

Cultural Capital in Ghana

How the cooperative maximizes its potential to create locally driven economic development in rural communities

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Dedication

This work is dedicated to all those who made my summer abroad in Ghana such a memorable one: Aseye, the Asiedu Family, the Baker Family, Ben, Brandon, Derensky, Dock, Jia, John, Joy, Mary, Rukayya, Tweety and Professor Kwabia... *Medaase Paa!*

Abstract

This paper demonstrates how cultural traditions and norms, or “cultural capital” can be used to spark local economic development in rural Ghana. I show that the cooperative fits especially well with rural Ghanaian cultural institutions and, as a result, is the economic structure best suited to maximizing the developmental potential found in Ghana’s cultural norms. The cooperative also mediates effectively between Ghana’s desires for economic growth and cultural preservation, by allowing for the retention of traditional practices while creating a more economically significant organization. Owing to its successful navigation of Ghana’s cultural landscape, the cooperative offers a great opportunity for Ghana to realize locally driven economic development and growth.

I. Introduction

When Ghana became the first sub-Saharan African country to win its independence in 1957, it seemed primed for economic success. As Perkins, Radelet and Landauer (2006) explain, at independence, Ghana had the second highest per capita income in sub-Saharan Africa, a thriving cocoa industry that produced more than anywhere else in the world and foreign exchange reserves equivalent to over three years of imports. However, with a collapse of cocoa prices and the mistakes made by those in charge of the state run economy, the large budget surplus left by the British Colonial Government evaporated rapidly and Ghana became just another poor, indebted developing nation. By 1983, cocoa production declined by half, inflation rose above 120% and the country had experienced severely negative economic growth rates. This caused President Jerry Rawlings to turn to the International Monetary Fund for a structural adjustment program, but this achieved only modest results: per capita income grew by only 1.6% annually, not enough to make up for the decline of about one-third since independence.

Since then, Ghana's situation has not improved much. With 40% of its population below the poverty line and \$6 billion dollars in debt in 2004 (World Bank, 2006), Ghana finds itself in a situation similar to many other impoverished nations around the world. This is despite the fact that development programs are rather prevalent in contemporary Ghana: between 1970 and 1989, Ghana received \$455 million in aid from the United States and \$2.6 billion from other Western countries (GhanaWeb, 2006). Clearly, this foreign aid that the country received did not reach its full developmental potential. Even more than that, some have argued that economic relief often does more harm than good in sub-Saharan Africa, making situations worse by using resources on poorly planned projects (de Waal, 1997). As

a result, many have started to investigate why these development programs consistently fail, with Ghana's case being an especially interesting one because of the stark differences between the optimism at independence and the stagnation of the present.

Surprisingly for a developing country though, very few large scale, multinational corporations or plantations operate in Ghana. Because of a complex, cumbersome land tenure system, small scale agriculture continues to dominate the economic activities of the West African state. This economic set up has sheltered cultural and economic structures from Western intrusion, but small producers have almost no ability to drive economic growth or development under these structures. So, can Ghana find a compromise, which bridges the gap between traditional small scale operations and larger scale foreign structures, to promote culturally inclusive growth by combining the positive aspects of each?

The benefits of both systems appear to combine under the cooperative structure,[†] which mediates between large and small scale economic organizations by joining independent producers together under the umbrella of a larger democratic venture. This type of organization mirrors a Ghanaian tendency toward decentralized, cooperative systems of group and economic activity, which Western hierarchical structures unequivocally contradict. The cooperative protects traditional values and structures as a result. At the same time though, cooperative members gain access to the improved assets, technology and economies of scale known to large companies, using the trust and power that already exists in these communities to sustain cooperation. Therefore, economic development and cultural

[†] Cooperatives differ from traditional firms in respect to ownership and management structure. Explicitly, a cooperative is created when individuals pool their personal assets together to create a jointly-owned and democratically-controlled enterprise (International Co-operative Alliance, 2006). The cooperative firm is completely worker owned and operated, all members participate in decision making and income is shared evenly across all members (Vanek, 1970). This contrasts the strict hierarchical nature of the traditional firm, in which only a very small portion of employees typically have access to any ownership shares or decision making authority.

protection are not mutually exclusive goals for Ghana, because the cooperative meshes remarkably well with the existing structures and cultural norms present there.

I argue that the cooperative both protects and maximizes Ghana's cultural capital—the economic potential found in the common values, trust and group power that shared culture produces—and offers the potential for substantial, locally driven developmental benefits for Ghana, as a result. Because they match the culture so well, cooperatives can take advantage of Ghana's cultural emphases on cooperation, hard work and reciprocity, along with the bonds that unite the members of a community, to operate more efficiently and drive economic growth and development. Not only can it achieve economic success in this setting, the cooperative structure is also capable of generating widespread social and community benefits and improving Ghanaian well-being according to any of a variety of indicators. By working within Ghanaian culture to achieve these ends, the cooperative can realize locally driven growth that brings the benefits directly to the Ghanaian people, without forcing them to abandon their cultural practices. This example of culturally based development offers an alternative option to the programs run by Western organizations, which have consistently failed to live up to expectations in Ghana, one that has the potential to correct for previous development mishaps.

Perkins, Radelet and Landauer (2006) describe how earlier, more traditional models of economic development focused mainly on the general factors of production: capital and labor. The Harrod-Domar and Solow models, both used frequently today, focus almost exclusively on capital and labor. More recent Two-Sector models differentiate between agricultural and industrial capital and labor, but largely reinforce this bias. Meier and Rauch (2005) confirm this tendency when they summarize classical development growth theory as

basically requiring increases in capital and labor, improvements in efficiency, and foreign trade to reinforce the first two. This single-mindedness led earlier development projects to have much more narrowly tailored goals. While capital and labor play a significant role for development, the constant failures of these programs indicate that additional factors deserve consideration.

Most of the contemporary criticism of development programs today centers around the notion that they do not give enough consideration to the local people and their actual needs and experiences. The United Nations Development Programme's *Human Development Report* from 1996 expresses this clearly, finding it problematic when development programs are based on a type of economic growth that is

“‘jobless—where the overall economy grows but does not expand opportunities for employment’; ‘ruthless—where the fruits of economic growth mostly benefit the rich’; ‘voiceless—where growth in the economy has not been accompanied by an extension of democracy or empowerment’; ‘rootless—which causes people’s cultural identity to wither’; and ‘futureless—where the present generation squanders resources needed by future generations.’”[‡]

Others attribute the failures to a post-colonial developmentalist attitude that gives Western developers the final say in the activities of other countries (Charusheela and Zein-Elabdin, 2003). Because Western developers often choose to impose Western economic ideas and programs against conflicting traditional values, the programs do not resonate with the people they are designed to help and end up wasting huge amounts of foreign aid. Owing to this, development economists are increasingly arguing against universally applied aid structures and for development programs that sincerely attempt to work within the context of each specific local culture.

[‡] United Nations Development Programme. (1996). *Human Development Report*. New York: Oxford University Press, 3-4. As cited in Dwight Perkins, Steven Radelet and David Landauer. (2006). *Economics of Development*. New York: W.W. Norton & Company, 220-221.

Many proponents of culturally focused development use “social capital” as a means to understanding and working within the existing situation in a developing country. This term refers to the aspects of social organization that establish the norms, networks and trust that bring about cooperation and synchronization among members of a social group or community, for mutual benefit (Putnam, 1993). Since these come out of cultural and traditional values, people in developing nations are more likely to respond positively to these programs than ones imported from other countries that are based on different sets of norms. A number of case studies have demonstrated the power of the social capital found in impoverished communities to generate economic growth (Dodaro and Pluta, 1995; Lutz, 1997; Healy, 2002; Ruffle and Sosis, 2006). Social capital has been an important tool for proponents of culturally based development in many situations, and has achieved significant successes in numerous locations throughout the world.

However, in Ghana, developers have used social capital inappropriately, missing the important details of cultural diversity in the country. Porter and Lyon (2006) expose how the World Bank and other development agencies have taken up social capital in an essentialized form in Ghana, seeing it as nothing more than culturally universal group formation. This led Western developers to blindly recommend group activities, often in scenarios in which Ghanaians did not desire them. Porter and Lyon’s (2006) study of these group programs found that they often fell short of expectations, because the essentialized perception of social capital overlooks cultural, environmental and historical diversity. Defining culture as an entity that encompasses people’s actions, shared beliefs, values, behavior and the meaning assigned to specific actions and the world in general, they state that appropriate aid programs require detailed attention to cultural aspects in each individual setting. This makes a strong

argument for considering culture specifically in each context, to avoid the problems associated with these prior misinterpretations of social capital. As a result, this paper will use cultural capital as a more precise guideline for development activities than the apparently corruptible term “social capital,” which, in an inappropriately essentialized form, has influenced prior development failures in Ghana.

One work that considers the role of culture in Ghana is Emily Chamlee-Wright’s (1997) book about grounding development activities in the cultural norms found among women working in urban Ghanaian markets. She writes that Ghanaian culture creates a strong work ethic and encourages capital accumulation and saving among people with a strong connection to traditional practices. Her work uses individual interviews and experiences to augment academic studies in thoroughly investigating how cultural characteristics like religion, kinship structures and social norms play prominent roles in the selling and lending activities in urban Ghanaian markets. This exposition, of the role of culture in economic activities in Ghana, leads into her discussion of how these norms and structures can be used to generate better economic opportunities for growth and development. While she admits that a generalizable model cannot be devised because of the cultural differences that exist within and across countries, her point remains that cultural analysis is essential to constructing sound development policies and theories.

Yet, she limits her analysis to urban market settings. This leaves out the nearly 50% of Ghana’s GDP and 60% of the Ghanaian labor force represented by agriculture in 2005 (GhanaWeb, 2006). She explains how certain lending and selling configurations fit well with Ghanaian culture, but does not mention what form of agricultural organization meshes best with cultural norms, despite the industry’s economic prominence. Moreover, cultural values

are often stronger in rural areas (Salm and Falola, 2002). Since the migration of members of different ethnic groups to the cities breaks down traditional cultural systems and organizations in a variety of ways, cultural institutions are more prominent and influential in rural areas. As a result of agriculture's prominence in Ghana and the potency of cultural traditions in rural villages, my paper will concentrate on the relationship of culture to economic development in the rural areas of the country. It will emphasize cultural capital, in order to avoid the issues associated with the inaccurate perceptions, exhibited by developers in Ghana, of an essentialized "social capital," as expressed by Porter and Lyon (2006).[§] This will hopefully make it clear that cooperative activities have potential in Ghana because they fit the general cultural structure in rural communities, distinguishing this work from a blind recommendation of group based development programming.

Section II of this work reviews more systematically the pertinent literature on the role of culture in economic development. Sections III and IV will provide the historical and cultural backgrounds to give the reader a deeper understanding of the distinct situation in Ghana. Those sections will rely on my own experiences and the primary source research that I completed while in Ghana, as well as narratives and examples from other scholarly works, to describe more vividly the Ghanaian context. In Section V, I will connect that information with the economic literature on cooperatives and Lyon's (2005) study of Ghanaian culture

[§] As a point of clarification, this paper will use Porter and Lyon's (2006) broad definition of culture as a dynamic and symbolic entity that encompasses actions, common beliefs and values, behavioral tendencies and the meaning that people assign to their world and those actions. In my use of the term "culture" here, I hope to avoid the frequent problem with development theory and practices that use a "nation-state" approach to culture that fails to comprehend a country's diversity (Radcliffe, 2006). I want to caution the reader that references to a more general "Ghanaian culture" here attempt to identify similarities and trends in the basic cultural structures and underlying cultural results across ethnic groups; they do not suggest that all practices or cultural experiences are the same. I believe that there are enough general cultural aspects common to most rural communities to discuss culture and cooperatives as the source for development and growth, on a larger scale, in Ghana. At the same time, in order to not lose sight of the important differences, I would also like to highlight the cooperative structure's flexibility as an important asset here, since it allows each group of people to mold the structure to fit their specific needs and practices, which vary considerably across communities.

and economic activities, the combination of which explains why Ghana has a distinct level of potential for successful and efficient cooperative enterprises. Section VI details the economic, community and well-being benefits that could result from a more substantial cooperative movement in Ghana. Lastly, Section VII summarizes my findings and considers the policy and other implications of this thesis.

II. Literature Review

The impact of cultural factors on development programs has only recently received substantial attention. As described by Perkins, Radelet and Landauer (2006), the Harrod-Domar Model of the 1940s and the Solow Model of the 1950s focused development economics narrowly on capital and labor. Each emphasizes the need for capital accumulation for economic growth, though Solow's assumption of diminishing capital returns requires technological change for long run growth. Given the restricted considerations of these models, it is not surprising that they have had difficulty explaining the failures of development programs based on capital, labor and technological improvements. Two-Sector models have since broken these theories down along agricultural and industrial lines, promoting the employment of surplus agricultural labor in industrial activities to increase growth (Perkins, Radelet and Landauer, 2006). While these theories reduce the vagueness of the apparently universal capital and labor inputs of earlier theories, their focus remains limited to solely economic factors. Capital, labor and efficiency will play the primary role in any development or growth process, but the actual failures of development programs have shown the need to widen the scope of development considerations beyond the traditional economic factors at work.

Woolcock (2002) describes how the history of development theory and policy began to turn to considerations of the cultural and social implications of development in the 1990s. He reviews a brief history of this field, beginning in the 1950s and 1960s, when traditional cultural values and norms were seen by development economists as hindrances to development. From there, the Cold War took center stage and development debates focused on the ideological divide between supporters of the free market and state economic planning respectively, during the 1970s and 1980s. Then, in the 1990s, it became apparent that orthodox theories could not explain or offer adequate solutions for unexpected development failures and crises. As a result, contemplation of the importance of cultural institutions to development gained increasing validity. More specifically, many academics began supporting the idea of social capital as a means of capturing this aspect.

Putnam (1993) explains social capital as the social institutions that establish the norms, networks and trust that encourage collaboration and cooperation among the members of a family, social group or community, for the benefit of all. It can develop through widespread participation in community organizations, adherence to social and cultural practices or other social institutions. These social institutions have so much value because they establish a firm system of reciprocity among members of a community, group or family. This creates trust in one another, because the reciprocal debts are continually repaid, which assists greatly in the success of cooperative or joint initiatives supported by members of the social group. Woolcock (2002) describes these benefits more concretely, writing that one's family, friends and associates can support one another during a crisis, work together successfully to thrive economically and benefit each other psychologically through positive social interactions. Most notably, this concept of social capital opens the door for

development economists to involve cultural and social institutions in their work, something which a number have recently done.

There are plenty of examples of studies focusing on the role of social capital in economic activities. Most of these lack empirical evidence, since social and cultural characteristics are inherently difficult to measure (Isham, Kelly and Ramaswamy, 2002). As a result, case studies of specific countries are abundant in the contemporary literature. Healy (2002) illustrates how social capital brought about economic growth and development in Bolivia and Mexico. In Bolivia, the El Ceibo federation of smaller farmer cooperatives was built on the democratic practices and leadership styles found in villages in the Andean highlands for generations. It now boasts annual revenues over \$1 million. The Community Museum project in Oaxaca, Mexico has succeeded by functioning under the previously established governing committees in each city, which parallel the traditional hierarchy of local religious offices. Dodaro and Pluta (1995) show how the social capital in a small community in Nova Scotia helped revitalize an economically depressed region through participatory management activities based in cooperation and trust. Other examples are evident in the Kibbutz system in Israel (Ruffle and Sosis, 2006) and the Mondragon structure in Spain (Lutz, 1997). Basically, these studies verify the need for development programs to pay attention to social and cultural practices, because economic activities grounded in them in the past have achieved remarkable success. The one difficulty is that, because the concept of social capital changes in each new cultural context, the structures used and results found in a given country do not translate directly to any other setting, and, hence, are not generalizable.

Turning to the influence of social capital in Ghana, Porter and Lyon's (2006) case study of foreign aid programs cautions us seriously about how the term has been misused in the past. They assert that programs run by foreign agencies like NGOs and the World Bank have inappropriately implemented social capital in development activities. Their study of Ghana reveals how those agencies have viewed social capital in an essentialized way, as nothing more than group formation. This notion misses the important cultural components of social capital and leads these development organizations to incorrectly implement plans based solely on group establishment and group activities, regardless of the suitability of such programs to a given situation.

Porter and Lyon analyze a few of these aid programs implemented across Ghana by dividing the country into three separate geographic regions. They found different levels of developmental success for these programs in each one, with rural areas generally benefiting more than urban ones. In Central Ghana, where groups have historically shown the capacity for substantial mobilization, through evidence of collective opposition to central governments and the high level of adherence to reciprocal community norms, these group-based programs achieved success. In other regions, where people had less familiarity with one another and experience working together successfully, these programs tended to fail. For example, some communities in more urban Southern Ghana lost trust in group development programs offering benefits on a rotating basis, since their community ties were not as strong and they had experienced early beneficiaries leaving the program after their turn, without supporting the others. Because of these past defaults and losses, some people declined to participate in the newly created programs. This variance, in the levels of success of these programs across communities, illustrates that the concept of social capital, when

essentialized by outside developers, can miss cultural, environmental and historical specificities and cause development failures as a result.

A restricted focus based solely on group formation, as exhibited by development agencies, misuses the theory of social capital by blindly demanding collective activities without understanding the specific situation in a given community. This matches with Isham, Kelly and Ramaswamy's (2002) admission that while most economists have acknowledged the need for a social dimension in development considerations, there are still problems with social capital's inability to capture certain cultural complexities. In Ghana, this problem has been complicated by the essentialization of the concept as group formation without reference to culture. Owing to this inaccurate treatment of social capital in Ghana, studies of economic development there must narrow further. As Porter and Lyon (2006) show, understanding the specific culture in a context and working within its constraints is more valuable than forcing group membership. By looking more deeply at the traditional norms and cultural structures at work in developing nations, development programs have the potential to affect, more directly, local needs and mesh better with local strengths, offering huge amounts of potential benefits for development.

An example of a study that focuses on the economic potential of cultural structures in Ghana is Chamlee-Wright's (1997) book about the cultural norms followed by female sellers in urban Ghanaian markets. She makes the argument for culturally inclusive development theory, explaining why foreign formal lending structures fail, while informal systems that fit better with local traditions experience more success. For example, her work demonstrates

how local *susu* lenders^{**} can acquire greater knowledge of a local community and use this to lend more efficiently than a larger, less flexible bank. Analyzing religion, kinship structures and other traditional aspects of a number of Ghanaian settings, her work shows that cultural analysis can reveal local sources of wealth and economic potential in developing nations.

However, she limits her study to urban areas, where she admits that migration has damaged kinship and other traditional structures. While she expresses that other forms of economically important culture have evolved to fill that niche, such as market organizations and working relationships, these are less powerful because they cross ethnic and linguistic lines and lack a significant history. Furthermore, this urban concentration disregards the majority of the Ghanaian labor force and nearly half of Ghanaian GDP attributed to agricultural production (GhanaWeb, 2006). Thus, while Chamlee-Wright's (1997) work succeeds in detailing the intricacies of urban Ghanaian culture and how it can produce economic development, it misses the largest amounts of economic potential found in rural areas, where cultural structures are stronger. This is especially important given that agricultural activities dominate the Ghanaian economy.

Therefore, my work focuses on culture in rural areas, because not only do agricultural activities constitute the bulk of Ghanaian economic activities, the cultural values that can be used to spark development are also stronger in rural areas than in the cities. The respected power structures and trust-producing social norms of reciprocity, among other cultural characteristics found in rural communities, create an environment that holds huge potential for development success. Returning to Porter and Lyon (2006), I emphasize cultural capital over social capital, to differentiate my work from the previous development programs in

^{**} The *susu* lending system is a Ghanaian form of microfinance, offering poorer citizens an otherwise unavailable opportunity to save money and acquire credit. *Susu* men operate in individual markets across the country and often use their personal knowledge of their clients to extend more manageable lines of credit.

Ghana, which missed cultural differences because of an essentialized approach to social capital. Using other research and narratives from personal experience, I argue that the cooperative fits especially well with many rural Ghanaian cultural structures and has the potential to drive improvements in economic development, community development and well-being. Focusing as Chamlee-Wright (1997) did on the power of culture specifically—what I term cultural capital—to produce economic success, I show that the cooperative offers all these potential benefits because it meshes so well with surrounding values and norms.

III. Cooperative History in Ghana

Initial validation for the contention that cooperation and communal values dominate in Ghana comes from the history of cooperatives in the country. Cooperatives in Ghana have survived a turbulent history that undulates along with the political changes in the nation during the twentieth century. Through all the upheaval, cooperative structures returned, survived and, when given enough space to operate, thrived. This indicates that cooperatives resemble more closely a customary economic structure for Ghanaians, since cooperators fought opposition throughout history to continue to participate in cooperative economic organizations. Interestingly enough, the cooperative was brought to Ghana by the British in 1928, so the structure itself is not truly Ghanaian (Young, Sherman and Rose, 1981). However, as history indicates, something about it resonated strongly enough with Ghana's socio-cultural structure that it resiliently emerged time and again, contrary to what one would expect from a history this arduous.

The Beginning of Ghana's Cooperative Movement

The history begins in the colonial era, when the British government dictated the economic activities of the Gold Coast colony. The Berlin Conference's partition of Africa in 1884 completely disregarded ethnic boundaries on the continent, placing many distinct groups together within the new artificial borders. The ethnic conflicts that resulted would seem to discourage cooperative enterprises, but the ones that the British set up in Ghana successfully operated on a smaller scale. Typically based in individual communities, these colonial cooperatives avoided cross-cultural conflict and experienced prosperity, as a result of the common bonds among workers. Despite these limits on their scope, these organizations proved significantly successful. However, these cooperatives were not intended to promote development and autonomous local economic success in any way. The colonial government's biggest priorities were, instead, stabilizing cocoa production and increasing the colony's export base (Couture, et al, 2002). Only looking to improve small cocoa producer quality and reliability to satisfy the European market, the British colonists had their own interests at heart in introducing the cooperative to Ghanaians. These colonial cooperatives stressed timeliness and consistent quality in production and exportation of a single crop: cocoa (Young, Sherman and Rose, 1981). With little or no interest in sustainable economic development, this move likely hoped that by tying the cocoa farmers' economic fortunes together, they would become more efficient and more easily controlled at the same time.

However, the cooperative idea and its democratic teachings caught on in a much different way than the British had expected. Owing in large part to the community and family ties in rural communities, Ghanaian cooperators began to demand more individual

control over their businesses. In 1937, in response to this, a number of European cocoa importers colluded to set the price paid to all cooperatives. When this information reached the cooperatives, the chiefs and local farmer groups organized a successful boycott of the European cartel (Young, Sherman and Rose, 1981). The strength of this collective action came from the connections within the communities that the Europeans based the cooperatives in, as the members all cared for one another. This, however, represented too forceful of a display of power, causing the British to enact the Cooperative Ordinance of 1937. This effectively gave the colonial government the power to abolish any cooperatives that did not follow British demands closely enough (de Graft-Johnson, 1959). Following this was a period of decline for cooperative businesses, as a result of the strict controls. The structures would start to rebound during World War II though, when the British swung their focus to Germany and relaxed their supervision of cooperatives in Ghana.

With reasonable freedom to operate accorded to the businesses once again, the cooperative movement experienced an extended period of success and prosperity. A cooperative bank formed in Ghana and provided credit to the cooperative institutions seeking to widen the scope of their operations. The cooperatives also circulated the *Gold Coast Co-operative Newsletter* during this time period. Based in Europe, this periodical promoted the democratic and economic benefits of cooperative organization with success stories and recommendations from Ghana and the rest of the world. No longer solely about improving the export structure of the colony, the democratic nature of the cooperatives began to deliver forward-thinking ways of viewing the situation in the Gold Coast to cooperative members (Sparkes, 1951). While they still catered to importers in Europe, cooperatives experienced much growth and affluence during this era, causing some to refer to the period as the

“Golden Age” of cooperatives in the cocoa and banking industries (Young, Sherman and Rose, 1981). Their numbers and profits increased, they accumulated capital assets and heeded *Newsletter* advice to make the areas which they lived in better places (*Gold Coast Co-operative Newsletter*, 1951). Yet, the success of this era ended with the political changes accompanying independence, when Kwame Nkrumah’s government erased all that the cooperatives had achieved during this time period.

Cooperatives after Independence

The “Golden Age” of Ghanaian cooperatives effectively came to an end shortly after independence when new president Kwame Nkrumah created the National Co-operative Council (Ackah, 1961). This government controlled agency held total control over Ghana’s entire cooperative movement. Unlike the time spent under the continually loosening supervision of colonial rule post World War II, cooperatives now answered directly to Nkrumah’s government. This proved to be a temporarily fatal change for the movement, because putting the organizations under one government council served only as a preparatory step for the next action. In 1961, Nkrumah liquidated all Ghanaian cooperatives and devoted their resources to the new state-run economy. Cooperative members received no compensation for this action and lost \$3 million in capital and savings (Young, Sherman and Rose, 1981). From that point forward, cooperatives existed in nominal form only, owned and operated by the state with no freedom for the producers to act independently.

Up until a coup d’etat removed Nkrumah from power in 1966, cooperatives run by his Convention People’s Party had a monopoly on the cocoa market (Esseks, 1971). The C.P.P. dictated the prices paid to cocoa producers and determined which ones would receive

government money. This forced individual cocoa producers to follow government agricultural policy and suffer through its often politicized decisions regarding the sector. During his time in office, Nkrumah used organizations identified as cooperatives in attempts to win votes in rural areas, as state farm locations were often selected for political reasons rather than economic considerations (Due, 1969). The C.P.P. sacrificed the gains of cooperatives in the previous two decades for the goals of the state economy, leading to ineffective management based on political rather than economic interests. This period also saw the demise of the budget surplus that existed when the C.P.P. took power in 1957. As a result, the agricultural sector as a whole took a step backwards, while the cooperatives found themselves crippled through the loss of capital and with massive rebuilding to do after 1966.

At last with some semblance of freedom under the post-Nkrumah governments, the cooperative movement began the process of starting over. Even though the movement was deprived of all the capital it accumulated before 1961, Ghanaians still gravitated back toward cooperatives when Nkrumah was removed from power (Asiedu, 1970). Growth in the sector came about slowly due to the absence of capital, until I.K. Acheampong's military regime took power in 1972. Mired in government corruption, Acheampong's administration identified cooperatives as an easy scapegoat, owing to the connections formed between the state-run cooperatives and the government under the Nkrumah regime (Young, Sherman and Rose, 1981). He abolished state-sponsored cooperatives in 1977, leaving the still recovering independent cooperatives to carry the movement without any financial or strategic support from the government. Moreover, this caused the word "cooperative" to become associated with corruption and government unscrupulousness. Set back again by political turbulence, cooperatives would experience yet another rebirth when Jerry Rawlings took power and

began to liberalize the economy in the early 1990s. Even though the cooperative movement had to restructure itself yet again, this turn toward a market-oriented economy presented the cooperatives with a future potentially free from detrimental government intervention.

Through all this historical mayhem, the cooperative movement survived. However, the movement had still not fully recovered from Nkrumah's liquidation and popular opinion now associated cooperatives with government corruption. In general, Ghanaians have since forgotten about the successes of the cooperative movement during the end of the colonial period (Dame, 2005). This does not suggest, though, that such political turmoil faces cooperatives in the future. Since Rawlings turned his government into a democracy, Ghana has gone through an extended period of peace and stability. Past disorder should not discourage promotion of cooperatives in Ghana, since all aspects of the economy were affected by the political struggles, not just the cooperatives, and now these economic disturbances seem to have come to an end. While cooperatives have not fully rebounded from their historical difficulties, the liberalization of the economy and democratization of the government present the movement in Ghana with its best opportunity yet.

More notably, the resiliency of the cooperative movement, throughout a rather turbulent history, lends credence to the theory that cooperatives fit the Ghanaian economic structure better than other types of firms. This history, by itself, is not concrete proof of that notion, but it serves as a supplemental piece of evidence for this paper's argument in favor of promoting the cooperative movement for development today. Forced to start from scratch over and over again, Ghanaians returned to the cooperative concept each time, which indicates that some aspect of it meshes extremely well with Ghanaian culture and economic desires. Lyon's (2005) findings support this, through his contention that, because social

norms become internalized to such a great extent, cooperation in Ghana is basically habitual. Ghanaian cooperatives employ this cultural capital more effectively than any other structure, holding huge potential benefits for economic growth and development if used properly.

IV. Cultural Framework

“Ghanaians do not operate from a capitalist mentality.”
-Professor Akosua Darkwah, University of Ghana-Legon

This section supports Professor Darkwah’s statement above with cultural examples, which show strong Ghanaian tendencies toward cooperative structures rather than strictly hierarchical capitalist ones. It includes information provided by previous academic studies as well as instructive narratives from my personal experiences in Ghana during the summer of 2005. As Lyon (2005) tells us, past research on managing Ghanaian labor has stressed the importance of understanding cultural obligations of behavior, which influence actions in ways that a traditional economist would find surprising. Ghana’s economy faces a number of unique challenges, so to effectively deal with them we must first attempt to appreciate the context in which they came about. This cultural background fills a significant need for the purpose of this study: that is, in order to evaluate the cultural capital present, we must first understand the similarities in cultural structures and outcomes at work in rural Ghana. These cultural tendencies are not identical across groups and locations, but most rural communities in Ghana appear to fit these general characteristics.

Religious Beliefs

Religious beliefs factor importantly into cultural considerations, especially when investigating the potential for cooperation.^{††} This becomes complicated in Ghana though, where local, colonial, Islamic and Western influences all have played some kind of role. While Christianity and Islam are the two most prominent religions now, these have not fully replaced traditional beliefs, but have only added another layer of social influence on top (Chamlee-Wright, 1997). For example, drumming and dancing accompany Sunday church services, Akan adinkra symbols are frequently visible and traditional religious figures will often appear, with substantial support, at the vastly important rivalry and national team soccer matches in Ghana. These examples, along with many others, demonstrate the visible mix of Christianity, Islam and traditional beliefs in Ghana.

As a result, traditional religious tenets and emphases warrant consideration if we are to better understand Ghanaian culture as a whole. According to Chamlee-Wright (1997), both the Akan and Ga ethnic groups, which account for most of Ghana's southern and central regions, have practical religious structures that reward hard work and the act of bestowing gifts on kin. Through this emphasis of supporting kin, these beliefs support family capital accumulation during times of financial distress or when start up capital for an economic venture is needed. The Akan concept of *nkrabea* stresses the necessity of a strong work ethic in every day activities to fulfill each person's unique destiny. So, while most Ghanaians belong to a non-indigenous religion today, these traditional beliefs still factor in heavily,

^{††} Shared religious values have contributed to the success of participatory management structures in a number of locations. In both the Antigonish Movement in Nova Scotia (Dodaro and Pluta, 1995) and the Mondragon system in Spain (Lutz, 1997), the church brought people together in solidarity with one another, which led to successful economic cooperation. Similarly, in Israel, kibbutz members found their common ground in shared Jewish values and earlier experiences with anti-Semitism in Europe (Ruffle and Sosis, 2006). Each of these organizations was able to thrive on the trust and communal support found in shared religious bonds.

reinforcing hard working and communally supportive tendencies that serve as a basis for the cultural capital found in rural communities.

Culture and Economic Activities

These forms of cooperation and assistance appear prominently in economic activities as well. More concretely, they are reflected in a set of anticompetitive practices in the Ghanaian marketplace and the greater success of decentralized systems of credit lending and conflict resolution, when compared to the corresponding hierarchical Western structures. In general, these cultural tendencies demonstrate why Western organizations might face resistance in Ghana, while the cooperative's encouragement of mutual helpfulness and broader distribution of authority resonate strongly with these cultural characteristics.

Lyon (2005) shows how the shared cultural experiences and levels of trust result in a set of normalized anticompetitive attitudes in Ghana. Easily visible in many local markets, vendors will frequently manage stalls for their competitors when they fall sick, or offer other sellers additional product supply or financial support in times of need (Chamlee-Wright, 1997). For example, when a vendor does not have a soccer jersey that a prospective purchaser desires, a neighboring seller with that specific item will hand it over to the first vendor, with the expectation of reciprocation in the reverse circumstance and a share of the income generated. The second vendor will not try and cut the first one out of the transaction completely, but will work with him or her instead. In most markets, it remains very rare to see neighboring vendors actively compete against each other, despite selling identical products at roughly identical prices. The reciprocal nature of the supportive interactions between rival producers or sellers indicates that Western models valuing competition may

not be perfectly applicable here, whereas the cooperative model includes aspects of communal support.

Culture also explains a tendency away from hierarchical Western structures in Ghanaian economic activities. Informal lending through each market's *susu* person, or local microfinance creditor, has often proved more successful than formal Western lending structures. Because of the importance of social, interpersonal interactions (Salm and Falola, 2002), these *susu* men have in-depth knowledge of their clients and the local market from personal experience and gossip (Chamlee-Wright, 1997). As a result, they can better gauge the credit worthiness of potential clients and usually extend credit to people who would not qualify for a loan at a bank following more Western procedures. Cooperatives take the in depth knowledge of others' reputations found in these communities and use the trust that it creates to develop a sustainable enterprise. Since people in these communities know each other so well, as with the *susu* lending example, the trust and personal information needed for successful cooperation already exists, meaning that a hierarchical system of regulation is unnecessary and even detrimental.

The decentralized system of arbitration found in Ghana also differs from the West's strictly top-down government system and hierarchical business decision making structure. Judicial decisions are often reached informally through a council of elders or a local chief for social offenses, or a market leader in economic situations (Chamlee-Wright, 1997). Without any enforcement from the state or the courts, these decisions hold up because the people themselves regard those authorities as having decision making power. As a result, Ghanaian cultural tendencies appear to resist Western capitalist structures and styles, locating power and commercial effectiveness in a decentralized, small scale, community oriented system.

The cooperative's preservation of small scale operations and more even distribution of authority fits much better with these methods of conflict resolution in Ghana than a hierarchical structure would. Overall, these reflections of Ghanaian culture in economic activities and religious beliefs indicate that the cooperative is positioned better to take advantage of Ghana's cultural capital than its classical counterpart. Even more, the cooperative can operate within Ghana's land ownership systems, which protect the community norms and traditions in rural areas and thereby reinforce the positive benefits from cooperation even further.

The Role of the Land Tenure Systems

The exceedingly complicated land tenure systems in Ghana represent a necessary piece for comprehending the specific cultural situation there and its emphasis on cooperation. These longstanding systems reinforce the tendency toward decentralized control in Ghanaian culture and also protect and strengthen the cultural capital in rural communities. A historical look at land ownership better explains why the structure remains in a similar state today. The British came to power in Ghana with the Bond of 1844 that, while taking political autonomy from the indigenous people, left land rights completely untouched. Indirect rule of the then called Gold Coast continued in this way until independence in 1957. Rather than administrate every corner of the colony, the British elected to rule through a set of local chiefs dispersed throughout the country. This cemented the role of chiefs in the economy, through their continued control of a community's access to economic resources (Lyon, 2005), as well as a decentralized power structure mirrored by other Ghanaian cultural inclinations. Because the British did not impose a Western land ownership system during its

rule of the Gold Coast, the traditional, segmented land tenure systems in Ghana continue to function in many rural areas of the country today.

Land ownership proves crucial to this analysis of Ghanaian culture because, not only does it provide Ghanaians with their economic livelihood in many cases, it also proves membership in a particular social group (de Graft-Johnson, 1959). Ghanaians traditionally draw these rights to land use along family or community lines, relying on their individual or familial plot to validate their belonging to a village, ethnic group or other social unit. Complicating this for outsiders is the variation of land inheritance structures across Ghana's many ethnic and linguistic groups. For example, while the Akan ethnic group is matrilineal in reference to inherited land, the neighboring Ga people are traditionally patrilineal (Kwabia, 2005). As a result of their intricacy and significance to Ghanaians, particularly in rural areas, the land ownership structures in Ghana have proved incredibly difficult to break down throughout history. Through their resiliency, land ownership systems have impacted the economy significantly already, limiting the number of large scale multinational corporations and plantations in the country through the decentralized structure's complexity and the cultural significance of land ownership.

Because multinational corporations and plantations could not gain a significant economic foothold in Ghana, small scale agriculture continues to dominate the economic activities of the West African state. There are benefits to this set up, most notably in the avoidance of multinational companies and their penchant to exploit laborers and the environment (Ismi, 2003). However, this setting provides few prospects for domestically driven macroeconomic growth, as larger scale economic enterprises have much stronger growth propelling characteristics. These opposing forces—the desire for growth and the

cultural importance of the small scale land ownership systems—strengthen the argument for the cooperative because it works with both. Through a pooling of assets, cooperative members gain access to the improved purchasing power, assets, technology and collective producer capability known to large companies. At the same time, each member autonomously controls his or her own farm or business, preserving the decentralized structure enforced by the land tenure systems. Because of this ability to navigate these highly segmented systems, the cooperative can benefit from not destroying the traditional community norms that support cooperation. These cultural bonds then can be used to sustain cooperative activities and create a more powerful economic engine overall, without risking foreign exploitation.

The land tenure systems are also so significant because they protect and enforce the social norms and traditions that facilitate cooperation. Many of these local communities center on the importance of collaborative and cooperative activities, which grow out of the tight network facilitated by the land ownership systems. As Lyon (2005) explains, communal groups gain strength from knowledge of others' reputations and the power of traditional cultural sanctions, which give all members confidence that any debts to others will be repaid in full. These debts are frequently social, evidenced by endless trails of reciprocal gifts for celebrations and offerings of condolences and mourning after a death. The sanctions come from the cultural norms that are common across the entire group. Ghanaians typically place a great deal of weight on interpersonal interactions and the importance held by the group over the individual (Salm and Falola, 2002). Therefore, a lack of adherence threatens meaningful personal shame for anyone who defects from this reciprocal system. Tying the group together in close proximity makes information about each person's history more

accessible and there is frequently a lack of privacy in rural villages (Chamlee-Wright, 1997). Owing to that, the land tenure structures create added scrutiny for all members to adhere to these social norms, compelling cooperation among residents of many rural communities.

Furthermore, rural life increases the power of group sanctions, since leisure time in most communities is defined by social interactions with other members of the group (Salm and Falola, 2002). Therefore, sanctions, such as expressions of group displeasure, expulsion from the group, social punishments, a loss of prestige, personal shame or forced departure from a community (Porter and Lyon, 2006), prove more threatening in rural communities because of that group's control over all aspects of life. As a result, while rural life has also adapted to a number of outside influences, it preserves culture and compels adherence to traditional norms better than social and cultural structures in cities (Salm and Falola, 2002).

In these communities, the land tenure arrangements also help protect the power and viability of these structures through their preservation of a greater amount of cultural homogeneity within rural areas, relative to urban settings. In cities, the arrival of people from other groups and higher levels of Western influence often break down existing cultural structures. The sense of kinship and community in rural areas is often reinforced by annual festivals that celebrate the community, but the congestion and diversity in big cities, like Ghana's capital of Accra, has stopped these festivals from continuing in their original form (Salm and Falola, 2002). Language divides that result from the widespread urban migration limit the cooperative capability of urban residents too. For example, bread sellers outside the city of Nsawam all came from different areas, spoke different languages and did not engage in formal cooperative activities as a result (Danquah, Adarkwa and Odum, 2005). So, the land ownership structures preserve even more cultural capital because they organize

communities along cultural and linguistic lines, generating a higher level of trust and potential for cooperation. Thus, going beyond Chamlee-Wright's (1997) urban focus opens up a much larger realm of possibility for culturally driven growth in rural areas.

Ghanaian tendencies away from strict hierarchies and the cultural emphases on mutual support and teamwork explain why Ghanaians do not strictly adhere to capitalist customs. The land tenure systems reinforce the decentralized set up visible in a number of economic and cultural activities and also work to protect these cultural traditions. So, the need for a structure that can work within these cultural norms and the land tenure system is certainly great, since Western development programs have suffered from their inability to satisfactorily accommodate Ghanaian culture. The cooperative fits perfectly here, since it can operate without breaking up the land tenure systems. At the same time though, it unites Ghanaians in a larger enterprise that can drive growth and development. Furthermore, preserving these structures and community values allows the cooperative to benefit from Ghanaian cultural tendencies toward cooperation and reciprocity. Not only does this cultural framework explain why previous development efforts fell short of their goals, it points directly to the cooperative as the structure best suited to work within this cultural configuration and take advantage of the cultural capital found within it.

V. Ghana's Cultural Capacity for Successful and Efficient Cooperation

Having established that the cooperative fits within Ghana's cultural scheme, this section looks more narrowly at the role of culture in providing for successful cooperative activities. The economic literature on cooperatives, and participatory management in general, is very extensive, but all in all inconclusive. First, there are plenty of arguments that

cooperatives, or other participatory structures, enhance efficiency. Levine and Tyson (1990) believe that the shared interests and trust brought about by participation engender a lower level of shirking on the job by workers. Pencavel (2001) states that with a strong culture of trust and respect, there will be more positive incentives for working harder and monitoring other workers. Bowles and Gintis (2003) further develop the argument in favor of participation, by claiming that it increases each worker's pride in his or her job, causing higher levels of productivity.

Alternatively, other economists dispute the benefits of participatory structures to efficiency. Alchian and Demsetz (1972) argue against participation, believing that allowing regular workers into positions of power creates a void of management expertise. In addition, they contend that shared incomes will increase shirking, due to the collective action problem of people working together in a group without individualized compensation. Jensen and Meckling (1979) offer the idea that by allowing all workers to participate in decision making, a firm leaves its choices up to people who are not qualified to make them. They also suggest that since all workers are most interested in maximizing personal profit, they will often put their own interests before the firm and hinder the long term prospects of the group, through underinvestment toward future goals. Additionally, Williamson (1985) maintains that involving all workers in making decisions creates too many unnecessary activities, regardless of any impact on motivation.

Clearly, there is far too much disagreement to generalize that either position is completely valid. Ireland and Law (1988) affirm this idea that participation can not be expected to have the same result in any situation other than in the one studied. Owing to these contrasting positions on productivity, there is no clear picture of the impact that a

certain form of participation would have on a randomly selected firm. These issues are further compounded by the potential for error in empirical studies on the topic. Many such inquiries are mired in multicollinearity errors in data, because it is difficult to distinguish just which factors truly affect productivity. Disentangling the ownership variables from participation in decision making variables also proves complicated, in trying to measure the level of meaningful involvement of a worker in a firm. Moreover, there is a high potential for bias in the survey data used to measure perceived levels of participation, because of the subjective nature of variables measuring levels of employee participation. This means that we may not have a reliably accurate picture of how effective participatory structures are, given the current theoretical and empirical literature.

Ghanaian cultural capital alters this debate however. Lyon's (2005) study does an excellent job of outlining the value of Ghanaian cultural norms to promoting cooperation in rural situations. He focuses on three general features of Ghanaian culture that, when combined, lead to successful cooperation in economic activities: incentives, group power and trust. They achieve this by bringing an individual to act in the group's best interest and support the collective effort, instead of furthering his or her own goals at the expense of the group. This clearly demonstrates the importance of considering culture in development activities. While significant efficiency concerns would normally face a cooperative, Ghana's cultural capital alleviates the major problems with productivity and sets the stage for sustainable and efficient cooperation.

Incentives, Group Power and Trust in Ghana

The first requirement for successful cooperation outlined by Lyon (2005) is an incentive to cooperate for each individual. The clearest example of this is the potential increase in income that might result from participation in a cooperative. However, he contends that this cannot sustain cooperation on its own. Citing examples of failed attempts at participatory enterprises in instances with similar economic incentives, he shows that other constraints must be present to ensure that a proposed form of cooperation will not fail. For example, another study found no benefits from employee ownership unless certain changes to a firm's ownership culture are made, through such things as increasing employee participation in decision making (Logue and Yates, 2001). Incentives toward employee ownership or forms of cooperation show up in many situations where these techniques fail, so the amounts of group power and trust, both derived from Ghana's cultural capital, must be the differentiating factors that bring about successful cooperation.

The first distinguishing characteristic then is group power, or control over individuals within the group, by the group. While Lyon uses the term power in his work, this characteristic more closely resembles the potential for group mobilization in this instance. This type of power enforces a sense of team spirit among the members of the cooperative venture and imposes sanctions on those who violate it, putting pressure on individuals to support group goals ahead of their own. Groups find this type of persuasion in strength in numbers, sources of accepted authority and peer pressure (Lyon, 2005). All of these fit well with the Ghanaian cultural structures mentioned before, which the land ownership systems help strengthen by preserving cultural homogeneity and community bonds.

To begin with, control of individuals by the group can result from the strength in numbers that living as a part of a community or working in a larger group setting necessarily produces. Secondly, certain Ghanaian communities continue to locate authority with a traditional chief or other local authority, with the chief's power often checked by a council of elders and leaders of other aspects of society, like the heads of markets. While these sources of authority do not fall in a strict hierarchy, they are accepted by all members of a community. As discussed earlier, established sources of power operate in a decentralized manner in Ghana, which diffuses leadership more widely and evenly throughout a community. Still, through their culturally identified authority, these forms of leadership for the community help settle disputes quickly and structure the decision making processes for group activities. Lastly, similar to the concept of strength in numbers, the more people involved in working toward the same goal, the more peer pressure they place on each other to follow the rules. Vanek (1970) references this as a natural constraint that holds everyone to a certain standard, which develops from working as a part of a team. The traditional Ghanaian community structure, found most often in rural areas, provides the numbers, sources of authority and peer pressure necessary to ensure that people adhere to group policy. Therefore, this kind of group power holds extreme importance for a cooperative organization seeking to accomplish a set of group goals.

The second essential factor, and perhaps the most important, is trust. Levine and Tyson (1990), Logue and Yates (2001) and Pencavel (2001), among others, assert that the social cohesiveness and trust present among workers is incredibly important in creating the level of organizational capital needed for a successful cooperative venture. Participatory enterprises need trust to ensure that people will not free ride and hinder the firm's operations.

With trust in one another, group members expect everyone else to do his or her part and will work to match that expected level of effort, thus avoiding the collective action problem.

Lyon (2005) identifies trust as coming from three significant characteristics of a cooperative group: kin and community ties, working relationships and intermediaries, and leaders. He also calls it a self-reinforcing aspect, which grows stronger every time it is used. Like the requirements for group control, Ghanaian cultural systems correspond impressively well with these trust producing features.

The most powerful of the trust producing characteristics are the kin and community ties, because of the social importance of the community, its power over the individual and the various Ghanaian cultural emphases on family, such as the religious principles discussed previously. Dodaro and Pluta (1995) also assert the importance of community ties in their case study from Nova Scotia, describing how these connections led to the massive participatory group mobilization that reinvigorated the local economy. These bonds are clearly present within a cooperative enterprise that develops out of a traditional Ghanaian social unit. Next are the working relationships and friendships that come from spending time together and reciprocating instances of kindness. Ghanaian cultural norms find their base in these very reciprocal actions, from long, drawn out expectations for simple social greetings to the giving and receiving of gifts. These cultural requirements help create the trust necessary for successful cooperation, since everyone assumes that the others will adhere to the same set of group norms, even in the informal act of simply greeting other members of the community (Lyon, 2005). Lastly, leadership, though often decentralized, is clear and respected within social units governed by chiefs or other local leaders or committees. This produces trust in the decision making processes run by those individuals or groups.

Combining these aspects of trust with incentives and effective methods of enforcing team spirit, Ghanaian cultural attributes put the priority on the group's goals instead of personal interests. This provides the opportunity for sustainable and productive cooperation.

How Culture Can Improve Efficiency

Lyon's (2005) analysis of the trust and power found in Ghana's social groups effectively counters the more prominent arguments advanced against cooperation in the economic literature. As a result, cooperatives in this setting can be more efficient, because of the cultural capital found in Ghana. In this section, I return to the main efficiency concerns surrounding cooperatives, juxtaposing them with Lyon's (2005) contentions about how incentives, trust and power sustain cooperation. This demonstrates how cultural capital essentially defuses these theoretical worries about cooperative structures and creates the potential for highly successful and efficient cooperative activities.

To get started, Jensen and Meckling (1979) claim that cooperators will reduce pareto optimality by concerning themselves more with personal interests than those of the group. Lyon's (2005) findings answer this clearly, by indicating that the combination of trust and group power ensure that members of a cooperative will act in the group's best interest, rather than their own. Additionally, Alchian and Demsetz's (1972) worries about problems of collective action are neutralized by considerations of trust and the ability to impose sanctions in rural Ghana, which bring us to expect that everyone will do his or her part. Furthermore, Williamson's (1985) claims that participatory structures inefficiently involve too many people in making simple decisions is accounted for after considering Lyon (2005). Because of the respect for the various sources of leadership found in the Ghanaian community, the

cooperative structures in Ghana will not reflect the administrative bottleneck that Williamson imagines.

All in all, the Ghanaian cultural characteristics of trust and group power alter the debate over the efficiency of cooperatives in this particular situation. Whereas cultural structures might have resisted Western forms of organization, the cooperative meshes so well with Ghanaian culture that it has the ability to improve rural productivity. By working within the rural cultural structure, the cooperative can take advantage of the extremely strong bonds that exist between community members, with cultural ties serving as the common ground that unites them. This employed cultural capital allows Ghanaian cooperatives to circumvent the most pressing concerns about participatory efficiency. From there, they can move on to enjoy numerous theoretical benefits, which can match, and go beyond those offered by a classical development plan.

VI. Benefits from Cooperation

Because of its maximization of the country's cultural capital, the potential benefits that Ghana could derive from a stronger cooperative movement exceed those offered by both classical Western development programs and traditional small scale practices. The cooperative structure holds a number of advantages for development, but these are only realized if cooperation is successful and sustained. The cultural capital found in Ghana allows the structure to operate successfully and efficiently in this context, opening the door for the development propelling characteristics inherent to the cooperative structure. Furthermore, its fit within traditional Ghanaian structures protects the cultural norms and values that are so important to the Ghanaian people. A look at the economic, social and

community and well-being benefits that accrue under successful cooperation, as well as some pertinent examples, demonstrates more clearly how valuable cooperatives could be in a setting where they mesh with the culture.

Economic Benefits

Although this focus on cultural development seeks to move beyond analyses that use exclusively economic factors, these aspects still play an important role in driving growth. Looking only at economic outcomes, the cooperative fits the requirements for growth and development laid out by traditional development theories. As mentioned previously, many traditional theories of economic growth and development focus exclusively on capital accumulation and improvements to the efficiency of that capital. Because the cooperative opens poor rural areas in Ghana to the possibility of capital ownership and improvements in efficiency, even classical development literature would support its implementation. Since the cooperative's organizational structure pools the assets of a group of people together, members necessarily have the ability to purchase larger amounts of capital. Returning to the cultural capital discussion, because the cooperative fits so well with Ghanaian emphases on teamwork and community bonds, these enterprises can also operate more efficiently than a traditional firm. As a result, even when looking strictly at economic outcomes, as many development theories do, the cooperative still offers the potential for substantial economic growth and development.

While the ways in which cultural capital helps Ghanaian cooperatives improve capital efficiency were mentioned earlier, economic literature has also clearly established that cooperatives assist people in poorer communities with capital accumulation. Dodaro and

Pluta (1995) illustrate how the pooling of resources within an impoverished region in Nova Scotia created a larger base from which necessary amounts of capital could be purchased, leading to widespread economic revitalization. Merret and Walzer (2004) echo this, expressing, specifically, the ability of cooperatives to assist American farmers with larger marketing power and, more generally, the potential of rural cooperatives to have a noticeable impact on local and even state economies. The benefits from participation that the authors found in each case show the power of participatory structures to accumulate capital in a localized situation. These larger amounts of capital available to cooperative members, in concert with the cultural norms that support cooperation, demonstrate the ability of a cooperative movement to spark significant economic growth and development in Ghana.

Furthermore, rather than leaving that capital in foreign hands under a multinational enterprise, the cooperative places rural Ghanaian capital under local ownership. This concentrates the benefits of such a system on the people who need them the most, as the returns on locally owned capital accrue to rural Ghanaians themselves. Once again, the cooperative's operation between two economic extremes—Ghana's small scale system on one end and the multinational corporation on the other—proves advantageous, through its improvement on local prospects for generating growth and direction of the benefits of that growth to the rural areas that need them the most.

Quite possibly the best example of cooperative success in Ghana, and a good indication of these potential benefits, comes from Farmapine Ghana Limited, a pineapple farming cooperative based around the city of Nsawam. Farmapine was created by the unification of five smaller cooperatives in 2000. Since then it has created jobs, slowed migration to the cities and raised member crop yields en route to becoming the second largest

exporter of pineapples from Ghana (Yeboah, 2005). The individual farmers could not have achieved such success operating as individuals. This cooperative therefore exhibits the potential for smaller producers, and then smaller cooperatives, to grow into economically prominent vehicles for development and growth. Farmapine has achieved impressive economic success by accumulating more capital and improving farmer productivity through technological advances, extending these benefits to the wide variety of local areas under its larger supervisory structure. Even with that growth, every worker remains involved in Farmapine's business activities, as the company holds monthly meetings for all cooperative members at its Nsawam headquarters. This example, of a few rural cooperatives creating an enterprise that is highly relevant on an international scale, demonstrates the extent of the potential that the cooperative movement has in Ghana.

Social and Community Benefits

There are also numerous positive economic externalities for the communities in which cooperatives are based. Vanek (1970) tells us that cooperatives will care more for their surrounding areas and populations because all members, including the higher level employees, come from the same area and know each other personally from living together. Owing to that, Pencavel (2001) shows that a cooperative structure typically increases economic stability for all of its members. Because of these stronger bonds from living together and working alongside one another in a more egalitarian workplace, cooperators usually try harder to maintain employment through economic recessions. As a result of the close relationships present within the firm, cooperative members are much more likely to all take a pay cut than to lay off a number of their peers. This aspect makes a huge difference

for the people used to a subsistence lifestyle, since these are prone to dangerously heavy influence from even small economic swings.

Moreover, Pencavel (2001) goes on to show that cooperatives assist community development as well, terming this feature of the organization “collective consumption.” Collective consumption indicates that cooperative members will work together to improve the levels of capital and infrastructure development in their local area, because they derive similar community development needs and goals from living in the same place. Furthermore, because of their ownership stake in the firm, the cooperative members will have more control over company profits than workers in a traditional firm would. Through this, cooperators have a higher probability of applying these newfound economic profits to correct problems in their local areas. They exhibit this through assisting with community projects to build schools, hospitals and other infrastructure development ventures.

Striking proof of the importance of community development to cooperatives exists in recent reports from Ghana’s Department of Cooperatives. Between 1997 and 1998, the Taabe-Nyelum Cooperative Multi-Purpose Society Limited donated 4.1 million Cedis^{‡‡} worth of food items to its home district during a period of hunger, the Tano District Cooperative Distillers and Retailers donated bed sheets to its local hospital, the Adelekazo and Ezioom Cooperative Distillers and Retailers are working together to construct a school in their region and the Brong-Ahafo Distillers and Retailers Central Union contributed to the construction of a local hospital (Buachie-Aphram, 1999). Those are only a few instances, but clear evidence exists that community development holds a special importance to members of cooperatives.

^{‡‡} On January 1, 1998, 4.1 million Cedis translated into \$1,806 at an exchange rate of \$1:2,270 Cedis (OANDA, 2007). For a rural cooperative, that is an extremely significant amount.

Next, cooperatives are advantageous for local development because they are egalitarian organizations. Under these schemes, even low-ranking workers get the opportunity to play a meaningful role in determining their economic futures. This aspect leads to improved self esteem among workers, especially for those working in menial jobs (Bowles and Gintis, 2003). It also promotes a sense of empowerment and self-determination uncommon to economically deprived situations, encouraging, through active employee participation, the idea that all people can control their economic environment (Dodaro and Pluta, 1995). In addition, these workers gain access to leadership and business education and training, through inclusion in the top tier and financial operations of the cooperative. This strengthens the firm by giving it a more flexible set of workers (Knudson, 1995).

Participation in higher level activities also increases transparency within an organization, since every employee can witness and be a part of the decision making process, which establishes greater levels of trust in higher level managers (Lyon, 2005). Cooperative members learn a great deal through their participation in business activities, causing even the colonial *Co-operative Newsletter* to hope that cooperative members will come to be Ghana's educational and political leaders (Quansah, 1951). Not only effective as a combination of small and large scale economics, the egalitarian teachings of cooperatives can translate to movements for positive change in the community that are led by cooperative employees.

The cooperative movement in Ghana adheres to these egalitarian ideals in terms of gender as well. In the mid-1990s, the Department of Cooperatives created a women's unit to focus on expanding cooperative programs run by Ghanaian women (Buachie-Aphram, 1997). This echoes the cultural norms of Ghana's largest ethnic group, the Akan, who attribute a significant amount of power to women in each social unit and follow a matrilineal system of

inheritance (Stoeltje, 1997). Therefore, this is yet another example of how the cooperatives fit in with cultural systems in Ghana, this time through their attention to gender equality. Because of the significant role played by women in Ghanaian society, the Department of Cooperatives' expansion into that area generates even more possibilities for the movement to grow.

Lastly, the cooperative structure does not force the Ghanaian people to give up their cultural traditions in order to achieve economic growth and development. While most Western development structures would significantly alter the typical rural Ghanaian lifestyle, the cooperative allows most cultural practices and values to remain in tact. Not only do these aspects strengthen a community and support the cooperative process, they are part of a much larger tradition that holds tremendous meaning for the members of these communities. Therefore, the cooperative's ability to operate as a part of this cultural context constitutes a hugely important community benefit, since the Ghanaian people are able to hold onto their cultural traditions and practices under this structure, while still moving towards development.

Fittingly for a country with cultural focuses on sharing and working together, the benefits from cooperation do not limit themselves to the members of the firm. The organization brings together people of similar needs and supplies them with funds to address those issues, which increases the probability that extremely valuable community development projects will take place. Additionally, by pooling resources and risks, the cooperative structure protects members against economic swings, significantly improving living standards in rural areas through this added stability. Moreover, these firms develop Ghana's human capital, as all members contribute democratically to the enterprise's decisions making processes and many firms offer substantial training sessions for their

workers. The lessons learned in cooperative practices can easily transfer over to political and other social arenas, expanding the reach of these benefits even further. All of this is achieved by a system that operates within Ghana's cultural structures, allowing the residents of these communities to continue their deeply meaningful cultural traditions and practices. The extent to and way in which cooperative benefits are felt throughout each rural community distinguishes this organization from other development structures, in which the programs require cultural changes and the advantages reach only a small group of people.

Well-Being Benefits

Measures of economic growth and development, like the Western development programs themselves, often focus extensively and exclusively on economic indicators, specifically GDP. This, however, ignores the impact that economic policy has on individuals in a given country. As Gadrey and Jany-Catrice (2006) explain, GDP is concerned with outputs, not outcomes. It focuses on numbers rather than intangible factors, by using quantity to judge the quality of development promoting institutions. The statistic is also unable to display the distribution of development program benefits across income or ethnic groups. Furthermore, it treats spending that causes damage equal to spending that creates benefits. As a result, well-being indicators have grown in prominence as an alternative to simpler economic measurements built around GDP. Though certain difficulties surround these indicators, such as problems of accurate measurement and the numerous confounding factors that may influence these variables, they still augment this analysis. By conceptually evaluating the cooperative's ability to attend to the well-being variables labeled as significant

by a number of different indicators, we can see how the cooperative structure can contribute to development through yet another lens.

The United Nations' Human Development Index (HDI) represents one of the most basic well-being indicators. Developed in 1990, its calculation averages three separate indicators: per capita GDP, life expectancy at birth and a knowledge index comprised of the adult literacy rate and gross school enrollment (Gadrey and Jany-Catrice, 2006). As described previously, the cooperative can raise per capita GDP by allowing individuals to operate as an economically significant group with the potential to accumulate capital and improve that capital's efficiency. Additionally, the increases to per capita GDP will resonate more powerfully under a locally owned cooperative than an equally successful multinational corporation, as the latter would remove the majority of the profits from the country. The cooperative tendency to support community development assists in raising the second two HDI indicators. Collective consumption projects often produce hospitals and schools, which would improve life expectancy, adult literacy and gross school enrollment in rural areas that lack access to these institutions, leading to well-being improvements.

A second indicator is the BIP 40, which French statisticians and economists developed in 2002. This measurement of well-being aggregates twenty four employment, fifteen earnings, five health, five education, five housing and four justice indicators (Gadrey and Jany-Catrice, 2006). Cooperatives improve stability for their members (Pencavel, 2001), so this well-being calculation's focus on employment measurements favors a cooperative structure. Earnings for cooperative participants will likely fluctuate less due to the pooled resources and risk. The added income will also remain within these communities in need of development, because of the local control. Since this indicator pays significant attention to

the distribution of earnings and income inequality, local retention of profits affects this measure of well-being immensely, as it raises the income levels of poorer rural residents. The tendency toward collective consumption attends to the health, education and housing statistics as mentioned earlier. The literature does not indicate that cooperatives would change the justice indicators either way, but the effects on the others appear convincing. The cooperative's comparatively equitable and stable characteristics, compared to either Ghana's small scale economy or the large scale foreign alternative, offer the possibility of higher levels of individual well-being in the country's rural regions according to the BIP 40.

Between 1998 and 2003, Osberg and Sharpe created another indicator of what they term sustainable economic well-being. They suggest that well-being depends on per capita consumption flows, net accumulation of stocks of productive resources, the distribution of income, levels of poverty and inequality and the degree of economic security in a country (Gadrey and Jany-Catrice, 2006). I have already discussed the cooperative's potential impact on income distribution and inequality, economic security and the net accumulation of productive resources in this paper. Per capita consumption flows could increase as well, since the poorer subsistence farmers could benefit greatly from the added income that would result from the cooperative effort. As a result, just like with the previous indicators, the characteristics of the cooperative structure are well aligned with the factors that influence economic well-being. Once the discussion moves beyond GDP, the extended nature of the cooperative's advantages, for this situation, allows us to differentiate even more clearly between this structure and other possibilities.

Taking all of these potential benefits together, cooperatives in rural areas can create huge increases in stability, democracy, levels of capital, efficiency, community development

and well-being in local economies. At the same time, its organizational structure preserves culture and the meaningful traditional beliefs and practices that go along with it. The benefits derived from cooperation can meet the economic goals of classical development theories, through improvements to capital and efficiency. On top of that though, the cooperative's characteristics are such that the advantages of this system would extend even further, to tremendously valuable social, community and well-being benefits. The local control of these organizations also funnels these benefits to the communities that need them most, enhancing their potential impact even more. By utilizing the existing cultural capital in Ghana, cooperatives can drive economic growth and development just as well as a Western firm, while offering added benefits for the Ghanaian people that go beyond measurements confined to economic statistics.

VII. Conclusion

Because it fits so well with Ghanaian culture, the cooperative maximizes and protects the country's cultural capital and creates the opportunity for culturally and locally driven economic growth and development in Ghana's rural communities. In these areas, where cultural values carry more weight than in urban settings, small scale activities dominate the economy. These often subsistence ventures lack the development propelling abilities of larger, multinational corporations, though they do insulate these communities from the exploitative tendencies of larger enterprises. The cooperative, then, occupies an extremely valuable middle ground between those two extremes. It preserves individual activities, but at the same time pools assets to produce an economically prominent organization. Beyond that, its reliance on the cultural capital found in these communities allows these firms to operate

efficiently and offers numerous development benefits for these local areas and Ghana as a whole, as a result.

Displayed in their historical attachment to the structure and cultural concentrations on reciprocity and group power, Ghanaians demonstrate a tendency toward collaboration over competition. Because the cooperative matches up with traditional and habitual Ghanaian practices, it uses the trust and collective power found in these communities to drive efficient economic activities. Oppositely, many Western development programs often fail because they recommend endeavors that directly oppose cultural norms. So, the cooperative's successful operation within Ghanaian cultural constraints and preservation of traditional practices makes it the structure best suited to taking advantage of the substantial power found in Ghana's cultural capital. The benefits that result are both powerful and compelling, as the cultural capital helps the cooperative circumvent traditional efficiency concerns and bring a multitude of economic, social and well-being gains to rural Ghanaians.

The benefits of cooperatives on a local level have been discussed thoroughly in this paper. Looking at economic indicators, cooperatives help members accumulate more capital and, in the specific Ghanaian context, cultural norms indicate that these structures will improve the efficiency of that capital. That combination fulfills the two main requirements for growth, according to most general development theories. Additionally, the characteristics of the cooperative structure lend themselves remarkably well to community development activities, through the democratic control over the firm's assets by the members of that community. Moreover, the egalitarian nature of the cooperative, with its focus on group participation and education, enhances the level of human capital present in rural areas. Through their successes, cooperatives would also raise economic stability by spreading their

profits over a large number of people and sustaining high levels of employment. Lastly, because of the improved levels of stability and the attention to community development, cooperatives should improve community-wide living standards and individual well-being, according to any of a variety of indicators. While these local benefits can revitalize an impoverished community, by focusing on these localized benefits as aggregating up to even larger benefits nationwide, we can see that the cooperative's development potential stretches much further.

Combining all these potential benefits to consider the impact on a national level gives a much broader indication of the impact that cooperatives could have in Ghana. First of all, there is the potential for other cooperatives to join together and create more substantial ones. This happened in the case of Farmapine, extending the scope of these benefits across a number of communities. On the other hand, each local cooperative could simply develop its own community and still see larger macroeconomic benefits in the long run. Ultimately, these separate development efforts would begin to meet up and create the developed education, transportation and health network that is missing in Ghana's more rural regions. This could vastly improve human development statistics in the country, as well as stop any brain drain to the cities and other countries, because of the improved lifestyle and better job prospects in rural areas. This process would take a considerable amount of time and need a huge number of cooperatives to reach a significant level of achievement, but there is too much untapped potential in these small rural communities to not consider the possibility.

This study has focused only on the situation in one country, which leaves plenty of room for future research. Its basic premise, that cultural values must be considered when formulating development programs, can easily be applied to any other developing country in

the world. My research does not suggest that every country seeking economic development and growth should turn to cooperatives, only that the specific cultural situation in each one should be looked at to determine the best way to facilitate these improvements. Any other researchers and developers can and should pay equal attention to the cultural capital found in the traditional norms of any other country, in order to develop the most effective plan for development there.

Additionally, the purely theoretical approach to this paper presents another opportunity for future research on this topic. Specific to Ghana, statistical evaluations of the impact of cooperatives on development or comparisons to the effects of traditional firms can enlarge the scope of this theoretical analysis. Examples of relevant concepts that data could strengthen are: the amount of community development projects led by members of cooperatives as opposed to workers in traditional firms, improvements in job stability for cooperators relative to other employees and general, updated statistics on the success of the cooperative movement, to name a few. The same process can be applied to other economic structures that hold the same kind of potential for other developing countries as well.

The policy implications of this research are considerable. Macroeconomic development in impoverished nations receives plenty of attention among policy makers today and will continue to play an important role in national policy agendas in the future. This work illuminates the idea that, for developers to address the specific needs of a country and create a sustainable economic environment, they should take into account cultural norms before devising a culturally specific development program. Doing so has two extremely valuable results. First, it avoids the post-colonial developmentalist attitude, which overlooks local needs and has caused many development programs to do more harm than good in poor

nations. Secondly, it makes use of the incredibly beneficial cultural capital found in each nation. As the example of the cooperative in Ghana illustrates, this source of economic potential can be motivated and utilized to reach unexpected levels of developmental success. Owing to this, future policy decisions should take time to sincerely investigate and work with this cultural capital. Individual attention to cultural tendencies may take more time and effort, but it maximizes the potential for locally driven, sustainable economic growth and development in an impoverished nation. As a result, it appears to be worth the trouble.

Too often, Western developers have assumed that the local people need to adapt to Western structures for growth, overlooking the ability of local organizations to generate economic development. Past development failures attest to this notion. The inability of many Western plans to live up to expectations so far indicates that local people should have the chance to direct development activities in their communities. These people know the most about their local needs and will be the ones to benefit or suffer from the outcomes so, in this case, the final decision on cooperative implementation should rest with the Ghanaians themselves. The nation's tremendous diversity means that the responses to and successes of cooperatives will certainly vary, but its ability to operate within cultural confines and preserve traditional practices suggests that Ghanaians will react more favorably toward it than other structures. Acknowledging that diversity, my work is not a blanket recommendation of cooperative use in Ghana's rural regions. Instead, it is a theoretical demonstration of the economic power that resides in cultural norms. Not only can this culturally based development plan match or surpass the economic results of classical enterprises, it does not force a people to give up their traditions, or control over their economic environment. Moreover, it extends even greater benefits to them, which go beyond

economic considerations. I conclude with the hope that developers and policy makers will appropriately value cultural capital's great potential, because not only is economic development programming based on culture a viable concept, it is a better alternative.

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