970 of 39 million and 47 million cedis respectively largely due to the contribution of cocoa sales (Goldsworthy 1973). It is worth mentioning also that the decline of the world cocoa prices from £330 per ton in 1970 to £230 in 1971 further worsened the debt situation of the nation (Goldsworthy 1973).

Although Nkrumah made huge progress in ushering in forward-thinking ideas to lay a concrete platform for ingenious innovation and quality education (Amankwah-Amoah 2016a), he also left a legacy of high foreign debt and an ongoing “high rate of borrowing after 1966 which brought the country into a situation where around a quarter of the annual budget had to be allotted to servicing a debt of over US \$800,000,000” (Goldsworthy 1973, p. 10). The immediate successors of Nkrumah were faced with the need to formulate effective policies to deliver economic growth. Table 1 summaries the vital institutions and events in the evolution of entrepreneurial activities in Ghana. Having established the historical backdrop, we focus next on the approaches to data collection.

4 Research method and data sources

In order to illuminate our understanding of the roles and effects of government in entrepreneurial development, we adopted a historical approach rooted in archival data. We relied on online historical archives of the government of Ghana and Ghanaweb historical databases, which cover a

range of issues including government policy, regulations, codes of conduct, and business activities from the 1950s to 2010. Following prior scholarly recommendations, we also relied on other secondary materials in other domains including journals, newspapers, new magazines and local Ghanaian press such as *The Statesman*, *Graphic*, *Ghanaian Times* and *Ghanaian News* to further illuminate our understanding of the different controversies and issues which occurred over the period (see Luyckx and Janssens 2016; Rowlinson, Hassard and Decker 2014). The archival approach has been found by past studies to be very effective in uncovering past events (Luyckx and Janssens 2016; Gokhberg and Sokolov 2016; Welch 2000).

In order to construct a chronology of events, the activities of past presidents and leaders of the country were analysed in terms of policies introduced, governance arrangement adopted, business-related policies and entrepreneurial development. From this, a clear narrative was established for each president/leader and summarised into a few major and common themes reflecting policy dynamics, trajectory and nature of their policies. The similarities and differences between them were identified. By mobilising these archival documents, we deduced three historical phases of the evolution of entrepreneurial development, as illustrated in Figure 2.

Insert Figure 2 about here

4.1 Phase I: The “new beginning” and the spread of socialism, 1957–1966

Prior to 1957, many of the indigenous entrepreneurial activities were held back in favour of the promotion of businesses owned by the former colonial power – Britain (Tangri 1998). After attaining independence with a population of less than five million (Arden-Clarke 1958), Ghana’s reforms were guarded by “socialist philosophies” (Bewayo 2009; French 1994; Osei-Kwame and Taylor 1984). This permeated government policies and translated into the expansion of the role of

government into areas such as production, mining and selling. The government viewed large-scale nationalisation and the establishment of state-owned enterprises as vehicles for faster economic development. Nkrumah's argument was further amplified by the limited economic capacity and "perpetually weak" position of many indigenous enterprises and entrepreneurs leading to the inability to command greater political influence (Esseks 1971a, p. 28). Indeed, the "poor or mediocre entrepreneurial performance" dissuaded government and policy makers from providing aspiring and existing entrepreneurs with public funds and legal privileges (Esseks 1971a, p. 28).

Over time, the limited or lack of support from the government left a lacuna in the market place which needed to be filled. Without government assistance and support, the private sector's ability to expand in the flourishing Ghanaian economy became increasingly limited. It is well documented that many private businesses wanted to be given preferential status in awarding government contracts as well as allocation of services provided by state-owned public utilities (Esseks 1971a; see also Osei-Kwame and Taylor 1984). By the end of this period,

"cocoa farmers and virtually all other entrepreneurial groups expected the government to be their banker by providing generous credits at lower interest rates, longer repayment periods, and other conditions more liberal than those offered by the three commercial banks" (Esseks 1971a, p. 13).

In the years before becoming a republic in 1960, a factor which deprived many Ghanaian private enterprises of funds was the "prejudices among political elites against black capitalism" (Esseks 1971a, p. 28). During the period 1961–1966, Nkrumah's general policy was also largely geared towards "discriminating against private enterprise – domestic and foreign" to help achieve his socialist vision (Esseks 1971a). By the end of this phase, the prejudices had not faded. Another factor which further curtailed the activities of indigenous entrepreneurs was the prohibition by the

state, which restricted their activities to certain areas which were often unprofitable, whilst the lucrative segments were reserved for state-owned enterprises (Tangri 1998). By earmarking sectors for mainly state-owned enterprises, the forces for free market competition were curbed and many Ghanaian enterprises' ability to expand was restricted. This was in contrast to the conditions prior to 1957, where Ghana like other countries in the sub-region, including Nigeria, possessed a

“thriving commercial class which had developed since the late nineteenth century, despite colonial discrimination ... Indigenous merchants and traders carved out niches in a retail and wholesale commerce dominated by large European firms, Lebanese and Indians”
(Kraus 2002, p. 398).

One of the effects was that access to private capital to fund the formation of new businesses was heavily dependent on political patronage and connections to the elites (Tangri 1998). This created conditions where aspiring entrepreneurs and indigenous private businesses were increasingly reluctant to confront the entrenched state power and need for reforms (Handley 2008). From 1958–1960, Nkrumah and his government further examined the possibility of establishing state-owned enterprises in importing and insurance, however, the plan was shelved largely due to lack of competent managerial personnel locally to man the operations (Esseks 1971b).

One of the defining characteristics during this phase was that the cocoa-based entrepreneurial class was largely viewed as a source of revenue for the state and never really acquired real influence to be able to bargain for fair prices for their produce and financial support (see Handley 2008). As a consequence, much of the activity and quest to gain prominence never gathered momentum. From independence to 1960, Nkrumah's government's promises to the local businesses were backed with only modest actual financial assistance (Esseks 1971a). The deepening balance-of-payments emergency from 1961 coupled with the deteriorating performance of state-owned enterprises, the

National Timber Corporation and the decline in the value of timber exports, resulted in Nkrumah becoming more “receptive to proposals to boost production by supporting the private sector with credit to purchase heavy trucks, bulldozers, and other equipment (Esseks 1971a, p. 23).

One of the earliest drivers and recognition of private entrepreneurial development as a pillar of economic development occurred from 1963 to 1966 when the government provided £2.7 million in loans to timber producers after it was concluded by the then cabinet minister, Krobo Edusei, that it was in the national interest (Esseks 1971a). Indeed, at independence, Krobo Edusei was actually the Minister without Portfolio (Howe 1957). Over the course of the Nkrumah era, the state gradually became a larger employer and investor in the whole economy. At the same time, politicians also became a major controller of resources and as such entrepreneurs became more reliant on the political patronage of government to gain access to funds, resources and ensure their eventual survival (Tangri 1998, p. 120). As the influence of the state surged, the development of a unique entrepreneurial class was also curtailed (Handley 2008). This hampered entrepreneurial development to support economic development.

To sum up, entrepreneurial efforts and activities were hampered by the “leftist nationalism” championed by Kwame Nkrumah which entailed the rampant promotion of state-owned enterprises and the advancing roles of the state. Entrepreneurial development was also handicapped by earmarking of sectors and state-owned enterprises.

4.2 Phase II: Transitional and turbulent times, 1967–1979

Having grown accustomed to independence and enjoyed some fruitful outcomes, the nation then descended into perpetual disagreements, military overthrows and confiscation of private assets during this period. It was during this phase that ineptitude, political instability and frequent changes in government disrupted and reversed some of the past economic progress. In the immediate

aftermath of Nkrumah’s removal from power on February 24, 1966, one of the challenges was how to channel the institutional arrangements to deliver sustainable innovation and development (Amankwah-Amoah 2016). In contrast to the closure of some sectors of the economy to private firms during Nkrumah’s era, the new military regimes proclaimed to have shepherded the country from “socialism” to “capitalism” with greater freedom for the private sector, thereby ushering in opportunities for market economy to flourish and entrepreneurial development (see Osei-Kwame and Taylor 1984).

However, during this phase, the entrepreneurial class came to be seen as a threat to the government and hardly promoted by governments (Tangri 1998). New business formation was curtailed by the perceived threat of business owners to the military leaders. Besides the political instability, entrepreneurs were also confronted with the issues of a lack of clarity about the “rules of the game” and selective enforcements of the rules. In less than a decade after Nkrumah’s overthrow, the country experienced numerous changes in government through the use of force (see Table 1 for further details). After the overthrow, the relationship between the government and local private entrepreneurs altered again. This time the government “neglected or discriminated against indigenous businessmen” as means of minimising their influences in local communities (Esseks 1971a, p. 11). It is interesting to note that the “policy of expulsion of aliens in 1969” by the military rule also facilitated the unfair and unjustified transfer into some Ghanaians businesses of many Lebanese and foreign nationals (Goldsworthy 1973, p. 11).

Insert Table 1 about here

Largely due to the underdeveloped intuitional arrangement and difficulty in gaining access to financial credit, many of the indigenous private entrepreneurs demanded the formation of new credit institutions devoted to only the needs of nationals and restriction of government building and

supply contracts to only local entrepreneurs (Esseks 1971, p. 11). In addition, many political groups such as retail traders, timber extraction enterprises, building and construction firms, manufacturers, and cocoa farmers demanded government resources to help them navigate the business environment (Esseks 1971a). One of the outcomes of these policies was that cultivating ties with government officials and leaders of the ruling military became a quintessential ingredient for entrepreneurs seeking success more than business acumen (Opoku 2008). Although the coup against Nkrumah in February 1966 was partly justified on the grounds of his political repression of dissent and decline of the economy, the successive military governments failed to address the structural deficiencies and set the stage for a more severe economic decline, inept management, corruption and worsening living standards (Akyeampong 2000). Over time, individuals with a proven record of developing profitable businesses came to be seen as a threat and needed to be “controlled”. Furthermore, largely due to corruption and fraud by unscrupulous businessmen the 1970s, it became difficult for genuine entrepreneurs to establish their legitimacy. One can surmise that the political factors and environment shaped the dimension and nature of entrepreneurial activities.

4.3 Phase III: The renaissance of entrepreneurship, 1980–2010

Having experienced the turbulence period, this phase was largely a turning point. Immediately after Jerry John Rawlings and the Provisional National Defence Council deposed the government of Hilla Limann on 31st December 1981, the country became hostile to many leading capitalists and entrepreneurs, thereby hampering attempts to unlock their potential (Opoku 2008). After this event, the nation appeared to have ironed out the differences and settled on stability, and development and environment for business formation as the way forward. The hostile attitude to indigenous entrepreneurial firms and capital was attributed to the allegations that they might be supporting the rival political parties.

From the 1960s to 1983, Ghana also experienced a period of prolonged recession partly due to the decline of cocoa prices, economic policy incompetence and high international debt (Kraus 2002). In the wake of Africa's economic decline in the 1980s, the World Bank, International Monetary Fund (IMF) and Western donors became more powerful and imposed policies aimed at reversing the economic nationalism and lack of clear industrial policy (Kraus 2002; World Bank 1997). One of the underlying drivers was the abysmal performance of so many state-owned enterprises which were making losses and depleting national resources. As such, liberalisation and privatisation among other solutions were recommended as solutions in alleviating the declining fortunes of Ghana. A period of retreat of the state was ushered in under the umbrella of the Economic Recovery Program known as the Structural Adjustment Programme (SAP) in 1983 (Steel and Webster 1992). The collapse of the Soviet Union and its support for state capitalism coupled with pressures from the IMF and the World Bank meant that in the 1980s many African governments started moving away from state-owned enterprises towards privatisation and market reform (Bewayo 2009; Drum 1993). The World Bank's (1989, p.135) declaration that "Africa needs its entrepreneurs" led to the redirection of attention and mobilisation of private capital towards creating conditions to help facilitate the formation of new businesses. Prior to 1994, bureaucratic hassles and a complex legal environment affected not only the formation of new businesses, but also deterred many Ghanaian expatriates from returning home to start new businesses (French 1994). However, the rising economy coupled with a range of reforms ushered in a friendlier environment for the 16 million population (French 1994).

During this phase, entrepreneurial development faced numerous barriers. Prominent among them were a lack of financial credit, lack of coherent government strategy, poor entrepreneurial education and bureaucratic processes in business formation. During much of J.J. Rawlings's era (1981–2000), there was little effort geared towards mobilising, capturing and utilising local capital as a means of

fostering entrepreneurial and economic development (Kraus 2002). By the late 1990s, there was an increasing recognition that entrepreneurship could play a more pivotal role in regenerating underserved communities and rural areas. Against this backdrop, two types of entrepreneurial models flourished: diaspora philanthropy and the “philanthropic chief”. Below we shed light on them.

4.3.1 The emergence of diaspora philanthropy and returnee entrepreneurs

By diaspora philanthropy, we are referring to situations where migrants send money to their home country to help formation of new businesses, development and provide micro-financing (Brinkerhoff 2014; Johnson 2007). Since Kwame Nkrumah called for descendants of the “Middle Passage” (descendants of African slaves) to return “home”, various attempts have been made by governments and local communities to attract Ghanaians and Africans who have sought greener pastures to invest in their “ancestral homeland” (Akyeampong 2000; Bob-Milliar 2009). The economic crisis and political instability in the 1960s and 1970s forced many highly skilled individuals to emigrate to the West, leading to a large diaspora population. In the 1990s, there were at least 30,000 Ghanaians in Chicago and 20,000 in Toronto alone (Akyeampong 2000). By the 1990s, more than 12 per cent of the country’s population were living in foreign territories (van Dijk 1997; Akyeampong 2000). Ghanaians were among the largest population of Africans in Europe (Akyeampong 2000). Unlike the situation in the 1950s, by 2003 an estimated 1.5 million Ghanaians were living on foreign shores, sending around US\$1 billion in remittances in 2003 (Mazzucato 2009).

Since the late 1980s, an increasing number of villages and communities have turned to philanthropy to obtain capital to fund development projects (Aidoo 2013). The contribution towards entrepreneurial development is often manifested in the form of charitable donations to philanthropic

organisations and/or extended family members to start a new businesses. The latter was seen as a giving with no expectation of reward but it may indirectly elevate the status of the individuals within the family. Diaspora philanthropy, by providing micro-credit to support small and medium-sized enterprises (SMEs) and farmers, has emerged to fill a void in the marketplace, where access to financial credits were often denied to many of the very poor and small businesses. Some of the main drivers of diaspora philanthropy have a sense of responsibility or obligation to the home country, faith and desire to be part of the diaspora community (Brinkerhoff 2014; Mohan 2006). It is also well established that inherent in African philanthropy are the principles of “solidarity” and “reciprocity”, which give rise to such actions (Moyo 2011).

One of the important sources of finance to fuel local development was the hometown associations such as the Representative Council of Ghanaian Organizations in the Netherlands (Recogin) set up in 1992 and the Sankofa Foundation in the Netherlands founded in 2000, where Ghanaian immigrants support the country and towns of origin (Orozco and Garcia-Zanello 2009). Working in tandem with local NGOs, these organisations were able to raise funds to support economic activities in areas such as micro-financing, agriculture, education and other income-generating local projects (Orozco 2007). For example, the Sankofa Family Poultry Project has supported 320 women through income-generating activities in agriculture to enhance women’s income-generation activities (Orozco and Garcia-Zanello 2009). These emerged partly as a result of the retreat of the state through the SAPs in the 1980s. Accordingly, Ghanaians in the diaspora were encouraged to help fill the void by supporting aspiring entrepreneurs micro-financing income-generating ventures. In the wake of a declining economy and drought in the 1980s, many charitable organisations and individuals emerged to offer a range of supports with the aim of helping individuals to become self-sufficient.

4.3.2 *The emergence of the “philanthropic chief”*

Historically, Ghanaian societies were organised and headed by leaders referred to as chiefs (Ray 2003). This position is obtained not through elections but rather through inheritance. The positions of chiefs are underpinned by norms, customs, rituals and codes of conduct, which legitimise their power, authority and control (McCaskie 1995; Handley 2008; Rathbone 2000). In the post-colonial setting, the institution no longer possessed the same judicial, legislative or executive powers which made it powerful (Amoateng 2010). Arguably, after 1957, the role of the chiefs within wider society was regulated to mere customary and celebratory functions. This was partly because they came to be viewed as barriers to economic development and agents of the former colonial power – Britain (Aidoo 2013). More importantly, chieftaincy as an institution was viewed as “primitive” and a source of outmoded thinking and cultural practices, and therefore deserved to be marginalised in the development process (Akosah-Sarpong 2005). In addition, Nkrumah’s government also propelled the so-called “war against chieftaincy” (Howe 1958) to wrestle control of the nation and democratise local government (Rathbone 2000). One of the key sources of debate at this time was whether the institution of chieftaincy was itself compatible with democracy (see Amoateng 2010).

A watershed moment in terms of entrepreneurial development occurred in 1982 when the then Asante chief, Asantehene Otumfuo Opoku Ware II, on the occasion of his 25th anniversary of ascension to the throne, created the “Development Philanthropists”, “Nkosuohene” or “Development chiefs or queens” (Aidoo 2013; Bob-Milliar 2008). The failure of the old chieftaincy model to generate rural development and entrepreneurship necessitated this rethinking and use of titles to help foster development. The emergence of the philanthropic chief ushered in a new era which emphasised entrepreneurial development as key to poverty alleviation. This role differs in that the chiefs’ powers were limited to just development and also not subjected to political considerations, which are associated with the traditional chiefs (Aidoo 2013; Steegstra 2004). The

concept of the “philanthropic chief” or “foreign philanthropists” can be viewed as an attempt by traditional chiefs to affirm their relevance and assert authority in the wake of the emergence of many democratically elected administrative and central government leaders within the wider society. Their ability to operate alongside the regular chief in functions ushered in new rewards and status enhancement for philanthropists (Steegstra 2004; Bob- Milliar 2009). Initially, the idea was to encourage the Akan-speaking chiefs to put development and philanthropy at the forefront of issues facing local communities and then appoint individuals who could champion these noble objectives (Aidoo 2013; Bob-Milliar 2009). The phenomenon gathered momentum within the Akan territories and beyond (Bob-Milliar 2009). Other tribal groups in Ghana have adopted a similar approach including the Ewe tribes who referred to it as the “Ngoryi-fia” which translates to “move towards development” (Aidoo 2013, p. 39; The Statesman 2006).

At the outset, wealthy and philanthropic Ghanaians often living in Western countries occupied this particular position. Since the 1990s, many black “returnees”, returnee entrepreneurs and white Westerners including Americans, British, Germans and Dutch have been given such royal titles (Aidoo 2013; Bob-Milliar 2009). Since then, many Americans and Europeans have had chieftaincy titles such as “Nkosoohene” (sub-chiefs for development) bestowed on them by local chiefs to recognise their philanthropy and support for development (The Ghanaian News 2004). Many African-Americans who have traced their ancestral lineages to the country are conferred such titles after making donations to support local development and businesses (The Ghanaian News 2004). In recent years, there has been an emergence of “White Chiefs and Queens in Ghana” (Steegstra 2006), which broadly refers to philanthropic foreigners from the West being installed in this position of “philanthropic chief” (Aidoo 2013). Indeed, they are often given ancestral “stool” or “skin” names in recognition of their new status (Aidoo 2013). Although the traditional hierarchical

chieftaincy remains popular in some ethnic groups (van de Walle 2007), the forces and power of this governance arrangement has faded in the post-colonial environment.

During the latter part of this phase, more communities shifted toward installing foreigners to this position rather the local philanthropists largely due to their financial muscle (Aidoo 2013). This was not new to some extent, given that the growing trend towards installing well-educated individuals as chiefs and queens was in sharp contrast to the pre-independence period where it was not uncommon to find many illiterates as chiefs (The Ghanaian News 2004). This brought superior human capital to bear on decisions related to development and local communities. Although many of the new chiefs carried out their activities and secured funding for numerous local projects, ventures and initiatives, for others little is gained by the local community and it further devalues the revered institution of chieftaincy (The Ghanaian News 2004). Prior to this period, most local chiefs and queens were supposed to be the leaders and be available for consultations, a growing shift towards “overseas-resident-absentee chiefs” partly stemming from this phenomenon.

By the start of the new century, Ghana had been overtaken by many countries in the Asian Pacific region which were either behind or on par in the 1950s. As the Ghanaian economy started growing partly due to reforms ushered in by John Agyekum Kufour (January 2001–January 2009), there was an urgent need to unlock the potential of local firms and individuals for economic growth. In this direction, the Public Procurement Law (Act 663) was passed in 2003 and sought to provide concessions to domestic enterprises in the public procurement process. Throughout the 2000s, the diaspora exchange programmes were developed and accompanied by knowledge diffusion and cultural exchanges, and a repertoire of expertise from Ghanaians and non-Ghanaians in western nations as part of the government strategy to promote development. Many charitable organisation and foundations emerged from the West which focused on providing funds to the very poor and support aspiring female entrepreneurs. Both the diaspora philanthropy and the “philanthropic chief”

were built on the past and offered enterprise-based solutions to poverty alleviation. One of the factors that distinguished this phase from the previous two was the development of these two models.

Insert Table 2 about here

5 Discussion and implications

The objective of this research was to examine the evolution of entrepreneurial development in post-colonial Africa. Using the Ghanaian experience, we identified three unique phases (i.e. the “new beginning” and spread of socialism; transitional and turbulent times, and the renaissance of entrepreneurship) which highlights the nature of entrepreneurial activities punctuated and shaped by events and environmental factors such as government policy and governance regime. The historical analysis of Ghana from 1957 to 2010 led to the identification of three distinctive phases (see Table 2 for additional details). The first represented the immediate post-colonial reforms (1957–1966) where large-scale nationalisation, and establishment and promotion of state-owned enterprises hampered development of private enterprises. One of the outcomes of this was not only slow entrepreneurial development, but also limitation of the scope for many Ghanaian enterprises to expand. The second period is the turbulent period (1967–1979) where confiscation of private assets created voids in the marketplace, thereby hampering entrepreneurial development. Indeed, the entrepreneurial class was seen as a threat to the military rule and was hardly promoted by governments. The totalitarianism and confiscation of assets deterred private investment and ownership, thereby creating a harsh economic and institutional environment which contributed to the development of different models of entrepreneurial development in the final phase.

The final phase (1980–2010) ushered in a promising era with renewed emphasis on philanthropy and development of innovative models such as the “philanthropic chief” and diaspora philanthropy.

The case demonstrated a shift from the reliance on the state towards the emergence of diaspora philanthropy and the “philanthropic chief” as drivers of entrepreneurial development. There are also key differences regarding the role of the state. In the first two phases, the state played a dominant role in business development and curtailed the growth of private enterprises. The last phase ushered in the retreat of the state, thereby creating space for private enterprises. Taken together, the phases also reflect on the journey of the nation and changes in political environment. Thus, the case has illustrated the effects of political regimes, policies and societal attitude in necessitating and precipitating the development of entrepreneurial development.

5.1 Contributions and directions of future research

There are both theoretical and practical implications stemming from the analysis. From a theoretical perspective, although some scholars have noted the effects of entrepreneurial development (Aidis, Estrin and Mickiewicz 2008), we still lack a sound understanding of how it evolves and how national policies create space for its development. The present study demonstrated a phase model to demonstrate how factors such as government policies, socialism and political instability can, over time, curtail entrepreneurial development. In addition, consistent with prior scholarly works that have hinted that entrepreneurship development evolves over time (see Taylor et al. 2014), we shed light on the underlying drivers of these shifts. The study provides some evidence to support the notion that the evolution of entrepreneurial development is punctuated by factors such as changes in government and government policies. Furthermore, in light of the increasing recognition among business historians and entrepreneurship scholars of the need to examine entrepreneurial development and philanthropy (Nicholls 2010; Harvey et al. 2011), our study fills a void in the literature by demonstrating how a lack of effective action by government could trigger the emergence of a different entrepreneurial philanthropy model. Thus, the study illuminates our understanding of the evolution of entrepreneurial development.

From a practical standpoint, there is a need for government policy to create entrepreneur-friendly laws that also provide incentives to aspiring entrepreneurs as well as freeing existing ones to expand the scope of their operations. The analysis indicates a need for government subsidies towards updating and upgrading expertise of aspiring entrepreneurs as well as providing financial support towards overcoming barriers to entrepreneurial development such as lack of access to financial and human capital.

Notwithstanding the practical implications, two important caveats must be noted. First, although our study provides insights into the stages of evolution, it is unlikely that other countries in a similar stage of post-colonial history would experience similar changes and effects. Second, it is also worth noting that factors and processes in evolution of entrepreneurship do not exist in neat compartments, phases or quadrants, as suggested here. Although the study provides some insights into the effects of government fostering such entrepreneurship, the findings do not enable us to resolve the much bigger debate about whether government inaction is solely responsible for entrepreneurial development. Future research should seek a large number of countries to explore the generalisation of the analysis. Another promising line of future research would be to examine the experiences of multiple entrepreneurs over time to gauge their opinions. It is hoped that mitigating the re-emergence of strong state involvement and control which hampered entrepreneurial development in the previous era would help African nations such as Ghana in helping to achieve the African Union's Agenda 2063.

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Figure 1: A stage-based approach to entrepreneurial development

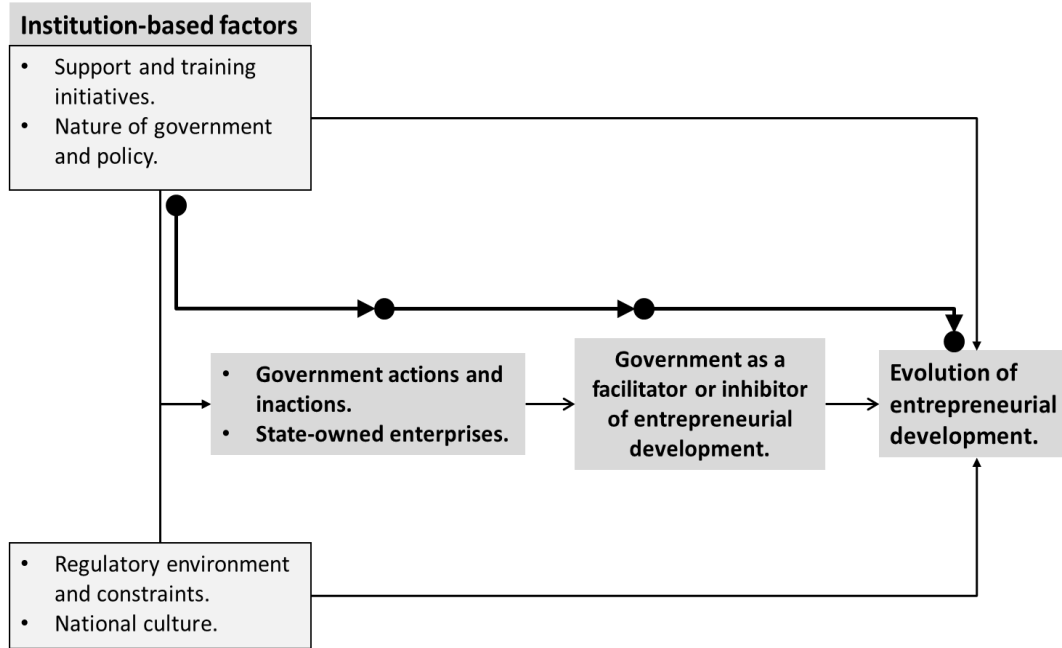


Figure 2: The trajectory of entrepreneurial development

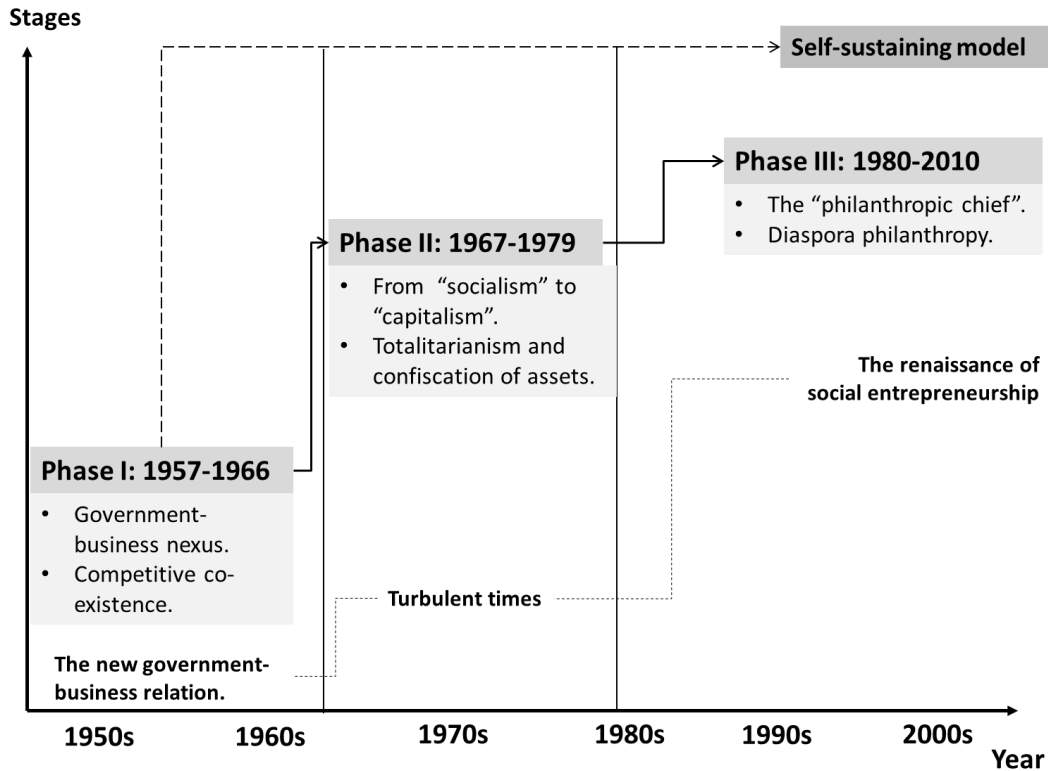


Table 1: Key institutions and events in the evolution of entrepreneurial activities in Ghana

Year	Key events
1950s	<ul style="list-style-type: none"> • On March 6, 1957, Ghana obtained independence from Britain and Kwame Nkrumah became the Prime Minister. • In 1958, the Nkrumah Government established a committee to explore the “best method” for assisting the “Ghanaian businessmen” to fulfil their potential and exploit market opportunities. • Nkrumah established the Industrial Development Corporation to champion the development of private entrepreneurs by providing financial and non-financial support. • In the 1950s, the Industrial Development Corporation (IDC) was established by Nkrumah to lay the groundwork for industrialisation by providing some financial and technical assistance to indigenous private entrepreneurs. It also provided educational programmes.
1960s	<ul style="list-style-type: none"> • On July 1, 1960, the country became a Republic and Nkrumah became the first president. • In 1962, the IDC was disbanded partly due to large inefficiencies, failure to develop new industries and misallocation of national resources. • In 1964, the government established the State Enterprises Secretariat (SES) with roles including holding shares on behalf of the government and advancing its interests. • In 1967, state enterprises were brought under the control of the Ghana Industrial Holding Corporation in a Decree (NLC D 207) issued by the National Liberation Council. • In April 1964, the nation became a single party state under the CPP. • In 1964, Nkrumah’s government established the State Enterprises Secretariat with responsibility of holding shares on behalf of the states. • From 1963 to 1966, the Government provided £2.7 million in loans to timber producers. • On February 24, 1966, Nkrumah’s CPP government was overthrown by the military with General J. A. Ankrah as Head of State and was later supplanted by General A. A. Afrifa. • August 1969, multiparty elections occurred and the nation was returned to constitutional rule under K. A. Busia’s Progress Party (PP). • In 1969, the Ghana Export Promotion Council was established to help in diversifying the national economy.
1970s	<ul style="list-style-type: none"> • The Ghanaian Enterprises Development Decree of 1975 (NRCD 330) recognised the contributions of small-scale enterprises to the

	<p>development of the economy.</p> <ul style="list-style-type: none"> • In 1970, the country's main generator of foreign income was cocoa, which accounted for 70% of export income and 30% of government revenue. • In 1972, a military coup led to Busia's government's removal from power and the formation of the National Redemption Council spearheaded by Colonel I. K. Acheampong. • In 1975, another coup led to the removal of General Acheampong as Head of State to be replaced by General Akuffo. • In 1979, the first of Rawlings's "house-cleaning exercises" was launched which led to the execution of allegedly corrupt individuals and confiscation of assets. • In July 1979, a multiparty election organised under the Third Republican Constitution was won by Hilla Limann's People's National Party.
1980s	<ul style="list-style-type: none"> • In 1983, Ghana introduced elements of the Economic Recovery Program (ERP). • The National Board for Small-Scale Industries (NBSSI) was founded by the People's National Defence Council Government and operated under the umbrella of the Ministry of Industry, Science and Technology. The roles revolve around technological development and transfer, helping to promote and develop small businesses. • Ghana Regional Appropriate Technology Industrial Service (GRATIS) was founded in 1987 to help to promote and facilitate technology transfer to small businesses.
1990s	<ul style="list-style-type: none"> • In 1990, EMPRETEC Ghana was formed as a collaborative project between the government, UNDP and Barclays Bank Ghana. Its main activities encompassed management training of indigenous entrepreneurs and skills formation. EMPRETEC Ghana is a non-governmental organisation providing support for the development of small-scale industries.
2000s	<ul style="list-style-type: none"> • In 2001, the coming to power of the New Patriotic Party (NPP) ushered in a new environment and renewed focus on facilitating new business formation. • In 2003, the passage of the Public Procurement Law (Act 663) granted concessions to local firms in the public procurement process.

Sources: synthesised from: Abor and Biekpe, 2006; Amankwah-Amoah, 2016b; 2016b; Arthur, 2002, 2005, 2006, 2007, 2010; Ayee, Lofchie and Wieland, 1999; Bob-Milliar, 2009; Danquah & Amankwah-Amoah, 2017; Esseks, 1971a; Goldsworthy, 1973; Howe, 1958; MEST, 2010; Obeng and Blundel, 2015; Robson et al., 2009; UNCTAD, 2011a, 2011b; **GNDPC, 1995, 1997.**

Table 2: Phases in the evolution of entrepreneurship

Features	Phase I: The “new beginning” and the spread of socialism, 1957-1966	Phase II: Transitional and turbulent times, 1967–1979	Phase III: The renaissance of social entrepreneurship, 1980s-2010
Formal institutions	<p>A shift to “socialism” after independence.</p> <p>Government intervention of market competition.</p>	<p>A notional shift from “socialism” to “capitalism” and political instability.</p>	<p>A return to political stability.</p>
Government-business nexus	<p>Government “must be in business” motto was ushered in.</p> <p>Some foreign-owned and privately owned firms were excluded from some sectors of the economy.</p> <p>State-owned enterprises were often protected from market competition.</p> <p>Ownership concentration of local enterprises in the hands of “foreign” nationals.</p> <p>Elites and well-connected individuals were the main beneficiaries of government support.</p>	<p>Confiscation of private assets deterred entrepreneurial start-ups.</p> <p>Corruption and bribery became a means of gaining access to markets.</p> <p>The sheer number of loss-making state-owned enterprises across industries hampered free market competition and sapped national resources.</p> <p>Resistance to change by civil servants helped to sustain the operations of many state-owned enterprises including Ghana Airways.</p>	<p>Privatisation of state-owned enterprises ushered in under the Structural Adjustment Programme in the 1980s. It also entailed the revitalisation of private entrepreneurship.</p> <p>The development and growth of diaspora philanthropy and the “philanthropic chief” supported economic development and small-business formation.</p>