

Lecture 12 - African Entrepreneurship

Prof. Clapperton Chakanetsa Mavhunga

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Does the concept of entrepreneurship make sense in Africa?

Critics felt the concept of entrepreneurship was too deeply embedded in Schumpeterian circular flow models and the imagery of Western industrialism to have meaningful application for peasant or transitional economies. Many have become skeptical as to whether the rise of a Western-educated middle-class elite can any longer be viewed as the indispensable vehicle for development once extolled in the literature of capitalist economic growth. And several neo-Marxist and other scholars have criticized the rise of an indigenous West African mercantile group as being not developers but a comprador class which served as a vehicle for economic imperialism and the penetration of their countries by European interests (Dumett, Kaplow 1977, Rodney 1972).

Worth brief attention are attempts by anthropologists to devise various subcategories-e.g., “small-scale” versus “large-scale,” or “innovating” versus “imitating” entrepreneurs, in order to refine the term for application to Africa. Most ideas are transmitted by emulation or diffusion, and most entrepreneurs are at different times both innovators and imitators. Keith Hart’s subdivision into “traditional entrepreneurs” and “Westernized entrepreneurs” seems to make more sense (Katzin 1964, Hart 1970). It is easy to pick out those traders and middlemen who were immersed in the traditional sociocultural milieu, who were basically rural, who travelled far upcountry to open new markets, and who had little contact with Europeans. By the same token, one can identify those African merchants who became acclimatized to life in the coastal towns, who built stores, traded overseas on their own accounts, and served as conduits between the indigenous and European sectors of trade. Even this typology presents problems, however. There were few traders in the Gold Coast/Ghana then or now who were not affected to some degree by non-African influences; many entrepreneurs –whether small market-stall operators, owners of fleets of lorries, or cocoa brokers –textendash fit into a gray area midway between the two categories (Dumett).

What are the risks of democratizing or severely limiting the term “entrepreneurship”?

Dumett says that the tendency in some recent [Global South] studies to suggest that every small-scale shopowner, hawker, or street peddler is an “entrepreneur” deprives the term of useful analytic force. An entrepreneur certainly does not have to be an industrialist; he can be a trader, farmer, or skilled craftsman. Yet, one should keep in mind the classic definition of the entrepreneur as a leader, a “change agent” who combines the basic factors of production and distribution-land, labor, capital, or transport-in new ways (standard definition as offered in Say 1821; Schumpeter 1934, Hawley 1907). This touches on other crucial questions. What are the conditions and causal elements which transform an ordinary trader into an entrepreneur? What qualities contribute to a prosperous and enduring business enterprise? What elements link entrepreneurship to a nation’s commercial expansion and general economic development? What are the barriers to sustained mercantile activity and the reasons for entrepreneurial decline? (Dumett)

What distinguishes an entrepreneur from everybody else in society?

Those attitudes which distinguish unusually effective or successful traders, merchants, farmers, or artisans from others in the society: the leading innovators in rapidly industrializing countries were often relatively high

status subgroups who had suffered loss of traditional power or who had traditional channels of advancement denied to them (Dumett, Hagen 1962, LeVine 1966, McClelland 1961).

Dumett's Critique

Hagen, in particular, perpetuated some inaccurate stereotypes concerning the supposedly authoritarian, static, and non-innovational nature of traditional societies prior to modernization (Dumett). Of course, in applying his notion of subordination to Africa, one could assume that the European colonialists constituted a "new ruling elite" which repressed the aspirations of potential leaders from the traditional society. But the facts suggest that, for British West Africa, "legitimate" European trading connections, built up during the mid-nineteenth century, brought more new opportunities than impediments and that the oppressive impact of formal colonial administration came mainly at the end of the period (the 1890s) covered in this essay. As for the McClelland model, it seems unlikely that most human action can be reduced to a single paramount psychological determinant—"need for achievement"—any more than it can be reduced to a purely economic one, such as acquisitiveness. In a trenchant critique of the methodology of the achievement motivation school, R. K. Godwin has pointed out the logical fallacies involved in jumping from the measurement of the attitudes of individuals to that of an aggregate personality, and from there to the level of the total social-cultural unit, whether class, ethnic group, or nation (Godwin 1974, Schatz 1971, Hart 1975). Indeed, a number of scholars have pointed out that tests of attitudes and beliefs may be of limited value in predicting overt behavior.

Critique of Dumett

Dumett then commits a mistake of his own. He will the underlying determinants for the rise of particular groups to trading dominance in many parts of West Africa can be traced to locational factors and favorable changes in the economic environment; says there often a very close connection between success in trade and family ties to a king or chief. He emphasizes the significance of geographic and environmental elements, not the people's abilities or their knowledge professoriates: From my work on African merchants and traders of the Gold Coast, which has centered thus far on two major groups—the Fetu and Fanti merchants of the central region, and the Adangbe traders of the River Volta—it seems likely that geographic location, which placed certain groups in a favorable position to respond to economic stimuli, was the central and controlling factor. Sure, the "nodal trading points" were critical as springboards for entrepreneurial activity and economic development, more so on the Gold Coast, but we can't take the achievements of Africans and simply attribute them to proximity or location. I will return to this later in the lecture.

The 17th and 18th Centuries

The arrival of European traders and trade goods on the coasts of West Africa and the entrance of these areas into international trading networks constituted, albeit in a limited way, an exercise in acculturation; the development of middlemen who mediated political, cultural, and economic relations between Africans and incoming Europeans (Henige).

Upper Guinea: the *lançados* (of full Portuguese blood) initially dominated trade, but they intermarried with Africans. A second group dominant in trade were the *grumetes*, generally of African descent and often semi-independent. They owned a sense of corporate self-identity, living in their own villages and practicing an Africanized form of Catholicism (Henige).

Sierra Leone: Here, similar situation, but besides the *lançados* and *grumetes*, trading families useful kinship ties with the existing political system but attempted to maintain a certain sociopolitical distance by settling on the many islands of the area and by adopting some English cultural patterns (Henige); emphasis on all sides was on individuals rather than on corporate institutions.

The Gold Coast: On the Gold Coast this emphasis was largely reversed. The trade was both highly structured and localized and the degree of interaction confined both spatially and socially. According to Henige: the traders did not develop from individuals to a “class,” contrary to Kwame Daaku (1970, also Kea 1974 and Boahen 1974), who saw them as “a new class” (Henige)

The Niger Delta (Nigeria-Benin Area): developed from less centralized and structured communities in response to new exigencies and opportunities. Even less social and political intercourse between European and African here than on the Gold Coast, and for the Niger delta we should think in terms of African political and economic responses which were the stronger, the more successful, and the more durable precisely because they were able to develop with little attendant acculturation (Henige).

African Entrepreneurs

John Kabes

The mobility, the adaptability, and role of middlemen as mediators allowed them to become entrepreneurs, to serve European companies in capacity while retaining entrepreneurial independence to do their own thing on the side. An able individual might manipulate conditions to his own long-term advantage, and John Kabes (or Cabessa) of late-17th century is an example of an African trader and political leader who benefited from them (Henige, 3). He was born in the 1640s-50s, and was certainly “old and growing sickly and infirm” by 1716 and deceased by June 1722. His career as trader and as political leader shows him as one of the major figures in Dutch-African, English-African, Dutch-English, and African-African relations in the Gold Coast. He started out as a protégé of the Dutch traders, was brought to Komenda by the English to serve as their broker, and ended up as an independent trader (Henige). His own interests corresponded with those of the British, without submitting his will to them; it was a business calculation.

Although the Europeans denigrated the waterside blacks as having “nothing of their own to trade with” in terms of gold, ivory, or slaves (Henige), Kabes (and others like him) in fact served as producers of both goods and services for the English at Komenda and other nearby points, in addition to operating as middlemen for goods going into and coming from the interior. The English expected him to provide corn in adequate quantities to victual the garrison at Komenda, with any surplus going to Cape Coast Castle and other points on the coast. Another local commodity supplied by Kabes, probably under contract, was shells from the vicinity of Takoradi which were used to produce lime to prepare mortar for building and maintaining the English forts. But in terms of operating as a primary supplier it was Kabes’s ability to provide manpower to the English garrison that was most important. In 1691, when the English made an abortive effort to re-establish the factory abandoned three years previously, the English agent emphasized how important it was to “appease” Kabes, without whom, he added, “nothing will be done.” He supplied the Company with workmen to bring stones to the site, to cut wood, and to offer some deterrent to the Dutch who were threatening to prevent work from proceeding. Kabes was adept at extorting payments and bonuses at critical times in the progress of construction, fully realizing, one might suppose, the heavy dependence of the English on both his resources and his good will. Kabes was both an intermediary and producer of merchandise, shaper of tastes as well as disseminator of goods to satisfy them (Henige).

William Nahr Ocansey

I use here the standard definition of a merchant as one who engages in an overseas, long- distance, or inter-regional import or export business as well as in local trade. Other definitions which were used on the Gold Coast during the period 1850-1900 were “a man who did a large volume of trade” and a businessman “who lived in a large house.” Some of these men worked as part-or full-time agents for European trading houses. A leading merchant of the southeastern Gold Coast was William Nahr Ocansey, whose headquarters was at the town of Ada in the Adangbe area located near the mouth of the River Volta. A completely

self-made man, though he could neither read nor write, he built up a lucrative trade based on export of palm products to England and Germany and inward shipments of European cloth, tobacco, and liquor, plus local fish and salt, to central and northern Ghana. Ocansey operated in the tenuous marginal zone between the indigenous production centers of the Lower Volta (including the Anlo Coast of present-day Togo) and the seaborne trading system dominated by leading British houses such as Alexander Miller Brothers and F. and A. Swanzy; this region was difficult because the expatriate firms had easier access to the wholesalers, brokerage houses, and credit institutions of the United Kingdom. In addition, the Swanzy's owned two or three steamships and large sailing vessels which shipped cargo direct to Europe and America; to hold its own for several decades against European economies of scale was traceable to its expert use of local technologies, coupled with its position of prominence within the surrounding Adangbe region and its network of more than fifty traditional traders and middlemen (Dumett). What were the wellsprings for the commercial wealth of Ada and the entrepreneurial talent of its people? The salt trade of the nearby Songow (or Songor) Lagoon, which developed into a highly organized industry, utilizing cadres of laborers (in the early days slaves) under the direct control of the traditional ruler of the Ada kingdom.

Several elements inherent in the traditional sociopolitical structure also played a part in W. N. Ocansey's rise to prominence. To substantiate my royal lineage hypothesis, it is important to note that he was a younger brother of the king of Ada. He exploited this relationship to the fullest in purchasing local supplies of salt and fish for interior African markets, in building an organization of itinerant agents and boatmen, and in acquiring capital for investment in canoes and in land for warehouses and branch stores. Lack of formal education was no barrier, as Ocansey hired trained clerks to do his letter writing and bookkeeping. Use of kinship networks was crucial to the expansion of trade; "You see," said Moses Pupilampu, descendant of a nearly twentieth-century family of Ada traders, "this is one reason our grandfathers had so many wives." W. N. Ocansey attained success gradually as a palm oil exporter during two decades of rising prices and demand for the product in Europe. The advent of regular steamer service and lowered freight rates also helped him to run a profit. Pivotal to his success was his ability to negotiate with the most important interior palm oil producers of the day—the Krobo people—in their common (Adagbe) language. By the 1860s he was managing a complex network of some twelve trading stations or lodges, each with a store manager, supporting cadre of laborers, and itinerant agents. At the height of its prosperity the Ocansey firm controlled branch factories at the towns of Keta, Beh Beach, and Danu Beach on the eastern (Anlo) shore of the Volta estuary, as well as establishments at Agrave, Adidome, Battor, Weycoomabe, Amanoo, Tolesem, Ada Foa, Pram Pram, Akuse, and Kpong in the western or Adagbe zone of influence. Agents and middlemen with whom father and son did business were Tetteh Ocansey, James Amartey, J. C. Ocansey, T. C. Ocansey, H. Solomon, Tetteh Dabah, J. F. Tamako, R. D. Totimah, O. T. Azzu, T. C. Dosooh, Tetteh Amler, and T. Adodatee. A feature of this expansion, often associated with the transition from traditional or "ad hoc entrepreneurship" to the "cognitive entrepreneurship" of modern mercantile organization, was regular record keeping and management of accounts. The Ocansey papers at the Ghana National Archives indicate that the ability of clerks to maintain invoices, bills of lading, records of commissions and wages paid, receipts of sales and purchases, and ledgers of debit and credit on a consistent basis was essential for success (Dumett).

The Ocansey firm's slow decline can be traced to a combination of natural disasters and external factors, including loss by fire, shipwreck, robbery, and involvement in warfare against the neighboring Anlo people. William Ocansey showed amazing resiliency in rebounding from many of these misfortunes, but in the end succumbed to general loss from the declining palm oil trade coupled with default on credit by local middlemen and oppressive treatment by European competitors (Dumett).

R. J. Ghartey

The life of R. J. Ghartey, one of the leading nineteenth-century merchants of Winneba and Anomabu in the central Gold Coast, reinforces several of our hypotheses concerning advantages of location and the synthesis of traditional and Westernizing sociopolitical elements in the development of entrepreneurship. Born Kwamin Akyempong, he was the son of Gyateh Kumah, the *Odefo*, or king, of the Winneba state during the 1820s.

Situated on the River Ayensu, about forty miles west of Accra, Winneba was originally a fishing town and the gateway to a fertile farming area. In addition, the inhabitants became known as excellent canoe makers and traders. Disinclined to become a fisherman or farmer, the young man (now using the name Ghartey, a corruption from Gyateh) struck out on his own and gained employment as an apprentice for a Dutch firm trading at the nearby palm oil port of Apam. European contacts were, therefore, important in Ghartey's development, but he lacked formal schooling. For a total of fourteen years, Ghartey worked as a cooper for the Dutch firm of Stover Brothers at Apam, and from this he obtained a knowledge of basic business methods. His son, King Ghartey V, recalled in an interview with the writer how his father subsequently spent a period at sea, working as a deck hand on various English, Portuguese, and Dutch ships, where he gained further experience, some of it harsh, in the ways of the European commercial and seafaring world and learned five languages –Fanti, Ga, Guan (the language of Winneba), Dutch, and English, plus a smattering of Portuguese. He accumulated enough savings to purchase his own store at Anomabu. By the time of the demise of Stover Brothers, Ghartey had amassed sufficient capital to buy out his parent organization. As a result, he gained control of the sizeable trading establishment at Apam, together with a network of thirteen branch factories, which he then combined with his own budding import-export firm, Ghartey Brothers, at Anomabu. This partnership, along with the Sarbah firm of Cape Coast, became one of the best-known examples of African mercantile entrepreneurship in the Gold Coast. He was elected as the best qualified to hold “the paramount stool” –first king –president of the Fanti Confederation, the African protonationalist group that included John Sarbah, F. C. Grant, Jacob W. Sey, J. F. Amisah, W. F. Hutchison, and other merchants, chiefs, and professional men of the central districts (Dumett).

Ghartey grew up near the heart of some of the richest oil palm forests of the central coastal states. His wealth was based primarily on the export of palm oil from the Efutu, Fanti, Agona, and Gomoa states and on the trade in gold dust and ivory from Asante, but his operations expanded to include nearly every port town of the British Gold Coast Colony. Like the other merchants described here, he made use of kinship and friendship ties with other kings and chiefs, including those of Asante. Ghartey Brothers set standards for their competitors in innovation, financial daring, and the development of new lines of business enterprise. Ghartey was reportedly the first to ship palm kernels from the Gold Coast, using his branch factories at Achowa and Sekondi in the Ahanta state of the western region; and he is said to have experimented with machine crushing of kernels, which for a time became a significant local industry. He also participated in a mechanized gold-mining venture in the Wassa district of the western Gold Coast in the late 1870s, and he attempted to develop a timber-cutting industry in the Winneba region. King Ghartey IV helped to open the rubber forests of Assin and Denkyera to the first commercial tapping of wild rubber by indigenous traders in the 1880s and was able to retire a wealthy man a decade later. The evidence also attests to his participation in a wide variety of civic, philanthropic, and educational activities. King Ghartey IV did not live to see the sudden burgeoning of cocoa as the Gold Coast's number one export crop, but his son informed me that a brother, J. B. carried on the tradition Q. Ghartey, family entrepreneurial by managing a large cocoa farm at Asemankese in Akyem-Abuakwa in the early 1900s (Dumett).

Conclusions

Regarding Dumett's Argument on “Nodal Points” and “Niches”

Inextricably bound up with locational advantage in the spread of new skills in trading and production were important changes in the external economic environment generated by technical and structural changes in Atlantic commerce during the second half of the nineteenth century. During the 1850s and 1860s we find a of the niche wherein of widening entrepreneurial larger groups indigenous merchants might exercise their talents. These changes, whose impact varied from place to place along the Guinea Coast, derived in part from rising European industrial demand for new tropical products, notably palm oil and palm kernels, and in part from the advent of the new steamships, whose faster service and larger cargo capacities stimulated trade and drew the localized economies of West Africa more fully into the currents of the world capitalist

system (Dumett).

Transformation in Niches

For small-scale African traders, previously inhibited from entering overseas trade as principals, the new steamers (both liners and tramp vessels) offered a fourfold advantage: (1) more frequent and regular stopovers at small towns along the coasts, (2) independence from prevailing winds and offshore currents (which had inhibited east and west trade along the Guinea Coast), (3) improved carrying capacities combined with willingness of captains to accept produce shipments in smaller parcels, and (4) for a time at least, reduced freight rates, induced by the healthy rivalry between the African Steamship Company and the African Steam Navigation Company, which continued until the coming of rate-fixing cartels in the 1890s. The net effect of all these was a widened entrepreneurship. Changes opportunity structure for young men anxious for careers in commerce at principal towns up and down the West African coast (Dumett). Of course, opportunities are created by people; they do not come before innovation.

The traditional systems are not necessarily anti-modern.

Contrary to Dumett's assertions that "If it can be accepted that advantageous location and new economic opportunities were the fundamental determinants of entrepreneurial supply, it is still necessary to identify the intervening variables which enabled particular traders to profit and survive in large-scale enterprise" (Dumett). It is fundamentally flawed –it's as if all good things come from outside, and all incoming things are modern and local ones are not.

Dumett talks further that the adaptability of indigenous social structures and the transmission of huckstering skills through traditional role models and institution. Key elements were peers, the immediate family, wider kinship networks and the chieftainship; entrance into retailing or related vocations was not restricted by such criteria as ethnic origin, class, clan, or the like; socialization of young men in a milieu where the profit motive was not disparage.

He puts too much emphasis on European influences, and doesn't go far enough in displacing the Western ratio as a central aspect of African entrepreneurship. As a reinforcing element, European-style education could play a part in the process. Some of the most prosperous local merchants, especially those in the major port towns of Accra and Cape Coast, were educated at colonial or Christian missionary schools. Many obtained a grasp of commercial arithmetic and English grammar, and some were fluent in more than one European language. Other facets of Westernization are: many of the indigenous merchants were active in local (mainly Methodist) churches and English-style voluntary associations, that they maintained friendships with Europeans, and that some took English, Dutch, or Danish surnames –have led several commentators to speak of a strong transcultural element in West African coastal society. Though not without significance, these elements were not an indispensable key to entrepreneurial success. Much more important were the interactions and intermarriages between members of the leading African bourgeois families. They became a tightly knit group and were conscious that they were a vital force for the socioeconomic and political transformation of the colony (Dumett). Dumett indeed de-emphasizes European educational influence on entrepreneurship, saying that "previous accounts have erred in overemphasizing the role of formal schooling and Europeanization as major determinants of successful commercial careers in the Gold Coast." Part of the problem for the historian stems from the fact that it was the literate people of Accra and Cape Coast who left the fullest records of their activities. However, most of the African merchants and traders listed here lacked formal schooling, and one scholar has questioned the assumed literacy of some of the best-known members of the coastal middle-class elite (Dumett, ref. to Limberg 1970; Bevin 1956). Many of these merchants and traders' agents remained embedded in the traditional African culture. Many of those Africans who became prosperous entrepreneurs –R. J. Ghartey, John Sarbah, W. F. Hutchison, Samuel Collins Brew –had been apprenticed at an early age to work as retail store clerks, buying agents, or laborers either for their fathers, other relatives, or for European firms. Thus Henry Barnes, an indigenous merchant of Cape Coast, recalled

in 1865 that he had begun his career as an agent for the London firms of Forster and Smith, but when he found that he had made little profit under this arrangement he used the experience to take up trading on his own account. Similarly, George Blankson, son of Chief Kuntu of Egya, served his apprenticeship under one Thompson, an indigenous merchant of Winneba (Akita 1955) whose activities had extended as far as Kumasi, capital of Asante. Such emphasis on youthful retailing experience as a key to later accomplishment in overseas trade is remarkably similar to the histories of many English and American merchants of the eighteenth and nineteenth centuries (Dumett).

How not to connect politics and entrepreneurship

Dumett attempts the possible correlation between individual business success and close kinship ties with traditional rulers: a significant number of leading entrepreneurs of the 1870s and 1880s were members of their local royal lineage; that is, they were the sons, nephews, grandsons, or grand-nephews of kings and chiefs. It is nonetheless true that members of royal lineages were accorded deference and favors, both in social life and in business, denied to ordinary people; the prestige of affiliation with a royal line facilitated entrance into large-scale trade by providing: (1) access to capital through loans, (2) access to resources (such as lagoon salt beds), (3) contacts with peasant producers in the interior, (4) assistance in local employment of workers, and (5) aid in laying a groundwork of business organization (Dumett).

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