ABSTRACT

IMMIGRANTS’ SMALL BUSINESSES: THE GHANAIAN EXPERIENCE IN COLUMBUS, OHIO

By Benjamin Amankwah

This thesis is about Ghanaian immigrants’ small business experience in Columbus, Ohio, in the United States of America. The thesis focuses on the kind of businesses 12 Ghanaian immigrant entrepreneurs set up, who their customers are, and how they finance such businesses. The discussions of these are in four concepts, namely embeddedness, social capital, social network, assimilation and acculturation. Geographically, the small business establishments through these concepts assist Ghanaian immigrants to construct their space and culture in the United States. This thesis uses ethnographic, biographic, and qualitative fieldwork methods in its investigations. The thesis uses data from in-depth interviews and field observation. Description and comparison are the methods used in analyzing the data. The thesis finds that Ghanaian immigrant entrepreneurs in Columbus, Ohio engage in services industry, personally finance their businesses, and serve mostly their ethnic people.
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Chapter One: Introduction

1.1: Introduction

This thesis is about the establishment and operation of small businesses by Ghanaian immigrants in Columbus, Ohio. The aims of the thesis are to fill a gap in literature on immigrants’ small businesses, and to generate knowledge for broader analysis, conceptualization, and understanding of all immigrants’ businesses, especially African immigrants in the United States.

1.2: Statement of Research Problem

Most research on immigrants’ economic activity in the United States is on Latinos and Asians (Raijman, 2001; Poros, 2001; Engstrom and McCready, 1990) to the exclusion of Africans. Studies of small businesses of Asian and Latino immigrants identify grocery stores, laundry, garments, and restaurants as the main economic activities (McGlinn, 1995; Ceccagno, 2003). For example, research on the laundry and restaurant business establishments and operations in Pennsylvania shows how various kinds of network help Chinese immigrant entrepreneurs. These networks provide loans (based on kin, personal resources), support for traditional customs, labor, and business information to otherwise isolated Chinese immigrants (Mcglinn, 1995).

There is less research into African economic activities in the United States, especially identifying the specific kinds of activities Africans engage in, their sources of finance, labor, markets, and competition. The limited research on African small businesses has focused on Moroccans rather than Sub-Saharan African immigrants. Kloosterman et al. (1999) describe how Moroccans establish butcher shops in the Netherlands. Yet, the Ghanaian population in Ohio is increasing. The US Census Bureau (2000) lists 4,247 Ghanaians living in Ohio. This number may be low since it does not count undocumented Ghanaian immigrants in Ohio. A large number of Ghanaians living in Ohio may fall within the undocumented category. Anecdotal observation of Ghanaian immigrants in American cities such as New York, Columbus, and Cincinnati indicates that they engage in small businesses such as grocery stores, real estate sales, automobile technicians, accounting, and shipping agencies. The 2002 calendar, compiled by Mr. Kofi Bempong of Universal Shipping, Columbus lists many of such Ghanaian immigrants (African
Heritage Almanac, 2002). Therefore, the main research question is: What are the experiences of Ghanaian immigrants who engage in small businesses in Columbus, Ohio?

### 1.3: Research Questions

This thesis addresses four main research questions and below are the questions with the specific sub-questions that relate to each.

1. Does embeddedness influence the kinds of business that Ghanaian immigrants engage in and relate to success and survival of these businesses?
   a) What businesses do Ghanaian immigrant entrepreneurs engage in?
   b) Which people constitute their market base?
   c) What are their market strategies and who are their competitors?
   d) What are the owners’ competitive strategies?

2. Does social capital, be it ethnic or non-ethnic help Ghanaian immigrant businesses?
   a) What are the sources of finance for small business owners?
   b) What are their sources of labor?
   c) How do owners relate with their suppliers?

3. How do social networks influence Ghanaian immigrant businesses?
   a) What kinds of association or network do owners belong to?
   b) How do participations of owners in and memberships of associations reflect on their businesses?

4. How do levels of acculturation and assimilation of owners affect the ability of Ghanaian immigrant entrepreneurs to establish and operate particular kinds of business?
   a) Do owners’ educational backgrounds or adoption of the host country’s values influence the type of business they engage in?
   b) Does an American education influence why owners go into particular type of business they operate?
   c) How do the host country’s immigration regulations affect business decisions of immigrant entrepreneurs?
   d) To what extent does assimilation and acculturation affect access to social capital and network?
1.4: Research Methodology

This thesis uses ethnographic, biographic, and qualitative fieldwork. Ethnographic study is a scientific and investigative approach to learn about the social and cultural life of communities and institutions (Schensul and Lecompte, 1999; Fetterman, 1989). Biographic research seeks to provide a retrospective account of subjective social actions and economic accounts of an individual or group of people (Bulmer, 1992 and Tierney, 2000 cited in Morrison, 2000). Padgett (1998) suggests qualitative research method for less researched topics since it seeks to investigate deep-seated reasons why people for example take certain economic and social actions. The thesis considers these methods because of the nature of entities under investigation, the purpose and questions of the research, and the effectiveness of these methods in collecting the necessary data.

The thesis involves the examination of immigrant entrepreneurs’ experiences in the establishment of small businesses. Because the researcher is a Ghanaian and would not find it difficult immersing himself into the Ghanaian community, he chose Ghanaians for the fieldwork. The researcher chose Columbus, Ohio, because there is large number of Ghanaian-owned small businesses there.
Figure 1.1: A Sketch Map showing Ghanaian Small Businesses in Columbus, Ohio
1.5: Study Area

Columbus, located at 39.961N and 82.998W, is Ohio State’s capital city. The city has seen a remarkable population growth and size since the last decade. In 1990, Columbus population was 630,362, of which 23,471 were immigrants. The US 2000 population census recorded the city’s population as 711,470 with immigrants constituting 47,713. Thus, whereas the city recorded 12.45% increase in its total population between 1990 and the year 2000, immigrants constituted for 6.7% of that increase. This makes Columbus the largest in Ohio and 15th largest city in the United States (US Census Bureau, 2000). Such increase in immigrant population may contribute to functioning of Columbus’ economy and the United States as a nation. For example, Gavosto et al. (1999) note that immigrants engage in economic activities (small business establishments and taken low-skilled jobs) that create jobs, social integration, and provide tax revenue to the host country. This is evident by tax revenue the US receives from immigrant workers and its comparative advantage in world production and trade of agricultural produce in the world market (Wilson, 1999; Bates, 1999). This may also explain Bush’s recent proposal for worker visas immigrants and temporary work permits for undocumented immigrants.

Some Ghanaian immigrant entrepreneurs have recognized the business opportunity that the increase in their ethnic population in Columbus, Ohio creates and have established small businesses that cater to their needs. Figure 1.1 shows a portion of the north side of the city of Columbus, Ohio and the location of Ghanaian immigrant entrepreneurs’ small businesses. It is evident that all the businesses are at the north side along Morse, Cleveland, and Westerville roads with two isolated businesses just above the junction where Cleveland merges with Westerville, on the West of I-71 North. Casual observation indicates that most Ghanaians live in this area, making the area a location factor for Ghanaian immigrants’ small businesses. A retailer confirmed the high Ghanaian population living in this area as compared to other parts of Columbus to explain why he located his business in that area. This supports Zhou (1998) assertion that ethnic enclaves attract and support immigrant small business establishments. The presence of Ghanaian ethnic market or enclave at the north side of Columbus attracted and continues to attract many Ghanaian immigrant entrepreneurs to site their businesses in that area.
1.6 Data Collection

Data for this thesis are mainly from in-depth interviews and field observation. The researcher completed the interviews and the field observations in three sessions. He conducted the interviews in both English language and his local dialect. He conducted the first and second sessions from June to early August 2002, and the third, March 2003. The researcher carried out an initial survey and conducted brief interviews with the business owners in the first session. That lasted for two days. The purpose of this was to identify the services or goods that Ghanaian entrepreneurs provide or sell. The researcher conducted the main interview in the second session. The purpose of third interview session was to verify data gathered in the second session.

1.7: Selection of Interviewees

A business entrepreneur living in Cincinnati introduced the researcher to three of the respondents in one of this entrepreneur’s usual trips to Columbus. The three respondents showed their willingness to participate in the research. One of the three respondents provided a calendar that formed the basis for identifying the Ghanaian businesses in Columbus, Ohio. There were about 19 Ghanaian-owned small businesses operating in Columbus in the year 2002 (2002 African Heritage Almanac, Compiled by Kofi Bempong of Universal Shipping). Out of the 19 business owners, the researcher interviewed 12, 1 woman and 11 men.

Because of the nature of the Ghanaian-owned businesses, the researcher grouped the businesses into three categories: retail activities (such as groceries, clothing sales), high-order services (such as accountants, insurance sales, and real estate agents that require professional skills and college education), and low-order services (such as cleaning companies and automobile mechanics). Either personal services or business services could fit into low- or high-order services. However, the required education and training differs between the two kinds of service. This is not to say low-order service workers are not skilled. One could avoid such complications by categorizing these economic activities into retail, high- and low-order services.

Willingness to participate in the research formed the bases in selecting the 12 business owners interviewed, four from each business category. This is because the research is qualitative and seeks to unravel the deep-seated reasons why Ghanaians immigrants engage in small businesses. Prior to the actual interview, each participant received and read an informed consent form stating his or her right to withdraw from the study anytime during the research process. The researcher used
semi-structured guides that relate to the concepts identified in the literature for the interviews. Each interview lasted for about two hours. The researcher conducted the interview at the respondents’ business centers.

1.8: Data Analysis

The researcher analyzed the data using descriptive and comparative methods of analysis within and between the business categories. I did that in four different processes. First, I tied research findings to the research questions identified in the literature. Second, I transcribed and teased out the common and different themes of the responses of the owners of the three business categories. Third, I assigned numerical values to these themes. Fourth, I compared and contrasted the assigned values between the three business categories.

1.9: Organization of Thesis

The organization of this thesis is in seven chapters. Chapter Two reviews four concepts in the literature on immigrants’ small businesses relevant to the thesis and shows them as the origin of the research questions. These four concepts are embeddedness, social capital, social network, and assimilation and acculturation. Chapter Three deals with the role of embeddedness in the establishment and operation of Ghanaian immigrants businesses. Chapter Four discusses whether ethnic social capital helps Ghanaian immigrant businesses, and Chapter Five considers the role of social network in Ghanaian immigrant businesses. Chapter Six discusses the role assimilation and acculturation into American society play in setting up Ghanaian immigrant businesses. Chapter Seven concludes the thesis by stressing on the similarities and differences between Ghanaians and other immigrants’ (Asians and Latinos) experiences in small businesses. It suggests areas that require further investigations.
Chapter Two: Literature Review

2.1: Introduction

This chapter reviews literature on four specific concepts on small businesses of immigrants. This is because the concepts identify research questions for this thesis, and provide a conceptual framework for analyzing how immigrant entrepreneurs establish and operate small businesses. These concepts are embeddedness, social networks, social capital, acculturation and assimilation. In these concepts and the data analyses, this thesis uses enclave to mean territorial concentration of a particular immigrant group from the same origin. For instance, Logan et al. (2002) use ethnic enclave to mean a geographic concentration of people from the same country of origin in their analysis of the residential patterns of the largest immigrant groups in New York and Los Angeles. In his studies of Latin America and Asia immigrant groups’ enclaves, Funkhouser (2000) observes movements from their primary enclave to the periphery of that primary enclave, to areas of smaller groupings of immigrants, and to areas that do not have large groupings of immigrants from the same country of origin. Zhou and Logan (1989) use enclave to mean a place of residence, work, and industrial sector of particular ethnic groups in their investigation of how an enclave provide positive earnings-returns to educational and other human capital characteristics to immigrant minority-group workers. Portes and Jensen (1989) interrogating the use of enclave as a mere residential agglomeration of Cuban-born in Florida, concluded that enclave refers to physical proximity of their firms, not dwellings. The conclusion from the arguments of these authors is that enclave refers to territorial or geographic concentration of particular ethnic group, be it place of work or residence and this thesis uses it as such.

2.2: Embeddedness

By definition, embeddedness refers to diverse economic transactions inserted in overarching social structures that affect their forms and outcomes (Granoveter, 1985). It explains how social expectations modify and subvert the original intent of both market transactions and transactions conducted within firms. Portes (1995) identifies two types of embeddedness, “relational” and “structural”. The relational embeddedness refers to economic actors’ personal relations with one another whereas structural embeddedness refers to the broader network of
social relations to which these actors belong. Relational embeddedness includes normative expectations, quest for mutual approval, and reciprocity transactions. The structural type involves the insertion of economic exchanges into larger social aggregates in which many others take part aside from the actual participants in the exchange (Portes, 1995). This thesis considers these two types of embeddedness in explaining how Ghanaian immigrant entrepreneurs establish small businesses.

Kloosterman et. al, (1999) propose the use of the concept “mixed embeddedness” to mean both relational and structural embeddedness in analyzing the processes by which immigrant entrepreneurs insert their businesses in ethnic enclave to win customers. Such processes may include attending Church, playing active roles in social or ethnic gatherings, giving donations during fund raising, and attending funerals. These activities expose an owner to most of the people in an ethnic community as a reliable or significant person in times of crisis or need. In exchange for an owner participating in these activities, ethnic community members reciprocate by patronizing the owner’s business. For example, customers commit to owners such that, instead of shifting business to a cheaper supplier, they will ask long-term business associates to match the lower price. This is because if they shift suppliers, they risk incurring serious social and economic penalties. Actors in this system switch to new business associates only if their current associates violate reciprocity expectations. Then, the society legitimizes such shift as part of collective sanctions against violators (Seifert, 1997).

These show that a heavily embedded immigrant business owner is able to attract customers from the ethnic enclave, especially if the owner sells goods or provides services that focus on the ethnic market. For example, because Chinese migrant entrepreneurs’ business networks in the United States embed in ethnic relations, establishment of ethnic firms reflects the interaction among ethnic entrepreneurs’ cultural identities, business characteristics, and embedded ethnic networks (Zhou, 1998). Ethnic firms concentrate in tertiary, secondary, and retail markets where intense ethnic competition and market fluctuations are common. Therefore, they need to develop and embed businesses in overarching social structures and networks in order to survive (Portes and Sensenbrenner, 1993).

Through the process of embeddedness, immigrant entrepreneurs are able to determine the needs of their ethnic community in the ethnic enclave and serve those needs (Ivan and Bonacich, 1988). Such embedded businesses arise purposely to serve the culturally defined need of their
co-ethnics. With time, they may gradually branch out to supply the broader market of the host country. Their successes and growth in the business depend on the size of the embedded co-ethnic immigrant population that provides the core market and key source of labor, capital resources, and skills (Gazioglu and Sloane, 1996). The broader market of the host country contributes to the successes and/or survival of immigrant businesses, but this depends on the nature of the business. Some retailers are likely to provide ethnic goods and services. This implies that they may derive most of their resources or customers from the ethnic community or enclave (Kwang and Won, 1985). Since such immigrant entrepreneurs may utilize ethnic resources, they can either survive or be successful without the broader market of the host country. Therefore, the broader market’s contribution to immigrant retail business only ensures successes than survival. It is marginal and not as critical as the ethnic market needed for both survival and success. However, immigrant businesses such Chinese restaurants and garment sales that target the host country’s population may require the broad host country’s market to survive and be successful.

High-order businesses such as tax preparation and low-order businesses such as auto mechanic are likely not to survive without the broader market of the host country. This is because they provide services that both the ethnic and non-ethnic populations demand. The nature of their businesses puts them in the position to attract customers from the broader market of the host country that will make them survive, but the large competition they face from the broader market may limit their success. In such cases, the ethnic market is important, but does not determine success or failure of these businesses.

Immigrant business owners’ deep level of embeddedness places them in a position to compete favorably with other service providers because of their frequent and diverse participation in the ethnic community’s activities (Wilson, 1999). This process (and job availability) has influenced Korean/Chinese immigrant entrepreneurs to work full-time in ethnic small restaurant and laundry businesses (Lee, 1995; Bates, 1997). They are able to compete favorably with other competitors and therefore remain and make profit from restaurant and other traditional businesses. For example, Poros (2001) argues that various kinds of networks provide loans (such as kin, personal resources), traditional customs, and information to otherwise isolated Asian immigrants in the laundry and restaurant businesses in New York. This is also true among Latin American business owners in the grocery businesses in the United States. Latin American
and Asian business owners engage in laundry, restaurant, garment, and grocery businesses and serve mostly the broader American market and their ethnic people (Raijman, 2001). They employ mostly ethnic people. Therefore, they remain in business and are successful because of their levels of embeddedness in the activities of both the ethnic and non-ethnic people.

Therefore, embeddedness raises questions of the types or nature of markets and businesses that immigrant business owners cater for in an ethnic enclave. It also raises questions about the processes that owners use to attract customers, expand their market thresholds, and the manners by which owners compete with other competitors. It also suggests the levels of success and survival of ethnic businesses. For this thesis, the broad research question seeks to investigate the extent to which embeddedness influences success or survival of Ghanaian immigrant businesses. The following are the specific research questions addressed:

1. What businesses do Ghanaian immigrant entrepreneurs engage in?
2. Which people constitute their market base?
3. What are their market strategies?
4. Who are their competitors?
5. What are owners’ competitive strategies?

2.3: Social Networks

Social networks are sets of recurrent associations among groups of people linked by occupational, financial, cultural, or affective ties (Portes, 1995). Social networks are important in economic life because they are sources for acquisition of scarce business resources such as capital and information by immigrant entrepreneurs, especially Chinese business owners (Zhou, 1998). Social networks assist small Chinese immigrant enterprises in Pennsylvania, particularly those within ethnic enclave to survive and be successful (Mcglinn, 1995). The networks provide opportunities to acquire loans, companionships, traditional customs, sources of supply, and business information to such Chinese, Korean, and Mexican immigrants in laundry and restaurant businesses (Raijman and Tienda, 2000). However, social networks simultaneously impose effective constraints on unrestricted pursuits of entrepreneurs’ personal gains (Bevelander and Nielsen, 2001). Such constraint manifests itself in small business owners’ actions that are inconsistent with the norms of the networks that owners belong to (Bates, 1994). For example, consistent late payments of goods their suppliers credit them may terminate any future credit
offer to the entrepreneurs. The creditors or network members deny such entrepreneurs future assistance such as capital, business information, or labor (Bevelander and Nielsen, 2001). Also, members of ethnic groups may hold on to business information such as the source of supplies of their competitors, if owners fail to honor members’ invitation to funeral and outdooring. In this case, it sounds like embeddedness deals with the relationship between entrepreneurs and their markets, whereas social networks deal with the relation between entrepreneurs and the ethnic business community.

Social networks differ in several dimensions and have direct consequences for economic behavior (Boissevain, 1994). Size and density are the most important of such dimensions. Size refers to the number of participants in a network, and density to the number of ties between them. The density ties could be occupational, financial or cultural. The size may constitute the average number of people in the various networks that owners belong to. Boissevain (1994) notes that the larger the size of network, the more difficult it is for all members to interrelate and, hence, the lower the density. Relatively large and dense networks are, however, most effective in developing normative expectations and enforcing reciprocity obligations.

Depending on the characteristics of the networks and owners’ positions in the networks, Chinese immigrant entrepreneurs are able to mobilize significant amount of resources for the establishment of economic enterprises (Mcllgin, 1995). On the contrary, group-enforced expectations bind them. For example, they have to contribute to the mobilization of starting capital to newly arrived business entrepreneurs or risk any future assistance from the network. This becomes more forceful with respect to class, gender, life cycle, and other independent variables like ethnic affiliation of the owner in the network (Gang and Wissen, 2000).

Scheweizer et al. (1998) also note that social networks play a major role in molding everyday life of owners in managing crises, and in making decisions about their businesses. This is evident in the processes whereby Moroccan immigrants establish butcher shops in the Netherlands. Kloosterman et al, (1999) observe that Moroccan immigrant entrepreneurs organize economic activities based on trust generated through social networks. Tilly (1990) also identifies that social networks facilitate migration, social and economic survival strategies for immigrants. The networks may include migrants’ memberships of associations such as clubs, churches, and occupational associations. He explains that migrants’ reliance on such networks for business or other information about possible destinations and potential business ventures minimizes and
spreads the socioeconomic hardships they go through. This is because they acquire jobs in ethnic enterprises and establish businesses (Raijman and Tienda, 2000). This may facilitate migrants’ integration into the host country (Tian and Shan, 1999). In turn, migrant entrepreneurs, by becoming members of the networks, harness the networks for labor and customers through various ties (Portes and Zhou, 1996). In this case, social networks relate to the relationship between entrepreneurs and organizations and institutions in both the ethnic and the non-ethnic community.

Based upon the networks of Chinese immigrant entrepreneurs, Zhou (1998) observes that ethnic enclaves determine the nature of businesses immigrant entrepreneurs establish. Such networks of immigrant entrepreneurs bear a strong ethnic identity in order for their businesses to be successful or survive. Based upon their networks in the ethnic enclave, immigrant entrepreneurs evaluate the potentials of ethnic resources such as labor, markets, and capital in the ethnic enclave and determine the profitability of a particular business. Organization of ethnic businesses is the outcome of interaction between cultural and industrial identities or characteristics of enterprises or entrepreneurs. For example, a business characteristic such as market availability attracts Chinese immigrants to locate businesses in the ethnic enclaves to harness that market niche (Zhou, 1998). That is not to say social networks are specific to the ethnic community. To maximize profit, such entrepreneurs look to the host society for social networks.

The above discussions indicate that the performance of immigrant businesses depends on how owners insert or immerse themselves in recurrent social networks through cultural, economic, social, and occupational ties. In addition, owners do not consider only cultural networks, but also occupational and financial associations in the ethnic and host communities for a larger threshold of customers and resources to finance their businesses. They also maintain various forms of ties, which may include dues payment, attending meetings, and participating in decision-making in these networks. Other members in the association or union expect owners to consider them as equals. As an indication of affection or good will on their part, members expect owners to offer them donations and other assistance in times of need or crisis.

How owners’ memberships in religious, occupational, and financial associations influence the success or survival of their small businesses is a question that social networks raise. Therefore, a second broad research question for this thesis is, to what extent do social networks
in the ethnic enclave and the host society support the establishment, operation, and growth of ethnic businesses? The specific questions that this thesis addresses include the following:

1. What associations do owners belong to?
2. How do their participations in networks reflect on their businesses (business information and labor assistance)?
3. How do owners acquire finance (relations with networks as customers)?
4. What relations do owners maintain with network customers (problem addressing strategies and services to customers)?

2.4: Social Capital

Social capital refers to the capacity of individuals to command scarce business resources by virtue of their membership in an ethnic association or union (Portes, 1995). Such resources may be economic tangibles or intangibles. The tangibles may include price discounts, interest-free loans, and credit facilities. The intangibles may include information about business conditions, employment tips, and generalized “good will” in market transactions (Basu and Goswami, 1999). The resources themselves are not social capital. The concept refers instead to the individuals’ abilities to mobilize them on demand (Anh and Le, 1999). The key conceptual characteristic of this resource is that it is free to recipients. The recipients are not supposed to pay such resources in cash or other valuables over a fixed period of time (Basu and Goswami, 1999).

Resources gained from fellow community members or social capital abilities, though in appearance “free”, do carry a hidden cost (Rivera-Batiz, 1999). To be successful, the community and family members expect a business owner to “share the wealth” with them through donations (Bevelander and Nielsen, 2001). This is true regardless of whether social capital took the form of subsidized loans, business information, supplier credit, or buyer loyalty. Rafiq (1992), cited in Basu and Goswami (1999), notes in his studies of ethnic Asian/Chinese enterprises that, such expectations may turn promising business ventures into welfare hotels, in which owners donate goods below cost as gifts to customers.

Nee and Nee (2000) observe that San Francisco’s Chinatown has a strong Chinese entrepreneurial group based on its social capital mobilization ability. This group regulates business and social life of the Chinese community. The group also guarantees normative order and ensures access to resources for Chinese entrepreneurs. Raijman (2001) also notes that social
capital exposes individuals to role models and sources of financial and non-financial assistance. This helps to put business ownership within the reach of entrepreneurs of modest resources. In addition, the usefulness of a household’s economic resources in the form of financial investment depends on individual entrepreneur’s social capital ability (Sanders and Nee, 1996). Self-help institutions (rotating credit associations a form of social capital) provide financial assistance for business start-ups to new Latin American business entrepreneurs (Raijman, 2001). Without assistances from such institutions, such new entrepreneurs may find it difficult to finance their businesses and compete effectively with other owners offering similar services.

Bates (1999) and Feliciano (2001) both argue that immigrants, whether documented or undocumented, play a significant role in economic activities in the host countries. They note that Chinese and Latino immigrants provide labor to their ethnic entrepreneurs and form an important tax base to the government of the United States. Latin American immigrants’ firms are able to expand because they find such native workers who are willing to take low-skilled jobs for wages lower than the prevailing market wage (Gavosto et. al., 1999). However, Wilson (1999) and, Anh and Le (1999) state that these depend on the entrepreneurs’ abilities to penetrate the ethnic enclave and utilize this labor resource as social capital.

Ethnic workers make available culturally specific skills brought from abroad to business owners and in turn, learn the ropes of business through informal apprenticeship in co-ethnic firms (Zhou and Logan, 1989). Sloane and Gazioglu (1996) stress that this may lead to the establishments of immigrants’ small businesses that cater for customers of their own ethnicity. Immigrants engage in products that the ethnic people will demand as well as those they have peculiar knowledge and experience in. Further, businesses that will maintain or strengthen links with their native country perform better than those that do not (Basu and Goswani, 1999). The links are in the form of reaching intermediaries who have contacts with suppliers of ethnic goods and at affordable price in the host country. Owners’ abilities to reach the intermediaries relate to social capital than transnationalism since such intermediaries reside in the host country.

The concept of social capital raises questions related to sources of finance, labor, and credit facilities of immigrant small business owners. It also raises questions related to the ability of owners to utilize resources from family (labor and capital) and from association members (business information and financial assistance) in establishing and running small businesses. Therefore, the third question of this thesis that comes with social capital is whether ethnic social
capital, broader American social capital or both help immigrants’ businesses. The specific questions that this thesis addresses in relation to social capital include:

1. What are the sources of finance for small business owners?
2. What are their sources of labor?
3. How do owners relate with their suppliers?

2.5: Acculturation and Assimilation

Gordon (1964) defines assimilation as the process and end product by which immigrants change cultural patterns to those of the host society, enter into their institutions, intermarry, develop sense of people-hood based on the host society which may erase prejudice, discrimination, and value and power conflict between the two groups. Acculturation on the other hand is the process by which immigrants change cultural patterns to those of the host society (Gordon, 1964). He terms immigrants’ entrance into cliques, clubs, and institutions of the host society as structural assimilation and notes that once it occurs, all the other variables in his definition of assimilation, will naturally follow. However, Alba and Nee, 1997 term the process whereby immigrants adapt to the values, attitudes, and ways of behavior, culture, and speech of the receiving society as assimilation. Also, according to Anh and Le (1999), assimilation refers to the processes of insertion into foreign culture, economic system, and the social and political institutions and measures immigrants’ economic successes by their average earnings. Based on these definitions by the various authors, it is possible to conclude that assimilation is the product where immigrants resist cultural marginalization and acculturation is the process whereby immigrants change and modify their ethnic culture to that of the host society. Gordon’s (1964) definition of assimilation embodies acculturation. Therefore, this thesis treats the two concepts to have similar interpretation and focuses on how assimilation and acculturation concepts explain the processes immigrants establish small businesses.

C. Nagel (2002) describes assimilation as the construction of group identity and the ways in which minority groups resist cultural marginalization in the host country. By construction, she contends that migrants form associations and networks that may facilitate their insertions into the host country’s environmental, social, economic, and cultural settings. J. Nagel (1994) observes that migrants do this based on culture, identity, and ethnicity. The observance of immigrants’ culture, identity, and ethnicity may assist immigrant entrepreneurs to in business establishments
and operation. This is because immigrant entrepreneurs may know the presence of their co-ethnic people in a specific city of the host country and establish businesses to serve their needs. Also, immigrant entrepreneurs, by participating in such activities, will be able to determine how they can improve upon social networking and capital mobilization activities in their co-ethnic population. Through these assimilation and acculturation processes, such entrepreneurs will be able to communicate well both in English and their local language. This will in turn help them to become member of many associations in order to draw customers and mobilize labor and capita from those associations. Thus, immigrants use certain strategies in order to adapt to social, economic, cultural, and environmental settings of the host country. Such strategies may include formation of, and insertion of themselves in ethnic and non-ethnic associations. Through these processes, migrant entrepreneurs are able to identify the potential market or resources that the ethnic minority community provides, and utilize them. For example, at higher level (gathering of people from different parts of China), Chinese migrant entrepreneurs identify themselves as coming from the broader Chinese origin. However, they exhibit the characteristics of their specific ethnicity at lower level (gathering of Chinese from a specific region, district or locality). Through these exhibitions, they harness the market resource by establishing businesses that employ their ethnic minority group, which may also constitute the group’s survival strategies in the host country. Therefore, Allen and Turner (1996) contend that access to an ethnic spatial concentration remains an important resource for most immigrant entrepreneurs. This is indispensable through the location and running immigrant entrepreneurs’ small businesses.

In his studies of immigrants in the United States, Tilly (1990) contributes to the definition and explanation of the assimilation process. He identifies assimilation as the product by which immigrants acquire the appropriate skills, attitude, and cultural traits of the host country. Portes (1995) also notes that immigrants’ education, work experience, marital status, and other elements of human capital that they bring from home discounted by their skills of foreign origin, determines their assimilation and acculturation levels. Once determined, immigrants find their niches, make their presences known, and acquire their lawful rights as citizens of the host country. Their initial social and economic hardships in adjusting into the host society erode away (Carillo and Paolo- Vinci, 1999; Durken 1998) Therefore, Sloane and Gazioglu (1996), Portes and Sensenbrenner (1996) note that the result of assimilation is a situation in which an immigrant earns the same as equally qualified indigenous
workers. Whether immigrants’ adaptation to the values of the host country creates a greater propensity for the establishments of small businesses depends on the nature of the business. All things being equal, when immigrants’ earnings increase, they demand more goods and services. This may favor both ethnic and non-ethnic businesses. Also, when there is complete or high level of assimilation, immigrant entrepreneurs are able to maneuver their ways to acquire business resources to finance their businesses in the host country.

Au et al. (1998) observe that New York City’s Chinatown entrepreneurs and workers acculturation level is low as compared to those who live outside that region of Chinatown. Those workers and entrepreneurs who live outside Chinatown region demonstrate high levels of acculturation because they have high American education and speak English language. These Chinese entrepreneurs and workers attribute successes to their high acculturation levels. This shows that immigrant entrepreneurs are able to communicate in both style and language of the host society once they become acculturated and assimilated. Such manner of communication helps immigrant entrepreneurs to attract customers from both their ethnic and that of the broader societies. It also assists them to inter into the host societies institutions for the necessary assistances in establishing and operating small businesses.

Chen (1998) reveals that acculturation and assimilation processes create opportunity for Chinese immigrant entrepreneurs to look for financial assistance from financial institutions in the host country for investment. De Coulon (1998) also notes that the levels of acculturation and assimilation of owners relate positively to immigrants’ business success. These processes also influence the chosen kind of businesses that immigrants engage in (whether they should focus on both ethnic and non-ethnic markets). Chinese restaurant businesses in the United States depend mostly on networking in the non-ethnic society for customers and assimilation, and the acculturation processes facilitate the networking activities (McGlinn, 1995). However, they also maintain ethnic culture in that they employ mostly Chinese workers (Chen, 1998).

Chiswick (1992) notes that immigrants’ length of stay in the United States, educational backgrounds, English language proficiency, and work-place specific skills facilitate their assimilation levels. These affect their decision to establish and operate businesses rather than work for someone, and may also lead to a rapid increase in immigrant earnings and determine the businesses they engage in. English language proficiency for example, determines the specific market that entrepreneurs will provide services to. This is because an owner must communicate
to consumers the products or services that are available. Consumers are attracted to stores that can better serve their needs. Immigrants’ length of stay, assimilation and acculturation in the host country can also expose them to financial institutions in the host country for the acquisition of capital for business investment. Thus, the more acculturated and assimilated the owner, the broader the owner’s market threshold. On the other hand, Anh and Le, (1999) attribute the reasons why immigrants engage in self-employed or small businesses to the host country’s immigration regulations. According to them, some immigrants, irrespective of their educational background, acculturation and assimilation levels, engage in “illegal” economic activities, others end up in self-employment or small businesses.

Assimilation and acculturation, therefore, is about the relationship of degree to which immigrants assimilate in terms of education, immigrant status, and English language fluency and how these reflect on the kinds of business immigrants engage in. The concepts also raise questions about how immigrants’ adaptation to the host country’s values influences migrants businesses. The key question that comes from assimilation and acculturation is: do the level of acculturation and the extent of assimilation affect the ability of immigrants to establish particular kinds of business? The specific questions that come from the concept of assimilation and acculturation, and which this thesis addresses are:

1. Does adoption of the values as in education of the host country by immigrant business owners have influence to the type of business they engage in?
2. Why do immigrants engage in particular businesses?
3. What are small business owners’ educational backgrounds and the places obtained?
4. Does immigration status have any effect on the owners’ business decisions?
5. How does the nationality of owners influence their businesses?

2.6: Conclusion

The literature about immigrants’ small businesses shows that there are guiding principles, expectations, requirements, and norms that govern their establishments, survival, and successes. The summary of these is in four main concepts, namely: embeddedness, social network, social capital, and assimilation and acculturation. These concepts provide the conceptual framework and basis for generating research questions for this thesis.
Immigrant businesses do not occur in a vacuum. They require owners to embed and insert their businesses and themselves in the activities of both ethnic and non-ethnic people. The literature review demonstrates that embeddedness assists business owners to attract customers from their ethnic enclave, especially if the owner focuses on ethnic goods and services. Embeddedness come from attending church, playing an active role in social or ethnic gatherings, giving donations during fund raising, and attending funerals. These activities expose owners as reliable or significant persons in times of crisis or need to most of the people in an ethnic community. In exchange for a business owner participating in these activities, ethnic community members reciprocate by patronizing that owner’s shop. These activities, together with the nature of the business, help owners to identify the needs of customers, especially the ethnic people.

Social networks, especially in the ethnic enclave, reinforce embeddedness of immigrant businesses. The insertion and immersion in both ethnic and non-ethnic structures (economic, social, and cultural) require and expect owners to social network in both the ethnic and non-ethnic enclaves. This helps to put businesses within the reach of immigrant entrepreneurs who may lack starting capital. Moreover, through social networking, owners may acquire business information especially information about their competitors and sources of supply of their products. These indicate that the success or survival of immigrant small businesses depend on how owners insert or immerse themselves in such recurrent associations. Further, owners not only maintain ties such as dues payment, attending meetings, and participating in decision-making in the cultural associations, they also participate in occupational and financial associations both within and outside of the ethnic community. These may provide larger thresholds of customers to owners and help put small business establishments within the reach of immigrant entrepreneurs.

Social networking does not necessarily mean automatic access to such vital business resources as labor and capital. The accessibility depends on immigrant entrepreneurs’ abilities to mobilize the resources on demand. Social capital summarizes such owners’ abilities. Owners can participate, pay dues, and network in the activities of both ethnic and non-ethnic people. However, without careful study (social capital abilities) of the people to find what goods they may demand or the assistance they can offer to immigrant entrepreneurs, the vital business resources that the associations’ members create are useless. Owners should also have the abilities to utilize their household’s economic resources such as capital, commitment, and labor in
business establishment. Therefore, possessing these social capital abilities may help put business ownership within the reach of immigrant entrepreneurs of modest resources and compete effectively with other owners offering similar services.

To begin a business though, immigrants must be able to function in American society. Thus, before owners can embed themselves and their businesses in ethnic enclave and the broader societies of the host country, they must understand how the host societies and immigrants within them work. This requires owners to adapt to the cultural, social, and economic values of the host country. Assimilation and acculturation processes expose them to financial institutions in the host country to access credit facilities. Moreover, they are able to identify the needs of both the ethnic and non-ethnic people in the host country and develop business-specific skills and knowledge especially to harness the market these people create. This is true for owners, if they are able to social network to attract customers, develop social capital from both the ethnic enclave and the broader host society, and to construct their space in the foreign country.

The discussions above show how immigrants establish small businesses and the strategies they use in order to survive and be successful. Whereas embeddedness helps owners in marketing, social networks within and outside the ethnic group help in the formation and running of immigrant businesses. Immigrant business owners also develop social capital abilities to utilize family resources such as labor and business resources that ethnic and non-ethnic associations create in the host country. Owners assimilate and acculturate in order to understand how the structures of both societies work.

In a geographic context, immigrants’ establishments of small businesses through the processes of social capital, embeddedness, social networks, and assimilation and acculturation assist them to construct their space in the host country. This is evident by the names that such immigrants give to their shops. For example, stores or shops names such as Berekum African Market, Asafo African Market, Kumasi Central Market, Accra International Market, Kakashie Technical Services, and Krobea Automotive Services on Morse, Westerville, and Cleveland roads in Columbus, Ohio announce the presence of Ghanaian ethnic community.

In addition, in explaining how Latinos resist cultural marginalization in assimilation processes, Haverluk (1998) observes that increases in their population assist them to maintain their identity, culture, language, and ethnic pride. Immigrant entrepreneurs also rely on ethnic
population increases and ethnic enclave for business resources such as customers and labor (Bates, 1999; Feliciano, 2001). Therefore, implicit in Havaluk’s assertion is that immigrants’ small businesses also assist Latino immigrant entrepreneurs and others, such as Ghanaians to exhibit ethnic pride since the businesses serve as symbols that announce their presence in the host country. In other words, immigrants’ small business establishments help such immigrants to construct their space in the host country and remain an important tool by which they use to show and revive their culture, language and ethnic pride. This is because the small businesses immigrant entrepreneurs establish reflect their ethnicity and cultural identities, and they locate such businesses in their ethnic enclave.
Chapter Three: Embeddedness

3.1: Introduction

The research question addressed in this chapter is the extent to which embeddedness influences the kinds of business that Ghanaian immigrants engage in and the extent to which it relates to success and survival of these businesses. By definition, embeddedness refers to diverse economic transactions inserted in overarching social structures that affect their forms and outcomes (Granoveter, 1985). It explains how social expectations modify and subvert the original intent of both market transactions. This, together with the literature review in chapter two, show that embeddedness assists immigrant entrepreneurs to determine the business they should engage in (Granoveter, 1985), who their customers could be (Seifert, 1997), how they compete in the business, and the strategies that should be used (Kloosterman et. al., 1999). Therefore, this chapter answers the following questions as they relate to the concept of embeddedness. First, what businesses do Ghanaian immigrant entrepreneurs in Columbus, Ohio engage in? Second, which people constitute their market base? Third, what are their market strategies? Fourth, who are their competitors and fifth, what are the owners’ competitive strategies?

3.2: Types of Business

Based on 2002 African Heritage Almanac, nineteen (19) Ghanaian small business owners operate in Columbus, Ohio. The businesses are retail (such as groceries, apparel sales), high-order services (such as accountants, insurance sales, and real estate agents that require professional skills and college education), and low-order services (such as cleaning companies and automobile mechanics). Table 3.1 shows the type of businesses Ghanaian immigrant entrepreneurs in Columbus, Ohio engage in. This is a complete list of all nineteen businesses. One of them, a delivery service, was just starting and I could not consider the owner for the interviews.

Table 3.1 shows that Ghanaian immigrant entrepreneurs in Columbus engage exclusively in service businesses and not manufacturing. Within services, retail businesses dominate (about 47.4%) followed by higher-order services. All the retail establishments exclusively serve ethnic markets. Low- and high-order businesses mostly serve both ethnic and non-ethnic markets.
(42.1%). The only businesses that claim not to serve the ethnic market are the appliance repair and the emerging delivery service.

<table>
<thead>
<tr>
<th>Type</th>
<th>Number of Bus.</th>
<th>% of Total</th>
<th># Interviewed</th>
<th>Ethnic Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>47.37</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>African Grocery</td>
<td>8</td>
<td>42.11</td>
<td>3</td>
<td>Yes</td>
</tr>
<tr>
<td>African Apparel</td>
<td>1</td>
<td>5.26</td>
<td>1</td>
<td>Yes</td>
</tr>
<tr>
<td>Low-order</td>
<td>21</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auto Repair</td>
<td>3</td>
<td>15.79</td>
<td>3</td>
<td>Both</td>
</tr>
<tr>
<td>Appliance Rep.</td>
<td>1</td>
<td>5.26</td>
<td>1</td>
<td>No</td>
</tr>
<tr>
<td>High-order</td>
<td>32</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Website Dev.</td>
<td>1</td>
<td>5.26</td>
<td>1</td>
<td>Both</td>
</tr>
<tr>
<td>Travel &amp; Shpp.</td>
<td>2</td>
<td>10.53</td>
<td>1</td>
<td>Both</td>
</tr>
<tr>
<td>Tax Accountant</td>
<td>2</td>
<td>10.53</td>
<td>2</td>
<td>Both</td>
</tr>
<tr>
<td>*Delivery</td>
<td>1</td>
<td>5.26</td>
<td>0</td>
<td>No</td>
</tr>
<tr>
<td>Total</td>
<td>19</td>
<td>100</td>
<td>12</td>
<td></td>
</tr>
</tbody>
</table>

*Unavailable for interview

Source: Compiled from African Heritage Almanac, 2002

Retailers have inserted their businesses in the social and cultural structures of their ethnicity in which the learning and acquisition of that business skill and knowledge is available. Therefore, they provide culture-specific services to the ethnic group. However, low- and high-order Ghanaian business owners insert their businesses in both the ethnic (Ghanaian) and the host (American) societies’ cultural and social structures supporting Granoveter (1985) who notes that the overarching social structures that immigrants insert their businesses in affect their forms and outcomes. Overall, eighty nine percent (89%) of all Ghanaian-owned businesses in this study serve ethnic markets to a certain extent. This supports Zhou’s (1998) assertion that immigrant businesses reflect interactions among their owners’ cultural identities, business characteristics, and embedded ethnic networks. To a large extent, Ghanaian-owned businesses in Columbus show embeddedness in the ethnic identities of their owners.
3.3: Market Base and Market Strategies

If Ghanaian owners in Columbus, Ohio embed businesses in their ethnicity, then who constitute the market base? Do their markets differ by category of business? Further, what marketing strategies do Ghanaian-owned business owners use and do they differ by category of business? Table 3.2. identifies five broad groups of owners’ customers. These are Ghanaians, other African nationals, North Americans, Latin Americans, and Asians.

Table 3.2 shows that Ghanaians form the dominant market base for all the business categories. However, other Africans (also ethnics) constitute a major part of the market base to the retailers and even the low- and high- order services providers. North Americans make up a larger proportion of the market base for the low- and high- order entrepreneurs.

Table 3.2: Market Base and Market Strategies of Owners

<table>
<thead>
<tr>
<th>Market Base</th>
<th>Ghana Other</th>
<th>Other African States</th>
<th>Latin America</th>
<th>Asian</th>
<th>Social Events</th>
<th>Donation Relation</th>
<th>Good Flyers</th>
<th>News Media</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>4*</td>
<td>4*</td>
<td>2</td>
<td>2</td>
<td>Retail</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>L. Order</td>
<td>3*</td>
<td>4</td>
<td>1</td>
<td>0</td>
<td>L. Order</td>
<td>3</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>H. Order</td>
<td>4*</td>
<td>4</td>
<td>0</td>
<td>4</td>
<td>H. Order</td>
<td>4</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: Compiled from Research Data

*Dominant

Whereas the retail businesses embed in both the Ghanaian and African ethnic markets, the low- and high- order business categories embed in the Ghanaian ethnic market, as well as the broader American market. In terms of market base, the commonality among the three business categories is that they show strong embeddedness in the ethnic market.

Because Ghanaians and other Africans dominate all the owners markets, they use similar marketing strategies. They attend social gatherings, offer donations, and maintain good customer relations. Despite this similarity in marketing strategies, some high-order service providers distribute flyers and use the news media to sell their products. However, strategies, such as distributing flyers target the ethnic people because owners leave the flyers in Ghanaian-owned grocery stores for potential customers to pick up. The nature of goods or services owners
provide, and their different levels of embeddedness in the social activities of the ethnic markets they serve explain the differences in their marketing strategies.

The above revelations show that through the processes of embeddedness, the business owners have determined their market niche and the needs of their customers (Light and Bonacich, 1988). Therefore, they invest their resources in the ethnic and embedded businesses of their co-ethnics. Other retail entrepreneurs serving the broader North American, Asian, and Latin American markets support Light and Bonacich’s (1988) argument that with passage of time, ethnic businesses may gradually branch to supply or serve the broader market of the host country. Sloane and Gazioglu (1996) give another explanation. They argue that the successes and growth of such businesses may depend on the size and income of the embedded co-ethnic population that provides the core market and key sources of labor to the business owners. These do not discount other factors such as the contacts and links owners may have with the people in both the host and origin countries. Thus, an immigrant entrepreneur who aims to be successful first targets the ethnic community by embedding the business in that community’s cultural setting. Immigrant businesses especially low- and high- order service providers initially serve the embedded ethnic enclave and later branch to serve the broader host country’s market. However, the nature of the businesses explains why low- and high- order businesses embed in the broader host country’s market as well.

Following Sloane and Gazioglu’s (1996) argument, there is no doubt that both the success and survival of the Ghanaian retail business in Columbus, Ohio, depend on the ethnic market. Thus, owners have to insert and embed their businesses and themselves in the overarching social and economic structures of the ethnic people (Granovetter, 1985). However, high- and low- order service entrepreneurs must insert and embed their businesses and themselves in the ethnic social and economic structures to be successful. Their survival requires them to embed and immerse themselves and their business in the non-ethnic social, cultural, as well as environmental and economic structures of the host country. Thus, low- and high- order entrepreneurs’ successes embed in the ethnic market, but their survival embed in the market of the broader host society.

The similar marketing strategies that Ghanaian owners of the three business categories use are similar to that of Moroccan immigrant entrepreneurs in the Netherlands (Kloosterman et. al, 1999). Kloosterman et. al, (1999) describe the processes by which Moroccan immigrant
Moroccan immigrant entrepreneurs, just as their Ghanaian counterparts in Columbus, attend social gatherings, offer donations, and maintain good customer relations with their ethnic and non-ethnic groups to win customers.

The natures of owners’ marketing strategies also stress their embeddedness in ethnic market. This is where Portes’ (1995) classification of embeddedness into structural and relational is significant. Irrespective of business category owners exhibit features of relational embeddedness such as expectations, quest for mutual approval, and reciprocity transactions of embedded association members during social gatherings of their co-ethnic group irrespective of category of business. The frequencies with which owners attend social and economic gatherings of Ghanaians and wider society expose them to different potential customers.

“We attend church, play active roles in social or ethnic gatherings, give donations during fund raising, and attend funerals. Through these processes, we are able to know the people and their origins. This helps us to sell or engage in products that such people will demand.” (Category placement by researcher)

All things being equal, this, coupled with different means of advertisement, widens owners’ market niche and thus, the success and survival of their businesses. However, the use of the media and distribution of flyers signify how owners, (one business owner especially high-order service providers), enter the broader American market, as one business owner exemplifies.

“We place flyers in the mail boxes irrespective of the origins of the people. Though we leave flyers and newspapers at most African shops, targeting the ethnic people, other non-ethnic people read the newspapers. Through that means, we reach the broader American market” (Response of a high-order entrepreneur).

As Portes (1995) argues, structural embeddedness involves the insertion of economic exchanges into larger social aggregates in which many people take part aside from the actual participants in the exchange. Thus, the news media marketing strategy help high-order entrepreneurs to insert their businesses into social aggregates apart from the main participants, themselves, and other ethnic group. This affects the size of owners’ markets.
3.4: Owners’ Competitors and Competitive Strategies

Questions raised in relation to the strong embeddness of Ghanaian immigrant business owners in Columbus are: do they have a monopoly over the ethnic market? Who are their main competitors and what strategies do they use to compete? Entrepreneurs from Ghana, Nigeria, China, and United States are their main competitors. In terms of competitive strategies, Ghanaian business owners use customer attraction strategies and the pricing of their goods or services. The competitors and competitive strategies are not similar for the three business categories as the Table 3.3 illustrates in. The Table 3.3 shows that retailers’ competitors are predominantly other Ghanaian ethnic entrepreneurs. Some, however, compete with the Chinese business entrepreneurs, especially those in the retailing of apparel or garments. The conclusion on competitors therefore, is that predominantly, competitors of the owners of the three business categories are from the same ethnicity as the owners especially retail, but those in the services category (both high- and low-order) tend to face competition in the broader American market.

Table 3.3: Owners’ competitors and competitive strategies

<table>
<thead>
<tr>
<th>Competitors</th>
<th>Competitive Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ghanaians</td>
<td>Chinese</td>
</tr>
<tr>
<td>4*</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>4</td>
<td>0</td>
</tr>
</tbody>
</table>

*Dominant

Source: Compiled from Research Data

The nature of retailers’ competitors supports Ivan and Bonacich’s (1988) argument that through the process of embeddedness, entrepreneurs are able to determine the needs of their ethnic community in the ethnic enclave and serve them. Ghanaian business owners, through the processes of embeddedness, identify the potential market of the ethnic people of specific needs. The competitors of low- and high-order entrepreneurs are both American and Ghanaians since part of their market base belongs to both. The explanation is that their survival depends on the American market, but their successes depend on the ethnic market. This is because the wider society’s markets that will make them break even is available, but they require their co-ethnic
market to make profit. Thus, low- and high- order service providers deeply embed in both the ethnic and non-ethnic American social and economic environment in order to be successful.

“I have worked for many organizations since I migrated to the United States. By doing those former jobs, I established the necessary contacts with my fellow workers and employers. These workers and employers at times do business with me. They have contributed to my success in this business”. (A response of low-order business owner)

This was the response of one of the low-order service providers when asked about how he is doing in the business. Because he embeds his business in both ethnic and non-ethnic markets, this owner is successful. This supports Wilson’s (1999) assertion that by embedding businesses in the ethnic and non-ethnic structures, immigrant entrepreneurs can be successful. Yet, another explanation for low- and high- order owners having American competitors may be the different nature of the goods or services they provide including Auto care, Appliance repairs, Website developing, Tax preparation, Travel agency, and Shipping. These businesses are not specifically ethnic in nature, but general to both markets.

All entrepreneurs use competitive strategies such as pricing and customer attraction strategies except low-order service providers. Retailers in particular, and high-order business owners use pricing strategy to win customers, but low order service providers do not. All three categories of entrepreneurs use customer attraction strategies for marketing. This supports Seifert (1997) assertion that customers commit to such owners such that, instead of shifting business to a cheaper supplier, they ask long-term associates to match the lower price.

The pricing strategies that both retailers and high-order entrepreneurs use, which low-order service providers do not use, may be explained by the nature of services that the former business categories provide. Customers patronize low-order services based on the quality of the job performed, but not on the hours spent in doing the specific job. Irrespective of the hours spent on a specific job, such service providers may loose customers if the service is of low quality. Therefore, the higher the quality of the job such as car repair performed, the greater the willingness of customers to pay a high price in return. Thus, low-order service providers compete on quality and not necessarily on the price of the services, they provide. Though customers attach quality to services or goods they purchase from high-order service providers or retailers, they are conscious of the hours spent in providing a particular service or the quantity of goods
they are spending their money on. Moreover, the services they provide have standard prices. For example, tire change costs are almost the same anywhere in Columbus, Ohio.

3.5 Conclusion

Most often, Asian immigrants engage in laundry, garment, and restaurant businesses that serve the host society’s market (McGlinn, 1995 and Lee, 1995). Ghanaian immigrants entrepreneurs in Columbus, Ohio however, engage in food retail, low-order (auto care and appliance repair), and high order (travel & shipping, tax preparation, and website development) economic activities. Unlike the Asians, Ghanaian immigrant entrepreneurs in Columbus, Ohio for the most part embed their economic activities in ethnic enclaves and serve their ethnic markets. Yet, both low- and high-order service providers have a greater propensity to serve the host society’s market. This is typical of retail, and low- and high- order business owners. They show strong embeddedness in the kinds of good they trade in, market base, and marketing strategies. Further, their competition and competitive strategies are predominantly ethnic (Ghanaian and other Africans). Therefore, their survival and success depend on their embeddedness in the ethnic enclave.

Despite this general conclusion, differences exist by type or category of business. Mostly, without ethnic markets, retailers in Columbus, Ohio especially those who sell ethnic foods will not survive and be successful. Since the ethnic people demand or purchase the food, without them, the probability of such businesses survival is less. High-order services (e.g. tax accountant), and to a lesser extent some specific low-order (e.g. auto repair) service providers in Columbus, Ohio, may survive, but may not necessarily be successful. This is because their levels of embeddedness in ethnic community determine their success, but their survival is not. Because of this reason, high-order and some low-order business owners expand their businesses into the broader North American market.
Chapter Four: Social Capital

4.1: Introduction

The key question this chapter addresses is whether social capital helps Ghanaian immigrant businesses. Portes (1995) defines social capital as the capacity of individuals to command scarce resources by virtue of their membership in an ethnic, credit, or occupational association. According to Basu and Goswami (1999), such resources may be economic tangibles (price discounts, interest-free loans, and credit facilities) or intangibles (information about business conditions and employment tips). However, Anh and Le, (1999) as noted in Chapter Two, explains that the resources themselves are not social capital, but rather the individuals’ abilities to mobilize these resources on demand. Therefore, this chapter discusses access to sources of finance and labor of Ghanaian immigrant small business owners. It also discusses the relationships that exist between the owners and their suppliers. In these analyses, the thesis tries to answer the following specific questions in relation to social capital:

1. How do owners relate with their suppliers?
2. What are the sources of finance of small business owners?
3. What are their sources of labor?

The purpose of asking these questions is to understand whether access to social capital differs by kind of business. It is also to compare and contrast with what the mainstream literature says about the social capital abilities of Asians and Latinos. Further, it is to determine whether there are differences or similarities and to provide reasons to the differences and the similarities, if any. For example, the literature says that Chinese immigrant entrepreneurs in San Francisco’s Chinatown have an entrepreneurial group that regulates their social life and businesses due to their social capital mobilization abilities (Nee and Nee, 2000). Is this the case for Ghanaian business owners in Columbus, Ohio?

4.2: Credit Organizations and Suppliers of Ghanaian Small Business Owners

This section focuses on access to credit organization of owners and considers the extent to which they receive and utilize credit facilities from such organizations. It also concentrates on owners’ access to credit from suppliers with consideration of the nature of their businesses. The
Table 4.1 summarizes whether owners belong to credit associations or organizations and whether they access credit from suppliers.

**Table 4.1: Membership to credit organizations and credit from suppliers**

<table>
<thead>
<tr>
<th>Credit organization</th>
<th>Credit from Suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Applicable</td>
</tr>
<tr>
<td>Retail</td>
<td>4</td>
</tr>
<tr>
<td>Low-order</td>
<td>3</td>
</tr>
<tr>
<td>High-order</td>
<td>0</td>
</tr>
</tbody>
</table>

**Source:** Compiled from Research Data

It is evident from Table 4.1 that high-order entrepreneurs belong to credit organizations or associations, but these organizations are not ethnic in nature. These entrepreneurs belong to non-ethnic small business associations that provide credit facilities to members. Retail and low-order business entrepreneurs do not belong to credit association or organization. In contrast, retail and low-order owners have the ability to get credit from suppliers, but high-order owners do not. In the case of retailers, their suppliers are mostly ethnic (e.g. Ghanaians and other Africans), whereas the suppliers of low-order business owners are Americans.

In terms of developing social capital abilities to access credit from suppliers, the nature of the business is a determining factor. For instance, high-order entrepreneurs do not need any major inputs, but their skills and intellect. They also do not need credit from suppliers. Retail and low-order business entrepreneurs require substantial amount of capital to operate and remain in business. Therefore, developing social capital abilities to access credit from suppliers is a necessity for low-order and retail business owners.

In terms of belonging to an association to command business resources, Portes’ (1995) definition of social capital is applicable to high-order business owners. To access credit from credit, occupational or ethnic associations, a necessary condition is that owners must be members of such associations. To receive and utilize credit from such associations, the sufficient condition is that owners must have abilities or capacities (such as business related skills and knowledge) to draw business plans (Anh and Le, 1999). Ghanaian high-order entrepreneurs belong to credit organizations or associations, though these are non-ethnic. Implicit in high-order entrepreneurs’
memberships to credit organizations is that they have the capacity to access credit facilities from occupational association. This may be possible because of their skills and high level American education that enables them draw business plans, which may be a requirement to get credit from such associations. For the retailers, unlike Chinese business owners who form associations (Nee and Nee, 2000) and (Bates, 1997), competition is high, especially amongst recent owners and therefore, they tend not to form associations. However, based on loyalty, retailers get credit from suppliers, a form of social capital.

The retail and low-order business owners’ access to credit from suppliers implies that they have the abilities to mobilize business resources from both ethnic and non-ethnic communities. Retailers and low-order service providers, but not mechanics and appliance repairers, engage in ethnic foods, clothes, services that have high turnover and therefore require substantial amount of capital in order to remain in business. Such owners must develop social capital abilities since it may expose them to financial and non-financial business resources. As Raijman (2001) notes, such social capital helps to put business ownership within the reach of people of modest resources. In terms of credit from suppliers, owners, especially retailers, have developed social capital abilities and this has largely helped them to remain in business. Low-order businesses get their supplies from American suppliers. This is because of good relations such business owners have established with American suppliers. By paying credited goods on time, American suppliers are willing to offer such owners another credit. The below quotes from low-order entrepreneur and a retailer show how they access credit and finance their businesses.

“I have good credit history and upon that I receive goods on credit from my American suppliers. Notwithstanding, the period they allow me to pay back the debt of the credit facility is rather short. This credit facility though is short; it helps me a lot in financing the business”. (Response from low-order entrepreneur)

“My sources of finance are diverse. I have access to bank loans and use it. At times, I approach my bankers for overdrafts and they offer me this service. I have also maintained good relationship with my suppliers in the form of trust and they offer goods on credit to me for at least two weeks”. (Response from a retailer)

These quotes show that retailers and low-order entrepreneurs do not get credit from any association. However, they have developed social capital abilities to access credit from financial institutions and their suppliers.
Furthermore, whereas the suppliers of the low-order service providers are in America, those of the retailers are from Africa and trade mainly in traditional or ethnic foods. Therefore, it is imperative for retailers to strengthen links with their ethnic suppliers in order to receive goods on credit. As Basu and Goswami (1999) note, those immigrant businesses that maintain or strengthen links with their ethnic group in the host country perform better than those that do not. The strengthening of links may require retailers to be creditworthy in order to receive credit from their ethnic suppliers. This implies that the owners, especially retailers, rely mostly on loyalty for credit. Thus, the ability of retailers to receive credit from African suppliers depends on the loyalty they maintain with the suppliers.

4.3: Owners’ Sources of Finance and Labor

According to the literature on social capital, immigrant entrepreneurs are able to mobilize ethnic financial resources and labor to establish and operate businesses (Raijman, 2001). Is this the case for Ghanaian immigrant entrepreneurs? This section tries to answer this question.

<table>
<thead>
<tr>
<th>Sources of Finance</th>
<th>Sources of Labor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal</td>
<td>Bank Loan</td>
</tr>
<tr>
<td>Retail</td>
<td>4</td>
</tr>
<tr>
<td>Low-order</td>
<td>4</td>
</tr>
<tr>
<td>High-order</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: Compiled from Research Data

In terms of sources of labor, Table 4.2 shows that all the three business categories predominantly use both ethnic and family labor. Retailers and, to a certain extent, high-order service providers employ other association members. Personal funds, bank loans, and overdrafts are the main financial resources that Ghanaian immigrant entrepreneurs utilize.

Owners employ family members because family labor may be either free or cheap and committed to the business (Sanders and Nee, 1995). This re-emphasizes Basu’s and Goswami’s (1999) key characteristic of social capital. According to them, social capital resources are free to recipients and they are not to pay such resources in cash or other valuables over a fixed period. Considering themselves as stakeholders of the business, family members are likely to show
commitment to business. They may demand wages for all services provided to owners or do the services without demanding any form of compensations. That is not to say family members do not receive wages. They may receive wages as well as other free service such as housing from owners.

Retailers employ ethnic association members because the business requires knowledge of ethnic goods and the ability to work with ethnic customers. This supports Bates (1999) and Feliciano’s (2001) assertions that Chinese and Latino, both documented and undocumented immigrants, provide labor to their ethnic entrepreneurs. This is because Gavosto et al. (1999) note that Latin America firms are able to expand because entrepreneurs of such firms find documented and undocumented native workers who are willing to undertake low skilled job. Ghanaian entrepreneurs employing ethnic or association workers also conform to Gavosto et al. (1999) studies of Latin American immigrants’ firms. Owners employ ethnic workers at low wage rate and upon that, they are able to expand their businesses and be successful. Further, these workers make available to owners culturally specific skills such as knowledge in ethnic foods brought from abroad to business owners. They in turn, learn the ropes of business through indirect apprenticeship in ethnic firms, since owners make use of such labor resource. With passage of time, some of the employees may establish their own businesses.

“My brother has this same business in one of the big American cities. When I first arrived from Ghana, he employed me and through that, I learned much about the business. Through that apprenticeship, I established my own business”. (A retailer’s response)

This was the response of one retailer when asked how he ended up establishing a retail business. Sloane and Gazioglu’s (1996) arguments that through apprenticeship in co-ethnic businesses, immigrants establish small businesses are evident here. The small businesses they establish are those they have peculiar knowledge and experience in. Also, such businesses are likely to cater for customers of their own culture.

All the entrepreneurs of the three business categories use personal funds to finance their businesses. Though the entrepreneurs of the three business categories use personal funds, to some business owners, the personal funds used here mean family resources. This is what one respondent had to say when questioned about how she finances her business.
My husband and I put our resources together to establish this business. At times, my suppliers offer goods to me on credit. Part of the finances comes from profit retention of the business”. (A retailer’s response)

Another respondent answered the same question in this way:

“*I finance this business in most part from personal resources. By personal resources, I mean that of my wife and mine*”. (Retailer’s response)

This was also the response of a high-order service provider when asked the same question.

“I do not get financial assistance from any source, though I have access to the financial institutions for such services. I finance the business with my own resources”. (High-order business owner’s response)

The above statements support Raijman’s (2001) argument that the usefulness of household economic resources in the form of financial investment depends on individual entrepreneurs’ social capital ability. While some business owners have the abilities to mobilize family resources to finance their businesses, others individually finance their businesses without assistance from family members.

The use of bank loans and overdrafts are limited to retailers for various reasons. The nature of start-up capital, operating costs, and turnover for retailers are high, and therefore require supplementary loans and overdrafts from banks. However, start-up capital and operating cost are rather small for high- and low- order service providers. Therefore, they do not need financial assistance from banks, apart from their skills, knowledge, and the initial operating capital and machines such as computers. It is ironic that the retailers who do not belong to formal trade institutions rather utilize bank loans and the high-order businesses that belong to trade institutions do not rely on bank loans. In this case, retailers do not utilize ethnic social capital, but rather the social capital of the broad host society.

### 4.4 Conclusion

Social capital helps Ghanaian immigrant businesses in Columbus, Ohio. Some business owners join credit associations, which can be either ethnic, non-ethnic, or occupational. These associations are mostly in the host country for example. Due to their memberships in these associations, some acquire business resources such as cheap labor and credited goods. Based on their loyalty to suppliers, most low-order business owners and retailers receive goods on credit from suppliers. Mostly, it is the low- and high- order business owners, who obtain these
resources from the host country’s associations, but the retailers, acquire these business resources from ethnic and non-ethnic associations of the host countries. There are differences in the process and manner by which owners access the business resources (cheap labor and credit from suppliers) from both ethnic and non-ethnic associations of the host countries. Owners’ acquisition of the business resources by being a member of credit associations depends on the nature (turnover, operating cost, and entry capital) of the business.

As compared with Asian immigrant entrepreneurs in terms of financial assistance from rotating credit association, Ghanaian owners in Columbus, Ohio do not receive similar assistance from rotating credit associations. Asian immigrant entrepreneurs have an entrepreneurial group, which provides collateral security to new entrepreneurs to access loans for business start-ups. However, Ghanaian immigrant entrepreneurs in Columbus, Ohio lack these services. This may be probably be explained by the time the two immigrant entrepreneurs established the businesses, their population and their length of stay in the United States of America. It is likely the Asians have larger population, be in the business and lived in the US for quite a long time compared with the Ghanaians in Columbus, Ohio. Therefore, they have developed and formed associations that seek to promote small business establishment and operation.
Chapter Five: Social Networks

5.1: Introduction

Social networks are sets of recurrent associations among groups of people linked by occupational, financial, cultural, or affective ties (Portes, 1995). Zhou (1998) also notes that social networks are important in economic life because they are sources for acquisition of scarce business resources such as capital and information by immigrant entrepreneurs, especially Chinese business owners. Therefore, the question addressed in this chapter is whether social networks, be it ethnic or broader society help immigrant businesses. In order to do this, it addresses series of questions, which include the following: Who constitute the customers of small business owners? Does participation of owners and membership in networks have influence on their businesses?

5.2: Membership of Small Businesses Owners in Associations

Does membership in ethnic associations influence owners’ businesses? The Table 5.1 summarizes the number of associations Ghanaian immigrant entrepreneurs in Columbus, Ohio belong to as well as whether these associations are ethnic or not. Irrespective of the type of business, all owners belong to associations, and the majority of associations they belong to are ethnic. Some of these ethnic associations are Ghanaian Association, Bono Ahafo Union, Ashanti Union, Assin Fosu Welfare Association (Assin Mmoakuo) African Association, and Small Business Association of Columbus, which is non-ethnic. All owners of the three business categories belonging to ethnic associations show that ethnic social networks are important for the operation and establishment of immigrant businesses. It also supports Portes’ (1995) definition of social network as participation in recurrent associations among groups of people linked by occupational, financial, cultural, or affective ties in order to survive and be successful.
Table 5.1: Memberships to associations

<table>
<thead>
<tr>
<th>Member of Associations</th>
<th>Average Number of Associations</th>
<th>Ethnic Associations</th>
<th>Non-ethnic Associations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applicable</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>3</td>
<td>Retail</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>3</td>
<td>Low-order</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>5</td>
<td>High-order</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: Compiled from Research Data

Belonging to associations (Ghanaian Association, Bono Ahafo Union, Ashanti Union, and African Association) especially ethnic ones may ensure the survival and successes of retailers as well as successes of both high- and low-order business owners. This is because such involvement in ethnic associations may expose owners to co-ethnic people, who remain important immigrant business resources, as Kwang and Won (1985) have noted for Korean immigrant entrepreneurs. Thus, social networks such as belonging to associations are important for immigrant businesses as McGlinn (1995) also notes that, immigrant entrepreneurs who aim to be successful should consider membership in associations, especially ethnic ones, as important customer base.

Of all the categories of immigrant businesses, only high-order business owners belong to non-ethnic associations such as occupational association (an association of small business entrepreneurs based on skills and education). It is in such occupational association that they share business information. Ghanaian high-order entrepreneurs access such associations for business information and skills by becoming members. Yet, because they serve both ethnic and non-ethnic markets, they must participate in the activities of both groups in order to survive and be successful as, McGlinn (1995) observes with Chinese immigrant enterprises in Pennsylvania. Raijman and Tienda (2000) observe similar trends among Chinese, Koreans, and Mexican business entrepreneurs. Further, Zhou (1998) notes how Chinese immigrant entrepreneurs see social networks as sources for acquisition of scarce business resources such as customers and information. This may explain why they belong to slightly higher number of associations. In general, social networking in the form of belonging to associations is important to Ghanaian immigrant businesses.
5.3: Owners’ Position and Number of People in Associations

What is the number of people in associations that Ghanaian immigrant entrepreneurs in Columbus, Ohio belong to and how prominent are they in such associations?

Table 5.2: Position and Number of People in Associations

<table>
<thead>
<tr>
<th>Average Number of People in the Associations</th>
<th>Position in the Association</th>
</tr>
</thead>
<tbody>
<tr>
<td>93</td>
<td>Ordinary Member</td>
</tr>
<tr>
<td>Retail</td>
<td>2</td>
</tr>
<tr>
<td>Low-order</td>
<td>4</td>
</tr>
<tr>
<td>High-order</td>
<td>2</td>
</tr>
</tbody>
</table>

*Ethnic

Source: Compiled from Research Data

It is evident from Table 5.2 that most of the owners of the three business categories belong to ethnic non-credit associations, which have about 91 members. Predominantly, the owners of the three business categories are ordinary members of the associations. Generally, there is no difference between categories of business in terms of size of associations or networks. This indicates that the size of networks or associations owners belong to is not too large to make it difficult for all members to interrelate, as Boissevain (1994) notes in his explanation of social networks. Yet, the ties that owners may have with members may be relatively large enough to develop normative expectations and enforce reciprocity obligations (Boissevain, 1994). Owners immerse their businesses in non-credit associations of moderate size in order to attract and win customers. Because of the moderate size, it is possible that owners manage business crises and make informed business decisions, as Scheweizer et al. (1998) note in their studies of the importance of social networks to business owners.

In terms of prominence in networks, most owners are ordinary members, but retailers tend to be in positions of authority, such as patrons and elders in the associations. Others mostly maintain good ties with informants (friends, leaders, master of ceremonies, and spinners) in the association. Owners’ ordinary memberships in the associations and the good ties with informants may assist them in diverse ways such as attracting customers. For instance, it may facilitate owners’ interactions with network or association members. This is because members may see owners as co-equals, approach them for other needs, and do business with them. This serves as
an efficient marketing strategy since owners attract customers by these processes. Moreover, because they are not in leadership positions, they avoid controversy and thus appeal to the general memberships.

McGlinn (1995) notes how Chinese immigrant entrepreneurs are able to mobilize significant amount of resources to establish economic enterprises because of their positions in the associations. This is also true among Ghanaian immigrant entrepreneurs in Columbus, Ohio since some of the owners of the retail business accept positions as elders and patrons of the associations they are members. The business resource is more of customers and business information. As well, owners do not want to be in controversial positions so they only serve as patrons and elders rather than executive members such as presidents. In addition, because of higher education, which facilitates performing secretary duties, Ghanaian high-order entrepreneurs in Columbus, Ohio accept such positions in the associations of which they are members.

5.4: Owners’ Network members as customers

Are members of networks the customers of Ghanaian immigrant businesses? This section describes the influences of owners’ social networking on customer attraction by knowing the origins of the customers.

<table>
<thead>
<tr>
<th>Network Members as Customers</th>
<th>Average % of Customers by Origin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applicable</td>
<td>Ghana</td>
</tr>
<tr>
<td>4 Retail</td>
<td>65.5</td>
</tr>
<tr>
<td>4 Low-order</td>
<td>55</td>
</tr>
<tr>
<td>4 High-order</td>
<td>54.75</td>
</tr>
</tbody>
</table>

Source: Compiled from Research Data

Table 5.3 summarizes the average percentage of owners’ customers from different markets. Owners of the three business categories predominantly have Ghanaians, especially retailers as network customers. For instance, more than half of the total network customers of the retail and low- and high- order business entrepreneurs originate from Ghana. Retailers have the
greatest average percentage of people from other African countries as customers. The general United States market is second in importance to low- and high- order businesses. The least important market base for retailers is North Americans, and for high- and low- order, it is other Africans.

The importance of Ghanaians to all owners on one hand, and other Africans to retailers on the other hand as market base, supports Zhou’s (1992) cited in Raijman (2001) argument among Chinese immigrant entrepreneurs that ethnic enclaves or associations determine the nature of businesses immigrant entrepreneurs establish. He observes that owners’ networks bear strong ethnic identity. This assists entrepreneurs to evaluate the potentials of ethnic resources such as labor, markets, and capital in the ethnic enclave and determine the profitability of a particular business. Therefore, it is not surprising that retailers have the greater percentage of market from other African countries. This is a result of the commonalities in culture (food and clothes) among African countries. In a sense therefore, other Africans are part of Ghanaian business owners’ ethnic market. On a smaller scale, retailers tend to network with other African nationals such as Nigerians, Senegalese, and Camerounians.

5.5: Business Information and Labor Assistance from Networks

This section considers the sources of business information and labor assistances customers offer to owners. As owners assist network customers by offering financial assistances during funerals for instance, the customers reciprocate by buying from their shops, giving business information and, free labor assistance to owners. These help put the establishment and operation of small businesses within the reach of immigrant entrepreneurs. Table 5.4 shows the summary of the sources of the business information and assistances from network customers.

As depicted in Table 5.4, all the owners of the three business categories predominantly receive business information from friends and spinners (people who influence opinions of others in performing their professional functions such as concert makers). Information from Master of Ceremonies (a person in charge of events or gathering) is limited to retail and high-order businesses. Whereas leadership (executives of sub-groups of an association or churches) pertains only to high-order owners in business information provision, customers provide such information to low-order and retail enterprises. Retailers and low-order entrepreneurs receive assistances such as free labor services from customers in the ethnic enclaves they insert their businesses.
Table 5.4: Business information and labor assistance from network members

<table>
<thead>
<tr>
<th>Sources of Business Information</th>
<th>Labor Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friends</td>
<td>Spinners</td>
</tr>
<tr>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

*Source: Compiled from Research Data*

There is reciprocal relationship between immigrant entrepreneurs and the ethnic enclave they network with for assistance in business establishment and operation. This supports Singer (1997) argument about how Chinese immigrant entrepreneurs promote social networks to minimize difficulties in business operation. Entrepreneurs, by participating in social network activities, may receive information about their businesses. This information may include competitors’ sources of supply, creditors, capital, and prices of their products, as Raijman and Tienda (2000) note among Chinese and Koreans immigrant entrepreneurs in the laundry business.

Retailers and low-order entrepreneurs receive other assistance such as labor services from customers in the networks they immerse their businesses. This may be an economic and social survival strategy for retailers and high-order service providers on the one hand, and immigrants on the other, and this concerns Smith et al.’s (1991) findings among Asian immigrant entrepreneurs in California. They argue that by becoming a member of networks such as churches and clubs, migrants acquire jobs in ethnic enterprises. This may lead such migrants to establish their own businesses. It may also facilitate their integration into social, economic, and cultural settings of the host country. In turn, migrant entrepreneurs, by becoming members of the networks, harness such ethnic enclave business resource for customers through various social networking.

*I worked in my brother’s shop and distributed most of the products to his customers. People assisted us for less salary or no pay for the services provided. Through that process, I experienced the viability of the business and established my own”. (A retailer’s response)
That was the response of one of the retail respondents when asked about how he chose that kind of business. By acquiring a job in his brother’s ethnic business, this respondent learned the trade and through that established his own small business.

5.6: Owners’ Services to Customers and Problem Addressing Methods

What benefits do members of ethnic networks enjoy from owners and what methods do owners use in addressing complaints? To attract and retain customers from social networks, members expect owners to offer them assistances such as credit. This is among the principles that social networks abide by in the running of immigrant entrepreneurs’ businesses. Business owners must also device methods and strategies to address their customers’ problems. The assistances and methods owners use in addressing customers’ problems include mainly patience and firmness.

<table>
<thead>
<tr>
<th>Service to Customers</th>
<th>Problem Addressing Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit</td>
<td>Patience</td>
</tr>
<tr>
<td>Honoring Invitation</td>
<td>4</td>
</tr>
<tr>
<td>Advisory Services</td>
<td>4</td>
</tr>
<tr>
<td>Retail</td>
<td>4</td>
</tr>
<tr>
<td>Low-order</td>
<td>4</td>
</tr>
<tr>
<td>High-order</td>
<td>4</td>
</tr>
</tbody>
</table>

*Source: Compiled from Research Data*

Owners of the three business categories provide services such as honoring customers’ invitation to parties and outdoorings and offering goods on credit to them. Advisory services to customers are exclusive to the high-order business entrepreneurs. However, firmness, a problem addressing strategy, is limited to high-order business owners. This implies that the customer is always right to the retailers and low-order business owners, but not to the high-order business owners. These observations conform to Bevelander and Nielsen’s (2001) argument about how social networks impose constraints on unrestricted pursuits of entrepreneurs’ personal gains. They argue that immigrant business owners offer donations and other assistances to their ethnic customers to retain them. They are patient in addressing their problems. Ghanaian owners of the
three business categories in Columbus, Ohio maintain such reciprocity obligations to network customers. As network customers shop at retailers’ markets or do business with low- and high-order entrepreneurs, owners reciprocate by giving them credits, honoring their invitation to parties and outdoorings, and offer them advisory services. To do otherwise, owners risk loosing customers and profit, eventually leading to the closure of their businesses. This is evident in the response of one of the high order respondent when questioned how honoring customers’ invitation to parties is affecting his business:

“At a lot of money in a week by honoring invitations and offering donations to customers. This is negatively affecting my returns. Therefore, I have started searching for other means to access resources from the ethnic enclave and market my business”. (A high-order entrepreneur’s response)

These constraints, however, vary within and between the three business categories. High-order entrepreneurs are patient, but remain firm when addressing customer problems. As much as they try not to loose customers and profit, they make them aware of their responsibilities. The customer problem addressing strategies suggest that social network obligations require Ghanaian immigrant entrepreneurs in Columbus, Ohio to balance profit maximization while maintaining customer base from the ethnic enclave.

5.7: Conclusion

To a larger extent, ethnic social networks help Ghanaian businesses in Columbus, Ohio especially ethnic associations or networks. Through social networking in the ethnic enclave and associations, Ghanaian immigrant entrepreneurs in Columbus, Ohio access business information. Such information may include sources of supplies, kinds of goods traded in, and more importantly, prices of their goods in relation to those of their competitors. Occupational social networking is however, important only to high-order business entrepreneurs. It makes available necessary professional skills, which these entrepreneurs need to offer the customers of their ethnicity and the broad American market. Occupational associations help put small business establishment within the reach of high-order immigrant entrepreneurs, since they can compete efficiently with other competitors.
Some owners accept positions of authority (not executive leadership in the ethnic associations and enclave) however, the majority of them maintain a low profile in the association in the enclave in order to facilitate their interactions and relations with members to attract more customers. This may be a strategy to mobilize resources such as free labor assistance and customer attraction base. Thus, it helps reduce owners’ operational cost and expand their market thresholds. This is mostly true for high-order entrepreneurs and retailers. However, because of the nature of high- and low-order businesses, owners branch into the broader North American society to expand their social network in order to attract customers.

On a smaller scale, social networks limit how owners utilize and harness the potential business resources through the ties owners maintain with members. Members expect owners to reciprocate their businesses with them in the forms of offering donations during outdoorings and weddings or goods below cost. They have to maintain these ties, if they want to remain in business.
Chapter Six: Assimilation and Acculturation

6.1: Introduction

This chapter discusses and analyzes how assimilation and acculturation influence small businesses of Ghanaian immigrants. Alba and Nee (1997) define assimilation as the process by which immigrants adapt to the values, attitudes, and ways of behavior, culture, and speech of the receiving society. C. Nagel (2002) explains that immigrants do this through the formation of associations based on culture, identity, and ethnicity that may facilitate their insertions in the host country’s environmental, social, economic, and cultural settings. J. Nagel (1994) further notes that depending on the nature of association immigrant entrepreneurs belong to, they are able to identify the potential market or resources that the ethnic minority community provides and utilize them. Therefore, Turner and Allen (1996) agree that access to an ethnic spatial concentration remains an important resource for most immigrant entrepreneurs through their assimilation and acculturation construction processes. Therefore, the broad question asked is: do the level of acculturation and the extent of assimilation affect the ability of Ghanaian immigrant entrepreneurs in Columbus, Ohio to establish and operate particular kinds of business? In doing so, this chapter tries to answer the following specific questions:

1. Do Ghanaian business owners’ educational backgrounds or adoption of the values of the host country influence the type of business they engage in?
2. Does an American education influence why owners go into particular type of business?
3. Do the host country’s immigration regulations affect business decisions of immigrant entrepreneurs?
4. To what extent does assimilation and acculturation affect access to social capital and network?

6.2: Educational Backgrounds of Ghanaian Small Business Owners

How do the educational backgrounds of owners influence their business decisions? The main factors considered here are owners’ educational level, where they obtained that level of education, and field of study. Table 6.1 summarizes these attributes by category of business.
Table 6.1: Owners’ educational background

<table>
<thead>
<tr>
<th>Educational Levels</th>
<th>Where Obtained</th>
<th>Business Background</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sch. Cert.</td>
<td>Diploma</td>
<td>First Degree</td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Compiled from Research Data

It is evident from Table 6.1 that owners who engaged in retail and low-order businesses mostly acquired their education in Ghana, and most of them have no high school or college education. Owners of high-order services have college education and most of them obtained that education in the United States. None of the retailers, and almost all the low-order entrepreneurs, has taken any business related courses throughout their education, be it in Ghana or USA. Contrastingly, all the high-order business owners have taken business related courses in their educational career.

The educational background of Ghanaian immigrant entrepreneurs differs from Au et al.’s (1998) observation of assimilation differences among Chinese immigrant entrepreneurs and workers in the New York City’s Chinatown. They observed differences in educational levels of entrepreneurs of similar laundry, restaurant, and garment businesses. The Chinese immigrant entrepreneurs with high levels of education have high acculturation and assimilation levels than those with less educational levels though the two groups operate similar businesses. Thus, for the Chinese, differences exist among entrepreneurs of the same business. In the case of Ghanaian immigrant entrepreneurs, the differences mostly exist between the business categories. High-order entrepreneurs have high levels of acculturation or assimilation than retailers and low-order business owners. It is important to mention here that most Chinese go into restaurant businesses to serve non-ethnic market, yet they are not acculturated and assimilated. This is because most of such entrepreneurs live inside the ethnic enclave and employ mostly Chinese workers with few workers from the host country as tellers.
Au et al. (1998) attribute successes of Chinese entrepreneurs in the restaurant business to their levels of acculturation and assimilation. As observed in Chapter Three, the nature of business determines how owners embed themselves and their businesses in the social and cultural settings of the ethnic and non-ethnic people. Retailers do not necessarily require high level of education to establish those businesses especially if they serve ethnic people. One respondent, when asked how his educational level assists in the running of his business, said:

“Even Bill Gate employs accountants and administrators to manage his business. If you have the God given business talent, you can establish any business you want”. (A high-order entrepreneur’s response)

According to this respondent, retail business success does not depend on the owners’ education, but the knowledge and experience in that business. To a certain extent, differences in owners’ educational background support the respondent’s argument that certain business establishments and operations do not require owners to have high educational levels, let alone taking any business related courses. Knowledge of the cultural, social, and economic settings of the targeted ethnic customers is the necessary condition for owners to establish businesses that cater for their needs. As Tilly (1990) notes, to access economic resources in the host country, the acquisition of the appropriate skills, attitude, and cultural traits of the host country by owners is enough. These conditions may explain the successes of the retailers and low-order service providers despite their relatively low educational levels.

However, the argument is not that you can establish and operate retail and low-order businesses without higher education. Rather, higher education is a necessary condition in order to be successful in retail and low-order businesses, but not a sufficient condition. For instance, in terms of competition, the most educated retailers or low-order entrepreneurs are likely to out-compete their less educated competitors. This is because they may be able to express themselves well especially in explaining the uses of a particular item to both ethnic and non-ethnic customers. Therefore, they may attract more customers than their uneducated competitors. In addition, based on proper bookkeeping and accounting procedures, accountants may be able to determine whether a business is making profit or not. In this case, the high-educated retailers or low-order entrepreneurs are likely to keep proper records than their uneducated or less educated competitors. Therefore, part-time accountants can effectively determine and predict accurately
the performances of high-educated owners’ businesses than those of less educated ones. To some extent, the competition and proper bookkeeping examples show that the respondent’s assertion that the levels of high education of entrepreneurs have less influence on their business successes may not be true.

To some extent, the information in Table 6.1 supports De Colon’s (1998) assertion that immigrants’ levels of acculturation influence the chosen kind of businesses they engage in. Schooling in the United States exposes high-order service providers to American cultural and economic settings than retailers and low-order business owners. In other words, higher college education is a prerequisite for high-order service providers. This is because they require specific professional knowledge and skills to establish that kinds of business. It is only through higher learning in North America that owners can obtain these skills and knowledge. Therefore, high-order entrepreneurs have to obtain United States education, if they have the vision to establish and operate high-order businesses in the host country.

6.3: Reasons Why Owners Engage in Particular Small Businesses

Does the level of acculturation and assimilation of Ghanaian migrant entrepreneurs determine the kinds of businesses they engage in? Owners of the three business categories gave different views as to why they engage in particular businesses. This is to explain whether engaging in small business is a means of survival strategy in the host country. Table 6.2 summarizes why Ghanaian migrant entrepreneurs engage in particular businesses.

Almost all owners of the three business categories engage in small businesses to make profit. Yet, self-employment, technical, and educational skills utilization are very essential to high- and low-order service entrepreneurs. To determine immigrants’ assimilation level, their skills (educational levels, work experience, and training) brought from home should be discounted from those acquired abroad (Portes, 1995). The conclusion from his explanation of assimilation is that high-order entrepreneurs have high level of assimilation, since they have acquired American education, which makes it possible for them to engage in professional businesses where they can apply their educational skills. In addition, high- and low-order entrepreneurs engage in the business to be self-employed and to apply the acquired technical skills.
Table 6.2: Reasons for engaging in a particular business

<table>
<thead>
<tr>
<th>Make Profit</th>
<th>Self-employed</th>
<th>Technical Skills</th>
<th>Educational Skills</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>1</td>
<td>Retail</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>Low-order</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>3</td>
<td>High-order</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Compiled from Research Data

This supports Chiswick’s (1992) argument that work-place specific skills determine the economic activities immigrant entrepreneurs engage in. Low-order entrepreneurs brought the work experience and technical skills about their business from Ghana, and did not acquire them in the US.

High-order service providers engage in particular businesses to make profit, motivated mainly by the educational skills and training acquired through schooling in the US. They obtained first degree education in Ghana, but that could not make them establish and operate of their own businesses because of the differences in the curriculum of the educational system between the United States and Ghana. Moreover, the nature of the business and its ethics may require them to obtain higher education in the United States. Therefore, these observations show that, an immigrant entrepreneur has to acculturate and assimilate through higher education in the host country in order to establish a high-order business. A critical observation of the reasons why owners engage in a particular business reveals the utilization of business opportunity. C. Nagel (2002) explains assimilatory processes as the ways by which minority groups resist cultural marginalization in the host country. By construction, she contends that migrants form associations and networks that may facilitate their insertion in the host country’s environmental, social, economic, and cultural settings. These help immigrants to adjust to the environmental settings of the host country and open business opportunities to immigrant entrepreneurs.

If owners’ purposes of establishing small businesses are to make profit, apply specific cultural knowledge, and acquired technical and educational skills, then they are not engaging in these businesses as survival strategies. Through the assimilatory processes, as J. Nagel (1994) notes, Ghanaian migrant entrepreneurs are able to identify the potential market or resources that the ethnic minority community provides and utilize them. For example, they harness the market
resource by establishing businesses that cater for the ethnic minority group’s needs. Thus, the intention of owners is to harness ethnic market to make profit, and not to survive in the host country. A majority of the respondents support this assertion.

“*I engaged in this business because I wanted to be independent and self-controlled. There were other alternative ventures such as marketing and the sale of clothes, but I chose this business because my initial survey revealed it very lucrative.*” (A high-order business owner’s response)

“I have worked for many companies in New York, yet I did not experience any improvement in my life. I decided to look for an alternative occupation and quickly this business surfaced. I tried it in New York and found that it was worth investing ones’ resources in.” (A retailer’s response)

These statements by a Ghanaian retailer and a high-order business owner, and the processes they use to identify the ethnic market support Turner and Allen’s (1996) assertion that access to ethnic spatial concentration remains an important business resource for most immigrant entrepreneurs, and that it becomes available through immigrants’ assimilation and acculturation construction processes.

### 6.4: Owners Residence Status and the Years They Have Lived in the US

Do owners’ residence status and the number of years they have lived in the United States affect their business choices? This section focuses on the discussions of the average of owners’ years in business and the years they lived in the US. The summary of these is in Table 6.3.

Ghanaian owners of all the three business categories have permanent resident status. The significance of this is that to establish a small business in the US, Ghanaian migrant entrepreneurs must be in legal status. On the average, retailers have been in the business for 5.3 years. Whilst the low-order service providers have been in the business for about 2.3 years, high-order entrepreneurs have been in the business for 2 years.
Table 6.3: Owners’ residence status, years in the US, and in business

<table>
<thead>
<tr>
<th>Permanent Resident</th>
<th>Average Years in Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 Retail</td>
<td>5.3</td>
</tr>
<tr>
<td>4 Low-order</td>
<td>2.3</td>
</tr>
<tr>
<td>4 High-order</td>
<td>2.0</td>
</tr>
</tbody>
</table>

*Source: Compiled from Research Data*

The different average number of years owners have been in businesses shows that the businesses are new and evolving. However, retailing has been at the edge of Ghanaian immigrants’ business formation. This suggests that retailers set the example and provide knowledge of the ethnic market for others to harness. This is because as shown in Chapter Three, high- and low-order entrepreneurs use the retailers’ stores as pick-up points of their flyers by customers in their marketing strategies. In other words, retailers send the signal to the low- and high-order entrepreneurs that the ethnic population in a given community has increased; hence, they can harness the ethnic market by establishing businesses that may cater for ethnic people’s needs.

6.5: Length of Stay impact on access to Social Capital and Network

Does the level of acculturation and assimilation affect access to social capital and network of ethnic immigrants? This section considers how owners’ length of stay assists them to attract customers and access financial resources in the United States. Table 6.4 shows that owners’ length of stay in the United States has exposed them to the American financial institutions for the acquisition of funds to finance their businesses. It has also exposed them to the American culture thereby facilitating their interactions with the broader American people through communication and customer attraction strategies.

Whereas retailers have lived in the US for 12.5 years, high-order entrepreneurs have lived in the US for 11 years. Low-order entrepreneurs have also lived in the US for 8 years. Capital, technical skills, assimilation/acculturation level required for a specific business, and market availability may explain the different average number of years that these owners have lived in the United States before establishing their businesses. For instance, as stated earlier in Chapter 3,
low-order service providers such as mechanics require small capital to establish such businesses. Most of them had the technical skills related to their businesses before they migrated to the United States. Therefore, with exposure to the American business environment for a certain number years, they can establish the business and survive.

Moreover, they serve both ethnic and non-ethnic markets, and the non-ethnic market (broad American market) that will make them survive is always available. These may have influenced low-order entrepreneurs’ business choices, and explain why they have lived in the United States for about 3 years less of the other two groups.

Table 6.4: Relationship between length of stay and social capital and network

<table>
<thead>
<tr>
<th>Average years of stay in the US</th>
<th>Length of Stay &amp; Funds</th>
<th>Length of stay &amp; Customer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Acquisition</td>
<td>Attraction</td>
</tr>
<tr>
<td></td>
<td>Exposure to American Financial Institutions</td>
<td>Exposure to American Culture</td>
</tr>
<tr>
<td>Retail</td>
<td>12.5 4</td>
<td>4</td>
</tr>
<tr>
<td>Low-order</td>
<td>8 3</td>
<td>4</td>
</tr>
<tr>
<td>High-order</td>
<td>11 4</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: Compiled from Research Data

On the contrary, the retail business requires huge initial and operating capital. To access financial resources from both the host country and Ghanaian immigrant retailers have to live and assimilate into the economic and cultural settings of the host country. They should also develop networks especially ethnic ones and build trust in both the host and origin countries so that they can access the credit and financial resources from ethnic members and that of the host country (Raijman and Tienda, 2003). Further, retailers serve a predominantly ethnic market and it takes a considerable period for the ethnic people to cluster at a specific enclave for retailers to harness this market.

High-order entrepreneurs’ businesses fit into the mainstream American businesses. The non-ethnic market that will make them survive is always available. What they require to engage in that business is American education. Therefore, after obtaining that education, it becomes
easier for them to establish and operate those businesses. However, they have to live in the United States for longer periods to assimilate by acquiring high education. Through this, they can establish and operate the business successfully as Au et al. (1998) observe among Chinese immigrant entrepreneurs in New York City. Therefore, depending on the nature, a particular business requires different experience and exposure to American culture prior to its establishment.

The exposure of the business owners to the American culture, and the facilitation it provides in communicating with both their ethnic group and the wider society’s customers, conform to Chen’s (1998) observation of the acculturation and assimilation processes of Chinese immigrant entrepreneurs. According to him, assimilation and acculturation exposes Chinese immigrant entrepreneurs to the opportunity of looking for financial assistance from financial institutions in the host country for investment. Similarly, through assimilation and acculturation processes, Ghanaian business owners, especially retailers, have acquired access to American financial institutions.

The findings also support De Coulon’s (1998) argument that the levels of acculturation and assimilation of immigrant business owners relate positively to their successes. This is especially true with high- and low- order business owners. Since they serve both ethnic and non-ethnic markets, they are able to communicate well with Americans and this may ensure their successes in the business. The tendencies of all the owners serving a portion of the broader American market, especially low- and high- order business owners indicate that owners are able to communicate well with Americans. Even the ethnic customers are changing their values and expect “American communication”. For example, “the customer is always right” therefore, retailers do better by communicating in American ways with the ethnic customers.

This is possible because of their lengths of stay in the United States, as Chiswick (1992) notes among Chinese immigrant entrepreneurs. He contends that immigrants’ length of stay and English language proficiency in the United States have positive influence on, and determine the businesses they engage in. This is because owners are able to communicate with consumers about the products or services they offer. Therefore, the stores of owners who can better serve their needs attract consumers. In the case of Ghanaian entrepreneurs in Columbus, Ohio, assimilation and acculturation into American culture is important, as is the maintenance of their
ethnic culture and identity. The response of a retailer when asked how assimilation and acculturation had affected her business supports this:

“This is a two-way affair. In order to serve the American market, I need to learn some aspects of their culture, such as trying to speak like them. However, serving the African market, and for that matter Ghanaians, requires that I demonstrate the features or cultural behavior of my ethnicity. I was able to enter the necessary places when I intended to establish this business for the required paperwork. This was possible because of my length of stay and adjustment to American culture. Therefore, I try as much as possible to maintain the characteristics of the two cultural settings I find myself, and demonstrate the appropriate one at the right time. If I am dealing with American people, then my cultural adjustments to theirs are important, but with Africans, that cultural adjustments do not help”. (A retailer’s response)

This shows that acculturation and assimilation are not total. They are dynamic depending on the customer at hand. Ghanaian business owners in Columbus, Ohio rely on both acquired American values and African ones to serve both ethnic and non-ethnic customers.

6.6: Conclusion

To a certain extent, the level of acculturation and the extent of assimilation both affect the ability of Ghanaian immigrants in Columbus, Ohio to establish and operate particular small businesses. High-order businesses require specific professional skills and it is through college education in the host country that owners can acquire such skills. Therefore, Ghanaian immigrant entrepreneurs in Columbus, Ohio who intend to establish high-order businesses must obtain higher education in the host country. Through the processes of schooling and social networking, they establish contacts with similar host country’s business owners and these may reduce initial burdens owners encounter in establishing and operating their own businesses. Retailers and low-order business owners in Columbus, Ohio also need to understand the cultural and social values of the host country to access business resources such as customers and finance. Understanding these values may also make owners serve better both their ethnic and non-ethnic customers. Therefore, assimilation and acculturation processes expose immigrant entrepreneurs to the opportunity of accessing social capital and network in the host county. It assists them to look for financial assistance from financial institutions in the host country. As to whether entrepreneurs utilize this opportunity depends on the nature of the business. Because of their high turnover and
starting capital, immigrant retailers mostly utilize financial assistance from banks of the host country. For low- and high- order business owners, their customers and access to the host country’s social capital show their assimilation and acculturation levels.

Ghanaian immigrant entrepreneurs in Columbus, Ohio engage in small businesses to make profit and be self-employed, yet low- and high- order owners engage in small businesses to apply their technical and educational skills. Therefore, the host country’s immigration regulations do not determine the businesses migrants engage in, but only delay the time that immigrants establish businesses. Assimilation and acculturation is not total in its effect on small businesses of immigrants. This is because Ghanaian immigrant entrepreneurs in Columbus, Ohio do not use the acquired values of the host country in all situations. They as well exhibit their ethnic culture when necessary to serve both ethnic and non-ethnic customers better. In general, the level of an owner’s acculturation and assimilation influences the nature of goods and services immigrant entrepreneurs provide in the host country.
Chapter Seven: Conclusion

7.1: Introduction

As revealed in the literature review on the experiences of immigrants in small businesses, the most researched are the Asians and Latinos. There is a limited research of African immigrants. This challenges the academy to research African experiences in small business establishments in order to generate knowledge for conceptualization and understanding of immigrants’ businesses, especially African immigrants in the United States. By tackling this problem of less research on African immigrants businesses using Columbus, Ohio as a case study, this thesis helps fill the gap in the literature on immigrants’ businesses. This thesis summarizes its findings in four broad concepts: embeddedness, social capital, social network, and acculturation and assimilation, since the literature revealed them as the concepts guiding immigrants’ small business establishments and operation. Some of the findings conform to the literature on immigrants’ small businesses, whiles others are different from it.

7.2: Embeddedness

The level of embeddedness of immigrant entrepreneurs is significant in small business establishments (Portes and Sensenbrenner, 1993). Its nature is complex and varies with the nature of particular businesses. Literature notes that Asian immigrants engage in laundry, garment, and restaurant businesses that serve mostly the host society’s market (Hillmann, 1998; Anh and Le, 1999). This shows that they embed their businesses in the social and cultural structures of the host country. Ghanaian immigrants in Columbus, Ohio engage in diverse economic activities. These include low-order (auto care and appliance repair), high-order (travel & shipping, tax preparation, and website development), and food retailing. For the most part, unlike the Asians, the Ghanaian immigrants in Columbus, Ohio embed economic activities in their ethnic enclave. However, their level of embeddedness varies between business categories. Retailers embed their businesses in the ethnic market. High- and low- order business owners, like the Chinese and Latinos, embed their businesses in both ethnic and non-ethnic markets (Poros, 2001).

The significance of the differences in embeddedness of Ghanaian owners in Columbus, Ohio lies in the success and survival of their businesses. Mostly, without ethnic markets,
retailers, especially those who sell ethnic foods, will not survive and be successful. This is because they show strong embeddedness in the ethnic enclave in the kinds of goods traded in, market base, marketing, competition, and competitive strategies. High-order, and to a lesser extent, some of the low-order service providers, may survive, but may not necessarily be successful. This is because their levels of embeddedness in ethnic community determine their successes, but the broader North American market determines their survival.

7.3. Social Capital

Social capital helps Ghanaian immigrant entrepreneurs in Columbus, Ohio in small business establishments and operations, though its significance varies with the kinds of business. Literature on social capital especially on Asian immigrant entrepreneurs suggests that it puts the establishment and operation of small businesses within the reach of immigrant entrepreneurs (Zhou and Logan, 1989). This is because they mobilize ethnic financial resources and labor to establish small businesses (Raijman, 2001). This conforms to the findings of this thesis. Ghanaian immigrant entrepreneurs in Columbus, Ohio join associations and some acquire business resources such as cheap labor, credited goods, and customers. Further, most of these entrepreneurs use family labor. Accessibility of social capital to Ghanaian immigrant entrepreneurs in Columbus, Ohio however, varies with the nature (turnover, operating cost, and entry capital) of businesses. This is particular with how owners access financial resources in the host country. Because of high turnover and entry capital, retailers access bank loans and overdrafts from the financial institutions of the host country, but low- and high- order service providers do not.

Literature also notes that Latino and Chinese immigrant entrepreneurs receive business assistances from rotating credit association and entrepreneurial group of Chinese (Raijman, 2001; Nee and Nee, 2000). Findings of this thesis are different from their assertion since Ghanaian immigrant entrepreneurs in Columbus, Ohio do not receive similar assistance from rotating credit associations. Moreover, they lack an entrepreneurial group, which may provide them with business advice and collateral security as Nee and Nee (2000) note among Chinese entrepreneurs.
7.4: Social Networks

Social networks are important in immigrant business establishments because they are sources through which immigrant entrepreneurs acquire scarce business resources such as customers and information (Zhou, 2000; Hillmann, 1998). This assertion by the two authors is similar to the experiences of Ghanaian immigrant entrepreneurs in small businesses in Columbus, Ohio since social networks assist them to acquire loans, prices of goods and sources of supply of their competitors. This is particular with social networks that originate from the ethnic enclave. However, ethnic social networks may reduce owners’ profits since members expect owners to reciprocate patronage to their businesses by offering donations or goods below cost to them as Bevelander and Nielsen (2001) have noted. Kim (1999) also supports this assertion in her studies about Korean immigrant entrepreneurs in New York City. The thesis further reveals that the nature of the business determines whether owners should engage in social networking activities in both the ethnic and non-ethnic associations in order to remain in business or not. High- and low-order immigrant businesses require owners to extend their social networking activities from ethnic group to the host country’s society in order to remain in business. Retail business, especially retailing of immigrants’ traditional food requires owners to concentrate their social networking activities in the ethnic enclave. Most Ghanaian immigrant entrepreneurs in Columbus, Ohio maintain a low profile in social networking, yet some accept positions of authority for the sake of attracting customers and accessing business information.

7.5: Assimilation and Acculturation

Au et al. (1998) observe among Chinese immigrant entrepreneurs that their levels of assimilation and acculturation relate positively to their business establishments, operations, and successes. This thesis reveals that assimilation and acculturation processes relate positively to Ghanaian immigrant entrepreneurs in Columbus, Ohio in small business establishments and operations, but its importance varies with the nature of the businesses. Owners of particular businesses assimilate or acculturate for different purposes and exhibit the values acquired in different situations. For example, because of the specific professional skills required, Ghanaian high-order immigrant entrepreneurs in Columbus, Ohio assimilate and acculturate in order to establish particular small businesses. However, all owners of the three business categories need to assimilate and acculturate to serve better both their ethnic and non-ethnic customers. Partly,
these conform to De Coulon’s (1998) and Chiswick’s (1992) assertions that the levels of acculturation and assimilation relate positively to immigrants’ business success, and influence their chosen kind of businesses. In addition, assimilation and acculturation processes expose Ghanaian immigrant entrepreneurs in Columbus, Ohio, especially retailers to the opportunity to source financial assistance from financial institutions in the host country. This supports Chen’s (1998) observation that acculturation and assimilation exposes Chinese immigrant entrepreneurs to the opportunity to look for financial assistance from financial institutions in the host country for investment.

Ghanaian immigrant entrepreneurs in Columbus, Ohio engage in small businesses for profit, be self-employed, and to utilize their technical, educational, and cultural skills. They establish small businesses after having lived and acquired some of the cultural values of the host country. Therefore, the host country’s immigration regulations do not determine businesses migrants engage in, but delay the time that they establish small businesses as Anh and Le (1999) have noted. By establishing such small businesses through the concepts of embeddedness, social capital, social networks, and assimilation and acculturation, Ghanaian immigrant entrepreneurs in Columbus, Ohio construct their space and exhibit their ethnic pride and cultural identities in the United States.

Generally, like the Asians and Latinos social capital and network, embeddedness, and assimilation/acculturation help Ghanaian immigrants in Columbus, Ohio immigrant entrepreneurs in the establishments and operations of small businesses. However, how these concepts help them varies with nature of the business. This is because immigrant retailer, low-order, or high-order entrepreneur wants to survive and be successful in the business, then that entrepreneur has to understand how these concepts relate and apply to the business under consideration. This suggests that recent research into immigrants’ businesses should move from generalization to specifics. Attention should focus on how a specific ethnic business compares with others in the same ethnic group and relates to that of other immigrants from different countries. Inter city comparison of similar businesses of immigrants from different countries is also worth investigating. Moreover, this thesis notes that without ethnic market, retail, low- and high-order business owners may to be successful. This suggests that Ghanaian immigrant entrepreneurship deserves further attention and investigation, especially investigation into how retailers will survive and be successful in relation to recent tight immigration laws, patriot act,
and the possibility that second and third generations of immigrants’ children will not consume ethnic foods.
References


