IMMIGRANT BUSINESSES IN GHANA: A STUDY OF THE LEBANESE IN ACCRA.

BY

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THIS THESIS IS SUBMITTED TO THE UNIVERSITY OF GHANA, LEGON IN PARTIAL FULFILLMENT OF THE AWARD OF MPHIL SOCIOLOGY DEGREE.

JUNE 2012
DECLARATION

I hereby declare that this thesis is the result of my own research work, carried out in the Department of Sociology, University of Ghana, under the supervision of Dr. Akosua Keseboa Darkwah and Rev. Dr. Michael Perry Kweku Okyerefo. All references cited in this work have been duly acknowledged.

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DEDICATION

This work is dedicated to my parents, Mr. Stephen Ohene Marfo and Mrs. Victoria Ohene Marfo. Thanks mum and dad for all the love and support. You guys are the best.
ACKNOWLEDGEMENTS

An expedition through the ever-changing academic scenery could not have been possible independently. I have had the benefit of being supported and encouraged by many people throughout this expedition. There cannot be sufficient words and space to express my appreciation to these people who have helped me through this journey.

I wish first to thank the Lord Almighty for His abundant grace. I cannot forget my indebtedness to my supervisors Dr. Akosua Keseboa Darkwah and Rev. Dr. Michael Perry Kweku Okyerefo, who inspired me and engaged me in very useful discussions on various aspects of this study. Thank you so much for your priceless contributions. I promise to keep the fire burning and hope you will be there to guide me in my future studies. I also thank all lecturers in the Department of Sociology for imparting to me the principles I needed for this study. I especially wish to thank Prof. K. Senah, Prof. Steve Tonah, Dr. Dan-Bright Dzorgbo and Dr. Steve Afranie, who advised me in various stages of this research.

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To all the staff in the Sociology Department and my colleagues I thank you all for being there for me. You were all part of this study and I trust that you have success in all your endeavours and may the Almighty God richly bless you all.
ABSTRACT

One important mechanism that immigrants mostly adopt as a means of integrating economically in the host country is the establishment of small-scale businesses of their own (Bonacich and Modell, 1980; Cummings, 1980; Glazer and Moynihan, 1963; Light, 1972). This study was conducted to examine the business practices of Lebanese immigrants in Accra Ghana, as well as contribute to the literature on immigrant businesses, which focuses predominantly on immigrants in Western societies. Using a qualitative research method, six in-depth interviews were conducted with Lebanese immigrant business owners in Accra.

The study revealed that due to previous business and employment experiences Lebanese immigrant business owners have realised that certain forms of social capital are better accessed for business establishment whiles others are better utilised in business management. For this reason, business owners do not rely on kin networks for business management but are likely to utilise kin networks for business establishment and this goes contrary to the popular notion that immigrants use kin networks for both business establishment and management. In addition, non-kin networks are used for business management and not for business establishment.
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CHAPTER ONE

BACKGROUND TO THE STUDY

1.0 INTRODUCTION

In the last couple of decades, migration has emerged as a major force throughout the world. In traditional immigrant-receiving societies, the rate of immigration has grown and its components have shifted decisively away from Europe, the historically dominant source, toward Asia, Africa, and Latin America (Massey et al, 1993). Asian and African migrations, when discussed, are described usually only as indentured migration subject to the needs of Europeans or as peasants fleeing over population pressures, quite different from the free migrant that transformed the Atlantic world (McKeown, 2004).

The yearning to migrate by the unemployed, underemployed and those employed in very low income jobs in developing countries is a function of the availability of information, geographic distance, gaps in prospective lifetime incomes, and the perceived likelihood of gaining employment in the developed country. However, capacity to migrate, on the other hand, depends on some combination of family income levels, access to credit markets, government support, the extent of diaspora corridors abroad, and the level of entry barriers instituted by the developed countries (Ranis, 2006).

In spite of the clear need for diversification in today’s swiftly advancing societies and economies, migration has been greatly politicized and often negatively comprehended. Mobility is now a recognized attribute of modern society (International Organisation for Migration report, 2011). International migration,
with its intricate web of demographic, social, economic and political determinants and consequences, is a topic that has moved to the forefront of national and international agenda. In the last few years, immigration has become a major issue of concern in an increasing number of countries, such as the United States of America, Canada, Netherlands and Great Britain (UN, 2002).

Majority of these concerns have to do with the rate at which people move from their countries of birth to other countries either for economic or political reasons. In 2000, the total number of international migrants was 178 million, corresponding to 2.9% of the world’s population. However, this figure rose to 191 million in 2005 accounting for 3.0% of the world’s population. It is estimated that the number of international migrants will rise to 213 million in 2010, which will account for 3.1% of the world’s population (UN, 2009).

According to the 2009 UN report on migration, a total number of 177 million and 193 million people were estimated to have migrated to Africa in mid-2005 and 2010 respectively. These figures represent 1.9% of the total population of Africa for both years. Also, in Ghana, it is estimated that a total of 1.85 million people lived in the country as international migrants by mid-2010 which represents 7.6% of the total population of the country (UN, 2009).

In addition to the focus on figures, other scholars are concerned with the kinds of policies that are developed in relation to issues of international migration and immigrants themselves. It is ascertained that the numbers of immigrants to any nation, and their countries of origin are strongly affected by the receipt countries’ immigration policies and laws, as well as the extent to which those laws are
enforced (Serrie, 1998). The focus on migration policy has been precipitated by certain factors that include, the widening migration impact; the involvement of a greater number of actors; and the growing recognition of migration’s mutual benefits. For this reason, it is presumed that improved policies towards movers would lead to improved human development, which would benefit all groups affected by migration (UN, 2009).

Other concerns, which have been covered by a number of authors (Marger and Hoffman, 1992; Light and Gold, 2000; Van Tubbergen, 2005), have been on the issue of the burgeoning numbers of immigrant self owned enterprises and the use of social capital (especially, kin groups) in providing resources for the establishment of these businesses. Studies on immigrant enterprises are thriving, especially in Europe (Rath, 2000) and many studies, as well as edited books, on ethnic businesses have been published over the last two decades (Cummings, 1980; Langlois and Razin, 1989; Light and Bonacich, 1988; Light and Gold, 2000; Light and Rosenstein, 1995; Min, 1988a, 1996; Portes and Bach, 1985; Razin, 1993; Razin and Light, 1998; Waldinger, 1986; Ward and Jenkins, 1984; Yoon, 1997). Recent research has led to conceptual clarifications and theoretical refinements on the occurrence of ethnic businesses. Researchers consider “labour market disadvantages” and “opportunity structure” as well as “group resources” and “embeddedness” as major causes for the creation of ethnic businesses among immigrants (Min and Bozorgmehr, 2000).

In addition, other studies on immigrant businesses have established the fact that small businesses offer viable employment opportunities to newly arrived immigrant groups (Bonacich and Modell, 1980; Cummings, 1980; Glazer and Moynihan,
1963; Light, 1972) and such business opportunities continues to be available today. The disadvantages faced by immigrants in the labour markets of the host countries, such as, the inability to speak the languages of these countries, the various forms of discrimination, non acceptance of their educational and work experiences accumulated from their native countries, the non-existence of solid social and economic base, et cetera, force immigrants to establish their own business if they see an available business opportunity (Bonacich, Light and Wong, 1980; Hurh and Kim, 1984; Light, 1979; U.S. Commission on Civil Rights, 1979).

The ability to mobilise funds through kinship ties and social networks has played a major role in motivating immigrants to establish businesses of their own (Granovetter, 1995; Roberts, 1995). The use of kinsmen among Chinese, Taiwanese, Indians, Lebanese, Japanese, Koreans and Mexican immigrants in the United States, Canada, and even Africa, as resources for raising funds to establish businesses is found in various studies (Min, 1990; Li, 1993; Nam and Herbert, 1999; Sander et. al, 2002; Walton-Roberts, 2003 ). Majority of the customers and employees of immigrant businesses are co-ethnic group members, who prefer to purchase or work for their co-ethnic members than for others.

The retail and wholesale of products, provision of automobile services and the establishment of restaurants and hotels are the usual business opportunities in which immigrants engage, usually in the United States, Europe and Canada. Korean and Chinese immigrants in the United States mostly engage in two main labour-intensive industries, which are retail trade and selected industrial services. In addition, most of the Korean retail lines are grocery stores, liquor stores, accessory stores, apparel stores, gas stations and auto supply stores.
In service industries, Korean small businesses are concentrated in personal businesses like accounting services, real estate, laundry and cleaning services, automobile repairs, building maintenance and janitorial services (Bonacich and Jung, 1979; Kim, 1981). Moreover, one can observe that, these business forms are not only limited to the Korean and Chinese, but indeed, other immigrant groups such as the Mexicans, Lebanese and Ghanaians practice these forms of business operations (Beuving, 2006; Durand and Massey, 1992; Manuh, 1998).

1.1 PROBLEM STATEMENT

The presence of business and trade oriented international migrants in West Africa and Ghana in particular dates back to the 15th and 16th centuries (Peil, 1974; Rouch, 1954). Rouch (1954), for example states that by the beginning of the colonial era, Hausa, Fulani, Arab and Mossi traders were well established in some notable market centres in Ghana. The economic motivation notwithstanding, it is generally held that people move from their country of birth to other countries for a myriad of reasons and noticeable amongst them are social and political reasons (Antwi Bosiakoh, 2009; Trager, 2001).

One important mechanism that immigrants mostly adopt as a means of integrating economically in the host country is the establishment of small-scale businesses of their own (Bonacich and Modell, 1980; Cummings, 1980; Glazer and Moynihan, 1963; Light, 1972). For instance, Antwi Bosiakoh (2009) notes the resurgence in Nigerian migration to Ghana and their line of businesses in Accra-Ghana. Likewise, Akyeampong (2006) notes the quintessential interest of the Lebanese in economic opportunities.
Studies on immigrant enterprises have shown that immigrants mostly use ethnic networks in developing their enterprises, others focus on the debate as to whether relying on ethnic networks is a bane or blessing to the survival of the enterprise (Winder, 1962; Handwerker, 1973; Humphrey, 1998). Even though there are lots of studies that document immigrant business activities in host countries, most of these literature on immigrant business enterprises focuse predominantly on immigrants in western societies where the context is different such that use of kin networks and reasons for business creation may be different.

However, studies that document the existence of migrant groups in Ghana (Akyeampong, 2006; Anarfi et.al, 2003; Antwi Bosiakoh, 2009; Peil, 1974; Rouch, 1954) have paid little attention to the business practices of these immigrants in the country. Using the Lebanese as a case study, this study, attempts to contribute to literature on immigrant businesses by assessing in detail the business practices of this immigrant group in Accra, Ghana. This study seeks to bring out the importance of understanding the extent to which fairly ‘wealthier’ immigrant groups, in a generally poor context, are able to manage their business in a way analogous to other immigrant groups.

1.2 SIGNIFICANCE OF STUDY
The study is expected to enhance our understanding of the extent to which immigrant entrepreneurship in the African context mirrors that of the West by providing insights into the business operations of the Lebanese in Accra, Ghana and especially, how they use their social network ties (for example, the family) to meet their economic needs. It will add to the existing literature on immigrant businesses
in the world in general, Lebanese immigrant business in particular and serve as reference for studies with similar purview.

In conclusion, the relevance of the study is in fulfilling the need to place migration studies in a social context as suggested and expatiated by Adepoju (1998), Antwi Bosiakoh (2009), Meier (2005) and Tiemoko (2003).

1.3 AIM
The aim of this study is to understand the business operations of Lebanese immigrants in Accra, Ghana.

1.3.1 OBJECTIVES
The following objectives outlined below seek to help achieve the above aim.

1. Examine the categories of Lebanese businesses in Accra.
2. Identify and examine the motivation for self-employment.
3. Examine the roles played by Lebanese kin, non-kin Lebanese and non-Lebanese in the establishment and management of these businesses.
4. Understand the challenges (if any) that are faced by these businesses.
5. Analyse the contributions of these businesses to the Ghanaian economy.

1.4 THEORETICAL FRAMEWORK
1.4.1 SOCIAL CAPITAL APPROACH
According to Massey et al. (2005), social capital or social network approach, is mostly utilised to clarify the push-pull factors of global migration. The approach fundamentally presumes that immigrants are fascinated to move to a particular country by the fact that fellow immigrants from a similar cultural group have
previously settled in the host society, and as such permitting for the incidence of networks of enlistment.

Social Capital, which was first introduced in 1977 by Glenn Loury in his dynamic theory of racial income difference, is one aspect of rational choice theory. Coleman (1988) asserts that social capital is a part of a rational choice method and a functionalist outlook in which social relations between actors are redefined as exchange relations. For Cersosimo and Nisticò (2008), social capital is a resource that is built up, reinforced, or smashed by the actions of individuals; it can create trust in economic and social relations. In the words of Coleman, social capital is a resource “lodged neither in individuals nor in physical implements of production, (but inherent) in the structure of relations between persons and among persons” (1990: 302).

To Coleman (1988), rational actors engage in rational exchanges and during this exchange, actors depend on three forms of capital or resources and these are human, physical and social capitals. Moreover, rational choice theorists regard social capital as an informational resource emerging because of interaction between rational agents needing to coordinate for mutual benefit (Woolcock, 1998). Social capital echoes in trust and trustworthiness and thus enables a group to accomplish much more than if trust was lacking. However, trust can devalue over time if not preserved and rejuvenated (Coleman, 1990).

When first used, the concept designated “a set of intangible resources in families and communities that helped promote social development…” (Massey et. al, 2005:42). However, Bourdieu (1986) extended the meaning and indicated a broader
application of the concept to human society. The concept has since come to be defined as

the sum of resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalised relationships of mutual acquaintance and recognition (Bourdieu and Wacquant, 1992:119).

Social capital is usually defined as the ability of individuals to secure access to limited resources because one is a member of a particular social network or institution, which has access to these resources. Putnam gives a wider definition of social capital as “features of social organization such as networks, norms and social trust that facilitate coordination and cooperation for mutual benefit” (1993: 67).

The theory brings together the social relationships of people into the economic sector and looks at social relations of actors from the economic point of view. What makes this theory important and fascinating is its ability to connect disciplines such as sociology and economics, thus creating and bidding for an interdisciplinary form of research. Social capital theory perceives social relations and institutions as assets that can be used or engaged for income generation (Pieterse, 2003).

One key feature of social capital is the flexibility in converting it into other capital. With access to social capital (often through membership in social networks and social institutions), one can convert it to other forms of capital to improve and or maintain his or her position in society (Bourdieu, 1986). Migrant networks are sets of interpersonal ties that connect migrants, former migrants, and non-migrants to one another through relations of kinship, friendship, and shared community origin (Woolcock, 1998). The social capital or social network theory was used to explain why Lebanese business owners go into the kind of businesses that they are engaged
in, why they employ certain calibre of people to manage their businesses and the roles that the social capital or resources that they have available to them play in the management of their businesses.

1.5 STUDY DESIGN AND RESEARCH METHODS

This study is qualitative in orientation because of the exploratory nature of qualitative research method and the fact that it provides a comprehensive and elucidated understanding of the social domain of the research area. This is done through the study of the social and material conditions, experiences and outlook of research participants (Snape and Spencer, 2003). In other words, the qualitative research method provides a true picture of what is being studied.

1.5.1 STUDY AREA AND STUDY POPULATION

The study area for this research is Accra, the capital city of Ghana and the regional capital for the Greater Accra Region. Accra was chosen because of the massive presence of immigrants in the city. Likewise, Accra a multinational city with different people of different backgrounds and as such attracts many immigrants compared to other parts of the country.

The study population is self-employed Lebanese in Ghana. This group comprises of both naturalised Lebanese (Lebanese-Ghanaians), those who were born in Ghana with Lebanese origin (Ghanaian-Lebanese) and those who retained their citizenship as Lebanese nationals (Lebanese). The justification for settling on the Lebanese for this study is that they are one of the immigrant groups with the longest migration history in Ghana. The Lebanese have been in Ghana since 1884 and as such, their presence has been felt for the past 128 years. Moreover, the Lebanese present us
with a unique feature in the sense that Lebanese overseas or in the diaspora are more than those in the country of origin. Lebanese in the diaspora number somewhat from one million (IOM, 2003b: 22) to fourteen million of Lebanese descent (al Khouri, 2004: 28). Yet, Lebanese in Lebanon number about four million and three hundred thousand (PRB, 2011).

1.5.2 SAMPLING TECHNIQUE

Qualitative research studies use non-probability samples, the most robust approaches to which are purposive sampling and theoretical sampling. In both approaches, sample units are chosen “purposively” for the ability to provide detailed understanding. Purposive samples are designed to be as diverse as possible, such that all key groups and constituencies, and units are selected based on “symbolic representation” - because they hold a characteristic that is known or expected to be salient to the research study (Ritchie and Lewis 2003).

In addition since the sample frame of the target population was not known, snowball-sampling method was also used alongside the purposive sampling method to select respondents for the interview. The first respondent was purposively selected and interviewed. The respondent was later requested to mention the names of companies or individuals that he knew, who had the same characteristics so that they could also be contacted to participate in the research. Respondents were categorised based on the kind of businesses that they engage in, that is, automobile industry; construction industry; hospitality industry and media and advertisement.

In addition, longevity of the company was used as an element for sampling of respondents. A comparative analysis was made between those businesses that have
been in existence for a longer period (before 1996) and those that have been in the system for a shorter period (after 1996)\(^1\). This was done to discover the changes that have occurred in these businesses in relation to the roles played by Lebanese kin, non-kin Lebanese and non-Lebanese in managing their business ventures. Moreover, to discover the strategies adapted by owners of these businesses in managing the changes that has transpired.

Six Lebanese immigrant business owners were sampled using the purposive and snowball sampling technique for in-depth interviewing. Sampling of respondents was based on the different forms of businesses that they operate in Accra, Ghana.

**Table 1: Business Categories of Respondents**

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<th>Category of Immigrant Business</th>
<th>Number of Respondent Interviewed</th>
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<td>Automobile Industry</td>
<td>2</td>
</tr>
<tr>
<td>Media and Advertising</td>
<td>1</td>
</tr>
<tr>
<td>Restaurant</td>
<td>2</td>
</tr>
<tr>
<td>Wholesale and Retail of Aluminium Panels</td>
<td>1</td>
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(Source: Fieldwork, August 2011).

However, due to the close nature of the Lebanese community in Ghana and due to the negative stereotypes pinned or labelled against them in the past, I found it very difficult gaining entry into the community. The sample size previously was to be based on the notion of diminishing returns (principle of saturation) where the

\(^1\) According to Akyeampong (2006), 1996 was the year that the government of Ghana amended the Constitution to make room for dual citizenship, so as to make it possible for immigrants to have two nationalities and still be loyal to their place of origin and their place of residence.
sample size can only be determined after all interviews have been conducted but because of the close nature of the Lebanese community in Ghana, I interviewed ten respondents. However, out of the ten, only six participated in the research to the end. Two respondents decided to opt out of the research, because their business strategies were being exposed to the public. The other two respondents rejected the face-to-face interview but granted interviews only with their public relations officers (PRO), who could not answer the questions since they were not directed to them but to the owners of the company.

In addition, the close nature of the community worsened when one of their members was named as one of the benefactors of the judgement debt payment saga that rocked the country in 2011. The company was paid GHe2,500,000 for the supply of one hundred and ten cars but only delivered twenty-three cars. The company was therefore held liable to refund all the monies lost to the state due to incompetent and questioning procurement practices.

Therefore, the small nature of the sample supports the argument of Fahed-Sreih, et al (2010) that there is a general suspicion and distrust that permeates the Lebanese society. However, since, according to Crouch and McKenzie (2006), the best way to do an analytic, inductive and exploratory study is to use a small sample, the limits notwithstanding, I am confident that in combination with the participant observation undertaken, the study sheds important light on the nature of immigrant business in a developing economy.
1.5.3 DATA COLLECTION INSTRUMENT

The in-depth or unstructured interview, which is one of the main data collection methods employed in qualitative research, was used to gather data from sampled Lebanese immigrants. This aided in the generation of life histories of sampled Lebanese immigrants. Classic ethnographers such as Malinowski have stressed on the importance of talking to people to grasp their point of view (Burgess, 1982a). The in-depth interview has often been described as a form of conversation (Burgess, 1982a, 1984; Lofland and Lofland, 1995). Indeed Sidney and Beatrice Webb have described the interview method as a “conversation with a purpose” (Webb and Webb, 1932: 130). In-depth interviews reproduce a fundamental process through which knowledge about the social world is constructed in normal human interaction (Rorty, 1980).

I started the interviews with only a general idea or topic which I wanted the respondent to "talk about". This type of research method, as mentioned earlier on, is high in validity as it involves the minimal intervention of the researcher in the research process. In this respect, because the respondent led and I followed, the data collected reflected the interests of the respondent and, in consequence, is more likely to be a valid expression of their feelings, beliefs and so forth. In addition, because the main objective of this research was to describe reality on the respondent’s terms, I adopted this technique as an attempt to minimise pre-j judgements about what is or is not important data.

By its very nature and intention, in-depth interviews give the researcher little or no control over the direction of the interview. In basic terms, it can go in whichever direction the respondent feels is important. This, according to Livesey (2007), could
create two potential problems for the researcher. First, the respondent may start to talk about things that are of little or no immediate interest to the researcher; there is the likelihood, for example, of the respondent wandering into areas that have little or no relevance to the research topic. Secondly, the amount of information received is likely to be extensive and this will involve some form of selection and interpretation process on the part of the researcher when the data is finally analysed.

To mitigate these limitations of the in-depth interview method I developed an interview or topic guide. As an “aide-memoire” (Burgess, 1984), the topic guide offered a tool to enhance the consistency of data collection. It helped to ensure that relevant issues were covered systematically and with some uniformity, while still allowing flexibility to pursue the detail that is important to each individual participant. This, however, does not necessarily mean asking the questions in the same way or asking the same questions of each individual respondent. A topic guide, as argued by Ritchie and Lewis (2003), should be seen as a mechanism for steering the discussion in an interview or focus group but not as an exact prescription of coverage.

Moreover, the in-depth interview guide was pre-tested to find out the usefulness of the instrument to refine and improve it if necessary. One Lebanese business owner was used for the pilot test. It became known that some of the questions needed clarifications and the wording of others had to be changed. Furthermore, other useful questions came up that were not in the interview guide but helped to answer the objectives of this study.

In addition, I observed the working situations of the sampled respondents. Some of the respondents were interviewed once whiles others were interviewed three to four
times. All interviews took place at the work places of respondents during and after working hours. The interviews lasted between one hour, twenty minutes and three hours. Statements made by respondents in relation to the number of expatriates (non-Lebanese, non-kin Lebanese and kin Lebanese) that work with them, their positions, the number of locals (Ghanaians) and their positions were all observed and verified. Moreover, prior to the interviews I visited the companies about two to four times to observe how prospective respondents related to non-kin Lebanese, kin Lebanese and non-Lebanese, workers and customers alike. I later visited the work place of respondents after the interviews to discover any changes in both business management and new areas of business that they have ventured into.

1.5.4 DATA HANDLING

Interviews were recorded with the aid of a Sony Voice Recorder. All six interviews were recorded and transcribed even though some respondents at first did not want the interviews to be recorded with the excuse that they cannot express themselves very well in English but opted for a 15-pager open-ended questionnaire, which had been developed for such eventualities. However, they later discarded the open-ended questionnaires in favour of the interviews because of its volume. Respondents were requested not to provide their names before the interviews but they overlooked that and mentioned their names in the recorded interviews as well as the names of their companies. However, respondents as well as their companies were given pseudo names in the analysis to ensure confidentially and as such not cause harm to them in any way.
1.5.5 DATA ANALYSIS

According to Ryan (2006), analysis is the process of coming up with findings from the data obtained from the field. This process requires that the data is organised, scrutinised, selected, described, theorised, interpreted, discussed and presented to a readership. Analysing data is necessary because it aims at going beyond the raw data obtained from the fieldwork by the presentation of evidence, making the familiar and mundane issues strange and shedding of light on research questions. Analysis involves the examination of knowledge and meaning that people attach to their words and actions.

Data was analysed manually with the aid of a Microsoft Excel Template, which I developed. Respondents were coded in the form of cases (Case 1, 2, 3 ... 6). Themes such as trust, social capital, motivation for self-employment, importance of culture and education were used in analysing the transcribed interviews. In addition, verbal quotes with or without alterations were taken from the transcriptions and used in the analysis and consequently in the presentation.
CHAPTER TWO

REVIEW OF LITERATURE

2.0 INTRODUCTION

This chapter deals with the review of existing literature on immigrant self-employment in the world. The existing literature is in three main areas; on immigrant self-employment, the essence of social capital in business establishment and management and the contributions of immigrants and their businesses to the economy of the host country.

2.1 EXPLAINING IMMIGRANT SELF-EMPLOYMENT

Many immigrant entrepreneurs choose self employment as a way of attaining the self-sufficiency and independence that they need to thrive in the host country and as such self-employment of immigrants represents the most significant aspect of entrepreneurship (Morris and Schindehutte, 2005; Moreland, 2006). Historically, immigrants have established businesses of their own in host countries. Members of certain immigrant communities especially the Lebanese, Jews, Chinese, Armenian Greeks, and Italians have been well known in many settler countries as businesspersons. The establishment of private enterprise has been imperative for inclusion and integration into the host society especially into its economy (Light and Sanchez, 1987; OECD, 2010).

According to Orderud and Onsager (2005), immigrant self-employment can be seen as a project with a more or less purposeful preparatory phase, followed by an establishment phase with trial and error features and avenues of withdrawal to paid
employment and finally the operational phase, where immigrants are likely to have subsistence enterprises and just a handful create expansive growth enterprises. Moreover, the choice of business industry is important to note as it often represents the degree of integration achieved by ethnic groups. Businesses that have moved out of ethnic specific markets represent a greater degree of integration and the potential long-term survival (Janjuha-Jivraj, 2003).

The greater likelihood for migrants to establish their own businesses has been widely documented in the literature (Farlie, 2008; Cummings, 1980; Light and Rosenstein, 1995; Lofstrom, 2002; OECD, 2010; Waldinger, 1986). A study conducted in the US in 2000 by Lunn and Steen, for example, reports that self-employment rates of immigrants is 10.28 percent and 9.18 percent for natives, supporting the notion that immigrants are more likely to be self-employed than natives. This, according to one group of researchers such as Hart et al (2009), is because their outsider status gives them the chance to recognise opportunities that their native counterparts may not perceive. These capabilities can be linked to unique entrepreneurial resources like access to partners, customers and suppliers in their country of origin.

Other scholars like Van Tubergen, (2005) on the other hand, argue that higher unemployment rates among natives in a particular country augment the likelihood of immigrants’ self-employment in that country. Thus, immigrant employees are pushed out of the labour market and become entrepreneurs in the host countries. On the contrary, high rate of native self-employment in an area reflects adequate opportunities in the small-business economy, which are open to immigrants as well.
Market conditions in these areas encourage immigrants to open a business, creating a main pull factor (Razin and Langlois, 1996).

Moreover, studies have shown that natives found companies that have a percentage of its founding team being foreign-born mostly do better than companies that are strictly founded by natives. Hart et al (2009) reported that 16% of high-tech companies had at least one foreign-born entrepreneur among their founding teams, while Saxien (1999) and Monti et al (2007) reported 24% and 26% respectively.

Furthermore, Ensign and Robinson (2011) posit that immigrant entrepreneurs first bring their contributions and innovations to their own communities. They later bring this uniqueness to the mainstream labour market of the host country after being assessed and criticized and attaining the admiration of the established communities. In addition, according to Evans (1989), this makes the destination-language skills of the immigrant groups a pull factor for self-employment. She proposes that the lesser the language skills of the immigrants in one’s own group, the more striking it is to become an entrepreneur. As such, immigrants with few language skills do not function well in the open labour market and may find it worthwhile to work for co-ethnics.

Orderud and Onsager (2005) argues that immigrants are likely to go into trades in which they have previous experiences, through family ties, previous employment or both. These immigrants are more likely to have self-employed parents, to have had formal training in small businesses, or to have been self-employed themselves in their countries of origin. It has been acknowledged in the literature that the offspring of self-employed parents are more likely to be self-employed themselves.
People decide to go into it as a form of career development whereas others are enthused by the yearning to be their personal managers. Self-employment is a viable means for immigrants to integrate economically and socially into the host countries and serves as a means to escape from poverty and unemployment (Raijman and Tienda, 1999b; Sanders and Nee, 1996; Serrie, 1998). Self-employment is usually understood to be a key tool in the cultural and economic integration process of immigrants. It is therefore seen as an important stepping-stone towards ascendant social and economic mobility (Cummings, 1980; Lofstrom, 2002).

However, according to Waldinger (1989), three broad approaches can be used to explain why immigrants are more likely to engage in self-employment than natives. These approaches are the predisposing factor approach, the opportunity structure factor approach and the interaction between predisposing characteristics and opportunity structures.

2.1.1 THE PREDISPOSING FACTOR APPROACH

The predisposing factor approach or the culturalist approach ascribes the business and organizational structures of immigrants to their particularistic ethnic or cultural features rather than the opportunity structures in the host countries (Berger and Hsiao, 1988; Redding, 1990; Tsui-Auch, 2005). This is because they may have access to resources such as low-cost labour, capital, customers, close kin and friends they can trust. In addition, they might be in to make quick money and go
back to their country of origin and as such will tend to be very hard working and very ethical. They might also be more oriented to risk and high-quality business experience. Many immigrant entrepreneurs mobilise start-up capital from family members and friends or by participating in rotating credit associations (Laguerr, 1998).

Moreover, Evans (1989), maintains that ethnic entrepreneurs have minor information costs concerning the consumption preferences of their own group, making it more appealing to become self-employed when the group is bigger. In addition, there is easy access to start-up capital in their ethnic community among larger immigrant groups (Yuengert, 1995). In a study of Koreans and Iranians in Los Angeles, Min and Bozorgmehr (2000) argue that private loans from relatives and friends, coupled with unpaid and cheap family and co-ethnic labour are factors that explain establishment and successful operation of businesses by these two immigrant groups.

For instance, Light (1984) argues that immigrants who go to the United States go there with a variety of socio-cultural settings and assets that become very essential if one decides to become a businessperson. For him, such assets partially explain the differences in self-employment rates between immigrants and natives. Sowell (1996) also argues that immigrants transfer their country’s culture of self-employment to the country of destination and that accounts for self-employment among Japanese immigrant groups in the world. It is argued that when immigrants come from countries with moderately large self-employment sectors, they are socialized into activities that facilitate self-employment, having skills complimentary for business establishment.
2.1.2 OPPORTUNITY STRUCTURE APPROACH

With respect to the opportunity structure approach, immigrant entrepreneurs usually enter non-ethnic or open markets and they mostly do this when circumstances allow access (Halkias, et al. 2007). The socio-economic swings in neighbourhoods and communities are important factors that create opportunities for immigrant entrepreneurs (Min and Bozorgmehr, 2000). However, Aldrich and Waldinger (1990) argue that immigrants can carry out economic activities but modifications in the nature of these economic activities over time restrain what immigrants can do at any specific moments. Immigrant entrepreneurship is patterned, and largely found in industries with lower entry barriers, like those requiring low economies of scale but having lesser markets and higher risks of failure. These industries are rejected by the natives, either because of little returns or the stumpy social status accorded them (Waldinger, 1989).

In addition, the market conditions of the host society affect the viability of any immigrant venture. However, a significant market condition is the size of the ethnic populace, which aids in shaping the size of the market that entrepreneurs have for their ethnic goods. For businesses to survive, they must stretch out to the bigger market or engage sometimes in overseas trade (Waldinger, 1986; Aldrich and Waldinger, 1990). The glass ceilings of the labour market of the host country and other limitations pose a challenge to immigrants who wish to work in the labour market resulting often in immigrant communities separating themselves in one way or another in order to avoid these barriers (Bal, 2006).

Rath (2000) and Van Tubergen (2005) contend that it is very complex and thorny for immigrants to find jobs in host countries owing to their narrow networks,
inadequate education and prejudiced employment processes and as such, immigrants are more likely to be self-employed. For Clark and Drinkwater, (2000) and Min (1984) racial, linguistic, religious and cultural disparities often form a synthetic wall that immigrants must first break before they can penetrate the mainstream labour market of the host country. However, for Ensign and Robinson (2011) the same exclusion that creates discrimination in the labour market also creates an opening in the business world for immigrants.

Orderud and Onsager (2005) states that one general trait about immigrant employment is that immigrant entrepreneurs who hail from poor countries have a tendency of going into businesses with low entry hurdles and which entails highly liquid resources, making it equally uncomplicated for the immigrant entrepreneurs to get out again. Kloosterman (2000) argues that ideally immigrants who are deficient in appropriate educational qualifications and financial capital are constrained in the choice of market in which to set up a firm. They are more likely to channel their little resources towards economic activities that require relatively small capital cost, no precise educational qualifications and where technical barriers are low. Another trait is that immigrants from Christian nations are less likely to be self-employed than their counterparts from non-Christian countries of origin. This is because non-Christian immigrants are exposed to more discrimination in the labour market especially if they migrate to host nations, which are predominantly Christian (Van Tubergen, 2005).
2.1.3 INTERACTION BETWEEN OPPORTUNITY STRUCTURE AND PREDISPOSING FACTOR APPROACH

The third approach which is interaction between the opportunity structure and predisposing factor approaches states that the tendency for immigrants to engage in self-employment is not necessarily a cultural feature but as a means to adjust to structural circumstances. When it comes to securing and training skilled labour, immigrants are likely to put more weight on the significance of kin and community connections. Nevertheless, they might point out that these informal assets are mainly precious in settling the organizational pressures inbuilt in a small business setting (Waldinger, 1989).

2.2 EDUCATION AND SELF-EMPLOYMENT

The literature also reports the relationship between self-employment and education has (Bett and Lofstrom, 2000; Lofstrom, 1999; Robinson and Sexton, 1994). These studies argue that it is conceivable that relatively highly educated immigrants are more likely to prefer self-employment than relatively highly educated natives, even though they may not have very good English skills compared to their salaried immigrant counterparts. This is because the educational attainment of immigrants is not valued in the host countries compared to that of the natives. As such, immigrants are more likely to be self-employed and are less likely to seek employment from the labour market of the host country. They also report that education is related to the success of the self-employed. Hammarstedt (2004) contend that even though the self-employment opportunities of the highly educated are great, because they posse good managerial skills and the ability to mobilize resources, self-employment may be less desirable for these individuals.
However, Caputo, Dolinsky, Pasumarty, and Quazi, (1993), argue that because less-educated individuals possess limited wage skills, they would be more likely to be self-employed than others. Hammarstedt (2001) also argues that low educated individuals are pushed towards self-employment by low earnings and high rates of unemployment. In addition, self-employment is higher for men and for those with less education (Blanchflower, 2004).

### 2.3 SOCIAL CAPITAL: THEORETICAL PERSPECTIVE

According to Castiglione, Van deth and Wolleb (2008), James Coleman and Pierre Bourdieu were first sociologies to treat the concept of social capital systematically. However, Portes (1998) argues that Pierre Bourdieu provided the first systematic contemporary analysis of the concept. According to Portes (1998), Bourdieu’s treatment of the concept was instrumental and it focused on the benefits individuals accrue by virtue of their participation in groups and on the purposeful creation of sociability for the rationale of creating resources. Social networks are not naturally given but must be built through investment plans directed towards the institutionalisation of group relations, utilizable as a reliable resource of other benefits.

Pieterse (2003) defines social capital as the capacity of individuals to gain access to scarce resources by virtue of their membership of social networks or institutions. He sees social capital as a hybrid notion that mixes angles and methods that used to be wide apart. It brings the ‘social’ into economics and, for the same reason, looks at the social from an economic point of view. What makes social capital important and fascinating is that it functions as a bridge between sociology, economics and
politics. It acts as a connecting concept that bridges various fields and calls for interdisciplinary research.

It is also argued in the literature that the ability to trust or be trustworthy is one of the main requirements for social capital (Coleman, 1990; Putnam, 2007; Ryan et al, 2008). Granovetter (2005) argues that trust is a key ingredient supporting the management of business with those of a like background. Trust becomes particularly important for immigrant and ethnic businesses, since it is one of the little resources that a minority community can create to a larger extent than a resourceful majority (Wahlbeck, 2007).

Sundaramurthy (2008) defines trust as a person’s belief that individuals engaged in exchanges will make genuine efforts to sustain their obligations and will not take advantage of the given opportunity. Trust encourages network relationships, permits collaboration, reduces transaction costs, diminishes harmful conflict, and facilitates the effective functioning of groups and effective reactions to crisis (Rousseau et al., 1998).

Lewicki and Bunker (1996) put forward three main bases of trust and these are calculus-based, knowledge-based and identification-based trust. Calculus-based trust is built not only on the fear of punishment for breaching the trust but also in the rewards that one can gain from maintaining it. In the words of Lewicki and Bunker (1996) with calculus-based trust, trust becomes an

Ongoing, market-oriented, economic calculation whose value is derived from determining the outcomes resulting from creating and sustaining the relationship relative to the costs of maintaining or severing it. (pp. 120).
The rewards of being trustworthy and the threat of one’s reputation being hurt through the network of friends and associates is what make people comply with calculus-based trust.

Knowledge-based trust, which is the second type of trust, is founded on the other’s ability to predict or know the other sufficiently well to anticipate the behaviour of the other. It grows over time mainly because the parties have a history of interaction that let them develop the ability to predict the other’s behaviour. It relies on information rather than prevention.

However, identification-based trust comes about when parties involved understand effectively the wishes and wants of each other and when goals are aligned or linked. This shared understanding grows to such a point that each can efficiently act for the other. Fukuyama (1995) contends that this form of trust comes into being when one “thinks and feels” like the other due to common values and norms which could be explained by the existence of similar interest, background, kinship ties or familiarity (Lane, 1998).

2.3.1 SOURCES OF SOCIAL CAPITAL
Portes (1998) distinguishes between two broad sources of social capital namely consummatory and instrumental motivations. The consummatory motivations consists of two sources which are value introjections and bounded solidarity, whiles the instrumental motivations consists of reciprocity exchanges and enforceable trust. The first form, value introjections, relies upon the internal absorption of norms during the process of socialisation, which compels individuals to act in a philanthropic manner rather than in a naked selfish manner towards group
members. The internalised norms that make such behaviours probable are then appropriable by others as a resource.

The second source of social capital, which is *reciprocity transactions*, comprises the accumulation of obligations from others according to the norms of reciprocity. Donors provide privileged access to resources in the expectation that they will be repaid fully in the future. Individuals therefore amass what Portes (1998) refers to as “social chits” by drawing upon group reciprocity norms (Portes, 1998, p. 7).

The third source of social capital, which is *bounded solidarity*, finds its theoretical roots in the work of Karl Marx’s analysis of the emergence of class-consciousness among the proletariat. Workers learn to identify with each other and support each other’s initiatives. This is due to the common situations that they are in and not based on the internalisation of norms based on socialisation unlike value introjections. Here the altruistic nature of actors in these situations are not universal but are united by the limits of their community and a common experience of adversity.

The final source of social capital, *enforceable trust*, finds it roots in Durkheim’s theory of social integration and the sanctioning capability of group rituals. Individuals conform to the norms of the group even though the motivation here is personal rather than value persuasions. The orientation of action is towards the group rather than another individual. Here the donor does not get repayment directly from the recipient but from the group as a whole in the form of honour, status or approval. Moreover, the group acts as guarantor so as to make sure that whatever debt incurred is repaid. Thus, trust exists precisely because obligations are
enforceable and not through resort to law or violence but through the power of the group. According to Portes (1998) this source of social capital is appropriate to both donors and recipients; for recipients it assists in gaining access to resources and for donors, it leads to group approval and speeds up transactions because it guarantees against malfeasance. However, the third and fourth sources have the utmost similarity to the experience of immigrant groups (Portes and Sensenbrenner, 1993).

2.3.2 SOCIAL CAPITAL: A TOOL FOR BUSINESS ESTABLISHMENT

Studies show that community networks are a vital source of resources for ethnic firms (Janjuha-Jivraj, 2003; Light and Bonacich, 1988; Nee et al, 1994; Perez, 1992; Portes, 1987; 1998; Portes and Stepick, 1993; Zhou, 1992). Some of these resources include start-up capital, information about business opportunities, access to markets and pliant and disciplined labour force (Portes, 1998). Social networks are increasingly seen as critical to understanding patterns of migration, settlement, employment and links with the country of origin (Castles and Miller, 2003; Jordan and Duvell, 2003; Ryan et al, 2008).

For Boyd (1989), the relationships derived from social capital aids in migration decisions as well as provide money for migration and after migration, it aids in the provision of accommodation, employment, information and emotional support. According to Tsui-Auch (2005), the reliance on family based networks and communal self-help is one of the main factors that reinforce the economic success of immigrant businesses. The support of family members seems to be vital in construction, retail, and a number of service industries but much less so in manufacturing (Lunn and Steen, 2000).
According to Steier (2009) conservative wisdom maintains that those who are closest to us are essential means of resources for personal and business stamina and triumph. Light (1984) points out that the high rates of self-employment for Cubans and Koreans were in large part due to their ethnic resources. Similarly, Yoon (1991), posits that ethnic resources played a significant role in Korean businesses. Wong (1987) showed that Chinese-owned garment factories in New York were assisted by ethnic resources. These resources are used as social capital for both business opening and maintenance. Aldrich et al.(1985) and Chiswick and Miller (2002) argue that within ethnic enclaves, entrepreneurs may have a comparative advantage and cheap costs of production as they enjoy economies of scale in the creation of ethnic goods and may even produce with cheaper labour by co-ethnic workers.

Handwerker (1973), in a related study of market sellers in Monrovia, Liberia, observed that market sellers viewed kinship and friendship obligations as generally helpful in operating their businesses. This is because most traders obtained their capital primarily from relatives, and secondarily from close friends. Once engaged in business, traders tend to rely principally on profits for further capital. This, however, does not take away the importance of close friends and relatives as potential suppliers of capital. Help from friends and relatives engaged in trade or transport activities and “good customer” relations, are most critical in assuring the viability of firms. This is because it minimises short-run expenditures and eases the burden involved in the daily operation of businesses.

Studies have also reported the use of social capital or networks in obtaining information about business opportunities. For instance, Raijman (2001) in her
study of Mexicans in Little Village finds that Mexican entrepreneurs got information about their businesses from family members who were already in a business, friends, or knew from Mexican associates about resources available to support the business start-up process. Similarly, Lofstrom (1999) found that the fraction of co-nationals living in the same location has a positive impact on self-employment possibilities of immigrants.

2.3.3 SOCIAL CAPITAL AND MANAGEMENT STRUCTURE

Studies have reported the relationship between social capital and management structure of immigrant businesses. Most immigrants rely on family members as managers in managing their businesses (Brown, 1994; PuruShotam, 1992; Tsui-Auch, 2005). However, in a study of Chinese and Indians in Singapore, Tsui-Auch (2005) argues that management structure of immigrant changes over time.

For Tsui-Auch, most ethnic Indian entrepreneurs maintain their trade specializations and family management, whereas most ethnic Chinese entrepreneurs pursue unrelated diversification and incorporated outsiders into their operational management over time. She also found that poorly educated founders brought in outsiders for operational management in the same manner as heirs who were highly educated. This goes contrary to Abegglen (1994) assertion that immigrant businesses will give way to professional management when highly educated heirs who rely less on family ties run these immigrant businesses.
2.3.4 TRUST AND SOCIAL CAPITAL

According to Ram et al (2000) and Wahlbeck (2007), most immigrant employers consider the necessity for trustworthy employees as a justification for the recruitment of co-ethnics as well as members of other immigrant groups. From the opinion of most small business employers, employees, who are trustworthy, are considered as a crucial factor in the running of these businesses (Wahlbeck, 2007). The benefit of ethnic businesses appears most robust where the most problematic good needed is trust (Granovetter, 1995).

Wahlbeck (2007), in a study of Turkish immigrants who work in kebab shops in Finland, argues that Turkish employers prefer Turkish employees because of the fact that these employees are trustworthy and are ready to work under the working conditions that exist in the kebab shops compared to Finnish employees. Hence at a closer examination the concept of “ethnic economy” seems to be an “economy of trust”.

However, in a study conducted on Polish immigrants in London, Ryan et al (2008) found that there is high level of distrust among Poles in the ethnic community. This according to Ryan et al (2008) is because of the competition and rivalry for scarce resources. This finding according to Ryan et al (2008), supports the suggestion made by Putnam (2007) that in the face of diversity people become distrustful not only with those who are not like them but also of those who are like them. In addition, Asante (2009) in a study of Ghanaian and Nigerian businesses owners in London found that most of these immigrants did not like to work with their co-ethnics. This goes a long way to asset the fact that the need of co-ethnic cooperation and trust point to the likelihood that bounded solidarity, built out of a
familiar incident of disadvantage, does not robotically give way to communal self-help pertinent to ethnic entrepreneurship.

2.3.5 EFFECTS OF SOCIAL CAPITAL

Even though social capital helps immigrants in the host country, the actual ability of ethnic enclaves to facilitate the development and success of ethnic businesses is questioned (Aldrich et al., 1985; Bates, 1990; 1996; Chiswick and Miller, 2002; Evans 1989; Lazear, 1999; Light, 1979; McManus, 1990; Sanders and Nee, 1996; Wilson and Portes, 1980). Ethnic enclaves may hamper self-employment for several reasons. Entry by potential immigrant entrepreneurs may become difficult, as established immigrants could obstruct the entry of newly arrived immigrants. In addition, some enclaves may be in economically poor areas where residents may have lower purchasing power, probably limiting the potential for business growth.

A cross-national study done by Van Tubergen, (2005) suggests that co-ethnics can both help and hinder each other in starting and maintaining a business. His findings points to the fact that competition between co-ethnics for small markets is stronger in more sizable groups, which makes self-employment in larger groups more complicated. In a similar way co-ethnics hamper each other in homogenous groups. Communities made up of members with mainly the same educational level show lesser rates of self-employment than more diverse groups. In more varied communities, the intensity of competition between co-ethnics is smaller because members are looking for dissimilar kinds of jobs. Furthermore, co-ethnics assist each other in mixed groups, because the educational heterogeneity of the ethnic community aids the accessibility of resources and information vital for business opening and maintenance. Moreover, immigrants who belong to communities with
a higher average education usually have higher self-employment rates. In these ethnic communities, the distribution of more financial and human capital among immigrants helps in the establishment and maintenance of a business than in communities with less financial and human capital.

Moreover, it is argued that the returns of social capital have been exaggerated and its benefits have been questioned (Portes and Sensenbrenner, 1993; Portes and Landolt, 2000; Valdez 2008). The same methods which capitulates rewards to individuals in socially embedded conditions could as well be the basis of harmful effects and one of such harmful impacts is the unwarranted requests that members of a social network make on businesses that seem to be blooming (Asante, 2009). Restrictions on the individual freedom because of despotic group norms are yet another negative impact of social capital (Portes and Sensenbrenner, 1993; Portes, 1998). These groups can also reduce outsider contact if they manage access to resources of value and as such restraining the freedom of its members (Nee and Nee, 1973).

Handwerker (1973) also notes that, while relatives and friends are often critical in the provision of capital to market sellers, and together with good customers are generally helpful in a variety of ways, some pose serious threats to entrepreneurs as they come periodically for loans. For Handwerker, one of the traders noted that, “some friends and relatives come around to lure you to poverty. They will break down your market by asking for this and that which they would not pay for” (pp. 293).
2.4 CONTRIBUTIONS OF IMMIGRANT TO THE HOST COUNTRY

Economic or employment concerns mirrors not only job availability and inequality but also the perception that migrants take jobs away from nationals or place a strain on a country’s resources. Thus, the connection between migration and employment raises the broader matter of the nature and level of the contributions that immigrants make to the host society. There is a certain level of understanding, acknowledgment and even appreciation of the fact that migration brings additional advantages to the economy of the host country (IOM, 2011).

According to Friedberg and Hunt (1995) the link between immigration and growth is likely to depend upon the conditions of the host country and the characteristics of the immigrant inflow. Ranis (2006) argues that unskilled immigrants are substitutes for capital, increase labour force participation rates, and enhance the developed country’s productive capacity through the kind of jobs that they engage in the host countries such as agriculture and personal services which developed country workers are reluctant to take.

Fasit (2008) states that networks of businesspersons, who have moved from their countries and have settled abroad, may comprise an imperative source of financial transfer and investment as immigrant entrepreneurs in the host countries. Moreover, if they are involved with their countries of origin, they may be seen as transnational entrepreneurs. Both private and public segments in developed countries are aware of their immediate and long-term reliance on immigrant labour with an ever more complex skills mixture (Nyberg-Sorensen, Van Hear and Engberg-Pedersen, 2002).
One benefit of immigrants, increasingly recognized, especially in rich developed countries languishing from low birth rates, is that large-scale migration by tremendously young workers is essential to help support the welfare and safety-net packages of the indigenous elderly populace (Ranis, 2006). For Card (2007), the impact of immigration on U.S. is in terms of skill composition, internal migration, population growth, wages, rents, taxes and ethnic income structure of neighbourhoods and schools.

Even though empirical evidence indicate that skilled immigrant have negative impact on the income of their indigenous counterpart compared to unskilled immigrants, there is recognition that skilled immigrants help overcome specific shortages and/or provide entrepreneurial energy and produce precious technology change, principally in the knowledge industries (Ranis, 2006). Hunt and Gauthier-Loiselle (2008), in a study on how immigration boost innovation in the USA found that immigrant college graduate contribute at least twice as much as his or her native counterpart.

According to Dolado, Goria and Ichino (1994), immigrants contribute to the host nation with their human capital in two ways. One is that they bring with themselves skills they have acquired before arrival and the second is that after arrival, they accumulate human capital differently than natives or sometimes they influence the native’s accumulation of knowledge. Hart, Acs and Spencer (2009) argue that high-tech companies which have immigrants as a part of its founding members are very essential to the US because they account for a disproportionate share of job creation and economic growth.
Even though numerous literature have documented the activities of immigrants in relation to their business ventures in the host countries, most of these studies were conducted in developed societies, with little attention given to immigrants in developing societies. However, using Lebanese immigrant entrepreneurs, this study adds to the literature on the role that social capital plays in immigrant entrepreneurship, as well as, the contributions that immigrant entrepreneurs make to a developing host country, which is quite different from their contributions in a developed country.
CHAPTER THREE

IMMIGRANTS IN GHANA: AN OVERVIEW OF MIGRATION TO AND FROM GHANA

3.0 INTRODUCTION

This chapter deals with an overview of migration trends in Ghana and provides some basic information of the country. It also covers the migration trends of the Lebanese from Lebanon to the World, Africa and specifically to Ghana. Reference would be made to the role the conflict in the migration of Lebanese from Lebanon to other parts of the world and the role that the family plays in migration decisions.

3.1 MIGRATION TRENDS IN GHANA

Table 2: Basic Facts about Ghana

<table>
<thead>
<tr>
<th>Ghana: Basic Facts</th>
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</thead>
<tbody>
<tr>
<td>Surface area (1,000 km2, 2008)</td>
<td>238.5</td>
</tr>
<tr>
<td>Population (2011, est.)</td>
<td>25.0 million</td>
</tr>
<tr>
<td>Population growth (2011 est.)</td>
<td>1.80%</td>
</tr>
<tr>
<td>Population density (people per km2, 2008)</td>
<td>102.6</td>
</tr>
<tr>
<td>GDP Per Capita (2009)</td>
<td>$ 1,552</td>
</tr>
<tr>
<td>GDP growth (avg. annual %, 2005–09)</td>
<td>5.80%</td>
</tr>
<tr>
<td>Stock of immigrants (2010)</td>
<td>1,851.8 thousands</td>
</tr>
<tr>
<td>Stock of immigrants as percentage of population (2010)</td>
<td>7.60%</td>
</tr>
</tbody>
</table>

(Source: Bureau of African Affairs 2012; HDR, 2011; Migration and Remittances Factbook, 2011)
Ghana is located on West Africa's Gulf of Guinea only a few degrees north of the Equator. It is bordered on the north by Bukina Faso, on the East by Togo and Cote D'Ivoire on the south. The capital city is Accra with an estimated population of 3 million people (Bureau of African Affairs, 2011). From the colonial era to the late 1960’s, Ghana used to attract many migrants from other African countries due to the relative economic prosperity that the country enjoyed (Anarfi, 1982). However,
due to the structural economic downturns of the 1970’s, it became a major emigration country during the 1970s and 1980s (Higazi, 2005; Van Dalen, Groenewold and Schoorl, 2005).  

At first, Nigeria was a chief point of destination for Ghanaians. But with the expulsion of Ghanaians from Nigeria in 1983 and 1985, the destination countries of migrants became more diverse, particularly for professionals (Anarfi, 2003). This trend changed with time, however, migrant destinations eventually expanded to include Europe, North America, the Middle East, and Asia (Quartey, 2006). Most Ghanaians who decide to emigrate choose the USA (van Dalen, Groenewold and Schoorl, 2005) and the United Kingdom (Anarfi, et al. 2000) as their ultimate destination and it has been concluded that approximately 1.5 million Ghanaians live outside the country (Tum-Baah, 2005). The lack of economic prospects within the West African region and the growing disparities with developed countries has led to the sustenance of migration outside West Africa (Higazi, 2005).

van Dalen, Groenewold and Schoorl (2005) argue that the intention to emigrate among Ghanaians is clearly motivated by economic motives and expectations, particularly among young men. The hopes of financial gains associated with migration, combined with a positive view of finding a job in the destination country, influenced the intention to emigrate among Ghanaians quite heavily. In the 1970s, many Ghanaians were travelling outside the country in search of jobs and a great number of these people were professionals such as teachers, lawyers,

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2 However, Shaw (2007) notes that with the return of economic progress from the mid-1990s, immigration to Ghana has increased significantly, from 4.6% of the population in 1990 to 7.5% in 2005.
and administrators (Anarfi, Awusabo-Asare, Nsowah-Nuamah, 2000; Quartey, 2009). Moreover there were those who travelled initially for education and/or training but decided to stay after their programme of study was over. There were also increasing numbers of Ghanaians who were born abroad and either stayed behind when their parents returned to Ghana, went back when they were old enough, or could afford to travel on their own (Anarfi, 2003).

In Ghana, the effect of having a household member who had been an international migrant or who was still a migrant was clearly important and exerted a strong force on the intentions of potential migrants (Van Dalen, Groenewold and Schoorl, 2005). This is because social network ties can be an essential driving force in triggering emigration. It has been stressed in the literature that network ties across countries are extremely important because they lower the costs of adjustment for potential migrants (Massey et al., 1998; Curran and Rivero-Fuentes, 2003). Emigrants often rely on their relatives when looking for accommodation or work in the destination country, and barriers imposed by a foreign language can, to some extent, be avoided by using the family network because contacts outside the network are sometimes minimal (Van Dalen, Groenewold and Schoorl, 2005).

However, whereas Ghanaians are immigrating to other countries, there is evidence of immigrants from other African countries migrating to Ghana. For instance, certain studies acknowledge the presences of immigrants from countries such as of Nigeria, Niger, Togo, Benin, Burkina Faso, Chad, Mali and Ivory Coast in the country (Antwi Bosiako, 2009; Awumbila, et al, 2008, Peil, 1974). Other studies also acknowledge the presence of immigrants from non-African countries such as
Lebanon, China, Cuba and India in the country (Akyeampong, 2006; Awumbila, et al, 2008).

3.2 MIGRATION FROM LEBANON TO THE WORLD

The emigration of Lebanese to other parts of the world can be accounted for in two distinct periods. The first period was generally characterized by both relative political calmness and economic hardships (1870-1914, 1945-1975, 1990- May 2007 and June 2007-2009) and the other by internal conflicts, civil strives and wars with Israel and attendant displacement (1958, 1973, 1975-1990, July 2006 and May 2007). In the previous periods, those who emigrated were enthused primarily by economic factors. These included skilled, semi-skilled and skilled labourers whose work opportunities in Lebanon were limited, or did not produce enough income to meet the increasing pressure of the cost of living (Tabar, 2009).

In addition, the designation of Beirut as a prosperous international port in the nineteenth century facilitated travel (Fawaz, 1983; 1984; Hourani, 1992). In response to rapid population growth in the mountain districts of Lebanon, expansion in the number of mission-educated Lebanese and the search for greener pastures, religious and political persecution and the attractive economic and social prospects of North and South America and Australasia for young Lebanese and Syrian the dispersion of Lebanese gathered momentum from the mid-nineteenth century (Hourani, 1992).

All through these periods of immigration, some Lebanese left Lebanon to developing and/or underdeveloped countries, particularly African countries, motivated by the probability of participating in commercial activities, including the
black market, and as a result make huge money in a short period of time (Tabar, 2009). The Lebanese and Syrians can be found today in the United States of America, Canada, Mexico, the Caribbean islands, Brazil, Argentina and other Latin American countries, in Saudi Arabia, Kuwait and the other Gulf countries, in Australia, and in the West African countries of Senegal, Sierra Leone, Liberia, Cote d'Ivoire, Ghana and Nigeria (Hourani 1992).

The Lebanese are unique in the sense that there are more Lebanese outside Lebanon than in Lebanon. Lebanese abroad number something from one million (IOM, 2003b: 22) to fourteen million of Lebanese descent (al Khouri, 2004: 28). It is argued that an estimated six hundred and ninety thousand people emigrated over the period 1992-1999 due to the economic depression (Pedersen, 2003: 20). Lebanon hosts between two hundred thousand and one million Syrian migrant workers, one hundred thousand Sri Lankans, thirty thousand Ethiopians, thirty thousand Egyptians, twenty thousand Filipinos, and eleven thousand Indians out of the total population of three million, six hundred thousand people. Almost all of these people are considered as illegal workers, since only eighty-seven thousand work permits were issued in 2001 (IOM, 2003b: 22).

In host countries where settlement and integration was possible, the waves of migration, which took place, led to chain migration driven essentially by family reunion. In other countries such as the Gulf and West African countries, where integration was extremely difficult due to social and environmental factors, Lebanese migrants tended to make recurrent return visits to Lebanon and usually desisted from the idea of staying eternally in these countries (Tabar, 2009). In the earlier years, they were inclined to form separate communities, held together by
ways of social life, cuisine, religious devotion or political allegiance. But in the second and third generations have been drawn into the general life of the societies in which they have settled, in ways partly moulded by the nature of those societies, and sometimes have risen high in them (Hourani, 1992). In the worldwide diaspora, the first generation of Lebanese immigrants aimed to be self-employed, often choosing to be roving peddlers of a few trading commodities rather than someone’s employee (Akyeampong, 2006).

According to Akyeampong (2006), Cohen has commented on an “almost palpable physical nostalgia” for home, which has maintained the culture of Lebanese in the diaspora and has drawn Lebanese from faraway outposts to visit Lebanon (Cohen 2003: 98-9). Lebanese in the diaspora always yearned to visit home, but the tenacity of the conditions that initiated their emigration in the first place made these visits home brief (Akyeampong, 2006).

3.3 MIGRATION FROM LEBANON TO AFRICA

There have been long-distance “international” migrants in West Africa throughout its history. The Lebanese have been in West Africa for centuries. West Africa opened new possibilities because of cheap fares and easy entry, as passports were not insisted on until 1924 (Falola, 1990). And their presence has been met with mixed reactions from the host societies. Whereas many Africans, including political leaders, have safeguarded this presence with the excuse that it has been very favourable for their countries, others have strongly criticised it, arguing that the Lebanese have impeded the path of Africans in trade, repatriated their capital and used many kinds of malpractices in their trading activities (Boumedouha, 1990).
The earliest Lebanese immigrants to West Africa in the late 19th century were forced out of their country by a combination of factors, which, among others, included poverty, the pursuit for survival, under-development, and apprehension created by religion and politics (Falola, 1990). The Lebanese who came to West Africa were like no other non-African racial migrants: they came seeking for a home and nationality. They came to stay, not to sojourn. Sojourning involves an oscillation between host society and home, and the first generation of Lebanese who came to West Africa were poor and lacked the financial capacity to achieve this. They soon demonstrated an attachment to their host societies, and exhibited signs of permanent settlement (Akyeampong, 2006).

Immigration was structured primarily along independent networks of friends, family and sub-ethnic lines (McKeown, 2004). New migrants joined their relations and people from the same area in Lebanon and assembled in the same place overseas (Falola, 1990). From the foregoing, kinship plays a role in migration and as such characterised Lebanese emigration and settlement in West Africa where related families moved from a particular locale in Lebanon and settled in specific districts in the West African colonies (Akyeampong, 2006). In Sierra Leone, Lebanese immigrants came from five main districts in Lebanon namely Rahbe, El-Metn, Tleill, South Lebanon or Tyre and Tripoli (Van der Laan, 1975).

Most of the Lebanese in Dakar (Senegal) come from Tyre, in south Lebanon. Those in Bamako (Mali) come from Bayt Shabab, in Mount Lebanon. Likewise, most of the emigrants from Bayno, in north Lebanon, have settled in Ouagadougou in Burkina Faso and in Bouake, in La Cote d’Ivoire, while the emigrants from Mizyara, in north Lebanon, have settled in Lagos, the capital of Nigeria. Hence,
emigrants coming to Africa from the same community in Lebanon appear to cluster in one community or a number of small neighbouring communities (Khuri, 1965).

In La Cote d’Ivoire for instance, one encounters whole clans from South Lebanon, such as the ‘Ezzedines’ from Dair Qanun an-Nahr, the ‘Fakhrys’ and ‘Bilals’ from Zrariyah, and the ‘Nassines’ from Nabatiyah (Bierwirth, 1999: 85-6). This pattern of chain migration dates back to rural-urban migration in nineteenth century Lebanon, as families and friends from village communities moved to the growing city of Beirut. These village networks provided contacts for jobs and recreated the social space of the village in Beirut (Humphrey, 1998: 71-3).

This pattern was extended to the diaspora. This meant that a sense of community existed even in the early days of Lebanese settlement in West Africa, especially as the extended family became the unit of emigration. Lebanese settlers in West Africa soon sent for their wives and children or had marriages arranged on their behalf, if single, and the wives dispatched to them. Though Maronite Christians were prominent in this early emigration, Shi’i Muslims came to dominate emigration to West Africa (Akyeampong 2006).

Many factors contribute to the continuance of the kinship structure of the parent communities in emigrant communities. Time is one of such factors. The trade potential of a given area is another variable that contributes to shaping the kinship structure of its emigrant community. Some areas can support only a small number of Lebanese traders, and a community of such a small size can hardly be expected to duplicate the kinship structure of a parent community (Khuri, 1965). In general, however, the members of such small communities are related to kin groups in larger trading centres nearby. For example, small Lebanese trading groups-from two to
five individuals are to be found scattered along the route between Magburaka and Bo in Sierra Leone, and between Bobo-Dioulasso and Ouagadougou in Upper Volta. These groups are composed of nuclear families, more often of single shop-keepers, who have relatives in the neighbouring towns (Khuri, 1965).

The type of trade available also influences a community's kinship structure. Trade in diamonds tends to favour the dispersal of kin groups, and encourages individual enterprise. In a relatively short time—not much more than a week—a diamond dealer may turn over all his capital. This type of trade is closer to gambling than to the slow and sure process of shop management. Every Lebanese is convinced that ‘the diamond trade demands all kinds of personal skills’ and no dealer asks for assistance from kin (Khuri, 1965).

Between 1910 and 1945, the Lebanese came to play an important middleman role in West African commerce, occupying the strategic space between large European importers and exporters and West African consumers and agricultural producers. It must, however, be noted that this was not by British design, as British colonial governments in West Africa were not actually supportive of Lebanese immigration. Through thriftiness, low overhead costs by employing the services of family members as the unit of trade, enormous personal sacrifice, and shrewd business practices, the Lebanese in West Africa emerged as a significant entrepreneurial class. Family and kinship characterised by parallel and cross cousin marriages played an important role in this development (Akyeampong, 2006).

As Lebanese peddlers and traders moved away from the colonial capitals in West Africa into the hinterland - along railways and then later along lorry roads - they facilitated the incorporation of the African hinterland into the European cash
economy. They bulked up agricultural produce for transport to European exporters at the ports, and they broke down imported consumables into small units affordable to Africans. Lebanese traders formed new consumer tastes by varying the goods on sale in the interior (Akyeampong, 2006). In Nigeria, itinerant Lebanese peddlers even supplemented their meagre earnings through street singing and musical performances (Falola 1990: 529).

With respect to the role of the family as an economic enterprise, Humphrey (1998) observed of the Lebanese in Lebanon that the family was the focus of economic activity – if not an economic unit extending to partnerships and corporations, which were also generally partnerships of siblings, cousins or other extended kin. At the beginning of their careers, Lebanese traders are highly dependent on close family members. This is because they lack the necessary experience and capital needed to set up businesses. Parents are considered the primary source for that; significantly, most boys receive their first trading experience through working with their fathers. In addition, the presence of siblings plays a role in business among the Lebanese. They mostly seek the support of especially their older brothers (Beuving, 2006).

3.4 MIGRATION FROM LEBANON TO GHANA

Lebanese accounts in Ghana cite William Ibrahim Chebib as the earliest Lebanese to have arrived in the Ghana in 1884 (Akyeampong 2006). Most of those who trade in Accra (Ghana) come from Tripoli, in north Lebanon. The family comprised the bedrock of Lebanese and Syrian businesses in colonial Gold Coast. Mostly Lebanese men came to colonial Gold Coast alone; in some cases a wife followed in a year or two, in others, single men returned to Lebanon to marry. The marriage of
Lebanese to other Lebanese is a mechanism used by this immigrant group to assist in the creation and replication of family businesses (Akyeampong, 2006).

The Lebanese, unlike other immigrant groups, did not come to Ghana as sojourners but as settlers. Having escaped from a vulnerable and unsafe homeland, the Lebanese came in pursuit of a home and a nationality. For that matter, their immigration had an element of permanency (Akyeampong, 2006). All respondents interviewed for this study expressed this one thing. For them, Ghana is their home and that of their children and as such, they do not have any plans of going back to Lebanon. One of the respondents expressed this condition is expressed better when he said that

I am very happy and grateful for being here today. Anytime when I travel and come I kiss the ground because this is my home and this is my country. Even if you look at it strategically, we are even more Ghanaian than some Ghanaians (Interview with Mubarak, August 2011).
After residing in Ghana for the past one hundred and twenty-eight years, the Lebanese community has contributed a lot to the development of the Ghanaian economy. A good example is the Islamic School, the Ghana Society for the Prevention of Tuberculosis, which was pioneered by Mr. Antonie C. Salami G.M., the Ghana Lebanon Cooperation Center, which educates people on secretarial skills, the Lebanon Club, which is known for its philanthropic tendencies. Another contribution is their investment in major areas such as the automobile industry, real
estate, hospitality and commercial sectors. For Boumedouha (1990), this is done as a way to lessen criticism and gain support from governments and higher authorities.

One prominent association of the Lebanese in Ghana and the diaspora is the World Lebanese Cultural Union. This union seeks to regulate and referee the relationships that exist among Lebanese and the host country as well as among the Lebanese themselves. Mention can be made of a landscaping project that was undertaken by the Lebanese Cultural Union to beautify Pig Farm, a suburb of Accra, as well as to say thank you to Ghana and Ghanaians for allowing them stay and work in the country for over a century. The statue has a Lebanese and a Ghanaian in a handshake as a way of showing the harmonious relationship that exists among Lebanese, and Ghanaians in the country (see figure 3).
However, the stay of the Lebanese in Ghana has not been smooth sailing throughout. The Lebanese presence in Ghana has been met with various criticisms. The institutionalisation of the Aliens Compliance Order (Akyeampong, 2006) and the enactment of the Ghana Business Promotion Act number 334 of August 1, 1970 (Anarfi, et al., 2000) during the Busia regime led to the dwindling of commercial activities of immigrants, especially the Lebanese, in the country. According to Akyeampong (2006), some Lebanese faced deportation, whiles others had their homes burnt and their companies nationalised.
In addition, an example of a recent negative reaction against the Lebanese presence in Ghana is a newspaper report by the Daily Graphic on August 2010. The paper published a story of some Ghanaian traders at the Elubo border who are threatening “fire and brimstone” if the government of the country does not stop the construction of a shop by some Lebanese company that would lead to the collapse of their businesses. This is because the Lebanese are likely to sell their products at a price lower than that of the Ghanaian traders and this would prompt customers of these traders to buy from the Lebanese instead of their usual clients.

Although the Lebanese have contributed enormously to the Ghanaian economy, various newspaper reports have led to the sullying of the image of the Lebanese in Ghana and have called into question their contribution to the Ghanaian economy. For instance, in June 2011, the Daily Graphic published a story of two Lebanese men who tried to swindle a leading bank in the country and were arrested by the Criminal Investigations Department (CID) of the Ghana Police Service. The same newspaper published another story on April 2010 of a prominent Lebanese owned company that has been spotted by the Electricity Company of Ghana for illegal power connection since 2005 leading to loss of revenue to the state.

The Enquirer on 12 April 2012 also published a story on a Lebanese drug magnate who is wanted by the Ghana Narcotic Control Board. He is on the wanted list of the board due to his relationship with a 37-year-old Moroccan who was arrested at the Kotoka International Airport on April 5th 2012 with 2.7 kilograms of cocaine. All these go a long way to show that even though the Lebanese have contributed a lot to the economy of Ghana, past and recent situations have illustrated otherwise.
All these situations notwithstanding, according to Gyasi (2011):

... indeed, if it was not for the colour of their skin, one would have great difficulty differentiating between some Ghanaians and Lebanese descent and their indigenous countrymen when it comes to speaking the local languages. Many Lebanese have mastered Ghanaian Twi even better than some indigenes. They enjoy Ghanaian music, cuisine and fraternise freely. Some are married to local women and there are increasingly a growing number of children of Ghanaian/Lebanese heritage.

The Lebanese in Ghana are in most of the major industries such as the automobile industry, commercial sectors, media and advertisement, hospitality industry, construction and real estate. The next chapter aims at discussing in detail some of the entrepreneurs and their activities in some of these business industries. The discussion is done in relation to issues that were discovered from the analysis of transcribed interviews with respondents. Some of the issues are the motivation for self-employment, challenges that respondents face in managing their business, their contributions to the Ghanaian economy and the role of culture in entrepreneurship.
CHAPTER FOUR

UNDERSTANDING LEBANESE BUSINESS OWNERSHIP IN GHANA

4.0 INTRODUCTION

This research was conducted to explore the business operations of Lebanese immigrants in Accra Ghana. The objectives for the study include the identification and analysis of the motivations for self-employment among this immigrant group, the categories of businesses that they have, the roles played by Lebanese kin, non-kin Lebanese and non-Lebanese in relation to business establishment and management, the challenges that they face in running their businesses and their contributions to the Ghanaian economy.

4.1 PROFILE OF RESPONDENTS

All six respondents are males because of the importance placed on patriarchy among Arab societies. In these societies, men are the ones who work, whiles women do not work because women’s status is essentially defined by their roles as mothers and wives (Rashad, Osman, and Roudi-Fahimi, 2005). Ishmael, one of the respondents, asserted; “Generally, our wives don’t work. They need to focus on the house and is like school for the children”.

Out of the six, three of them are first generation Lebanese while two are second generation and the last one is a third generation Lebanese. The respondents have a minimum of eight years and a maximum of sixty-three years stay in Ghana. Three retained their Lebanese citizenship while three others are naturalised Ghanaians. In terms of business operations, two of the respondents are in the automobile business, two are in the food business, one is in construction and the last respondent is in
media and advertising. Four of them are Muslims and two are Christians. Five out of the six respondents are married to Lebanese women and only one, Malik\(^3\) is married to a Ghanaian woman, who hails from the Western Region of Ghana (see table 3).

**Table 3: Profile of Respondents**

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>No. Of Children</th>
<th>Sex</th>
<th>Nationality</th>
<th>Religion</th>
<th>Marital Status</th>
<th>Generation</th>
<th>Years of Stay in Ghana</th>
<th>Type of Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nadeem</td>
<td>54</td>
<td>3</td>
<td>Male</td>
<td>Lebanese</td>
<td>Muslim</td>
<td>Married (Lebanese)</td>
<td>1st</td>
<td>34</td>
<td>Retail and wholesale of aluminium panels for construction</td>
</tr>
<tr>
<td>Malik</td>
<td>64</td>
<td>7</td>
<td>Male</td>
<td>Ghanaian-Lebanese</td>
<td>Christian</td>
<td>Married (Ghanaian; Fanti)</td>
<td>2nd</td>
<td>64</td>
<td>Restaurant</td>
</tr>
<tr>
<td>Ishmael</td>
<td>75</td>
<td>4</td>
<td>Male</td>
<td>Lebanese</td>
<td>Muslim</td>
<td>Married (Lebanese)</td>
<td>1st</td>
<td>50</td>
<td>Automobile</td>
</tr>
<tr>
<td>Ahmed</td>
<td>63</td>
<td>4</td>
<td>Male</td>
<td>Lebanese</td>
<td>Christian</td>
<td>Married (Lebanese)</td>
<td>1st</td>
<td>9</td>
<td>Restaurant</td>
</tr>
<tr>
<td>Rashid</td>
<td>38</td>
<td>2</td>
<td>Male</td>
<td>Ghanaian-Lebanese</td>
<td>Muslim</td>
<td>Married (Lebanese)</td>
<td>2nd</td>
<td>38</td>
<td>Automobile</td>
</tr>
<tr>
<td>Mubarak</td>
<td>46</td>
<td>2</td>
<td>Male</td>
<td>Ghanaian-Lebanese</td>
<td>Muslim</td>
<td>Married (Lebanese)</td>
<td>3rd</td>
<td>46</td>
<td>Media and advertising</td>
</tr>
</tbody>
</table>

(Source: Fieldwork, August 2011).

\(^3\) All the names that are used in this research are pseudonyms’.
4.2 MIGRATION HISTORY

One out of the six respondents migrated from Beirut, the capital city of Lebanon whereas the remaining five respondents migrated or are from families that migrated from Tripoli, another big city in Lebanon that lies about 85 km north of Beirut (see figure 1). Nadeem, who migrated from Tripoli, has been in Ghana for thirty-four years. He migrated to Ghana in 1978 at the age of twenty-one and worked with a fellow Lebanese in a construction firm. He now owns an aluminium panel company and does renovation works as well as construction works for people.

Malik, who is a second generation Lebanese, has been in Ghana all his life (sixty-four years). This is because his father migrated to Ghana in 1906 to work with an uncle. His family has been in Ghana for over a hundred and six years. He now operates a restaurant after an unsuccessful business as an owner of a boutique.

Ishmael has been in Ghana for the past fifty years. He migrated to Ghana in 1962 based on the request of a friend. Ishmael currently owns one of the automobile companies in the country.

Ahmed has been in Ghana for the past nine years. He migrated to Ghana in 2003 and worked with a timber company as an advisor. He is presently in a partnership with a friend and they own a restaurant and butchery. Mubarak has been in Ghana all his life (forty-six years). He was born and bred in Ghana and his family has been in Ghana for ninety-nine years. His parents were also born and bred in Ghana. He has worked in partnership with his elder brother as owners of a fast food joint, a pineapple farm as well a musician in the entertainment industry. Mubarak and his brother currently own a media and advertising company in Ghana. Rashid, like Mubarak and Malik, has lived in Ghana all his life (thirty-eight years). He was born and bred in Ghana. His father migrated to Ghana in 1962 and has been here ever
since. Rashid used to work with his father and later with an automobile company in the United States of America. He presently owns and runs an automobile company in the country.

**Figure 4: Map of Lebanon (showing cities from which respondents migrated)**

(Source: The World Factbook, [https://www.cia.gov](https://www.cia.gov))

### 4.3 MOTIVATION FOR MIGRATING TO GHANA

The factors that motivate people to migrate have been documented extensively in the literature (Anarfi et.al, 2000, 2003; Antwi Bosiakoh, 2009; Peil, 1974). Mostly, it is assumed that people migrate to other countries for either economic or political
reasons. The migration of Lebanese from Lebanon to other parts of the world is characterised predominantly not by economic factors but by political factors. The numerous regional and international conflicts as well as bitter communal and social strife made life miserable for most of the population and thus made them ever ready to consider the possibilities of emigration (Issawi, 1992).

However, it is argued that in the case of Africa, Lebanese motivation for settling here is primarily economic. As one author puts it, the Lebanese “who fail their future in Lebanon search for it in Africa” (Khuri, 1965: 1). The families of two out of the six respondents (Rashid and Ishmael) migrated to Ghana for reasons not highlighted in the literature: social and familial reasons. In the case of the other four respondents, both economic and political reasons served as motivation for their move to Ghana. The families of Nadeem, Malik and Mubarak migrated to Ghana for economic reasons. Similarly, Ahmed migrated to Ghana for political and economic reasons.

Ahmed came to Ghana in 2003 when he had an employment opportunity with a Timber company in Accra. Even though he had his own accounting firm in Lebanon, he decided to come to Ghana to work here because of the political chaos in Lebanon. He decided to stay in Ghana because:

I came in 2003 there was some disturbances in our country it was very risky for me to go there in 2006 and 2007 to work. So I decided to stay. My country was undergoing into a problem, security problems and war problems. And now since I have my own company my own work, I feel difficult to go back and be an employee of somebody.

The risk involved in going back to a country where there is no political stability was Ahmed’s reason for migrating to and staying in Ghana. Moreover, since he has
his own company now, it will be pointless going back to Lebanon to probably work for another person. Ahmed believes that there are many business opportunities in Ghana and that accounts for his reason to stay in the country instead of going back to Lebanon.

Nadeem, who is a first generation Lebanese, was sent to Ghana in 1977 on assignment by the Lebanese government. After seven months of stay in the country, he was called back to Lebanon. He later resigned from his job in Lebanon and decided to come back and live in Ghana in 1978. This is because he loved the country and saw many business opportunities here compared to his country. The chance to work in a country and be independent was too alluring to let it pass and as such, Nadeem saw it worthwhile coming to Ghana to work instead of working in Lebanon. For him “I decide to stay because I love the country. ... now we say anybody who drink from Ghana water you will love it and stay here more”.

However, Ishmael, who is also a first generation Lebanese, has a very different story. Ishmael came to Ghana in 1962 on the request of a childhood friend, who was already in Ghana. For him, it is normal for a Lebanese to migrate to other countries and as such, he did not have to migrate for money or trade since his family were very rich in Lebanon. Ishmael’s father owned a transport company as well as a supermarket chain store. The shop, according to him, was so big that the father had to employ more hands almost all the time. When asked his reason for migrating to Ghana, Ishmael replied;

After finishing my university education in my country of origin, a friend, a school mate immigrated to Ghana. We are so close friends that apparently you will see that, he felt that there was something short in his life. He kept on writing to me to immigrate to Ghana and leave Lebanon. My father objected to that and told me that I have no
Ishmael decided to stay in Ghana because to him Ghana is a good and peaceful place to live and he does not see any reason to abandon what he is doing in the country and go back to Lebanon, where there is no political stability and peace.

Rashid, Malik and Mubarak, were born in Ghana to families who have been in Ghana for a very long time. Malik’s father came to Ghana in 1906 at a very young age to work with his uncle. Malik’s father stayed in Ghana and started a fancy shop, which was later burnt during General Acheampong’s regime (1972 – 1979). Malik has lived in Ghana all his life and for him Ghana is the only home he knows since he can hardly remember the last time he went to Lebanon. Rashid, a second generation Lebanese, was born in Ghana. His father came to Ghana on a request of a friend. According to him, his father did not come to Ghana for economic reasons because he was from a very well to do family. The grandfather of Mubarak migrated to Ghana in 1913 to work because of the economic hardship in Lebanon at that time. The family has been in Ghana for the past ninety-nine years and are now in the fourth generation.

This shows the uniqueness of the Lebanese. Being pushed out of their country due to so many political and religious conflicts accompanied with it effect on Lebanon, the Lebanese do not migrate to Ghana as refugees but as immigrants and as much as possible they try to integrate into the Ghanaian society the way that they know best. Three of the respondents (Malik, Rashid) speak Ga and Twi. Mubarak speaks Ga, Twi and Ewe. Ishmael, Nedeem and Ahmed, on the other hand, understand the Ga and Twi languages but cannot express themselves in those languages.
4.4 IMMIGRANT SELF-EMPLOYMENT

4.4.1 MOTIVATION FOR SELF-EMPLOYMENT

It is usually argued that immigrants are more likely to prefer self-employment in the host countries due to discrimination in employment procedures and certain socio-cultural disparities such as poor language skills, inadequate education and narrow networks (Aldrich and Waldinger, 1990; Bal, 2006; Clark and Drinkwater, 2000; Min, 1984; Rath, 2000; Van Tubergen, 2005; Waldinger, 1989). All of the six respondents do have good language skills, adequate education, and wide networks and have not suffered any form of discrimination from people in the country since they or their families came to Ghana. Malik and Rashid can speak English, Twi and Ga. Mubarak speaks Ga, Twi, Ewe and English. Ishmael speaks good English, French, Arabic, Twi and does understand Ga, even though he cannot express himself with it. However, Ahmed and Nadeem can speak good English and Arabic but they both do not speak Twi or Ga even though they do understand it and can relate with it.

Four main reasons surfaced for why respondents decided to be self-employed. One of such reasons is the opportunity factor. Rashid gave the opportunity factor and the desire for independence as the reasons for deciding to be self-employed. He saw the opportunity for self-employment and he quickly took advantage of it. According to Rashid:

The reason was I saw an opportunity to start my own business and I took it. You know I was in the USA and I worked for five years over there as an employee and the reason I left the United States to come to Ghana was to start my own business.

Rashid came back from the USA to establish his company because as an outsider he was able to recognise the many opportunities for self-employment available in the
country, which the natives may not have perceived (Hart et al, 2009) and decided to take it. Rashid’s motivation for self-employment support Waldinger (1989) argument that one of the three broad approaches that can be used to explain why immigrants prefer self-employment is the opportunity structure approach. However, Waldinger argued that these opportunities are limited for immigrants. Yet the opportunities that are available to Rashid are expanded due to the available resources that he can draw from.

Malik mentions the desire for autonomy and the fact that one is likely to end up with inadequate salary as the main motivation for his decision to be self-employed:

    Well, it is not easy to work with people, you know what I mean. You see, sometimes you end up with a small salary when working for somebody. And I decided to work on my own. I just wanted to work on my own instead of working for somebody.

In Malik’s situation, self-employment does not only function as a path to potential economic mobility but also enhanced social status, economic self-reliance and self-evaluation (Fadahunsi, Smallbone and Supri 2000; Portes and Rumbaut, 2006). Moreover, Malik’s decision to be self-employed is also motivated by negative conditions of the job market (underpaid salaried work) and this is a factor found in the literature (Ram, 1994; Kloosterman, et al, 2000). However, there is a twist to the whole situation. In developed countries, the credentials of immigrants are not mostly accepted in the host country and this forces them to choose self-employment. However, in developing countries like Ghana, credentials are accepted yet salaries are mostly low especially in the public service (Kiragu and Mukandaka, 2003). This serves as a motivation for self-employment of immigrants.

Coming from a family where self-employment is the order of the day, Mubarak who is in partnership with his brother, declares, “my family always work for
themselves and not for other people. We wanted to work for ourselves from our sweat”. Also for Mubarak, the well-being of the family is essential to him and his brother and is one of the reasons that informed their self-employment decision. These reasons go to support the claim made by Fahed-Sreih, Pistrui, Huang and Welsch, (2010) that Lebanese entrepreneurs are motivated to be self-employed by the need for autonomy, individual flexibility, family well-being, and the desire for high-income levels.

It has also been argued in the literature that children who had self-employed parents are more likely to be self-employed (Hout and Rosen, 2000). Mubarak, Malik, Ishmael and Rashid fall in this category. Being children of self-employed parents who were also children of self-employed parents, they decided to follow the footsteps of their family and go into self-employment. This way they are able to perpetuate the cycle of self-employment in the family. The family epitomizes an agent of socialisation where individuals learn economic activities and as such are taught the basic skills which encourages economic development. Moreover, the family has the ability to create its own culture, which further generates a motivation force fundamental to private enterprise creation and perpetuation across generations (Fahed-Sreih, Pistrui, Huang and Welsch, 2010).

For Ahmed the risk involved in going back to Lebanon and the likelihood of becoming an employee in Lebanon instead of an employer was what motivated him to be self-employed when there was an opportunity to do so. Ahmed’s story provides us a very different reason for self-employment from what has been reported in the literature. Since 1990, Lebanon has witnessed confrontation with Israel. This culminated in the invasion of the country in July 2006 by Israel, which
led to the death of over 1,000 Lebanese civilians, temporary displacement of over one-quarter of the population and the destruction of much of the country’s infrastructure and commercial factories (Tabar, 2009; UNDP, 2009b). Due to this civil strife, Ahmed thought it wise to stay in Ghana and work instead of going back to Lebanon. Moreover, for Ahmed, the opportunity for self-employment presented itself and he and his partner took advantage of it.

The stories of all the six respondents mirrors the argument made by Chrysostome (2010) that there are many immigrants of today who are self-employed not because of the usual obstacles that immigrants face in the host country but because of the desire to utilize business opportunities and make money. None of the respondents reported discrimination against them in the labour market of the host country as a motivation for self-employment. The desire to exploit business opportunities in the host country is one of the main factors that motivated respondents to choose self-employment.

4.4.2 CHOICE OF BUSINESS INDUSTRY

According to Zgheib and Kowatly (2011), the Lebanese have a propensity to invest in businesses both large and small. Razin and Scheinberg (2001) argue that Arab minority groups in Israel concentrated in traditional ethnic niches such as construction, wholesale and retail trade and automobile industry. Five out of the six respondents (Ahmed, Nadeem, Ishmael, Rashid and Malik) established traditional immigrant businesses of construction, automobile and restaurant and not on a small scale but a large one. All six respondents consider the company that they are running as family businesses no matter how the company is registered on paper.
Nadeem, who is in construction, operates a company that is a subsidiary or agent to a mother company in China. His company is registered as a limited liability company and he has no partners. Rashid, just like Nadeem, operates a company that is a subsidiary to a mother company in Korea. Even though his company is registered as a limited liability company Nadeem maintains that,

This is a family business ... in our culture we believe that the business is automatically handed over to the next generation and I expect my children to work into the company and then I start working for them. You know the business becomes theirs and I am more or less here to take care of them and see to what they need.

Ishmael, like most immigrants, decided to establish a traditional immigrant business. Ishmael established an automobile industry in 1979. His company is registered as a limited liability company even though to him the company is a family business and his children inherit one day. Back home in Lebanon, before migrating to Ghana, Ishmael worked with his father who owned a transport company. When he migrated to Ghana, he worked for a friend, who was a high purchase car dealer and later worked with a prominent automobile company in the country before establishing his company. With these business expertises, it was not outlandish that Ishmael decided to be self-employed in the automobile industry. As contended by Orderud and Onsager (2005) immigrants prefer establishing businesses that they have expertise in either through family ties, previous employment or both.

On the board of directors of Rashid’s company are his father and his elder brother, who are chairman and shareholder respectively. From the foregoing, one can conclude that the culture of the second generation inheriting businesses from the first generation is what makes the Lebanese consider their businesses as family
businesses regardless of how they are registered on paper. That can also be used as a factor that accounts for the somehow success of these companies. Since a father passes the company on to a child, the father is forced by obligation to make sure that he takes good care of the company and work for it to succeed. This way, he can pass a good legacy to his children, who must also take good care of it and pass it on to their children and the cycle goes on.

However, Mubarak and his brother decided to be different from other immigrants in the country. They abandoned the traditional immigrant business ventures and went into media and advertising. The company is registered as a partnership between the two brothers. For Mubarak;

If you look at it traditionally most of the Ghanaians with Lebanese origin in Ghana, if you look at the car industry most of them are there, trade business a lot, foodstuffs and items, provisions etc. But I and my brother is like we are out of the odds. We went into a different line.

Previous employment experiences did not have any influence on their current business venture. Before starting their media and advertising company, Mubarak and his brother worked with their father and uncles, who were car spare part dealers. They later went into pineapple farming for export as well as a fast food restaurant. After accumulating a lot of profit they went into small scale advertising which they later expanded to full time media and advertising.

Ahmed, like Mubarak, also established his company jointly with a friend, who is a Lebanese. Ahmed had worked as an accountant in his own accounting firm back in Lebanon and later in a joint venture with his father-in-law before migrating to Ghana to work for a timber company as an IT advisor. Ahmed currently operates a restaurant in Accra, an area of business which he had no previous experience. The
opportunity presented itself and even though he has no experience, he decided to take it. For him, he is well educated and as such can learn to manage anything that comes his way. The situation of Ahmed reflects a comment made by one key informant that “put a Lebanese in a shit hole and he will make it”.

The stories of Ahmed and Mubarak go contrary to what has been reported in the literature that immigrants are likely to go into businesses that they have previous experiences (Orderud and Onsager, 2005). As Ahmed put it,

> It is not always the case that people would choose businesses that they know about. One can learn about businesses, it takes time, dedication, commitment and hard work. If you don’t get it today, you will get it tomorrow. But as long as you aim for it you will get it.

Moreover, Malik and Mubarak present us with a situation that goes against the notion in the literature that immigrants are more likely to go into businesses that require no precise educational qualification, low technical barriers and small capital due to the fact that they are deficient in appropriate education and financial capital (Kloosterman, 2000). Even though they do not have very good education (Malik is a form four graduate whiles Mubarak is an O level graduate), these two ventured into businesses that require a lot of financial capital and the technical barriers in these businesses are not low. According to Mubarak, he had to learn more about computers and how to use certain gadgets because his business requires technical expertise in managing certain equipments. Malik on the other hand, had to rely on previous experience, his mother and people that had the educational qualification and technical expertise.

Respondents are involved in what Long (1977) refers to as “multiple enterprises”. This is because they usually participate simultaneously in more than one branch of
economic activity. Ishmael, who owns an automobile company, is also in the oil industry and he is a partner to a company that produces plastic products on the Ghanaian market. Nadeem, apart from the construction business, owns a four storey building shop complex, which he has rented out to other people. He also owns a hospital, which is currently under construction. Mubarak and his brother own a group of companies, which have three subsidiaries, including the media and advertising company. Malik also operates a multiple enterprise. He owns a fast food restaurant, a pastry bar and a night club. Ahmed owns a fast food restaurant, butchery and a bar.

4.4.3 EDUCATION AND SELF-EMPLOYMENT

Two of the respondents (Nadeem and Ishmael) have first degree in business administration. Ahmed has a Phd in business management whilst Rahid has two masters degree; one in international business and the other in finance. Because these immigrants are highly educated, they are more likely to prefer self-employment because their educational qualifications may not be of much value in the host country (Bett and Lofstrom, 2000; Lofstrom, 1999; Robinson and Sexton, 1994). The reluctance of Ahmed (who has a Phd) to work for another person, as an employee, can also be an explanation for him being self-employed. This is because he is likely to gain better income being self-employed than working as an employee.

However, Malik and Mubarak provide us with the other side of the coin. They are Form five and O level leavers respectively. Due to their inadequate educational qualification coupled with limited language skills, Malik and Mubarak opted for self-employment since it does not require much academic qualifications. This
supports the argument in the literature that less-educated individuals are more likely to be self-employed due to the fact that they possess limited wage skills and also the fact that they are pushed towards self-employment by low earnings and high rates of unemployment (Caputo, Dolinsky, Pasumarty, and Quazi, 1993; Hammarstedt, 2001)

4.4.4 LEBANESE CULTURE AND SELF-EMPLOYMENT

Culture can be defined as “a set of shared values, beliefs and norms of a group or community” (Basu and Altinay, 2002: 272) or “A collective programming of the mind which distinguishes the members of one group or category from another” (Hofstede, 1991:5). Culture is a collective phenomenon shaped, basically, by the individual’s environment and not their genes (Basu and Altinay, 2002).

Max Weber first stressed the impact of culture on entrepreneurship in his “Protestant Ethics and the Spirit of Capitalism”. Weber argued that Protestantism encouraged a culture that emphasises on individualism, achievement motivation, rationality, asceticism, self-reliance and legitimisation of entrepreneurial vocations (Basu and Altinay, 2002). Studies on culture and entrepreneurship stress on the importance of values such as thrift, trust, religious ties and close family ties, which enables some immigrant groups to compete successfully in business (Bonacich, 1973; Ward, 1983; Werbner, 1990).

Entrepreneurship is an ancestral constituent of Lebanese culture. Lebanese entrepreneurship is apparent across all fields of business inside and outside of Lebanon. (Zgheib and Kowatly, 2011). According to Sayigh (1962) as cited in Zgheib and Kowatly, (2011), Lebanon has never lacked entrepreneurs. The
Lebanese all through their long history have made their livelihood by buying and selling, exchanging monies, exporting and importing, and functioning as middlemen at all phases from the first production to the last disposition of product. Since ancient times, when the Lebanese then called Phoenicians were the first to go into commercial transitions, Lebanon has been deemed as an energetic market economy.

Respondents reported how their culture influences their entrepreneurial capabilities. The manner in which respondents referred to their companies as family businesses when asked what type of company they are operating is to show the culture of family business among the Lebanese. For these respondents, no matter the type of company one is operating, no matter where funds were acquired to start the company and no matter how the company is managed it is regarded as a property of the whole family.

All respondents consider themselves as risk-takers but exhibit a value of thriftiness in managing their companies. Coming from a community where there is always war and conflict, where there is no political stability and as such poor business conditions, taking risk in business does not seem to be anything new. As Zgheib and Kowatly (2011) postulated, overseas Lebanese, who are dreaming of success and are found in societies where members are less enthusiastic to take risk in their own country, have no predicament in taking risks because of the anticipation of high returns.

Forced by the situation at home, respondents work as hard as they can so that they can succeed and help those at home. Even though the Lebanese community is closed, in terms of family ties (collectivistic), according to respondents they behave
otherwise in terms of business. The values that their culture places on freedom, aggressive but healthy competition, innovation, ingenuity for success, desire for originality and hard work leads to individualistic tendencies in business. That is to say, in terms of their businesses, the Lebanese are individualistic regardless of the society they are in (whether the society places value on individualism or collectivism).

These values supports the notion that Lebanese entrepreneurs can be described as “die-hard individualist” because of their individualistic nature, their desire for independence, competitiveness and self-reliance and this is found especially in societies in which a lot of value is placed on these characteristics (Sayigh, 1962) as cited in Zgheib and Kowatly, 2011: 346). Moreover, Zgheib and Kowatly (2011) contend that overseas lebanese appear to be creative, innovative and capable of developing novel thoughts and they have the enthusiasm to develop novel solutions to problems, they value ideas, like to manage, likely to be risk takers and as such they mostly venture into situations with uncertain outcomes. They uphold high standards and work towards the attainment of established goals. They react optimistically to competition and are keen to make extra effort to accomplish excellence. They are self-reliant, self-confident, with strong willpower and preserverance to start and grow enterprises (Zgheib and Kowatly, 2011).

Certain widespread features of the Lebanese culture, which encourages as well as echoes the results of individualism and competitiveness, can explain these values. For instance, the conventional significance which is usually assigned to commerce and foreign trade, the stock of adages or maxims that emphasises the superiority of business ventures that are managed individually and the devotion to freedom and
independence. The unique nature of this cultural legacy can serve as an explanation for the high individualism that is prevalent among overseas Lebanese operating in individualist cultures as well as cultures that are collective in nature (Sayigh, 1992 as cited in Zgheib and Kowatly, 20011: 358).

4.5 CONTRIBUTIONS TO THE HOST COUNTRY

While there is a growing acknowledgment that migrants can build cross-border social capital, that increasing cultural diversity can provide force for the stimulation of entrepreneurship, or that culturally diverse workforces are among the most profitable, the overall perception regarding migrants in many societies tends to be negative (IOM, 2011). Studies have shown that immigrant have a negative impact on education, wages, employment opportunities, economic growth, population growth and available resources of the host country (Betts, 1998; Borjas, 1998; Bretschger, 1998; Butcher, 1998; Davis and Weinstein, 2002; Hoxby, 1998; Moody, 2006; Reimers, 1998). However, the Lebanese are well known for the provision of financial investment in host countries especially in the construction of schools, mosques and hospitals.

One of the contributions of the Lebanese community is their participation in politics in the country. Even though the Ghanaian-Lebanese have been schooled to focus on business, be philanthropic and stay out of politics, this has become increasingly thorny for second, third and fourth-generation Lebanese (Akyeampong, 2006). Malik is a good example of a Lebanese who fails to adhere to the genera Lebanese principle of staying out of politics. Malik is a second-generation Ghanaian-Lebanese who is a prominent member of one of the political parties in Ghana. He participates in all their activities, supports them financially and undertakes projects
in the name of the party. In fact, he is currently the chairman for one of the constituencies of the party. This supports Akyeampong’s argument that second; third and fourth-generation Ghanaian-Lebanese may find it difficult to stay out of politics since they consider themselves more Ghanaian than Lebanese. As Mubarak puts it, “I am a Ghanaian but with the wrong colour”.

Secondly, the Lebanese have contributed a lot in sports in the country. Nadeem has contributed a lot to the promotion of volleyball in the country and was once the chairman for the National Council of the Ghana volleyball association. In addition, Malik is an active member of one of the prominent football clubs in Ghana. He has won many awards for the club and has provided a lot of financial support to the club to help maintain its success. Mubarak also sponsors football programmes as a way to help nurture talent and groom people for the football clubs in the country. As part of cooperate social responsibility of his company, Rashid also provides financial support for the Ghana Football Association (GFA). For Rashid;

we believe in nurturing and helping Ghanaians through sports because sports and specifically football is the most popular sport both in Ghana and in the world so it is a good venue for us to take to achieve our responsibilities in the community.

A third contribution that the Lebanese make is the provision of employment to both Ghanaians and foreigners. The number of employees for all respondents is 589 Ghanaians and 30 foreigners. In employing these people and paying them, they are also supporting the families and friends who depend on these employees (see table 4).
Table 4: Number of Employees of Respondents

| Respondents | Number of Employees | | | |
|-------------|-------------------|--|---|
|             | Ghanaian | Foreigners | | |
| Nadeem      | 43  | 3 | | |
| Malik       | 77  | 3 | | |
| Ismael      | 43  | 7 | | |
| Ahmed       | 89  | 1 | | |
| Rashid      | 111 | 12 | | |
| Mubarak     | 296 | 4 | | |

(Source: Fieldwork, August 2011).

Nadeem has a total workforce of forty-six people and out of this forty-three are Ghanaians while three of them are expatriates (a Canadian, a Lebanese and a Togolese). Malik has eighty workers out of which three are Lebanese-Ghanaians and the seventy-seven Ghanaians. Out of the total work force of fifty that Ishmael has, seven of them are expatriates from Lebanon and the United Kingdom. Ahmed, who has ninety employees working with him, has only one expatriate. One hundred and twenty-three people work with Rashid in his automobile company. Out of this number, twelve are expatriates from Brazil, Lebanon and Palestine. Mubarak has three hundred people working with him both on part time and full time, but majority of his staff are part time workers. Out of this number, only four are expatriates from Zambia, Nigeria, Britain and South Africa.

At the time of the interview, respondents were not using family members as employees in their companies. The respondents reported that even though they have worked with their family members before, they do not work with them anymore.
This condition supports the assertion that Modood (1992) made that as migrant family businesses evolve over successive generations, their reliance on resources experience significant transitions. The nature of social capital changes considerably as the younger generation becomes more integrated with the mainstream and perhaps less reliant on family and ethnic resources. All the respondents expressed the transition in business in relation to the utilisation of family and ethnic members, even though the respondents interviewed are a combination of first, second and third generations.

Additionally the payment of tax, electricity bills, the provision of investment and as such the promotion of good investment environment for other foreigners and the sponsoring of programmes through cooperate social responsibilities are some of the contributions that respondents mentioned. For Ishmael, his greatest investment in the Ghanaian economy is his children. According to him;

they are here, we spend on them heavily, sending them to the UK to the US to study is a fortune and we want them to come back to work here. Not to stay there. They come back to work and pump money into the economy and invest what they have learnt abroad. It is a financial and human investment. The next generation will even be better than us.

4.6 CHALLENGES IN MANAGING AN IMMIGRANT BUSINESS

Even though immigrant entrepreneurs create opportunities in the form of employment, expansion in consumer options relating to goods and services and others, Min (1990), contend that self-employed immigrants face many challenges in managing their businesses. These challenges are in the form of overwork, due to the labour intensive nature of their businesses, physical danger, rejection and sometimes hostility by minority customers, exploitative nature of suppliers and
property owners and discrepancy in their status in the sense that there is an imbalance in their education, occupation and income. This is because some of these immigrants might have occupied very high professional jobs in their country of origin, which they do not have access to in the host country and as such are forced to choose self-employment in usually small ventures.

Other challenges have to do with issues relating to regulations and business environment of the host country (Chrysostome, 2010; Drori et al., 2006). In addition, Vinogradov and Isaksen (2008) argue that the ability to initiate a relationship with particular important and key stakeholders, the ability to adjust to market demands, the ability to facilitate communication in the organisation and the placement of human resources are some of the difficulties that immigrant entrepreneurs face in managing their business.

Contrary to the challenges that scholars have acknowledged, the challenges that respondents reported are different from the ones that have been identified in the literature. Majority of the challenges that respondents face are institutional in nature. This can be attributed to the fact that they are operating in a developing society, where the rules and regulations, values and norms are quite different from that of the developed society. The challenges they face are in relation to change of governance, power outage, employee theft and dishonesty, market competition and bank delays. Yet there is one challenge that all respondents expressed that is common to immigrants operating in developed countries and that is the lack of capital.
Respondents reported that one major challenge they face is the effect of the change in government. For instance, Mubarak, who operates a media and advertising company with his brother, complained that when there is a change in government, it could affect their company positively or negatively, especially if the particular party in power has a problem with them and their business. The government is therefore likely to enact policies that would not be favourable for their company and as such might affect the smooth operation of their company. Mubarak and his brother through fairness to all political parties, however, address this challenge. “So we do our things here fairly, we do it balance, we make sure that all political parties have nothing against us and if there is something we try our best to solve it and put it in place”. For Mubarak and his brother, being in the good books of all the political parties in the country is their mechanism to ensure that unfavourable policies would not be enacted to disrupt the operation of their company.

Another challenge that respondents reported is competition in the market. According to Malik, who operates a restaurant and night club, business is not booming as he wished because of the several restaurants that are springing up and as such has brought about a lot of competition for him. Nadeem also complained that the competition in the market is affecting him negatively; he is only hoping that things will be well with him and his company. However, for Mubarak, the competition in the system is making him more innovative and creative instead of sinking his business.

The delay in money transfers from the banks is another challenge that respondents reported. The delay in money transfer also leads to delays in the purchase and
shipping of goods to respondents. The delay in the shipment of goods leads to loss of money. For Nadeem,

We import the goods from China and Germany and we face a lot of problems in shipping. Like now am just receiving some message that we made some transfer through a bank here and they come to say that the money is not reach and the bank is giving me the transfer notice and they are saying they have not received it. I don’t know who is playing with that. It is bank sometimes when you send the bank money somewhere they will don’t value it in your accounts. They want to use it for some time. I loss money and my customers complain because of the delay. Well if it is in our hands we can find out we can manage. But you can’t work without people without the banks

Constant power outage by the Electricity Company of Ghana is yet another problem that respondents face. According to them, they pay huge sums of money for power supply but cannot seem to enjoy constant power supply. They are forced to buy generators, which they have to constantly fuel for power generation. This according to respondents drains some of their scarce resources and as such, it is unfavourable for their companies. In addition, Ahmed reports that with the exception of power problems, the stealing of foodstuff, provisions and items of his restaurant by staff and their dishonesty is one of his main business challenges. One has to spend precious time to keep an eye on all the staff so that they do not steal from the company.

All of these problems notwithstanding, the most significant challenge faced by immigrants is the lack of capital to establish and maintain the business venture. Immigrants sometimes do not get access to capital from formal financial institutions and for that matter; most immigrants are forced by their situation to rely on ethnic members, family and friend for start-up capital (Azmat, 2009; Chrysostome, 2010). All the respondents expressed this problem. Even though
some of the respondents had access to bank loans, they complained that the interest rates were far too high and that they were virtually working for the banks instead of themselves. For them, the best means to finance one’s business is to depend on the family and friends, who would not request for interest or collateral.
CHAPTER FIVE

SOCIAL CAPITAL AND LEBANESE IMMIGRANT ENTREPRENEURSHIP IN GHANA

5.0 INTRODUCTION

It was acknowledged in the previous chapter that respondents preferred relying on families and friends for assistance compared to bank loans because of the high interest rates. This chapter, therefore, seeks to throw more light on this issue. The focus will be on the role and importance of family, friends, ethnic group members, the Lebanese association and other business associations and clubs as sources of social capital. In this chapter I seek to find out the various roles that these sources of social capital (kin and non-kin networks) play in the establishment and management of Lebanese immigrant businesses.

Two different terms “kin” and “non-kin” are used to differentiate friends, co-ethnics, associations and clubs from family. The term kin is used in this study to refer to people who are related by blood, marriage and adoption to respondents whiles the term non-kin is used for people who are not related by blood, marriage and adoption to respondents. The kin network discussed in this chapter is the family where as the non-kin networks are friends, co-ethnics, associations and clubs that are related to the business operations of respondents.
5.1 SOURCES OF SOCIAL CAPITAL

5.1.1 THE FAMILY

According to Sequeira and Rasheed (2006) the social network of an immigrant becomes an essential determinant of one’s ability to start-up as well as succeed in a business venture. Immigrant entrepreneurs usually use co-ethnics as workers and usually these co-ethnics can be family members, friends or ethnic acquaintances and their relationships can be seen as a way to convey ethnic cohesion (Chrysostome, 2010). The family plays an economic role in relation to the provision of resources such as start-up capital, employees, managers, and advisors during business establishment and advancement. In addition, these resources are available for an individual to draw from as they create new businesses outside the family unit (Fahed-Sreih, Pistrui, Huang and Welsch, 2010).

Respondent’s reliance on family is based on the phase of the business venture. Kin networks are mostly used at the initial stage of business establishment. They are mostly used as means to generate start-up capital, as recruiting agents and as employees. However, when business advances and becomes complex, kin networks are not used as sources of finance and labour but are relied on for employee recommendations, business advice and emotional support. Thus, the role of kin networks changes based on the phase of the business venture.

5.1.1.1 THE ROLE OF THE FAMILY IN BUSINESS ESTABLISHMENT

Two out of the six respondents reported that they utilised their families at the initial stage of business establishment. Their families provided them with start-up capital, business information and sometimes worked with them. For instance, Malik had access to start-up capital for his restaurant from his mother. His mother also served
as an advisor and an employee. For him, his mother was his everything when he came back from England without any finance. She helped him to start a boutique, which was Malik’s first business venture and later supported him, financially, to start his current business, although he later had to rely on the banks for further assistance. Moreover, his father and uncle provided the funds to rent the building that currently accommodates Malik’s restaurant...

... when I came back my mum helped me, gave me some few money to start the place when after the clothing business failed. She also stood by me and supported me all the way. My mother was the one who gave me the money to start the cloth business and later the restaurant. My father and his brother rented the building and helped me talk to the landlord to start the boutique and later the restaurant.

In addition to the aid he received from his parents and uncle, two of Malik’s sons used to work with him as supervisors of the restaurant and night club. However, at the time of the interview they were no longer working with him because he has given them start-up capital to establish their own companies.

Similarly, Rashid had access to finance from his father to start his automobile company. In addition, Rashid’s office premise is a building that belongs to his father and was passed on to him. According to Rashid, “I came back from the USA with zero dollars in my pocket. The capital, the land and the building was given to me by my dad to use”. Even though Rashid later had to rely on a bank loan for further assistance to expand his business, for him, establishing a company of his own would not have been possible without his family.

Rashid also reported that when it comes to advertising vacancies, he usually advertises vacancies in Lebanon first before it goes to the newspapers in Ghana. When asked whether the family plays a role in recruitment process of employees, Rashid replied
Yes sure it happens, it happens. Yes they are generally within the family. Lebanon is a very close let me say our part of the country is a very close network community so generally you know people talk and people get to know that they need employment or they get to know people who are good at doing certain jobs and this is the way we do it. we mostly

He later revealed that his father-in-law is the one, who acts as a recruitment agent in Lebanon and assists in the recruitment process of employees, who are mostly non-kin Lebanese for the workshop of the company. Moreover, Rashid’s family members in Ghana, occasionally, recommend people for employment, though these people usually go through the company’s laid down procedures for employment.

The support from family in business establishment in relation to the stories of Rashid and Malik mirrors what has been reported in the literature that the family is at the heart and centre of the Lebanese society and for this reason, Lebanese businesses are regarded as an extension of the family (Fahed-Sreih, Pistrui, Huang and Welsch, 2010). The Lebanese have a predisposition to invest in businesses both big and small with either their own resources or that of their relatives (Zgheib and Kowatly, 2011).

Moreover, the family can be seen as source of social capital that Portes (1998) refers to as value introjections. The norms of selflessness towards family members, which was internalised in the kin networks of respondents during the period of socialisation makes them act in a philanthropic manner. They feel obligated to assist each other without expecting any future returns. In addition, the type of trust that exists amongst these two respondents and their families is what Lewicki and Bunker (1996) terms as identification-based trust. This is because the shared values and norms helps respondents and their families to understand effectively the wishes
and wants of each other and as such they are able to “think and feel” (Lane, 1998) like each other.

Ahmed, Ishmael, Nadeem and Mubarak, on the other hand, did not rely on kin networks to raise capital to start their current business ventures. Even though, in the cases of some of these respondents, their families worked with them at the beginning of their businesses. They report that it was their hard work over the years that provided the start-up capital for their current business ventures. However, most of the capital for all previous businesses are obtained from family, friends and ethnic members, who also served as employees, business informants and advisors.

For instance, Nadeem worked with ethnic members who were engaged in construction in Ghana and started a grocery shop from the money he saved and contributions from his kin networks in Lebanon. He later brought all of his siblings to Ghana to work with him in his grocery shop. He started a soap company from the profit he made from the grocery shop and gave it to one of his siblings to manage it. When competition in the supermarket business became too much for him to bear, Nadeem stopped operating the supermarket, sold out his soap factory, rented out his shop and used the money to start his aluminium panel company. According to him, his son played a major role in starting the company in relation to all his trips to China, Germany and Japan to inquire about the product for his company. He also helped with all the company registration process. Nadeem’s son served as a human resource manager in relation to recruiting and recommending employees for the company.

When Ishmael migrated to Ghana to work with a friend, he bought two taxis from funds that was sent to him by his brother. According to him,
I wrote to my brother and asked him to send me some money. He did send me £600, yes that time it was a lot of money. And I bought two taxis used ones. One used one and one of them new. I started then until then a decree came and I had to sell the cars.

Ishmael used the money he accumulated from the sale of the taxis to invest in a paint manufacturing company with a friend. He pulled out of the company to establish a paint factory of his own and later diverted the paint manufacturing company to an automobile company. Moreover, Ishmael’s assertion that he considers providing employment for fellow kin members as an obligation and not a favour mirrors the assertion that there exist a very intense relationship between Lebanese families and their business endeavours (Fahed-Sreih, 2006) and this goes a long way to show the strong ties that exist among Lebanese families. Ishmael notes that:

You see, you need to remember that for our family relations is as tight as a soft drink bottle before you open it. Nobody, I wouldn’t say nobody can beat that no. I would say nobody can march that. It is like that. If my relations need anything from me it is my duty to do it for him. It is a duty not I personally don’t consider it as a favour no but it is my responsibility. If I have a relation in Lebanon who lost his job or needs to get job in fact I will employ him.

This statement also mirrors the assertion of Fahed-Sreih, et al. (2010) that Lebanese entrepreneurs perceive employment of family members as part of the family’s obligation and this reflects the traditional Lebanese cultural customs.

However, the importance of families as sources of social capital and the strong ties that exist amongst them, in relation to the provision of financial support as start-up capital for immigrant businesses and the use of the family as employees, has been exaggerated in the literature. The claim that the family provides resources such as financial support, cheap and unpaid labour and business information (LuAnn and
Steen, 2000; Min and Bozorgmehr, 2000; Raijman, 2001; Tsui-Auch, 2005) is not always the case. Ahmed and Mubarak present us with the other side of the argument.

Ahmed worked with his father-in-law in Lebanon to acquire capital to start up an accounting firm. He later migrated to Ghana to work for a timber company. He collaborated with a friend to buy the company he is currently operating. For him, he got start-up capital to buy the company from the sale of his accounting firm in Lebanon, personal savings from his work in Ghana and the contribution of his partner friend. In Ahmed’s case, the family provided no financial support for business establishment. Similarly, Mubarak and his brother started the company from their own efforts. As he puts it “we have not inherited anything from our family, we work from our own sweat”. Sometimes, family members served as employees who work with them. For instance, Mubarak’s younger brother worked with him as the general manager of the company.

5.1.1.2 THE ROLE OF KIN NETWORKS IN BUSINESS MANAGEMENT

In terms of the phase of business management, most of the respondents reported that their families mostly provided emotional support, recommend employees to them and provided them with business information and advice, when necessary. For instance, even though Ishmael depended on family for support sometime in his businesses, he decided not to request financial assistance from family members anymore because he has a reputation to protect. Moreover, he felt that his company can generate money internally to finance all activities and he can have access to loans from formal financial institutions. In addition, he complained that they mostly made unnecessary requests from him, which he sometimes found disturbing.
Furthermore, Ishmael decided not to work with family because according to him the business requires people with technical expertise. In addition, these people are not in the family but outside of it.

Similarly, Nadeem worked with his son when he decided to establish his current business but when business advanced he sponsored his son to start his own construction company. He also argued that he prefers working with people who have the expertise, which his kin networks do not have. With these experts, Nadeem reported, that he advance in business and not fail. Moreover, he wanted his son to work on his own instead of working with him.

In addition, even though Rashid acknowledges the support he had from his kin networks when he decided to start his company, he maintains, “I am the only one running the show”. According to him, he prefers working with professional who have the expertise and not family because he is running a “professional entity”. The family only provides business information and advice and as such they his father and elder brother are stakeholders of the company and serve as chairman and member respectively, on the company’s board of directors.

5.1.2 UTILISATION OF NON-KIN NETWORKS

Social capital, in the form of ethnic networks, is believed to play a critical role in the formation and management of immigrant owned businesses (Marger, 2001). In many cases, the co-ethnic workers are family members or ethnic acquaintances of the immigrant entrepreneur and the work relationships are, to some extent, a way to express ethnic solidarity. For the ethnic co-worker, the job offered by the immigrant
entrepreneur is a means to survive in the host country and sometimes integrate into that country (Chrysostome, 2006)

These social networks provide what Granovetter (1985) refers to as “embeddedness”, explicitly, they are networks of social relations that provokes communal trust and enforcement of norms and it is especially powerful in the conducting of business. Small personal loans and contacts from friends can aid in raising start-up capital for immigrant business. Similarly, social networks based on co-ethnics can be a crucial source of loans, jobs, training, business advice and information about business opportunities, co-ethnic customers and co-ethnic employees (Kibria, 1994; Marger, 2001). Ethnic networks can take the form of voluntary associations, local ethnic communities and neighbourhoods that emerge in the host society (Marger, 2001).

Nadeem and Ishmael are the only two out of the six respondents who have strong ties with the Lebanese Association and the Lebanese Cultural Union in Ghana. Most of the members of these associations are co-ethnics whom they also consider as friends. For them, the association gives them the platform they need to advertise their products, increase sales, and as such, reduce the cost of marketing. Moreover, through the associations they are able to get good reputations, which is good for business. In addition, they meet people who later become business associates. Their affiliation with the associations helps them get access to certain resources that other immigrants who are not members of the association do not have access to such resources. For example, because the association is popular in Ghana, they are able to use the association to get favours from members of higher authorities in case they encounter any difficulties in running their businesses.
Moreover, they are able to get cheap labour from the co-ethnics, who are members of the associations and this is because they trust each other. Similarly, because of this trust, they get good employee recommendations from association members, thus reducing the cost of advertising for employees and the long and tiresome procedures of recruitment. For instance, Ishmael notes:

\[\text{I prefer to employ somebody coming with a recommendation, especially from the association than those coming by application. I trust the people who will make the recommendation and they will not recommend people who will not be capable of doing the work, absolutely.}\]

Calculus-based trust is the tool that builds the “we feeling” in association members. Members assist each other because of the fear of punishment for breaching the trust and the rewards that one can gain from maintaining it (Lewicki and Bunker, 1996). These associations, as sources of social capital for Nadeem and Ishmael, also operate with the notion of enforceable trust and bounded solidarity as propounded by Portes (1998). Members are forced by their situation as immigrants to identify with and help each other. Moreover, the repayment for a favour is not directly from the recipient but from the group as a whole in the form of honour, status and approval. For this reason, respondents feel obligated to help association members in whatever way they can.

Although Malik is not a member of the two Lebanese associations, he is a member of other associations in Ghana. For instance, he is a prominent member in two groups in the country; a political party and a football club. Through these two groups, he is able to gain a platform to market his restaurant, gain publicity and a good reputation, which according to him, is one of the reasons that has kept his restaurant in business. Most of the customers he has are also members of these two
groups. Thanks to his association with these groups, his restaurant gets many orders for special occasions. In addition, since most of his suppliers are usually members of one of the two groups or both, he can have access to goods on credit. Evident in Malik’s relationship with these two groups is the notion of calculus-based trust. Reciprocity transaction, which is a form of social capital (Portes, 1998), is evident in Malik’s relationship with the two groups. Malik contributes financially to support these groups with the hope of gaining something in return either immediately or in the future.

Though Rashid, Ahmed and Mubarak are aware of the existence of these associations, they do not participate in the activities of the associations. However, they sometimes give donations to the associations when requested to do so. This shows that reliance on ethnic associations changes depending on the generation in question and/or the nature of the human capital of that generation. Rashid and Malik are second generation Lebanese, whereas Mubarak is a third generation Lebanese. For these respondents, they do not participate in functions of the associations because they can have access to the resources the associations offer from other sources.

Rashid, for example, is affiliated to the Ghana Club 100 and the Chartered Institute of Marketing Ghana, which are associations related to his business activities in the country. His company is currently on the top five prestigious companies in Ghana, based on the rankings of the Ghana Club 100. This, according to Rashid, gives him a better avenue to market his products both internationally and locally. Moreover, through his affiliation with these associations, he has been able to collaborate with
international companies that want representatives in Ghana and this has boosted his business in terms of value and structure.

Even though Ahmed is a first generation Lebanese, he does not participate in the activities of the associations. This, according to Marger (2006), can be explained by the fact that business class immigrants who come to the host country with adequate human capital, which is manifested in their business plans and managerial skills did not have to rely on their social capital to launch their businesses. They were able to survive without relying on the exploitation of social capital. Ahmed can be placed into this category of immigrant. With a doctorate degree in business management, he can manage his business without exploiting the resources that these associations can offer.

Studies on immigrant businesses have established the fact that there are certain resources that immigrants can draw from co-ethnics when they decide to be self-employed. Some of these resources are gifts, loans and investment which can be used as start-up capital to establish a business, as well as cheap and unpaid labour, emotional support and trust (Aldrich and Waldinger, 1990; Chrysostome, 2010; Evans, 1989; Fahed-Sreih, 2010; Granovetter, 1995; Laguerr, 1998; Li, 1993; Min, 1990; Min and Bozorgmehr, 2000; Nam and Herbert, 1999; Roberts, 1995; Sander et. al, 2002; Walton-Roberts, 2003; Yuengert, 1995). Majority of the respondents reported that they mostly use co-ethnics as employees. The recruitment of these co-ethnics was done through what respondents refer to as “word of mouth”, that is, based on recommendations of other friends, other co-ethnics or members of the associations and clubs that they are affiliated.
With the exception of Mubarak, majority of the respondents reported that they mostly utilise co-ethnics as employees for their businesses. Their work force ranging from one to six are co-ethnics, whiles majority of their work force ranging from forty-four to three hundred employees are not co-ethnics. These co-ethnics are utilised at both the business establishment and business management phases. They are employed because of their qualifications and potentials and not because they were recommended by people they (respondents) trust.

For instance, Rashid reported that five co-ethnics work with him as secretaries, human resource managers and financial controller. Nadeem works with only one co-ethnic who plays the role of general manager for his warehouse and shops. Malik, on the other hand works with three co-ethnics who are supervisors and general managers of the restaurant and the nightclub. Ishmael works with six co-ethnics one of which is the accountants of the firm whiles the remaining five work as technicians. Similarly, Ahmed works with one co-ethnic member who acts as the manager for his butchery.

However, contrary to this popular importance of co-ethnics in business, there is a possibility for immigrants to rely less on co-ethnic labour force and employ an ethnically varied labour force (Marger, 2001). Mubarak and his brother exhibit this. They do not rely on co-ethnics as employees for their company. According to him, foreign employees are recruited based on their technical competence and not because they are Lebanese and have been recommended by somebody they trust.

When businesses get complex and advanced immigrant entrepreneurs are likely to employ people with the potential and competence to perform certain specific functions. In this case, if co-ethnics do not have those qualifications, immigrants’
entrepreneurs are likely to employ others who are not co-ethnics who have the qualifications to help meet business targets. In addition, this situation can be explained by the change in the target clientele. Their business is not aimed at ethnic markets and therefore there is no need to employ co-ethnics who possess common language and other business related cultural skills (Marger, 2001).

In relation to friends as a source of non-kin social capital, all respondents reported that they benefit from their friends, some more so than others do. Friends only play the roles of suppliers, business advisors and recruiting agents. For instance, Rashid and Mubarak considered themselves as very close friends and Mubarak describes it as “like they say you are two in one trouser, one leg here and one leg there”. According to them, the nature of their business does not allow them to socialise much and make more friends. As friends, they help each other in a number of ways. Rashid says that:

I can say he is my close friend and even though we are friends our businesses are associated one way or the other. He was instrumental in getting me on board the certain programmes which I am one of the major sponsors and he was instrumental in getting me the GFA sponsorship.

They sponsor each other’s programmes, assist each other financially, materially and emotionally. Rashid gets airtime in Mubarak’s company on credit whiles Mubarak has the opportunity to buy cars from Rashid on credit. From my observations, almost all the cars that Mubarak uses for his company were acquired from Rashid. Additionally, they recommend people for employment to each other. Moreover, for Mubarak he trusts that network and is more comfortable with it than advertising in the newspapers and having to go through the long and tiresome process of recruitment. He says:
If I look at all the senior people in the company it was by you say you know somebody and he introduce him to me. That is the way we got most of our senior people word of mouth. Because if you advertise you get a lot of applications and it waste your time.

Even though this form of recruitment saves time, according to Marger (2001), the use of social capital in recruitment of labour restricts adaptability and limits the scope of labour recruitment. Even though Mubarak saves time with this recruitment method, labour scope is limited.

However, one thing that they do not request from each other is financial support in case of business crisis. To them, even though they benefit immensely from each other, requesting financial support to either solve a business problem or expand their business is not professional. This is because it can impede the success and smooth running of the business. For instance Rashid, when asked whether he requests for financial assistance from his friend, maintains that

No, no, no. Not at all. I just call my bankers and tell them that I need money. This is a professional entity and we run it professionally. We don’t want to go and knock on the door of somebody and say lend me this. You see, we have professional obligations, we go to our bank in the process, we get the money and follow an obligation. We are actually doing business with an entity and not a person. And obviously you know taking loans from friends always have its sets of ricks. So we prefer to do it the professional way.

Portes’ (1998) reciprocity transaction, as a source of social capital, is evident in the friendship of Mubarak and Rashid. They help each other with the hope of receiving something in return. Furthermore, evident in their relationship is knowledge-based and calculus-based trust (Lewicki and Bunker, 1996). They know each other so well that they are able to predict and anticipate each other’s behaviour.

The literature also reports that younger and new generation of immigrants have developed wider embedded networks and shifted their use of the various
communities they belong to, thus displaying greater comfort with wider multicultural groups. The integration they have achieved through socialisation during education and wider working experiences have enabled the younger generation to develop greater confidence both socially and for business (Janjuha-Jivraj, 2003). Malik and Ahmed portray this condition since majority of their friends are Ghanaian. These friends serve as suppliers, customers, partners (in the case of Ahmed), business advisors and recruitment agents. As with Rashid, friends of Ahmed and Malik neither play the role of formal financial institutions and give loans nor play the role of employees. For instance, Malik maintains that:

I don’t take money from friends because I don’t want somebody to be on my head every day. I have my pride to protect ... I don’t employ friends because they will not take the business seriously because they know you will find it difficult to sack them.

5.4 SOCIAL CAPITAL: A BLESSING OR A CURSE?

The literature on social capital has reported, over the years, that social capital has both good and ugly sides for the economic advancement of those who have access to it (Kilpatrick, Field and Falk, 2003; McClenaghan, 2000; Moore, et al., 2009; Woolcock, 1998; Woolcock and Mill, 2001; Woolcock and Naraya, 2000). Kazemipur (2006) notes that social capital is not the panacea for all social ills. Portes and Landolt (1996) argue that taut social networks can undermine business resourcefulness. This is because petitioners (friend and family) have a right to demand and receive assistance from fellow group members. This process leads to what Clifford Geertz refers to as “welfare hotels” instead of hopeful economic initiatives. In addition, McClenaghan (2000) argues that from the opinion of the
employer, the use of social capital in recruitment of labour restricts adaptability and limits the scope of labour recruitment.

Woolcock and Mill (2001) notes that sometimes kin and kith are seen as both a blight and blessing to immigrant entrepreneurs. Sometimes ethnic enclaves may hinder self-employment potentials of newly arrived immigrants by established immigrants. In addition, some ethnic enclaves can be in areas that are economically poor in nature and as such have lower purchasing power that can possibly restrain the self-employment potential of immigrants (Toussaint-Comeau, 2011). According to Westlund and Bolton (2003), Portes (1998) has summarised the downside of social capital as barring of outsiders, overindulgence claims on group members, limitations on individual freedom and downward levelling norms. Ryan et al (2008) note that competition and rivalry for scarce resources can lead to distrust among immigrants entrepreneurs.

Even though respondents acknowledge the fact that not all forms of social capital is good, the acknowledgment is in relation to their previous employment and business venture experiences and not to their current business ventures. In addition, respondents are not competing with co-ethnics but with indigenes of the host country for scarce resources. As such, distrust does not arise among immigrant entrepreneurs. Secondly, the freedom of respondents is not limited because of the form of social capital that they have but it has helped them to differentiate good social capital from bad social capital. Furthermore, the use of certain types of social capital is based on the phase of the business venture. Respondents acknowledged that kin networks are especially useful during the phase of business establishment but not for the phase of business management. Non-kin networks, on the other
hand, are suitable for the phase of business management and not for the phase of business establishment.

For instance, the experience of Malik in his clothing business helped him to know and appreciate the fact that kin networks can lead to impoverishment of businesses or business success depending on what you utilise them for and on which phase of business. Although he asserted that his family was a blessing when he decided to start both his previous and current businesses, he complained that some of his family members became trouble instead of blessing, when business advanced. They usually bought clothes and refused to pay. In addition, they requested for financial assistance and refused to redeem the pledge of paying back. And those that he employed usually mismanage business resources. This informed his decision not to utilise family in the phase of business management in his current business venture even though he relied on family to establish his current business.

Malik consider relying on friends as neither good for business establishment nor business management. This is because they are “trouble makers” and are usually difficult to work with and that borrowing money from friends is like borrowing from a bank. Moreover, Malik complains that even friends who are customers mostly cause trouble for me that somehow distract my business. They sometimes don’t pay in cash but want to eat on credit. Others think that because you are their friend they should eat from you without paying for it.

Although he loses a lot of money in his current business to the football club and political party to which he is affiliated, he is able to gain it in the profits that he makes at the end of the day because of the publicity that he gets from these
associations. Thus, he is able to balance the negative aspects of that source of social capital with a positive one.

Similarly, Nadeem complained that he was running a soap factory and a supermarket but he had to stop operation because of mismanagement of his funds by his family members (especially his siblings) and co-ethnics who were working with him. According to him, they were dishonest, not trustworthy and always gave excuses for their non-performance. For him he did not gain any benefit from these sources of social capital and that is why “I have only this old man here. He is a Lebanese origin but he is a Lebanese-Ghanaian. He is a very old staff and I trust him.”

Friends play the role of recruiting agents, customers, business informants and advisors. They are neither relied on for financial assistance in times of business crisis and business establishment nor are they used as employee. This is because according to respondents, friends are a risk factor in business and can easily hamper business success. Moreover, respondents reported that they find it difficult dismissing them if they mismanage business resources. For this reason, they find it more comfortable working with people who are not their friends compared to those that are considered as friends.

Though friends helped Ishmael to settle down in Ghana and get employment, they were not good sources of social capital when it came to his previous business ventures. Ishmael partnered with a friend to start a paint manufacturing company but later had to pull out and establish a company of his own because of the way his friends managed the company. According to him, he had to later sell of his shares
to them because they were requesting that he hand over the company to their children, who were now old enough to manage it.

In addition, he bought a land based on the recommendations of these friends but later realised that the land was in a waterlogged area. In trying to prepare the land for building, he ended up wasting resources that could have been used for other valuable ventures. Moreover, after establishing his paint factory, he decided to employ co-ethnics, who friends and members of the Lebanese Association in Ghana recommended to him. He however regretted doing so because they were not trustworthy, dishonesty and proud. They did not understand the idea of hard work and mostly made unnecessary demands on him.

Back in Lebanon, Ahmed collaborated with his father-in-law to establish a foodstuff business but he later had to pull out and start his accounting firm because of what he calls “business problems”. Poor inventory procedures, poor accounting system and the inability of his father-in-law to distinguish good and trust worthy employees from bad ones led to the collapse of that business. According to him, “sometimes people abuse your help”. Because of this, Ahmed decided to work with neither family nor friends in his later business ventures.

Similarly, Rashid and Mubarak expressed the same concerns. For them, previous employment experiences have thought them to be cautious in relation to whom you choose as a friend and co-ethnics. For them, these forms of social capital become trouble because they are likely to “use and abuse you”. The success of their business is what they look out for and as such they are able to figure out which form of social capital is good for business and which one is not, as Rashid puts its
“those that are tailored to our business and are good for business we are eager to join them”.

The past business and employment experiences of respondents has informed them on what type of resources to draw from what type of social network in relation to their current businesses. Moreover, these experiences have helped them to know which kind of social capital to rely on depending on the phase of the business venture. In their current business ventures, respondents have the capacity to differentiate good sources of social capital from bad ones and this has helped them to keep certain forms of social capital that are not good for business away from their companies. This awareness has contributed to the success and advancement of these business ventures in Ghana. Usually, most of the respondents rely more on kin and co-ethnic networks when attempting to start a business venture. However, when their businesses advances and become complex, respondents turn to rely more on other networks such as business association, clubs and non-ethnic as well as non-kin networks.

This can be explained by the fact that these immigrant businesses have grown beyond the confines of small cosseted ethnic niches or archetypal middleman minority business and subsequently reliance on such resources lessens at the complex stage of business development (Yoon, 1991). In addition, although the Lebanese are more inclined to using kin or relations in business as social capital, according to Khuri (1965), it is not always the case. For Khuri in businesses such as diamond trade, a Lebanese trader would not rely on assistance from kin because a little mistake will cost a fortune and nobody trusts a relative or anyone with a fortune. Diamond trade involves a lot of skills because this trade is closer to
gambling and is totally different from the slow and sure process of shop management.

The ability of respondents to differentiate resources that are better accessed from kin-networks and the ones that should be accessed from non-kin as well as non-ethnic networks supports the assertion Darkwah (2002) made that:

> the key to individual business success in an increasingly globalised world lies in an astute awareness of both the benefits that one could derive from being embedded in a particular social structure and the potential that existed for this very structure to provide disincentives for economic success. This awareness enables traders to make sound judgements about the kinds of social capital they should draw from kin networks and the kinds that are better accessed from non-kin networks in their efforts to start and maintain a transnational entrepreneurial activity (Darkwah, 2002: 141)

Business success is the target of every respondent and previous experiences have thought them that certain forms of social capital can hamper business success whiles other forms promote business success.
CHAPTER SIX
SUMMARY, CONCLUSION AND RECOMMENDATION

6.0 INTRODUCTION

The purpose of this study was to examine the business practices of Lebanese immigrants in Accra, Ghana. The objectives of the study are to examine the motivation for self-employment, the role played by kin and non-kin networks, the challenges and contributions of these businesses. The previous chapters have dealt extensively on these issues. The present chapter, however, focuses on a summary of major finding from the discussions, the conclusions drawn from the analysis and the recommendations for future research on the Lebanese in Ghana.

6.1 SUMMARY

The Lebanese have been in Ghana for the past one hundred and twenty-eight years. Unlike other immigrants, they came to Ghana in search of a home and as such, their stay has an element of permanency. One can find the Lebanese in business industries such as commercial, automobile, media, entertainment and advertisement, hospitality, construction and real estate industries. The following are summaries of the major findings of the study:

- The discussion in the previous chapters has shown that contemporary Lebanese immigrants are likely to divert from the traditional immigrant business that the literature on immigrant businesses report.

- In relation to the reasons for self-employment, five main factors explain respondent’s self-employment decision. These are the desire to be
independent and one’s own master, desire for a better income, the wellbeing of family members, the opportunity for self-employment and the desire to continue generational self-employment cycle. Moreover, the Lebanese are more likely to practice multiple enterprises and are likely to engage in different economic activities simultaneously. They do not risk everything on one endeavor but they broaden their business activities to other sectors, when they spot an opportunity. This accounts for the continuous success of their business activities in the country.

- The education of respondents has no relation with self-employment. Whether they are highly educated or otherwise, the main motivating factor for self-employment is the need for better income and independence. Their educational qualification neither motivates them to start a business nor deters them from doing so. However, previous experiences serve as a motivating factor for self-employment as well as the choice of business industry.

- The cultural values and norms of respondents play a major role in their business practices. The long history of entrepreneurship in Lebanon, the values placed on independence, commerce, ingenuity in business, risk taking, creativity, innovation, self-reliance and self-confidence accounts for the success of Lebanese businesses. Moreover, the value accorded to family ties leads to the consideration of Lebanese businesses as family businesses no matter how the company is registered on paper. Furthermore, although the Lebanese place much emphasis and importance on collectivism, when it comes to family ties, they are however, more likely to be individualistic,
when it comes to their businesses. This has earned them the name “die-hard individualist” over the years.

• Through previous experiences, respondents have come to realise that certain forms of social capital are good to access at certain stages in business whiles others are not good to rely on in other stages of business. The use of kin and non-kin networks is based on the phase of the business venture such that certain networks are accessed during the phase of business establishment whiles other are used in the phase of business management. Although family resources are mostly utilised for business establishment, they are not used in business management. This is because when businesses become complex and advance, it grows beyond ethnic markets and requires technical expertise that may not be obtained in the family. Moreover, friends play the role of recruiting agents, clients, business informants and advisors. Respondents did not rely on friends for financial support or as employees. Co-ethnics were often used as employees, business advisors, customers and recruiting agents. As an alternative to the Lebanese associations, most of the respondents relied on other associations and clubs to gain access to certain resources. The problems that respondents encountered in their previous businesses and employment experiences can be used as an explanation for the change in the use of kin networks.

• The Lebanese have contributed enormously to the development of the Ghanaian economy. Some of their contributions include the building of schools, mosques, churches and other structures. In addition, they create employment opportunities, pay tax and sponsor programmes and institutions
in the country. However, one major contribution is the investments they make in their children, who, after studying overseas, come to create jobs and contribute their quota to the development of the country.

- Moreover, unlike other immigrants the challenges that respondents face are mostly institutional in nature. In addition, the stories of respondents challenge the popular notion that immigrants do not get access to capital from formal financial institutions in the host country. This is because, unlike other immigrant groups, Lebanese entrepreneurs in Ghana have access to loans from formal financial institutions in the country because of the open nature of these institutions.

6.2 CONCLUSION

The extensive attention given to low-status immigrants in Western countries has obscured the differing factors that motivate start-ups for high-status immigrants both in terms of the resources they can marshal and post-colonial societies’ perception and treatment of them as white. The Lebanese present as with a case where immigrants choose self-employment as a way to attain social mobility and not because of diverse forms of discrimination in the host country. For this reason, theories such as the disadvantage theory, which is used by most studies to explain self-employment tendencies among immigrants, cannot be used as a theory to explain self-employment predisposition of Lebanese in Ghana. This is because the economic institution of the country promotes investment and does not discriminate against immigrants, even though it has reserved certain forms of business activities for natives. Moreover, they have access to expanded resources both from their kin and non-kin networks as while as the various institutions in the country.
Ethnic resources play little role in business establishment and management. The general notion that family ties and resources play a major role in business establishment and maintenance fails in relation to respondents. This is because family ties are only useful in business establishment but not in business management. For this reason, any study on the immigrant businesses and the use of kin and non-kin networks should take into consideration the role that these networks play in relation to the phases of the business venture.

In addition, education plays no role in self-employment decisions but previous experiences do have a major influence in self-employment decision. Moreover, one cannot ignore the essential role that culture plays in self-employment decision and business management. This is because the form of socialisation and the nature of values and norms play out in self-employment decisions as well as the manner in which the business venture is managed.

The Lebanese provides evidence to support the substantivist debate in the famous formalist and substantivist debate in economic anthropology. According to Stuart Plattner (1989), the formalist economic anthropologists believe that rational choice is a product of rational decision that involves marginal values. For them, the economic institution of Western societies is based on the notion of rationality and this rationality cannot be found in non-Western societies. Their approach is based on the assumption that individuals in every culture exercise rational choices in means-ends constraints. The substantivist economic anthropologists, on the other hand, argue that primitive economy is different from market industrialism not in degree but in kind. For them, the organising principles of non-Western societies
were based not on market exchange but in different principles such as reciprocity and redistribution.

Although Lebanon is not a part of the Western world, the Lebanese are able to incorporate the economic principle of both Western and non-Western societies. They are able to turn irrational decisions to rational ones and use it to their advantage. They are also able to make rational decisions that lead to the success of their businesses. For instance, they know which form of social capital to rely on for business establishment and which form to use for business management. This, therefore, supports the assertion of substantivist economic anthropologists that not all over-generalization across diverse societies can be illogical; rather the worth of any over-generalization must be determined based on the case in question.

Finally, this study has contributed to the literature on immigrant businesses, which focuses predominantly on low-status immigrants in Western societies, and has challenged as well as supported some of the well-known assertions of immigrant entrepreneurship in host countries.

6.3 RECOMMENDATION

This study can serve as a foundation for future research on the Lebanese as well as on general modalities of immigrant integration in Ghana. Moreover, the study has generated findings on immigrant entrepreneurship in Ghana which could be used for future research or/and policy study. However, since the Lebanese are here to stay and not to sojourn, the following research areas are recommended as an aid to better understand the different mechanisms adopted by this migrating group to integrate into the host country. The role of the two Lebanese associations in the
integration process of newly arrived as well as old immigrants in the host country. These areas are

1. The role of the Lebanese association and the Ghana branch of the World Lebanese Cultural Union.

2. In addition, a comparative analysis of the business practices of natives and Lebanese immigrants in the country as well as the perception of that employees have about their Lebanese employers.
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APPENDIX – INTERVIEW GUIDE

Introduction

My name is Sylvia Ohene Marfo, an MPhil student at the University of Ghana, Legon. I am undertaking a research for my thesis as part of the requirements for an MPhil Degree in Sociology. The project aims at understanding the business practices of Lebanese in Accra, Ghana and the contributions that they make to the economy of this country. I modestly appeal that you to grant me an interview. Your input is very essential for the success of this thesis. Whatever information you will give will be handled confidentially and as such will not be distributed to a third party; it will be used only for academic purposes.

1. Demographic Characteristics
   - Age
   - Place of birth
   - Marital status
   - Children
   - Religion
   - Highest level of school attended.

2. Migration History
   - How did your family come to Ghana?

3. History of the Business
   - How did you start your business?
   Respondent is suppose to cover
   - Sources of information about the business
   - When the business started
• Mobilisation of start up capital
• Advertising
• Location of business and reason(s)
• Reason(s) for setting up own business
• Reason(s) for starting this particular business.
• Some challenges faced in starting up the business; how it was resolved.
• Procedure for registering the business
• What type of business are you operating?
• Is this your first attempt of establishing a business? (if no, tell me about your previous business).


• Do you have employees?
• What is the current volume of your work force?
• How did you recruit them?
• What factors do you consider before employing them?
• Are your employees trained after been recruited?
• With the exception of clients, who else do you do business with?
• What are the rewards and drawbacks of doing business with them?
• What measures have you put in place to make your business flourish?

Respondents are expected to cover issues such

a) incentives or bonuses for staff

b) leadership skills used (laissez-faire, autocratic or democratic forms of leadership)

c) the rules and regulations guiding employees
• How would you describe your experience as an entrepreneur/business person in Ghana?

• Would you describe your business as successful (or as successful as you would have desired)?

• What makes your business different from others?

• Credit to customers (both Lebanese and others).

5. **Companies and Properties in Lebanon.**

- The history of the company
- Who and how is it managed
- Activities of kin (wife, children, relatives), non-kin Lebanese and Friends in the management of the company.

6. **The use of social capital.**

- Do you employ family members, ethnic group members or non-Lebanese?

- How many family members are working with you, (if any)?

- How many of your staff are non-kin Lebanese (Lebanese who are not related to you)?

- How many of your staff are non-Lebanese (those who are not Lebanese but from other countries)?

- What factors do you consider before employing them?

- What roles do they perform in managing the business?

- What positions do they hold in the business?

- Are you a member of the Lebanese Association in Ghana?

- Do you gain any benefit from the Association?

- Are you a member of any other association in Ghana (both personal and business related)?
• What benefits do you gain from them?

• Financial assistance from friends, family, ethnic group members and financial institutions.

• Financial assistance to friends, family and ethnic group members.

• What role do your friends in Ghana play in your business? Do you gain any benefit from them or they are rather a disadvantage to you and your business?

• What role do your friends in Lebanon play in your business? Do you gain any benefit from them or they are rather a disadvantage to you and your business.

7. **Problems and Prospects.**

Respondents are expected to cover the following issues

• What the challenges are.

• What or who caused it.

• How they were able to handle it.

• The possible future challenges are ways that they are going to handle such challenges.

8. **Contributions of business to the Ghanaian economy**