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**SOCIAL DIMENSIONS OF
ENTREPRENEURSHIP
IN AFRICA**

by
W. Penn Handwerker

with
General Bibliography and Selected Annotations
compiled by
Marion Pratt

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EXECUTIVE SUMMARY

Introduction

This report analyzes the activities that initiate change in production or distribution (i.e., *entrepreneurship*) in the private, commercial sector of contemporary African economies. It explains how social relations both facilitate and constrain entrepreneurship, and it identifies specific means to lift or otherwise ease existing constraints.

It is widely believed that much of the poor growth performance of African economies can be attributed to a shortage of indigenous entrepreneurs and to limited entrepreneurial capacities among those who do exist. Many outside observers believe that Africans do not have the right mentality for trade because family values outweigh commercial values. Even successful entrepreneurs tend to invest much of their profit in housing and land and relatives. African entrepreneurs who plow their profits back into business rarely try to create a single, large enterprise based on long-term, slow growth. Rather, they diversify their holdings, and place trusted relatives or friends in charge of what may turn into many small-to-medium sized enterprises, each of which aims for short-term, quick profits. Moreover, some ethnic groups seem almost to specialize in commerce, as if they had been designated this social role. Limitations to entrepreneurial capacity in Africa thus are thought to reflect intrinsic features of African society and culture.

Major Findings

This report shows that African entrepreneurship patterns are explained by more prosaic variables, particularly variations in experience, access to resources, and, most importantly, power. Africa is brimming with entrepreneurs. Current entrepreneurship patterns largely reflect the operation of colonial policies that gave to expatriates preferential access to entrepreneurial resources, and of postcolonial policies that have continue to make preferential access to entrepreneurial resources available to a selected set of clients. The ethnic groups that produce a disproportionate number of the entrepreneurs in Africa did so in the past because of distinctive historical situations that made business the most profitable enterprise that they could pursue. Historical conditions have changed, however, and so, too, the ethnic composition of African entrepreneurs.

Family values do not outweigh commercial values. Then again, commercial values do not outweigh family values because the climate in which people must conduct business makes it too risky to ignore family and friends. Entrepreneurs the world over recognize clearly that social relations provide access to the resources that are necessary to initiate, manage, and expand business enterprises, and that business success depends vitally on properly managing these relationships. "Networking" provides useful information on clients, suppliers, and competitors, and provides personal (business and political) contacts who can act as agents to accomplish one's own objectives.

Entrepreneurs in Africa are not sheltered from the give-and-take involved in all social relationships. Indeed, their existence is predicated on these relationships. Family and

friends very commonly provide the training and the training opportunities that lead to entrepreneurial activities. Gifts, inheritances, loans or bridewealth received for sisters or daughters often provide the initial financing and capital. Family members often provide the initial labor.

Whether the firm is a tiny one situated in a market place or a large manufacturing plant, it must operate in the face of significant business uncertainties, political as well as economic. Although business can be lucrative, it is not for most. Few firms have financial reserves that could be used to offset significant losses. Indeed, any loss is critical. Even a small error can lead to the firm's collapse. Entrepreneurs use social relations to provide a cushion for hard times. Family and friends continue to be a source of loans, capital, and labor. If necessary, they may provide a place to live or a job until it is possible to begin again. Friends or kin who are also in business exchange information, perform services for each other, and may provide loans either at no interest or at low rates.

Thus, entrepreneurs do not abandon their family and friends. Indeed, usually they go to great pains to maintain those relationships by visits, telephone calls, and, most importantly, gifts and granted requests for employment, food, clothing, money, housing, schooling, medical and funeral expenses. Of course, there is no doubt that entrepreneurs who do not manage their social relations well will fail. Africans clearly discriminate their own wants and goals from those of the people around them, and they act to achieve these goals very much as you or I. Clientage networks always consist of a carefully selected set of family members and friends. Consequently, African entrepreneurs usually escape their more onerous social obligations, while still maintaining the contacts without which a firm may never come into existence, or, if it does, may not survive. Few businesses fail because of family demands. Most survive and grow only because of resources that were made accessible by developed clientage networks.

However, structural peculiarities that are legacies of the colonial period have left African entrepreneurs subject to the effect of public sector clientage which, because of the power of public sector patrons, merely calls corruption by a different name. Because public sector corruption narrows rather than broadens entrepreneurial opportunities and capacities, it is, arguably, the single most important roadblock to development in contemporary Africa.

This is a legacy of the colonial period when European nations created state political structures in Africa to administer rather than to serve, and appropriated to themselves control over the resources of the emerging world industrial system. Access to education, jobs, and income was channeled almost solely through the colonial system. Newly independent African governments merely took over the single-channel resource structure that had been created by the colonial powers, which has continued to allow those who control government, who are almost solely men, to control access to the resources of the world industrial system. This gave them immense power, restricted the expansion of individual freedoms, and stressed the importance of properly managing personal relationships with the powerful, not technical competence.

The new African chiefs are far more powerful than the old ones because they control access to resources that far more people seek. Among the people without power, this exacerbates the uncertainties of gaining access to resources and, hence, creates far more pressure for them to compete with one another for the favor and attention of the powerful. People who aspire to complete a secondary or university degree, or who want a good job or a promotion, find that their individual efforts, knowledge, and technical competence are relatively unimportant. They may resort to witchcraft as a means to those ends, but a well-developed clientage network and well-placed patrons are far more effective.

Corruption called by any name, however, leads to massive inefficiencies, misdirections of resources, public cynicism and mistrust of government, cynical and demoralized public employees, and uncoordinated or ungrounded public policy decisions, all of which slow the process of economic growth and development. In Africa, access to public sector clientage largely dictates who undertakes what kind of entrepreneurial activity, and how they go about it. Few men and almost no women have important public sector patrons. Only those who do can hope to be included in "indigenization" programs or to engage in large-scale entrepreneurship. Thus, access to public sector employment has created a new social class in which those in the public sector have moved into managerial positions in multinational firms and have undertaken the largest scale entrepreneurship. Class membership and social mobility have had little to do with technical competence and much to do with clientage. This has unduly increased the proportion of firms that are not well-run. Public sector clientage networks have sheltered these firms, while they have discouraged, and frequently penalized, entrepreneurs who have the potential to create efficient, growing firms that could compete effectively with multinationals.

Even when these practices do not destroy the national economy, they introduce tremendous inefficiencies that slow growth and make the possibilities for real development more remote. The largest firms may be able simply to ignore government graft and corruption because of the immense size of the investments that they can make. Small and middle-sized firms cannot, however. African entrepreneurs, particularly women, suffer more than expatriate firms.

The single-channel resource structure that characterizes modern African states has created a regulatory environment that not only requires many direct contacts with government officials, but also systematically discriminates against small firms and operates in terms of unwritten rules which change every time a civil servant or officeholder changes his or (rarely) her clientage network, and every time new appointments are made. Capital and labor market policies close off opportunities to small firms and, for firms of all sizes, information costs are extraordinarily high in both time and money. Even in the best of circumstances, consequently, entrepreneurs recognize that valuable clientage ties to the public sector may evaporate without notice. It is this environment which makes it that much more imperative to maintain a clientage network that is as diverse as possible. Ties to family members and friends outside the public sector retain an importance that they would not otherwise have. This also is an environment that makes quick profits and diversification

far more important goals than sustained growth of a single firm based on long-term investments.

To promote the growth of African entrepreneurship it is, of course, necessary to encourage African governments to:

- (1) identify and minimize or eliminate policies that interfere with efficient private sector development;
- (2) clearly identify national development goals in ways that let private sector firms use these as opportunities for their own development (e.g., plan in conjunction with private sector firms); and
- (3) develop necessary infrastructure---roads, communications, water, power, and human (school systems at all levels).

It is necessary to do much more because it is the absence of alternative resource access channels that gives the new African chiefs their power. It follows that to develop African entrepreneurship one must create resource access channels that bypass or compete with government. A large number of established alternative resource access channels will reduce the power of civil servants and officeholders, will reduce the importance of clientage generally, and will lead to the expansion of individual freedoms that has marked development elsewhere in the world.

There is wide agreement on the fundamental steps to take and services to provide to enhance African entrepreneurship. Few Africans have had a chance to work for long periods of time in the new forms of commerce, farming, and manufacturing that the world industrial system brings with it. Fewer still have had the opportunity to gain experience with the forms of organization and technical and capital requirements used by highly successful firms. Consequently, there are important gaps in experience that can be filled only as Africans work with sophisticated production and marketing procedures, or as they acquire appropriate information and guidance.

Recommendations

The line of reasoning developed in this report on the *social* dimensions of entrepreneurship points in some specific policy and program directions. Most generally: reduce the power of patrons in the public sector by diversifying the sources of patronage. Aim to create large numbers of new potential patrons, and subject patrons (both individuals and organizations, both new and old) to performance constraints. Performance constraints may be imposed on public sector organizations as conditions for donor agency support and made a standard part of subsequent monitoring and evaluation studies. Performance constraints may be imposed on private sector firms by requiring them, at appropriate times and rates, to adapt to local, national, and world market forces. The following guidelines and recommendations work toward this end.

- (1) Add to the service, experience, and information needs of African entrepreneurs *directly* and *independently* of governmental organizations. Most important, provide:
 - managerial training,
 - timely and flexible credit, and
 - market research and feasibility studies, including information on markets, sources of supply, contracts to be awarded, and legislation and other political events and processes that may affect business operation.
- (2) In the process, remember that entrepreneurial development is a long-term phenomenon. Policies and programs need to anticipate developments over a minimum of 10 years. To judge from recent experience elsewhere on the globe, the social transformations outlined earlier will probably take about a generation, or about 25 years.
- (3) Nearly all projects, successful or not, contribute capital and experience and so create opportunities that otherwise would not exist. Therefore, don't be discouraged by projects or programs that "fail" by conventional standards. Entrepreneurs, like all of us, have a string of failures in their personal histories that have shaped their future and have helped them attain their eventual successes.
- (4) Work *with* not against clientage. Clientage, after all, is not the problem; on the contrary, it is the means that gets things done all over the world. Design access to program and project services, information, and training to maximize the number of patrons who can channel their clients into the program or project. Widespread and intensive media advertisement should be incorporated regularly as a tool for such purposes.
- (5) Encourage the elimination of policies that discriminate against people who have weak or nonexistent clientship ties to the public sector.
- (6) It is vital to reach out to the tiniest firms and to women, which usually means the same thing. First, they have been the most systematically discriminated against of all entrepreneurs. Second, the services rendered by tiny firms have long been undervalued by African governments and donor agencies alike. Small manufacturing firms in Africa not only are efficient, they tend to markedly outperform larger firms (Liedholm and Mead 1987). The tiny firms that work out of marketplaces have contributed directly and importantly to longer and better quality lives for Africans throughout the continent. One important way to assist these firms is to encourage the elimination of government policies that discriminate against small firms. A more important way is to identify and encourage the elimination of legal constraints on women's ability to acquire, use, and dispose of capital on their own.

- (7) Africans must have ready access to good sources of education. Ability to function as a patron in Africa is influenced profoundly by how much formal schooling a person has.
- a. Avoid behavioral training of the kind offered by "Entrepreneurship" or "Venture Capital" workshops.
 - b. Add elementary literacy and numeracy skills to the experience of entrepreneurs who run tiny firms.
 - c. (1) Expand support for formal school systems (technical as well as general education). The absence and poor quality of schools, particularly urban-based universities, is one of the most significant barriers to mobility for the poorest sectors of African societies. The sons and many of the daughters of African upper- and middle-class families are sent overseas for a higher education. The sons and the few daughters of poor farmers who can find ways to pursue a higher education must rely on in-country, primarily urban-based, universities to achieve the same ends.

(2) Expect that university graduates, in particular, will be subject to demands from their poorer and less well-educated family members and friends. Much of the improvement in material standard of living and educational attainment that has occurred in Africa over the past 40 years is directly attributable to the activities of such patrons, even if this contribution has been overlooked by outsiders.
 - d. Don't neglect other sources of education and training. Strengthen non-governmental educational organizations (mission and church organizations; ethnic-based organizations like the Kru Corporation in Monrovia, Liberia; private consulting organizations; and small, private schools that provide training in secretarial, accounting, management, and other business skills). Encourage multinational firms to provide more extensive training for their African employees. This might take the form of investments in educational and training facilities, both governmental and nongovernmental, in Africa. It should also take the form of overseas managerial and technical training. Better still, multinational corporations should be encouraged to offer their African employees international mobility opportunities commensurate with those available to their Western colleagues.
- (9) Finally, supplement these efforts with on-going research.

Project-Specific Research. In addition to their normal aims and goals, monitoring and evaluation studies need to measure and keep track of:

- a. the extent to which program or project participation increases an individual's ability to function as a patron and lessens his/her role as a dependent client; and
- b. the unintended and unanticipated consequences of specific programs and projects; in particular, the diffusion of entrepreneurial experience, information, and skills through clientship networks.

We also need reports that synthesize the results of these studies, to tell us what is being done for which entrepreneurs, in which sectors of the economy, and with what effects. Such information can be used not only to clarify *how* programs and projects really function, but also to tell us which approach achieves which goals under which circumstances.

Generalized Research. We still know little about essential dimensions of the social and cultural processes that generate entrepreneurial development. Indeed, we have only the slimmest understanding about how African firms really work. There are few data; nearly all of these are cross-sectional; few data come from intensive, micro-level studies that can capture the so-called "informal" sector activities that make up so much of African business activities; and existing studies misconceptualize issues related to the evolution of businesses. Most fundamentally:

- a. We need to *measure* business creation, survival, growth, and transformation far better than we have in the past: although we may align firms along a size continuum, this obscures qualitative, social differences that arise with the growth of firms. Larger firms invariably use different forms of capital in different amounts for different purposes, require different forms of organization (all of which will entail significant degrees of hierarchy---*primus inter pares* does not work well beyond about five people), and, consequently, different managerial skills and competences. Hence,
- b. We need to be able to identify, by economic sector, exactly what those qualitative differences are, how entrepreneurs who have made qualitative changes in their firms have worked out the problems they ran into (e.g., clientage), and how and why those who were unsuccessful failed in their attempt. In particular, we need to know how and why managerial style changes with firm growth, and what managerial shortcomings appear at what points in a firm's history.
- c. We also need to know, in much more detail than we do now, how clientage networks operate to create and sustain businesses, and we need to be able to *measure* their influence on the direction and shape

of business activities, particularly their role in the evolution of firms. We know, for example, that times of national economic crisis may be times of crisis only for formal-sector activities. Entrepreneurs who prudently built social safety nets with widespread family and friendship networks may actually thrive in times of "national" crisis, and even those who lose their businesses can survive these crises to begin again. Well-constructed and maintained clientage networks thus influence the direction and shape of national economic activities in significant ways.

- d. This research needs to take account of the fact that *clientage networks of men are constructed and maintained differently from those of women*. Exactly what are the differences, why do they exist (e.g., because men and women each draw on different sets of resources?), how do these differences channel men and women into different fields of entrepreneurship, and with what effect on the prospects for firm growth and evolution?
- e. Finally, the research needs that are highlighted here can be met adequately only by intensive, micro-level investigations using qualitative as well as quantitative field methodologies. Some of these studies will entail long-term (9-12 month) field investigations, and could be aspects of longer-term program and project monitoring and evaluation activities, especially of private-sector activities.

Parable of the Good Son

Once upon a time there were three brothers by the same father and mother. They were born and reared in a farm village in the interior of Africa and were very close. They went through school together, moved to a large city and shared lodging and, in their first jobs, all went to work for the same public agency. Here is how they differed.

One brother enjoyed his job and worked hard, resisting all temptations to use his position to enrich himself. He was dedicated to the development of his country and, being a productive worker, he rose to be manager of a department of the Ministry of Finance.

The second brother also enjoyed his work. . . . In his first position, agricultural extension aide, he found that several head of cattle and hogs died soon after they were delivered for him to distribute to farmers. He gave one cow to his supervisor to show gratitude for being hired as an aide and used the proceeds of the sale of the remaining meat to build a large house in his village. His parents moved into the house and rented out some of the rooms. When he was in charge of automobile procurement, he wrote two off on the official books as being beyond repair; he made one his own and sold the other to buy land near his village. When he was managing a division of the agricultural extension service, he discovered that some improved rice seed had spoiled and that several hundred rubber and coffee seedlings had been broken. Since he had shipped an earlier lot of cocoa seedlings to the farm of his Director, he planted these seeds and seedlings on his own farm. Because he could neither oversee the farm himself nor perform all the work, he appointed a cousin to manage it and hired people in the village to work on it. [After] he was appointed Assistant Minister for Development Planning . . . [he] brought brothers, sisters, and cousins to live with him, and he sent them to school. Later, he obtained government scholarships for them to attend college or to obtain postgraduate training abroad.

The third brother looked at his job as a path to wealth. Like the second brother, the third used his position to enrich himself, but he sought only money, which he used to party, to drink, and to clothe and pay rent for girlfriends. . . .

After many years had passed, all three sons found time to visit their home village together. . . . The first son was greeted cordially but sadly [for he was thought] a fool for not taking advantage of his important position to help himself, his family, and his friends. . . . The third son was greeted coldly . . . [and] ridiculed for . . . embarrassing his family and friends. . . . After the villagers drove the third son from the town, they ignored the first son and killed a cow to honor the second. . . .

Merit was rewarded.

Handwerker (1987:307-308)

Prologue

This report analyzes entrepreneurship in the private, commercial sector of contemporary African economies. It uses a literature review interpreted in light of culture and social theory to show how social relations both facilitate and constrain entrepreneurship, and it identifies specific means to lift or otherwise ease existing constraints.

It is widely believed that much of the poor growth performance of African economies can be attributed to a shortage of indigenous entrepreneurs and to limited entrepreneurial capacities among those who do exist. For example, very few firms run by Africans ever achieve sustained long-term growth. Many such firms exhibit little or no growth, and even those which show rapid growth during the first few years may fail not long after. The stories behind these business failures often implicate a failure to distinguish business resources from family resources. But even successful entrepreneurs tend to invest much of their profit in housing and land and relatives. African entrepreneurs who plow their profits back into business rarely try to create a single, large enterprise based on long-term slow growth. Rather, they diversify their holdings, and place trusted relatives or friends in charge of what may turn into many small-to-medium sized enterprises, each of which aims for large profit margins.

These factors, it is commonly supposed, must reflect intrinsic features of African culture. Thus, someone who sees that the middle range of distribution functions tends to be in the hands of Lebanese in West Africa and Asians in East Africa may conclude that Africans do not have the right mentality for trade; Africans don't seem to believe that wealth accumulation is a good thing to pursue because family values outweigh commercial values. Observing that people who go into business soon find themselves besieged by relatives who want a job or a handout, and may give in to excessive demands even if this means that their business will go under, may seem to validate this belief. Africans themselves often point out that they do not function as isolated individuals, that they belong to groups, and that the single most important group to which they belong is their extended family. One can employ more family members more equitably in many small-to-medium size firms than in a single large one.

Some ethnic groups, it is true, seem to produce a disproportionate number of entrepreneurs---for example, the Kikuyu in Kenya, the Bamileke in Cameroon, or the Hausa, Ijebu, and Igbo in Nigeria. This raises a question of the cultural differences between these entrepreneurial groups and most Africans. Some, the Bamileke and the Kikuyu for example, appear to emphasize individual values over group values (the Kikuyu even have a proverb which states that "In business one has no mother and father"), while others, the Hausa and Ijebu for example, appear to emphasize the use family ties to further their business enterprises.

This report will show that African entrepreneurship patterns are explained by more prosaic variables, particularly variations in experience, access to resources, and, most importantly, power. The views that there is something distinctive about Kikuyu, Hausa, or Ijebu culture, that Africans are intrinsically group-oriented, or that the extended family is a constraint on entrepreneurship, are ones that Africans sometimes express themselves. But these are largely mythical, folk explanations and rationalizations that have arisen because the historical and macro-level processes that have shaped African entrepreneurship patterns do not show themselves clearly to individuals who are immersed in the grind of daily living.

In point of fact:

- Africa is brimming with entrepreneurs.¹ Most of these, at least those who function above the tiniest levels, got their start and function in ways like the second son in the *Parable* which begins this report. This is to say that they had some formal education in their youth, they got jobs (frequently in the public sector) that granted access to capital, and they used personal ties to family members and friends (in a word, clientage) to initiate, run, and expand commercial enterprises that aim to achieve (at least) two goals---(1) make a profit, and (2) solidify a life-support clientage network.² Even the tiniest firms aim at these goals, and are initiated, run, and expand only through effective management of the personal material reciprocities through which clientage

networks are created and maintained. These characteristics do not wither as firms grow and diversify. If anything, they become more important.

- Very few firms anywhere in the world ever achieve sustained long-term growth.

- Successful entrepreneurs who invest their profits in housing and land and relatives, not their firms, do so because the uncertain climate in which business must be conducted makes it too risky to do anything else; the same is true of African entrepreneurs who aim for quick profits that can be used to diversify their holdings rather than to create a single, large enterprise based on long-term slow growth.

- The middle range of distribution functions tends to be in the hands of Lebanese in West Africa and Asians in East Africa because colonial policy in the early twentieth century either forced Africans out of these activities, made it impossible for them to undertake these activities, or offered them more profitable ventures.

- The ethnic groups that produce a disproportionate number of the entrepreneurs in Africa did so in the past because of distinctive historical situations that made business the most profitable enterprise they could pursue. Historical conditions have changed, however, and so, too, the ethnic composition of African entrepreneurs.

- Family values do not outweigh commercial values. Close inspection reveals that Hausa and Ijebu entrepreneurs are just as hard-nosed as Kikuyu and Bamileke entrepreneurs when it comes to giving aid to sponging relatives. Conversely, Kikuyu and Bamileke entrepreneurs, like Hausa and Ijebu entrepreneurs use family ties to help their businesses grow as often as they can.

- Then again, commercial values do not outweigh family values because the climate in which people must conduct business makes it too risky to disentangle oneself from family and friends. Entrepreneurs the world over recognize clearly that social relations provide access to the resources that are necessary to initiate, manage, and expand business enterprises, and that business success depends vitally on properly managing these relationships. "Networking" provides useful information on clients, suppliers, and competitors, and provides personal (business and political) contacts who can act as agents to accomplish one's own objectives. In Africa, networking also provides contacts without which a firm may never come into existence, or, if it does, may not survive. Networking also provides the only available sources of support when times are bad.

African entrepreneurs have generally redefined the character of family and friendship relationships in ways that have minimized or eliminated the constraints that client demands impose. However, structural peculiarities that are legacies of the colonial period have left African entrepreneurs subject to the effect of clientage in the public sector, which has created the principal business uncertainties alluded to earlier. Indeed, clientage in the public sector, which merely calls corruption by a different name, is, arguably, the single most important roadblock to development in contemporary Africa.

PART I

Entrepreneurship and Entrepreneurs

Entrepreneurship consists of activities that initiate change in production or distribution. *Entrepreneurs* are those who take on the risk of initiating such change.

Entrepreneurship thus may be found in any sector of an economy. Entrepreneurs may be middlemen or producers, they may be individuals or organizations, and the scope of their activities may be tiny or of international proportions. The changes that entrepreneurs initiate may expand an existing economic activity or introduce a qualitative, structural change in the economy, or both. Expansive changes may entail either the emergence of a new firm or the enlarged scope or improved efficiency of an established firm. Structural changes may occur to the factors of production and distribution (financial, labor, or material), to production (technological applications, organizational change), or to distribution (change in product, quality or cost, new market). Entrepreneurship thus requires the application of effective management skills either by the entrepreneur or the entrepreneur's associates or subordinates. Finally, no individual or organization is an entrepreneur under all circumstances or at all times. An individual or organization may act as an entrepreneur under some circumstances and not others, at some times and not at others, and with regard to some production or distribution functions and not others. Thus, whereas all entrepreneurship activities have management dimensions, not all management activities have entrepreneurship dimensions.

The question, thus, is not *who* takes on the risk of initiating change, as has been asked by much of the literature on entrepreneurship. It is true that someone must see an opportunity for change, must plan the change, and must implement the change. Thus, as much of the literature suggests, entrepreneurs must exhibit certain personal characteristics. For example, they must be dissatisfied with their current status and activities, able to see that self-induced change is possible, set definite and realistic goals, defer gratification, persist in the face of difficulties, maintain high standards of excellence, and be willing to take risks. Indeed, this is true by definition. People who undertake entrepreneurial functions cannot be or do otherwise---except in those endeavors, times, and places in which they do *not* undertake entrepreneurial functions.

Rather, the question is one of management, and it is this: *Under what circumstances* will individuals and/or organizations take *what kinds of risks* to initiate *what kinds of* economic change?

The circumstances are these: timely and flexible access to capital, and profitable markets.

The risks are these: moderate ones that do not threaten an individual's clientage network.

The kinds are these: ones that build on an individual's previous life-experiences.

Entrepreneurship Means *Successful* Economic Change

Economic innovation has been the most consistently cited characteristic of entrepreneurship since Weber and Schumpeter first stressed the importance of entrepreneurial functions for economic growth. The idea of innovation has been closely tied to risk-taking behavior because people who do new things assume risks that others do not. Hence, by its very nature entrepreneurship does not exist when people or organizations do not assume the risks that are entailed when they carry out novel economic activities.

However, this conclusion does not mean that we need to know the circumstances under which innovation and risk-taking are most likely to co-occur, if we want to know the circumstances that encourage entrepreneurship. *Risk-taking* is not the issue at all.

First, living is a risk-taking activity that entails conceptual and behavioral change, and we are not concerned with the circumstances under which ordinary kinds of innovation and risk-taking occur. Second, in the last analysis, the determinants of innovation and risk-taking are unique to individuals. Another way to say the same thing is that we acknowledge that the entrepreneurial behavior of specific people reflects unique life-histories and unique ways of thinking about the problems that the economic innovation is designed to overcome. Third, entrepreneurship does not require highly risky behavior, although individual entrepreneurs may take significant risks at least occasionally. Highly risky behavior has a high probability of failure. Failed innovations do not constitute important elements of entrepreneurship. Thus, we need to return to the managerial dimension of entrepreneurship, for we want to identify circumstances in which the joint occurrence of innovation and risk-taking is most likely to be *successful*.

Entrepreneurship conceived in this way springs from a relationship between how people look at the world in which they live and the properties of that environment. The first part of this relationship is intractable. The material properties of sensory experience do not require that we look at them in one and only one way. Thus, entrepreneurial "opportunities" arise because people think about a problem in a new way. However, no one can forecast who will see what new opportunities, or when they might do so. This tendency for people to look at the world in unforeseen ways appears to be a function of the way in which human brains operate (Handwerker 1989b). For purposes of this report, we shall assume that the ability to see "opportunities" is uniformly distributed in all societies, and that such innovations will occur, albeit "randomly" and unexpectedly.

The second part of this relationship between how people look at the world in which they live and the properties of that environment is subject to rigorous analysis. Existing theory specifies properties of the environment in which people live, and what happens when people interact with environments that have particular properties, that influence the

probability that someone will both see and act on new opportunities of particular kinds *successfully*.

PART II

Entrepreneurship and Experience

Culture theory tells us that entrepreneurship is a function of prior *experience* (e.g., Barnett 1953). *Experience* refers to the knowledge and information that individuals acquire by virtue of their individual life-trajectories and to the historical experience embedded in the societies in which they live. We know, for example, that, *ceteris paribus*, the probability that an individual will see new opportunities and successfully pursue them goes up as the amount of information that he or she has at his or her disposal goes up. We also know, *ceteris paribus*, that the probability that an individual will see and carry out successfully particular *kinds* of activities goes up as the amount of information that he or she has at his or her disposal *about that activity* goes up. Thus, increases in the amount of information that someone has about farming leads to increases in the probability that that person will successfully change the way in which they farm. Someone who has intensive personal experience in merchandising is not likely either to see or successfully carry out economic change in the agricultural sector, but has a much greater probability both to see and to successfully carry out economic change in their line of business.

In fact, most African entrepreneurs initiate firms that draw upon their previous experience, as do entrepreneurs the world over. To wit: the large African merchants who emerged in West Africa in the eighteenth and nineteenth centuries frequently began their careers as agents of French, English, or Dutch firms; many of these had received a good education in France or England. The entrepreneurs who began to plant cocoa, coffee, and rubber in the late nineteenth and early twentieth century, as well as those who initiated commercial production of these crops more recently, did so usually after having learned about crop characteristics and appropriate husbandry methods from prior work experience on plantations or other farms. Urban children who peddle gum, biscuits, ice, or soft drinks on street corners learned the skills of their trade from their peers or their parents. Market women learn their skills from their kin or their friends. Timber contractors have become sawmill operators, and rubber traders have gone into rubber processing. Furniture manufacturers, bakers, and builders all usually come from an artisan background. Entrepreneurs who diversify their business interests usually branch out into related fields. See: Amin and Diallo (1981), Beveridge and Oberschall (1979), Dumett (1983), Garlick (1971), Handwerker (1974), Harris (1970a), Henige (1977), Kennedy (1980), Kilby (1965), Marris and Somerset (1971), Nafziger (1977), Robertson (1984).

Problems arise in ways that one might expect, from gaps in experience (e.g., Isaac 1971). Entrepreneurs who want to move from small-scale production that relies on a core group of skilled workers to large-scale production have difficulty learning how to reorganize the labor process efficiently. Those who do so have even greater difficulty establishing the market contacts and outlets that would allow sales to keep up with expanded production. Entrepreneurs who move from marketing to production may have little difficulty in establishing distribution outlets, but they seem to regularly have difficulty organizing the

production process efficiently and maintaining machinery. With few exceptions, African entrepreneurs start with little capital and are financed from their savings or from loans from kin or friends. Capital shortages may not have hindered the emergence of new firms, but expansion requires financing that Africans have had great difficulty getting. Issues of experience count heavily. Loan applicants, having little or no experience with commercial banks, often do not know how to apply properly, or, if they do, show little evidence that they really understand the problems that their proposed expansion entails or how to solve them. Those who could qualify for loans often find that they cannot get the timely, flexible financing that would permit them to take advantage of new opportunities that arise unexpectedly.

The general problem is that few Africans have had a chance to work for long periods of time in the new forms of commerce, farming, and manufacturing that the world industrial system brings with it. Fewer still have had the opportunity to gain experience with the forms of organization and technical and capital requirements used by highly successful (expatriate, Lebanese, or Asian, as well as European or American) firms. Consequently, studies of entrepreneurship in Africa characteristically reveal an almost standardized list of organizational deficiencies, which include the following:

- poor job training for employees;
- poor employee selection techniques;
- absence of systematic checks on quality and quantity of output;
- inadequate systems to penalize poor work and reward good work;
- underutilization of equipment;
- improper handling and maintenance of machinery;
- poorly designed production processes;
- few and poorly designed attempts to cultivate a broader market or to establish an efficient distribution network; and
- poor or non-existent accounting, bookkeeping, and inventory systems.

These problems can be solved only as Africans gain experience working with the sophisticated production and marketing procedures used by Western firms, or as they acquire appropriate information and guidance. The following list of services, skills, and knowledge that African entrepreneurs could profitably use was identified a quarter century ago, and it is as valid now as it was then (see Geiger and Armstrong 1964; cf. Ahwireng-Obeng 1988; Chuta 1983; Gershenberg 1986):

- help obtain credit from commercial banks, including providing information on loans and loan policies and requirements;
- conduct market research and feasibility studies;
- develop publicity and business advertisement;
- identify and solicit appropriate forms of technical assistance;
- information on markets, sources of supply, contracts to be awarded, and legislation and other political events and processes that may affect business operation;

- establishing trademarking, quality inspection, standardization, and consumer education;
- appropriate courses and workshops ranging from accounting, bookkeeping, merchandising and stock control, display, customer services, management and planning. These should be planned on the basis of discussions with local entrepreneurs concerning subjects to be covered and times to be held.
- regional and national commercial fairs, which can disseminate information on services and supplies that are and are not locally available and thus identify entrepreneurship opportunities.
- means to work with expatriate firms to encourage them to undertake:
 - (1) cooperative ventures with existing local firms; for example, look for local entrepreneurs who can supply goods and services, providing them training, credit, capital, market research, and other necessary resources;
 - (2) the training and promotion of African employees, not only within Africa but also internationally;
 - (3) improved commercial banking services, including training and information available to prospective African entrepreneurs.

As we shall see, past indigenization measures have been only partially successful at closing these experience gaps, and the means that have been used to provide useful services, skills, and information to African entrepreneurs have had little impact thus far.

Entrepreneurship and Resource Access Costs

Entrepreneurship is one kind of social change, and social change of any kind does not occur because people are prescient or particularly rational when they make decisions. Research on how people actually make decisions reveals, in fact, that we are not very good rational decision-makers. Normal adults, Richard Schweder observes (1977), do not easily think in terms of the conditional probabilities that are required for such choices, even when appropriate information exists. Thus, we regularly blind ourselves to effective courses of action even when we have at our disposal enough information, born of long experience, to identify them, as Barbara Tuchman pointed out in her book *The March of Folly* (1984).

Normal human thinking processes generate an unceasing stream of unexpected, new ideas and new ways of doing things (Handwerker 1989b). We construct new ways to think and act by a process we call "inference." Thus, new ways to think about ourselves and the world we live in constitute guesses about the best way to go about living. These can only arise out of our past experience in a unique life trajectory that is set in circumstances dictated by the historical experience of the society into which we were born. Our accumulated experience biases even our perceptions. Consequently, perhaps the vast majority of these innovations are not very useful, and many constitute errors of varying magnitude. In practice, we make choices that seem to be the best, given our knowledge of the circumstances that exist when we make a choice. Then we try to correct our mistakes.

This process creates both chaos and pattern in human affairs. It creates chaos because the perceptions that we make of ourselves and the social world in which we live are regularly subject to unexpected change. It creates pattern as the outcome of *selection*.

Ceteris paribus, we expect that living things will favor any conceptual or behavioral innovation that improves or optimizes resource access, and will eliminate innovations that interfere with the process of resource acquisition. We differentiate alternatives by their costs relative to their potential benefits. The presence and intensity of selective pressures thus may be measured as resource access cost differentials. Faced with alternatives, we regularly act on the one that optimizes our material wellbeing---the one by which we gain the most or lose the least---even when we are not conscious of doing so.

Alternatives that cannot be differentiated in cost are selectively neutral. Neither alternative may reduce or improve resource access, or both (or all) alternatives may reduce or improve resource access by equal amounts. People are free to choose among alternatives like these on highly personal, and even whimsical grounds. Indeed, genuine "freedom of choice" exists *only* when one can choose among selectively neutral alternatives. "Freedom of choice" is constrained when alternatives have cost differences. "Freedom of choice" is an illusion when the cost differences are significant.³

It follows that entrepreneurship should be a function of resource access cost differentials and that new patterns of entrepreneurship emerge when resource access cost differentials change. The rate of entrepreneurial growth should be a function of the size of those cost differentials. When constraints don't change, don't expect either growth or change in existing patterns of entrepreneurship.

These are common themes in African economic history. For example, Senegalese merchants exported gum in small quantities from their earliest direct contacts with Western traders, and the level of entrepreneurship varied primarily with market prices and the profitability of the trade. Profits from gum exceeded profits from trading in slaves by the early 1800s, and Senegalese slave merchants had no difficulty in switching to "legitimate" trade. The most notable change occurred after 1885, when the revolt of the Mahdi in Sudan cut off supplies of Kordofan gum to Europe, the price of Senegalese gum rose 350 percent, large numbers of new Senegalese gum merchants emerged, and there was a substantial increase in the prosperity of the region. Prices collapsed after the reconquest of the Sudan and most of the firms that had emerged after 1885 folded.

Similarly, it has long been observed that since early in the twentieth century Africa's best and brightest have opted for civil service employment rather than entrepreneurship. The reason is simple: colonial governments were making it almost impossible for African entrepreneurs to run profitable businesses, but were paying their African civil servants relatively (for Africans) high salaries. Moreover, public sector employment facilitated access to capital that could be used to carry out the low-level entrepreneurial functions that were left open to Africans.

Reductions in the access costs for resources, which occur, for example, when an economy experiences a structural change, can be expected to be accompanied by a sharp increase in entrepreneurship and the number of entrepreneurs. We can expect increases in the level of entrepreneurship within particular social groups or in particular sectors of the economy if resource access costs fall for that group or in those particular sectors of the economy. These deductions, too, are validated by African economic history.

For example, over the late nineteenth and early twentieth centuries, colonial officials and both expatriate and African traders reduced access costs to expanding world markets for cocoa, coffee, and peanuts, and agricultural entrepreneurship in West Africa achieved significant levels as early as the late nineteenth century. African farmers selling, initially, to African middlemen, made the Gold Coast the world's largest producer of cocoa. Cocoa exports reached 50,000 tons in 1914, 200,000 tons in the 1920s, and 300,000 tons in the 1930s. African farmers selling, initially, to African middlemen, made Senegal one of the world's leading producers of peanuts. Peanut exports Senegal reached 21,000 tons by 1870 and rose to about 600,000 tons by the 1936/1937 season. Côte d'Ivoire is an exception; there, colonial attempts to initiate coffee and cocoa production ran into severe labor shortages that the French resolved by means of demands for forced labor, which was made available to French planters, not Africans, and which was not abolished until after World War II. A significant group of African planters eventually emerged in Côte d'Ivoire, helped by infrastructural development, extension services, and buying agencies provided by government, but without credit from state or private banks, which served only French planters. Labor recruitment based on attractive terms rather than coercion transformed cocoa and coffee production. There were approximately 40,000 Ivorian cocoa and coffee producers in 1944. This figure rose to 120,000 in 1956, and 550,000 in 1974. Cocoa and coffee exports rose from about 65,000 tons in 1945 to 160,000 tons in 1955 to a production level of 678,000 tons in 1975. See: Amin (1973), Amin and Diallo (1981), Curtin (1979), den Tuinder (1978), Groff (1987), Hopkins (1973), Hill (1963), Nyong'o (1987).

Agricultural entrepreneurship in the white settler regions of East and Central Africa, by contrast, was systematically blocked by government actions or flatly declared illegal. By the late 1920's, 20 percent of Kenya's arable land (nearly all of the land that was judged to have the highest productive capacity) had been confiscated and allocated to white settlers; Africans who remained on their own land were defined as "squatters" and became tenants who owed labor to Europeans. Railways, including uneconomic lines, were disproportionately concentrated in settler areas; the same was true for roads. There was a graduated pricing policy, which raised freight costs for Africans and lowered them for Europeans. Europeans could receive low interest loans; Africans could not. Veterinary, medical, and farm extension services were available to European farmers; they were not available to African farmers. The public revenues spent on these services came disproportionately from Africans in the form of native and poll taxes and high customs duties on cheap articles (e.g., textiles) for the African trade; there was no income tax. See: Buell (1928), Kennedy (1988), Lubeck (1987), Swainson (1980, 1987).

Colonial policy in Kenya, as in Côte d'Ivoire, shifted after World War II and made commercial agriculture accessible to Africans in ways that it had never been earlier in the century. Agricultural output in the Kenyan native reserves grew nearly fivefold between 1945 and 1955. Soon after independence, the new Kenyan-controlled government used a variety of loan, licensing, and public investment policies to help its constituents, many of whom were former teachers and clerks, move more effectively into commercial agriculture, trading, tourism, transportation, banking, and manufacturing. By 1977, approximately 95 percent of the mixed farm areas in the White Highlands that formerly had been controlled by expatriates had been taken over by Kenyans, 57 percent of large foreign-owned estates had been purchased by Kenyans, and over 60 percent of the equity in the manufacturing sector was held by Kenyans. One-quarter of the private banks in the country are now owned by Kenyans. The most effective measures were those that gave citizens preferential access to credit and business licenses, the latter of which has been the principal tool used to replace Asian with Kenyan ownership of firms in the distribution sector of the economy. See: Langdon (1987), Leys (1979), Swainson (1987).

Commercial production of coffee on small plots was encouraged in Tanganyika up until the mid-1920s. In the 1930s, however, the colonial government deliberately destroyed these firms and replaced them with state-controlled cooperative societies. See: Iliffe (1979, 1983).

Agricultural entrepreneurship among black South Africans was possible in the nineteenth century. There, an expanding European market, information from European farmers, and deliberate missionary attempts to encourage commercial production yielded marked growth after 1830. Several thousand such farmers were to be found in the Cape by the 1890s, and smaller numbers had farms in Natal and elsewhere. Some of these entrepreneurs had expanded to significant levels, owning over 3000 acres of land, 200 cattle, and large numbers of smaller stock. Whites forcibly, albeit "legally" as based on new legislation, appropriated their land and destroyed these firms by the 1920s. Political constraints have continued to suppress entrepreneurship among black South Africans, although modest numbers of small- to middle-sized trading and service firms have existed for more than a century in the regions to which blacks have been restricted. The number of these firms has been primarily a function of the level of effective demand for the services they offer, to which they have been restricted by law. Some black industrial entrepreneurs have emerged, although their number remains small, and the scope of their firms remains highly constrained by government regulation.⁴ See: Bundy (1979), Etherington (1978), Hart (1972), Kuper (1965: 261-306), Reynders (1977).

As in Kenya, the white minority in Southern Rhodesia---now Zimbabwe---forcibly appropriated nearly all of the prime agricultural land. However, agricultural entrepreneurship was actively encouraged in the Native Purchase Areas from the 1930s on. Political economic advantages granted white farmers and constraints on the growth potential of black farmers meant slow growth among the latter. By 1975, only about 1000 black African farmers had farms that averaged about 1000 acres. After the formation of Zimbabwe in

1980, policy changes created new opportunities for black farmers; in 1986, approximately 300 blacks engaged in large-scale commercial farming on a par with white farmers, and some 8,500 more engaged in smaller-scale commercial farming using holdings that ranged from 50 to 200 hectares. See: Moyo (1986), Mumbeghegi (1986), Munslow (1980).

African merchants in West Africa competed very effectively with European firms during the nineteenth century in a trade which, by European accounts, was fiercely competitive and yielded low profit margins. More than 200 African merchants were active along the Gold Coast alone. Of these, perhaps 25 ran large firms---some that focused solely on the coastal import/export trade, but some that also controlled impressive interior operations, including retail stores, warehouses, and branch outlets. These firms had large payrolls that included laborers, clerks, bookkeepers, branch store managers, and traveling buyers. Some firms shipped directly to manufacturers in Great Britain and Germany. These entrepreneurs invested in land, houses, and loans, but they also pioneered new ventures, including photography studios, machine repair shops, soap manufacturing, commercial food production, newspaper publishing, gold mining, palm and rubber processing, and sawmill operations and timber exports. A combination of government action and changes in the nature of world commerce led to the failure of nearly all of these firms. The large European firms had access to resources that African firms did not---(1) larger quantities of working capital to hold large stocks in transit for long periods of time, to deal with the long interval of time between purchases from farmers and sales to manufacturers, to finance a growing network of collecting points and warehouses, and to engage in futures speculation by securing crop pledges; and (2) direct and easy access to the shippers, manufacturers, suppliers, and buyers of African products, and lower costs of operation (including freight discounts that were not offered to African merchants). Road and railway construction allowed European firms to bypass African intermediaries. The costs of production remained high in Africa when they were declining in Europe. See: Dumett (1972, 1983), Hopkins (1973), Iliffe (1983), Kennedy (1988), Nwabughuogu (1982), Southall (1978).

European and African firms in West Africa were joined by firms run by Lebanese as early as the mid-1800s. The Lebanese brought with them little money and few salable skills. Farming, factory and office work, and government employment was closed; petty trade was a viable option, although there was stiff competition from the large European merchant houses and African intermediaries. The Lebanese created a competitive advantage by accepting levels of poverty that Europeans found unacceptable and by moving into the interior. They created a reliable clientele by giving credit and adapting social reciprocities to commercial ends. Over the course of the late nineteenth and early twentieth centuries, they thus diverted the retail trade from European-run outlets and purchased produce that otherwise would not have moved into marketing channels. They also undercut African middlemen, who generally had access to more lucrative outlets for their creative energies (notably, food and cash crop production, and government employment) and who refused, consequently, to accept the poverty that the Lebanese had no choice but to accept. See Hanna (1958), Isaac (1974), Khuri (1962), Winder (1967).

Asians faced similar conditions in East and Central Africa, with much the same result. Asian immigrants found employment in European firms more commonly than did the Lebanese in West Africa, but, outside Tanganyika, they rarely could get access to land to engage in commercial agriculture. Colonial governments encouraged Asians to become merchants, however. In Northern Rhodesia (now Zambia), Africans were not allowed to operate stores outside of African locations, could only sell goods that Europeans did not, and could not register their companies on their own land. In Uganda, African farmers increased the amount of land that they devoted to cotton from about 25,000 acres to 617,000 acres between 1910 and 1925, prodded by tax levies for those who did not plant cotton. But government licensing acts eliminated Africans from trading or ginning cotton. In Kenya, the marketing of coffee was restricted by law to Europeans and Asians. Marketing monopolies were given to Asian firms; there were statutory limits on the amount of credit that non-African firms could give to African firms. See: Buell (1928), Hailey (1957: 400-411), Iliffe (1983), Kennedy (1988).

The characteristic three-tiered trade (import and national wholesale functions carried on by European firms, middle-level wholesale and retail functions carried on by Lebanese and Asian firms, and small-scale retail functions carried on by Africans) clearly emerged only during the Great Depression when the large European firms contracted the scale of their retail operations, engaged in market sharing, and demanded (and received) government preferences in import licenses. By the mid-1930s, the top 4 firms on the Gold Coast controlled 70 percent of all exports; the top 13 controlled about 90 percent. By the late 1940s, 6 or 7 firms handled somewhere between two-thirds and three-fourths of all import/export activity. Banks charged Africans higher fees for services, frequently refused loans, and required forms of collateral that Africans did not have. Government gave contracts based on "past performance," which effectively excluded African entrepreneurs. See: Amin and Diallo (1981), Bauer (1954), Hopkins (1973), Kennedy (1988).

African entrepreneurs proliferated where and when profitable opportunities arose, namely, when infrastructural development lowered the costs of access and government regulations did not unduly raise the costs of access---notably, in food production and distribution, transportation, small shops, petty trade, wood carving and metalworking for the tourist trade, and service industries like newspapers, photography, cinemas, hotels, and eating and drinking establishments. Of these, the domestic market for food has stimulated the greatest entrepreneurial development. For example, prior to European rule the Plateau Tonga of Northern Rhodesia (Zambia) functioned as middlemen in an extensive inter-regional trade in Central Africa. The imposition of colonial rule introduced expatriate traders who could provide nearly all of the traditional items of trade, often higher quality goods, at lower prices. This created a large number of unemployed Tonga traders who shifted their entrepreneurial talents to adopt new farm technologies, which they used to meet an expanding domestic market for food. Similarly, rice was introduced to the Nyakyusa of southern Tanzania, a population of perhaps 175,000 whose staple crop was bananas, just before the turn of the century. Nyakyusa adopted new agricultural methods and used savings from work on nearby coffee or tea estates, or at the Lupa goldfields (and, later, in

the mines of South Africa and the Copperbelt), to acquire land and ox-plows. By 1932, rice not only had supplanted bananas as the staple food, but a surplus of some 500 tons produced on the alluvial flood plains around the northern tip of Lake Nyasa was being exported from the region. Rice exports reached 1,500 tons by 1940, averaged close to 3,000 tons through the 1940s, and rose to nearly 6,000 tons by the mid-1950s. See: Chileshe (1981), Elkan (1958), Gulliver (1958), Kennedy (1977), Miracle (1960), Mix (1981), Wilson (1977).

The domestic food market grew prodigiously throughout the continent as a function of urban sector growth. To serve this new set of central places connected through new transportation links, the old market systems of West Africa expanded and changed their functions, and efficient marketplace distribution systems grew up where they did not previously exist in Sierra Leone and Liberia along the Windward Coast, and through much of Eastern and Central Africa. Periodic markets served retailing and wholesaling or collecting functions in rural areas. Daily markets of different sizes served retailing and wholesaling functions in urban centers. Marketplaces came to exist along side a host of itinerant petty traders and different kinds of fixed-premises firms (shops and stores) that fulfilled complementary distribution functions for imports (both food and hardgoods) as well as for domestically produced foods. See: Bohannan and Dalton (1962), Gerlach (1962), Gezann (1978), Handwerker (1974, 1979, 1980), Jones (1974), Katsin (1964), Oberschall (1972), Robertson (1984), Wood (1978).

Entrepreneurship and Power

As the preceding account suggests, social theory tells us that entrepreneurship, like other social regularities, is a function of power relationships---if you will, of politics in the generic sense that Harold Lasswell identified when he asked "Who gets what, when, and how?" (1936). *Power* is the ability to influence or control the behavior and beliefs of others even without their consent. Anyone or any organization that either stands between you and the resources that you need to live (a *gatekeeper*), or that constitutes a means, or channel through which you can gain access to resources,⁵ has power over you.⁶ Normally, gatekeepers *are* resource access channels. The importance of the resources involved, the number of alternative gatekeepers and resource access channels, and the number of potentially competitive resource seekers all combine to determine the relative power of social actors. The relative power of the actors generates both the social properties that emerge from their interaction and the moral precepts that they use to construe behavior in acceptable ways (see Handwerker 1989a, 1990a). *Ceteris paribus* (and somewhat oversimplified), resource access theory⁷ says

- all patterned social relationships exhibit some degree of cooperation construed in terms of moral obligations and based on material reciprocities;
- the equality of this two-way flow of material rewards is a function of the power of the people who are interacting;

- powerful people use the belief that people without power owe more to them than they owe in return to construe unbalanced exchanges (i.e., coercion and exploitation) as acceptable;
- people without power act consistently with this belief until increases in the number of gatekeepers creates opportunities to bypass gatekeepers;⁸
- the existence of these opportunities creates competition among gatekeepers, which gives power to the people who didn't have it and takes power away from the people who did;
- a shift in power relationships creates moral ambiguity and conflicting moral precepts;
- if the people without power become the people with power and the people with power become the people without power, the balance of obligations and the flow of material rewards reverses itself.

These deductions tell us, first, that power differentials influence entrepreneurship because they influence access costs to the resources that entrepreneurs need. Power relationships thus select for the use of different resources in different amounts by different social groups. The preceding account of African economic history illustrated this point amply, but we should also note that this also explains why some ethnic groups appear to produce entrepreneurs disproportionately. For example, Marris and Somerset (1971) point out that the preponderance of Kikuyu entrepreneurs in Kenya owes much to the facts that they were surrounded by White settlers, constrained in territory by adjacent indigenous groups, and, although they received the greatest early exposure to Westernized forms of education, they could not use this resource to further themselves in many ways other than through entrepreneurship. Similarly, Akeredolu-Ale (1973) shows that Ijebu middlemen came to dominate trade in southwestern Nigeria because they were located strategically between the coast and the interior, and they had little access to means for cash crop production or for entrance into administrative or clerical positions. Over time, increasing numbers of Ijebu youth were trained for business activities, and the development of a network of business links among Ijebu businessmen worked to strengthen the position of Ijebu entrepreneurship. Power relationships thus also influence entrepreneurship by channeling people into different life trajectories and so dictate the extensiveness, nature and qualities of experience that they can acquire.

Both generalizations are validated by detailed data available on Hausa emigrants to southwestern Nigeria (e.g., Cohen 1969). There, over the course of the twentieth century, they created closed corporate communities in Ibadan and other Yoruba cities that facilitated business expansion and control of a variety of forms of commerce. Like the Kikuyu and Ijebu mentioned earlier, Hausa originally entered trade because they possessed strategic economic and geographical advantages. The major cities of the Hausa emirates in northern Nigeria had been important commercial centers for centuries, coordinating trade across the Sahara and into the forested regions to the south. One part of this commerce had been a trade in cattle that were raised by Fulani in the northern savanna and directed toward the Yoruba cities in the southern forests where *tsetse* infestations prevented cattle production

in commercial quantities. European contact provided trading opportunities for Yoruba like the Ijebu, who were oriented toward the coast. Hausa who had contacts with suppliers in the northern savannas emigrated to Yoruba cities to develop market outlets. By the middle of the century, Hausa landlords in Ibadan utilized a widely spread network of social relations incorporating breeders, dealers, middlemen, brokers, financiers, speculators, drovers, and scores of other intermediaries in different communities ranging from the savanna, where the Fulani raised their cattle, to the southern forest belt, where the beef was finally consumed. Many of these clients were fostered sons, for whom the landlords who controlled the trade provided marriage payments, a place to live, training, and a job.

Hausa success was due to political developments and political organization. Hausa emigrants were set apart from the Yoruba by a distinctive language and way of life. The Hausa population in Ibadan grew with the growth of commerce and, as their businesses grew, the larger Hausa landlords tried to remain free of restrictions imposed by Yoruba chiefs. They were successful perhaps mainly because Yoruba chiefs chose to deal with increasing conflicts between the two ethnic groups by isolating Hausa from the Yoruba majority. A distinct town quarter, which was called Sabo, was assigned to the Hausa, and Hausa chiefs were appointed to maintain control over ethnic Hausa.

Yoruba interlopers threatened Hausa control over trade in the 1940s. The fortuitous adoption of the Tijaniyya Order of Islam provided the vehicle of community unity in the face of these economic threats, and Hausa successfully resisted these early attempts to make inroads into the cattle trade. They also expanded their participation in other forms of commerce, most notably the trade in kola, which was grown in the southern forests and consumed in large quantities throughout the northern savanna. They even organized the begging industry. Alms-giving is one of the five pillars of Islam and begging is an honorable occupation. As the Hausa population in Ibadan grew, the lame, the blind, and lepers each eventually were assigned a chief who provided free shelter and clothing when it was necessary, and who assigned beggars to particular business sites (to which places of work they might ride back and forth in a taxi), thus providing them an income comparable to other ordinary trades. The "Chiefs of the Beggars" also helped coordinate a regional network of beggars that was spread throughout Yorubaland; while each town had a local core group of permanent residents, many beggars were mobile and shifted from location to location depending on the season and other factors that affected the "carrying capacity" of the industry.

As one might suspect, however, changes in power relationships change resource access costs and, thus, create different patterns of entrepreneurship. Despite earlier Hausa successes, Yoruba butchers eventually took over the distributing functions in the cattle trade that had been monopolized by Hausa. Ibadan grew in both population and territory over the century, and Hausa butchers were not able to keep up with the increased demand, for they and their businesses were clustered in Sabo. Distribution to retailers required extensive contacts with Yoruba individuals and with market authorities, and called for credit arrangements that Hausa had difficulty meeting. Perhaps most importantly, however,

emigration of additional butchers from the north was discouraged because the all-Yoruba City Council made butchering subject to city regulations and licensing. Licenses were given solely to Yoruba.

Management and Social Relations

The deductions outlined earlier also tell us that social relationships and their attendant moral obligations do not regulate behavior mechanically. Social relations are by nature ambiguous and flexible, subject to the processes through which particular social actors clarify ambiguity in their relationship at particular times and places. Moral obligations between family members, friends, or any other social actors, are potentialities that claimants must activate (e.g., Biedsoe 1980a,b; Comaroff and Roberts 1977, 1981). People who are subject to these claims cannot satisfy everyone, some claimants may receive little, and no claimant may be entirely satisfied. Thus, Iliffe (1987:181) points out in his history of poverty in Africa that:

Exactly how far family responsibility extended caused much anguish and resentment. Unemployed men often complained that they were treated more as servants than kinsmen, while Ghanaian workers stated in the 1970s that prosperous relatives showed much hostility when approached.

The result is that individuals in Africa find that they have to make their own way in the world, even when they rely heavily on social support (e.g., McFerson 1983) and even when they talk and act as if they support group goals in public gatherings (e.g., Murphy 1990). Consequently, people must actively *manage* their social relationships, even if they do not think of it in these terms.

Entrepreneurs in Africa are not sheltered from the give-and-take involved in all social relationships. Indeed, as indicated earlier, their existence is predicated on these relationships. Family and friends very commonly provide the training and the training opportunities that lead to entrepreneurial activities. Gifts, inheritances, loans, or bridewealth received for sisters or daughters often provide the initial financing and capital. Family members often provide the initial labor.

Whether the firm is a tiny one situated in a market place or a large manufacturing plant, it must operate in the face of significant business uncertainties. As we shall see, political uncertainties have been at least as important, and sometimes more important than economic uncertainties that stem from slumping world markets and unfavorable terms of trade. Although business can be lucrative, it is not for most. Few firms have financial reserves that can be used to offset significant losses. Indeed, any loss is critical. Even a small error can lead to the firm's collapse. Entrepreneurs use social relations to provide a cushion for hard times. Family and friends continue to be a source of loans, capital, and labor. If necessary, they may provide a place to live or a job until it is possible to begin

again. Friends or kin who are also in business exchange information, perform services for each other, and may provide loans either at no interest or at low rates.

Thus, entrepreneurs do not abandon their family and friends. Indeed, usually they go to great pains to maintain those relationships by visits, telephone calls, and, most importantly, gifts and granted requests for employment, food, clothing, money, housing, schooling, and medical and funeral expenses. Of course, there is no doubt that entrepreneurs who do not manage their social relations well will fail. However, the image of the African who gives credit or a job to a friend or relative "on the principle that kinsmen are in business to support their relatives" (Marris and Somerset 1971: 127) is an illusion that came into the literature as a result of superficial observation.

Africans find themselves in a situation in which it is foolhardy in the extreme not to participate actively in networks of mutual assistance. Gift-giving and service provision adds patrons and clients to existing social networks. Resources are scarce, however, and one cannot participate in all possible networks of mutual assistance. The cessation of material flows severs linkages of mutual assistance. Moreover, people who do not belong to one's own clientage network constitute latent threats. Other people may be secret competitors who will use cooperation to benefit themselves but who will not reciprocate. The process of selectively creating clientage networks thus creates its corollary---networks of opposing and (potentially) hostile people and organizations. Individuals seek both to control their own network of patrons and clients, who may at any time join a competing clientage network, and to subvert opposing individuals and their clientage networks (Murphy 1980, 1981, 1990). This has generated a climate of mistrust that has impeded indigenous entrepreneurship in Zambia, Nigeria, Ghana, South Africa, and Zaire (see Beveridge and Oberschall 1979, Kennedy 1988, Kuper 1965, and MacGaffey 1987). Consequently, clientage networks always consist of a carefully selected set of family members and friends.

Entrepreneurs use clientship to create new channels of resource access that can be used to escape local level constraints. For example, where local elders make it difficult to acquire land by refusing to act as witnesses, an enterprising farmer might seek out a chief's scribe, a district officer, and even a chief (Parkin 1972:90). He or she might use the government judiciary to draw up a will that bypasses traditional inheritance practices (p. 91). Talented entrepreneurs may be able to use their contacts with government to play off local against regional or national interests in ways that further their businesses (pp. 92-93). Moreover, there are new ideologies that one can draw on to legitimate new behavior, of which Christianity and Islam are, perhaps, the most important. Both allow one to reduce one's involvement in "customary" reciprocities, and give one access to a new set of patrons and clients who may be able to help a business grow (e.g., Long 1968, Cohen 1969, Parkin 1972).

One can, in fact, choose to construe "traditional" obligations in new ways. Giriama entrepreneurs used "traditional" funeral expenditures to invest in support and contacts that could be used to enlarge their farms and diversify their holdings (Parkin 1972). Elders

continued to bankrupt themselves on funeral expenses and lost both property and power. Giriama entrepreneurs thus turned arguments about wealth differences, which would have invoked negative community sanctions, into arguments about age differences, which had a long history of legitimacy in the community. Business expansion was facilitated rather than impeded.

One can, in these ways, change "tradition." To wit: the Nyakyusa, who late in the nineteenth century and early in the twentieth century had a system of patrilineal inheritance restricted to animals (land was a village property), which passed across a generation (from brother to brother) before descending to a man's sons. By the mid-1960s, sons inherited land as well as animals directly from their fathers. Change in inheritance practices was under way in the traditional judicial system as early as the mid-1930s, however (Wilson 1977: 173-175), when elders formally recognized the legitimacy of the junior generation's claims over their deceased father's property.

African entrepreneurs usually begin business as dependent clients of family and friends. However, they accumulate resources. Resource accumulation changes their relative power and makes it possible to discard or abandon overbearing clients in favor of new ones who can facilitate their business ventures. Consequently, African entrepreneurs usually escape their more onerous social obligations. Few businesses fail because of family demands (e.g., Nafziger 1969, Handwerker 1973). Business failure overwhelmingly stems either from the deficits in experience that were mentioned earlier, or the effects of public sector clientage, to which we now turn.

PART III

Power Relations in Modern Africa

It is not just what you know but who you know
Aldrich and Zimmer (1986:20)

A fish gets rotten from the head.
Kru proverb.

To get anything done in Zaire
it is necessary to have political connections of some sort
MacGaffey (1987:57)

Africans clearly discriminate their own wants and goals from those of the people around them, and they act to achieve these goals very much like you or me. When they say that they are not individualistic, that, instead, they "belong to groups" or are "group-oriented," they refer to the web of important power relationships in which they are enmeshed and to a narrower range of individual freedoms than Westerners are used to. They also are directing our attention to events in African culture history that distinguish that continent from Europe and North America.

Over a period of more than 100 years, Westerners have grown up in an environment that has offered them a consistently increasing number of channels by which they could secure their material well-being. The fact that there have been an increasing number of such channels has meant, generally, that they have been competitive, which has permitted an extraordinary expansion of individual freedoms, and has stressed the importance of individual technical competence. These transformative processes can occur rapidly, as experience elsewhere on the globe has revealed. But these processes are only beginning to occur in Africa. There, people grow up in an environment in which their material welfare is vitally dependent on the creation and efficient management of a selected personal network of family members and friends.

Public Sector Clientage and Corruption

Economic conditions are hard in Africa, opportunities for significant economic improvement are limited and dependent less on merit than on services rendered to hierarchical superiors, and salaries are very low. Salaries for the highest officials of state often are less than 20 percent of the salaries of the diplomats with whom they are obligated by their posts to interact on a basis of equality. This problem is compounded by the fact that the maintenance of social relations on which personal welfare still heavily depends requires material transactions. Should even a high official lose his or her position, or become too sick or too old to work, the only resources he or she could fall back on would be family resources. Pensions are woefully inadequate and salaries alone do not permit saving for retirement from office.

The pressure on high-ranking public servants is especially great; their income is low relative to the international community with which they must interact, but extraordinarily high relative to kin and friends. Kin in their parental generation are likely to have little if any education and expect assistance with housing, food, the schooling of younger brothers and sisters and cousins, and, perhaps, money with which to hire farm labor and pay medical bills. People are expected to create access to income and assistance beyond their salaries, for such behavior is the only (or by far the most effective) way to improve one's economic position significantly. Given the existing demands for expenditure and the existing income constraints, it is foolish not to avail oneself of the opportunity while one can. One may not have another opportunity in the future.

People who are outside the prevailing clientage system tend to believe that activities of people like the Second Son in the parable which began this report are wrong. The most valuable service one can provide either to oneself or others, consequently, is to manage the flow of evidentiary information. For example, a Deputy Minister might want to fund a project from which he might receive substantial benefits---additional capital for his farm, a 10 percent commission, or corporation shares---but which would be cost-ineffective or would conflict with the activities of other ministries. If the ineffectiveness or conflict becomes public knowledge only after the fact, the Deputy Minister can claim that other ministries did not communicate with him, or that the data on which he based his decision were inadequate because of staff shortages or technical constraints on data processing. If the ineffectiveness or conflict becomes public knowledge before the project is launched, however, the Deputy Minister would subject himself to formal sanctions.

Of course, subordinates or consultants who make such information available demonstrate ingratitude and alienate themselves from important networks of assistance. At a later date, the Deputy Minister or members of his clientage network could falsify information, claim that conditions had changed, or withhold information necessary for showing that the project would conflict with other planned or ongoing projects, or would be cost-ineffective. More importantly, disloyal subordinates are likely to lose their jobs or be placed in positions where they can no longer have access to information that might prove to be embarrassing for their superiors, unless they have powerful patrons of their own.

These conditions tend to choke off the efforts of some of the most talented people in African public service. The ability of someone who approximates the First Son in the parable which began this report is sharply limited by his or her position in the hierarchy of political and economic power, who his or her friends are, how directly people are being affected, and how powerful are those who are being most directly affected. In practice, poor work goes unpunished and good work goes unrewarded, and may be punished. Public servants whose primary concern is the production of quality work tend to be isolated and unorganized. If they do not accede to the demands of people placed higher, or people with higher-level patrons, they bring trouble on themselves in the course of doing what they see as a good job, for they find themselves compelled to object to projects proposed by incompetent or self-serving superiors. Even if subordinates do not have higher-level

connections than their supervisors, they can (and occasionally do) falsely claim inappropriate behavior on the part of supervisors they do not like. Thus, more often than not, merit is not merely ignored, it is penalized. People who seek the public welfare rather than the welfare of themselves and their clientage network create enemies and remain impoverished even when they occupy very high government positions.

Stealing was not tolerated in precolonial village communities. It publicly detracted from both individual and community welfare. A thief alienated his or her kin and friends and lost the ties of mutual assistance on which long-term welfare depended. It is not clear, however, that using government resources for private purposes reduces the public welfare. It is clear that such resources can significantly help particular families, friends, and village communities. People who use government resources to benefit themselves only, like the Third Son in the parable that began this report, continue to be considered thieves. However, people like the Second Son generate much respect. Current public attitudes tend to support rather than to condemn public sector corruption if resources are used to help family and friends (e.g., Handwerker 1987).

The pervasive corruption that characterizes most contemporary African states can be, and occasionally is construed as an extension of "traditional African culture and values." Indeed, the surface structure of such procedures does not differ from a man's offering a white kola nut and a white chicken to a prospective father-in-law, or from a market seller offering a buyer a "dash" to encourage him or her to become a regular customer. A teacher who requires students to pay 10 cents for the test booklets necessary for exams does, nevertheless, make it possible for students to progress through school. A school administrator who accepts money to make sure that one can register for the few school openings does help one progress toward a degree that will bring its recipient a higher future income. Indeed, a student is likely to think of a person who helps him or her progress towards a degree as a patron to whom he or she can turn for additional favors in the future. Teachers may perform favors for those whom they see as particularly promising for a complementary reason---if the student later succeeds, he (rarely she) becomes a potential patron to whom one can turn for future favors.

Sharing and gift-giving were important characteristics of precolonial African societies. Individuals married to share the basic tasks of making a living because isolated individuals were not viable economic entities. Households added kin beyond their nuclear family unit for the same reason, and formed a variety of kinds of extended family households. Gifts of food and labor exchanges bound together family members and friends into villages and larger communities.

But sharing and gift-giving were not something intrinsic to African culture. They are properties of social relations and, like all such properties, they are structured by the relative power of the social actors. The power relations that have generated the characteristics of public sector clientage are profoundly different from the power relations that generated the characteristics of precolonial African societies.

Precolonial Power Relations

As one might expect, in precolonial African societies sharing was approximately equal between people who controlled access to resources of approximately equal value. But people with power received more than people without power, the more so as their power increased.⁹ This gradient has become enshrined in the anthropological literature as the difference in leadership patterns exhibited by "Big Men" and "Chiefs." Big Men, who in Africa might be a village headman or lineage elder, were leaders in small communities that might consist of a single nucleated village or a few scattered households where the potential number of gatekeepers was large and the potential number of resource seekers was small. Potential gatekeepers thus had to compete with each other to acquire followers, of whom there were not many. Consequently, Big Men had to maintain personal relationships with their followers, they granted followers major concessions, and they had little power. The net flow of resources to Big Men had to be positive if they were to maintain their leadership position, but their profits were low. Chiefs, by contrast, were leaders in large communities that might encompass several towns or cities where the potential number of gatekeepers was small and the potential number of resource seekers was large. Potential chiefs found it most advantageous to cooperate with other potential chiefs, to the detriment of the powerless. Chiefs were not constrained to establish personal relationships with many of their followers, although they construed their relationships to followers in personal terms (most commonly as "fathers" to their people). Their relationships with followers were marked by clear social distance and deference. The net flow of resources to chiefs included wives, labor commitments, cows, and other goods; their profits were significant. Chiefs thus had significant amounts of power. In some cases, chiefs had immense power.

Material welfare in Africa depended heavily on the control that parents exercised over their children and on the control a senior generation exercised over its juniors. Whether the society was organized in terms of female or male kin ties, whether it was pastoral or agrarian, men of senior generations used access to the key resources of land, animals, labor, and the supernatural to subordinate women and the men of junior generations. The relationships between men and women and between parents and children were marked by clear hierarchy, exploitation, and coercion (e.g., LeVine 1976). This should not be surprising. Since the origins of agriculture, children have been a particularly important resource for their seniors---perhaps especially for their mothers. Candice Bradley recently surveyed the work undertaken by children in agricultural communities. She found that children regularly contribute to productive tasks from age six on, and that mothers are the primary beneficiaries (Bradley 1987). But this is particularly true in African societies, where women commonly are responsible for the bulk of the agricultural chores. Women have been valuable to men as producers of food, but primarily as producers of children. Children contributed to productive tasks from early childhood and have been used as assets to extend men's power and access to land, animals, and labor through marriage, pawning, and fosterage. Men's hierarchical subordinates, who included wives, children, and clients of other kinds, were (and continue to be) thought of explicitly as forms of wealth.

Postcolonial Power Relations

In the postcolonial period, sharing continues to be approximately equal between people who control access to resources of approximately equal value for the other; people with power continue to receive more than people without power, the more so as their power increases. However, we have overlooked much of what has happened in recent African history and, consequently, have misunderstood the novel character of social relationships, gift-giving, and sharing in contemporary African societies. The power of elders has dwindled and the ancestors cannot exert much influence over their living descendants' lives. Structural economic changes have made it possible to buy land or animals or to work at jobs in cities, towns, plantations, and concession sites and, so, have moved modern Africans out of the domains that elders and ancestors control. Dorjahn (1989), for example, calls attention to the "short-changed" generation of elderly in contemporary Africa who gave respect to their seniors when they were young but who do not receive it themselves, now that they are old.

The power relationships in postcolonial Africa thus are profoundly different from the power relationships that existed in precolonial Africa---there is a new set of African chiefs.

The differences partly reflect Africa's integration with the world industrial system, that has occurred primarily over the last 40 years. The industrial system brought with it new income earning opportunities, redefined work competences in terms of the schooling and technical training necessary to operate the new technologies, and implied the expanded use of money. People who were knowledgeable and skilled farmers were transformed into illiterate, unskilled men and women who were only marginally employable in the industrial system. Educational attainment and skill training became avenues through which a new resource, money, could be obtained in quantity. Money itself came to be necessary for subsistence. The use of money for subsistence and the differential access to money implicit in the industrial system created socioeconomic differences that did not exist in precolonial Africa.

But Africa's integration into the world system occurred in a context in which access to education, jobs, and income was channeled almost solely through the colonial system. As mentioned earlier, since early in the twentieth century, there have been few employment opportunities for Africans in firms run by expatriates and Africa's best and brightest have opted for civil service employment rather than entrepreneurship. The reason is simple: colonial governments were making it almost impossible for African entrepreneurs to run profitable businesses, but were paying their African civil servants relatively (for Africans) high salaries. Moreover, public sector employment facilitated access to capital that could be used to carry out the low-level entrepreneurial functions that were left open to Africans. This situation has worsened in the postcolonial period. African entrepreneurship as well as employment in managerial positions in expatriate firms is more closely tied to political patronage now than it ever was during colonial rule (see, e.g., Bates 1981, Biersteker 1987, Campbell 1987, Iliffe 1983, Kennedy 1988).

This is a legacy of the colonial period when European nations created state political structures in Africa to administer rather than to serve, and appropriated to themselves control over the resources of the emerging world industrial system. As Elliot Berg points out, and as Peter Bauer (1954) documented in detail, when African states achieved independence they had behind them:

a half-century of history cluttered with memories of price-fixing arrangements, government-bestowed monopoly privileges, restrictive wage and labor market policies, forced labor---all dependent on an alliance between colonial governments and private (almost exclusively foreign) enterprises (1968:26).

Newly independent African governments merely took over the single-channel resource structure that had been created by the colonial powers, which has continued to allow those who control government, who are almost solely men, to control access to the resources of the world industrial system (Dumont 1969, Cohen 1980, Handwerker 1987). This gave them immense power, restricted the expansion of individual freedoms, and stressed the importance of properly managing personal relationships with the powerful, not technical competence.

Entrepreneurship and the New African Chiefs

Then my friend the Minister intervened . . .
(Marris and Somerset 1971:200)

The new African chiefs are far more powerful than the old ones because they control access to resources that far more people seek. Among the people without power, this exacerbates the uncertainties of gaining access to resources and, hence, creates far more pressure for them to compete with one another for the favor and attention of the powerful. People who aspire to complete a secondary or university degree, or who want a good job or a promotion, find that their individual efforts, knowledge, and technical competence are relatively unimportant. They may resort to witchcraft as a means to those ends, but a well-developed clientage network and well-placed patrons are far more effective.

Corruption called by any name, however, leads to massive inefficiencies, misdirections of resources, public cynicism, and mistrust of government, cynical and demoralized public employees, and uncoordinated or ungrounded public policy decisions that slow the process of economic growth and development. Entrepreneurs the world over depend on social relations based on mutual give-and-take to create, take advantage of, and expand on the opportunities that they see. In Africa, access to public sector clientage largely dictates who undertakes what kind of entrepreneurial activity, and how they go about it. Few men and almost no women have important public sector patrons. Only those who do can reasonably expect to obtain high-level managerial experience in expatriate firms or to engage in large-scale entrepreneurship.

Public sector corruption thus has profound effects in the private sector. The least important of these are increased overhead costs due to money, gifts, and services that need to be proffered to patrons and prospective patrons. More importantly, government bureaucracies in Africa operate exceptionally poorly even by the low standards characteristic of this form of organization, and significantly exacerbate the infrastructural and resource constraints that exist simply because African states are poor. Government employees who are committed to quality performance find their efforts continually frustrated. Employees who are merely well-intentioned, perhaps the majority, find themselves in an ambiguous situation in which important external motivating and support factors are absent, and in which their performance is evaluated less on the quality of their work than on the quality of the services that they render hierarchical superiors. This ambivalence is exacerbated by the expectations of kin and friends.¹⁰

Government employees inclined to pursue their own interests, including outside, private sector employment, generally find that it is easy to do so. Indeed, government employment provides access to capital in ways that no other employment does. Few high government officials forgo the opportunity to use government resources for their own purposes. The more farsighted have developed their own business enterprises. Indeed, government-sponsored programs to develop indigenous entrepreneurship have primarily been tools for civil servants and public officeholders to diversify their own economic holdings.

Zaire has long been notorious for these practices (e.g., MacGaffey 1987). So has Zambia. As Nafziger points out (1988: 98),

In the first five years after Zambia's 1964 independence, half the white, large-scale farmers departed. Members of the new bureaucratic bourgeoisie and other urban elites invested in farms vacated by departing whites. Farm holdings continued to be highly concentrated, but in the hands of African elites.

Szeftel (1982) provides an unusually detailed account of Zambian public sector graft practices.

These countries are not alone. The use of government resources to serve private purposes has been documented for every country where the right questions have been asked. For example, Bates notes that in Ghana,

Using political connections to secure land, publicly subsidized credit and forgiveness of debts, publicly subsidized and allocated fertilizer, and highly favorable terms for the import and financing of capital equipment, influential members of the urban elite with close ties to the managers of the public bureaucracies have thus entered food production in the northern

savannah areas [of the country as large commercial farmers, which has intensified existing wealth, status, and power disparities] (1981:59).

Biersteker (1987:267-271) points out that multinationals in Nigeria seek to employ the people with money or, more particularly, the people with power. "One company memorandum," he notes, "assigned specific weights to the contributions it expected from its local partners" (1987:268). Financial resources and the political clout and connections of the local partner were valued equally highly and, jointly, constituted 80 percent of the expected contributions from Nigerians. Nigerian managers are expected to handle the bribes, for which there are widely known going rates for certain permanent secretaries.

Côte d'Ivoire has used state policy openly to provide private sector opportunities for civil servants and officeholders. Campbell (1987:295) observes that in 1971,

62 percent of the positions in the eighty-eight Ivorian enterprises or associations were held by members of the government. In 1981, the same pattern remained prevalent. Together the forty-eight Ivoirians who sat on the administrative councils of the twenty-seven companies quoted at the Abidjan Stock Exchange accumulated approximately thirty political positions ...

Nafziger (1988:104) notes, similarly, that

... from the 1960s through mid-1980s, at least two-thirds of Ivoirian investors or promoters of small industries were members of the civil service or held political positions. In response to a 1971 state decree, 80% of the bakeries were Ivorianised by the mid-1970s, but 66% of the Ivoirians were civil servants. Moreover, one-third of the firms with private Ivorian interests had state participation.

Kenya has done likewise, for the Ndegwa Report of 1972 sanctioned the use of official positions to further private enterprise (Langdon 1987, Swainson 1980, 1987). Consequently, Nafziger (1988:95-96) observes, "... good contacts in the bureaucracy became as important to Kenyan capitalists as knowledge about production and marketing. Public office often became the main road to private-sector wealth accumulation."

As Sandbrook (1985: 133) summarizes, measures that African governments have taken to promote the movement of nationals into private sector entrepreneurship or managerial positions in multinational firms have, in fact, encouraged

... political insiders to grow wealthy by manipulating political position. Inevitably, political insiders and their partners are the principal beneficiaries of indigenization, for they are the ones to whom transnationals turn for political protection, and they are the ones with access to credit with which to purchase equity.

The effects of steps taken in the name of "indigenization" have been varied and profound, and make it clear why African entrepreneurship has not grown faster than it has, why African firms frequently do not show growth comparable to multinational subsidiaries within the same country, and why African firms have not made much use of the services, skills, and knowledge that donor agencies and private sector consultants now offer. To wit:

- They have helped create a new social class which, simultaneously, constitutes a new set of African chiefs based on the intersection of clientage networks of government officials, nationals who hold managerial positions in multinational firms, and the largest indigenous entrepreneurs.
- Class membership and social mobility have little to do with technical competence and much to do with clientage. This unduly increases the proportion of firms that are not well-run.
- Clientage networks shelter these firms while they discourage and frequently penalize entrepreneurs who have the potential to create efficient, growing firms.

Even when these practices do not destroy the national economy, as they almost did in Zaire, they introduce tremendous inefficiencies that slow growth and make the possibilities for real development more remote. The largest firms, often multinationals, may be able simply to ignore government graft and corruption because of the immense size of the investments that they can make. Small and middle-sized firms cannot, however. African entrepreneurs suffer the most.

The single-channel resource structure that characterizes modern African states has created a regulatory environment that not only requires many direct contacts with government officials, but that also systematically discriminates against small firms (see, e.g., Haggblade, Liedholm, and Mead 1986, and Liedholm and Mead 1987) and operates in terms of unwritten rules that change every time a civil servant or officeholder changes his or (rarely) her clientage network, and every time new appointments are made. Capital and labor market policies close off opportunities to small firms and, for firms of all sizes, information costs are extraordinarily high in both time and money. Even in the best of circumstances, consequently, entrepreneurs recognize that valuable clientage ties to the public sector may evaporate without notice. It is this environment that makes it that much more imperative to maintain a clientage network that is as diverse as possible. Ties to family members and friends outside the public sector retain an importance that they would not otherwise have. This environment also makes quick profits and diversification far more important goals than sustained growth of a single firm based on long-term investments.

Gender Power Relations and Entrepreneurship

Women have suffered most in this new configuration of power and resource access. It is true that some women have gained important positions in government and commerce. Women function as landlords, run transport firms, and engage in large-scale commerce in textiles, palm oil, and other commodities. But there are very few who have done so. The

vast majority of African women are poorly educated and have been restricted to the tiniest forms of trade (market sellers, street sellers) and production (beer brewing, subsistence food production).

African women in the 1980s find that childbearing, not entrepreneurship, is virtually the only means that they can use either to secure their future material welfare or to establish the relatively permanent ties to men that improve their immediate material welfare. In rural areas, women work far harder than they did in the past, and for less return, because increasing levels of emigration of men whose remittances to their home villages have not made up for their absence have shifted even more of the agricultural work onto women's shoulders (e.g., see Cleveland 1986, Weil 1986). Women in cities tend to be even more dependent on men than their rural peers (see Iliffe 1987, particularly Chapter 10). Schooling, jobs, and promotions are controlled by men, who systematically manipulate and exploit women for their own purposes, as Schuster shows vividly for Lusaka (1979). Women have responded by cultivating relationships with more than one man simultaneously (e.g., Comaroff and Roberts 1977, Guyer 1988, Bledsoe 1990d).

This control over education, jobs, and incomes exercised by a few does not mean that mothers cannot now function as gatekeepers for their children. Bledsoe (1980a,b, 1990a,b) shows that both biological and foster parents in contemporary Africa now function as gatekeepers for education and jobs, as well, more importantly, as the patrons who can facilitate access to both. However, the importance of patronage in gaining access to education, jobs, and income does mean that *women cannot pursue goals independently of childbearing*. Increasingly, women pursue a strategy of what Guyer calls: "polyandrous motherhood" (Guyer 1988).

African children continue to offer their mothers significant benefits, particularly if a child acquires important patrons. Foster mothers benefit too. Mende women in Sierra Leone who have many children send some of them to women who have few or none. Neither biological nor foster mothers are indiscriminate either, in the children that they send or those that they accept. Children from low-status homes tend to flow into homes of higher status. There they function as servants in return for advantages that were not available in the home into which they were born. Mothers may both accept foster children and foster out some of their own. Why? Foster children are given fewer household resources and, thus, are cheaper to raise. Moreover, such children constitute a potential source of future income and services that extends the fostering mother's support base of her own children. Foster children who move on to a better life may be asked, in turn, to foster one or more of their foster mother's younger children.

Childbearing thus continues to be an investment activity for women. In rural areas, *intentionally* high and increasing levels of childbearing constitute, in part, a strategy to create additional help on the farm and, in part, a risk aversion strategy to deal with offspring who fail to honor their obligations to help their mothers (e.g., Cleveland 1986, Weil 1986). In both rural and urban areas, however, bearing children is essential for receiving assistance

from men during a woman's youth (e.g., Bledsoe 1990c,d,e). Because access to schooling is limited, this applies to nearly any woman who wants to pursue her education. Because avenues for employment and promotion are so limited and controlled by men, this applies to the few women who have completed secondary school or who have university degrees as well as to women who are illiterate. In middle age, grown children who help support their mother provide a means to escape dependence on unsatisfying relationships with men. Later, remittances from children may make the difference between abject poverty and a reasonable, or even a comfortable old age.

Changes in power relationships have thus marginalized African women. Their importance as producers of children on whom their husbands were dependent gave African women a relatively high status in the precolonial period. Men are still dependent on their children (although less on the direct support that children can offer than on the indirect support available through clientship links to important patrons). But their control over access to schooling and jobs has given them power over women that they did not possess earlier in the century. Consequently, even women who have created significant business enterprises have had to rely heavily on husbands and lovers for business contacts, experience, and other forms of assistance. The Zairian woman who sought out a bank manager for a lover to provide her with a source of hard currency (MacGaffey 1987:177-183) is a case in point.

It is imperative to understand that she is not at all unusual. On the contrary, she illustrates the commonplace in Africa, which has profound effects both on birth rates (Handwerker 1990b) and on the spread of sexually transmitted diseases like AIDS (Bledsoe 1990b). To wit: women quite explicitly use their sexuality and childbearing capacities as resources to create their own clientage networks.

PART IV

Entrepreneurship as Social Pattern

The preceding analysis has shown that the extensiveness, nature, and qualities of entrepreneurship in Africa have been a function of three sets of variables:

- (1) the extensiveness, nature, and qualities of experience that people and organizations bring to a given economic context;
- (2) resource access costs; and
- (3) power relationships.

Power relationships are the most important of the three because they influence both resource access costs and the extensiveness, nature, and qualities of experience that people and organizations can acquire. Current entrepreneurship patterns largely reflect the operation of colonial policies that gave preferential access to entrepreneurial resources to expatriates and postcolonial policies that have given preferential access to entrepreneurial resources to a selected set of clients. African entrepreneurs generally have been pushed into marginal entrepreneurial functions, and the environment in which they must conduct business constrains their growth potential severely. Women in particular have suffered.

One cannot help African entrepreneurs effectively, however, if the problem is conceived as one of government power. It is true that government power has the greatest national scope, and has exhibited the most pronounced influence on African entrepreneurship. Governments have influenced the supply of capital by providing direct subsidies or not, by taxation and interest policies, by policies that affect access to capital, by expenditures on nonentrepreneurial activities, and by restrictions or encouragement of capital mobilizing facilities. Government policies have influenced labor mobility to---or, more commonly in the past, away from---African entrepreneurs. Government policies have acted to the detriment of some entrepreneurs and to the benefit of others by the rules that they have set concerning workers' and employers' rights, work hours, pay rates, and so forth. Governments have regulated and determined the size of the market that encouraged import substitution, have and have not reached out to foreign markets, have and have not encouraged population growth and immigration; have and have not supported particular kinds of infrastructural growth and maintenance; have enacted taxation policies that hinder or help; have and have not purchased from indigenous entrepreneurs; and have and have not competed with entrepreneurs directly.

Consequently, as Geiger and Armstrong (1964) pointed out a quarter century ago, to promote the growth of African entrepreneurship it is necessary to encourage African governments to:

- (1) identify and minimize or eliminate policies that interfere with efficient private sector development;
- (2) clearly identify national development goals in ways that let private sector firms use these as opportunities for their own development (e.g., plan in conjunction with private sector firms); and
- (3) develop necessary infrastructure---roads, communications, water, power, and human (school systems at all levels).

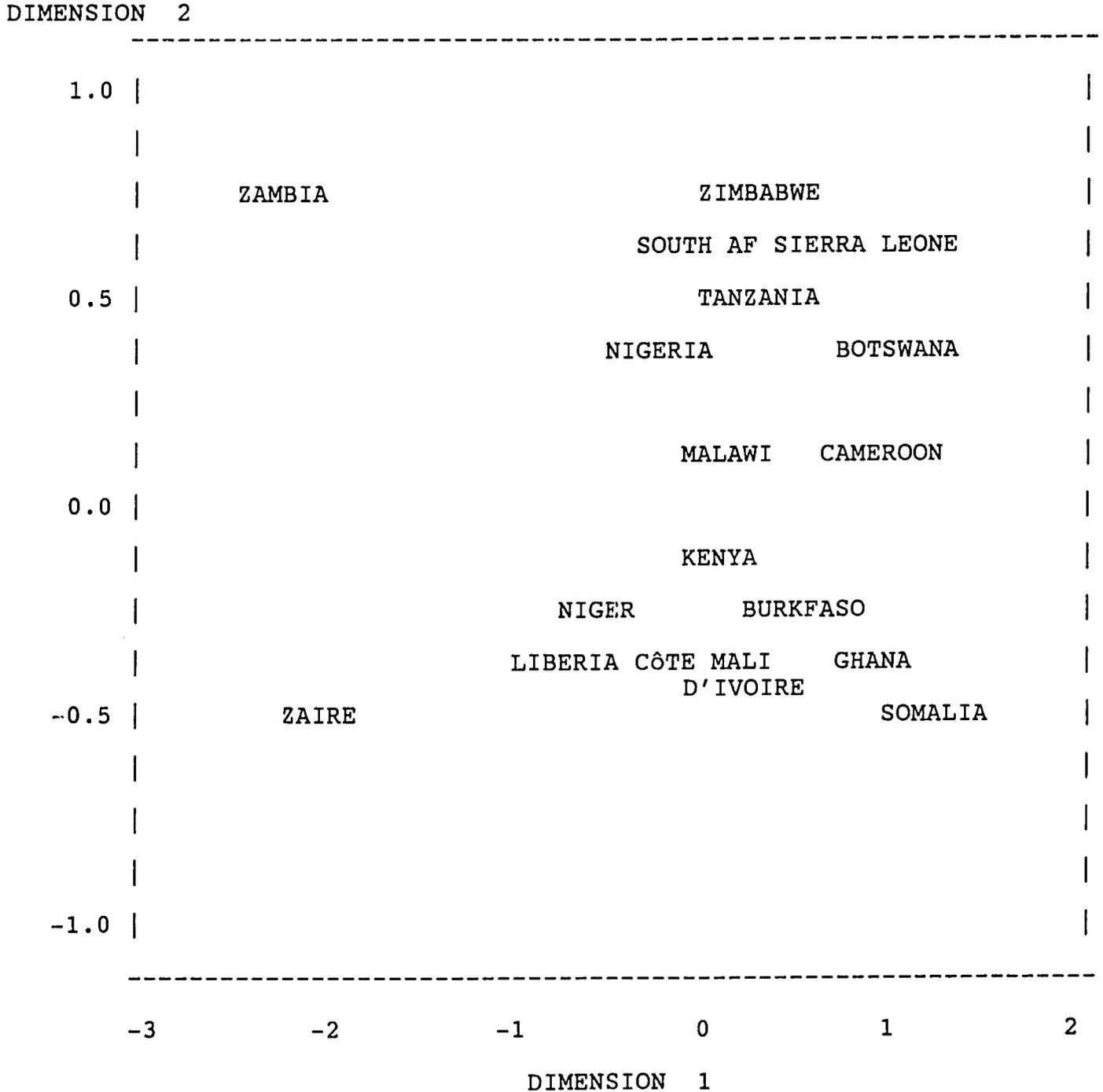
But the real problem is not with "government." For example, Iliffe (1983; cf. Kennedy 1988) has distinguished between countries that have actively discouraged the growth of indigenous entrepreneurship (e.g., Ghana under Nkrumah; Tanzania), those that have actively encouraged the growth of indigenous entrepreneurship (e.g., Kenya, Nigeria), and those that have used state power to create private holdings for people in public office (e.g., Côte d'Ivoire, Liberia, Zaire, Zambia). Any expectation that countries that have encouraged entrepreneurship might display distinctive patterns of economic growth would be disappointed. Figure 1 presents a multidimensional scaling analysis of the patterns of growth in per capita GNP for 18 African states between 1967 and 1987. This analysis reveals two basic patterns, one in which per capita GNP in 1987 was lower than per capita GNP in 1967 (Zaire and Zambia), and one in which there was significant growth in per capita GNP (all other countries, Liberia as well as Kenya, Nigeria as well as Côte d'Ivoire). A principal component analysis of the same data yields two factors that, together, explain about 93 percent of the variability among these countries. The first factor measures sustained growth; the second factor measures slumping in the 1980s (see Figures 2 and 3). The general pattern has been sustained economic growth to varying degrees until the 1980s, and varying degrees of slumping and recovery (or not) in the 1980s due, primarily, to declining terms of trade. Zaire and Zambia have suffered especially from declining prices for metals, and Nigeria from falling oil prices.

In particular cases, one might be able to show that government constraints, the superior resources of multinationals, and/or poor or costly delivery of consultant services impede the growth of African entrepreneurship, or its impact on economic development. These possibilities need to be addressed in specialized studies of specific sectors of the economies of specific African countries, for answers to the questions posed above will vary accordingly. There is a more general and fundamental problem, however---the structure of access to resources in modern Africa. It is the absence of alternative resource access channels that gives the new African chiefs their power.

It follows that one must create resource access channels that bypass government in order to develop African entrepreneurship. The growth of African entrepreneurship will, in turn, create additional resource access channels. The existence of a large number of established alternative resource access channels will reduce the power of civil servants and officeholders, will decrease the importance of clientage while increasing the importance of technical competence and skill, and will lead to the expansion of individual freedoms that has marked development elsewhere in the world.¹¹

FIGURE 1

Multidimensional Scaling Analysis of Per Capita GNP,
1967-1987



Stress of Final Configuration is: .05455

TABLE 1
Principal Component Factor Analysis of Per Capita GNP,
1967-1987

VARIMAX ROTATED LOADINGS		
	GROWTH	1980s SLUMP
CAMEROON	0.992	0.054
BOTSWANA	0.983	0.064
SIERRA LEONE	0.940	0.195
MALAWI	0.933	0.313
GHANA	0.932	0.210
SOMALIA	0.925	0.028
BURKINA FASO	0.922	0.324
SOUTH AFRICA	0.897	0.312
TANZANIA	0.884	0.365
KENYA	0.862	0.486
MALI	0.839	0.471
ZIMBABWE	0.816	0.456
NIGERIA	0.797	0.528
CÔTE D'IVOIRE	0.762	0.599
LIBERIA	0.740	0.616
NIGER	0.682	0.692
ZAIRE	0.113	0.963
ZAMBIA	0.037	0.923
VARIANCE EXPLAINED BY ROTATED COMPONENTS		
	1	2
	12.219	4.464
PERCENT OF TOTAL VARIANCE EXPLAINED		
	1	2
	67.882	24.800

FIGURE 2
Growth Economies

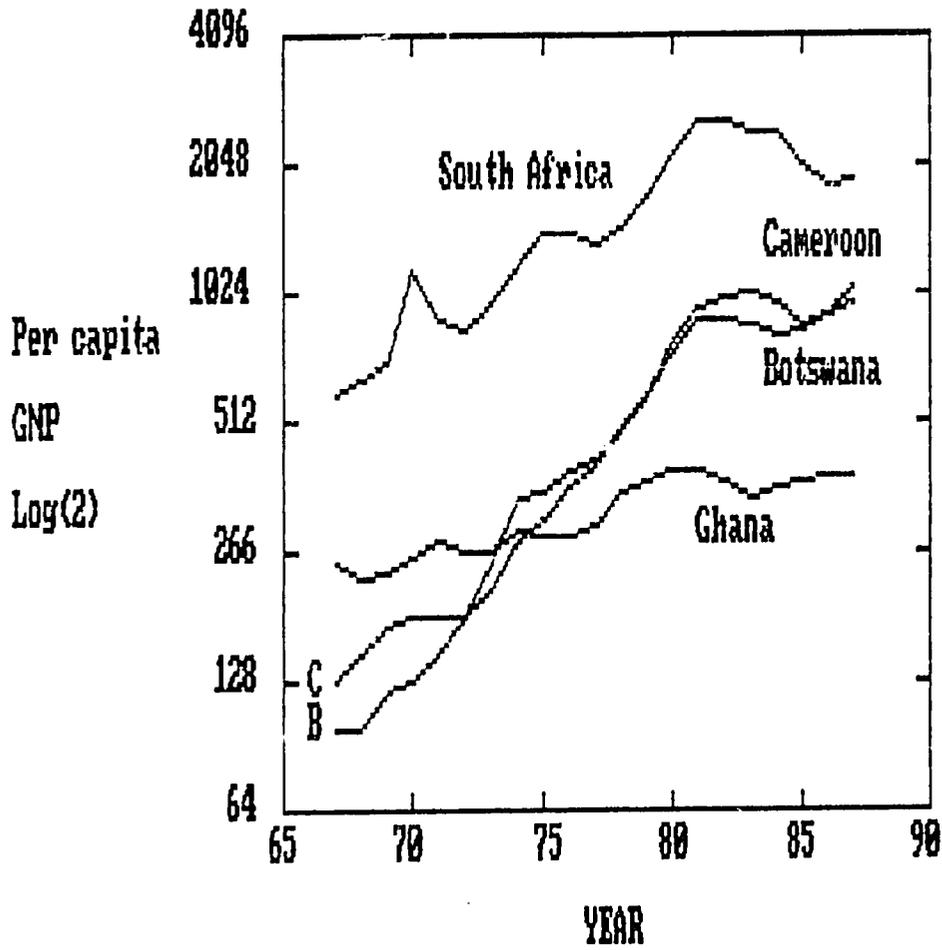
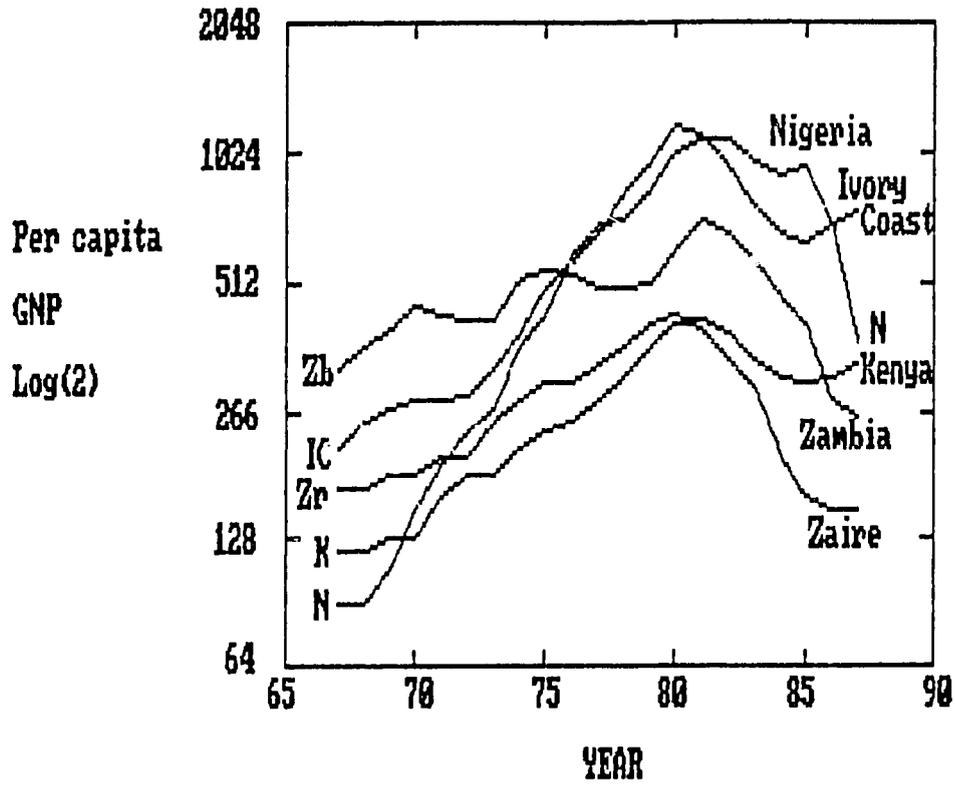


FIGURE 3
Slumping Economies



Policy and Program Directions

There is wide agreement on the fundamental steps to take and services to provide for enhancing African entrepreneurship. The question of how, exactly, to proceed is less tractable. On the one hand, the circumstances that entrepreneurs face in Africa (and elsewhere) vary strikingly by country, region, and economic sector. Indeed, ultimately, they are individually unique. No one formula can create appropriate, alternative resource access channels for every entrepreneur. On the other hand, if we ask which approach will be most successful (for example: Which entrepreneurial groups should we target? Should we emphasize policy reform or credit? If credit, should we promote small, short-term loans for working capital based on a person's character or larger, long-term loans for fixed capital?) we confront empirical issues that some studies have begun to address (e.g., Liedholm and Mead 1987, Boomgard et al. 1989), but that demand ongoing research and evaluation. Moreover, these are political-economic questions, the empirical answers to which are subject to political-economic interpretation.

Nevertheless, the line of reasoning developed in this report on the *social* dimensions of entrepreneurship points in some specific policy and program directions. Most generally: reduce the power of patrons in the public sector by diversifying the sources of patronage. Aim to create large numbers of new potential patrons, and subject patrons---both individuals and organizations, both new and old---to performance constraints. Performance constraints may be imposed on public sector organizations as conditions for donor agency support, and be made a standard part of subsequent monitoring and evaluation studies. Performance constraints may be imposed on private sector firms by requiring them, at appropriate times and rates, to adapt to local, national, and world market forces. The following guidelines and recommendations work toward this end.

- (1) Address the service, experience, and information needs of African entrepreneurs *directly* and *independently* of governmental organizations. Entrepreneurial capacity and opportunities will be increased when more entrepreneurs and potential entrepreneurs have easier access to the information, experience, and services outlined earlier. The most important of these are:
 - managerial training,
 - timely and flexible credit, and
 - market research and feasibility studies, including information on markets, sources of supply, contracts to be awarded, and legislation and other political events and processes that may affect business operation.

Sponsor regional and national commercial fairs, which can disseminate information on services and supplies that are and are not locally available and thus identify entrepreneurship opportunities. Work with expatriate firms, Lebanese and Asian as

well as European and American, to encourage them to undertake cooperative ventures with existing local firms.

Many such services and sources of information are now part of ongoing projects. Make *several* of these entrepreneurial tools available on *all* future projects, whatever their specific goal. Design specific programs and projects to target specific entrepreneurial groups.

Private commercial firms may be able to undertake part of this work. For example, the African Management Services Corporation (AMSCO), based in Amsterdam, offers a program that, although it is new and untried, appears very promising. AMSCO is set up to take over a failing firm, provide expatriate managers for a period of three to five years who aim to put the firm back on a sound commercial track, to train their African counterparts on the spot, and then depart. Other expatriate firms might be encouraged to extend their services to Africa, and African consulting firms might be encouraged to market their products to the private sector.

Nevertheless, donor agency support almost certainly will be necessary to assist small-to-medium-sized operations, probably over a long period of time. It may be possible to draw on services and expertise available from existing commercial firms or PVOs; this should be done whenever possible. Even in that event, specific projects that target specific entrepreneurial groups and sectors will be needed. Defining the organizational details of such Private Enterprise Development Institutes (PEDIs) is beyond the scope of this report. In any event, the organization of such an institute should be fitted to particular country requirements and needs. We can specify some essential organizational criteria, however, and AID has both a model that can be drawn on---the Central Java Enterprise Development Institute (CJEDP; Boomgard 1988)---and a means that can be adapted to these purposes---the GEMINI project.

- a. The organization should be able to provide entrepreneurs generic information and services on many subjects and subject areas, and it must be able to do so flexibly (see Boomgard 1989). It may do so either directly or indirectly, through affiliated organizations or projects. More importantly, like CJEDP, the organization should be able to assist any particular client and to use a different mix of information and technical assistance for each client.
- b. The organization must advertise its availability effectively. Treat the information and technical assistance that the organization can offer as commercial products and advertise widely and often. Target specific entrepreneurial groups. Emphasize radio and television ads to reach people who are illiterate or only marginally literate.

- c. The organization must be funded well and staffed properly with highly qualified individuals. Hire Africans where possible and expatriates in areas for which experienced Africans cannot be found. Expatriate staffing might draw on older Peace Corps Volunteers or the equivalent who have acquired appropriate business experience or technical skills.
 - d. Plan obsolescence. The organization should function, where possible, as a training ground for African consultant-entrepreneurs so that its services eventually are provided by African entrepreneurs and paid for by the firms that it serves. Hire, train (including overseas education), and promote Africans in ways that encourage them to leave the PEDI to establish their own consulting firms, which will provide more specialized services to the private sector. The PEDI should divest itself of services that can be provided by independent consulting firms, although one should anticipate that its advertising functions should be retained for some time after its service provision functions have been taken over by private sector firms.
- (2) In the process, remember that entrepreneurial development is a long-term phenomenon. Policies and programs need to anticipate developments over a minimum of 10 years. To judge from recent experience elsewhere on the globe, the social transformations outlined earlier will probably take about a generation, or about 25 years.
 - (3) Do not be discouraged by projects or programs that "fail" by conventional standards. The course of social and cultural change that leads to entrepreneurial development cannot be controlled precisely, and we do not have the knowledge adequately to judge or appreciate the effects of development activities. Indeed, it is fair to say that many of the most important effects of specific projects were unintended and may not be apparent until long after they end. Entrepreneurs, like all of us, have a string of failures in their personal histories that have shaped their futures and have helped them attain their eventual successes. Nearly all projects, successful or not, contribute capital and experience, and so create opportunities that otherwise would not exist.
 - (4) Work *with*, not against, clientage. Clientage, after all, is not the problem; on the contrary, it is the means for getting things done all over the world. In Africa, clientage is the means by which roads and clinics and schools get built, teachers and health care providers trained and hired, people find ways to pursue a higher education or be trained in new skills, and businesses begin, survive, and grow. The problem is the power of public sector organizations and the near absence of performance constraints to which those organizations are now subject. The effect of public sector power is to narrow rather than broaden entrepreneurship opportunities and capacities.

Program and project design should anticipate the influence of clientage in two specific ways. First, formally acknowledge the existence and importance of clientage. Anticipate that patrons will seek to channel clients into the program or project and that clients will try to use patronage ties for this purpose. *Clearly* identify the extent to which clientage relationships rather than formal assistance criteria will be acceptable for program or project participation. Also, *clearly* identify the performance standards that should be met for continued participation and the flexibility that will or will not be used during implementation. Second, design access to program and project services, information, and training to maximize the number of patrons who can channel their clients into the program or project. Widespread and intensive media advertisement should be incorporated regularly as a tool for such purposes.

- (5) Encourage the elimination of policies that discriminate against people who have weak or nonexistent clientship ties to the public sector. The most important of these have been policies that give public sector officials and officeholders priority access to capital, experience, and government contracts. Help establish, and advertise to the public, clear conflict-of-interest guidelines and penalties for public sector officials and officeholders. Don't expect much impact on public sector corruption in the short term; aim to have the regulations and penalties in place for the time when the public will be in a position to hold those in public office accountable.
- (6) It is vital to reach out to the tiniest firms and to women, which usually means the same thing. First, they have been the most systematically discriminated against of all entrepreneurs. Second, the services rendered by tiny firms have long been undervalued by African governments and donor agencies alike. Small manufacturing firms in Africa not only are efficient, they tend markedly to outperform larger firms (Liedholm and Mead 1987). The tiny firms that work out of marketplaces have contributed directly and importantly to longer and better quality lives for Africans throughout the continent. Most of these firms are run by women who cannot take advantage of the more lucrative income-earning opportunities available to men. Market sellers have created income-earning opportunities not only for themselves, but also for other women. These sources of income improved the living standards of women and their children, and lessened women's dependence on men. The growth of rural markets also made it possible to eat a wider variety of foods more regularly, and increased the availability of protein in rural diets. Marketplace distribution systems thus helped reduce the incidence of nutritional disease and the synergistic interaction of nutritional and pathogenic diseases that killed so many children earlier in African history. Traders in marketplaces thus were instrumental in lowering infant mortality rates from levels that ranged from about 20 to 40 percent in the early 1950s (and that reached levels as high as 60 percent earlier in the century) down to levels that range from about 8 to 15 percent today. These firms frequently are managed with an energy and imagination that would match that of the most successful Western entrepreneur, and in the face of formidable experience and power constraints.

One important way to assist these firms is to encourage the elimination of government policies that discriminate against small firms (cf. Haggblade, Liedholm and Mead 1986; Liedholm and Mead 1987; Liedholm 1990). A more important way is to identify and encourage the elimination of legal constraints on women's ability to acquire, use, and dispose of capital on their own.

- (7) Africans must have ready access to quality sources of education. People's abilities to function as patrons in Africa are influenced profoundly by how much formal schooling they have.
- a. Avoid behavioral training of the kind offered by "Entrepreneurship" or "Venture Capital" workshops. Training of the sort that is offered in such workshops is superfluous. Most Africans receive instruction in most of the areas covered by such workshops as they grow up, as previous sections of this report made clear. It has never been demonstrated that training in other of the areas that such workshops cover can, in fact, induce significant, long-term behavioral change. Perhaps more important, it has never been demonstrated that workshops of this sort have any demonstrable impact on business viability or growth. Using such a tool to enhance entrepreneurial capacity thus is highly risky---which is a choice that an entrepreneur her- or himself would be unlikely to make. Finally, such training merely provides a basis to adapt to, not change the paramount constraint on African entrepreneurship: the single-channel resource structures that characterize modern African states. African business women and men have already adapted quite nicely, which is why outside observers so often come away with the impression that Africans don't have the right mentality for commerce. To subvert the paramount constraint on African entrepreneurship, existing and prospective entrepreneurs need resource *access*.
 - b. Adding elementary literacy and numeracy skills to the vast merchandising experience of entrepreneurs who run tiny firms would contribute an immense amount to the fund of human capital that African states could draw upon for development (cf. Berger 1989; Buvinic 1989; Haggblade, Hazell, and Brown 1989).
 - c. Equally important, the new generation of entrepreneurs will need formal school systems (technical as well as general education) that have to be both vastly improved and vastly expanded over those that exist today. Assistance to the urban sector has been reduced in recent years, given a priority to work with the poorest. The central priority, however, must be to provide mobility opportunities for the poorest. The absence and poor quality of schools, particularly urban-based universities, is one of the most significant barriers to mobility for the poorest sectors of African societies. The sons and many of the daughters of African upper- and middle-class families are sent overseas for

a higher education. The sons and the few daughters of poor farmers who can find ways to pursue a higher education must rely on in-country, primarily urban-based, universities to achieve the same ends. Expect that university graduates, in particular, will be subject to demands from their poorer and less well-educated family members and friends. Much of the improvement in material standard of living and educational attainment that has occurred in Africa over the past 40 years is directly attributable to the activities of such patrons, even if this contribution has been overlooked by outsiders.

- d. Don't neglect other sources of education and training. Everywhere in Africa, nongovernmental organizations of a variety of kinds provide loans, access to fixed capital, training, jobs, and markets. These include mission and church organizations; ethnic-based organizations like the Kru Corporation in Monrovia, Liberia; private consulting organizations; and small private schools that provide training in secretarial, accounting, management, and other business skills. Identify the organizations that provide these services and strengthen their ability to do so. For example, existing multinational firms might be encouraged to provide more extensive training for their African employees. This might take the form of investments in educational and training facilities, both governmental and nongovernmental, in Africa.
 - e. It should also take the form of overseas managerial and technical training. In the past, a significant number of Africans who have pursued higher degrees overseas have never returned. One solution might be to undertake such education or training as part of their career track. Promising employees should be transferred to branch operations of multinationals elsewhere in the world for on-the-job experience. Where further formal education is required, ways might be found to send them to school while they remain employees, on the understanding that when they complete their training that they will return and be placed in more senior positions.
- (8) Better still, multinational corporations need to be encouraged to offer their African employees opportunities for international mobility commensurate with those available to their Western colleagues.
- (9) Finally, supplement these efforts with on-going research.

Project-Specific Research. In addition to their normal aims and goals, monitoring and evaluation studies need to measure and keep track of:

- a. the extent to which program or project participation increases a person's ability to function as a patron and lessens his or her role as dependent client to a small number of patrons; and

- b. the unintended and unanticipated consequences of specific programs and projects; in particular, the diffusion of entrepreneurial experience, information, and skills through clientship networks.

We also need reports that synthesize the results of these studies to tell us what is being done for which entrepreneurs in which sectors of the economy, and with what effects. Such information can be used not only to clarify *how* programs and projects really function, but also to tell us which approach achieves which goals under which circumstances.

Generalized Research. We still know little about essential dimensions of the social and cultural processes that generate entrepreneurial development. Indeed, we know next to nothing about firm growth and evolution. There are few data; nearly all of these are cross-sectional; few data come from intensive, micro-level studies; and all studies misconceptualize issues related to the evolution of businesses. For example, Liedholm (1990) provides an important review of the available data and shows that data on firm "death" rates in fact are data on *disappearance* rates. An unknown, but probably a significant percentage of the firms that disappear, have moved locations or shifted product lines; at least 20 percent of the "deaths" in Sierra Leone are not, in fact, business failures. To count such firms among the "dead" entirely misses the activities of those who may be the most capable entrepreneurial managers.

The existing data give us estimates of business creations, survivals, and growth that we may later find to be reasonably good; and we have found correlations between survival and growth rates and the age of firms (in general, these rates are inversely related to age), and to their size (small firms appear to grow faster than larger firms). But creation, survival, and growth rates need to be related to factor and market prices in different sectors of the economy and regions of the country before we can make much sense of them.

More important, survival and growth rates need to be *measured* better. Liedholm points out (1990:29) that the tiniest firms (1 or close to 1 worker) were, of all firm sizes, most likely either to grow or to disappear (die) and, if they grew, to grow faster than larger firms (p. 31). Growth rates were reported as percentage increases in the number of employees. To illustrate the problem, consider the following example. Small firms (median of 3 workers), which grow annually by 38.3 percent add 1 worker per year. Larger firms (the smallest of these had 31 workers), which grow annually by only 10 percent, add *at least* 3 workers per year, which is a growth rate three times faster than tiny firms. Both of these measures of firm growth focus on employment. They both miss growth in output and, hence, in efficiency and, hence, in the effect of firm growth on real income.

Even when we arrive at better measures of firm survival and growth, we shall not be able to assess their significance for economic development very well until we

also relate these to the social dimensions of employment. Most Africans, for example, cannot make an adequate living from a single occupation, whether they are entrepreneurs or not. Most Africans who work outside agriculture, in fact, do not even have what one could consider "steady" employment. Consequently, Africans commonly work at two or three different jobs at the same time, giving to each more or less time as circumstances warrant. Many of these jobs entail entrepreneurship on the tiniest scale. As circumstances warrant, entrepreneurship activities are dropped, to be undertaken later, when circumstances change. Under some circumstances (e.g., between jobs or contracts in a city, or between the end of harvest and the beginning of field preparation in the country), entrepreneurial activities may be expanded quite rapidly (adding, although perhaps only temporarily so, from three to ten employees).

Liedholm (1990) shows that we know very little of the growth spurts and contractions that firms of different kinds undergo. The available data show, not surprisingly, that while many large firms originated as micro-enterprises, the actual rate at which micro-enterprises evolve into larger firms is very, very low, and that these rates vary by economic sector. Liedholm suggests, following Kilby, that managerial capacity is a major constraint. Almost certainly he is right. Although we may align firms along a size continuum, this obscures qualitative differences that arise with the growth of firms. Larger firms invariably use different forms of capital in different amounts for different purposes, require different forms of organization (all of which will entail significant degrees of hierarchy---*primus inter pares* does not work well beyond about five people), and, consequently, different managerial skills and competences. Hence,

- a. We need to be able to identify, by economic sector, exactly what those qualitative differences are, how entrepreneurs who have made qualitative changes in their firms have worked out the problems they ran into, and how and why those who were unsuccessful failed in their attempt. In particular, we need to know how and why managerial style changes with firm growth, and what managerial shortcomings appear at what points in a firm's history.

These data should help us understand why, in Africa, there is a "missing-middle" in the range of firm sizes for which we have no good, widely accepted explanation. Current evidence suggests that, with the exception of only a couple of countries, 80 to 90 percent of African-owned manufacturing firms employ fewer than 10 workers, and the vast majority of firms that employ more than 10 workers employ 50 or more workers. One possibility is that prevailing government policies and regulations act as a significant constraint on the evolution of micro-enterprises, which avoid most government attention, into small-to-medium firms which do not (Liedholm 1990:45-51).

A more important possibility is that demand is too low. The vast majority of manufacturing firms are now located in rural areas, which are sparsely populated, and there are few backward and forward production linkages with other segments of the economy. The larger firms are situated in urban centers. Firms in rural areas rarely grow; firms in large urban centers are more likely to grow than to either disappear or remain at the same size. There is no "middle" demand area in most African countries. Where such a "middle" demand area exists---for example, rural areas with high population densities, or middle-sized towns---"middle" sized manufacturing firms evolve. Nigeria and Kenya have a significant number of "middle" sized firms, and may be distinguished by "middle" demand areas that generate them.

A further important possibility is that different managerial styles are required as a firm moves from micro-enterprise to small, to medium, to large size. Micro-enterprises and small firms may be effectively managed by a single person; medium and large firms require a significant degree of hierarchy and delegation of authority. It may be that subordinate managers for large firms can be recruited from a sizable pool of well-educated individuals, but Africans who anticipate trying to run a medium-sized enterprise may not have the resources to attract such people (see Liedholm 1990:36-37). For this reason or others, Africans who consider expanding a firm into the medium-size category may anticipate having to manage their firm as if it were two or more small firms. The managerial skills that they apply may not be appropriate. More important, they may not even try because they find it very difficult to hire managers who would be suitable additions to their existing clientage network.

All of these possibilities probably apply to some extent, although the particular mix probably varies from one country to another, and by regions within countries. This brief review merely makes the point that we have only the slimmest understanding of how African firms really operate, or their role in African economic development. There are two very important reasons why, beyond those mentioned earlier.

First, many (perhaps most) of their activities are so-called "informal" sector activities, which go unnoticed and unrecorded in the rapid-survey and aggregate data studies carried out thus far. Second, the social dimensions of entrepreneurship have profound effects on who carries out what entrepreneurial functions, and how they do so, and the importance of these effects are only now being appreciated.

We know, for example, that times of national economic crisis are not times when the national economy does not function; these are crises primarily for formal sector activities. Entrepreneurs who prudently built social safety nets with widespread family and friendship networks may actually thrive in times of "national" crisis, as Little shows for livestock traders in Somalia (1990). Even those who lose their businesses can survive these crises, to begin again with a reactivated clientage network once political and economic circumstances change, as MacGaffey (1987)

shows for Zaire. Indeed, entrepreneurs may be able to begin again at a higher level of economic activity than they had achieved prior to the national "crisis." Well-constructed and maintained clientage networks thus influence the direction and shape of national economic activities in significant ways. Hence,

- b. We need to know, in much more detail than we do now, how clientage networks operate to create and sustain businesses, and we need to be able to *measure* their influence on the direction and shape of business activities, particularly their role in the evolution of firms. *Clientage networks of men are constructed and maintained differently than are those of women.* Exactly what are the differences? Why do they exist (e.g., because men and women draw on different sets of resources)? How do these differences channel men and women into different fields of entrepreneurship, and with what effect on the prospects for firm growth and evolution?

Finally, the research needs that are highlighted here can be met adequately only by intensive, micro-level investigations using qualitative as well as quantitative field methodologies. Some of these studies will entail long-term (9-12 months) field investigations.

Acknowledgments

The views expressed in this report have been influenced in instrumental ways by a variety of experiences over the years, partly in the field in West Africa, partly at home where I have been an observer of important entrepreneurship functions carried out in both U.S. agricultural production and international trade by my father and people I have come to know through him, and partly in the library. The most important of the latter influences include the delightful essay by Kilby (1971), an instructive survey by Greenfield and Strickon (1979), and Paul Wilken's excellent comparative historical review (1979).

This report reflects Joan Atherton's (AID) astute observation that entrepreneurship patterns in Africa are influenced in profound ways by social relations. Her observations, encouragement, and support throughout this project has helped significantly.

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Notes

¹This is made most clear, perhaps, by the recent surveys by Illife (1983) and Kennedy (1988), which also are excellent guides to both the literature and the issues of African entrepreneurship, although any reading of African economic history reveals the same point.

²Clientage networks consist of the people you know and in whom you have some confidence (emphatically, not people you *trust*). These include some of your relatives (usually only a few) and your friends, who may or may not share with you a common ethnic affiliation.

³Genuine "freedom of choice" is observed when alternatives cannot be differentiated by the conditional probability with which they are chosen; "freedom of choice" varies from constrained to illusory to the extent that the conditional probabilities associated with alternatives exhibit increasingly large differences.

⁴Still, there appear to be more black industrial entrepreneurs in South Africa than there are in Côte d'Ivoire, where only five existed in 1971, and where in 1981 three-quarters of the trade sector was still in the hands of expatriates (Iliffe 1983:82).

⁵We could use the word *resource* to refer to virtually anything and, if we did, it would become meaningless. I use the word to refer to the energy and nutrients that are necessary for human life, and to all means (access channels) by which they can be acquired. Thus, *resources* are the foods that provide energy and nutrients. Money, land, labor, education, berries, hoes, nets, cattle, husbands, or friends also may be "resources," depending upon the time and place one analyzes. So may any other thing, behavior, concept, or form of life that facilitates resource access either directly or indirectly.

Any means by which a person can gain access to resources can be thought of as a "channel" to that resource. *Resource access channels* may be sets of activities, a person or people, an organization, or some combination of activities, people, and organizations. For example, the activities that constitute "marriage" would be a resource access channel if husbands or wives are resources, as they are in Africa. Access channels to the resource of a job include the activities that constitute "education," a school organization, or individual teachers, employers, friends, or relatives. Gatekeepers, as indicated earlier, are individuals or organizations that function as resource access channels. Thus, you acquire power when you find a way to serve as a resource channel gatekeeper for other people or organizations.

⁶Of course, idiosyncratic factors having to do with individual life trajectory experiences and personality characteristics may create power differentials between specific individuals or organizations, and lead, consequently, to the exploitation, coercion, and corruption implicit in such relationships. Relationships like these do not contribute to predictable regularities in social relationships and social change; on the contrary, such relationships are

unpredictable from social theory and can be explained only by reference to the unique historical and life trajectory factors that generate them.

⁷"Resource access theory" refers to a perspective that has been widely applied in anthropology. Resource access theory has been stated as a coherent body of axioms and deductions only in Handwerker (1989a,b, 1990a), however.

⁸Increases in the number of gatekeepers or resource access channels can come about in a variety of ways, either induced by outside forces or the outcome of a new way to think about the existing set of resources and social actors. People without power can be expected to be on the lookout for ways to bypass existing gatekeepers all the time and to use them when they show up.

⁹But even lazy people who worked little, had no significant community status, and who gave nothing in return might receive food, if they were suspected of being a witch (e.g., Colson 1974; Handwerker 1987).

¹⁰People who work in the private sector face equivalent expectations but, with some notable exceptions, in a different working environment: their salaries are higher and paid on time, quality output is regularly rewarded through incentive programs and promotions, poor work is likely to result in dismissal, and support services are more likely not only to exist but also to function effectively (e.g., Handwerker 1987). Thus, private sector employees are better able than public sector employees to meet the expectations of kin and friends. More importantly, the kin and friends of private sector employees are likely to realize that excessive demands on entrepreneurs or their employees endanger the source of their monetary assistance, either because the firm may fail or the employee may be dismissed (Isaac 1971, Handwerker 1973).

¹¹See Handwerker (1989a) for a case study of the unfolding of these events on Barbados in the West Indies, which includes comparative data on equivalent social changes that occurred earlier in England.

SOCIAL DIMENSIONS OF ENTREPRENEURSHIP

**General Bibliography and Selected Annotations:
Focus on Sub-Saharan Africa**

**compiled
by
Marion Pratt**

**Institute for Development Anthropology
Binghamton, New York 13902**

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Introduction

The following bibliography provides a general listing of references pertinent to the study of the social dimensions of entrepreneurship, followed by selected annotations of references marked in the listing by an asterisk. The general listing includes the sources referred to in the main report.

To compile the bibliography, collections from the libraries at the Institute for Development Anthropology, the State University of New York at Binghamton, Indiana University, and Humboldt State University were consulted. Within an allotted two-month work period, we produced a bibliography that is not exhaustive but rather reflects a variety of issues pertaining to entrepreneurship that is represented in this collection of government documents, bibliographies, journal articles, books, and edited volumes.

Rather than to include brief abstracts of a large number of sources as is usual for most annotated bibliographies, we decided to present a limited selection of detailed annotations that we hope will serve both to complement the main report and to provide the reader with rich illustrations of the complexities of the issues discussed therein. Drawn from research spanning over three decades, some of the annotated selections describe lives of individuals from a wide range of sub-Saharan ethnic groups involved in an equally wide variety of entrepreneurial activities. Other annotations assess past and current theoretical approaches and debates concerning entrepreneurship. Two themes strongly represented in the literature and reflected in the annotated selections are the role of women entrepreneurs in Africa, and the complicated relationship between entrepreneurs and the state, both of which are currently issues of great interest to governments and researchers alike. It is hoped that the bibliography will prove of use to all those interested in the role and future of private enterprise in Africa.

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Selected Annotations

Akeredolu-Ale, E. O.

1973

A Sociohistorical Study of the Development of Entrepreneurship Among the Ijebu of Western Nigeria. African Studies Review 16(3):347-364.

The concentration of entrepreneurship in a particular Yoruba subcultural group, the Ijebu, is examined in light of general entrepreneurial theory. The author believes that an analysis of interactive historical, sociological, environmental, and resultant psychological factors provides a better explanatory framework than both traditional need-for-achievement and concentration-of-entrepreneurship hypotheses.

The achievement hypothesis asserts that parental values, attitudes, and socialization practices determine differences in the rate at which different human groups produce effective entrepreneurs. However, historical evidence reveals that the Ijebu used military force rather than high entrepreneurship motivation to secure trading positions. Secondly, an achievement motivation test administered in Lagos by the author illustrates that the Ijebu subgroup do not differ significantly from other Yoruba subsamples with respect to the level of achievement motivation. The concentration-of-entrepreneurship argument which asserts that cultural marginality, or something natural or in the blood of the Ijebu predisposes them to successful business ventures, similarly is rejected as an explanation.

The sociohistorical perspective proposed by the author offers geographical advantage, economic necessity, and cumulative operational advantages as explanations for the successful development of Ijebu entrepreneurship.

1) Ijebu middlemen took advantage of the proximity of the Ijebu province to the Colony Province for trade between the coast and the interior.

2) Mediocre success as farmers, and limited access to cash crop businesses and administrative/clerical activities due to occupation of these positions by other Yoruba subcultures left trade open as a potential pursuit.

3) Over time, the combination of a process of socialization propelling Ijebu youth toward business roles, and the development of a network of business links among Ijebu businessmen worked to strengthen the position of Ijebu entrepreneurship.

The author predicts that the Ijebu dominance of entrepreneurial activities will soon be in decline. The reasons for this include:

1) Nigeria's economic shift towards manufacturing;

2) increasing competition among indigenous entrepreneurs;

3) a lack of sufficient aggression and expansive entrepreneurial ambition among Ijebu businessmen;

- 4) the reluctance of Ijebu businessmen to delegate authority and their tendency to reserve leadership roles for blood relations; and
- 5) the influence of school and the wider society on Ijebu children which may serve to diminish any potential motivational differences.

Key Words: Nigeria; the Yoruba; sociohistory; theories of entrepreneurship

Aldrich, H., and C. Zimmer

1986

Entrepreneurship Through Social Networks. In: The Art and Science of Entrepreneurship. D. L. Sexton, and R. W. Smilor, eds. Cambridge (Massachusetts): Ballinger Publishing Company.

Entrepreneurship is a result of the dynamic interaction of linked or related components which are facilitated or constrained by people's positions in social networks. The author rejects traditional personality-based theories, neoclassical economic theories, and deterministic sociocultural approaches to entrepreneurship in favor of a population perspective which identifies situational conditions influencing critical connections to opportunities.

The author identifies three problems with personality theories that identify particular personality traits (e.g. aggressiveness, ambition, high need for achievement) predisposing individuals to be successful entrepreneurs: 1) they have not been supported by empirical research; 2) parallel approaches in leadership studies have not identified a "leadership" trait; and 3) personality models have underpredicted the extent of entrepreneurship in the United States. Neoclassical economic theories viewing entrepreneurs as rational, isolated decision makers have underemphasized both cognitive limits on human behavior and the effect of social influences on decision-making. Deterministic sociocultural approaches based on stereotyped standards that identify certain groups as possessing a propensity for entrepreneurship fail to recognize that entrepreneurial behavior is produced under country-specific and historically specific conditions.

The population perspective advocated by the author analyzes entrepreneurship in terms of four evolutionary processes-- variation, selection, retention, and diffusion--operating within a social context of behavior. Network theorists use the following conceptual tools to investigate social units: 1) role sets (people with whom an individual has direct relations; 2) action sets (group of people forming a temporary alliance for a limited purpose; and 3) networks (totality of persons connected by a certain type of relationship. Three dimensions of networks are reviewed: 1) density (extensiveness of ties between persons); reachability (the presence of a path between two persons); and 3) centrality (total distance from an individual to all other persons, as well as the total number of persons an individual can reach). Four applications of network concepts to the study of entrepreneurship are presented, including an examination of 1) conditions leading to more successful

entrepreneurial undertakings through the formation of new social ties and achievements; 2) the importance of broker roles to the dissemination of information and resources; 3) the importance of a diversity of ties within an entrepreneur's network; and 4) the importance of cultivating contacts high in the social hierarchy.

Key Words: constraints to entrepreneurship; social networks; evolutionary processes; theories of entrepreneurship

Arnould, Eric
1984

Process and Social Formation: Petty Commodity Producers in Zinder, Niger. Canadian Journal of African Studies 18(3):501-523.

The developing relationship of urban tanners and village potters of Zinder, Niger, to the international market and capitalist world system is explored using a historical materialist approach.

Case Study I: Pottery

During the precolonial period (1855-1899), pots were produced by women under the control of men during the dry season. Low population density, an underdeveloped market network, and a lack of transport animals and unsafe travel limited the pottery trade. During the colonial period (1899-1960), expansion of pot trading increased women's incomes and induced household conflicts over control of revenues. Interhousehold income disparities exacerbated social stratification. By the 1970s, despite the lack of advanced technology, pottery had become a major, year-round activity characterized by specialization, cooperation, and concentrated, stratified production. While male potters' budgets were balanced on the average, women producers' expenditures on food and ceremonial gifts had created deficits in their respective budgets. The social patterns of rural households involved in pottery production and trade differed from rural farming households. Special marriage arrangements which kept female labor within the household and village strengthened cooperative trading and production efforts. Women controlled the means of production, although intrahousehold control and distribution of income continued to be disputed, resulting in a high divorce rate, and the migration of young men. The author asserts that a lack of wage labor and relatively unrestricted access to resources have stifled classical entrepreneurship in this industry.

Case Study II: Tanning

Tanning activities during the precolonial period were controlled by the state and its merchant agents, and tied to North African markets through long-distance caravan trade.

The slave origin of many tanners who worked in return for protection and social security resulted in their social isolation. During the colonial period, tanning workshops developed, skins began to be purchased from producers, and merchants contracted with tanners to meet local demands for trade. After the 1920s, foreign trading companies absorbed tanners' production, tanners performed wage labor for European workshops, and Zinder's marketplace was reorganized, encouraging the independence and self-employment of some tanners. By the 1970s, production, now partly targeted toward the tourist trade, had dropped to below precolonial levels. Battling serious budget deficits, many tanners became involved in speculative activities rather than new or improved forms of production.

Discarding cultural relativity as an explanatory framework, the author emphasizes the unique and creative adaptation of African artisans to economic changes elicited in part by market forces. Neither tanning nor pottery production in this region tends toward capital accumulation and productive investments, indicating their lack of potential bases for industrial development. Furthermore, current stagnation of the agricultural sector and reduction in rural consumer spending will negatively affect the future of these crafts.

Key Words: Niger; pottery trade; tanning trade; constraints to entrepreneurship; sociohistory

Casson, Mark
1982

The Entrepreneur: An Economic Theory. Totowa (New Jersey):
Barnes and Noble Books.

Chapter 20: "Social Mobility and the Entrepreneur" Pp. 346-395

Despite significant constraining economic and social barriers, entrepreneurship may represent an avenue of social mobility for underprivileged individuals. The author describes and compares alternative forms of entrepreneurship (private, establishment, political, revolutionary, criminal), and associated avenues of social advancement (competitive professionalism, marriage, and hard work and thrift). Requirements for social mobility include availability of capital, social contact with the establishment, formal qualifications, and personal ability. The substitution of formal education for practical training can be disadvantageous.

Entrepreneurs generally demonstrate sufficient rather than exceptional abilities, a non-conformist attitude, and limited social contact with the establishment. Depending on the amount of capital available to them, they advance themselves through financial speculation, self-employment, or political representation. Religious and ethnic factors, often closely linked, may act to constrain or facilitate entrepreneurial activities. Ethnic and religious

minorities, whose involvement in established institutions, politics, and professions may be restricted, appear to use self-employment over other means of advancement.

Keywords: constraints to entrepreneurship; social mobility; types of entrepreneurship

Clark, Gracia
1988

Price Control of Local Foodstuffs in Kumasi, Ghana, 1979. In: Traders vs the State: Anthropological Approaches to Unofficial Economies. G. Clark, ed. Pp. 57-81. Boulder (Colorado): Westview Press.

In 1979, to combat corruption and secure high-quality, low-cost foods in urban areas, the Armed Forces Revolutionary Council (AFRC) in Ghana initiated a "housecleaning" exercise through official food price control regulations aimed at government officials, private formal sector enterprises, and market traders. This chapter focuses on the effects on traders and food supplies in Kumasi.

Trade intervention and price formation by colonial and chiefly authorities has a long history in Ghana. High inflation and worsening terms of trade have been blamed on allegedly parasitic market women, although the failure of the public sector to assume distributive functions undertaken by (predominantly Asante) women traders demonstrates the value of these women to the local economy. Alternating cycles of crackdown and tolerance of illegal trading rendered traders' corrupt business connections more valuable than business training or effort.

Government confiscation and resale of traders' goods spawned street violence and food shortages. The separation of husbands' and wives' economic spheres may have facilitated the widespread condemnation of successful women traders. The food shortages served to highlight urban dependence on rural production.

Variations in size, quality, and condition of foodstuffs made official enforcement of control prices for local foods difficult. Enforcement was extended to local periodic markets, where large amounts of goods were confiscated and resold by soldiers. While producers curtailed distribution and avoided markets, food rotted and prices rose. The volume of trade in peripheral areas increased before control measures were extended. The AFRC demolished with heavy equipment a number of regional markets. The resulting disrupted and damaged food distribution system hit marginal farmers and traders the hardest.

Norms established for negotiation by foodstuffs traders' organizational groups and leaders (ahemma) were broken by the AFRC. Also, male traders were treated with more respect than female traders. Though a previous currency exchange earlier in 1979 had instigated coordinated efforts on the part of market leaders to counter havoc in the commercial credit

sphere, social stratification and divisions intensified as connections favored well placed over marginal operators.

The restriction of the marketplace by the AFRC is interpreted by the author as a move against the power of an economy resisting government control.

Key Words: Ghana; the Asante; price controls; women traders; trader/state relations; informal sector

Cohen, Abner

1969 Custom and Politics in Africa: A Study of Hausa Migrants in Yoruba Towns.
Berkeley: University of California Press.

The highly-developed economico-political organization of immigrant Hausa traders in the Sabo quarter of Ibadan, Nigeria, is described. Using a micro-historical analysis of local, small-scale events, the author argues that the development and structure of Hausa communities in Yoruba towns are more closely interconnected to the requirements of long-distance trade of kola and cattle between the savanna and forest than with Hausa cultural tradition. Hausa culture in these communities became a way of life and a political ideology emphasizing identity and exclusiveness. The study includes: 1) an analysis of the processes of mobility and stability of population in the Hausa diaspora, 2) a description of the social organization of trade in economic, domestic, moral, and political fields, and 3) an analysis of the interdependence among economic, religious, and political variables between 1906 and 1950.

Chapter 3: "Landlords of the Trade", Pp. 71-97.

The success of about thirty landlords, or Big Men, of Sabo is a function of their ability to coordinate and regulate economic, political, and social roles. Controlling over half the housing in the quarter, the landlords make use of their buildings as: 1) accommodations for clients and dealers, members of the business, and house and religious functionaries, 2) work places for their secluded wives, and 3) storage facilities. Rights over housing are used to establish creditworthiness.

The landlords mediate between cattle dealers and between kola dealers from the North and South in return for commissions. The intensive degree of role specialization in these trades restrains tendencies on the part of the landlords to act as dealers in their own right. Success in business dealings depends on their assets, experience, and personal integrity, as well as on the trustworthiness and reputation of the members of their business houses.

Contractual relationships between landlords and clients in Sabo, as in many preindustrial societies, are based more on moral and ritual mechanisms than on formal political and

economic mechanisms, due to little-developed means of communication, centralization, and bureaucratization of economic and political functions. The development cycle of contractual landlord/business client relationships supported by informal moral ties may include: 1) arranged marriages of the client by the landlord, 2) fostering of the client's children, 3) growing entrustment of financial responsibilities, 4) funded pilgrimages to Mecca, and 5) the potential establishment of the client as a landlord in his own right.

The struggle for political power between landlords in Sabo manifests itself in disputes over control of housing and dealers. Competition is limited, however, since 1) the landlords' clients do not function as a corporate group which can be mobilized for corporate action, and 2) a degree of political cooperation among Hausa landlords is necessary to counter outside pressure by Yoruba businessmen who compete with the Sabo quarter.

Key Words: Nigeria; the Hausa; the Yoruba; housing; long-distance trade; kola trade; cattle trade; clientship

Eames, Elizabeth A.

1988

Why the Women Went to War: Women and Wealth in Ondo Town, Southwestern Nigeria. In: Traders vs the State: Anthropological Approaches to Unofficial Economies. C. Clark, ed. Pp. 81-99. Boulder (Colorado): Westview Press.

Yoruba women are well known for their economic independence and strong association with the marketplace. This chapter presents a study of the role of Yoruba women's voluntary organizations in the 1985 Ondo Market Women's War (Ija Obirin Ondo), a struggle for equitable resource distribution in Ondo Town, southwestern Nigeria. When the Ondo state introduced a tax on Yoruba women marketers to generate revenue, the women responded by closing down the market, marching in protest, and threatening the downfall of the local king through a supernatural sanction associated with the spot where he is transformed into a divine being. Resulting actions included a decision to tax only women who owned market buildings, a ritual cleansing of the market, and an expensive sacrifice made by the king. The recent decline in the national economy, government inefficiency and graft, inflation, government interference with market women in a "War Against Discipline," cocoa crop failure, and a new tax decree may all have fed the intensity of the women's reaction.

The recorded political history of Ondo neglects women's traditional roles in the formalized dual-sex political structure. The author asserts that the position of the woman-king Olobun--owner-of-markets, priestess-of-profit--provides the legitimizing ritual, symbolic, and ideological foundation for women's place in the political sphere. Ritual significance of the position extends to the installation of title-holders and opening of new markets. The woman king and her cabinet exercise real political, judicial, and economic power that enables women to amass wealth and increase their honor and status. While the role of the senior

male chief has been emphasized under colonial and independent government rule, junior chiefs and women have suffered a decrease in power. The Market Women's War nevertheless demonstrates a still strong potential for local agency and planned change.

Key Words: Nigeria; the Yoruba; women traders; trader/state relations; ritual leadership; voluntary associations; gender roles

Elkan, Walter
1958

East African Trade in Woodcarvings. *Africa* 28(4):314-323.

The development by several enterprising Kamba entrepreneurs of the relatively recently-formed woodcarving trade is traced from its origins as a limited production traditional craft in the region between the coast and the highlands in Kenya to a prosperous export industry.

The first major market for Kamba carvings opened in response to European settler demand in Kenya after World War I. Market demand and vertical specialization increased with the presence of soldiers during World War II. After the war, tourist travel, domestic spending on luxury items, and large-scale demand by exporters in East Africa and foreign importers, especially in North America, expanded the market further. Though in competition with other African craft production, Kamba trade thrived because 1) the woodcarvings--distinct, easy to pack, and valuable per unit weight and volume--were suitable exports, and 2) enterprising Kamba traders were able to respond sufficiently to demand. Intervention by the District Commissioner was only intermittently helpful; organized cooperation failed due to difficulty in communication and vertical specialization of production. Individuals working on a commercial scale who owned workshops and employed workers on piece-rate terms, were able to respond to local changes in demand better than home industries.

The appearance of workshops in larger Kenyan cities reflected both a desire to save transport costs and local government restriction of the number of traders' licences. Restricting the number of traders both concentrated the business into a few hands, and opened the trade to non-Africans, especially Asians. The situation was exacerbated by Kamba dealers' relative lack of formal education, which limited their entry into export trade.

American preference for dark wood led both to the migration of carvers searching for ebony and the expansion of the trade to markets in Dar es Salaam. Traders have been saving profits from the woodcarving trade, or investing them in cattle.

Case Study

The origins of the Kamba woodcarving industry in the early 1900s are said to lie with Mutisya Munge, a talented and enterprising carver. His exposure as a soldier in Tanganyika (Tanzania) during the First World War to Zaramu forms of art influenced his production

when he returned to Kenya to carve full time. The industry grew as many individuals followed his example. One of his sons, an important dealer at the time of the author's research in the 1950s, travelled to London from the Sudan, where conflicts with Sudanese authorities resulted in a year-long wait for a shipment of carvings. With the help of an educated Kamba in London, he received the shipment of goods and established a profitable business. His eventual request to be granted ownership of the entire carving industry in his father's native region was denied by the District Commissioner.

Key Words: Kenya; the Kamba; woodcarving trade; constraints to entrepreneurship; supply and demand

Fyle, C. M.
1987

Culture, Technology, and Policy in the Informal Sector: Attention to Endogenous Development. *Africa* 57(4):498-510.

A study of the traditional blacksmiths in the informal sector metalworking industry in Sierra Leone based on fieldwork conducted in 1984-84 describes their dependence on the formal sector for the supply of raw materials and the concomitant reduction in local technological capability.

Blacksmiths produce primarily agricultural tools. Their trade has undergone various changes over time:

- 1) production unit size for many blacksmiths has decreased as a result of the preference by young men for Western education over the hard physical labor required by the trade.
- 2) traditional taboos (such as the restriction of women from entering the forge) are being abandoned in some areas because of their negative effects on business.
- 3) increased scarcity of scrap iron and has necessitated extended searches for sources to maintain production.

Though many government policy makers consider 'modern' as progressive and 'traditional' (informal) as 'backwards,' the depressed economy and reduced purchasing power of consumers in Sierra Leone have spawned interest in supporting the growth of informal sector production and trade. The author predicts that the current limited supply of formal sector goods will ensure the viability of informal sector producers such as blacksmiths. Traditionally, the importance of blacksmithing derived in part from the belief that some of the materials and tools associated with the trade could influence social control or induce healing powers. Understanding the cultural content of blacksmithing will facilitate technological improvements and the adoption of appropriate innovations.

Key Words: Sierra Leone; blacksmiths; formal/informal sector linkages

Gerlach, Luther P.

1963

Traders on Bicycle: A Study of Entrepreneurship and Culture Change among the Digo and Duruma of Kenya. Sociologus 13(1):32-48.

Digo and Duruma entrepreneurs of the northeast coastal region of Kenya are revealed to be active agents of economic and cultural change. Fieldwork conducted from 1958 to 1960 highlights cases where, when it was to their economic benefit, traders:

- 1) developed new markets by stimulating dietary changes;
- 2) encouraged changes in land tenure, inheritance patterns, and social structure; and
- 3) stimulated political change, especially in response to government restrictions.

An integrated marketing and trading system links agricultural, cattle husbandry, and fishing enterprises shared by Digo, Duruma, Arab, and Indian businessmen. The Digo and Duruma find it difficult to accumulate capital to establish new enterprises because "haves" are fully expected to support "have nots."

Many traders stop work and live off accumulated savings to avoid demands from their kin. Some rich Digo and Duruma traders have avoided demands and criticism by pretending to be poor, by explaining their need to moderate aid to stay in business, by divorcing consumerist wives, and by hiring kinsmen.

Case Study 1. Hassani, a Digo innovator who gained business experience as a houseboy to an Indian merchant, is skeptical of traditional Digo magico-religious beliefs and open to Western culture. In the early 1950s, dissatisfied with trading fruit from the interior to the coast, he initiated a fresh fish trade by bicycle by giving fish free to relatives and by convincing people fish was a high-status food. His success was based on buying cheaply, gauging the market, and pricing fish correctly, but outwardly he denied making a profit to avoid demands being placed on him by kin. He divorced his wife who required expensive spirit-possession curing ceremonies. Other traders entered the fish trade, fishing intensified, fish prices rose, and a spinoff economy of bicycle repair developed. The increased cost of fish, and competition and conflict over control of the fish supply drove Hassani from the trade in 1959. He invested his savings in the production of cash and food crops in a fertile but risky area, successfully continuing his pragmatic use of kinship. Recognizing education to be the backbone of future success for Digo people, he provided school fees to both closely and distantly related kin.

Case Study 2. Mzungu, a Duruma, was successfully engaged in the bicycle trade of sour milk, fish, and palm wine in the mid-1950s. To meet local Arab and Indian demand, he also became involved in the trade of fresh milk, changing his name and professing conversion to Islam in the process. The resulting trading network, for which there developed spontaneously a system of territorial rights, contributed to agricultural growth, improved diet, and increased circulation of money. Mzungu diversified his trade by investing in cattle, opening a tea shop and restaurant, and selling palm wine. Soon afterwards, government health standards required him to upgrade his restaurant. Upon retirement, he turned the control of his businesses over to his brother and sister's son.

During this period, Kenya government officials, underestimating the entrepreneurial capabilities and achievements of the Digo and Duruma, initiated and subsidized a milk supply program that resulted in concentrated control in the hands of a few Indian businessmen. The scheme fueled anti-Indian and anti-government sentiment, retarded the expansion of African entrepreneurship, gave producers an unrealistic view of the value of their milk, reduced the consumption of milk in local areas, and hindered interrelated trade in fish, vegetables, and fruits. Local entrepreneurs need to be recognized as important agents of economic growth and culture change.

Key Words: Kenya; the Digo; the Duruma; trader/state relations; fish trade; milk trade; socio-economic change; sociohistory

Handwerker, W. Penn

1973 Kinship, Friendship, and Business Failure among Market Sellers in Monrovia, Liberia, 1970. Africa 43(4):280-301.

The relationship of kinship, friendship, and other obligations to business failure of market sellers in Monrovia, Liberia, is examined in the context of a wider debate concerning whether such obligations are beneficial or detrimental to capital accumulation in Africa.

Although entrepreneurs in Monrovia work fairly independently of one another and rely heavily on their own activities and abilities to make money, a network of reciprocal obligations exists between them and their kinsmen, close friends, and 'good customers.' Friends and kin represent sources of start-up capital, loans, and labor. Similarly, strong relations between buyers and sellers over the long term appear to be mutually beneficial. The 1) reciprocal nature of kinship and equivalent obligations, 2) restraint exercised by non-trading kinsmen and friends in placing demands on traders, and 3) control traders exercise over the allocation of funds reflect the flexibility of binding relations among these actors that provides a system of checks and balances preventing excessive demands from being placed on individual entrepreneurs. Business failures when they occurred could be attributed predominantly to mismanagement rather than to excessive demands placed on traders by kin and friends.

Keywords: Liberia; constraints to entrepreneurship; clientship

Hart, Keith
1973

Informal Income Opportunities and Urban Employment in Ghana.
Journal of Modern African Studies 11(1):61-89.

The informal and formal income structures of urban employment in Accra are examined based on fieldwork from 1965-8 among the Frafras of Northern Ghana, a group inhabiting a slum on the northern outskirts of Accra.

Limited opportunities in the formal sector and declining real incomes for the city's wage earners drive most of them to hold several jobs and/or to supplement their incomes through informal means. The author proposes a typology of the wide range of urban income opportunities in Accra with descriptions of multiple entries under three categories: formal income opportunities, and legitimate and illegitimate informal income opportunities. He notes an uneven distribution of economic opportunities between regional/ethnic groups which he attributes to varying exposure to colonial rule and the spread of western education. For most workers, who are interested in retiring with their savings to the country, long term, not short-term residence in the urban areas of southern Ghana is the norm.

Entrepreneurial success depends on the ability of the individual to draw on the resources of others. Specialized 'know how' used to facilitate successful diversification of investments and delegation of tasks appears to be more important than supply of capital or bureaucratic knowledge. Some of the constraints to entrepreneurship include: 1) ethnic group monopolization of certain commodity trades, 2) perception by the individual of his/her competitive disadvantage according to ethnic or kin ties, 3) debt accumulation, and 4) a high number of dependents.

Migrants to cities are attracted not only by wage-labor positions but by the multiplicity of employment opportunities. The author asserts that the distinction between formal and informal income employment income (wage labor and self-employment) is misleading since combining income sources within and between sectors is a common survival strategy of urban inhabitants. Informally-produced goods and services must be included in economic analyses in order to better determine the relationship between the formal and informal sectors in urban areas. Establishing an input-output matrix of formal and informal activities based on surveys of income and expenditures is suggested.

Case Study

In 1965, Atingha used his last paycheck to set himself up as a gin retailer, converting his room into a bar. He encouraged a high client turnover by generous extension of credit, and attempted, unsuccessfully, to diversify his holdings through the sale of sugar and Coca-Cola. Overextension of credit led to cash flow problems and subsequent reduction of credit facilities: his major clientele became men from his own home village. By 1966, with the birth of his son, his business was in serious decline. He obtained a job as a night watchman and upgraded the bar rather than repay accumulated debts. Eventually he lost his job, and went

into police training. Following a raid on the house, his landlord accused him of being a spy and confiscated the bar as payment for debts. Atingha and his family left the neighborhood. The landlord's wife took over the business, but offering no credit, was unsuccessful. This example illustrates both informal and formal sector linkages, and the buffering effect of informal employment opportunities against extreme poverty and dependence on others.

Key Words: Ghana; the Frafras; formal/informal sector linkages; constraints to entrepreneurship; urban ethnicity; liquor trade

International Labor Organization

1985 Informal Sector: Employment and Jobs Programme. Geneva: ILO.

This two-part report provides an assessment of 52 country studies on the informal sector in Africa. The first part includes an overview of macro-and micro-characteristics, informal and formal linkages, the role of the government, and problems and constraints. The second part provides country-specific data concerning employment, income, linkages, and growth prospects of the informal sector in 22 African countries.

The informal sector in West Africa is described as dominating the urban economy (representing 60% of the urban labor force), emergent in East Africa (due to stricter zoning laws and urban planning), and negligible in southern African countries (due to the absorption of labor by South African mines). Where it exists, the informal sector provides both employment opportunities and basic needs for the urban poor. Its major constraints are lack of access to capital and limited markets. Participants in the informal sector, most of whose tribal affiliations differ from the city or regional populations at large, are mainly men.

A "modal" entrepreneur is described as follows (p. 27):

The entrepreneur is 35-54 years old, married to one wife, and has five children. Three more dependents live with him. He was born in a secondary city or a rural area, of farming parents without formal education. He went to school for six years and then had five years' apprenticeship in the formal and informal sectors. He started his active life at 21 and has already had three different jobs. He has worked as a master in the informal sector for more than six years. He rents the premises and land. He has three workers, two of them apprentices. All the workers are family members. He pays his workers much less than the official minimum wage, although he himself makes a reasonable living. He does not pay taxes. His household income is somewhat higher than his enterprise income because some of his family members are engaged in other income-earning activities and because he himself has other sources of income. Altogether, the family spends two thirds of its total income. The other third is not reinvested and its destination is uncertain. It probably goes into

speculative investment-housing- and rather more frequently into social spending, for community and family celebrations such as baptisms, weddings, funerals, and religious feast days.

Despite lip service paid to the importance of employment creation, most African governments enact anti-informal sector policies. One example of this is the drive by the Nairobi City Council to restrict open-air businesses at city boundaries. The sector is efficient because of its informality, but its informal aspects also prevent it from being included in development plans. Though the informal sector employs much more labor than the formal sector with the same amount of capital, it cannot be expected to absorb the increasing rural-urban migration, and efforts must be taken to reduce rural-urban income gaps.

Key Words: Africa; informal sector; constraints to entrepreneurship; employment creation

Kerner, Donna
1988

"Hard Work" and Informal Sector Trade in Tanzania. In: Traders vs the State: Anthropological Approaches to Unofficial Economies. G. Clarke, ed. Pp. 41-57. Boulder(Colorado): Westview Press.

This chapter discusses the Human Resources Deployment Act, known as the Nguvu Kazi or Hard Work campaign conducted by the Tanzanian government in 1983-4 to ensure the engagement of Tanzanian citizens in productive labor. Distribution forces were restructured by integrating the informal sector into channels of trade controlled by the government. Initially aimed at relocating the urban unemployed back to rural areas and agricultural activities, the Nguvu Kazi developed into a campaign of detention, registration, and resettlement of the urban jobless, traders, vendors, workers, and housewives to rural government-owned sisal, tea, and sugar plantations experiencing labor shortages.

Unlicensed petty traders and casual laborers congregated in core and satellite urban areas, and "loitering" blue and white collar workers, became targets of netting, "repatriation," and registration, although individuals promising to cultivate plots in the city's periphery were to be allowed to remain. A requirement for engagement in farming activities by all urban workers was debated by the government then abandoned due to popular protest; many of the bureaucratic elite were already involved in urban agriculture to supplement inadequate official wages.

Three independent spheres of distribution in Tanzania are described.

1) The legal sector: Attempts to increase foreign exchange revenue by keeping producer prices low resulted in a switch in peasant production from export crops to food crops for subsistence and sale. Rural and urban workers' production declined as a result of their search for affordable consumer items.

2) The black market sector: Lack of availability of imported and local goods encouraged a profitable black market trade. During the "War Against Economic Sabotage" campaign launched to recapture the state from the control of black market bosses, male and female entrepreneurs, middlemen, and petty traders were detained.

3) The shadow economy: Unlicensed petty traders, operating for survival between the legal and black market sectors, have been restricted during periods of economic depression. Bureaucrats and professors used their influence and connections to operate unofficial businesses.

Nguvu Kazi is interpreted by the author as an attempt to extract surplus labor from rural production by converting peasants and petty traders into rural casual laborers. The continuing economic crisis in the country threatens to undermine government control. Current structural adjustments imposed by the World Bank and the IMF include: currency devaluation, elimination of price controls, rise in producer prices, revitalization of peasant cooperatives, encouragement of private businesses and investment, and relaxation of foreign exchange restrictions.

Key Words: Tanzania; informal sector; urban/rural resettlement; economic restructuring; trader/state relations

Long, Norman
1968

Social Change and the Individual: A Study of the Social and Religious Responses to Innovation in a Zambian Rural Community. Manchester: Manchester University Press.

Social responses to economic change among the Lala of the Serenje District in the Central Province of Zambia in 1963-4 were analyzed using a socio-historical approach to change processes, and situational analysis. The use of the plow in the region had led to marketed surplus production of food crops. Traditionally large, matrilineal descent groups appeared to be incompatible with cash-crop production and wealth accumulation, and were transformed into with smaller residential units. New patterns of social status based on wealth, education, and leadership in churches and political parties were replacing traditional forms.

Chapter 8: "Religion and Social Action" Pp. 200-236

This chapter outlines how a religious ethic influences social behavior, illustrating the close connections between Jehovah's Witnesses in Zambia and certain social and economic activities. Jehovah's Witnesses of the local parish differ from the rest of the population. They believe in using improved methods of cultivation and raising their spiritual and material standards of living. Time and money are valued. Individual achievement and self-discipline

are emphasized within the church bureaucracy. Some Witnesses feel that the matrilineal system of descent and inheritance is not God-ordained. They live as small families in small settlements outside the village and enjoy relatively high economic status. They spend less time in urban wage employment and depend more on contractual labor to manage their farms. Connections with churchmen are used to gain access to expertise, farming equipment, and labor.

Case Study 1. D_____ became a Jehovah's Witness at 30. A senior matrilineal kinsman had provided school fees for him. He later used contacts with a Witness with whom he was living to obtain a job at a mine. He subsequently established a farm and opened a store with a brother who was also a Jehovah's Witness. When they used kinship or affinal ties to obtain labor, potential reciprocal obligations were avoided through the use of labor contracts. They located their farm away from matrilineal kinsmen.

Case Study 2. F_____ was influenced by Jehovah's Witnesses while living with an older brother and learning to be a tailor. A Witness later provided accommodations and a job. At 23 F_____ returned to his chiefdom to marry his patrilineal cross-cousin, also a Witness. Through religious links in his wife's village, he obtained a job, and with capital gained from bricklaying skills he learned and the help of two brothers and several Jehovah's Witnesses, he established a farm. Eventually he relocated near Witnesses from his own congregation, but he also maintained some ties with his matrikin.

Factors predisposing an individual towards becoming a Jehovah's Witness include: close contact with Witnesses during childhood or adulthood; a degree of literacy allowing access to teachings; a lower status position in the matrilineal descent group; and network continuity between town and country. Religious conversion can contribute to economic success through the exploitation of connections with kinsmen and churchmen to acquire resources.

Key Words: Zambia; the Lala; socio-economic change; religious ideology; agricultural innovation; matrilineal descent

MacGaffey, Janet
1988

Entrepreneurs and Parasites: The Struggle for Indigenous Capitalism in Zaire. Cambridge: Cambridge University Press.

The purpose of this study is to demonstrate, contrary to many writers' assertions, that local capitalism and an indigenous bourgeoisie are currently developing in Zaire. The author uses data she collected in 1979-1980 from the Kisangani and Kivu area in northeast Zaire to illustrate how a newly-emergent small local capitalist class distinct from the 'parasitic aristocracy' has evaded governmental control to take advantage of economic and political opportunities to successfully create and expand 'second economy' activities.

Chapter 6: "Long-distance trade, smuggling and the new commercial class: the Nande of North Kivu" Pp. 143-164.

The Nande are a traditionally stratified Bantu group known for their successful bean and vegetable trade, extensive real estate investments, and intragroup cohesiveness and cooperation. Their success is based on both the monopoly of long-distance vegetable trade to Kisangani and Kinshasa, and gold and coffee smuggling.

The development of wage labor, taxation, and commerce during Belgian colonial rule disrupted the traditional Nande tributary economic system. Functioning resourcefully within a politically, educationally, and economically disadvantaged region, the Nande used capital from the gold and coffee trade to establish an extensive vegetable trade organized through a network of kin and ethnic ties characterized as a trade diaspora, wherein they controlled all stages of trade in certain commodities. Broad control of the trade enabled the Nande to overcome local constraints to business: lack of infrastructure, limited availability of goods and capital, and interethnic suspicion and mistrust. Nande traders cultivate solidarity by maintaining contact and mutual assistance. They operate in small, localized units of cooperation, for whom descent and corporate clans play a minimal role. Their conduct of trade is characterized by regular exchange of information concerning supply and demand, expedited distribution of goods and services, and intragroup credit schemes. Larger businesses are comprised of both productive and distributive enterprises, producing for local and export markets and supporting the local economy.

Many members of the developing commercial middle class originate as lower status members of the traditional Nande hierarchy with little hope for advancement. As successful businessmen, they invest in expanding enterprises and real estate to ensure their reproduction as a class. Low costs of subsistence within the non-capitalist system of farming and petty commodity production which have persisted in the area enable many traders to accumulate capital to establish businesses. However, constraints to expansion include: decay of the transportation system; shortage of boats, spare parts, fuel, and personnel; high cost of storage, and organization of trade. By controlling supplies of products necessary to Nande trade (beer, palm oil, fuel), the Zairian Government restricts Nande enterprise and potential advancement.

Key Words: Zaire; the Nande; illegal trade; constraints to entrepreneurship; trader/state relations

Marris, Peter

1968

The Social Barriers to African Entrepreneurship. Journal of Development Studies 5:29-39.

Some general ideas concerning business as an aspect of social change and reorganization are presented based on the analysis of fifty small African-owned industrial businesses in Kenya, fifty rural wholesalers and retailers, and ten market centers in Kenya. A history of relatively unsuccessful attempts to stimulate indigenous entrepreneurship in developing countries leads the author to suggest that development policies designed around the identification of scarce resources or missing values in a society are misguided. Neither the availability of money or skill, nor the nature of the society determine Kenyan entrepreneurs' progress or talent. The quality of entrepreneurship itself--"an ability to assemble or reassemble from what is available to one a new kind of activity, to reinterpret the meaning of things and fit them together in new ways"--rather than the quality of entrepreneurs must be examined.

The degree of success in entrepreneurial activities depends on the range of personal knowledge and relationships of the entrepreneur. Social isolation from the wider economy represents the most significant barrier to entrepreneurship. African businessmen generally

- 1) move in different social worlds from dealers, middlemen, agencies, and advertisers,
- 2) lack impersonal credentials to establish credit-worthiness, and
- 3) are unfamiliar with their market.

There seems to be no social or cultural counterpart to economic interdependence in Africa. Governments perpetuate this relation by functioning as intermediaries between African businessmen and the outside world, and as sources of loans.

The situation in Kenya might be remedied by:

- 1) establishing a network of social familiarity between European and African businessmen;
- 2) creating a marketing intelligence service to accumulate contacts and information;
- 3) encouraging commercial lenders to work with more African entrepreneurs;
- 4) channeling government demand for goods and services toward African suppliers; and
- 5) providing grants to African businessmen to obtain practical experience abroad.

Key Words: Kenya; constraints to entrepreneurship; social networks

Nafziger, E. Wayne

1969

The Effect of the Nigerian Extended Family on Entrepreneurial Activity. Economic Development and Cultural Change 18 (Pt. 1):25-34.

In many developing countries, a proportion of returns on business ventures is shared with members of the entrepreneur's extended family, providing them with a measure of social and economic security. Reflecting on this tendency, development economists assert that the extended family represents a major barrier to entrepreneurial activities. The effects of the

extended family on capital formation and entrepreneurial activity in small manufacturing firms in Nigeria are examined based on data collected in 1969.

Entrepreneurs of small businesses usually acquire skills through apprentice training. Contacts with instructors, room and board, and fees are resources often acquired from members of the extended family.

Raising the capital to establish a firm is a constraint for most entrepreneurs, who have limited access to financial institutions. Nineteen of the twenty-eight entrepreneurs in the sample identified members of their extended families as sources of initial capital. Room and board, building space, labor, contacts, and collateral for credit are other potential resources offered by the extended family.

During the expansion stage of the business, profits were diverted from reinvestment and growth of the firm to support the entrepreneurs' growing number of dependents. The author finds that while the extended family can act as an obstacle to the expansion of firms, it also provides for the entrepreneurs' training and establishment of the business, and therefore should not be considered to have an overall negative impact on entrepreneurial activity.

Key Words: Nigeria; kin networks; constraints to entrepreneurship

Poewe, Karla
1978

Matriliney and Capitalism: The Development of Incipient Classes in Luapula, Zambia. Dialectical Anthropology 3(4):331-347.

Among the Luapula Bemba in Zambia, studied from 1973-5, the relationship between male capitalists and rural proletarians is helping to maintain rather than change present social formations. The poor make use of matrilineal ties both as a cushion against impoverishment and as a stepping stone into capitalistic ventures.

Matrilineal inheritance and descent practices emphasize communalistic redistribution of wealth. Individuals expect to be rewarded according to their needs rather than to their contributions. Private enterprisers, on the other hand, expect to be rewarded according to the amount of work performed or capital owned. Because husbands and wives distribute accumulated wealth to their respective matrilineages, the institution of family, instead of being a tight corporate group with control over family labor, is structurally unstable. Men and women tend to pursue their own investment patterns, rather than invest in long-term common enterprises.

The Luapula economy is based on fishing, trading, and storeowning. The author characterizes four economic groups: 1) capitalists who control large businesses; 2) small

capitalist commercial fishermen 3) petty capitalists; and 4) poor, casual workers. Poor fishermen have difficulty improving their lot because of limited income and accumulation, limited access to distant markets and better prices, and poor equipment. Government loans and inheritance from matrikin are potential sources for investment. However, the capitalistic route of development is hindered by: 1) lack of a permanent labor force in the domestic unit; 2) continuous demands from kin to be generous; 3) poor work habits of underpaid laborers who expect an increase in their standard of living to develop through inheritance.

A matrilineal corporate group rarely forms successful enterprises because of lack of control over accumulation, investment, consumption, and labor. Ultimately, all members enjoy access to corporately held resources, regardless of their respective financial and labor contributions. Individuals interested in accumulating and reinvesting their capital in private enterprises tend to 1) separate themselves from other Luapulans, and 2) endorse Protestant ideologies to shed their kin responsibilities and protect their nuclear families and business interests.

Paradoxically, the Zambian government both favors a type of African socialism based on cooperative labor activities and shared rewards (paralleling matrilineal distributionalism), and condones father-offspring inheritance and a tight nuclear family structure. To counter underdevelopment, an alternative to matrilineal ideology that provides a clearer system of resource allocation and distribution must be created.

Key Words: Zambia; the Bemba; matrilineal social networks; constraints to entrepreneurship; religious ideology

Rogerson, C. M., and D. Hart

1986

The Survival of the 'Informal Sector': The Shebeens of Black Johannesburg. Geojournal 12(2):153-166.

The survival of shebeens, institutions for illicit provisions of liquor in Black Johannesburg, is traced in a longitudinal study within the wider context of the historical geography of the urban informal sector. The people of Black Johannesburg have resisted continual efforts of the state to destroy the shebeen, which for them represented an institution of cultural and social significance. This resistance may reflect two facets of the informal sector: 1) that it provides vital goods and services for the poor, and 2) that sufficient pressure exists for people to actively preserve their livelihoods.

Due to a paucity of alternative recreational facilities in Black townships, shebeens, comparable to the American speakeasy and British public house, have become local centers of social interaction and leisure. They are operated by 'queens' or 'kings' whose business success has been attributed to their 'jovial, warm characters' and 'vitality.' A preponderance

of women in the trade is a reflection of 1) the African woman as traditional brewer, 2) high unemployment among urban Black women, and 3) preference by women for home employment allowing for domestic responsibilities. Linked strongly to formal sector brewing and wholesaling companies, shebeens cannot be considered to operate independently within the informal sector.

During the era of prohibition, from 1897 to the 1930s, Whites gained control of the illicit traffic of liquor to Blacks, paying off police for protection. Black shebeens evolved with as much emphasis on brewing as on trading. Women imported traditional brewing skills to the urban sphere, preparing drinks which fermented quickly and whose preparations could be easily hidden, in response to police raids and confiscation of liquor. By the 1930s, a working-class subculture of Black shebeens developed in Johannesburg slums.

The end to prohibition was precipitated by municipal authorities eager to gain revenue by establishing beer halls. When shebeen trade was threatened, the queens, exercising their power, resisted prosecution, readily paying fines and even organizing boycotts of beer halls.

The process of legalization of shebeens began in 1980. Rigid controls and lengthy and costly licensing procedures severely restricted the numbers of licenses issued. Present legal shebeens, with fixed hours, emphasis on cash rather than credit, and age restrictions, differ in nature from their predecessors. The most significant transformation occurring since legalization is that successful petty capitalists rather than the urban poor are currently operating the shebeens.

Key Words: South Africa; liquor trade; trader/state relations; sociohistory

Schuster, Ilsa

1982

Marginal Lives: Conflict and Contradiction in the Position of Female Traders in Lusaka, Zambia. In: Women in Africa. N. Hafkin and E. Bay, eds. Pp. 105-126. Boulder (Colorado): Westview Press.

Fieldwork conducted between 1971 and 1974 in Lusaka, Zambia, reveals the marginal status and ambiguous roles of women traders to be a result of rapid social change in the urban area. Women's extensive involvement in trade here, unlike in West Africa, is a recent phenomenon developed after independence in 1964. Limited urban employment opportunities for uneducated, unskilled women left open the development of trade as a potential survival strategy for them. Unlicensed, illegal trade, appearing to be more common but less desirable than legal market trade, is categorized as home-based (e.g. brewing beer, selling surplus household necessities) or public (e.g. selling street foods and crafts).

For the Zambian government, which is vacillating between capitalistic and "humanistic" economic policies, illegal traders are at the same time an embarrassment and a source of

revenue (fines and confiscated goods). Price fixing and limitations on the number of marketplaces and stalls are used by the government to control and restrict trade. Cooperation and mutual support among some of the women help them to cope with the stresses of poverty and government restrictions. Government interference has both created an atmosphere of solidarity among women traders and highlighted their lack of power. It has also limited the efficiency and expansive capacity of the urban food distribution system. Increasing economic differentiation and a fluid social structure inhibit the organization and development of women's cooperatives and support groups. The author attributes Zambian women's ability to take over the food trade from men to 1) the cultural tradition of women as food producers and distributors, and 2) women traders' emphasis on their image as respectable citizens and providers. The ability of women traders to expand their businesses and raise their standard of living is hampered by discriminatory business relations, fines, limited supplies of produce, and social demands and obligations placed on them.

The women traders, who classify themselves neither as educated career women nor rural producers, are unsure as to their status and roles as providers. Ambivalent in their attitudes toward their own as well as their husbands' economic and social duties, their contradictory and conflicting values are also reflected in their attitude toward their daughters, who are raised in a traditional manner yet ultimately encouraged to find white-collar employment in the formal sector.

Key Words: Zambia; women traders; urban trade; social and economic roles; constraints to entrepreneurship

Stanley, William R.

1970

The Lebanese in Sierra Leone: Entrepreneurs Extraordinary. African Urban Notes 5(2):159-174.

The Lebanese in Sierra Leone were playing an important role in the country's economy and urban development when the study was conducted in the late 1960s. Their important involvement in wholesale and retail trade, export agriculture, and diamond marketing is being increasingly restricted by the Sierra Leone government due to their competitive edge over African traders. The Lebanese generally have access to more start-up capital and loans from commercial banks, are able to provide unlimited credit to their customers, and are less bound by an extended family. African traders complain that the Lebanese invest their profits outside the country and regularly bribe officials to obtain what they need. In response to government restrictions, some Lebanese attempt to accumulate profits even more quickly to invest outside of Sierra Leone, further exacerbating the situation. The resale of rice by Lebanese for large profits during the 'hungry' seasons is especially resented; a history of violence attests to the intensity of anti-Lebanese feeling.

Lebanese traders for the most part have congregated in urban regions of the export agriculture south of Sierra Leone, attracted to urban trade, export agriculture, and the use of the railway system. Two case studies provide illustrations of Lebanese traders' lives and concerns in Sierra Leone.

Case Study 1. The Nicol family in Pendembu have a successful trade in palm oil and nuts. The proximity of their residence to other Lebanese families and to the railroad fosters ethnic group contact and cohesion. The Nicols hire workers to trade with distant rural villages to insure a source of palm nuts. The local language proficiency of the eldest Nicol has contributed strongly to their business success. Some of the problems facing the family include the pending close of the railroad, and lack of schooling and marriage opportunities for the children.

Case Study 2. H. Shamel is a successful young diamond dealer in Koidu Town. Due to risk and high capital turnover, diamond dealing seems to be characterized by a demand for personal skills and individual enterprise, and dispersal of kin groups. Koidu Town is a setting for violence and corruption. Government crackdowns on foreign dealers and illicit diggers are tempered by fears of uprisings by unemployed diggers. Individuals holding valuable diamonds deal with Lebanese or African traders to avoid problems with government licensing restrictions.

Shamel perceives Sierra Leone not as a home but as a place to make his fortune. The state diamond mining company, convinced that Shamel and other Lebanese traders mastermind mining employee thievery, encourages ostracism and social isolation of all Lebanese in the area. Following a robbery of state-owned diamonds in 1969, Shamel and 17 others were arrested and tried.

The Lebanese in Sierra Leone provide an example of an immigrant ethnic minority that is integrated economically but not socially into the local society. Their place and role in Sierra Leone is threatened by government action to restrict their participation in the economy.

Key Words: Sierra Leone; the Lebanese; trader/state relations; diamond trade; palm nut trade

Tiffen, Mary
1976

The Enterprising Peasant: Economic Development in Gombe Emirate, Northeastern State, Nigeria, 1900-1968. Overseas Development Ministry Overseas Research Publication No. 21. London: Her Majesty's Stationery Office.

The enterprising spirit of farmers and traders, and a large home market have spurred economic development in the Gombe Emirate in Nigeria since 1900. Cotton production

expanded as a result of use of the plough, improved seed, agricultural extension efforts, increased inputs of land and labor, and intermittent help from local government authorities. Improvements of farmers' terms of trade, higher prices for crops, reduced prices of some consumer items, and a wider range of goods and services in the local markets were effected by improvements in infrastructure and communication systems. Recent constraints to further increases in production include: isolation from main marketing centers, low government-imposed regulated prices, shortages of labor and labor-saving implements, farmers' limited cash flow, lack of skilled government personnel, and the failure of the local government to provide services adapted to local needs.

Appendix II: "Outstanding and Wealthy Farmers", Pp. 199-206.
(based on interviews conducted from 1967-1968)

The author defines an outstanding farmer as one who: 1) had made at least four changes of farming technique, 2) had bought a plow, and 3) was farming at least two more fields than when he had started.

Two examples selected from thirteen short case studies are abstracted here:

Fulani farmer 220/9 went to Koranic school and started to farm independently around 1946 at the age of 36. An increasing number of dependents and a desire for money spurred him to sell cotton to buy more fields. He reduced his diversified holdings in guinea-corn and cotton, cattle, goats, donkeys, and poultry to a combination of "new" cotton, grains, and cattle. Increased income allowed him to hire laborers and donkeys. He adopted crop rotation, more frequent weeding, spacing changes, fertilization, and the use of the plow to improve his yields.

Fulani farmer 318/9, hearing that crops grew well in Gombe and that "farmers there are all rich" immigrated in 1959 to an area whose inhabitants allegedly welcomed strangers. Providing for his family and working the land by himself were problems he faced upon his arrival, so he borrowed food from the local leader to feed his family. He grew cotton for his main source of cash, as well as guinea corn, millet, groundnuts, and cassava. He also raised and sold cattle and sheep. An allocation of two more fields enabled him to increase his income sufficiently to be able to buy a plow and hire laborers. The interviewer noted that ostensibly because of his rapid rise to success, this particular farmer was suspicious of questions and not especially cooperative.

Key Words: Nigeria; the Fulani; the Tera; constraints to entrepreneurship; agricultural innovation

White, Sylvia
1985

African Women as Small-Scale Entrepreneurs: Their Impact on Employment Creation. In: Women as Food Producers in Developing Countries. J. Mongon and M. Kalb, eds. Los Angeles: Regents of the University of California.

The employment generating effects of women garri (cassava cereal) makers in the Brong Ahafo region of Ghana were examined in the early 1970s using interview results, analyses of the garri-making process, and household surveys. The author calculates that the 15 garri-makers employ the equivalent of 52 workers full time in a year and therefore would represent a solid investment in terms of employment generation.

The 15 firms were home-based ("household") establishments run by generally middle-aged women with limited formal education, most of whom were not from the local area. They obtained loans from their husbands and other family members, or savings from wage labor and trade rather than credit from banks to start their businesses. The women who saved their profits (half the sample) used them 1) as security for hard times; 2) to reinvest in their business or in other income-generating activities; 3) to educate their relatives. Maintaining a flow of working capital presented a problem for many of the garri makers.

Case Study. In the early 1960s, Agnes, using a 75-dollar loan from her husband, bought equipment, added to her cassava garden stock, and trained two women to cook her cereal. She contracted with a nearby farm for a large supply of casava, and hired drivers and loaders, women cassava processors, millers, washers, cooks, dryers, and baggers to produce eight 100-lb bags of garri that were sold to a wholesaler for an estimated annual net income of \$753.60.

General statistical misrepresentation and research neglect of women entrepreneurs have resulted in women's exclusion from access to credit and training programs. This study attempts to make visible the economic contribution of women's businesses in hopes that development programs designed by governments and planners will begin to reflect the needs of female owned/operated small-scale firms.

Key Words: Ghana; cereal trade; employment generation