

Chapter 16

Mentalpreneurial Differences and Similarities: Ghanaian and United States Entrepreneurs who Start Family Businesses

Joseph Ofori-Dankwa
Saginaw Valley State University, USA

Kwame Omame-Antwi
Pentecost University College, Ghana

ABSTRACT

This chapter identifies several challenges and positive trends that family businesses in Africa face. The challenges include relative lack of capital, lack of business freedom, and the high levels of corruption. Positive trends identified include infrastructural projects associated with the Chinese investments in Africa, the role of technology as a catalyst in helping social capital build-up of women entrepreneurs, and the strong correlation of good governance factors with indicators of ease of doing business. This chapter also identifies several similarities and the few differences that American and Ghanaian entrepreneurs face. Implications for research and lessons for prospective entrepreneurs are provided.

INTRODUCTION

Research on family business and its substantive entrepreneurial overlap, has been maturing as a distinct research area with clear depiction of its academic and practical relevance, and increasing geographic scope (Casillas and Acedo, 2007; Dawson and Hjorth, 2012; Litz, Pearson and Litchfield, 2012; Sharma, 2004; Sharma, Chrisman and Gersick, 2012). Despite these impressive

strides in research in the family businesses, there are two substantial lacunae in the literature that this book seeks to address. First, despite calls by several scholars (e.g. Sharma et al., 2012; Sharma, 2004) for widening the societal and environmental context of family business research, its geographic context has been substantially limited in that the continent of Africa has been severely under-represented. Our second gap is that most of the theory and research underpinning family

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business has been undertaken in the context of developed nations and despite the substantial geographic reach that has increased (e.g., Debicki et al., 2009; Sharma et al., 2012), there have been very few comparative studies between the highly developed and the less developed economies and none to date contrasting developed nations such as United States and developing countries such as Ghana. The need to compare, particularly from a concurrently different and similar perspective is important because of the more comprehensive answers likely to be generated (Ofori-Dankwa and Ricks, 2000).

THE CONTEXT OF ENTREPRENEURSHIP IN AFRICA

This chapter addresses the first of these gaps by describing the entrepreneurial context that family businesses in Africa operate in. Such contextualization is also important as we focus on addressing the second gap in the literature: a comparison of entrepreneurship associated with family businesses startups in the United States and Ghana. We therefore review the seven studies that we incorporated in Part One of our book. In so doing some of the chapters in this book reflect some key current and historical factors associated with the entrepreneurial context in Africa in general while some are more regional and country specific and highlight countries in North Africa (Tunisia, Libya and Egypt), West Africa (Ghana). In general the seven chapters represented in Part One of this book point to both the substantive challenges and more positive trends of the context of entrepreneurship.

Challenges

An important aspect of the context of entrepreneurship in the African context is represented by the very substantive challenges that family business startups have to face. The first chapter by Puia, Affholter and Potts helps in highlighting

these major challenges African entrepreneurs face by undertaking a comparison of the conditions that exist in developed countries and those in developing/emerging economies. Puia, Affholter and Potts first depict eight key factors that will stimulate entrepreneurship in both developed and developing countries. These are *business freedom, investment freedom, investment protection, property rights protection, technological readiness, innovation, freedom from corruption and access to risk capital*. In essence, the more investment and business freedom and access to risk capital exists in a country the more likely individual entrepreneurs will start businesses. The study compares six West African countries (Benin, Cote d'Ivoire, Ghana, Liberia, Senegal and Sierra Leone) and seven Western developed countries (United States and France, Germany, Italy, The Netherlands, Spain and the United Kingdom) with respect to these eight entrepreneurial stimulators. For the six Western developed countries, other than the United States, Puia and his colleagues take the average of the data, their rationale being that they are part of a larger economic entity, the European Union. Their study clearly highlights the difficulties that entrepreneurs in Africa have. Their study finds substantial gaps between the West African countries and the developed countries with respect to ALL of the eight business conditions that they looked at. To the extent that these eight factors will stimulate entrepreneurship, if present, this chapter clearly highlights the entrepreneurial infrastructure deficit that African entrepreneurs operate in. It is important to note that the extent of the gap between developed and emerging economies of West Africa were not all the same. The biggest gaps were with respect to the levels of *technological readiness, innovation and corruptions*. The smallest gaps were with respect to *business freedom, investment freedoms and investment protections*.

While the Puia, Affholter and Potts study clearly highlights the difficulties that West African entrepreneurs face, the Bishop and Surfield study

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