

Impact of Culture in Small Business Enterprise Innovation in Ghana

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Abstract

The purpose of this article is to analyze the effect of culture in small business enterprise innovation in Sub-Saharan Africa, with particular reference to Ghana. Traditionally, funeral was a social event to pay respect to a loved one but these past few decades, the concept has been exploited for financial gain and this new idea of funeral commercialization has inspired the study. Hence, the culture involving funeral arrangements has created opportunities for small business enterprise innovation, and has given the funeral industry a new significance. Thus, the establishment of innovative small-scale businesses in Ghana could continue to play a vital role in the relative reduction of the unemployment rate. The research results reveal that 79 percent of restaurant businesses and 76 percent of retail business owners affirmed that the culture of organizing prestigious funerals has given them the opportunity to acquire more than 10 years of business experience, while 68 percent of all business owners affirm that they have also been in business at least one year. This data demonstrates that small business enterprises are most of the time directly linked with the culture involving funerals, and they have shown a steady commitment of entrepreneurship. The research results demonstrate that the number of funeral home businesses increased by an average of 25 percent every five years over the past two decades. This remains the largest revenue producer among the small business enterprises. Thus, this study confirms that the cultural impact in the funeral industry plays a primary role in the Ghanaian sustainable economic expansion.

Keywords: Culture, loop, conspicuous, funeral, innovation, gigantic

1. Introduction

The effect of culture on small business enterprise innovation played a very detrimental role in the Ghanaian economic expansion this past decade. Often, demand for goods and services occur drastically in Africa in general, and in reference in Ghana, when funerals are arranged. Funeral ceremonies are seen as a means for families to compete for prestige and respect by displaying wealth, and giving farewell tributes to a deceased loved one, as well as by inspiring small business enterprise innovation. For weeks or even months, it is estimated that 10,000 US dollars on average, or more, are spent in organizing a funeral event that impresses everyone in the community (Bottah, 2009). Hence, a funeral more than any social event should be superb, successful in terms of small business enterprise innovation, and impressive. Friends and family members buy clothing tailored specifically for the occasion, and the bereaved family has the moral responsibility to entertain the guests with show, music, traditional as well as modern dances, drinks, and foods. The transport business is booming on the weekends; therefore, it can be difficult to find transport in and out of the towns and villages. Businesses such as car rentals, restaurants, chair and canopy rentals, flower shops, mortuaries and coffin shops, etc., are booming. Funeral events give the ultimate occasion to the Ghanaians to demonstrate their great creativity, where various forms of art skills come together. Pieces of poetic oratory praise the life of the deceased, and videos are taken and abridged into a resourceful document (Marleen Witte, 2003).

The aforementioned business activities are often involved in funeral arrangements in Africa. The purchase of new costumes is required, in addition to body preservation. This new culture of conservation of bodies in Africa has also created the opportunity for technological innovation in mortuaries. Other equipment and services needed are electronic equipment, and mass media. These additions have improved the small business enterprises' inspiration, and given the funeral industry new meaning in term of culture-based prestige consumption. In regard to the marketing opportunities of funeral arrangements in Africa, some disapproval and ferocious discussions have been engaged in by the Ghanaian media. The issue has also been the subject of “a debate on the floor of Ghana’s Parliament” (Mensah, 2007; Marleen de Witte, 2003). Some people believe that very expensive funeral arrangements, which are the direct effect of culture, contribute to the growth of small business enterprises, which in turn will sustain the economic growth in Ghana, which will reduce the unemployment rate and improve the standard of living of its citizens.

Still others think that enormous resources are spent on funeral arrangements, and such resources could be better

spent on health and education rather than spent on the expense of social events (Alhassan Atta-Quayson, 2009). Not only have funerals become heavy marketing opportunities, but they have also become time-consuming economic ventures, which can be quantified into cash value in most cases. Assuming that the funeral industry is refining the living conditions of the owners of small business enterprises and ordinary citizens, is it acceptable that an industry be built on heartache? If we notice the emotion that is involved in the death issue, one must say it is inevitable, because the funeral industry will most likely flourish when more people are dying (Alhassan Atta-Quayson, 2009). Beside the negative connotations of the funeral arrangements, there are some positive aspects: funerals make economic opportunities to move in upward direction in such economies where death rates are relatively high, and culture-based prestige consumption is the norm. Funerals enhance the activities of many and varied businesses in Ghana, including car rental businesses, coffin shops, breweries, butchers, foodstuff sellers, the entertainment industry, and transportation. These small business enterprises and others gain from participation in the funeral events (Arhin1994). One must believe that the transformation of funeral observations in Africa supports certain industries and services. The rise or increase in the quality and scale of funerals in the Ghanaian community has encouraged innovations in a number of local small business enterprises such as carpentry, suppliers of canopies and seats, coffins, etc.

As a result, Africans' willingness to organize extravagant, culture-based funeral events may have inspired several small business enterprises or entrepreneurships providing all kinds of goods and services to take care of their funeral needs (Marleen Witte, 2003). Thus, the funeral events have become a lucrative business and a mean of small business enterprise innovation in Ghana.

1.1 Literature Review

Over the past decades, the business of funeral arrangements in Africa, with particular reference to Ghana, has been transformed increasingly into a prosperous investment. The business of funeral arrangements has become a gigantic Ghanaian traditional occasion, involving entire cultures and communities. No one ignores the fact that these event preparations are directly related with eye-catching costs, as the industry is growing. Hence, the concept of death is affecting the cultural values of Ghanaians (The Emerging Funeral Industry, 2011). Thus, in Ghana, an important number of people are against very expensive funeral arrangements in various communities. For them, financial resources spent on funerals, and the amount of time spent, are enormous. They also believe that resources could be better spent on sustainable social programs such as health care and children's education. Another vital issue, which needs to be analyzed, is how an industry can be built around bereavement. One must say that this business will most likely thrive, as more people will be dying (The Emerging Funeral Industry, 2011).

In spite of these negative perceptions of the industry, there are some attractive aspects that are associated with it. Such advantages, in most cases, could be maximized for the benefit of Ghanaian small business enterprise innovation and economic growth. Therefore, the flourishing culture-based funeral business may have stimulated prestige consumption, or marketing behavior, which in return stirred small business enterprise innovation such as the personalized coffin shops, car rental, and restaurant businesses, and so on. As a result, the establishment of innovative small-scale businesses in Ghana could continue to play a vital role in the relative reduction of the unemployment rate. Thus, the culture-based funeral events in Ghanaian and most African communities are considered as the growth of a whole display of local and nationwide entrepreneurs engaging in marketing behavior which links to the culture-based funeral business. Hence, at the present time, more funeral arrangements are contracted out by professional services. The marketing functions of funeral arrangements are rooted in social changes like emerging urbanization, expanded and sophisticated modes of communication, public health evolvement, and the adjustment of religious beliefs (Arhin, 1994).

Because of the public dispute among the political elite, funeral arrangements have become an obvious social concern, prompting the political elites in Ghana to attempt to regulate the industry to curtail its marketing cost. Unfortunately, however, the Ghanaian people believe that funeral arrangements are an emotional issue; therefore, no one should tell them how much to spend to bury their loved ones. They believe that the funeral arrangement expenses must be only at the will of the families.

Thus, the funeral business, like any market economy, amounts to more than production and consumption, in terms of the supply and demand premise. People pay for goods and services to shape their funerals, and to stage an image of life. This is associated with prestige buying behavior; making way for the prestige marketing concept (Appadurai 1996; Miller 1995). The arrangement of culture-based funerals to demonstrate wealth has inspired the innovation of small business enterprises, and shaped the marketing of personalized items in this society. Therefore, culture-based funeral arrangements can be seen as a phenomenon complex that is fully

accepted by the local culture. Living relatives have a mind-set, and believe that success can be measured by one's ability to spend, and that the flourishing small business enterprise innovation may be the direct response of funeral arrangements in Ghana.

1.1.1 Theory of Culture-Based Prestige Consumption

The culture-based prestige consumption, and/or marketing theory, explains conspicuous consumption behavior during the organization of funerals in Sub-Saharan African communities (Bird and Smith, 2005). Thus, prestige expenditures occurring during African funerals determine the social status of the grieving family (Boone 1998). The status-seeking, noticeable consumption behavior displayed during funerals will hopefully show short-term and long-term benefits of achieving prestige and respect in the community, which in return will inspire the small business enterprises (Boone and Karen 1999; Boone 2000). The exposition of symbolic wealth, which is often very expensive in economic terms, increases the family social rank by displaying the quality of products/services, which is in turn associated with the attributes of family members (Bourdieu, 1990).

Hence, the theory of culture-based prestige consumption model (see Figure 1) involves prestige buying centers, prestige products/services manufacturing centers, and the prestige market. Prestige buying centers and prestige products/services manufacturing centers are vital decision-making entities in the prestige consumption model. While prestige buying centers represent the consuming entities, manufacturing centers are referred to as the primary producing bodies. Both entities perform different functions and roles in the prestige market. Thus, the culture-based prestige consumption model below shows the business interaction between prestige buying centers and prestige products/services manufacturing centers led by the prestige-driven or social status-centered motivation. Manufacturing centers on the right lower loop make the prestige products/services available in the prestige market (see upper loop of the model) in exchange for revenue and the buying centers in the left lower loop of the model, which get prestige products/services in exchange for cash in the prestige market. This model addresses the notion of the niche market, which in this particular situation is prestige-based consumption behavior.

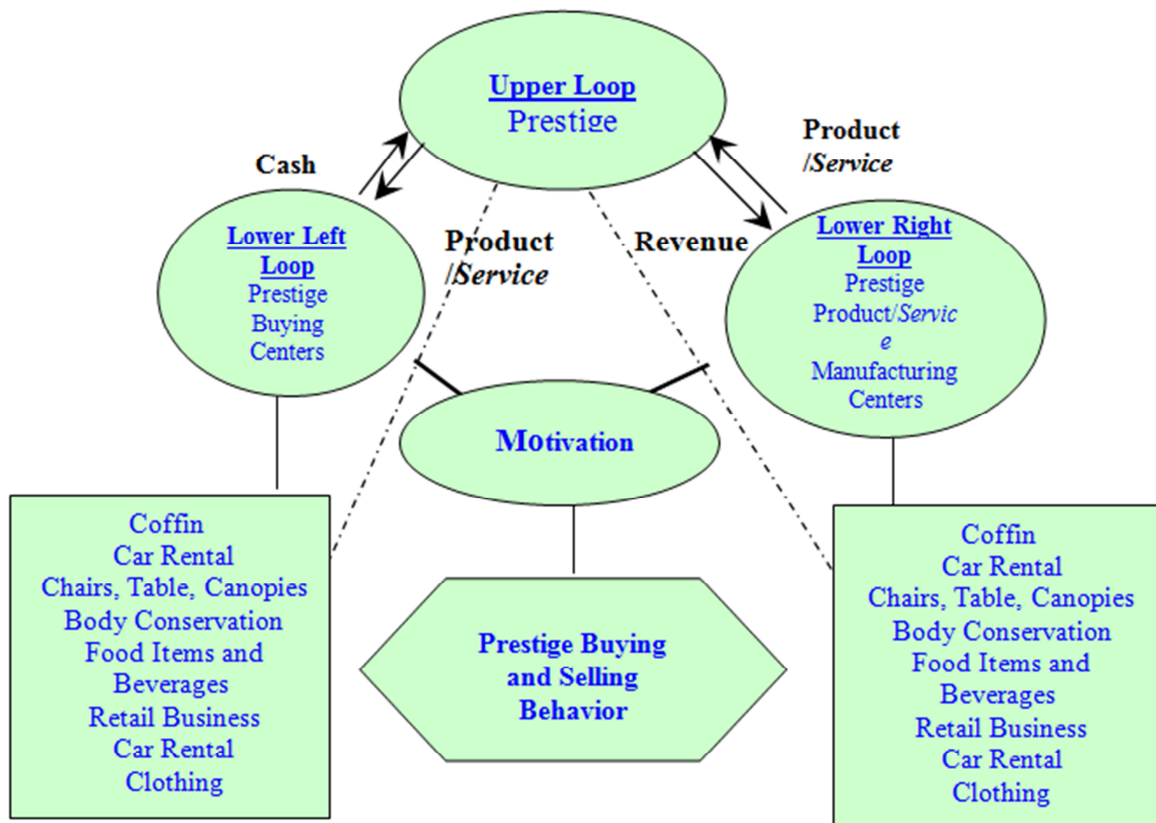


Figure 1
 Theory of Culture-Based Prestige Consumption Model

1.1.2 Methodology

The personal interview method was used, since it is considered efficient and most effective in obtaining

information from respondents, given its flexibility and degree of control exerted by the interviewer over the respondent and his/her environment (Ary et al. 1990). Sudman and Bradburn (1982) suggest that if there are no threatening questions, the information to be requested refers to past phenomena and/or reactions. The personal interview method presents some advantages related to social interactions, encouragement, clarification, and rate of response (Koudou and Haq 2009). This study was conducted through personal interviews in Ghana, West Africa. The interview questionnaire was in structured format questions. The interview questionnaire contained dichotomous, multichotomous, and scale questions. A Likert-type scale was also used in this study to measure the major characteristics.

These characteristics were statements to which respondents were asked to indicate their level of agreement or disagreement using the following five-point scaling questions, anchored by 1 (strongly disagree) to 5 (strongly agree). The sample for this study included retail business, funeral homes, chairs, table and canopy rental, coffin shops, car rental, and restaurant business. The interviews were conducted over 120 days. Most of the participants were randomly selected to participate in this survey in rural areas as well as in major cities across Ghana. Student assistants from the Ghana Institute of Management and Public Administration (GIMPA) were hired and trained according to their experience, personality, education and language skills, as well as a willingness to work (Koudou and Haq 2009).

Before the interview was conducted, the researcher explained the rationale of the study to the participants, while emphasizing that the study will be beneficial to the intellectual community and will contribute to the field of marketing and small scale business enterprises. The interviewers were told that they were only to collect information within the survey guidelines (Koudou and Haq 2009).

1.1.3 Results and Discussions

The study results are based on the informal business sector in Ghana involving the following six industries: retail business, coffin shops, chairs, table and canopy rental, funeral homes, restaurant business, and car rental. The results reveal that 65 percent of the participants across the six industries were male, and more than 43 percent of the respondents' age was between 30 and 40 years old. Fifty-four percent of respondents had a high school education, versus 22 percent who had undergraduate training.

Seventy-nine percent of restaurant business owners and 76 percent of retail business owners affirmed that they had between one to 10 years of business experience, while 68 percent of all business owners believed that they had between one to 10 years of entrepreneurship experience. Thus, the results of this study demonstrate that all small business enterprises have shown a steady commitment to entrepreneurship. Both the restaurant and retail businesses represent the highest individual industry growth in Ghana over the past two decades, followed by the car rental business with 72 percent. Sixty-three percent of respondents from each business such as coffin shops, and chair/table/canopy rental confirmed that they had been in business between one to 10 years (see Figure 2).

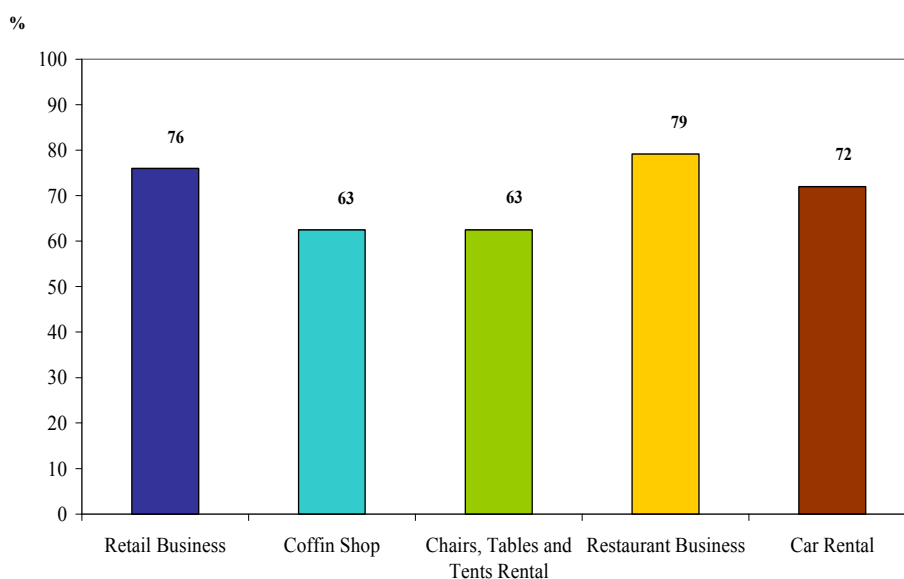


Figure 2 Profile of Participants

The study also reveals that there was an increase in the number of employees since the creation of the above-

mentioned businesses, as compared to the current number of employees. This phenomenon shows a positive correlation between the increase in the number of employees and the growth of the small business enterprises in Ghana. The restaurant business displayed the highest increase in the number of employees the past decade. As a result, the restaurant businesses, which started with at least five employees a decade ago, currently have more than 20 employees on their payroll. This demonstrates a staffing rate increase of 300 percent for the restaurant businesses alone; followed by the car rental with 137 percent. Both restaurant business and car rental industries have highest staffing rate among the small business enterprises in Ghana. The other remaining industries have relatively low staffing rates, while chair, table, and canopy rental represent a unique situation among them. With a reduced staffing rate of 66 percent, this rental business represents an outlier in this case (see Figure 3).

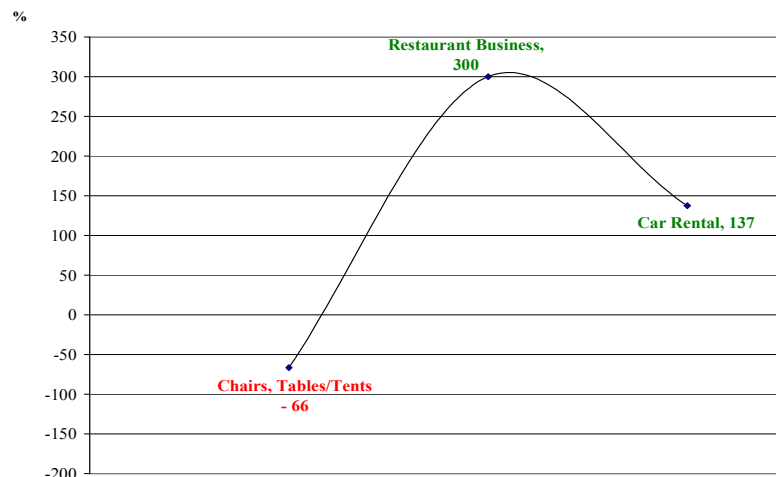


Figure 3 Highest Percentage Change in Staffing Rate

This may have been a family business model, with three or fewer employees to be efficient in their operations. The decline in the staffing rate in the chair, table and canopy business reflects the industry reorganization. Thus, the chair, table and canopy industry has reduced its staffing from four to three employees. This staffing strategy has expanded the number of three employees by 301 percent across the chair, table and canopy industry. In a special remark, the number of funeral homes has increased by an average of 25 percent every five years during the last 20 years, and remains the largest revenue producer among the small business enterprises.

Assessing the competition among the industries, the results reveal that competition has evolved. Hence, the number of competitors has increased from one to four or six within the industries. The coffin shops, with 67 percent, represent the highest competition increase across all six industries, and the chair, table and canopy industry, with seven percent has the lowest competition (see Figure 4).

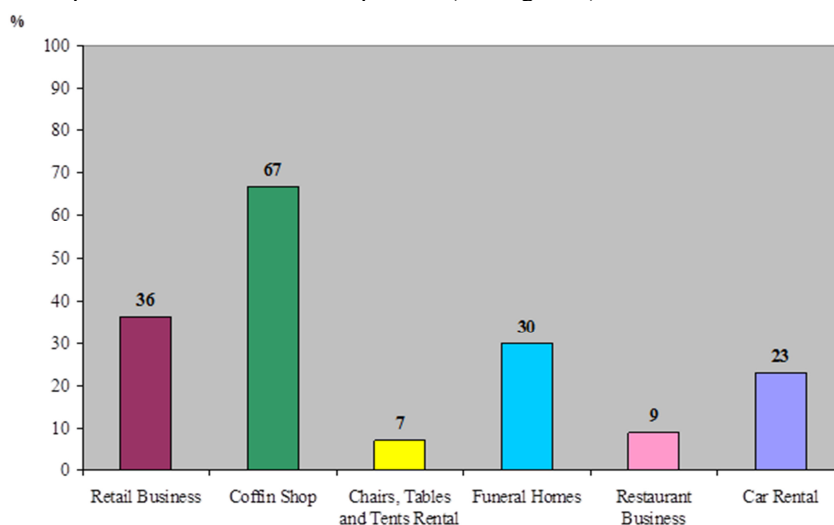


Figure 4 Percentage Change in a Number of Competitors from 1-2 to 4-6

In reference to the prestige products/services bought to organized funerals in Ghana, fifty-five percent of the respondents across small business enterprises believe that food and alcohol beverages are the highest expenditure items and the least expensive item is the chair, table and canopy category, with 1.4 percent.

1.1.4 Summary and Conclusion

This study shows the existence of a positive correlation between the funeral organizations and the innovation of small-scale business enterprises in Sub-Saharan Africa in general, and in reference to Ghana specifically. The new culture involved with funeral arrangements has created opportunities for small-scale business enterprises in innovation, and improved business possibilities to give the funeral industry great economic leverage. Thus, funerals have become very important in supporting prestige consumption prospects, assuming that they are improving the living conditions of the owners of small-scale business enterprises.

Some facts demonstrate that funerals contribute to the Ghanaian economy, moving it in an upward direction, because the industry develops car rental businesses, coffin shops and the entertainment industries, etc. Hence, the prestige consumption theory fully explains conspicuous consumption behavior during the organization of funerals in Sub-Saharan African communities.

Seventy-nine percent of restaurant businesses and 76 percent of retail business owners affirmed that they have between one to 10 years of business experience; while 68 percent of all business owners believed that they have between one to 10 years of entrepreneurship experience. This tangible evidence suggests all small business enterprises in Ghana have shown a steady commitment to entrepreneurship. Both the retail and restaurant businesses represent the highest individual industries that have been in business for more than ten years, followed by the car rental business, with 72 percent. Sixty-three percent of the other remaining small business enterprises, such as coffin shops, and chair, table and canopy rental businesses have also been in business between one to 10 years. The research results reveal that the number of funeral home businesses increased by an average of 25 percent every five years over the past two decades, and remain the largest revenue producer among the small business enterprises. As a result, the study results confirm that the funeral industry plays an important role in the Ghanaian economic expansion.

1.1.5 Limitations and Recommendations for Future Research

The time frame used to conduct the study, and the financial responsibilities were insufficient for the magnitude of the research. Although Ghanaians are very friendly people, they are sturdily attached to their culture and tradition, and in many cases they would not provide very useful information to a stranger.

Other concerns about conducting an excellent research study include that the researcher must be fluent in English as well as the widely spoken local languages to facilitate interaction and build a trustworthy relationship with the participants.

Future studies should look into the significance of funeral observances in reinforcing the socioeconomic structure of Ghanaian communities, and their policy implications. They should involve the community opinion leaders and government policymakers to assist the small businesses to organize and become a formal business sector. Forthcoming studies should be centered on microfinance to provide financial assistance to small business owners in Ghana.

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