

RESEARCH

Entrepreneurship in the Private and Public Sector in Ghana

by Paul Kennedy*

Introduction

It can be strongly argued that less developed countries require among other things, organisation building and the introduction and implementation of certain techniques and skills which are familiar and well established in developed countries. Clearly, this suggests that innovation is crucial and that it is necessary to focus research on the following questions:

1. What kinds of innovations are more essential than others in L.D.C.s, at different stages of development and in various spheres of activity?
2. What assets are needed by a person who is currently introducing innovations to enable him to act successfully?
3. What are the constraints in the environment which inhibit the emergence of efficiency of innovators?

Thus, a person is an entrepreneur in so far as he introduces innovations and performs whatever other activities (such as leadership and decision-making) are necessary to innovation. Instead of formulating a universal definition of entrepreneurship which embodies its "essential" characteristics, it seems more useful for this kind of research to find a working model which may be valid and useful for the exploration of a problem in a particular research area, in a particular country.

Specific Problems in the Study of Entrepreneurship in Ghana.

Between 1968 and 1970, I conducted fieldwork for two related projects in Ghana. One focused on small, indigenous businessmen (mainly manufacturers) in the

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private sector and the other looked at managers in a number of industrial, state corporations set up under the Nkrumah regime. In this study of entrepreneurship I concentrated on three main areas of theoretical and practical interest.

Firstly, there was the question of definition: What does entrepreneurship involve and how should it be defined so as to provide useful insights in a West African context. It is pointless in this context to think of entrepreneurship in terms of original innovation, as Schumpeter suggested, and to regard the entrepreneur as synonymous with the private businessman. Both of these engender serious limitations in the use of the term entrepreneurship, in addition to the conceptual confusion caused by identifying the entrepreneur with a position *per se*. Original innovation as the making of entirely new combinations in the techniques of business management has no meaning in L.D.C.s where the main task of business leaders involves imitating and implementing procedures that are already standard business practise in developed countries. Imitative innovation is no less difficult and risky to carry through in L.D.C.s, than was the original innovation in the developed countries.

It is necessary to see the importance of innovation in a much wider sense. Although the quality of management among both private businessmen and public managers in Ghana is usually low, my research indicated that it need not be too difficult to improve this situation. Improvement may be achieved by a process of trial and error, or with the help of various technical agencies, or through the careful application of skills and knowledge learned in large expatriate organisations. Many businessmen and managers successfully introduced standard techniques of business organisation and administration including proper cost accounting techniques, machinery maintenance schedules, procedures for recording the flow of materials at all points in the production process, work incentive schemes and so on. It takes a forceful and "enterprising" man at the top to introduce these procedures in the first place, but once they have become routine essentially impersonal, "built-in" controls can work very well. It is much more difficult to create patterns of social interaction which can provide a basis for the following:

1. the high degree of organisational interdependence between firms which is necessary in the modern sector of an economy;

2. the need for mutual co-operation and problem solving involving joint effort;
3. the need to delegate authority, implementing impersonal leadership, making decisions on the basis of expertise and compromise etc - which arise in the modern firm.

Innovation in the sense of creating new patterns of social interaction is more difficult to achieve because it involves changing relationships between human beings rather than introducing man/schedule and man/machine relationships. There was usually little or no precedent in traditional society for the role behaviour and kind of social interaction which appears to be necessary for running modern organisations. Not only is innovation in this sense more difficult to undertake but it is probably more important to the creation of viable modern organisations in L.D.C.s. Also, it seems that innovation in the wider sense of organisation-building, must be understood not only in terms of the entrepreneurial response of managers in both the public and private sectors of production-oriented organisations, but probably as a response that needs to be made by leaders in non-business organisations in government administration as well.

The second area of concern in research was the question of the nature of the constraints operating on businessmen and managers and on their entrepreneurial endeavour; the factors affecting the quality of the entrepreneurial response in the working environment. It is more important to ask this question than why certain people became businessmen and managers in the first place. Similarly, it is more useful to try to discover how businessmen behave and why they do or do not evince an entrepreneurial response -- to look at the interaction between a businessman and the environment in which he finds himself -- than to examine the effects of personality characteristics and internalised values on his behaviour.

Briefly, there are four main kinds of constraints likely to affect the behaviour of businessmen entrepreneurs.

Firstly, there are the constraints imposed by the economic environment:

1. the level of market demand, the availability of foreign exchange, and government fiscal policy; and
2. the businessman's ability to obtain access

to credit, loans, technical assistance and skilled labour.

In this case, my own research (and the research of other social scientists working in this field) suggests that the importance of these factors, especially the supply of capital, can be overemphasised. The private or public businessman with an "enterprising" flair will find ways to surmount some of these problems.

Secondly, there are the constraints operating in the environment of the businessman created by:

1. his dependence on government officials (for licences, advisory and technical services, information, a share of foreign currency, for example) with all the possibilities this creates for delay, interference and corruption, and
2. his dependence on the policies and activities of politicians and politics in general.

In the context of politics, it is clear that in Ghana indigenous businessmen had to face a number of obstacles created by political leaders and were given few advantages compared to other groups in society until the present regime obtained power in August 1969. This present regime was given considerable electoral support by Ghanaian businessmen both individually and in associations. But, although these businessmen "bought" the important changes that have been made on their behalf by the present politicians since the election, at the same time, the politicians remain ambivalent in their attitude towards them. By contrast, the state corporations set up during the Nkrumah period, suffered severely from the interference in their affairs by politicians and party officials. Unqualified political appointees were frequently placed in control of these corporations whose room for manoeuvre was severely limited both in terms of the authority they could exert over their subordinates and their ability to perceive what changes had to be made. Interference in the day-to-day running of these corporations also created widespread uncertainty, undermined the operation of incentives since rewards bore little relationship to effort, and paralysed the possibility of decision-making. Thus, the constraints affecting businessmen from outside organisations clearly had a marked affect.

There are constraints affecting the businessman which operate within the organisation itself:

1. the distrust of impersonal authority and the

widespread desire to "personalise" relationships and create a private "hot line" with the top man which by-passes middle-level supervisors and overloads the communication network at the top;

2. the unwillingness to trust subordinates to whom authority can be delegated or to form co-operative relationships with outsiders who can supply capital;

3. the influence of outside loyalties on organisational decision-making from family pressures or other primary group ties.

Lastly, there are constraints on the businessman which relate to his own personal experience, training, motivation and values. The private businessman may bring to his firm long experience in trade or craftsmanship which enables him to solve some of the early problems in the growth of his firm, including the training selected for his employees. But at the same time, he may be more interested in making "quick" profits than in building up a large organisation, and, acting in a perfectly rational way from the point of view of achieving the greatest possible economic gain with the maximum of long-term security. He may, for example, invest his profits in real estate, and a proliferation of small, inefficient businesses. In the public corporation, given the almost complete dependence -- for change and decision-making -- on the top man, it is essential that someone is appointed to this position, who possesses integrity, who has learned how to play modern organisational roles and to act in terms of impersonal authority relations in addition to possessing the relevant technical qualifications. The top man who lacks these assets will have neither the moral authority to resist pressures from outside nor the support from his employees for the introduction of changes necessary to the creation of a profitable organisation.

The third area of enquiry in the research was concerned with what factors affect the supply of businessmen/entrepreneurs. In particular, I was interested in whether it is possible to explain:

1. who responds to the opportunities for business and entrepreneurial endeavour; and

2. their comparative success, in terms of the structure of constraints and opportunities operating in the environment.

If it is possible to observe that some clusters of factors have a greater effect than others in moulding the response

of businessmen (particularly successful businessmen), then it seems likely to be useful to see what these factors are and whether it is possible to use them to greater effect in the existing environment.