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Venture Capital Financing for Innovative Start-up Companies in Nigeria

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Abstract

This study investigates the impact of venture capital (VC) financing on the growth of innovative start-up companies in Nigeria. The number of people that are extremely poor has fallen in all regions of the world except Sub-Saharan Africa. This has triggered a reinvigorated discourse, internationally, on the strategy to reduce poverty rate in the continent. Many African countries including Nigeria have taken bold steps towards crafting strategies to promote inclusive growth that incorporates private sector development. Supporting entrepreneurship by providing appropriate funding is one of the strategies. In developed countries, venture capital has significant impact on the performance of start-ups. In contrast, the performance of venture capital in developing countries especially Nigeria has been unsatisfactory. Venture capital industry in Nigeria is relatively nascent.

Exploratory research design was employed in this study due to the fact that venture capital is relatively an unknown area in Nigeria. This study adopted an inductive research approach. In addition, qualitative research method was employed. In-depth interviews were carried out to collect qualitative data and the data was subsequently analysed using content analysis method. A sample of 30 start-ups from a total population of 120 start-ups in Onitsha, Awka, Nnewi and Abuja was randomly drawn using systematic sampling technique. Qualitative data analysis was performed using NVivo which is a comprehensive qualitative data analysis software package. NVivo software was used to organize and analyse in-depth interviews, field notes and textual sources.

It was found that venture capital financing has an impact on the growth of innovative start-ups. The use of VC financing increased profitability, spurs employment growth, boosted asset base, and improved the quality of management for VC-backed start-ups. Taking into account this positive trend in enterprise sustainability, it was concluded from the study that Venture capital-backed start-ups will make more meaningful contributions to the society. These contributions could be in form of improvement in productivity, reduction in poverty rate, paying taxes to government and overall growth of the economy. The recommendation from the study was that there should be an enabling environment for VC investments to blossom.

Keywords: Venture capital finance, start-up companies, entrepreneurship, innovation.

Introduction

In recent years, more attention has been paid to poverty reduction in the world especially in developing countries. Despite the fact that the non-monetary dimensions of poverty in Africa have been progressively improving, today, more people according to World Bank are poor than in 1990 (as cited in Caulderwood, 2015). The World Bank report found that the number of people that are extremely poor has fallen in all regions of the world except sub-Saharan Africa. The report attributed this lack of progress in the region to the astronomical rise in population growth which exceeds the rate of poverty reduction.

In an effort towards eradicating extreme poverty (especially in Sub-Saharan Africa) which is in line with the Sustainable Development Goal no.1, many African countries have come up with new strategies to promote inclusive growth. According to UNDP (2012) report, a non-inclusive growth has negative effects not only on the economy but also the society at large and leads to inequalities which subsequently result in negative social outcomes. Similarly, the report indicated that inclusive growth fosters economic growth by expanding the foundation for domestic demand and at same time widening opportunities for greater participation by young, small enterprises in the economy. The report further highlighted that private sector plays a very important role in promoting inclusive
markets and this role is highly essential both socially and economically since it’s the responsibility of the private sector to extend economic opportunities to young & innovative small enterprises.

Private sector development varies widely throughout Africa and depends on the country. Small enterprises are prospering in Mauritius, South Africa and North Africa due mainly to the fairly developed financial systems and appropriate government policies that favour private enterprise (Kauffmann, 2005). In some other countries of Africa, the development of small businesses according to Kauffmann has been impeded by political instability on the one hand and over reliance on a few raw materials on the other hand. Small enterprises in Nigeria which contribute roughly 95 percent of established manufacturing activity are essential to the economy but corruption, poor infrastructure and insecurity inhibit the enterprises from being engines of growth (Kauffmann, 2005).

The Nigerian government established Small and Medium Enterprises Equity Investment Scheme (SMEEIS) in 2001 though it was approved by the Bankers’ Committee at its 246th meeting held in December 1999 (Central Bank of Nigeria, 2005). Under the scheme, all banks in Nigeria were required to set apart and appropriate 10 percent of their profit after tax (PAT) for equity investment and also to boost young, small and innovative start-up companies. To maintain a progressive balance in a real economy, Ollor & Dagogo (2009) stress that the real sector and financial sector must complement each other, thus any defect in one sector hinders developments in the other. Nevertheless, in Nigeria, evidence indicates that both sectors are nearly divorced with minimal symbiotic relationship such that the financial sector milk-dries the real sector (Soludo, 2004 and Sanusi, 2003). Though start-ups contribute immensely to economic growth, it is regrettable that many creative individuals incubate new & imaginative ideas that don’t hatch ultimately due to lack of finance. Owing to diminishing availability of the traditional sources of capital such as traditional bank loans, there is a need to introduce clients (like new enterprises) to some of the new and dynamic trends that are recently taking place in start-up financing (Goldberg, 2012). While Goldberg recognizes some of the relatively new sources of financing for start-ups such as venture capital, business angels and corporate venture capital, he particularly highlights the increasing popularity of crowdfunding as a new paradigm in start-up financing. It is worthy of mention that this study will focus on venture capital as a major source of finance for start-ups.

Venture capital industry in Nigeria is relatively nascent though there has been much interest recently in the concept of venture capital and its relevance in the Nigerian society. Venture Capital in Nigeria has been underdeveloped even as an investment hub of Africa (Daramola, 2012). Prior to 1997, the Venture Capital incentives Act, according to Daramola (2012) saw the creation of the National Risk Fund Plc in 1987 and this became the country’s first Venture Capital Company. In 2001, the activities of Venture Capital in Nigeria were complemented with the establishment of ‘The Small & Medium-Scale Enterprises Equity Investment Scheme’ (SMEEIS) to promote start-ups and SMEs through equity-based financing rather than debt financing. This paradigm shift in financing structure was widely commended and seen as a solution to the entrepreneurial quandary in Nigeria. Essentially, the SMEEIS scheme entails using Venture Capital (VC) to support entrepreneurship ventures. Venture capital financing in Nigeria is critical to the growth and development of the economy because it boosts job creation hence reducing the current high unemployment rate in the country (Daramola, 2012).

Literature suggests that start-up companies all over the world face many obstacles to funding. In Nigeria, these obstacles are compounded by the undeveloped venture capital industry. The private sector has been neglected for so long by successive governments in Nigeria. As the private sector is the pillar of every economy, this study will extensively unmask and bring to bear barriers to start-ups and small businesses’ VC funding.

**Significance of the study**

Employment and productivity are key issues that are pivotal to economic and social life of all nations (Obadan & Odusola, 2000). Unemployment has been categorized as a major obstacle to social and economic progress and represents a colossal waste of a nation’s manpower resources, causes lower output leading to lower income and prosperity and subsequently diminishes welfare of citizens.
(Akinboyo, 1987; and Raheem, 1993). Unemployment is not only a cost to a country but a serious macroeconomic issue that needs urgent attention in the continent of Africa particularly Nigeria. The Nigerian contemporary society has been heavily overwhelmed by uncontrolled vices like terrorism, drug trafficking, prostitution, hostage taking, armed robbery, militancy, to mention but a few hence negatively affecting the foundation and values upheld by its citizens. Many experts and non-experts in the development discourse argue that the reasons for these vices are not far-fetched and they attributed the menace to high rate of unemployment in the country.

Moreover, there has been an overreliance on oil revenue by successive Nigerian governments since independence thereby neglecting or failing to leverage the enormous resources from other sectors of the economy. This overreliance on oil comes with a cost in terms of vagaries in crude oil price in the international market which may result to decline in revenue thus impacting on capital expenditure and the provision of necessary infrastructures to the citizens. According to Central Bank of Nigeria (2016), the dwindling revenue from oil which has persisted for a while is attributed to the continuous drop in the crude oil price in the international market. The apex bank further emphasizes that other reasons like the shut-downs at some Nigerian National Petroleum Corporation’s (NNPC) terminals due to vandalization of pipelines in the Niger Delta region are also blamed for this fall.

There is an urgent need to reduce the cost of unemployment by the Nigerian government through the promotion of start-ups and small enterprises. To achieve this, this study will provide the government and other relevant stakeholders with the needed information for policy making in the area of encouraging institutional investors capable of pooling venture capital funds. In line with the above, Cumming et al (2008) stress that Banks along with other institutional investors play vital roles in the transformation of savings into investments thus helping in the facilitation of liquidity, consumption smoothing and information. Institutional investors include banks, pension funds, life insurance companies etc which can collaborate in form of limited partners and making contributions and pooling funds known as the venture capital funds.

Statement of the problem

A large number of start-ups and small enterprises wallow in stagnation and eventual collapse due to dearth of funds for growth and expansion. Start-ups that lack funds for growth will neither create jobs nor make any contribution to economic/social development and to Gross Domestic Product (GDP) of a country (White Paper on International Development, 2000). Randall Kempner observes that start-ups and small-sized companies in Africa are few and notes that most countries in the Sub-Saharan Africa are trapped in a narrow formal economy, yet these companies are the pillars of economic growth (as cited in AVCA, 2015). Start-ups and small enterprises play a vital role in the society especially as they not only fill the “missing-middle” but subsequently metamorphose into medium-sized companies of tomorrow. The main challenge for Africa’s sustainable and inclusive growth according to Randall Kempner is the identification of these job-creating start-ups and providing them with the needed finance and insights. Though there have been emphases on the heightened support for start-ups in Africa, however there are still financing gaps for these early-stage small enterprises. In Nigeria for example, the gaps inhibit the growth of start-up companies which apparently diminish the overall economic growth of the country. To bridge or reduce these gaps, the boundaries of the gaps need to be established and ascertained (AVCA, 2015).

Similarly, Hallberg (1998) & Mead & Liedholm (1998) found that an essential ingredient to the development of start-ups and small enterprises is access to finance. Start-up companies do not have many alternatives to access to finance and many of them rely mostly on their personal savings for the growth of their ventures. In entrepreneurship, financing gap has been historically a major impediment in the growth of young enterprises. It’s worth mentioning that the history and the word “Venture Capital” emanated from a discussion between J.H Whitney and Benno Schmidt where Whitney had set up an investment development fund to fill in the financing gap of those who could not access capital from banks and lending institutions (Cornelius 2005, p.599). However, access to finance for start-up companies in Nigeria has been exacerbated by the under developed VC industry and the unattainable collateral imposed on entrepreneurs. A huge fraction of lenders impose unattainable
collateral and servicing requirements which according to Waddell (1995) are clearly beyond the bounds of possibility for new innovative start-ups and expanding businesses.

Relatively, Mani & Bartzokas (2004) state that small and young businesses in their early stages of growth cycle lack the needed assets, repayment history or proof of profitability that will suffice as collateral for loans from banks. As a result, they reiterate that venture capital can fill this gap by playing a vital role of establishing knowledge as information producers who in turn make detailed assessment of the investment plans. Also in contrast to Banks and other lenders, venture capitalists supply funds to new enterprises without these prerequisites but metamorphose into part owners of a new enterprise with the equity investment customarily for 7 to 10 years. The information challenges will then be ameliorated by detailed screening, contracting & monitoring of investment by the VC. While highlighting the importance of venture capital to business formation and expansion, Waddell (1995) stress that venture capital is difficult to obtain. In a study in Ghana by Poku & Frimpong (2009) on the evaluation of how start-ups and small enterprises perceive the prospects and capability of venture capital financing to bridge the financing gaps facing small enterprises in Ghana, they came up with some interesting findings. The study found that, firstly, there is general reluctance by entrepreneurs in seeking VC financing in order to avoid dilution of control; secondly, there is concentration of VC operations in urban areas; and thirdly, VC investment is mainly for few sectors of the economy hence lacking the needed spread.

Earlier study on ‘The Growth and prospect for Venture Capital activities in Nigeria’ by Ariyo (2000) only focused on the generic prospects of venture capital in Nigeria. The study did not underscore the funding gaps between VCs and start-up companies. The research by Ollor & Dagogo (2009) on ‘The Effect of Venture Capital Financing on the Economic Value Added Profile of Nigerian SMEs’ concentrated on comparing the economic value added of venture capital-backed SMEs and those of non-venture capital-backed SMEs. Their findings indicated that VC-financed SMEs clearly outperformed non-VC-financed SMEs. Though this study has a connection with few earlier researches, venture capital financing for innovative start-up companies in Nigeria has not been carried out. Nevertheless, there are a handful of innovative start-ups that have benefitted from VC financing in Nigeria. I contend that despite the fact that Venture Capital Companies have been operating in Nigeria as early as 1987, there are still few critical financing gaps that need to be closed such as: (a) Lack of general knowledge of sources of risk capital and also insufficient comprehension of the operational and financial requirements of VC on the part of entrepreneurs; (b) there is concentration of VC operations in very few urban areas in Nigeria thus making it difficult for start-ups in other parts of the country to have smooth access to VCs.

**Objective of the study**

The general objective of this study was to determine the impact of Venture Capital financing on innovative start-up companies in Nigeria.

**Specific objectives**

1. To examine the challenges faced by start-ups in raising venture capital finance
2. To investigate if venture capital finance leads to growth of start-up companies
3. To establish the impact of venture capital on management style used by start-up companies.
4. To explore the recent trends in VC financing in Nigeria in the areas of distribution of investments across sectors.
5. To explore the preferred sources of finance used by start-up companies
6. To examine other challenges faced by entrepreneurs in the process of obtaining capital for their start-up companies

**Research questions**

a) What are the challenges faced by start-ups in the process of attracting and obtaining venture capital finance?

b) Does venture capital finance lead to growth of start-ups and small enterprises?

c) What’s the impact of venture capital on the management style applied by start-up companies?
d) What are the recent trends in venture capital financing activities in Nigeria in terms of the distribution of investments across industries?

e) What are the preferred sources of finance used by start-up companies in Nigeria?

f) What other challenges impede the access of start-ups to finance for growth?

Literature review

Innovation and its relevance

Urgent developmental challenges such as reducing hunger, eradicating neglected diseases and providing access to drinking water can be tackled by innovation. In achieving these goals, the transfer and, when required, adaptation of necessary technologies developed in industrialized countries can make significant contributions (OECD 2012). While sizeable research efforts are required to find solutions that address other challenges globally, a fruitful international cooperation involving both private and public bodies will serve as significant mechanism in finding these solutions. In highlighting the significant role played by innovation in the past two decades, OECD (2012) found that the build-up of innovation capacities has played a pivotal role in the growth dynamics of successful developing nations. These successful countries have come to the realization that innovation is more than just developing high-technology products. The countries have also acknowledged that innovation capacity has to be enshrined in the early part of the development process in order to acquire capacities for learning that will eventually permit “catch-up” to happen. The OECD paper equally revealed that these successful developing nations needed to sort out their specific local challenges such as tropical diseases through local innovations and innovation capacity. Despite the fact that innovation is significant in all stages of development, different types of innovation play divergent roles at various stages (OECD 2012). In the early stages of development, innovation is incremental and is often linked with the adoption of foreign technology. High technology R&D-based innovation is often brought to bear & matters at later stages of development when the two factors of competitiveness and of learning play up (which allows for the completion of the “catch-up” process).

In his initial claim, Joseph Schumpeter asserts that dynamic entrepreneurs remain the source of innovation though his later works ascribed and associated innovation to large corporations (as cited in Geronikolaou & Papachristou, 2012). Big firms have an advantage over smaller firms due to imperfections in capital market and information asymmetries and their capability to provide funding for independent R&D projects using their own resources. A lot of recent studies investigating the correlation between firm’s size and production of innovation appear to be inconclusive (Tether, 1998). Nevertheless, the evolution of venture capital markets in contemporary economies has injected some support to the initial claim of Joseph Schumpeter. As a result of the dearth of collateral, small and innovative start-up companies, predominantly individual entrepreneurs have very limited access to capital markets for financing their ventures & projects. As an alternative, Geronikolaou &Papachristou (2012) stress that external equity in the form of venture capital can effectively bridge this funding gap. Venture Capital (VC) fund managers thus provide equity to small, dynamic and innovative start-up companies and hence become co-owners of the investee’s project.

Significance of entrepreneurship development in Nigeria

The accomplishment and effectiveness of entrepreneurship in Nigeria towards boosting economic growth, considering the enormous human and natural resources in the country have been under close examination by economic experts and other stakeholders. This intense examination is attributable to the dismal performance and contribution of entrepreneurship as a catalyst for economic growth and development. Despite the huge resources in the country, Anyadike, Emeh and Ukah (2012) maintain that Nigeria is still ranked as one of the poorest countries globally and equally has one of the highest rates of youth unemployment in comparison with other sub-Saharan African countries. They emphasize that unemployment rate in the country is still at all-time high despite the recent purported positive economic outlook and growth. They further reiterate that successive governments in Nigeria have been insensitive to the frustrations and predicaments of the citizens and as a result increasing the rate of crime and other vices in the country. Though Ovat (2013) agrees that a country’s human and
material resources to a reasonable extent spur economic growth, he however emphasizes that the economic development can only be achieved with a proper organization and coordination of these resources into productive use via an entrepreneur. According to Ihugba, Odii & Njoku, (2013), entrepreneurship development is vital for a country’s prosperity because it helps in eradicating extreme hunger and poverty caused by unemployment. The importance of entrepreneurship development in Nigeria according to Ovat (2013) cannot be overstressed and argues that it would achieve the following: job creation; enhancement in living standards; minimizing hopelessness & tension among the youths; poverty reduction/eradication & wealth creation; capital formation in form of net capital accumulation; balance development in the regions; achievement of economic independence; achievement of desired innovation for sustainable development; promote development in all spheres of the economy and encourage inward investment.

Start-ups and economic growth

Recent literature indicates that there are two types of competition that may contribute to macro-economic performance: firstly, the magnitude of new-firm entry and secondly, the degree of competition among incumbent firms (Koster & Stel, 2014). They referred to the employment growth using the start-up rate as capturing the direct effect of new company formation, while the competition among incumbents (market mobility) as capturing the indirect effect. Additionally, they found that the long-term economic effect of start-up companies is larger than the short-term effect. They further supported their finding empirically by asserting that the most successful start-up companies develop to become high- growth companies and also the entry of new companies galvanize incumbent companies to perform better.

Relatively, Fritsch and Noseleit, (2009) maintain that though new companies have a direct impact in form of creating employment for workers, the more significant impact is presumed to be indirect by stimulating incumbent companies to strive for better performance. Results of a study by Fritsch (2008) suggest that new companies on entering the market, induce competition among incumbent companies (i.e. market mobility) thus leading to economic growth. This involves fierce competition when these new companies enter the market with new products & services, consequently challenging incumbent companies to make improvements in their performance. An important finding from the research by Acs and Storey (2004), Fritsch (2008) and Dejardin and Fritsch (2011) revealed that start-up companies have immediate or direct effect on employment growth. They note that when the terms of employment, the immediate or direct effect is in form of the additional labour required in the newly established companies. Likewise, Wennekers & Thurik (1999), Carree & Thurik (2003) and Fritsch & Mueller (2004) contend that start-ups effects on firm level can be differentiated into direct effects and indirect supply side effects (intermediate linkages). As noted by them, direct effects include new employment and new production created by the start-ups and also direct contributions by the start-ups to in-migration and heightened regional productivity. Westlund & Olsson (2011) note that direct effects equally comprise of closure or decline of incumbents that might not be able to face the new competition. Additionally, the indirect supply side effects as stressed by Fritsch & Mueller (2004) are segregated into four parts. First, Start-ups coerce incumbents to behave more efficiently (secured efficiency); second, there is substitution of incumbents by new firms (acceleration of structural change); third, new companies may initiate innovations (amplified innovation); and fourth, new companies may lead to substantial product variety and problem solutions (greater variety).

The influence of VC financing on innovative start-ups

Existing literature indicates that there is remarkable difference between start-ups using venture capital and start-ups utilizing more traditional alternatives of financing (Hellman & Puri, 1999a). They found that start-ups using venture capital follow strategies that are more innovative and take shorter time to introduce their products and services to the market. Finding from previous research also suggests that the presence of venture capital affects the advent of human resource practices in start-up companies (Baron et al., 1996). In highlighting certain characteristics that set venture capital apart from more traditional sources or debt financing alternatives, Gompers and Lerner (1999) argue
that venture capital companies channel sufficient management resources to comprehending new technologies and markets. Additionally, the use of these resources helps in discovering promising start-ups and providing them with both financial resources and coaching that are necessary to nurture them through the early part of their lives. The contributions of managerial resources to the growth path of recently formed start-ups are important to management theory (Gimeno et al., 1997).

In the same vein, Penrose (1959) underscores the vital role played by managerial resources in his original study, “theory of the growth of the firm”. There exist numerous rationales for expecting start-ups backed by venture capital companies to have higher than average rate of growth. Venture capitalists customarily augment the skill set of the existing management team of the young start-up in a far more proactive manner than other financing methods like bank loans (Davila et al., 2003). From a governance point of view, venture capitalists take an active board role in structuring not only top managers’ compensation but also monitoring periodically the evolution of the start-up firm (Kaplan and Stromberg, 2003). They also bring huge network of contacts with knowledgeable and skilful infrastructure providers (such as law firms, public relations firms, and accounting firms) and potential masterly and experienced managers. The contacts according to Pfeffer & Salancik smooth access to external resources that mitigate the resource dependencies that are experienced by start-ups (as cited in Davila et al., 2003). Venture capitalists usher in reputation effect to investee companies and significantly, the successful passing of a venture capitalist screening and subsequently receiving funding (usually in multiple rounds) is a strong signal to numerous parties and stakeholders both inside and outside the start-up. With this reputation endowed to start-ups, uncertainty not only reduces but also transaction costs diminish. This combined advantage of skill augmentation and reputation boost according to Davila et al. (2003) can result in venture-backed start-ups having a huge benefit in gaining new customers, attracting high quality employees and negotiating alliances and joint ventures with key players. However, Davila et al., (2003) argue that attracting the attention of venture capital companies still remains a difficult activity. They emphasize that cash flow glitches within a start-up company can result in freezes in hiring employees until a new round of financing is sealed. Potential employees may be reluctant to commit to start-up that has not obtained its latest round of financing. As a result of a new round of financing, positive signals may be sent to potential employees who are more inclined to accept the offer once they see that the start-up has been funded by venture capitalist.

Methodology

Exploratory research design was employed in this study. Depending on the research purpose, projects carried out under scientific research can be categorized into three types, namely: exploratory, descriptive and explanatory. Exploratory research is commonly carried out in new areas of inquiry, where the research goals are: (a) to examine the extent or magnitude of a particular phenomenon, behaviour or problem, (b) to create or produce some initial ideas about that phenomenon, and (c) to check how feasible it is to undertake a more extensive study with regard to that phenomenon (Bhattacherjee, A. 2012). Exploratory research is carried out into a problem or an issue where there is small number or no earlier studies to make reference to (Newman, 1994). Kothari (2003) affirms that exploratory research design is flexible and permits the researcher to take into consideration numerous divergent facets of a problem thus assisting the researcher to gain fresh insights about the problem.

This study adopted an inductive research approach. Despite the fact that there has been much interest recently in the concept of venture capital in Nigeria, the industry is relatively developing hence the choice of inductive research approach. Bhattacherjee, A. (2012) emphasises that though deductive and inductive research are significant for the promotion of science, inductive (theory-building) research is more valuable when there are few prior theories.

For this study, the population consisted of all start-ups in Onitsha, Awka, Nnewi and Abuja totalling 120. This figure was arrived at by accessing reputable online start-up directories in Nigeria. Due to time and financial constraints, I could not practically collect data for all start-ups in Nigeria thus the definition of specific population from few major cities in Nigeria.

The study adopted qualitative approach using in depth interview method where 30 start-ups (from a population of 120) were selected for the in depth interviews (see table 1). Sampling frame was drawn
from start-up directories in Nigeria such as startupranking.com-with web analytics; Angellist directory; Smileandmobile.com; Techcrunch.com; Techpoint.ng; Nigeia.startups-list.com. There is a frequently asked question by students conducting qualitative research on ‘how many interviews is enough?’ Baker and Edwards (2016) collected some responses (drawing on the tacit knowledge) from 14 renowned social scientists and seasoned methodologists in order to proffer answers to this question. Majority of the contributors believe that ‘it depends’ or that ‘it is a function’ of some factors such as methodological, epistemological and practical issues.

Table 1. Sample size

<table>
<thead>
<tr>
<th>Cities</th>
<th>Number of startups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Onitsha</td>
<td>4</td>
</tr>
<tr>
<td>Awka</td>
<td>3</td>
</tr>
<tr>
<td>Nnewi</td>
<td>2</td>
</tr>
<tr>
<td>Abuja</td>
<td>21</td>
</tr>
<tr>
<td>Total sample size</td>
<td>30</td>
</tr>
</tbody>
</table>

Systematic sampling technique (a subset of probability sampling) was utilized to determine the sample size. Generally, Henry (1990) contends that making use of sampling creates the possibility of a higher overall accuracy than a census. He emphasizes that when data is collected on a small number of cases there will be more time to spend in designing and piloting the means of collecting these data. Systematic sampling technique as pointed by Sekaran (2003) is a process where every nth element from the population is drawn beginning with a randomly selected element between 1 and n.

Making sense of large amounts of data throughout data collection and analysis process poses a huge challenge to researchers. These challenges also include reducing the volume of information, identifying important patterns and subsequently constructing a framework from the data (Merriam, 1998). In this study, qualitative data analysis was performed using NVivo which is a comprehensive qualitative data analysis software package. I used NVivo software to organize and analyse in-depth interviews, field notes, textual sources and video files. The coded interview transcripts were imported in .doc(x) and .pdf documents to NVivo software for analysis. To make more sense of the enormous pool of data, I intuitively view the whole process of data analysis from three angles: (a) I compared threads and patterns within identified categories; (b) Comparisons between connecting threads and patterns across identified categories were made, and (c) Although prior research on VC in Nigeria isn’t broad, and also noting that this study was situated with reference to previous research, I compared the issues on the study with those raised by broader literature. Considering the broader implications of this study, conclusions and recommendations were formulated.

Data analysis

Location of business

Intriguingly, out of 30 start-ups selected for this study, 4 were located in Onitsha, 3 were located in Awka, 2 were located in Nnewi while 21 were located in Abuja the capital of Nigeria. Table 2 illustrates sector distribution in the four locations. Out of 4 start-ups located in Onitsha, 1 was in ICT sector, 1 in manufacturing sector and 2 in education sector. In Awka, all the 3 start-ups were in ICT sector. In a similar vein, there was 1 start-up in financial services sector and 1 in ICT sector making up the total of 2 start-ups located in Nnewi. Out of 21 start-ups located in Abuja, 3 were in financial services sector, 9 in ICT sector, 2 in agricultural sector, 1 in oil & gas, 1 in healthcare, 3 in education, 1 in merchandizing and 1 in property sector. This makes Abuja the highest in terms of location of start-ups with a staggering 21 start-ups out of 30. Results of the study also indicates that in terms of frequency distribution of sectors in the 4 locations, ICT was the most widely spread and cuts across the 4 locations with 14 start-ups out of 30. Education sector occupied a distant second position in terms of spread with 5 start-ups while the remaining 7 sectors had 4 or less.
Table 2. Table for location of business

<table>
<thead>
<tr>
<th>Location</th>
<th>Financial Services</th>
<th>ICT</th>
<th>Agriculture</th>
<th>MfG</th>
<th>Oil &amp; Gas</th>
<th>Healthcare</th>
<th>Education</th>
<th>Mdsg</th>
<th>Property</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Onitsha</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Awka</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Nnewi</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Abuja</td>
<td>3</td>
<td>9</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>21</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4</strong></td>
<td><strong>14</strong></td>
<td><strong>2</strong></td>
<td><strong>1</strong></td>
<td><strong>1</strong></td>
<td><strong>1</strong></td>
<td><strong>5</strong></td>
<td><strong>1</strong></td>
<td><strong>1</strong></td>
<td><strong>30</strong></td>
</tr>
</tbody>
</table>

MfG= Manufacturing
Mdsg= Merchandising
Sector spread (Type of business)

The study (as shown in figure 1) revealed that 14 entrepreneurs out of 30 (47%) established ICT-focused enterprises. Education related start-ups had 17%, financial services 13%, agriculture 8%, manufacturing 3%, oil & gas 3%, healthcare 3%, merchandizing 3% and property 3%. The findings indicate that many start-up companies focus on Information and Communications Technology (ICT) sector. Literature suggests that this preference for ICT industry is a combination of many factors. Prahalad & Hammond (2002) emphasise that ICT is not only central to economic innovation but a powerful tool for development especially in developing countries.

Number of employees

Research findings revealed that the minimum number of employees in individual start-up companies was 4 while the maximum number was 22 as illustrated in Table 3. The study equally indicated that out of 30 start-up companies, only 6 start-ups employed between 16 and 22 employees which were above the mean value. These companies were: INNV, AJMAR, JBMA, STEC, NPTC and HTNIG. It is worthy of mention that these 6 companies were the only start-up companies out 30 that have obtained VC finance as showed in figure 4 below. The study also showed that 43% of the total number of employees at the 30 start-up companies was employed by just 6 companies that obtained VC finance.

Table 3. Number of employees employed by individual start-ups

<table>
<thead>
<tr>
<th>Number of start-ups</th>
<th>Total number of employees</th>
<th>Min. No. Of employees</th>
<th>Max. No. Of employees</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>30</td>
<td>266</td>
<td>4</td>
<td>22</td>
<td>9</td>
<td>9</td>
</tr>
</tbody>
</table>
Table 4. Six start-up companies that obtained VC finance

<table>
<thead>
<tr>
<th>Total number of start-ups</th>
<th>Start-ups that obtained VC</th>
<th>No. Of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>INNV</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>AJMAR</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td>JBMA</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>STEC</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>NPTC</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>HTNIG</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30</strong></td>
<td><strong>6</strong></td>
</tr>
</tbody>
</table>

The relationships between research themes/categories/nodes and research objectives

To better comprehend the phenomenon that exists about the research topic, ‘Venture Capital financing for innovative start-up companies in Nigeria’, from the hundreds of pages of transcripts, the data was transcribed into a more meaningful form. A critical examination and careful interpretation of data was done resulting to the identification of patterns, meaningful categories, coherent themes and new ideas. The major themes and patterns discovered were: dearth of information about VC operations, lack of knowledge, not many business angels, few venture capitalists & few VC-backable ventures, proximity to VC firms, banking facilities, poverty level, reliance on personal savings & friends & family, dilution of control, issue of trust & rigorous process, capital market, macro level uncertainty, emerging industry, regulatory environment, management style, stringent collateral requirements, no real VC presence and economic environment. The themes were also presented in figure 2 below.

Figure 2. Themes and patterns

The influence of venture capital finance on the growth of start-ups

Table 5 indicates that 6 out of 30 start-ups obtained VC capital. It shows that the total number of employees for the whole 6 companies before they obtained VC finance was 31 while the total number
of employees after availing of VC finance was 115. The percentage increase in the number of employees for the 6 companies after obtaining VC was between 200%-350%.

Table 5. Number of employees before and after venture capital

<table>
<thead>
<tr>
<th>No. Of startups that obtained VC</th>
<th>No. Of employees before VC</th>
<th>No. Of employees after VC</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>INNV</td>
<td>4</td>
<td>16</td>
<td>300</td>
</tr>
<tr>
<td>AJMAR</td>
<td>6</td>
<td>22</td>
<td>267</td>
</tr>
<tr>
<td>JBMA</td>
<td>5</td>
<td>18</td>
<td>260</td>
</tr>
<tr>
<td>STEC</td>
<td>5</td>
<td>20</td>
<td>300</td>
</tr>
<tr>
<td>NPTC</td>
<td>4</td>
<td>18</td>
<td>350</td>
</tr>
<tr>
<td>HTNIG</td>
<td>7</td>
<td>21</td>
<td>200</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6</strong></td>
<td><strong>31</strong></td>
<td><strong>115</strong></td>
</tr>
</tbody>
</table>

The study also revealed, as shown in figure 3 that 66% of the participants stated that profit before the use of venture capital was poor while 17% reported that profit was good and the remaining 17% expressed that profit was fair.

![Partipants' comments on profitability before venture capital](image)

Figure 3. Comments on profitability before venture capital

Summary, Conclusion and recommendations

Summary

What are the challenges faced by start-ups in the process of attracting and obtaining venture capital finance?

The findings revealed that start-up companies in Nigeria face enormous challenges in raising venture capital finance. These challenges are: macro level uncertainty, Dearth of information about VC operations, Few Venture capitalists & few VC-backable ventures, Issues of trust and rigorous process, Dilution of control, Lack of knowledge of sources of finance, Proximity to VC firms and No
real VC presence. In each of the challenges, more than 50% of the participants expressed deep concern about the financing gap created as a result.

**Does venture capital financing lead to growth of start-ups and small enterprises?**

All the start-up companies that obtained venture capital finance recorded astronomical increase in the number of employees in their first year of operation. These VC-backed start-ups achieved between 200%-350% annual increase in the number of employees. In terms of profitability of the start-up companies, 66% of VC-backed start-ups affirmed that profitability was very poor before obtaining venture capital finance. The finding revealed that after obtaining venture capital finance, 83% of start-ups that utilized VC expressed that profit surged. A significant finding here was that start-up companies achieved an impressive growth in the number of employees and overall profitability after obtaining venture capital finance.

**What’s the impact of venture capital on the management style applied by start-up companies?**

Findings indicate that management of start-up companies was very uncomfortable with employee involvement before utilizing venture capital finance especially in the decision making process. There was a remarkable improvement in the relationship between management and employees after obtaining venture capital. The study showed that management (of all VC-backed start-ups) adopted a more democratic style of leadership where effective collaboration between management and employees became the norm. Finding in this study also revealed that there was a splendid improvement in the communication flow between employees and management and management regularly meet with employees before taking final decision on crucial issues.

**What are the recent trends in venture capital financing activities in Nigeria in terms of the distribution of investments across industries?**

Venture capital investment in Nigeria favoured technology sector more than any other sector. In spite of the fact that VC investment in some sectors might be static, findings show that there was a heightened VC investment in technology sector.

**What are the preferred sources of finance used by start-up companies in Nigeria?**

Most start-ups pointed out that they prefer raising the initial capital through friends & family and their personal savings. This preference was as a result of the ease and inexpensiveness of the method in comparison with other sources of funding. Significantly, the study revealed that an overwhelming majority of start-ups rely on personal savings and friends & family members to finance their ventures.

**What other challenges impede the access of start-ups to finance for growth?**

The study exposed vastly other obstacles faced by start-ups in accessing finance for growth. Findings revealed that other challenges encountered by start-ups in raising finance in Nigeria include: venture capital is in its embryonic stage; undeveloped capital market; stringent collateral requirements; few business angels; poverty level; Banks’ reluctance to extend banking facilities to start-ups and regulatory environment.

**Conclusion**

The present study reveals that the impact of venture capital finance on the performance of innovative start-ups is factual. All the VC-backed start-ups under study recorded significant improvement in the overall management of the companies, huge increase in the number of employees and steady growth in profitability. As a result of the venture capital investments in start-ups, wealth has been created which has subsequently boosted the macroeconomic wellbeing of the people. The study critically underscores the important link between VC financing of start-ups and poverty reduction. It has equally indicated that venture capital investments in start-ups not only have positive effects on a nation’s economic prosperity but also on the social wellbeing of the citizenry. Notwithstanding the present economic and political climate in Nigeria, the study has demonstrated that venture capital investments in innovative start-ups can be worthwhile. The classification of VCs impact in Nigeria in terms of economic and social streams is necessary at this point. While the
economic impact has been achieved in the start-up companies in form of sales and profitability growth, social impact from venture capital could be seen in the areas of employment opportunities for the teeming population which invariably has improved the standard of living of many Nigerians. The increase in tax revenue collected by the government as a result of growth in profitability and more people gaining employment is beneficial to the entire economy. This revenue could be channelled towards the provision of infrastructure for the citizens. Additionally, the improvement in profitability for VC-backed start-ups will boost international investors’ confidence and also adds to investor’s profit.

The study reveals that VC investments in start-ups are broad spectrum in approach. Though the provision of funds to start-ups by venture capital companies is an important stage of start-ups life cycle, they do more than that. Other indispensible drivers of this VC-backed start-ups’ remarkable performance form a subset of management support. These drivers include: venture capital companies utilize huge part of their resources in understanding new markets and technologies for the investee company; provision of effective coaching for start-ups; augmentation of existing start-up management’s range of skills; provision of extensive network of contacts to investee company; ushering in reputation and goodwill to start-up company.

Given that the growth trend has been established in the VC-backed start-ups, it’s recommended that the government of Nigeria should not only boost support for start-ups in raising venture capital but also to importantly create an effective enabling environment for venture capital investments.

References


Embracing Technology Advancement in Banks for the Marketing Orientation Efforts in Malawi

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Abstract

“What helps people helps business.” Leo Burnett.

This paper investigates the implementation of the marketing concept thereby allowing entrenchment of marketing orientation in the service industry in Malawi. Of the service industry, banking was the focus in this study to see how marketing orientation and technology have enabled the implementation of the marketing concept. If businesses including banks are to be marketing oriented, they must implement fully the marketing concept. In doing so, they must have the marketers at the top table. This article aims to review the use and embracement of technology in banks to enhance its marketing orientation. The investigation was done through qualitative methodology where top-marketing executives in the banks participated in the study in depth interviews. Top marketing executives were interviewed using a discussion questionnaire to understand the organizations structure, technology in use and the level of involvement in decision-making. Data analysis made use of thematic grouping to gain the direction, behavior and practice in the banking industry to determine the level of marketing professionals’ engagement in decision-making and technological use in the same efforts that relate to marketing orientation and implementation of the marketing concept.

Generally, the banking industry does not have a fully-fledged and well-resourced marketing department that would effectively implement the marketing concept thereby being fully marketing oriented. Lack of resources both financial and human capital for marketing department is apparent in the banking sector.

Keywords: marketing orientation, marketing concept, banking technology, banking services

Introduction

Service industry in Malawi, just like in many other countries contribute significantly to the economic growth of the country. Both manufacturing and service sector of Malawi play a significant role in the economic development of Malawi. United Nations (2015) reports that service sector in Africa countries contributes about 50% of the countries’ economic growth. However, Malawi though primarily agriculture-based economy (Bingu wa Muthalika 2006), much more contribution to the Gross Domestic Product (GDP) which stands at 67% emanate from the manufacturing and service sector (https://www.cia.gov). Some studies have been done in the manufacturing sector to review its contribution and placement in the economy of Malawi but very little has been done on service sector especially the banking industry. Service sector contributes even more than the manufacturing sector with well over 70 percent influence on the combined GDP contribution of both manufacturing and services (International Trade Centre 2012). Banking sector being one major sector of the service part of the economy makes major strides in the economy. Technological advancement and its impact on marketing orientation visa vis implementation of the marketing concept is an area that has not been researched in as far as Malawi is concerned. It is clear that, the implementation of marketing concept depends on the orientation of the company, which in modern times has some enhancement of technology. However, has technology in its advancement played its role in enhancing the marketing orientation or not in this sector? This among others will be the key area of this study. Kholi and Joworski (1990) explain both marketing concept and marketing orientation in that marketing concept constitute a way of thinking about an organization, its products and customers. It is a set
of attitudes towards the market whereas marketing orientation looks at providing steps needed to develop this philosophy in the company as a behavioral trait. Marketing orientation also looks at the future not only current customers, competitors and interfunctional coordination. Marketing orientation is therefore a type of business culture, a behavior, an organization culture that helps separate superior value to customers and keep them loyal as an asset for future revenue stream.

The banking sector in Malawi has evolved since independence in 1964. From a handful of banks of about three in number before the year 2000 to now over ten banks in the country. The marketing orientation being a behavioural demonstration of an organization comes from the leading role of the top marketing executives. It is clear in Malawi that the banking sector has over time not been keen to have a fully resourced marketing function. Recently, there has been an increase in recruitment of marketing professionals in banks as competition stiffens. For a large part of the 20th centuries, it was mainly the manufacturing sector that has had well defined marketing departments driving marketing orientation and implementation of the marketing concept across the organizations. Today, with increasing competition, many banks have a marketing department though in varying sizes and resourcing. Still, many gaps exists in the resourcing of this important function in an ever-increasing competitive industry. This study aims to uncover the gaps that exist in the banking sector in as far as marketing resourcing is concerned and whether the banking industry has taken advantage to align its marketing orientation with the advancing technologies, the world is ever experiencing. Some parallels will be drawn to compare the resourcing nature of a bank against any other service company in this case mobile company, which has shown significant presence of marketing orientation. Mobile companies have embraced the technological advancement in a much visible way such that some of the banking service requirements are now in the hands of mobile companies ably complementing the need for financial inclusiveness of the unbanked. While the banking services require customers to have a certain set of mandatory minimum cash mostly from employed or business people, penetration for the banks has remained low for Malawi currently at 15%. Dupas, Karlan, Robinson, Ubfal (2017) states that 85% of the population in Malawi do not own a bank account. Mobile service penetration at 38% in 2013 (Macra 2015) is far higher despite being around for just under 20 years as opposed to the banks, which have been around for close to 50 years. It is believed that the level of marketing orientation in banks have contributed to this low uptake of financial services and low penetration of the banking sector compared to mobile sector. It is also envisaged that a strong part of the major impact to this problem has been the way banks have resourced its marketing department as well the levels are they have placed marketing professionals in the organization. The top table in most banks lack the presence of marketing professionals and it may appear that these important professional play a second fiddle in this industry. Some banks will have heads of Marketing at the top table of executives where strategies are discussed while some banks have single resources somewhere in the lower ranks with no assistance. The questions that lingers around is who then would drive the implementation of the marketing concept which according to Khomi, Bernard and Joworski (1990) is the cornerstone of the marketing discipline and also who would ensure that the bank is marketing oriented for it to better service its customers.

Concisely, this study will focus on reviewing the following:

1. How banks resource their marketing department
2. Whether marketing executives participate in top level decision making
3. Whether technology is used to drive services delivery to its customers especially with advancing technology the world has witnessed
4. Are there signs of marketing orientation in the banking sector and implementation of the marketing concept critical in its quest for growth amid competitive environment

It is believed that the study will valuably enhance the orientation of the service sector of the economy to help it grow further as the sector play a major role in the GPD of the country.
Objectives of the study

The study’s broad objective is to assess the level of marketing orientation of the banks in Malawi and to what extent do they implement the marketing concept, which is critical in their quest for growth. It also look at the level of usage of technology in its customer services to ensure timely and smooth interactions with its customers especially as the world has witnessed a boom in technological advancement. Notwithstanding this, all this to happen, there is need for the process to be governed by marketing personnel at the highest level of the bank’s organization.

Specific objectives

1. The nature of resourcing of marketing professionals in the banking industry
2. The level of placement of marketing professionals in the banks organization’s structure
3. The level of usage of technology in its service drive to its customers especially with advancing technology the world has witnessed
4. The level of marketing orientation in the banking sector and the implementation of the marketing concept critical in its quest for growth amid competitive environment.

Defining the research problem

In the much taunted service sector bolstering with profits year on year, how much is the profit contribution coming from marketing impact. In the 2016 financial announcements for the banks in Malawi, it shows that they are doing extremely well with super profits. Standard Bank, an international bank announced its profits at K19b an equivalent of USD26m (The Times March 2, 2017). In parallel, National Bank the archival in its financial report for 2016 (Nation newspaper April 12, 2017) reported a staggering K16b (USD 21m) even amid acquisition of Inde Bank in the course of the year, which has had to affect the bottom line of the bank. However, when you look into their marketing structures, resourcing and position in the organogram, one wonders if indeed the banks are thriving on the well-implemented marketing concept or these profits are merely a chance coming from the sort of economy that is punitive in its service costs. How much of the technology is in use in a bid to offer excellent service to its customers especially if the marketing functions are dismally resourced.

It is against this background that this research aims to uncover the contribution marketing has and or the impact of technology on the bank, through the assessment of the banking services, the use of technology and the impact of the marketing professionals visa vis the marketing concept implementation as a measure of their marketing orientation. With the resource levels in the marketing department, how are they coping with this mammoth task of implementing the marketing concept? Are they well represented at the top table is a key question to answer.

Conceptual framework

This study is informed by the concept of marketing, which is critical in the quest for marketing orientation. For all the work done in the marketing department, it is grounded in this marketing concept, which defines all the axillary areas that make up the marketing. Implementation of such a concept is critical to the achievement of the marketing orientation. With the advent of technology in the modern world, some of the processes necessary for the implementation of the marketing concept have been made easy. It is therefore important for the banks to apply fully the marketing concept. However, this may not be the case hence the study being undertaken.
Using this concept, marketing orientation, which is the overall focus of this study, refers to the development of attitude and practices that aim to maximize the company’s adaptation to the market (Avlonitis and Gounaris 1997). This is broken down into marketing audits to know what is happening in the market, research work being carried out and the marketing mix. In this study, the aim is to check what the attitude of the banks is towards marketing and if the processes above are fully implemented and are supported with resource requirement. The study will also inform whether technology is in use to assist in the implementation of the marketing concept thereby being a marketing oriented organization.

Introduction

In this section of the study, a review of past studies will be carried out to form the basis to this study. The banking industry is particularly singled out as the focus of the study. First, literature looks at service industry in Malawi and its contribution to the economy

Service industry in Malawi

Service industry is a critical sector in Malawi just as it is across the globe. This sector brings notable economic contribution even beyond the manufacturing sector in a general industry set up. In Malawi for example, service sector alone contributes 56% in value-added terms. Combined contribution of the manufacturing and service sector is well over 60%. Of the total industry and service contribution to Malawi’s gross domestic product (GDP) which stands at 67%, service sector alone in Malawi takes a sizeable chunk of well over 70% contribution to value-added GDP (http://www.intracen.org). This makes service sector very critical to the value added side of the GDP. United Nations (2015) affirms this assertion in reporting that in Africa service industry contributes over 50% of the GDP. Bingu wa Muthalika (2006) asserts that Malawi’s leading economic activity driver is agriculture that employs 80% of the workforce and responsible for over 80% of foreign exchange earnings for the country. Beyond being the mainstream of the economic activities, Agriculture drives national and household food security in Malawi. Today, service sector includes transport, consultancy, insurances, banks, healthcare, agencies and many more (Stigler 1956). In fact, whether it is a manufacturing or in deed an objective service industry, all businesses in the world are engaged in providing service in one way or another such that service activities are used
throughout the manufacturing process and manufacturing value chain. In fact, even in service industry, some of the sectors not believed to be of service nature are classified as such. Main distinguishing factor is the fact that no physical product is involved then it is a service (www.nber.org). Products when manufactured and sold, somewhere a service is involved that is why there is customer service department. In discharging different duties, service is mostly used to gauge if that organization minds about its customers or not.

Banking sector is one of the most rapidly growing section of the service industry in Malawi. Currently, there are 10 banks in Malawi both local and international banks (http://www.iobmalawi.com). Service provided by these banks vary from one bank to another especially when it comes to customer service. Much as it is a fact that banks provide financial solutions to businesses, they compete on best service that includes convenience, attention to customers, responsiveness to customer needs, understanding its customers, footprint of the outlets for ease of access by its customers, lending rates and interest rates, prices charged for various services, innovation and branding among others (Deloitte 2014). For a bank to excel and do better, it must win the trust of its customers because these are money matters. Ernest and Young (2014) says a bank must win the trust of its customers in order to grow

**Competition in the banking sector and marketing resource**

Competition being rife in these days, Brand Loyalty (2005) emphasizes that in a competitive world; brands must thrive and survive the stiff competition. Banking industry is not spared from this competition, the only way to gain more customers or to increase customer base is by offering the best service. Marketing people are tasked with managing the brand in any business. For the business to succeed, it needs a well-planned marketing concept implementation. Brand loyalty (2005) informs that branding is now the most important aspect of the business and that whether the business is a bank or a toy seller, it is the brand itself that will dictate whether the business succeeds or fails. Customers are always on the move with unprecedented access to competing banks and to new type of financial service providers (http://www.ey.com). While it is clear that, most customers have several bank accounts, maintaining primary account in your bank is critical for business growth and improving market share because primary bank customers use that account much more often than other accounts. Malawi in the early years of independence did not have marketing department in the banks and therefore marketing personnel in the banks were nonexistence. Over time, banks in Malawi have realizing the need for marketing department. As customer demands continued to grow amid competition in the country in the banking sector, there has emerged a need to employ marketers in the Banks. More and more marketing personnel have been recruited over time. However, the level of marketing department in some banks lacks the flair that is needed for an effective execution of the marketing concept. Most banks in Malawi are seen with one resource person or just a few people to act as a link between the media and the bank. When one compares the banking sector’s marketing department, resourcing with other service sectors like mobile service provides or manufacturing companies, one would quickly notice the lack of personnel in the banking sector. The number of banks in Malawi has growth from very few in the 90s to at least over 10 banks in 2016. To make it worse, bank service penetration is amongst the lowest in Africa at 15% of Malawi’s population that is banked (Dupas et. al 2017)). Of late with the advancement of technology, mobile money services that are being provided, have many more customers who have otherwise been without bank accounts to accessing financial services. Mujeri (2016) reports that in recent years, mobile banking has emerged as the potent instrument for increasing outreach of financial services. Africa has produced one of the world’s largest mobile banking service in the world from the East African countries of Kenya, Tanzania and Uganda. (Metre 2011) The entrenchment of mobile money service especially Mpesa has been phenomenal in getting the unbanked to start enjoying the services traditionally provided by the banks all along. Beyond provision of banking services, mobile money wallets have also come with easing transfers of money across the country and sometime regionally as well. Mobile banking service has also thrived on the backdrop of innovation and marketing which somehow testifies that marketing is critical in the banking service. In mobile companies,
the marketing department is well defined and well-resourced than is the case with banking service sector. It is some of the parallels that will be evaluated in this research to try to uncover the lagging behind nature of banks in recruiting and resourcing their marketing departments. The mobile paradox as per their main thrust, which is growing customer base to support the network then exciting these customers to use the network that has seen them register double digit growth for a number of years. Malawi for example, mobile service came around 1985 while the banks have been around for much longer. The customer base however, surpassed the bank customer base within two years of its introduction. This partly confirm that marketing plays a major role and must be well resourced to appreciate its impact. The aim of this research work it to review the presence of marketing professionals in the banking sector of Malawi. Traditional ways of marketing as practiced in other industries like the proxy of mobile business would be a good one to emulate as both businesses are dealing with customers base as core driver of business sustenance and growth.

**Introduction to research methodology**

The study will be exploratory in nature and qualitative through simple discussion guide that will engage the top marketing executive and or top executives in the banks. Desk research of the publications of the bank, reports and other sources of information shall be included in the data gathering which the author will undertake. The methodology of in-depth interview is appropriate in this study. Boyce (2006) defines in-depth interview as an intensive interview that is conducted with selected few individuals (in this case employees of the banks purposely selected) to check their perspective of the use of technology in customer management as well as marketing orientation of their institutions. Detailed information about the thoughts of those interviewed is sought is this type of qualitative interview. Marketing orientation being behavioral issues, the in-depth interview presents a valuable methodology to capture the views from such service industry.

**Research design**

A questionnaire discussion guide was used to collect data from selected top marketing official in the selected banks. An in-depth interview was conducted using a discussion guide / questionnaire. The discussion guide made use of the MAKTOR SCALE assessment, which aimed at reviewing the behavior of the bank in its efforts to provide better services, get feedback from its customers, know the competitive landscape and legal and regulatory framework prevailing (Kohli, Joworski, Kumar 1993). At first respondents were asked to participate in the study with google-generated questionnaire (https://docs.google.com) that was later followed up with telephonic discussions where the author needed to get further clarification and or dive deeper into some behavior issues. The analysis followed thematic approach as to what their behavior is in an effort to implement the marketing concept and gauge the level of marketing orientation. The results will show the level of technological involvement in the process of executing marketing activities.

**Sampling technique**

A purposeful sampling of the banks to participate in the study was done. At least two international banks and two local banks were selected purposefully. The respondents to participate in the discussion guide largely come from Marketing department and or other senior officers of the bank. Instead of focus, group, an in-depth interview was used to allow for identification of the employees and them being senior managers in different banks; it was not possible to put them into one group of focus group. All that was needed was to get the views on the topical research study about technology usage and marketing orientation. Also bearing in mind that the four selected banks could be at different levels of technology usage and marketing orientation behavour, it was proper to conduct an in-depth interview so that each one is able to describe their banks in more detail without considering others banks managers’ presence. This type of methodology avoids biasness in data collection because the managers are not in one group and would not be trying to outdo one another but rather give what is right about their institution. Boyce (2006) states that in-depth
interviews should be used in place of focus group in situations where those being interviewed may not be comfortable to discuss freely especially when it is critical to distinguish individuals clearly.

**Data collection**

Data was collected through a discussion questionnaire that was developed using google forms and administered electronically on line. The discussion questionnaire link was emailed to the respondent in the bank. Designated respondents filled the questionnaire on line and the responses are automatically saved in the same google form space. Provision was made to follow up the respondents if they did not comply in filling the questionnaire. This was to be done through telephone call and in one case; a face-to-face interview was made as a follow up. The total number of banks participating in this study is four. This being qualitative in nature, the marketing department was asked to choose whether they wanted to have its team members respond as a group in order to provide answers as to the processes in place. Technology was made use of in generating the discussion questionnaires on google application and respondents could easily type their responses into the system. This questionnaire guide link was emailed to respondents in the four banks through google forms (https://docs.google.com). Follow-ups was made with each bank to ensure full compliance. The author then took time to talk to some of the respondents telephonically and to gain more insights on some questions following their responses recorded. This further complemented the questionnaire such that it was easy to deep dive in some questions to pick up the behavior patterns in the banking industry.

**Data analysis**

Thematic analysis will be used to generate direction that banks have taken in the provision of services to its customers. Following from these thematic grouping, it will be easy to distil the behaviour that prevails on the bank and the utilization of technology to best serve the customers and to what level the marketing department is resourced including its top executive.

**Introduction**

In this chapter, the findings of the study in relation to the study objectives and questions as set out in the introduction in chapter one are presented discussed and interpreted offered. From the sample used, four banks were interviewed using the marketing top executive in the bank who responded to the discussion guide that was administered via in-depth interviews. All the four interviews that were planned one per each bank were achieved. From each of the banks, their top marketing executive participated in the research. This gives credibility to the findings as the very top marketing officers who are running the show participated. Efforts has been made to relate the findings with literature as a way of generating points of agreements and or disagreements in as far as technological usage and marketing orientation of the banks are concerned. To kick-start the chapter, a brief review of the sample characteristic and experience is presented

**Sample characteristic and respondents levels**

The actual sample that responded to the survey as described above were all the banks in the sample plan and top-marketing executives participated in the data collection. This was achieved through prior talking to them to set up the rapport for the study and explaining why the study is being carried out. The table below explains the type of resource interviewed.
As per the table above, the people that responded to the study survey were mostly top level of the marketing department except for one bank where a one level below executive committee was used. However, in this one bank, the person runs the marketing section but reporting directly to the Managing Director which in essence presents the highest level. All the four respondents are seasoned marketing gurus having worked in various multinational companies. Each of them has managed Fast Moving Consumer Goods (FMCGs). All the four respondents have the relevant marketing training, qualifications, and some with international experience. Simply put, they have the knowledge of the marketing concept and all the requirements of its implementation.

### History of bank establishment in Malawi and marketing resourcing

From the sampled banks which comprised of local and integrational banks at the ratio of 50:50, it was observed that some of the banks are as old as fifty years. This means such bank has seen Malawi through the independence ladder. However, the names may have changed over the time and ownership as well. Some of the banks interviewed as local and less than 20 years of existence. All most all banks confirmed that marketing is a new phenomenon in the banking industry in Malawi. More concentration and efforts are placed on core banking activities. Could also be that in the early days of independence, there were few banks and competition was not an issue. As more and more banks opened up in the 20th century, it became evident that some marketing skills were required. This saw the recruitment of various marketing people in the banks. Despite, realization of the need for marketing, it appears all banks have not really resourced their banks properly per with the demand of marketing work. All the four respondents unanimously agreed that their marketing resource was not enough for the demands of marketing. In one particular bank, there only one marketing person. Despite the knowledge these marketing professionals have, the space to implement the full marketing concept is compromised due to either lack resources or no support at all as all top managers feel marketing is not a core function of the bank. It must also be noted that in the bank with one marketing resource, they could be depending on their head office for other marketing initiatives with the local resource just implementing. However, prudent marketing requires that the marketing concept be fully implemented and that would need extra hands. The other three banks reported having only three members of staff in the marketing department with each vehemently saying the resourcing is not enough to execute critical roles of the bank in as far as marketing is concerned. In parallel, other marketing oriented companies like mobile industry, which are less than 15 years old on the market, possess vast marketing department staff. It is evident therefore that the banking industry in Malawi is not adequately resourced. These auxiliary companies have put more resources on marketing to drive a full agenda for the marketing concept implementation. Despite having regional establishment for support, there is need for local marketing team to lead the company in insight generation, consumer feedback and customer service as well as brand management in line with company philosophy.

While the marketing departments could be under resourced, they were well placed in the organization at least at the executive committee level. All most all banks confirmed executive committee members. This is critical as participation in key decisions of the banks is ensured from marketing point of view. It also means the marketing executives help n generating the strategies for the bank and partly implementation of the marketing concept
Technology usage in the banks

Banks are naturally a high technology business sector and the world has seen tremendous improvements in banking facilities. In Malawi as noted from all the respondents, technology in highly used especially in areas of automatic tailor machines (ATM), swift transfers amongst banks, internet banking and mobile money, which has added to the list of recent developments. All banks confirmed having wide use of technology. Social media as well as short message broadcast are amongst the widely used vehicles by banks today. Through these vehicles, some banks have confirmed taking advantage of advanced technology to get customer feedback on some of their offering to the market. While these are plausible developments, they have brought with them open discussions forum where customers and marketers issues are laid open on the ground. If an issue is negative in nature, the bank suffers more damage and would need to fix the issue quickly. It was common from all banks to note that customers have making comments on social media about the services being offered either commendation or querying the services. Recently, all banks in Malawi were upgrading their systems, in some cases, the system upgrades came with varying balances and deductions from peoples accounts erroneously, these and many more brought the banks into lime light. It means resourcing these banks with all skills that marketing needs is more than vital today where all issues are discussed openly on social media. On a positive note, if a discussion is positive and appreciative in nature, it feels good to have free endorsements from customers. Such endorsements are shared widely on social media just like the negative comments. It is a pity though that negative comments go more viral that the positive comments. This is where the marketing tem need to be equipment with enough resources so that one is managing the digital world of the banking industry in relation to customer’s needs. Through such interaction, the bank need to ensure it gives relevant information on issues being raised other than ignoring them. As for positive comments, the bank must take advantage to amplify them on social media and or other media.

The banks confirmed that technology has greatly improved the bank efficiencies in introduction of new products as well as message delivery to its customers whenever the banks need to send updates. Message broadcast on mobile platform has been key in updating customers with any issues that need their knowledge. Speed to marketing was also noted as one of the key benefit from technology, which all banks subscribe to. All respondents recognized the ease of business transaction that has come through with technology. Customers can easily open accounts using the bank’s websites, which is the past, would only need physical presence at the bank. All respondents confirmed that customers are able to transact without necessarily coming to the bank. The integration with mobile companies for mobile banking has increased the financial inclusion number, which for a long time has been stagnant. With mobile banking which came into Malawi only from 2012, Malawi banking industry is widely using mobile platform for its banking services on offer. Mobile penetration being estimated at 38% of Malawi population using mobile phones. The banks are also increasing payments via point of sale machines placed in various vendors but this is yet to grow as few vendors make use of them. Electronic payment using the Automatic Transmission Machine (ATM) cards have increased but to a limited few due to the visa card which are being introduced now for the past year and half. Previously, most of the cards were not enabled for electronic payment but just cash withdrawals. This is fast changing, as all costs being issued now are visa enabled making a step towards cashless society, which is prevalent in the western world.

Use of technology to drive marketing agenda has been widely used as confirmed through the interviews with banking officials. Simple feedback is generated from consumers, which would mirror the consumer insight activators where consumers / customers provide feedback.

Marketing concept practiced in the banking industry

From the sample interviewed, it was prevalent from most banks that it is a tall order to accomplish the demands of marketing requirements. Almost all banks have challenges of resources to allocate to each requirement of the marketing concept. It was felt by most banks that both personnel and financial muscle
is limited in the marketing department such that the budget for marketing is not adequate to drive the marketing agenda as defined in the conceptual framework figure 1.5. In proxy companies like mobile companies or manufacturing companies where these marketing executives have worked before, the marketing departments are well resourced both financially and personnel wise. With proper financial resources, one is able to carry out all the needed research studies to know more about its customers, products in use and future habits and attitudes as they emerge. Marketing audit is key as it conducts an audit necessary for the execution of the marketing function especially in this ever-competitive world. From the marketing concept, companies are able to monitor customer or consumer. Consumer needs and wants are necessary to gauge what products to introduce on the market and how to satisfy customers better than competitors. The main thrust of the marketing strategy is the focus on the pull by consumers and customers through offering of best value products. The common practice in the banks as per the feedback indicates that with tight resource, not much of the marketing audits are being conducted. In some banks, audits are done but not as often as would be the case with other companies in the country dealing with FMCGs. It was apparent from all the interviewed banks that the focus is mostly on the core banking activities rather than marketing. All banks voiced out the need to enhance their marketing departments in order to fulfil all the requirements of the marketing. Doing marketing audits periodically require funds which again as confirmed by most of the banks is limited. The budgets are more skewed to core banking activities and marketing is left at the back end when budgeting is being allocated. With the current technological advancement, more audits and customer feedback could be planned but still more, there is deliberate need to resource the department properly for its effective. Interestingly, both local banks and international banks shared the same view in as far as marketing resourcing is concerned. It can be concluded therefore that the marketing department is not that prioritize in the banking industry. This could be due bank industry evolution in the country and delayed competition over time, as they were few banks in Malawi for a long time.

Delivery of marketing concept desires that all departments work together to ensure customer value is maximized. Bhasin (2016) illustrates holistic marketing with a togetherness symbol where a team is working together representing different departments of the company. These departments could be marketing, Sales, Finance, Accounting, Operation, Human Resources etc. etc. In market orientation, this is critical as the entire organization need to drive the same efforts towards satisfying consumer needs. In a highly competitive world, consumer and customer are kings hence working together is the right thing to do. In the survey responses, all varied answers were given in the manner the departments work together. This suggests that more needs to be done to enforce the togetherness and oneness in order to drive the marketing agenda that will ensure success of the brands and organization.

Figure 4.4. Togetherness at work as departments

Bhasin Hitesh 2016: Holistic Marketing Concept.
An organization with different department where Research and Development (R&D) together with product development rely on all other departments especially Sales and Marketing to launch products that meet consumer and customer needs.

Marketing orientation in the banking industry

From the survey data, it was prevalent that with limited resourcing of the marketing department both financial and human capital, the level of marketing orientation is somewhat compromised. Despite some behaviours relating to some processes of the marketing orientation, generally participants were of the view that more need to be done on this front. Most of the participants in this interview strongly agreed that the current setup of the banking industry is skewed to core banking activities with marketing playing second fiddle. Contrary to what the marketing orientation desires of the behavior of an organization that must focus all attention to marketing activities by all departments.

Tomaskova (2009) brings out the new methods of measuring market orientation that among others includes supply side. This methods looks at external analysis, customers and distributors, competitors, suppliers and inter-functional coordination. In the survey undertaken, almost all participants concurred that not all these analysis are being done to the book. On the other side, it is also advised that some of the processes of the marketing orientations especially those that relate to product development and innovation are led at group level in those banks that have international ownership. However, simple research works are being practiced in Malawi but not as often as would be desires in a fully-fledged market oriented firm. It was a general view from participants that that the banks are not market oriented in the conduct of business now. Some traces of the needed behavior is being noticed in the banking industry but with the marketing not coordinating this effort, it leaves a lot to be desired.

Conclusion

From the study, it is clear that most of the banks do have the Marketing executive officer at the top lever of the Bank’s executive committee. However, resourcing is an issue for the marketing department as observed in all banks. This means implementation of the marketing concept is compromised. Although there is that notion that international banks have back up resource at their head offices, it must be noted though that market conditions for each operation are different requiring complete resourcing of the department. There is visible usage of technology as observed in all the banks but more can be done to enhance customer engagement and satisfaction. It therefore follows that each of the banks felt they are not fully marketing oriented as most of the weight in the banking services is placed on operations. There is therefore need to conduct a full-scale research in this area to determine statistically the marketing orientation of the banking industry which is critical to the economic growth of the country. This study was important to check the current marketing orientation as practiced in the service industry of the banking sector.

Acknowledgement

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Significance of Market Segmentation to Strategic Marketing in Nigeria and its Impact on Global Education, Research and Technology for Sustainable Development
(A Case Study of Kaduna Flour Mill)

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Abstract

The growth, profit and survival of any firm irrespective of its policies relies positively on how well the consumers wants and needs are satisfied by the firm’s products or services and this can inversely be improved by global education, research and technology for sustainable development. It is through marketing that a firm can identify and offer products that will satisfy the wants and needs of customers or consumers and also cause sustainable growth and development.

By tailoring marketing programs to individual marketing segments, management can do a better marketing job and make more efficient use of marketing resources. This study then seeks to look at the application of market segmentation and its significance to strategic marketing in Nigeria and how it can improve global education, research and technology for sustainable development by using a case study of Kaduna Flour Mill. Detailed and current background information about Kaduna Flour Mill and their products was obtained while personal interviews were conducted at different locations in the metropolis to ascertain the extent to which the company applies market segmentation in marketing their numerous products. However, the findings of this research study are analyzed and discussed in chapter four while conclusion and recommendation were drawn and made in chapter five.

The micro environment includes, naturally, actors like customers, suppliers and intermediaries, competitors, as well as investors and financial institutions, and in addition also the media, communities, the government, different interest groups and the public. Customers, regardless whether they are individual consumers, other businesses, retailers or public service providers, can probably be regarded as the most important factor when considering the strategic approach to sustainable development.

Introduction

In both advanced are less developed countries, economic management is a traditional demand of Government irrespective of economic and political philosophy. One of the major pre-occupations of every private and public enterprise is the maintenance and sustainable growth and development.

To survive growth, flourish business and sustainable development it is inevitable that you must device market segmentation for dealing with environmental forces such as change in population, education, research, income level, taste, sophistication and technology, competition etc. Market segmentation is a customer orientation tools or philosophy that identifies the customer needs within a sub-market (segment) and satisfies the customer needs within a sub-market (segment) and satisfies them in an efficient and profitable manner.

Background of the study

All organizations whether public or private, manufacturing or service, large or small have a need for marketing. As a means for serving the needs of their customers marketing forms the cornerstone discipline of most successful Companies and Governments not only in developed countries but also in developing countries.

The very fact that buyers differ in their taste and preferences or scattered worldwide makes market segmentation almost inevitable that must be employed. As rightly observed by an advertisement agency, there will be no market for products that people like little but only for product that people like a lot. Furthermore, most of this kind of people will be unevenly spread in various locations and this causes the need for market segmentation.
This citation above clearly indicates the needs to identify the various needs and differences of the customers classify them into groups and then tailor the product to each group. This is what market segmentation does.

Market segmentation also is conformity with the philosophy of market concept which is employed by most firms today as their guiding philosophy. Marketing concept is philosophy which hold that goal consist of the desired needs and wants more effectively and efficiently than the competitors (Philip. K 1980).

The heterogeneity of the market place make it infeasible to implement the marketing concept using a single market tools aimed at all buyers instead, market segmentation occurs. You have to aim at somebody not just everybody to make profit.

By definition, claimed by Belz (2005), sustainable products make a contribution to the solution of socio-ecological problems and have some kind of a competitive advantage over other products with respect to the socio-ecological dimension.

**Objective of the study**

This study is aimed at achieving the following:
- To determine the extent to which application of market segmentation as a tool by organizational assist them in achieving their objectives.
- To analyze market segmentation and identify it as a tool for organizational growth and survival in Nigeria.
- To identify various basis for market segmentation applied by organizations in Nigeria.
- To bring into focus the various factors influencing the effective application of market segmentation as a tool by organization in Nigeria.
- To make recommendation for improvement.

**Research hypothesis**

That Kaduna Flour Mill uses market segmentation as form of strategy for marketing to achieve sustainable growth.

That market segmentation as form of strategic marketing has significantly assisted Companies in achieving their marketing objectives.

A way to discover the new segment is to investigate the hierarchy of attribute that consumer look at and their way to choosing a brand. Focusing on a segment of the market brings about more profitability and satisfaction.

**Scope and limitation of the study**

The study is on Kaduna Flour Mill. The research on market segmentation significance to strategic marketing in Nigeria and its impact on global education, research and technology for sustainable development is such a wide topic that an extensive treatment of it is not possible because of the limited amount of time at the researcher's disposal so the research focuses its attention on the Kaduna Flour Mill. The research work will also put emphasis only on the marketing aspect.

**Keywords:** Employer, employee, organization, motivation, management, satisfaction, performance and goals, market, product, strategy, determination, goals, objective, and enterprise.

**Literature review**

This chapter reviews literature related to the crucial aspects that is needed to be acquainted with and as well as the contemporary issues that are specifically related directly or indirectly to the research topic market segmentation as a tool for growth and survival. This chapter contains the following headings under which the literature is viewed the concept of market segmentation, steps in market segmentation, bases for segmenting consumer market, bases for segmenting industrial market, alternative segmentation strategies, analytical technique used to segment a market, market segmentation and product positioning the merit of market segmentation and the merits and demerit of market segmentation.

Market segmentation in simple words may be defined as a process of splitting or dividing potential customers into certain groups or segments sharing similar levels of needs. The definition explains that
the process is simply a division of markets into target groups. It is creating sub-sets of a market based on similar characteristics of consumers with similar demands and providing them with a product to satisfy their need in a much better way than it could have been otherwise.

**Do we need to segment the Market?** Marketing may be based on broad markets or small sub-segments. Mass marketing is the process or strategy to use the same marketing channels for all consumers without identifying the needs of a specific group of people. Mass marketing strategy employs mass promotion, mass production and mass distribution in the same way for mass consumers. In the past, companies have used mass marketing to achieve the economies of scale. However, times have changed, and it is almost impossible to create products to appeal to the entire market. Pursuing this strategy, several companies have lost their market leadership or a considerable chunk of their market share. An example would be Ford Motors when they offered T Model to all buyers “in any color as long as it is black.” This is why there is a need of market strategy based on specific groups of customers as buyers’ needs are different; they cannot be satisfied the same way. The division of markets into various sub groups on the basis of several variables will more closely match particular needs of a particular group of consumers.

**The concept of market segmentation**

Market is a place where people meet to buy and sell goods and services. Market segmentation is the process of dividing the total heterogeneous market for a product into sub market or segmentation each of which tends to be homogenous. 

Station (1981) however maintains that market segmentation is a customer oriented philosophy. It can be achieved by identifying customer needs and wants within sub market segmentation and satisfying those needs.

Kotler P. (1985) defined market segmentation as a process of dividing a market to distinct group of buyer who might require separate products or market mix. Company identifies different ways of segmenting a market and develops profits of the suit market segmentation.

According to Bush and Houston (1985) market segmentation is the process by which an organization attempts to match a tool marketing program to the unique manner in which one or more customer groups behave in the market place. The definition recognized segmentation as a process involving a sequence of steps; identifying the segments, analyzing the nature of each segment to determine its uniqueness, translating these differences into appropriate marketing strategy and select target markets.

According to Boone .L and Kurtz .D (1971), they viewed market segmentation as a process that involves companies producing numerous separate products and designing different mixes to satisfy smaller homogenous of the total market. The logic behind market segmentation is that organization only survives because they have customers and these customers are people. Every given society / Environment market is made up of a numerous people with different cultural backgrounds, different religious beliefs, variation in purchasing power and several other differences. On the whole despite the varying approaches of the differences writers, they suggest the same thing. That is you have to have somebody and not just everybody to make a profit.

**Bases for segmentation**

There is no particular right way of segmenting a market in other words. This means a market can be segmented in a number of ways by using many variables. According to W. Stanton, buyer behaviors are rarely related to only one type of segmentation but factors can be so closely related. One of the very important ways of segmenting the entire Nigerian market is to divide it into ultimate and industrial users.

The distinct on between consumer and industrial market is very important from a marketing point of view because the two markets buy differently. It is well known that the composition of a sellers marketing program i.e. the brand of the elements of the marketing mix depend upon whether it is directed toward the consumer market s or industrial market.

According to W. Station the ultimate consumers buy and use product and services for personal and household use. They are satisfying strictly non-business wants and they constituted what is called the consumer market (Stanton W J Fundamental of marketing 6th Edition P. 79) 1981. Stanton further states that industrial users are business, industrial or institutional organization that buy product or
services to use in its own business or make other products.

**Condition for effective segmentation**

Clearly, there are many ways to segment a market. Not all segmentations however are effective. Kotler P (1985) identified that for market segmentation to be useful, the segment must exhibit the following characteristics.

I. **Measurability:** There must be a shared characteristic that can be used to include and exclude consumers from the group. According to Paul S. B and Michael J. H (1985) it can be identified as a segment, a buying unit whether on individual consumer, household or organization must be measurable on the chosen variable. It must be clearly identifiable in terms of the segment of the market to which it belongs.

II. **Substantiality:** Paul S. B and Michael J H (185) the segmentation process which yield at least one segment that is sufficiently large in profit potential to make it worthwhile as a target market. A segment may meet all the above criteria but be too small to be a profitable target market.

III. **Stability:** the sequence of step in the segmentation process usually encompasses insider able range or time.

In particular, there will be a gap between when segment information is collected and analyzed and when a marketing strategy based on his information is implemented and performance objective can be realized. It is necessary then for a market segment to the highly stable with respect to the appropriate market strategy. The segment much remains much the same from when information is analyzed to when the appropriate strategy for it is implemented. If the market is unstable, the marketing strategy directed at it becomes inappropriate and the benefits of segmentation may be less than otherwise.

Morrison (1989) suggests that three other requirements should be further evaluated and these are:

(i). Defensible (the marketing firm must ensure that each group requires individual attention).

(ii). Durable (some market segments are short time)

(iii). Competitive (relative to market segmentation).

**Merit of market segmentation**

According to Philip Kotler P (1991), both the marketing firms and its customer derive benefits from market segmentation and the benefit are:

(i). Effective segmentation should result in improved allocation of market resources which will have an adverse good effect on the growth and development of a country as a whole.

(ii). Segmentation enables the producers to design product and market appeals to satisfy the needs of the groups

(iii). Effective segmentation allows for greater consumer satisfaction and this can cause sustainable growth

(iv). Effective segmentation result in greater sale volume and profitability which can cause rise in GDP which will in turn result to sustainable growth.

(v). Segmentation makes for better competitive position for existing brand in the market place.

(vi). It is easier to understand the exact needs of the customer and target the marketing strategy at a particular group. It is much easier and more successful to create and promote specific and customized products and services which will in turn lead to company and economic growth.

(vii). Mass marketing is a strategy of the past. Target marketing and positioning creates new potential customers and new ideas for new products and services. Companies can create better products and hence maximize their potential profit.

(viii). Specific groups require specific products. Thus segmenting the markets creates further opportunities for business and economic growth and development.

(ix). It is a great way to retain customers. Firms can establish a life-long relationship with their consumers via formulating an effective market segmenting strategy with can also lead to long lasting sustainable growth and development.

(x). the company’s resources are utilized for producing the right product for the right customer.

(xi). Segmenting business and consumer markets is important to maintain existing market share and expand it. A successful company needs to gain competitive advantage by looking closely at the
specific needs of customers and devising strategies to provide maximum benefit, value and sustainable growth and development.

**Methodology**

The third chapter is an analysis of the research methodology used in the process of carrying out this research work.

The methodology includes; research design, population of the study, sample size and technique, method of data collection and method of data analysis.

**Research design**

A survey research design was used for this study. This is because survey method is concerned with ascertaining the conditions which prevail in a group of classes chosen for study. It is based essentially on a method of quantitative description of the general characteristics of the group being studied.

**Population of the study**

For the purpose of this research, a sample of the entire population will be studied in place of the entire population. The population of the study is the combination of consumers of Kaduna Flour Mill that were sampled from Kaduna State.

**Method of data collection**

Personal interview was used as a method of collecting data. This is the most feasible in this kind of research where a lot of people including not educated people were contacted.

**Method of data analysis**

The analysis and tabulation were done using the simple percentage technique as the methods are useful mainly for the purpose of aiding comparisons.

**Data analysis**

This chapter presents and analysis the data obtained and the hypothesis developed in chapter one. The guided interview questions were directed to some top executives of the company while the questionnaires were directed toward some consumers.

**A management response showing the different product they produced that makes them heterogeneous**

According to the management of Kaduna Flour Mill they produce number of products to satisfy the growing need of the population. The different products they produce are:

(i). Semovita
(ii). Spaghetti and
(iii). Flour

**How they segment their market**

**Segments personal product**

<table>
<thead>
<tr>
<th>Product</th>
<th>Big size</th>
<th>Medium size</th>
<th>Small size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Semovita</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spagetti</td>
<td>Normal size</td>
<td>Slim size</td>
<td>Nil</td>
</tr>
<tr>
<td>Flour</td>
<td>Big size</td>
<td>Nil</td>
<td>Small size</td>
</tr>
<tr>
<td>Rice</td>
<td>Big size</td>
<td>Medium size</td>
<td>Small size</td>
</tr>
</tbody>
</table>

The management divided this heterogeneous market into homogenous based on the product.

**Testing hypothesis**

The study set out the following hypothesis:

Hi. That Kaduna Flour Mills company uses market segmentation as a form of marketing strategy.

The hypothesis is drawn up because of the significance of market segmentation to be observed in Kaduna flour mill, we must first certify that the companies use segmentation as a market strategy.

The type of strategy used in segmenting a market identify opportunity for defining the customer
which lead to increase in sales as an objective of the firm.

Diagram in 4.2 above shows the type of strategy used by Northern Nigerian flour mill which leads to the increase in sales and how they reach the consumer through different segment which has also help the company in identifying an opportunity for more segment in order to satisfy the consumers. Which will in turn lead to increase in sale for the company which therefore makes the hypothesis is valid.

From the above table we see that market segmentation as form of strategic marketing which has significantly assisted the companies in achieving its marketing goals.

Summary findings

The following are the findings of the study:

(i). Kaduna Flour Mill uses market segmentation strategy as a form of strategy for marketing.

(ii). Market segmentation as a tool for growth and survival has assist the company in achieving its marketing goals and objectives

(iii). Market segmentation if properly formulated and implemented to enhance the market share of the manufacturing company.

(iv). Market segmentation is simple, as it may seem theoretically is a lot more demanding in practices.

(v). Market segmentation as a tool for growth and development can improve global education, research and technology for sustainable development.

(vi). The growth, profit and survival of any firm irrespective of its policies relies on positively on how well the consumers wants and needs are satisfied by the firm’s products or services and this can inversely improve global education, research and technology for sustainable development.

(vii). Finally, It is through marketing that a firm can identify and offer products that will satisfy the wants and needs of customers or consumers and also cause sustainable growth and development.

(viii). Customers, regardless whether they are individual consumers, other businesses, retailers or public service providers, can probably be regarded as the most important factor when considering the strategic approach to sustainable development.

Summary

In the first chapter, the study introduced the topic of the research, explained why the study is conducted and the objectives of the study. The research hypothesis, significance and the limitations of the study were also identified.

Furthermore requirements and importance of market segmentation are equally mentioned.

The third chapter presented the population of the study, method of data collection, sampling size and sampling technique and so also the draft research instrument was presented.

The forth chapter analyzed and interprets the collected data. Here the various responses obtained from the interviews and personal observations are analyzed and interpreted accordingly and in conclusion the hypotheses are tested.

Sequel to this is the last chapter which presents the summary, conclusion and recommendations.

Conclusion

"If you are not talking about segmentation, you are not talking about marketing" as stated by Theodore 2005. This is a justified conclusion from the result analyzed and discussed in this study.

The importance and significance of market segmentation as form of strategic marketing as displayed by the result is quite overwhelming and can have a positive impact on global education, research and technology for sustainable development.

It is also pertinent to note that despite the importance of marketing segmentation, proper analysis should be carried out therefore embarking on the process. Important question like "How much does the marketing segmentation cost? How many segments should a company have? All these questions should be asked and proper answers should be provided.

Unfortunately, though in practices, there is no definite answer. Experience, institution, statistical results and common sense all must be applied to decide the most suitable answers.

Finally, it will be good to understand that Customers, regardless whether they are individual consumers, other businesses, retailers or public service providers, can probably be regarded as the most
important factor when considering the strategic approach to sustainable development in improving global education, research, technology for sustainable development and in fact all aspects of life.

**Recommendation**

(i). when distinct brand of product are produced, effort must be made to position the brands well and also make sure the brand reaches the targeted customers. The contrary is quite evident in the new small size bag of flour. It is intended to be a very low priced and high quality product but somehow, the product is yet to be well known to buyers some buyers even regard it to be for the high income earners. More publicity and positioning is needed here to correct such type of wrong psychology disposition of buyers.

(ii). some brand of product properly segmented are quite scarce or even loss in the market. This situation should be avoided as it rendered the market segmentation incomplete and consequently less effective.

(iii). the Semovita bags segmented on the basis of level of income has been a success. The researcher recommends that a deeper research should be carried out on the size of the product and geographical factors should be considered as criteria for segmenting the product

(iv). finally, the researcher suggest that the production should be segmented to include smaller sachet for students that cannot afford the smaller bags as this will further increase the market shares of the manufacturing company.

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Assessing the Impact of Venture Capital Financing on Growth of SMEs

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Abstract

This paper assesses the impact of Venture Capital financing on growth of SMEs. Government all of the world are seeking to improve unemployment situation in their respective countries. One of the numerous ways governments can use to reduce unemployment is to ensure there is more SMEs and also accelerating it growth. This study therefore examining the impact of venture capital financing on growth of SMEs. Data for this study was collected from 40 SMEs who are being financing from the venture capital funds. The instrument used was mainly questionnaire. Descriptive statistics like frequency, mean score and percentages were the statistical tools used. ANOVA and regression were the inferential statistical tools used to ascertain the impact of venture capital financing on growth of SMEs. The main aim of this paper was to examine the impact of Venture Capital financing on the growth of SMEs. The study found that businesses have expanded, improved in the profitability, number of employees have gone up due to VCF financing. The study also found that VCF has significant influence on the performance of SMEs. The study found that most of the businesses have turnovers low the threshold of World Bank. It is therefore recommended that fund managers will intensify their advisory role to ensure that businesses increase their turnovers.

Keywords: Venture Capital, Financing, and growth of SMEs.

Introduction

Unemployment in Africa is on the increase due to high youthful population of the continent. The continent has a lot of resources however; governments of this continent have not utilized the numerous resources to the advantage of the continent. Over the years, many of its teeming youth have moved outside the continent in search for greener pastures and this has led to many of them losing their lives. Many of these countries that our youth travel to did not become self-sufficient just one night. Many of the big industries in those countries started as micro businesses, and then graduated to Small, Medium and Large scale industries. One of the major strategies which have been adopted by the various governments to fight unemployment to reduce poverty in Sub-Saharan Africa is to encourage Micro, Small and Medium Scale Enterprises.

This effort being put up by our governments has been hindered by political instability or strong dependence on a few raw materials. In the Democratic Republic of Congo, for example, most SMEs went bankrupt in the 1990s as a result of looting in 1993 and 1996 during the civil war. In Congo, Equatorial Guinea, Gabon and Chad, the dominance of oil has slowed the emergence of non-oil businesses. Between these two extremes, Senegal and Kenya have created conditions for private sector growth but are still held back by an inadequate financial system. In Nigeria, SMEs are key to the economy but insecurity, corruption and poor infrastructure prevent them from being motors of growth (Kaufmann, 2005).

According to Fjoses et al (2010), when we take a closer look at the role of SMEs in developing countries, pattern of growth has not been substantially stronger. It should be noted that growing SMEs is growing industrialization. SMEs play a pivotal role in industrial development and restructuring. It also helps in satisfying rising local demand for services, allowing for increased specialization and supporting larger firms with inputs and services. SMEs have become engines that sustain growth for
long term development. Many countries in sub-Saharan Africa have a large number of SMEs relative to the size of the economy, but these are almost exclusively micro companies and they are often not part of the formal economy.

Ghana has its own industrial policy agenda. This policy is set within the context of Ghana’s long-term strategic vision of achieving middle income status 2020, through transformation into an industry-driven economy capable of delivering decent jobs with widespread, equitable and sustainable growth and development. The policy also provides clear and transparent guidelines for the implementation of Government’s industrial development agenda, with particular respect to the growth.

SMEs in Ghana contribute about 70% to Ghana’s GDP and in all account for about 92% to business in Ghana. According to Villars (2004), SME development is also seen as increasing the achievement of wider economic and socio-economic objectives including poverty alleviation. Therefore, Africa for that matter Ghana must look at how it can growth it SMEs to reduce unemployment and also reduce poverty.

**Statement of the problem**

The growth of SMEs has been in the recent past a great concern to many countries, governments, policy makers and researchers or scholars all over the world, because of realization of their economic contribution to Gross Domestic product (GDP) and economic growth.

In spite of the major role play by SMEs in Ghana, it faces many challenges in their day-to-day operations and its ability to grow. More so the accessibility to funds and the cost of raising them have remained issues limiting the in-capitalization requirement leading to premature collapse of SMEs. Mambula (2002) also made it clear that funding has actually become one of the key managerial problems that keep confronting SMEs business in Ghana today. In considering, the financial short coming against the SMEs presently in Ghana, alternative sources of Funds have to be sought to sustain this urgent business or sector in Ghana in other to function well and contribute to the nation building. It is as a result of this problem that this study is necessary to find proper means of financing the small and medium scale enterprises in the country in other to grow and improve the GDP and the living standard of the people.

**Objective of the study**

To examine the impact of Venture Capital financing on growth of SMEs

**Related literature**

**Overview of SME development in Ghana**

Ghana for so many years has made an attempt to promote SME since 1970 even though enough have not been achieved. Some organizations were made to set up to assist and the prominent among them are the Office of Business Promotion and the current Ghana Enterprise Development Commission (GEDC). The main aim of GEDC was to support or assist Ghanaian entrepreneurs in other fine themselves into fields where foreigners mainly operated. It also had packages for strengthening small scale industry in general, both technically and financially (Kayanula and Quartey, 2000).

The Economic Recovery Programme (ERP) came into been in 1983 has supported the SMEs in some way. The National Board for Small Scale Industries (NBSSI) was also established under the Ministry of Industry, Science and Technology to help overcome the needs of small businesses in the country. The Entrepreneurial Development Programme was also established by NBSSI in training and assisting peoples who have entrepreneurial skills to establish their own businesses. In 1987, Appropriate Technology Industrial Service (GRATIS) also came into operation in Ghana and its main motive was to supervise the operations of Intermediate Technology Transfer Units (ITTUs) in the country. The main objective of GRATIS was to support and upgrade small scale enterprises in the
country by bringing in appropriate technology to small scale and informal industries at the grass root level. Intermediate Technology Transfer Units (ITTUs) was instituted in the regions with the intention to develop the engineering skills of small scale manufacturing and service industries engaged in vehicle repairs and other related trades. They are also to address the needs of non-engineering industries (Kayanula & Quartey, 2000).

In the year 2000, the government of Ghana created a new Ministry as Private Sector Development with the aim of focusing on the development of the small and medium scale enterprises (SMES) sector. The major obstacle confronting SMEs is lack of access to external finance. As a result of this problem, the World Bank assisted, SMEs through the Programme of Action to Mitigate the Social Costs of Adjustment (PAMSCAD) which created a special fund to support microenterprises, and the Fund for Small and Medium Enterprises Development (FUSMED) was initiated to increase the amount of credit available to SMEs through commercial and development banks. This was based on the presumption that poor availability of credit from formal sources was one of the major reasons why the private sector investment had not grown as expected. A major argument was that small firms with good growth potential were being discriminated against (Aryeetey et al., 1994). As a result of financial constraints confronting SMEs sector seriously, in 2004 the government of Ghana found a means to support them by promulgating Venture Capital Trust Fund Act 2004, Act 680 in the country to assist the small businesses financially. The objective of the government on the fund was to provide financial resources for the development and promotion of venture capital financing for Small and Medium Enterprises (SMEs) in priority sectors of the economy as shall be specified from time to time (VCTF ACT 680, section 28).

**Firm growth**

Growth could easily be used to place a higher demand on internally generated funds and move the firm into borrowing (Hall et al., 2004). According to Marsh (1982), firms which have enough growth will capture relatively higher debt ratios. On the part of small firms which are more concentrated in ownership, it is hope that high growth firms will need more external financing and should display higher leverage (Heshmati, 2001). Aryeetey et al. (1994) insisted that the growth of SMEs seems to prove whether it is more likely to go in for external (outside) source of finance–even though it is not easy to come out with whether access to finance lower growth or increases it or both. Businesses undergo various stages in growth, such as micro, small, medium and large scale; and for that reason they are supposed move to the various sources of finances for consideration. According to Aryeetey (1998) firms are for some period in their operation are supposed to move from inside means of sourcing to outside ones as the firms keep on growing.

Michaelas et al. (1999) also said that there are major links that exit between the growth which have already occurred and those that are yet to come. These researchers argue that the problem of agency and its financing cost can be brought down if the firm decides to go through short-term loans instead of long-term loans. Myers (1977) is of the view that businesses which have got a better means of growing will also likely to have smaller means of debt in their capital structure. There is normally conflict of interest between the providers of the loans and the equity holders concerning asset that would be used as collateral for contracting loans for the near future if the firm wish to undertake that decision. It should be noted that, the chances of firm’s growth can bring about moral hazard and small-scale business persons are to have the motivation of taking the risks to grow. The outcome of this growth, if come into reality the lenders who actually financed these firms will not in any way enjoy the fruits of the firm, but the lenders will only receive their loans and interest charged and this will bring about agency problem. This will result in the increase of costs on long-term debt as compare with the short-term debt.
The influence of venture capital on growth of SMEs

Empirical evidence from the developed world has shown that a number of countries involved with venture capital targeting small scale industries have experienced significant growth at reasonable cost (McCormick, 1996). In the USA a well-developed venture capital market set up partnerships, pooling funds from variety of investors, sought out fledgling businesses to invest in, and then worked with these ventures as they grew in to public traded firms. By 1993 the amount invested by the partnerships grew rapidly to over three billion US dollars. The increase in the amount of money invested by venture capitalists is a clear indication of growth of SMEs. A survey carried out by European Venture Capital Association in 2001 on SMEs that have received venture capital funding concluded that:

- Some 95% of companies stated that without venture capital investment, they could not have existed or would have developed more slowly;
- Almost 60% said, that without venture capital the company would not exist today;
- For start-ups with high growth potential, the venture capital provision is more appropriate than debt financing;
- During several years, these start-ups would not be able to pay back a traditional bank loan: patient capital is needed, and
- Each SME following the venture capital investment created an average of 46 additional jobs.

Methodology

The study adopted both a qualitative and quantitative approach thus mixed method. Questionnaires were used to capture qualitative and quantitative data from entrepreneurs of SMEs. The population for this study is made up of all small and medium-scale enterprises in Ghana especially those that have benefited from venture capital financing investment in the country. The target population in this study consists of all the registered SMEs and which pay tax returns to Ghana Revenue Authority (GRA) and which have been assisted financially by venture capital firms. The study used fifty (50) SMEs that have been financed by Venture Capital Fund as the target population. The figures were drawn from major cities of the four regions (Greater Accra, Ashanti, Eastern and Western) in the country which have been benefited from the fund most. Forty (40) SMEs were convenient sampled. The cities were Accra, Kumasi, Koforidua and Takoradi. This paper uses frequency tables, charts, mean scores, ANOVA and Regression analysis to examine the impact of Venture Capital Fund on SMEs growth.

Results

The strength of every economy in this world depends on what the country can produce, can process and can export. Establishment of small enterprises, medium enterprises and large enterprises largely increase economic growth. So, it is right for governments to make sure that businesses when established flourish. In view of this the respondents were asked to indicate their annual turnovers/sales before applying for Venture Capital Fund (VCF). The figure 1 below represents the cross-tabulation of the respondents’ annual turnovers as against estimated annual profit before applying for VCF. This was to assess the viability of the business before the introduction of the Venture Capital Fund.

The analysis as presented by the figure 1 shows that 10% of the respondents’ annual turnovers were below GH₵ 10, 000. Majority representing 67.5% of the respondents’ had annual turnover of above GH₵ 50, 000.
Figure 1. Cross-tabulation of estimated annual profit against annual turnover

Sources: field work, 2017

Majority of the respondents (45.0%) have their estimated annual profit above GH₵ 25, 000.00. 42.5% also have their estimated profit to be around GH₵ 20, 001.00 and GH₵ 25, 000.00. It could also be observed that majority of the respondents whom their turnovers were above GH₵ 50, 001.00 had estimated above GH₵ 20, 000.00. It is also clear that most of the respondents whose turnovers fell below 10, 000 had estimated profit above GH₵ 25, 000.00. It is therefore clear that majority of the respondents had estimated profit above GH₵ 25, 000.00.

Respondents were asked to give reasons for their turnovers and these were some of the responses:
1. Patronage is high during farming season
2. No pre-investment revenue since it is a new business
3. High purchasing power
4. Good personal relationship
5. Quality product and quality personnel
6. Good management term
7. The company was making profit before the entry of VCF
Figure 2. Cross-tabulation of value of asset after VCF and the nature of profit before VCF

Source: field work, 2017

Figure 2 depicts that 87.5% of the respondents chose yes whilst 12.5% chose no when they were asked to indicate whether their asset value have increased after the introduction of VCF. It means that majority of the respondents agreed that value of their assets have gone up with the introduction of VCF. Figure 2 also shows that 80.0% of the respondents chose fair when they were as to give the outlook of their profit before VCF. 15% of all the respondents who said their assets have increased after the introduction of VCF asserted that their profit margin before was poor, 70% of them also said it was fair and 2.5% chose excellent. This is an indication that business margin before VCF was not all that good.

Figure 3. Response on whether number of workers has increased after introduction of VCF

Source: field work, 2017
The researcher sought to find out whether businesses have increased workers’ numbers after introduction of the VCF. Majority, representing 95.0% of the respondents chose yes. This means that workers numbers have increased.

Table 1 below present the paired sample t-test of the status of workers before and after the introduction of VCF. The mean of workers before the introduction of Venture Capital Fund was 13 and that of after was 25. The difference in mean is 12. With t-value of -6.248 and p-value of 0.000< 0.05, it could be said that the difference in mean is highly significant.

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Mean</th>
<th>Mean difference</th>
<th>Df</th>
<th>t</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workforce</td>
<td>13</td>
<td>12</td>
<td>39</td>
<td>-6.248</td>
<td>0.000</td>
</tr>
<tr>
<td>Before</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>After</td>
<td>25</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permanent Workers</td>
<td>10</td>
<td>12</td>
<td>39</td>
<td>-6.177</td>
<td>0.000</td>
</tr>
<tr>
<td>Before</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>After</td>
<td>22</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Casual workforce</td>
<td>0</td>
<td>7</td>
<td>39</td>
<td>-6.958</td>
<td>0.000</td>
</tr>
<tr>
<td>Before</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>After</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male workforce</td>
<td>8</td>
<td>11</td>
<td>39</td>
<td>-5.852</td>
<td>0.000</td>
</tr>
<tr>
<td>Before</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>After</td>
<td>19</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female workforce</td>
<td>4</td>
<td>3</td>
<td>39</td>
<td>-5.417</td>
<td>0.000</td>
</tr>
<tr>
<td>Before</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>After</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: field work, 2017

This is an indication that workforce of businesses that are beneficiaries of VCF have increased. The average permanent workers increased from 10 to 22. The difference was statistically significant with p-value of 0.000< 0.05. Apart from the difference in contract workers which was statistically insignificant, casual workforce, male workforce and female workforce have all seen significant increased after the introduction of VCF. This means that workforce of businesses which are beneficiaries of VCF have seen significant increased.
Table 2. Reasons for VCF

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Std. dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>To expand my operations</td>
<td>4.15</td>
<td>1.051</td>
</tr>
<tr>
<td>Because their items were more reasonable compared to banks</td>
<td>3.60</td>
<td>0.871</td>
</tr>
<tr>
<td>Because they believe it is the only way out for my business</td>
<td>2.62</td>
<td>1.055</td>
</tr>
<tr>
<td>The price of venture capital is cheaper compared to other financing firms</td>
<td>3.42</td>
<td>0.984</td>
</tr>
<tr>
<td>Ability to get other technical assistance in addition to the financial Assistance</td>
<td>3.73</td>
<td>1.012</td>
</tr>
<tr>
<td>Absence of collateral requirements from loans</td>
<td>3.35</td>
<td>1.167</td>
</tr>
</tbody>
</table>

Source: field work, 2017

The respondents were asked to give reasons for negotiating for VCF financing. Table 2 above presents the responses of the respondents. The mean cut off that will be considered for this study will be 3.5, which is approximately score 4 (agree). Respondents rated “to expand my operation” higher with a mean of 4.15. This was followed by “ability to get other technical assistance in addition to the financial assistance” with mean 3.73. The third reason was “because their items were more reasonable compared to banks” with mean score of 3.60.

Table 3. Reasons businesses will sign-up contract for VCF financing

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Std. dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of years in business</td>
<td>3.72</td>
<td>1.281</td>
</tr>
<tr>
<td>Because the prospects of my business is high</td>
<td>3.67</td>
<td>1.309</td>
</tr>
<tr>
<td>Because of the clear and straightforward ownership structure of my business</td>
<td>3.60</td>
<td>0.982</td>
</tr>
<tr>
<td>Strong entrepreneurial characteristics</td>
<td>3.60</td>
<td>1.257</td>
</tr>
<tr>
<td>Good business plan</td>
<td>3.60</td>
<td>1.081</td>
</tr>
<tr>
<td>Satisfactory reputation and trustworthiness</td>
<td>3.80</td>
<td>1.244</td>
</tr>
<tr>
<td>Good track record of loan repayment</td>
<td>3.22</td>
<td>1.165</td>
</tr>
<tr>
<td>Because of good performance of my business in the past</td>
<td>3.00</td>
<td>1.198</td>
</tr>
<tr>
<td>Because of my high educational background</td>
<td>3.32</td>
<td>1.228</td>
</tr>
</tbody>
</table>

Source: field work, 2017

Table 3 present the responses of the respondents on reasons businesses will sign-up contract for VCF financing. With mean scores of 3.00, 3.22 and 3.32, it could be said that the respondents were uncertain about “because of good performance of my business in the past”, “good track record of loan repayment” and “because of my high educational background” as some of the reasons businesses consider in signing-up contract for VCF financing. The following were considered by the respondents as reasons for successfully signing-up a contract for VCF financing:

- Satisfactory reputation and trustworthiness
- Number of years in business
- High prospects of business
- Clear and straightforward ownership structure of the business
- Strong entrepreneurial characteristics
- Good business plan
Table 4. Performance of the business after introduction of VCF

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Std. dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Venture capital financing has enabled my business to expand</td>
<td>3.75</td>
<td>1.316</td>
</tr>
<tr>
<td>Venture capital financing has enabled my business to be profitable</td>
<td>3.65</td>
<td>1.210</td>
</tr>
<tr>
<td>Venture capital financing has enabled me take advantage of business opportunities quickly</td>
<td>3.32</td>
<td>1.118</td>
</tr>
<tr>
<td>Venture capital has enabled me employ more workers</td>
<td>3.72</td>
<td>0.986</td>
</tr>
<tr>
<td>The technical and business advisory services has enabled my business to reach higher heights</td>
<td>3.55</td>
<td>0.876</td>
</tr>
<tr>
<td>Overall, venture capital financing has been beneficial to my operations</td>
<td>3.65</td>
<td>1.011</td>
</tr>
</tbody>
</table>

Source: field work, 2017

Table 4 above present perception of respondents about the performance of their businesses after the introduction of VCF. With a mean score of 3.32, it could be asserted that most of the respondents were uncertain about VCF aiding them to take advantage of business opportunities quickly. However, they were of the view that VCF financing has help them to perform in the following areas:

a) Business expansion
b) Profitability
c) Size of workers
d) Technical and business advisory services

Regression analysis

To establish whether the performance of the businesses after the introduction of VCF has relationship with reasons for VCF and reasons businesses will sign-up contract for VCF financing, regression analysis was performed. From table 5, the coefficient of correlation of 0.930 shows that there is a strong relationship between the dependent variable performance of the businesses after the introduction of VCF and the independent variables reasons for VCF and reasons businesses will sign-up contract for VCF financing. With the coefficient of determination (R Square) value of 0.865, it could be said that 86.5% of variation in performance of the businesses after the introduction of VCF is explained the independent variables.

Table 5: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.930</td>
<td>0.865</td>
<td>0.857</td>
<td>0.786</td>
</tr>
</tbody>
</table>

Source: field work, 2017

Table 4.8 presents the ANOVA. With F-value of 118.245 and p-value of 0.000 < 0.05, it could be said that the model fit for prediction.

Table 6: ANOV

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regression 146.115</td>
<td>2</td>
<td>73.057</td>
<td>118.245</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Residual 22.860</td>
<td>37</td>
<td>0.618</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total 168.975</td>
<td>39</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: field work, 2017

Performance of businesses has strong correlation with accessing VCF financing. It could therefore be said that VCF has significant influence on the performance of SMEs.
The respondents were asked to indicate the operations of the business before the introduction of VCF. Figure 4 depicts the responses of the respondents. From the analysis it could be said that all the respondents agreed that their business operations were both capital intensive and labour intensive.

**Discussion of results**

The results of development according to Boadu (2008), is job creation, wealth creation, increased revenue through taxes and business growth and expansion. It was found that businesses have improved in the following areas as a result of accessing VCF:

a) Business expansion  
b) Profitability  
c) Size of workers  
d) Technical and business advisory services  

Businesses are established with future in mind. That is to see the business grow, employing people and making profit for sustainability. It was established that most of the businesses had annual turnover of above GH₵ 50,000 and their estimated profit was above GH₵ 25,000.00. Some of the reasons for high turnovers were:

1. Patronage is high during farming season  
2. No pre-investment revenue since it is a new business  
3. Purchasing power was high  
4. Good personal relationship  
5. Quality product and quality personnel  
6. Good management term  
7. The company was making profit before the entry of VCF
It could be said that most of the businesses before accessing VCF were not SMEs in terms of their annual turnovers. According the World Bank, SMEs must have annual turnover US$15 million. By estimation, the equivalent of GHC 50,000.00 in US$ terms is approximately GHC 12,500.00 using a rate of $1 to GHC 4.0000. By using Dalberg Global Development Advisors (2011) assertion too, most of the businesses are not SMEs, since their annual turnovers were not up to US$3 million. It was discovered that profit margins of businesses before were not encouraging. This was attributed to businesses operating under low capacity. However, it was observed that most of the businesses assets have gone up due to the introduction of VCF.

Roger (2003) found that 78% of Japan workforces were employed by small and medium scale enterprises. The study found that, businesses have increased the number of employees significantly. On the average, all the businesses who participated in this have employed 23 people. The average permanent workers have increased from 10 to 22. Casual worker numbers have also increased significantly. The number of males and females employ by these businesses has also gone up significantly. These were statistically significant at 5% significance level. These then support the definition channel by Egypt, Vietnam and American Development Bank. In Egypt, businesses with 5 to 50 employees are considered as SMEs. Vietnam also considers any firm with 10 to 300 employees as SME. The Inter-American Development Bank, also regard SMEs as any business employing up to 100 employees (Dalberg Global Development Advisors, 2011). This means that workforce of businesses which are beneficiaries of VCF have seen significant increased. The study found that the introduction of VC financing has improved businesses in the following areas:

a) Business expansion
b) Profitability
c) Size of workers
d) Technical and business advisory services

This is in firm support of the objectives of VCF. That is to help businesses to expand, increase their profit margins, employ more people to reduce unemployment, and to offer technical and business advice to businesses. This study outcome supports the assertion of Kaplan Stromberg, (2004); Tykvova, (2007); and Heger and Tykvova (2009). They all agreed that VC provide value-added services to businesses. They indicate that a more intensive involvement of venture capitalists enhances the probability of change in the initial executive teams. Performance of businesses has strong correlation with accessing VCF financing. It could therefore be said that VCF has significant influence on the performance of SMEs. The study also found that business operations were both capital intensive and labour intensive before VCF.

Summary and conclusion

The main aim of this paper was to examine the impact of Venture Capital financing on the growth of SMEs. The study found that businesses have expanded, improved in the profitability, number of employees has gone up due to VCF financing. The study also revealed that technical and business advisory services were round for the businesses by the fund managers. The study also established that most of the businesses assets have gone up due to the introduction of VCF.

It was established that the increase in the number of employees was statistically significantly. The study also found that VCF has significant influence on the performance of SMEs. It could therefore be said that venture capital financing has significant impact on the growth of SMEs.

Limitations

Due to the scattered nature of the businesses, the researcher has to travel several times to these companies to observe their activities. This was time consuming and capital intensive. It was also difficult in sighting the businesses since they were scattered. Getting the managers to respond to the questionnaire was also a challenge.
Recommendations

The study found that most of the businesses have turnovers low the threshold of World Bank. It is therefore recommended that fund managers will intensify the advisory role to ensure that businesses increase their turnovers.

The study also found that most of the businesses were into estate and construction and few were into agriculture. Ghana’s growth sustainability has been said it is depended on agriculture, it is therefore recommended that fund managers finance agricultural firms to sustain Ghana’s economic growth.

Exporting raw materials to developed nations yes, bring revenue but how much. It is better if governments will add value to get more revenue. This can be done by government increasing the number of micro and small businesses. Graduate turning out from higher educational institution must be given skills to set-up businesses of their own by the government providing financing which they will pay in the long term.

Proposal for further studies

It is recommended that further studies will be carried out on this same topic to include all the investees in the ten regions.

References


Politization of Education: A Bane to Ghana’s Educational System and a Threat to Sustainable Development

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Abstract

The article underlines the threats to sustainable development because of the politicization of the educational system of Ghana. This paper also highlights the point that there is a correlation between national development and a nation’s achievement in education. This is actually one of the explanations why most advanced nations put in so much resource in the education of its citizenry. Definitely with a high probable expectation of developing its infrastructural and human capital for national growth. This is so because of the fact that the education of the people in a nation is a sure bet of the rate of that nation’s growth in both economically and sustainable development and the catalyst that brings about the needed revitalization of the people that makes up the nation. It also the force that forms a wall for a nation’s defense. This therefore supports the perception that a nation’s growth is always equal to the level of its intellects. In light of the above, there is the need for successive governments to always accord education the necessary support in terms of policy formulation and implementation, continuity of policy and proper management of government allocated fund to make the educational sector not only vibrant but also beneficial. Politicization of the Ghanaian educational system has been and continues to be a bane to education in Ghana as well as a threat to the sustainable development of the country and there is the urgent need to combat this menace before it gets out of hand. To avert this, useful recommendations are made.

Keywords: Politicization of Education, Sustainable Development, Ghana.

Introduction

Education whether formal or informal is very important to the well-being of every nation, as its contribution to the sustainable development of that country cannot be underpinned. However, the politicization of education in most African countries like Ghana has been a bane and has actually made it almost impossible for its contribution to the country’s sustainable development. Education may be defined as a purposive, conscious or unconscious, psychological, sociological, scientific and philosophical process, which brings about the development of the individual to the fullest extent and also the maximum development of society in such a way that both enjoy maximum happiness and prosperity. In short, education is the development of individual according to his needs and demands in society, of which he is an integral part. (Y.K Singh, 2008) The main function of education is to develop the natural potentialities in the child to enable him function in the society according to his abilities, interests and needs. In general, education is exclusively used for the development of human beings in the cognitive, affective, psychomotor and psycho productive domains. It also involves a desirable approach in human behavior through the process of teaching and learning. Therefore, the single most significant complex of social control tools for national development is found in the educational system of a country, be it formal or informal. (Orji Kingdom and Job Maekae). Sustainable development has been interpreted in many ways. In its simplest form, sustainable development is the development that meet the needs of the present generation without compromising the need of the future generation. Sustainable development is the organizing principle for meeting human developmental goals while at the same time sustaining the ability of natural systems to provide the natural resources and ecosystem services upon which the economy and society depends. The desirable result is a state of society where living conditions and resources are used continuously to meet
human needs without undermining the integrity and stability of the natural systems. It is actually a method of development that looks to balance different and often competing, needs against the consciousness of the environmental, social and economic limitations we face as a society. There has always been the question of investing hugely in Ghana’s education visa vis the perceived investment returns of education to the nation taking into consideration the fact that the process of education is an investment decision every serious government must take in order to continue the sustainable development of the country.

Methodology of the study

Both primary and secondary data were necessary in order to meet the intentions of the study. Primary data came from the observation of education trends in Ghana as initiated and executed by the various governments and secondary data came from the historical events and records that was used to make this research possible. These methodologies were chosen because of their unique contribution to the study. Observational technique provides the capability to observe and distinguish events as they occur while the historical technique was also used because of the need to critically investigate past events and their developments with respect to time in order to impeccably evaluate the current phenomenon. It is in this context that the observational and historical approaches are considered appropriate to appraise politicization of education system in Ghana.

Overview of education in Ghana

Before the arrival of the European colonists, Education in Ghana was mainly informal where knowledge, information and skills were transferred verbally and through apprenticeship. Formal education came to Ghana with the arrival of the European colonists, which provided a room, and book based education. The first group of students comprise of sons of local chiefs, wealthy traders and families of influential public figures. With the support of the Britain, the colonial masters of Ghana, missions that was the main provider of formal education flourished in a heavily decentralized system that left considerable room for pedagogical freedom but still remained the privilege of the few under the colonists. When Ghana attained independence in 1957, universal education became an important political objective under the new government of Dr. Kwame Nkrumah. Dr. Kwame Nkrumah described education as the key to the future and announced a high-level university education backed by a free universal basic education. Therefore, in 1961, the Education Act (EA) introduced the principle of free and compulsory primary education and the Kwame Nkrumah University of Science and Technology was established. The fall of Nkrumah in 1966 was followed by stronger criticisms toward the expansion of education at the cost of quality. Despite the rapid increase of school infrastructures, the Enrolment slowly declined until 1973. In 1974, however, education in Ghana saw attempts of reform based on reports made by committees instituted to investigate the decline in education. The year 1987 marked the commencement of new series of reforms. The Rawlings government had gathered enough funds from numerous international organizations (including the World Bank) and countries to afford massive changes to the educational system. The 1987 Education Act aimed at turning the 1974’s (Dozbo Committee) measures into reality: a national literacy campaign was launched, pretertiary education was reduced from seventeen to twelve years and vocational education appeared in Junior High School. Education was made compulsory from six to fourteen. The reform succeeded in imposing a new education structure, as well as to increase the enrolment and the number of infrastructure.

The return to constitutional rule in 1992 gave a new desire to Ghanaian education by reclaiming the duty of the state to provide a free and compulsory basic education for all. Under this republic, the Local Government Act of 1993 initiated the decentralization in education administration. This was done through the transfer of power to district assemblies. The Free, Compulsory and Universal Basic Education (FCUBE) provided an action plan for the period 1996-2005, focusing on bridging the gender gap in primary education, while improving teaching by providing materials and better living condition for teachers. It was later completed by significant acts, like the creation of the “Council for Technical and Vocational Education and Training” in 2006 to promote vocational education and the founding of the National Accreditation Board
(NAB) in 2007, among several others under the government of former president John Agyekum Kufuor. In its 2013/2014 report, the World Economic Forum (WEF) ranked Ghana 46th out of 148 countries for education system quality. In 2010, Ghana’s literacy rate was 71.5%, with a notable gap between men (78.3%) and women (65.3%). Currently, education in Ghana is divided into three phases: basic education (kindergarten, primary school and junior high school), secondary education (senior high school, technical and vocational institutions) and tertiary education (universities, polytechnics and colleges). The language of instruction is mainly English with an academic year usually running from August to May each year.

**Politization of education in Ghana**

Rudolph and Rudolph (1972) referred to politicization of educational institutions as the appropriation of educational structures and resources and displacement of educational goals by organized political and community (religion, caste, and locality) interests. In other words, Zargar (2012) defined politicization of education as the manipulation of education for political interests. Irrespective of the positive and great correlation that exist between education and sustainable development of a country, the positive impact has really not been felt in the case of Ghana because of some inherent challenges of education of which politicization of the Ghanaian educational system is one. The Ghanaian educational system has been one of the political tools that most political parties frequently use during the political campaign era in Ghana. Obviously, the politicians are aware of the importance attached to education by parents and the society at large and so always seek to play on that notion to indirectly win the support of the voting masses.

The politicization of the structure of Ghana’s educational system has handicapped not only basic education but also secondary education. The second cycle education in Ghana was for a three-year period before former President John Kufuor’s New Patriotic Party (NPP) administration started the 4-year Senior High School programme in 2007 based on research. The new system however lasted three academic years as the National Democratic Congress (NDC) assumed power in 2009 and reverted to the three-year system mainly on political grounds. In 2009, the NDC government just decided to truncate it and restore the three-year system without critically examining the outcomes of the four-year project which had been introduce by the Kufuor regime. This was done without analyzing it, or even without allowing it to run its full course from year one, two, three, four – examining the results and determining if it was something productive or otherwise. Even though most education connoisseurs were with the view that the short-lived extension of secondary education to four-years was a positive step, political expediency ultimately saw a reversion to the three-year system at the expense of quality education without recourse to the misery of the Ghanaian child, parent and the future of the nation. The issue here is that, the four-year system may not be the best but there should be empirical foundation for the cutting of it and should not be just political. The quality of the country’s secondary education always becomes a persistent boiling subject when the West African Secondary School Certificate Examination (WASSCE) results are released. A breakdown of the 2016 WASSCE results echoed the continuous struggle of Ghana’s educational system backed by the poor performance of second cycle students in core subjects. For instance, in the 2016 exams, A total of 274,262 candidates participated and according to WAEC, a total of 125,065 students obtained A1 to C6 in English Language, which is 53.19%, 59,725 (25.40%) obtained D7-E8 whilst 46,595 (19.82%) had F9. For Mathematics, 77,108 (32.83%) obtained A1-C6; 65,007 (27.68%) obtained D7-E8 whilst 89,477 (38.10%) had F9. About 113,933 students obtained A1-C6 in Integrated Science which is 48.48%, 75,938 (32.32%) obtained D7-E8 whilst 42,519 (18.09%) had F9. It is rather troubling that the duration and accessibility of senior high school (SHS) education in Ghana is being played with politically. We have shifted focus from addressing the core challenges of inadequate funding, lack of equipment, educational infrastructures and clear educational policies among others, the focus had rather been on course duration and empty political promises.

The frequent impasse between educational workers like the University Teachers Association of Ghana (UTAG) and the government that has always been associated with an agenda of political parties and brings about the politicization of their issues raised is such an unfortunate situation for a nation like Ghana. When
educational workers try to register their displeasure on issues with government, it is always seen to be a politically orchestrated move to sabotage and undermine the government of the day by the opposition making it extremely impossible for such associations to be taken serious. Sometimes leads to demonstrations, press conferences and strike actions. This is very unfortunate as sensitive national issues are always stained with unimaginative propaganda. These are people who serve as the vessel through which knowledge is imparted and any discourse that is taken for granted will be at the peril of the nation bearing in mind the fact that they help shape the minds and the cognitive pattern of the students who will in turn take up the leadership mantle of the nation in the near future and others will also be used in feeding our industries. It is very regrettable that issues pertaining to national development like education, which are supposed to unite us as a people, are taking divisive dimensions because of the will to win political power at all cost. Education is a serious matter and should not be reduced to cheap campaign politics as it endangers the lives of the future generation. It is therefore a high time our politicians stopped the “try and error” with the future of Ghana.

Before the last government (NDC) left the corridors of power to opposition, they upgraded some selected polytechnics to technical universities and again this was met with a lot of political bullets and shields with the two main political parties being the major players. The Ministry of Education with the support of the National Council for Tertiary Education (NCTE) under the previous government formulated policies to see the conversion into technical universities of polytechnics in Ghana. P.N.D.C L. 321 in 1992 raised the status of polytechnics to the level of tertiary institutions with the mandate to run Higher National Diploma (HND) programs. This was subsequently replaced by the Polytechnics Act, 2007 [Act 745] which mandated polytechnics to award Higher National Diplomas, and other certificates accredited by the National Accreditation Board. They were then to award degrees subject to the approval of the Polytechnic Councils. This brought about the bachelor of technology (B-Tech) programs in Ghana. The then opposition party, the New Patriotic Party (NPP) politicized the move and argued that much effort has not been invested in researching on the implementation of the upgrade and that it is just a deliberate plan of the government of the day to score political points to enhance their chances in the 2016 general election, which was then approaching as a campaign promise they seek to fulfil at all cost. Even though the selected polytechnics welcomed the technical universities programme and even saw it as one of the possible ways to address the Ghana’s educational development gaps, the criteria that was used in selecting the polytechnics was alleged to have had a political manipulations. It is believed that the polytechnics when upgraded would be able to focus more on their core function of training technicians and technologists at a higher level to meet the demands of the rapidly changing, technology-driven work environment yet politics blinded some section of Ghanaians to argue against the implementation with a political lens.

The New Patriotic Party (NPP) in the 2012 political campaign proposed to implement free basic education program in Ghana should they be given the opportunity to serve the people of Ghana. In the 2016 campaign, they extended the promise to cover secondary education as well. The then party in charge of the country (i.e. National Democratic Congress) vehemently opposed the proposed program and gave a series of reasons as to why it extremely impossible for the New Patriotic Party (NPP) to achieve that feat and also gave plethora of challenges that outweigh the benefits, thereby rendering the programme unreasonable and unrealistic. They again argued that the programme has the tendency of further sacrificing the quality of education for quantity, only to begin the implementation of free basic education in their regime amidst all they said against the program. The reason for their ‘U’-turn on the matter was obviously political expediency. At the implementation of the same free basic education program by the National Democratic Congress (NDC) government, the New Patriotic Party (NPP) raised questions about the inability on the part of the National Democratic Congress (NDC) government to efficiently and effectively implement the program, as they are not those who gave birth to the idea making a serious national issue a mere political debate.

Allowances due teacher and nurse trainees has over the years been politicized in Ghana contributing to the fallen standard of not only education but also the quality of teachers and nurses produced to impart
knowledge and administer health to the citizenry of Ghana. In the just ended 2016 political campaign, educational allowances was one of the main political card that was played by the two top political parties in Ghana. The National Democratic Congress (NDC) argued for the reasons of abrogating the allowances of both teachers and nurses and the intended long term beneficial of abrogation such allowances. The New Patriotic Party (NPP) on the other hand argued against the abrogation of the allowances and gave thoughtful reasons why the National Democratic Congress (NDC), which was the government of the day, should not do so. Every educational issue of a country is automatically a serious national issue and must not be politicized in any way. The National Democratic Congress (NDC) sited the ceiling of the number of intakes as one of the main reasons why the allowances must be abrogated to enhance more in takes to the teacher and nursing training colleges yet they actually resumed payment of the allowances in the heat of the 2016 political campaign.

Consequences of politicizing education in Ghana

The politicization of issues confronting the Ghana's educational sector is of grave concern to the nation. Education is about the future of the next generation and the country as a whole and that issues concerning it should be looked above political pigmentation. We must come together as a nation to stop politicians from joking with the country’s educational systems. Politicization of education has undesirable consequences. Presented below are some consequences of politicization of education based on my personal experience and literature review on this subject matter.

The menace of politicizing education has affected and continuous to affect the delivering of coherent and good quality education in Ghana. Another issue is also the frequent policy changes merely for reasons of parochial political interest and advantage that has only contributed and succeeded in lowering country’s education standards. There had also not been stability in the education system of Ghana due to the various reforms made by politicians that are mostly not researched based. At most every eight years, we see an education reform change depending on the political party in charge of the country. This has actually accounted for the failure to produce quality human resource to feed our industries and has led to high graduate unemployment.

Another profound consequence of politicization of education is the concern of continuous interruptions of academic programs at all levels of education. Educational workers especially at the tertiary level engages in strike actions to force the government of the day to improve working condition and allowances and demands. The disruptions more often leads to temporal closure of schools for weeks or months. Most times students are deprived of the opportunity to make up for lost times, as the academic calendar must be followed religiously. This results in low class of student educational accomplishments.

Way forward

The crunch that has submerged Ghana’s educational sector centers on among others politicization of education and the frequent changes of political environment. Mentioned below is some recommended solutions to the politicization of the Ghanaian educational system.

Firstly, for any educational policy to work, it must be detached from partisan politics. In other words, the educational policy must be national in character instead of the current unnecessary politicization of education in the country. We must unite as Ghanaians devoid of political coloration to demand a comprehensive national educational policy to save the nation’s ailing education. The change of policy with every new political administration had been unhelpful to efforts at maintaining quality standards and would have to end to bring about some consistency. Such policies must be protected against political interference and changes and that is how we can succeed as a nation.

Secondly, there is an urgent need for the setting up of an autonomous education commission to come up with a comprehensive blueprint for national education development that every government must accept to implement without any chance of compromise. Educational experts may be considered but the interference of political figures must not be tolerated.
Thirdly, all stakeholders in education including politicians, the Ministry of Education and the Ghana Education Services, the District Assemblies, private investors, traditional and religious leaders including parents must play their roles in every capacity to help reverse the canker that is destroying the nation’s future and threatening to the sustainable development of Ghana.

In addition, allocation of funds by the central government to the sector must be looked at holistically. Proper funding of the sector where all divisions and subdivisions of the education sector are considered bringing to minimal the level of agitations by teachers and educational workers in general. Emoluments due to all workers in the sector must be well negotiated and paid where necessary to avoid complications with academic staffs and for them not to have any need to embark on strike actions to distort the educational life of our future generation.

Conclusion

Indeed education is key to sustainable development of any economy, and so there is the necessity for special attention to be given to the sector. We live in a society where more often than not the income of an individual is dependent on the level of education of that person. If people with education earned more than those without, then the same is true for nations. Therefore, for education to contribute outstandingly to sustainable development of a nation, it must be decouple of politics. The duration of second cycle education in Ghana, educational allowances due, basic education policy are some of the identified key areas that politics has taken over. Some consequences were also identified and recommendations made accordingly.

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National Culture and Modern Business Ethics in MNCS in Ghana-An Analysis

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Abstract

This study had the aim of examining the influence that national cultures have on the formulated business ethics and codes of conduct being implemented in multinational corporations. It is an undeniable fact that individual employees who make up the workforce come from different cultural backgrounds and orientations. In the light of this, it became more interesting to find out if their cultural backgrounds affect their ability to adhere to the ethics of the organizations they work for. The focus was on the national culture of Ghana and the imported business ethics by the management of multinational organizations operating in the country. Hofstede’s groundbreaking work and the GLOBE expanded scope study remains the largest study to examine national culture with selected countries specifically for the purpose of providing valuable guidance to individuals seeking to work effectively across such differences. The result as put forward by the various research data on this subject especially from Hofstede and the GLOBE shows that the national culture of Ghana does not necessarily affect the implementation and enforcement of the corporate ethics in multinational firms operating in Ghana. On the contrary, most of the multinational organizations come from a very strong and regulated corporate ethics environment established by legal regimes in their home country. It is also worth noting that most of the multinational firms conduct orientation for new employees and occasionally for old staff as well.

Keywords: Corporate Business Ethics, National Culture, Ghana, Employee orientation, organizational culture, Multinational corporations.

Introduction

Business ethics and culture focused research is gaining currency in the light of recent scandals that have rocked many multinational organizations. Employees and external contractors of multinational organizations represent the image of their companies and therefore their actions or inactions have implications. What is acceptable and what is unacceptable is a matter of opinion.

The desire for multinational corporations to be innovative has driven them to seek for rapid expansion of their operations around the globe. As they move into these new territories, there seem to be an increasing demand for a thoughtful approach to dealing with the diverse cultural values of foreign cultures in which they operate with an eye on ethics. The differences in national culture lie in values rather than practice. While, in organizational level, culture differences appear mostly in practice rather than value (ibid). Ybema and Byun (2009) refer to Schneider and Barsoux’s (1997) argument that the parent country’s culture is often remained in multicultural companies, and the national culture of parent’s company is often challenged by the national culture of subordinate company, because of the foreign rule put on it as cited by (Rufei and Jianchao, 2010).

Due to the fact that organizational culture is unique to each organization, the need for clarification of its effects on business ethics practices is critical (Enginoglu, D and Arikan, C. 2016). We live in a globalized village where multinational organizations are confronted with diverse multicultural operational environment with people of different ethnic, tribal, and national origins and identities.

The current global workforce find itself at work surrounded by people of different cultural, religious, social, sexual, educational, philosophical, political, economic, and ethical orientations and persuasions. Business leaders on the hand are also under constant scrutiny from regulators to ensure proper ethical behavior by the organization as a whole. According to Enginoglu and Arikan (2016), ethical business practices are praised ever more in today’s business environment. However, Andrews
and Hunt (2011) assert that certain gaps in the form of “deceptive advertising, high pressure selling, unsafe products, irresponsible use of credit cards, bribes, unsafe working conditions” still exists in certain organizations around the world.

Considering that several multinational and transnational companies operating in Ghana in the likes of Shell petroleum, MTN, PWC, Ernst & Young, Airtel, Unilever, Barclays, Roche, Pfizer, GlaxoSmithKline, Deloitte, KPMG, AngloGold Ashanti, Newmont Gold, Stanbic Bank, Zenith Bank, British Airways, Kenya Airways, Emirates Airlines etc., have diverse backgrounds, the need to orient employees becomes more important for the success of these organizations.

From the list above, one can easily see the diverse nature of these MNCs especially considering the culture of their home countries. Enginoglu and Arikan (2016) posit that ethics is no longer an area of interest just for the sake of it but also with its direct and indirect influence on measurable company performance levels. Smith and Hume (2005) in their quantitative study, reported significant cultural effects on ethical responses. It therefore supports the idea that Ghanaians and other nationals working with these organizations have to be properly oriented in order to make sure they are well informed about their ethical responsibilities.

We live in a world where what we sometimes think is good or bad is usually determined by the way we are influenced culturally. Also, there is a growing awareness of multinational corporations to have and maintain a better focus on an ethical conduct that goes beyond the strict legal interpretation of laws in their host country. Multinational companies are usually more noticeable and more so if they originate from USA or more advanced European countries. Due to this and sometimes by their magnitude, there is a greater need for a formal ethical code of conduct for its employees.

On the basis of the above arguments, the challenge for these MNCs is to have the ability to develop and reconcile the conflicting forces of:

- Universally acceptable ethical code
- Cultural relativism (i.e., the need to adapt or customize ethics to local culture)
- Dealing with undue advantages enjoyed by companies from unethical countries who end up gaining unfair competitive edge.
- Lack of harmonization in country code of ethics across the globe

In the light of this, this paper seek to undertake an analysis of whether or not the national culture of employees has any impact on the adherence to the code of ethics of multinational companies operating in Ghana. Again the paper will also find out if the orientation given to the employees and external partners before they begin their work with the companies has any bearing on the ability of the companies to be compliant. With the onset of increase in Global trade agreements in a highly competitive Modern-day business environments, multinational companies in all fields in the near future are expected to come under a lot of pressure to do more in operating an ethical business. Be it environmental ethics, financial ethics, accounting ethics, social ethics or communication ethics etc. A lack of ingrained corporate ethics has often come with serious attendant Consequences.

It is the reason why a lot of multinational or transnational companies spend a lot of time and resources to make sure their ethical policies are constantly reviewed. Part of what organizations have to deal with is about the challenge of this phenomenon and its managerial implications for cross-cultural management.

Dealing with this is the aspect of putting in measures to ensure culturally sensitive ethical policies that can be embraced by all employees and external partners irrespective of their cultural background.

**Literature review**

Ghana is located in West Africa on the Gulf of Guinea, bordering with Togo in the east, the Ivory Coast in the west and Burkina Faso on the northern border. It is a former British colony and was the first country in the sub-Saharan area to gain its independence in 1957. Ghana has many different population groups, characterized by diverse socio-cultural beliefs and practices.

Ghanaian business culture is hierarchical and people gain respect as a result of age, experience, wealth and their position within a company. Senior business people tend to be in charge of making decisions in the best interests of their company. Godiwalla and Damani (2016) argues that many
scholars agree on the need for ethical and social responsibilities issues management to be integrated in strategic management decision making at the highest level in the structure of the organization, that there should be more effective and sustainable social responsibilities pro-grams, and that there is the issue of duality of global versus local considerations for ethical and social responsibilities programs.

Here it is posited that good social responsibility is good business, that the good will and reputation of ethical and socially responsible organizations will win in the long run and MNCs will earn the public’s respect and admiration.

**National culture**

Professor Geert Hofstede conducted one of the most comprehensive studies of how values in the workplace are influenced by culture. He defines culture as “the collective programming of the mind distinguishing the members of one group or category of people from others”. Nations across the globe are distinct and unique from their respective cultures and so are organizations too distinctive and unique from their cultures. It can easily be noticed that people are shaped in the heart of national culture to carry their formed values as handed down by generations. Cultural differences have considerable impact on both the personal and corporate spheres of society.

![Ghana](image)

**Figure 1.** Hofstede cultural dimension data for Ghana

**Organizational culture**

According to Enginoglu and Arikan (2016) corporate culture emerges through both formal and informal interactions between individuals. Ouchi (1981) stresses the importance of the kind of philosophy behind corporate strategies whereas Van Maanen (1976) asserts that informal groupings in the organization make it easy to spot what behaviors are favored or not. As the company and the culture with which it lives in evolve, favorable patterns of behavior that dictates what is acceptable or not naturally emerges.

Quinn Mill (1993) posits that organizational culture falls along the internal/external influences and control/flexibilities influences divides. Organizations that fall between internal influence focus, emphasizes integration, information management, communications, while as those that falls within the external influence focus emphasizes growth, resource acquisition and interaction between the external environments.

Once these patterns of behavior get fixed and become more stable, then newcomers as well as new modes of behavior are more likely to be influenced by and to adapt to these already existing behaviors rather than influencing the old ones and change them.
Organizational culture analysis implies interaction influences between the organizations and the cultural environment where they are located. “The environment in which business organizations operate and executives’ values and styles all interact to influence the performance of today’s business” (Yasin, Alavi, & Zimmerer, 2002 as cited by Gjuraj, E. (2013)).

Gjuraj continues to make the assertion that as a social construct culture is part of everyone within a given organization. It cannot be dressed or undressed when humans come out or in an organization. They will carry on their national culture into organizational environment. It is going to be easy at homogenous environment with people sharing the same national culture, but it is going to become complicated with people speaking different spoken and body languages, sharing different values and norms, coming from different historical and geographical developments, and celebrating different national and religious feast.

Cultural diversity management and ethics

According to Rufei and Jianchao (2010) culture is a complex issue in some fields such as sociology, anthropology and now become a hot topic in management. “Culture is the pattern of taken-for-granted assumptions about how a given collection of people should think, act and feel as they go about their daily affairs” (Joynt and Warner, 1996).

In Ghana and probably in most other places, there are some distinguishing factors that make up the differences among the ethnic groups which include language, belief systems, history, tales, legends, social organisations, physical environment, and customs. Several contributions are devoted in this area by some authors, such as Hofstede (1997), Hall (1976, referred to by Richardson and Smith, 2007), GLOBE (2004). Cross cultural management mainly focuses on the behavior of people from different culture working together as a group or an organization (Adler, 1983). Most of cross-cultural management study aims at dealing with the issue of organizational behavior, such as leadership style, motivational approaches, strategy, organizational structure (Morden, 1995; Elenkov, 1998). Three aspects are discussed in this study as follows, communication system, management style, and staff behavior.

According to Martin, G. (2014), Cultural diversity in the workplace has grown as a trend over the passage of time with the increase of globalization in the world. One positive effect is that employees belonging to different cultures usually have different ways of thinking and can thus analyze a matter at hand from a variety of perspectives. This is hard to achieve when employees belonging to the same culture are asked to analyze the same matter.

Cultural diversity has been defined as the quality of having diverse or different cultures as opposed to monoculture. It also means having different cultures that give respect to one another’s differences and living in harmony.

A renowned sociology professor once stated that cultural diversity is the state of having a mind and a heart that acknowledges and accepts values and even celebrates the various ways people live and interact with one another. In its rich diversity, culture has intrinsic value for development as well as social cohesion and peaceful co-existence. Cultural Diversity has the potential of a powerful tool and a driving force for economic development and the fulfilment of intellectual, emotional, moral and spiritual life.

It is argued that countries that recognise the strength of their cultural diversities and exploit the advantages thereof stand the greater chance of socio-economic development.

According to UNESCO publication on Universal Declaration of Cultural Diversity (2001) the acceptance and recognition of Cultural Diversity by individuals and societies particularly through interactive use of the Media and ICT are conducive to building dialogue among civilisations and cultures, as well as fostering respect and mutual understanding.

Organizational/Business ethics

Ethics is defined as the process of distinguishing the right and good from the wrong and bad, and they imply a moral duty to pursue the good and the right. Business ethics are concerned with the good or right and the bad or wrong behavior in the business context. International business ethics apply to the varying business ethical issues in diverse country cultures (Godwila and Damanpour 2006). In
some cases, failures in the overseas business of MNCs setting most frequently result from an inability to understand and adapt to foreign ways of thinking and acting rather than from technical or professional incompetence.

Additionally these organizations engage in a collective workplace managers and employees of all levels, with different backgrounds and national culture experiences. Thus each of them is a product of a unique culture. From his personal experience as a consultant in joint companies located in the developing countries such as Africa, Asia or Middle East Banutu-Gomez states that: “lack of skills in managing cultural differences causes conflict between leaders, managers and staff who originate from different cultures. Lack of understanding of cultural differences can cause serious miscommunication, which can hinder the growth and the productivity of an organization or company.” (2002, p. 29 as cited by Gjuraj, E. (2013).

An important concern in strategic management in dealing with ethical and socially responsible conduct of a multinational corporation (MNC) is how to make sure all their employees adhere to it. Ethical conduct, usually beyond the legal conduct, has become a socially accepted norm for MNCs in most countries. Expectations of both ethical conduct and socially responsible conduct can vary in cultures of different countries. Codes of ethics are compilations of “written, distinct, and formal documents which consist of moral standards used to guide employee and corporate behavior” (Schwartz, 2001b; as cited by Enginoglu, and Arikan, 2016).

Employee orientation

Kat Kadian-Baumeyer (2017) argues that the function of new employee orientation introduces a new employee to the company, its policies, the coworkers and the job itself. Its characteristics include introducing the employee to the company's culture, roles and responsibilities, job description and other important things an employee will need to know.

However, it appears that orientation is a process and not a one-time event. The notion that orientation is an event for new employees is not appropriate because organizational orientation is now a life-long process for all employees. For new employees, it’s a training program but for all employees, it’s supposed to be continuous learning process.

The corporate management team should define and communicate the purpose of the business ethics program as early as possible. Responsible management recognizes that an effective business ethics program touches every decision and activity of the enterprise. This if integrated into the corporate culture influences patterns of thought, choice, and action that subtly shape the organizational culture of the enterprise. The business ethics program should be based on the core beliefs of the enterprise and should reflect an approach or orientation that will resonate with employees and other stakeholders.

Organizational orientation as a continuous process

Gary Weaver, Linda Trevino and Philip Cochran argue that ethics training programs vary from firm to firm partly because of the differences in external pressures and the vision of the top managers within the firm.

Some specific goals recommended by LeClair and Ferrel (2000) include the following:

- Provide the necessary tools needed by employees to understand the ethical decision making process. This could include an explanation of specific terms and the rationale behind the ethical focus.
- Give the employees an opportunity to access the ethical priorities.
- Explain the procedure used when the employee violate the ethical standards established by the firm.
- Giving the opportunity for employees to be able to identify ethical programs based on the firm’s ethical standards.
- Increase the level of sensitivity of employees’ views pertaining to specific ethical issues.
- Enhance the ability of employees to increase their level of individual reflection as it relates to ethical issues.
• Create a strong, positive ethical work climate in which ethical support systems and codes are in place within the firm.

Methodology and data

The methodology used was putting together some literature review from several researchers with synthesis of knowledge. The use of Secondary data by reading, summarizing and synthesizing other research materials was employed to deal with the problem statement. Hofstede statistically analyzed over 100,000 questionnaires which measured the values of employees at IBM in over 50 countries. In the original version of his model four independent dimensions were identified that could be used to characterize cultures on a national scale (Hofstede, 1980).

Discussion

Hofstede's six dimension model on culture is undoubtedly the most influential model of culture. Hofstede defines culture as, "the collective programming of the mind that distinguishes the members of one human group from those of another. Culture in this sense is a system of collectively held values" (Hofstede, 1981). Hofstede's model has been used in this research due to the inclusion of Ghana in his ground breaking culture research.

Explanations based on hofstede's cultural dimensions

Based on Hofstede's power distance Index, Ghana is in the league of cultures which scores high on power distance. According to Hofstede, subordinates in cultures with high power distance scores are prone to follow what their superiors tell them to do unlike in cultures with smaller power distances (Hofstede, 2010 pp73-74). In this regard, most Ghanaian employees will usually not challenge the status quo of foreign business ethics imposed on them by managers of the multinational firms they work for. They will usually follow the culture of the organization.

Ghana again belongs to a culture which is more collectively orientated as opposed to that of most multinational corporations which has individualist culture. Collectivist cultures tend to agree and flow with the opinions of their group rather than their own personal opinion. This makes it easier for the senior managers to implement ethical programs through the middle level managers who are usually Ghanaians.

Employees in Ghana come from a culture with a high power distance index and this tend to impact on the reason for the low uncertainty avoidance index. This tends to make it easier for Ghanaian employees to obey and adhere to company rules and regulations which are normally the code of conduct laid down by organizations.

From previous research findings analyzed so far especially from Professor Hofstede and GLOBE, much has been identified as some of the practices and orientations which appear to characterize Ghanaian business cultural environment. The objective of this capstone project as stated earlier in the problem statement was an exploratory exercise to analyze national culture, business ethics and whether employees are well oriented to behave ethically.

This has particular relevance for ensuring a differentiated approach to support interventions targeted at improving the ethical business culture or strengthening business capacity to be ethical.

Clearly, it comes across that the Ghanaian business ethical culture is one that is in a state of development with many multinational organizations and other local businesses struggling with the interface between the national culture and corporate ethics. There are clear difficulties with advocacy, corruption, use of contract and lack of a partnership culture. Regulatory support for business and weaknesses in service culture is also a problem.

In conclusion, it is evident that the impact of Ghanaian national cultural ethics on corporate ethics can be both favorable and unfavorable. From the cultural dimension research conducted so far coupled with the weak nature of some of our institutions, it appears MNCs from more stricter countries of origin tend to enforce some form of ethical standards to adhere to their home ethical laws requirements.

Inasmuch as the home office is concerned with core ethical and social responsibility values, the diverse cultural values and orientations of the many foreign subsidiaries make it further challenging to
the to come up with a common set of values. Diversity issues in Ghana often make the work of multinational company managers more complex, and challenging and interesting.

Conclusion

The aim of this paper was to contribute to the understanding of how the Ghanaian culture either support or impede the formulation and implementation of corporate ethics in organizations. Again it came to light from previous studies in the field that corporate culture of multinational organizations are not affected negatively by the national culture of Ghana when it comes to dealing with employees.

Again, considering the studies done so far by Hofstede and the GLOBE project, most of these multinational firms come with well-established business and corporate culture which tends to rather influence the culture of the employees and thereby the larger community and families.

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Factors Affecting the Implementation of Accrual-Based International Public Sector Accounting Standards (AIPSAS) in Ghana

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Abstract

In recent times, the significance of Accrual-based Public Sector Accounting Standards (AIPSAS) in financial reporting is gaining momentum and current debates are moving in the trend of full AIPSAS reporting. The move to new reporting standards results in numerous challenges. The main objective of this study was to ascertain the factors affecting the implementation of Accrual-Based International Public Sector Accounting Standards (AIPSAS) in the Municipal, Metropolitan and District Assemblies (MMDAs) in the Ashanti Region of Ghana. A questionnaire which was quantitative in nature was used to collect the data from the respondents. Purposive and simple random sampling techniques were used to select 480 accounting practitioners. Pearson regression analysis was used to analyse the results. The study showed that there is a significant positive relationship between level of accounting education and training and the implementation of AIPSAS with a regression coefficient of 0.295, and P-value of 0.000. There is also a significant positive relationship between different levels of costs and implementation of AIPSAS with a regression coefficient of 0.627, and P-value of 0.000. It could be concluded that the level of accounting education and training and the different level of costs affect the implementation of AIPSAS in the Ashanti Region of Ghana. Therefore, the study recommends improving capacity building through training and education and establishment of strong financial reporting standards’ enforcement body. The study again recommends inclusion of IPSAS in the academic curricula, inclusion of IPSAS implementation fund in the District Assemblies Common Fund (DACF).

Keywords: Accrual-Based International Public Sector Accounting Standards, Implementation, Challenges, Accounting Education and Training, Costs.

Introduction

In the past, the public sector has been affected by the introduction of significant reforms in the public accounting system in the international context with the aim to improve the management and the decision-making of government institutions (Christiaens, Rollé and Reyniers, 2010). As a result of the public sector reforms, financial reports in various countries have been amended to incorporate full accrual accounting principles. Countries such as New Zealand and Australia are the pioneers of the implementation of the accrual bases accounting system and other Anglo-Saxon countries such as United Kingdom (UK), Canada, and United States are also adopters of AIPSAS.

Graham (2005) explained that a considerable debate exists regarding the scope and the format of the accrual accounting systems in several countries. Therefore, an improvement of the financial information implies an increase in the cost of transparency and valuation of public sector assets which have persuaded many countries to adopt the accountancy system to their own needs (Graham, 2005).

However, previous studies have indicated that any accounting transition is subject to challenges (Alp and Ustundag, 2009). Ghana may face the practical implementation challenge since implementation requires professional accountants and regulators who may be in short supply in the public sector (Martins, 2011). This view was also pointed by United Nations (2006) in the adoption analysis.

As Ghana’s most important economic sector managing the state’s funds, Accrual-based IPSAS in Ghana is an unexploited area to boost investment opportunities. It is clearly believed that the accounting
practitioners in the public sector in Ghana would face some challenges in the implementation and the application of Accrual-based IPSAS (Omane-Antwi, 2016).

However, now that Ghana has made mandatory adoption of Accrual-based IPSAS for all Metropolitans, Municipals and District Assemblies (MMDAs) in the public sector, how would the implementation of Accrual-based IPSAS be? Therefore, the challenges of Accrual-based IPSAS adoption in Ghana should be established and addressed for the economy to benefit fully from the adoption and implementation. It is against this background that this study intends to investigate the factors which affect the implementation of Accrual-based IPSAS in the MMDAs in the Ashanti Region of Ghana. The findings from this study will help to advocate for full adoption and mandatory compliance with Accrual-based IPSAS in government accounting reporting as a way of improving both quality and accountability.

The main objective of the study was to ascertain the factors affecting the implementation of Accrual-based IPSAS in the MMDAs in the Ashanti Region of Ghana. This study reviewed on factors such as accounting education and training and different levels of costs that affect the implementation of AIPSAS.

The hypotheses below were however tested:

- Ho1: There is a significant relationship between the accounting education and training and Accrual-based IPSAS implementation
- Ho2: There is a significant relationship between different levels of costs and Accrual-based IPSAS implementation

Accrual accounting has been defined as a basis of accounting under which transactions and other events are recognized when they occur (and not only when cash or its equivalent is received or paid) (IPSASB, 2006). Therefore, the transactions and events are recorded in the accounting records and recognized in the financial statements of the periods to which they relate (IPSAS, 2006).

Edogbanya and Kamardin (2014) indicated that there is high cost of personnel training in the implementation of international accounting standards. The cost of training accounting and audit staff will result in high expenses, which may be more than the total benefits of international accounting standards implementation. Prewitt (2013) argued that the cost of training is a hindrance to most entities in developing countries when it comes to the implementation international accounting standards.

Jaarat and Tabari (2013) argued that international accounting standards are complex and difficult to understand by most accounting practitioners. The implementation of international accounting standards has implications for changes in academic curriculum in the various educational institutions.

Okafor and Ogeidu (2011) confirmed that the educational curriculum is completely different from international accounting standards. Herbert and Tsegba (2013) also added that the academic curricula in schools are not consistent with the new reporting formats.

Hepworth (2003) concluded that the introduction of accrual accounting system is costly, time consuming and requires a diversion of resources from other activities. It requires the harmonisation of all the stakeholders in order to make this move come through.

Financial conversion and training costs will unquestionably be incurred (PWC, 2012). Statutory bodies and regulators require funding to implement AIPSAS (PWC, 2012). Training resources for such a large group is likely to require huge financial outlay consultancy costs, IT and ERP implementation costs will be incurred (Irvine and Lucas, 2006; PWC, 2012).

Countries that have implemented AIPSAS encountered a diversity of issues relating to capability. One of the major challenges Ghana may come across in the realistic implementation process may be the shortage of auditors and accountants who are technically knowledgeable in AIPSAS implementation (ICAG, 2010). AIPSAS training materials may be inaccessible at reasonable cost in Ghana to educate those groups of people who face challenges in the implementation of AIPSAS (ICAG, 2010).

The United Nations Conference on Trade and Development (UNCTAD) (2008:92-120) summarised implementation challenges of international accounting standards as:

i. High cost of material, seminars and workshops for qualified accountants;
ii. Inadequate educational training facilities for accountants;
iii. Experts in IFRS are scarce and do not have practical competence; iv. Lack of guaranteed trained persons who understand the use of IFRS and v. High cost of implementation, including an increase in staffing costs

However, this study was based on the conceptual framework below:

![AIPSAS Implementation Challenges](image)

**Figure 1:** Conceptual framework

The conceptual framework was constructed based on the objectives of the study. AIPSAS implementation challenges were explained in line with the conceptual framework. The conceptual framework explains the effect of accounting education and training and the different levels of costs on the implementation of AIPSAS in the MMDAS in the Ashanti Region of Ghana. The challenges of AIPSAS implementation in Ghana should be identified and addressed for the economy to benefit fully from the implementation.

Street (2002) stated that countries with low level of education and weak expertise fail in the implementation of international accounting standards. Professional accountants are looked upon to ensure successful implementation of AIPSAS. Along with these accountants, government officials, financial analysts, auditors, tax practitioners, regulators, accounting lecturers, stock-brokers, preparers of financial statements and information officers are all responsible for smooth adoption process. Training materials on may not be readily available at affordable in Ghana to train all the accounting practitioners in the MMDAS which may create a big challenge to AIPSAS adoption. As a result of AIPSAS implementation challenges Ghana may face, Laga (2012) stated that in order to overcome such obstacles measures should be put in place to strengthen professional accountancy body, to improve the status of profession, revisions of curriculum for educating and training of professional accountants to enable accountants to gain exposure to international developments in the profession including IPSAS application.

Mohammed and Allawi (2014) hypothesised that costs have a significant influence on the implementation of the international accounting standards. Iyoha and Jimoh (2011) on the other hand, indicated that the education and training of accountants have strong implications for international accounting standards implementation.

**Methods**

For the purpose of this study, the research methodology is the means adopted in obtaining data from the respondents in order to achieve the objectives of the study, and to provide useful information through the responses given by the respondents. The population of a study is the collection of all possible individuals, objects or measurement of interest (Saunders, Lewis and Thornhill, 2007). Saunders et al. (2007) stated that a population of study is the full set of cases from which a sample is taken. The
population for this study is the entire administrative staff of the MMDAs in the Ashanti region of Ghana. Purposive and simple random sampling technique was used to select the sample. The accounting practitioners were randomly selected to fill the questionnaires. The sample size of 480 staff of the MMDAs in the Ashanti region of Ghana was chosen from the four departments that practice accounting. The four departments that practice accounting in the MMDAs include Accounts, Audit, Revenue and Budget. In this study in order to address the research question which could contribute to AIPSAS implementation challenges, one dependent variable against two independent variables were investigated. The dependent variable is the AIPSAS implementation challenges, while the independent variables are level of accounting education and training and different levels of costs.

Results

The table 1 and 2 below shows the descriptive statistics of the dependent variable, implementation of AIPSAS and two independent variables.

| Table 1. Descriptive statistics of level of accounting education and training |
|--------------------------|-----------------|---------|---------|---------|
| There is low level of public awareness on AIPSAS | 480 | 1.00 | 5.00 | 4.2854 | .89757 |
| The accounting practitioners do not have excellent knowledge of AIPSAS | 480 | 1.00 | 5.00 | 4.5375 | .69793 |
| Academic Curricular does not focus on AIPSAS | 480 | 1.00 | 5.00 | 4.3125 | .88022 |
| There is insufficient training and education for accounting practitioners towards the implementation of AIPSAS | 480 | 1.00 | 5.00 | 4.4771 | .82970 |
| There is limited access to training materials on the implementation of AIPSAS | 480 | 1.00 | 5.00 | 4.5354 | .77997 |
| There is lack of professional based accounting in the public sector | 480 | 1.00 | 5.00 | 4.4688 | .84933 |
| Inadequate organizational structure to support the business processes | 480 | 1.00 | 5.00 | 4.3646 | .93550 |
| There is high vacancy rate in the MMDAS | 480 | 1.00 | 5.00 | 4.4083 | .87647 |
| Insufficient monitoring by internal audit due to the lack of capacity and skilled staff | 480 | 1.00 | 5.00 | 4.4083 | .89765 |
| There is lack of decision makers training (e.g. ministers, permanent secretaries, Heads of departments and agencies) | 480 | 1.00 | 5.00 | 4.3667 | .96219 |
| Valid N (listwise) | 480 |

As it is shown on table 1 above, the minimum value of the mean is 4.2854 with a standard deviation of 0.89757 and the maximum value of the mean is 4.5375 with a standard deviation of 0.69793. This positive high mean value indicates that most respondents agreed that there exist the implementation challenges of AIPSAS in the MMDAs. In addition, the mean and standard deviation for the independent variables (level of accounting education and training) with ten items on five point Likert scale shows that the MMDAs face educational challenges in the implementation challenges of AIPSAS.
Table 2. Descriptive Statistics of different levels of costs

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The cost of implementing AIPSAS is difficult to estimate</td>
<td>480</td>
<td>1.00</td>
<td>5.00</td>
<td>4.3333</td>
<td>.95479</td>
</tr>
<tr>
<td>The cost of research into AIPSAS is very high</td>
<td>480</td>
<td>1.00</td>
<td>5.00</td>
<td>4.3021</td>
<td>.89908</td>
</tr>
<tr>
<td>The cost of training users on AIPSAS is very high</td>
<td>480</td>
<td>1.00</td>
<td>5.00</td>
<td>4.4771</td>
<td>.82970</td>
</tr>
<tr>
<td>The cost of hardware and software for AIPSAS implementation is very high</td>
<td>480</td>
<td>1.00</td>
<td>5.00</td>
<td>4.5354</td>
<td>.77997</td>
</tr>
<tr>
<td>The cost of consultant for AIPSAS implementation is high</td>
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<td>1.00</td>
<td>5.00</td>
<td>4.4688</td>
<td>.84933</td>
</tr>
<tr>
<td>Cost of acquiring new accounting packages needed for the implementation is high</td>
<td>480</td>
<td>1.00</td>
<td>5.00</td>
<td>4.4479</td>
<td>.87972</td>
</tr>
<tr>
<td>Cost of discarding former accounting packages not compatible with AIPSAS is high</td>
<td>480</td>
<td>1.00</td>
<td>5.00</td>
<td>4.4958</td>
<td>.85723</td>
</tr>
<tr>
<td>Cost of installing new accounting packages on AIPSAS is high</td>
<td>480</td>
<td>1.00</td>
<td>5.00</td>
<td>4.3521</td>
<td>.99843</td>
</tr>
<tr>
<td>Cost of maintaining AIPSAS is high</td>
<td>480</td>
<td>1.00</td>
<td>5.00</td>
<td>4.4125</td>
<td>.92554</td>
</tr>
<tr>
<td>Cost of seminars and manuals on AIPSAS is high</td>
<td>480</td>
<td>1.00</td>
<td>5.00</td>
<td>4.4188</td>
<td>.93285</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>480</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As it is shown on table 1 above, the minimum value of the mean is 4.3021 with a standard deviation of 0.96479 and the maximum value of the mean is 4.5354 with a standard deviation of 0.77997. This positive high mean value indicates that most respondents agreed that there exist the implementation challenges of AIPSAS in the MMDAs. In addition, the mean and standard deviation for the independent variables (different levels of costs) with ten items on five point Likert scale shows that the MMDAs face challenges of cost in the implementation of AIPSAS.

Pearson correlation analysis

In statistics, the Pearson correlation analysis is a measure of the correlation (linear dependence) between two variables, giving a value between +1 and −1 inclusive. It is widely used in the sciences as a measure of the strength of linear dependence between two variables. The p-value, in Pearson Correlation analysis, attempts to provide a measure of the strength of results of a test, in contrast to a simple reject or do not reject decision. In Pearson correlation analysis the value of strength of relationship (r) plays an important role in determining the level of relationships among variables. The significance level, p<0.05 is also used to establish the relationship. This significance level shows that there is only 5 percent chance that the relationship does not exist, and 95 times out of 100 times the relationship among variables can be defined as having significant correlation. The table below shows the results of the Pearson correlation analysis among the variables, testing of the hypotheses and interpretation of the Pearson correlation results is presented in a separate section with the results of the regression analysis.

Table 3. Pearson correlation results

<table>
<thead>
<tr>
<th>Pearson Correlation</th>
<th>DP</th>
<th>LEVELOFACC</th>
<th>LEVELOFCOST</th>
<th>EXISTLAW</th>
<th>CULPRA</th>
</tr>
</thead>
<tbody>
<tr>
<td>DP</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LEVELOFACC</td>
<td>.797</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LEVELOFCOST</td>
<td>.863</td>
<td>.802</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SPSS regression result

As shown in the above table 2, of the total of two explanatory variables tested in this study, there is a
significant correlation between two of the independent variables (level of accounting education and training and different levels of costs) and the dependent variable i.e. implementation of AIPSAS by MMDAs in Ghana. Based on the results in table 4.8 there are positive relationships between AIPSAS implementation and all the independent variables, these shows that most of the hypotheses are supported. The correlation coefficient of the level of accounting education and training is 0.797. This implies that as the level of accounting education and training increases, the AIPSAS implementation challenges also increases.

Multiple regression analysis

In this section, in examining the factors that could affect the implementation of AIPSAS by MMDAs in Ghana, the study adopted a regression analysis to test the effect of four independent (explanatory) variables on the dependent variable (the implementation of AIPSAS). Thus, the study adopted multiple regression analysis to test one or more independent variables’ influence the variation on dependent variable. The functional relationship between variables in this study is therefore, the implementation of AIPSAS is a function of level education and training, different levels of costs, existing laws, and cultural practices. However, to show how well the model containing those of four explanatory variables actually explains the variations in the dependent variable (implementation of AIPSAS), it is necessary to test it through goodness of fit statistic.

**Table 4. Goodness of fit through R Square**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
</table>
| 1     | .881 | .776     | .775              | 1.87691                   | a. Predictors: (Constant), LEVELOFCOST, LEVELOFACC

Source: SPSS regression result

The Table 4 above, both $R^2$ and adjusted $R^2$ measure the fitness of the model. The results was significant $F (4, 475) = 462.379$ $P=0.000$. Thus the tables measure the proportion of the variation in dependent variable explained by the model. But since adjusted $R^2$ is the modification for the limitation of $R^2$ the value of the adjusted $R^2$ is considered to measure the fitness of the model. Thus, as it is shown on Table 4, the value of adjusted $R^2$ is 0.775, indicating that the independent variables in the model are explaining 77.6% variation in the dependent variables. Therefore, it could be understood that the model of the study provides a good fit to the data. This outcome empirically indicates that the independent variables in this study are the major determinants of AIPSAS implementation challenges.

The table 4 above summarises the information about the variation of the dependent variable explained by the existing model used for this study and the residual that indicates the variation of the dependent variable that are not captured by the model. It is observed that the independent variables give a significant effect on the dependent variable, where F-value is 825.390 with a p-value of less than 0.05 (i.e. p<0.000) indicating that, over all, the model used for the study is significantly good enough in explaining the variation on the dependent variable. To ensure the statistical adequacy of the model, the goodness has also been measured by the square of the correlation coefficient also called $R^2$.

As shown in the Table 4, all the two explanatory variables tested in this study, level of accounting education and training (p-value= 0.000) and level of costs (p-value=0.000) were statistically significant at 5 percent or lower. In this study, there is a significant positive relationship between level of accounting education and training and implementation of AIPSAS with a regression coefficient of 0.295, and P-value of 0.000. The result also reveals that there is a positive relationship between all the independent variables and the implementation of AIPSAS. There is also a significant positive relationship between different
levels of costs and implementation of AIPSAS with a regression coefficient of 0.627, and P-value of 0.000. The result also reveals that there is a positive relationship between all the independent variables and the implementation of AIPSAS.

Multicollinearity

Multicollinearity implies the existence of a linear relationship between two or more explanatory variables. The correlation in this research illustrates that the correlations between the explanatory variables are higher than 0.08, which means that there is serious multicollinearity. Gujarati (2003) reports that serious collinearity is indicated only if the coefficients of correlation between continuous independent variables exceed 0.800. Field (2009) indicates that there is no multicollinearity if independent variables meet the following criteria: correlations of less than 0.9, tolerance statistic above 0.2 and a VIF below 10. Kennedy (1992) indicates that, based on the VIF, multicollinearity is a serious problem if the VIF of continuous independent variables exceeds 10. Further, if there is a perfect linear relationship among the explanatory variables, the estimates for a regression model cannot be uniquely computed. The possible existence of multicollinearity is tested based on the correlations, including all of the independent and control variables.

Table 5. Values for Variance Inflation and Tolerance Factors of Level of cost, Level of acc and AIPSAS implementation challenges (Coefficients)

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>-1.289</td>
<td>.836</td>
</tr>
<tr>
<td></td>
<td>LEVELOFA CC</td>
<td>.270</td>
<td>.033</td>
</tr>
<tr>
<td></td>
<td>LEVELOFC OST</td>
<td>.557</td>
<td>.032</td>
</tr>
</tbody>
</table>

The Table 5 illustrates the VIF and tolerance coefficients of each explanatory variable. The Table shows both the highest and lowest VIF as 2.797. Moreover, the highest and the lowest tolerance are 0.358 and the coefficient Beta highest as 0.627 and the lowest as 0.295. Therefore, the results of the VIF and tolerance coefficients indicate that there is no multicollinearity problem among the variables of the study. This confirms that there is no need to be concerned about the correlation between the explanatory variables. Gujarati (2003) and Shan and McIver (2011) confirm that there is no concern with a VIF of less than 10. Therefore, multicollinearity does not constitute an issue in either of the models.

Discussions

This part of the study aims to discover the factors that affect the implementation of AIPSAS by MMDAs in Ghana. This particular section presents the results of the study indicated by statistics, using correlation and regression analysis. The correlation and regression between independent variables and AIPSAS implementation were compared against the hypotheses tested in the study. The results show that there are significant relationships between independent variables such as level of accounting education and training and different levels of costs, and the dependent variable (AIPSAS implementation). Therefore, the effect of each independent variable tested under this study is discussed and analysed based on the theoretical predictions, prior empirical studies and hypothesis formulated for this study.

In response to the question whether there is a low level of public awareness of AIPSAS, majority of the respondents were in agreement that there is low level of public awareness on the implementation of
AIPSAS. This implies that the campaigning for compulsory implementation of AIPSAS in the public sector of Ghana is very low. Street (2002) affirmed that countries with low level of public awareness and weak expertise fail in the implementation of international accounting standards.

In response to the question whether accounting practitioners have excellent knowledge of AIPSAS, majority of the respondents were in agreement that the accounting practitioners do not have excellent knowledge of AIPSAS. This finding affirms the outcome of the survey conducted by the United Nations Conference on Trade and Development (UNCTAD, 200, p. 892-120) which indicated that lack of guaranteed trained persons who understand the use of international accounting standards makes its implementation complex.

In response to the question whether academic curricular focus on AIPSAS, majority of the respondents were in agreement that academic curricular does not focus on AIPSAS. This finding confirms the assertion made by the World Bank. World Bank (2010) mentioned that academic curricular does not focus on international accounting standards. Okafor and Ogeidu (2011) made a similar assertion that that the educational curriculum is different from the international accounting standards.

In response to the question whether there is a sufficient training and education for accounting practitioners towards the implementation of AIPSAS, majority of the respondents were in agreement that there is insufficient training and education for accounting practitioners towards the implementation of AIPSAS. The survey conducted by UNCTAD (2008, p. 92-120) also affirms that there is insufficient training and education for accounting practitioners towards the implementation of AIPSAS.

In response to the question whether there is limited access to training materials on the implementation of AIPSAS which may have resulted in the failure of implementing AIPSAS, majority of the respondents were in agreement that there is limited access to training materials on the implementation of AIPSAS which may have resulted in the failure of implementing AIPSAS. UNCTAD (2008, p. 92-120) also affirms that there is limited access to training materials on the implementation of international accounting standards.

In response to the question whether there is lack of professional based accounting in the public sector, majority of the respondents were in agreement that there is lack of professional based accounting in the public sector. ICAG (2010) made an assertion that there are inadequate trained accounting professionals to apply the international standards during implementation.

In response to the question whether there is an inadequate organisational structure to support the business processes, majority of the respondents were in agreement that there is an inadequate organisational structure to support the business processes. Ogunyemi (2012) made an assertion that the implementation of international accounting standards is influenced by the organisational structure.

In response to the question whether there is high vacancy rate in the MMDAS, majority of the respondents agreed that there is high vacancy rate in the MMDAS. This implies that high vacancy in the MMDAs in Ghana influences the implementation of international accounting standards.

In response to the question whether there is an insufficient monitoring by internal audit due to the lack of capacity and skilled staff, majority of the respondents were in agreement that there is an insufficient monitoring by internal audit due to the lack of capacity and skilled staff. ICAG (2010) made an assertion that there is inadequate time to train individuals to gain knowledge to apply the international accounting standards during implementation.

In response to the question whether there is lack of decision makers training, majority of the respondents agreed that there is lack of decision makers training. ICAG (2010) made an assertion that lack of adequate trained professionals makes the implementation of international accounting standards difficult.

In response to the question whether cost of implementing AIPSAS is difficult to estimate, majority of the respondents were in agreement that the cost of implementing AIPSAS is difficult to estimate. United Nations Conference on Trade and Development (UNCTAD, 2008, p. 92-120) made a similar assertion that cost of implementing AIPSAS is difficult to estimate.
In response to the question whether cost of research into AIPSAS is very high, majority of the respondents were in agreement that the cost of research into AIPSAS is very high. This finding affirms the outcome of the survey conducted by the United Nations Conference on Trade and Development (UNCTAD, 2008, p. 92-120) which indicated that the high cost of materials, seminars and workshops for qualified accountants makes the implementation of IAS complex.

In response to the question whether cost of training users on AIPSAS is very high, majority of the respondents were in agreement that cost of training users on AIPSAS is very high. This finding confirms the assertion made by James (2011) which indicated that cost of training the current staff is extremely high. Prewitt (2013) also made a similar assertion that cost of training accounting practitioners is one of the impediments of implementing international accounting standards in developing countries of which Ghana is not exempted.

In response to the question whether cost of hardware and software for AIPSAS implementation is very high, majority of the respondents were in agreement that the cost of hardware and software for AIPSAS implementation is very high. Resources such as IT and ERP implementation costs are incurred (Irvine and Lucas, 2006; PWC, 2012).

In response to the question whether cost of consultants for AIPSAS implementation is high, majority of the respondents were in agreement that the cost of consultants for AIPSAS implementation is high. Training resources of IAS require huge financial outlay consultancy costs, also IT and ERP implementation costs will be incurred (Irvine and Lucas, 2006; PWC, 2012).

In response to the question whether cost of acquiring new accounting packages needed for the implementation is high, majority of the respondents were in agreement that the cost of acquiring new accounting packages needed for the implementation of AIPSAS is high. UNCTAD (2008, p. 92-120) also affirms that the cost of new accounting packages needed for IAS implementation is very high.

In response to the question whether cost of discarding former accounting packages not compatible with AIPSAS is high, majority of the respondents were in agreement that the cost of discarding former accounting packages not compatible with AIPSAS is high. ICAG (2010) made an assertion that cost of discarding former accounting packages not compatible with AIPSAS is high.

In response to the question whether cost of installing new accounting packages on AIPSAS is high, majority of the respondents were in agreement that the cost of installing new accounting packages on AIPSAS is high. ICAG (2010) made an assertion that cost of installing new accounting packages on AIPSAS is high.

In response to the question whether cost of maintaining AIPSAS is high, majority of the respondents were in agreement that the cost of maintaining AIPSAS is high. ICAG (2010) made an assertion that cost of maintaining AIPSAS is high.

However, both the Pearson correlation and regression results indicate that there is significant relationship between level of accounting education and training and implementation of AIPSAS. The results of the Pearson correlation indicate that the value for the correlation coefficient (B) is 0.270 and significant at 0.000. On the other hand the results of the regression analysis shows there is a strong relationship between level of accounting education and training and AIPSAS implementation, with a regression coefficient of 0.295, t- statistic of 8.135 and P-value of 0.000. This value indicates that there is significant relationship between level of accounting education and training with AIPSAS implementation. This result supports the hypothesis of the study. This finding is consistent with the conclusions made by Iyoha and Jimoh (2011). Iyoha and Jimoh (2011) indicated that the education and training of accountants have strong implications for international accounting standards implementation. The authors additionally concluded that education and training are imperative for the successful implementation of international accounting standards.

Again, both the correlation and the regression result show that there is a significant positive relationship between different levels of costs and implementation of AIPSAS. As it is presented on Table 8, the Pearson correlation result shows a significant correlation between different levels of costs and
AIPSAS implementation with correlation coefficient of $B = 0.557$ and significant at 0.000. The regression result also shows a significant relationship between different levels of costs and implementation of AIPSAS, with a regression coefficient of 0.627, T-statistic of 17.281 and P-value of 0.000. Thus, from the result it can be concluded that different levels of costs influences the implementation of AIPSAS. This result supports the hypothesis of the study. This finding affirms Mohammed and Allawi (2014), which indicated that costs have a significant influence on the implementation of the international accounting standards.

**Conclusion**

The analysis and discussion of results have revealed that MMDAs in Ghana and more specifically those in the Ashanti region experience AIPSAS implementation challenges. The study indicated that the academic curricula do not contain detailed public sector accounting in Ghana. This has called for the AIPSAS implementation challenges in the public sector of Ghana.

It was clearly established from the respondents that academic education does not focus on AIPSAS. This confirms that there is lack of synchronisation of developments between conventional university training, and training through professional programmes. It was again indicated by the respondents that there is insufficient training and education for accounting personnel for implementing AIPSAS in the Ashanti region of Ghana. Thus, management of MMDAs have to organise training programmes for accounting practitioners in order to ensure an efficient implementation of AIPSAS.

Additional challenges established were that AIPSAS implementation costs and the enforcement costs are high. This suggests that accounting professional bodies must be responsible for the process of enforcement. This also implies that government and the management of MMDAs in the public sector should recruit and select qualified personnel during the employment process in order to avoid training cost after recruitment.

This study also recommends that the inclusion of IPSAS, more especially AIPSAS, in the academic curricula of both universities and polytechnics will help to minimise the difficulties of the implementation of such standards. The introduction of public sector accounting into the academic curricula is a sign of boosting the public sector of Ghana.

This study discovered that there is high cost of implanting new accounting standards in the MMDAs in Ghana. Therefore, this study recommends the government should add a special amount to the DACF whenever new accounting standards is to be implemented in the MMDAs in the public sector of Ghana. The additional funds will also help to eliminate the idea of “no funds” to implement, install new accounting software and to train the accounting practitioners in the MMDAs in the public sector of Ghana.

**Acknowledgements**

I am highly indebted to the almighty God for His guidance and protection throughout my studies from the lower level to this higher level. To the participating respondents who always openly welcomed me and made my research very grateful, I thank you all and would like to work more with you in the future.

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References


The Impact of Botswana Being an Upper Middle Income Country on the Relationship with Development Partners in Achieving Development Excellence

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Abstract

Botswana is a landlocked, politically stable, democratic and growing steady economically. It gained its independence from the British in September 1966 and in the subsequent years gained a distinction for the fastest growth in per capita income in the world. This led to the country being upgraded to an Upper Middle Income Country (UMIC) in 2007. Together with the support of aid from the British government and aid from other countries after independence, the discovery of diamonds in 1967 also contributed significantly to the country’s economic growth rate. The country’s performance has consistently reflected good governance, political stability and leadership committed to strong institutions and development over the years. This study is to determine if there has been a change between the government of Botswana and its development partners since its upgrading. The results of the study indicated that the relationship between Botswana and the United Nations (UN) as one of the development partners has not changed significantly since Botswana’s upgrading to an Upper Middle-Income Country. It however emerged that the level of financial and human resource assistance has tapered down significantly. The study revealed that there is significant confidence in Botswana’s ability to attain its National Development Agenda despite the inability to clearly articulate its new priorities as an Upper Middle Income Country. It was recommended that Botswana align its development priorities to its new status as a UMIC status and initiate platforms and forums to clearly communicate these priorities. This will assist in the transformation of the relationship to a more mature collaborative relationship.

Keywords: United Nations, Upper-Middle-Income-Country, National Development Agenda, good governance, economic growth, diamonds revenue, Development Partners, National Development Plans, Sustainable Development Goals, Implementing Partners.

Introduction

Botswana, a small landlocked country of two million people, celebrated 50 years of independence in September 2016. Over the past half-century political stability, good governance and prudent economic and natural resource management helped to secure a robust economic growth, supported by the diamonds revenue. Even though Botswana has enjoyed high growth and economic stability over the years unemployment has remained high and the country faces high levels of poverty and inequality, as well as low human development indicators. From 1966 to 2014, Gross Domestic Product (GDP) per capita grew at an annual average rate of 5.9 percent, taking the country from low to middle-income status. Botswana is now an upper-middle income country, rising from being one of the poorest countries in Africa at independence in 1966 that relied heavily on grants-in-aid from Britain for all of its development spending and most of its recurrent budget. The discovery of diamonds in 1967 turned around the economic status of the country significantly. In the subsequent decades, it sustained one of the world’s highest economic growth rates, and now has a GDP per capita of over USD 2000(African Development Bank, 2009).

The country’s performance also reflects good governance, political stability, and a leadership committed to strong institutions and development. Botswana has built one of the strongest institutional setups in Africa, and the country is consistently ranked at or near the top in terms of quality of governance and rule of law in the continent. Political stability has prevailed since independence in 1966, with the political scene dominated by the Botswana Democratic Party. The party retained power in the 2014 general election,
securing a second presidential mandate for President Khama, although its share of the vote dropped below 50 percent (to 46.7 percent) for the first time (University of Botswana, 2008).

The UN contribution to the development of Botswana has a long history. The name “United Nations” was coined by the United States President Franklin D. Roosevelt and was first mentioned in the Declaration by the United Nations on the 1st of January in 1942 during the Second World War. The declaration comprised of 26 representatives of nations who pledged their Governments to fight together against the axis Powers. In San Francisco in 1945 the representatives of 50 countries at the United Nations Conference on International Organization came up with the United Nations Charter. The Charter was later signed on the 26th of June 1945 by the 50 countries representatives and the United Nations came to an official existence on the 24th of October 1945 which to this day is celebrated each ever since (United Nations Organization, 2016). In Botswana the UN comprises of 12 agencies who are working together toward a common goal of addressing development challenges, attain the Sustainable Development Goals and supporting Botswana to achieve her vision. In addition to this, the UN in Botswana also works with Cooperate Partners, the Private Sector and Civil Society Organizations. Attached at Annex 1 are the UN agencies that make up the United Nations Country Team in Botswana (United Nations Development Programme, 2012).

Problem statement

The country’s achievement is remarkable, transforming from being one of the poorest countries in the world into an upper middle income country. Botswana’s extraordinary growth was fueled by minerals, particularly diamonds and significant contribution by development partners in the form of Aid or donor funding. The upgrade of Botswana to an upper middle income country means it no longer qualifies for certain aid and privileges, this study seeks to understand any changes in the relationship between Botswana and it’s Development Partners especially in the area of development as a result of the upgrade. It also seeks to understand Botswana’s ability to meet its National Development Agenda if there has been any change, positively or negatively, in its relationship with the Development Partners.

The questions that the study seeks to answer are:

a) What development areas were most supported by development partners?

b) Has donor funding increased/decreased since Botswana was upgraded to an upper middle income country?

c) Has the level of technical and human resource support changed since Botswana was upgraded to an upper middle income country?

d) Has there been any shift in the role and contribution of the Development Partners in Botswana?

Scope of the study

This study will be limited to the relationship of Botswana with the United Nations as a Development Partner. Only the following agencies of the United Nations will be subject of the study: United Nations Development Programme (UNDP), United Nations Population Fund (UNFPA), World Health Organization (WHO), Joint United Nations Programme on HIV/AIDS (UNAIDS) and United Nations Children’s Fund (UNICEF) and their implementing partner in government. The study will not cover any other Development Partners outside the UN. This is not a study of Botswana’s Vision 2036, National Development Plans NDPs and UN Sustainable Development Goals. The study will not cover Botswana’s specific development projects.

Method

This research, which involved the collection of data from Development Partners (UN agencies) and Implementing Partners (Government) made use of the pragmatic philosophy, because it is flexible in using various investigative techniques in addressing various research questions which are informed by both qualitative and quantitative research strategies, catered for both large and small sample sizes. The two common research approaches are the deductive and inductive approaches. In using the deduction approach, the researcher moves from a generalization to a specific theory. On the other hand, in using the induction
approach the research moves from a specific observation or theory to a generalization (Creswell, 2013). For the purposes of this study the inductive research approach was utilized. The researcher also found it fit to make use of the mixed-method research strategy (quantitative and qualitative methods) to take advantage of the limitations of using a quantitative or qualitative strategy in isolation.

A population size of 40 which consisted of all UN projects’ employees and management working on development projects funded by the UN from the five agencies and their management was used. In conducting this study, the research used purposive sampling for management personnel, while stratified random sampling was conducted for the general staff, where quotas are based on the areas of operation in conducting administering survey questionnaires. The sample size was 24 and was depicted from the list of UN agencies staff who are in the programme departments.

To enable a wider reach of the data collection instruments in obtaining general staff opinions, the researcher used the questionnaire survey. Questionnaire survey is an objective data collection tool that is used to obtain data limited by the options available (Miller et al., 2013). Its advantages include the unbiasedness posed by the researcher in collecting and analyzing data, as with the case by using questionnaire for data collection from the five UN agencies.

In analyzing questionnaire data, content analysis was utilized by establishing the main research themes which then guided the categorization of response data. The main aim of the data analysis techniques is to ensure that an objective and unbiased assessment of data is done so as to add value in making relevant and practical recommendations that will guide the proper environment for a good relationship between development partners and implementing partners in order to achieve development excellence in an upper middle-income country.

**Results**

A total number of 40 questionnaires were distributed to 5 UN agencies (UNDP, UNFPA, UNICEF, UNAIDS and WHO) and 24 were received back. The 24 responses were grouped into various categories to determine the profile of the respondents which also assisted in validating the authenticity of the conclusions from the findings.

**a. Respondents per agency**

![Figure 1. No. of respondents per agency](image_url)

Fig 1: Showing the number of respondents per agency. From the 12 UN agencies that represent the entire UN organization in Botswana, this study only focused on programme staff from five UN agencies, i.e.: UNDP, UNAIDS, WHO, UNICEF and WHO. The highest number of respondents to the questionnaire came from UNDP which is the largest UN agency and has a large number of programme staff. It should be noted also that the focus group for this study from the five UN agencies included a total of 32 programme staff of which only 24 staff members who are either Programme Managers, Programme Associate or Programme Experts completed the questionnaires.
b. Organizational roles of respondents

![Respondents Profile](image)

**Figure 2:** Functions of respondents

Fig 2: Showing the main functions of respondents. The highest respondents (42%) were programme managers, followed by programme experts at 37%. The programme experts are specialists in different areas of development and most of them are economists and able to conduct research, collect and analyze data, monitor economic trends in the country, develop forecasts on a wide variety of issues like inflation, interest rates, exchange rates, business cycles, taxes and employment levels among others. These are important in providing information to the UN agencies and identify development programmes which are relevant for Botswana when they do their programme planning. The least number of respondents were the programme associates at 21%. These are more involved in administration and implementation of programmes strategies and providing support to management programme units.

c. Respondents actually involved in formulation and implementation of government projects

![Respondents Involved](image)

**Figure 3:** Respondents actually involved in formulation and implementation of government projects

Fig 3: Show respondents that are actually involved in formulation and implementation of government projects. From the 24 respondents it was found out that 75% of them were involved in the formulation and implementation of government projects. This comprised mostly of all the programme managers and experts and few programme associates. The limited number of programme associates involved in formulation and
implementation of government projects is because some are hired at the level of programme associate but do the work of programme managers because the agencies have limited resources and so needed to hire staff at a low grade. This information indicates that the majority of respondents are directly involved in formulation and implementation of the government projects and are therefore at the core of the information we are investigating.

d. The average number of years in UN service for the respondents

![YEARS IN UN SERVICE]

**Figure 4.** Average number of years in the UN service for the respondents

Fig 4 showed average number of years the programme staff have been working for the UN. It was observed that 38% of the programme staff have been working for the UN for a period >2<5 years, while 29% were in the range >5<10 years, 25% in the range 1-2 years and only 8% in the range >10 years. The highest number of programme staff is have up to 5 years’ service working for the UN mainly because UNICEF, UNDP and UNFPA have undergone restructuring exercises resulting in lay-offs of most of the older staff members. This obviously resulted in loss of some of the critical institutional memory.

The remainders of the questions were then further grouped into three main categories which will be discussed below

i. Botswana’s ability to meet its development goals since upgrading to a UMIC

This category of questions probed the respondents’ confidence in the Government of Botswana’s ability to achieve its overall development goals based on the current policies, regulations and programmes since its upgrading into an upper middle income country (UMIC). A rating scale of 1-6 was used and any response greater than 3 indicated a positive response or greater confidence. In order to determine this measure the set of questions that were grouped together are: Questions 2, 4, 5 and 11. The summary of the responses from all these questions was:
Table 1. Botswana’s ability to meet its development goals since upgrading to a UMIC

<table>
<thead>
<tr>
<th>Rating</th>
<th>Respondents</th>
<th>%</th>
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<tbody>
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<td>6</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>5</td>
<td>13</td>
<td>54</td>
</tr>
<tr>
<td>4</td>
<td>9</td>
<td>38</td>
</tr>
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The responses indicate a general confidence in the country’s ability to sustainably meet its development obligations.

ii. Botswana relations with donors

This set of questions investigated the state of the working relations between Government and the UN agencies. This also checked the government’s ability to clearly articulate its evolving development needs and in light of the country’s new status as a UMIC. The upgrading of Botswana into a UMIC should ideally have an impact on the type of relationship between the government and the donors as the country is no longer coming with a begging basket but is now looking for a partner in higher level developmental needs. The questions that were grouped together to investigate the relationship with donors were: questions 3, 6, 7, 12 and 14.

The general opinion was that while there has been a marked decrease in the amount of donor funding the actual relationship between the government of Botswana and the UN agencies has not changed much, positively or negatively, and there has not been a shift to a more maturity relationship indicative of Botswana’s increased independence.

Table 2. Shows the relations of the government of botswana and the UN agencies.

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Government priorities in line with new demands as of an UMIC

This set of questions tested the Botswana Government effectiveness in articulating its development priorities and curtailing or limiting unwanted donor assistance that does not match national development priorities. This also investigated the areas UN has been the most helpful during the last few years in supporting the country’s development efforts and which areas UN as a development partner should now be focusing on to assist Botswana in its new status as an UMIC. The questions put together were: questions 8, 9, 10, 15, 16.
**Table 3** Showing the government of Botswana’s priorities in line with new demands as an UMIC

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The general opinion is that Botswana has not been effective in prioritizing its new development needs as a UMIC.

**Discussion**

Since Botswana became an UMIC its relationship with donors, particularly the UN, has gone through some slow but steady changes. From the discussions with the respondents and interviewees, the dominant opinions indicated that for the past nine years the UN financial resources allocated to Botswana’s development have been reducing steadily. This could also be noticed in the deliberate downsizing of the agencies that has taken place over the period. UNDP went through a major downsizing exercise in 2015 which resulted in 90% of the staff being made redundant and positions were matched to enable the agencies to continue operating. This downsizing had negative impact in the relationship with the Government of Botswana. There has always been an expectation that the UN will always be there to support the Government endeavors but with the apparent downsizing there was increased pessimism on the future of this support for Botswana. However, despite this shift in the relationship the UN shows optimism in Botswana government’s ability to achieve its overall development goals based on the current policies, regulations and programmes.

**The UN has continued to provide development support for Botswana government in the following areas:**

a) Supporting the HIV/AIDS crisis- The UN has continued to provide advocacy and public awareness on HIV/AIDS over the years which has helped in reducing the re-infection rates and stigma in the country.

b) Conservation and Bio diversification protection- According to UN (2015) in 2010 with the help of the strategies and policies in place, 88.9% of the population had access to clean water, piped water system and sanitation. However, the growth of the population has exerted pressures on the natural resources overtime. Botswana has low understanding of the effect of global warming which was highlighted in the NDP10 mid-term review. Due to this the government with the assistance of the UN has undertook an extensive awareness campaign on the causes and impacts of climate changes on the ecosystem as the way forward.

c) Safety net and social services for vulnerable groups- This comprises of refugees in the country where the UN provide food, shelter, safety for them. It also includes the abused women and children who need protection and guidance which the UN has been providing for them.

d) Civil service training and capacity building- Albeit on a reduced scale the UN has continued to provide training for civil servants in the area of development and it also provides capacity building expertise in certain disciplines which the government utilizes in the development agenda. This capacity building has not increased for the past 10 year due to reduce budgets (UN, 2015)

**However it should be noted too that the UN has also deliberately not ventured in certain development areas that the Botswana government is interested like the following:**

a) Water management- Botswana has been amongst the countries hard hit by the most severe drought in the region for the past 35 years. The funding gaps toward the drought relief pushed the government to
join SADC in the appeal toward US$2.4 billion international relief. Botswana had an estimate of 57,000 of drought relief particularly in the rural area. According to the SADC Appeal as well as studies by the United Nations, the past season’s El Nino event caused the harshest drought in 35 years, decimating crops and livestock in the region, while threatening vulnerable groups such as malnourished children, the elderly and the infirm. Funds are required from donors in order to feed the vulnerable groups, water supply and to support livestock (UN, 2015).

b) Smallholder agriculture - This programme continue to require funding as part of the poverty eradication project
c) Infrastructure expansion (roads, telecommunication). According to Briceno- Garmendia and Pushak (2011) Infrastructure made a net contribution of just over two percentage points to Botswana’s improved per capita growth performance in recent years. Raising the country's infrastructure endowment to that of the region's middle-income countries could boost annual growth by about 1.2 percentage points. Botswana has made significant infrastructure progress in recent years, spanning the transport, water and sanitation, power, and mobile telephony sectors. But the country still faces a number of important infrastructure challenges. The most pressing is in the power sector, where the country is economically and financially exposed due to a lack of generation capacity and insufficient power supply, leaving the economy vulnerable to power price shocks and load shedding. Botswana’s international transport connections and Internet connectivity also lag behind those of comparable countries. Botswana's overall resource envelope of $800 million per year surpasses its $785 million needs estimate. However, it still loses $68 million a year to due to inefficiencies and faces a funding gap of $305 million per year, entirely in the power sector and will require assistance.

Conclusion

- CD iversification of the economy from diamonds should be pursued forcefully. Significant potential is apparent tourism because Botswana has vast natural land with plenty of wild animals that can be used to grow the economy.
- Instead of continuing to pursue donor funding the country must intensify on its efforts to attract foreign direct investment.
- The government must engage the development partners more in the available forums. The same forums that used to discuss donations should shift into partnership forums in which the relationship is at a higher level and focus on support, coaching, mentorship and funding of higher level projects
- Even though Botswana graduated into an UMIC its relationship with development partners, especially the UN remains crucial for its progress. It is therefore important that Botswana continues to nurture these relationships and also work on growing the relationship to a higher level looking at the demands that comes with being an upper middle income country and perception of self-reliance.

References

Strategic Management Practices and Barriers in Rural SMEs

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Abstract

Small and Medium Enterprises (SMEs) make up the majority of business entities in the region and contribute significantly to revenue generation and employment. For SMEs to be profitable and to grow into larger corporate entities, a significant amount of management capacity is required.

As a SME owner, private sector leader and management student, the author has recognised a significant gap which exists between SMEs and the knowledge required by owners to deploy an effective company strategy to maximise potential of a business. The purpose of this research study is to examine the need for this gap to be addressed, the level of strategic thinking among owners which exists—if any; and the barriers to its inclusion by SMEs in Guyana.

By investigating and studying twenty three (23) organisations in a rural community, reference was made to both quantitative and qualitative data from respondents in the context of management knowledge literature of SMEs. Host country and knowledge provider perspectives were also considered.

The results of the research confirmed the limited to average level of strategic thinking which currently exists in the majority of SMEs. By addressing the identified knowledge gap all the parties involved including the SMEs, the host country and the knowledge providers are likely to benefit significantly in terms of increased revenues, profits and employment.

Introduction

SME owners who also function as managers stand to significantly benefit from the acquisition of management knowledge. Without strategic thinking, management and execution, many businesses fail and disappear from the industry, others stagnate but survive, some are swallowed by larger businesses, and only rarely do they go on to greatness’ (AIB study notes, 2011).

This research study focuses on the degree of deployment of a company strategy by rural SMEs which is among the most critical factors in developing a business. “A company’s strategy consists of the competitive moves and business approaches that managers are employing to grow the business, attract and please customers, compete successfully, conduct operations, and achieve targeted levels of organizational performance (Thompson, Strickland & Gamble 2010, p. 6).

While heading the Upper Corentyne Chamber of Commerce and Industry (UCCCI) from 2010 to 2012, focusing on enhancing management knowledge and working with a very diverse membership, it was evident that a significant proportion of SME management did not possess the requisite strategic management skills to fully develop the potential of their respective businesses. There seemed to be a gap between the availability of management knowledge and the lack of its deployment by SMEs. There is a great deal of literature available on the strategic management field and efforts are made by agencies to ensure that SMEs have access to funding and third party assistance packages. There is a lack of research on integrating management knowledge into local SMEs particularly as it relates to ascertaining the reasons for the hesitance displayed by SMEs to adopt recognized strategic management practices. By researching this critical gap, it is anticipated that more clarity and possible solutions are forthcoming.
This report comprises of five sections following this introduction which includes: an orientation of the research, data collection and analysis, key findings, key implications and conclusion.

Orientation

The identification and continued evolution of a company’s strategy is cited in literature as a key success factor. Management authors have stressed the importance of managing strategically. To do so, however, requires significant knowledge in order to gain the benefits sought after. Strategic management is a field that deals with the major intended and emergent initiatives taken by general managers on behalf of owners, involving utilization of resources, to enhance the performance of firms in their external environments (Nag, Hambrick & Chen 2007, p. 935).

Definitions

Nag, Hambrick and Chen separate the roles of owners and managers for good reason. According to the Merriam-Webster’s Dictionary and Thesaurus (2007) an owner is defined as, ‘one that owns: and one that has legal or rightful title whether the possessor or not’. As such, an owner is also described as a proprietor. A manager is defined as ‘one who handles or directs with a degree of skill: by judicious use of means to accomplish an end’. These definitions outline the requirement of skill, which the manager would possess, in order to achieve company objectives.

SME classification

The Caricom Development Fund defines Small and Medium Enterprises as: “a small Enterprise with less than 25 employees, less than US$50,000 invested in equipment, or less than US$25,000 in annual sales and Medium-sized Enterprise as an Enterprise with 25–50 employees, with US$50,000-US$200,000 invested in equipment, or US$25,000–US$250,000 in annual sales” (Caricom Development Fund 2011).

SME importance

SMEs are a major source of employment. They account for some 50 per cent of employment in the Caribbean Region, and contribute about 40 per cent to the Region’s GDP. In agriculture, SMEs account for over 70 per cent of the main export crops and an even higher proportion of domestic food crops (Caricom Development Fund 2011). The sector is therefore central to the survival and success of CARICOM of which Guyana is a member.

Due to the relatively smaller size of SMEs as compared to corporations, SME owners generally perform the functions of manager. As noted, the critical difference between owner and manager is the level of skill required to efficiently and effectively achieve objectives.

Jay Goltz (2012) of the New York Times noted the most important reasons for the failure of small businesses. They are as follows; a lack of standards and controls, not having the right people, complacency, poor accounting and dysfunctional management. He postulates further that many of the reasons for failure can be addressed by small businesses if they were to employ recognized management practices.

Case study

The mandate of the Upper Corentyne Chamber of Commerce and Industry (UCCCI) is to make representation on behalf of its members on issues affecting the private sector in the region.

The target of this research will be the UCCI’s SME membership. The area represented is classified as non-urban (rural) since the population and business density is much lower than that of the Capital city of Georgetown. Businesses represented include a wide range of companies in the trading, mining, forestry, agriculture, financial and services sectors.
This organization was chosen due to the level of access available to the researcher within the relatively short research time frame, secondly because of apparent SME management deficiencies and finally since there seemed to be a genuine lack of research into the barriers that exist to accessing management knowledge in the minds of SME owners. Since the literature highlights the lack of management capacity as a major reason for lack of SME development, this research may be useful to local SMEs as well as SMEs operating under similar conditions.

Any improvement in SME management will have a significant cumulative effect not only on the individual SMEs, but also the national economy with SMEs becoming more efficient and profitable. SME expansion into corporate entities with larger employment and sales turnover will accelerate the country’s development rate. Knowledge providers would also benefit from better understanding and addressing of SME needs.

Data collection and analysis

This study utilises the case study research strategy focused on the SME membership of the UCCCI. It employs an empirical investigation into the management practices pursued by twenty three of the thirty nine identified SMEs.

The organisation comprises of 63 members (table 1) with 39 being classified as SMEs based on the Caricom Development Fund guidelines. The remaining members are categorised as corporations and employed professionals, and were therefore excluded from the research. Due to the relatively manageable size of the SME population within this organization, it was decided to collect primary data from the entire SME membership. This would allow for a more accurate analysis of the organization’s members and would avoid generalizations having to be made if a smaller sample were to be selected.

Questionnaire and interview

The research utilises a structured administered questionnaire and interview (appendix 2) session with each participant and seeks to identify the existence or non-existence of strategic management practices. It uses carefully crafted questions to identify barriers to the implementation and possible solutions. It was decided to use this method since the respondents were mainly, busy sole SME proprietors with limited time available and scheduling two separate sessions may have resulted in lower participation.

Personally administering the questionnaire also allowed for further explanations to be given when necessary and for a smooth transition into the interview segments of the document. Due to this limited time availability it was decided to seek both quantitative and qualitative data during the session. This would allow for an analysis that would produce findings based on empirical quantitative data while at the same time providing much needed insight, via the qualitative data gained from opinions expressed in the interviews segments.

Research focus

The research document consisted of 23 questions (appendix 2) and took about one-half to one hour per participant depending on the depth the participants were prepared to go into during the qualitative segments. The questionnaire attempts to obtain the following data:

1. To what level is strategic management deployed in SMEs?
2. Is strategic management seen as a critical business success factor?
3. Do owners/managers (UN) consciously apply strategic management practices?
4. Do owners/managers see the necessity for strategic management practices?
5. What are the barriers to implementing strategic management practices?
6. What are the barriers to obtaining the tools of strategic management?
7. What steps need to be and are taken to implement strategic management?

The following are used as indicators of the existence/non-existence of strategic management:

1. Strategic vision and mission
2. Company values
3. Strategic and financial objectives
4. Short, medium and long term strategic plans
5. Executing, monitoring and revision of plans
6. Competitive advantage strategy
7. Porter’s five forces analysis
8. Company profitability
9. Long term growth
10. Employee and customer satisfaction

Strategic thinking

Questions 1 to 7 and 9 attempt to classify the respondents into different groupings in order to investigate if any relationship exists between particular groupings and opinions expressed. Questions 14 to 21 attempt to identify strategic thinking and include sections for other views to be expressed. Questions 8, 10 to 13, 22 and 23 are questions seeking to gain the respondents views of management issues.

The arrangement of the questions allows for progressively focussing the respondent’s attention on the area of management thinking, starting off with general questions and narrowing down to the data sought. The areas that focus on uncovering management thinking focuses on identifying the company’s vision, values, objectives, focus and planning. These are all areas critical to determining how much thought was given to strategic thinking.

Consent

The interview sessions follows ethical procedures for this type of research as outlined in the AIB Guidelines. The organization provided consent for access to its membership and all interviewees signed the research consent forms.

Data collection

The data was collected from the 13th to the 26th of August 2012, completing about two sessions per day. Notice of the research was provided to the 39 SME owners via email and follow up phone calls. A total of 23 sessions were completed within the scheduled two week window resulting in a 59% active response rate. At a 95% level of statistical validity, the sample size of 23 respondents out of a population of 39, resulted in a 11.13% margin of error.

The remaining 41% of SME owners were unable to participate due to varying reasons mainly, unavailability and timing issues. However, some fear by potential participants to be included in an academic study that may have brought to light personal or management inadequacies was evident. Assurances were given about the confidential nature of the study and this resulted in a greater participation rate.

Half of the 41% of unavailable participants did not respond to the initial email and contact by telephone on at least two occasions proved futile. This information was noted in keeping with guidelines for such interactions (Saunders, Lewis & Thornhill 2007).

All interviews were conducted at the SMEs places of business at times agreed on by the respondents. Approximately half of the 23 respondents had a formal office space, the remainder used a section of their business space to have the meeting. Very rarely did the interviews go uninterrupted, due to the fact that these SME owners were the sole source for the bulk of information required by
their employees. All respondents seemed to answer the questions to the best of their abilities and some asked for further elaboration of the questions. It was apparent that many of the respondents had not given much thought to the importance of management to their businesses. At the completion of the session respondents were thanked for their time and asked if they had any questions. When questions were raised, appropriate answers were given.

**Data analysis**

The data gathered was then entered into an Excel workbook for processing. Using the coding guidelines outlined in the Research Methods for Business Students (Saunders, Lewis & Thornhill 2007), a matrix was created to determine the value of the data. To gauge strategic thinking, a scale of zero to five was used in the excel sheet to rate how closely views expressed resembled recognized management knowledge.

With zero representing no knowledge, one representing very limited knowledge, two representing some knowledge, three representing average knowledge, four representing better than average knowledge and five representing in-depth knowledge. The soundness of the received responses was evaluated based on the reviewed management literature.

**Quantitative analysis**

A detailed Excel analysis is found in table 1 and following are some of the quantitative highlights from the analysis. The 23 respondents were confirmed to be SMEs with 65% listed as small businesses and 35% as medium sized businesses. Although gender was not included in the questionnaire, it was noted that there was only one female participant out of the twenty three reflecting strong male leadership dominance in the local SME sector. This unforeseen factor may have some influence on the level of strategic thinking being applied but due to the fact that there was only one female participant it is difficult to make any such generalisations based on the garnered data.

The respondents were equally dispersed into the different age categories indicating differing experience levels.

The majority of respondents (74%) personally established their businesses and 69% had been in business for over 10 years. This served the research well since there were no businesses in the start-up phase (less than one year), when the focus would have been more on carving a foothold then the wider management focus.

The majority (96%) of respondents had some formal schooling with 27% having university training and only 4% with formal management training. Although businesses generally rated their performance as successful, the level of the strategic thinking indicators ranged from very limited to average. The weakest area of strategic thinking was observed to be the setting of objectives for the business. Just two participants had some semblance of strategic or financial objectives. The majority of respondents had not given much thought to setting future business goals and seemed content with letting their business ‘float with the tide’.

The majority of respondents had a short term business focus mainly thinking about the next few weeks to months. In examining the education level a pattern was noted with the more educated participants having a higher level of strategic thinking. These more educated participants were able to indicate their company’s vision, objectives and values. However, the more educated participants also seemed to have time management issues.

The majority agreed that improved management capacity was very important to the future survival of their businesses believing that it would improve their businesses. Increased competition is the main factor (57%) that would force participants to seek an improved level of management capacity with many opting to access improved capacity by researching ideas online, hiring qualified management personnel and undertaking management training. The greatest barriers to accessing
improved management capacity was cited as ‘not having enough time’ (57%) followed by ‘no access to capacity building sources’ (17%).

Qualitative analysis

While the quantitative analysis sorted the data in a manner that provided oversight, the qualitative analysis brought to light many of the underlying factors that restricted the improvement of management capacity.

When discussing competitive market behaviour most participants indicated that they were aware of competitive moves, however about a quarter responded that they do not pay attention to competitors business since they find that to be an unethical practice. They preferred to use the ‘shop-keepers attitude’ which basically entails buying a product for x and selling for x + profit without much consideration to external pressures on the business.

SME owners perceived employee attitudes to the participant’s management style to be in the somewhat motivated range indicating much room for improvement in that respect. Customer attitudes were perceived to be in the motivated range possibly reflecting the close relationship most SME owners share with their customers.

Very little was being done to improve management capacity with participants having the perception that staff inadequacy was the reason their management capacity remained stagnant. Staff meetings and on the job employee training were cited as measures to improve management capacity by the respondents that did have some improvement measures in place.

Fear of unfamiliar management practices and the need for simpler management courses were also highlighted as issues preventing improvements. Several participants indicated their reluctance to apply new strategies due to the fear of failure and subsequent loss of authority over employees. As one participant noted: ‘My staff will lose respect for me, if I try new things and it doesn’t work!’

The lone participant with formal management training remarked: ‘Having management skills definitely gives you a competitive edge’, while a less qualified participant remarked: ‘When I retire, I will close the businesses. Table 3 provides more highlights of respondents’ general views of management. Government inefficiencies, corruption and brain drain were other factors that hampered business growth as revealed during the interview section of the questionnaire.

In general it was noted that all respondents wanted to improve their businesses but seemed unclear of how the improving of their management capacity would assist them in achieving that goal. This confirms that a gap does exist between these firms and the wealth of management knowledge.

Key findings

The study finds a relatively low level of strategic thinking within the participating SMEs.

A positive correlation exists between the level of education and the degree of deployment of strategic management. The higher the education level, the greater the degree of deployment. Most of the participants believe their businesses to be successful. However, they agree that accessing an improved level of management capacity is very important to the future survival of their businesses. They also agree that the implementation of recognized strategic management practices is likely to make make an immediate improvement in their businesses. They see increased competition as one variable forcing them to seek an improved level of management capacity.

Many participants show a preference for hiring qualified staff, searching for ideas online and undertaking management training as ways to increase the level of strategic management. Many also state that ‘a lack of time’ and ‘a lack of capacity building sources’ are the greatest obstacles to accessing management tools.
Using management tools such as project management which focuses on scheduling and time management, delegation, training and strategy formulation, could allow SME owners to spend time on strategies to achieve long term growth and profitability. The non-awareness of the benefits that strategic management practices is one of the most important conclusions of this research. It is as if SME owners know the practices exist, know that larger companies use them to their benefit, but still do not make the connection to their own business.

**Key implications**

This study provides an understanding the dynamics behind the management behaviour of participating SME owners in the Upper Corentyne district of Guyana. The implications are diverse and are addressed in terms of effects on the main stakeholders in the following order; the SMEs, the host country and knowledge providers.

**SME implications**

The analysis of this research study confirms a SME management inadequacy. A volume of management material and knowledge providers exist. Furthermore, the steps taken by the national government also seem to be geared to SME growth. The issue then has to be mainly internal to the SMEs. The realisation of the importance of proper management practices, to a large extent has to come from SME owners. This realisation can be externally strengthened by governments and knowledge providers by these institutions creating more awareness about the need for and benefits of applying recognized management practices.

It seems that the basis of not having the time to access greater management capacity coupled with perceived success and low current levels of competition creates a comfort zone for SMEs in which a relaxed attitude is cultivated. It is, therefore, possible that future competitors with higher levels of management capacity could easily out-compete current SMEs. This effect may become more pronounced as competition forces urban SME owners to expand into rural areas.

It should then be of utmost importance for local SMEs to analyse their current position, identify their long term goals and the level of management capacity required to achieve these goals. As a number of SMEs have evolved from the micro enterprise stage, where the owner was the sole decision maker and in many cases the sole employee, these businesses are now at a stage where without improved management capacity it will be difficult to graduate into larger enterprises or corporations.

In theory, it is believed that strategic thinking using the multiplicity of management tools can lead a company to achieve a sustainable competitive advantage (Thompson, Strickland & Gamble 2010). Using the many management tools can also allow owners to ‘gain’ more of their own time. One such tool would be delegation, whereby supervisory staffs are trained to perform many of the repetitive, non-critical tasks that are presently keeping SME owners occupied. This will also reduce the stress levels caused by being engaged in the constant occupational grind. Time freed up can be used to focus on long term planning and discovering deficiencies in the current modus operandi. SMEs need to be made aware of these benefits. Significant results of SMEs actively improving their management capacity could be increased revenue, profitability and employment.

**Host country implications**

First, at a local level and progressively felt at the host country level (Guyana), better management practices would lead to increased revenues and profits. This effect would mean higher levels of taxation to be collected by the government of Guyana in furtherance of developing infrastructure and improving the standard of living of its citizens. Increased employment would also benefit tax collection and more so would serve to alleviate poverty and welfare dependence. With a higher
standard of living and more spending power among the masses, SME growth could theoretically become a self-perpetuating economic driver.

Based on this research, it would be prudent for government and private sector agencies to actively promote the enhancement of management capacity within SMEs.

Knowledge provider implications

It was strange to conclude that many SMEs believed that there was no access to capacity building sources, especially since the author, a SME owner himself, sought out these sources in order to further develop his skills and business. The low SME owner enrolment into one ‘practical’ MBA course lends strength to the mindset SME owners currently have.

Another, more practical view was expressed by one participant who felt that shorter, simpler management courses were needed, that catered more closely to the needs of SME owners and staff, who, as the study indicates, posses mainly primary or secondary level education. This identified barrier would need to be addressed by the providers of management capacity and knowledge.

It may be a case of marketing to this particular segment of SME owners who require the skills to further develop their businesses. This segment would be more interested in learning how to apply management concepts than on passing exams and receiving credentials since they already have their own businesses and would probably not use the credentials to gain employment elsewhere.

It may therefore mean that the marketing has to be more focused on the benefits that improving management capacity will have on the SME as against gaining credentials. It is noted that many marketers, including knowledge providers, view their services as bundles of attributes, but consumers tend to think about services in terms of their consequences instead (Belch & Belch 2009).

This is a critical gap that needs to be addressed by knowledge providers, since they possess the knowledge product which the SME market, arguably, requires the most and as this research suggests, the SME owners do not know how to access. It is stated that the SME market arguably requires this knowledge the most, since SMEs provide about 40% of the regions GDP and 50% of its employment (Caricom Development Fund 2011).

Therefore any improvements in the management capacity of these SMEs can have tremendous economic effects. If knowledge providers were to focus on this segment and identify success stories along the way, significantly more SMEs may want to access their services making for a profitable segment. It must also be noted that knowledge providers need to seek ways to address the fear of academic failure that seemingly exists within SME owners. Creating and marketing simple management courses that focus on the practical and realistic management applications may be one feasible direction.

Conclusion

It is noted that improving the level of strategic management knowledge is important to the survival of SMEs by improving the way business is done. Although this realization exists among SMEs, firm steps are not being taken to address this issue. Lack of time and capacity building sources are cited as the main barriers. Ironically, many of the issues faced by SMEs could have been resolved by applying better management practices.

It remains to be seen if the recommended approach of creating the necessary awareness and possibly the creation of new courses would close the identified gap but the benefits to be derived for all involved, including the SMEs, the host country and the knowledge providers are numerous. For the SMEs and knowledge providers these include increased revenues, profitability and employment. For the host country, increased tax collection and reduced unemployment are among the main benefits.

This research study has highlighted SME barriers and the gap that currently exists between those entities that possess and those that require the knowledge. A conscious, concerted effort by the three
main involved parties of SMEs, host country and knowledge providers, will be required to address this gap in order for the benefits to be derived.

Not addressing this gap will maintain the status quo with inefficiencies holding on to the space that truly belongs to growth and prosperity.

References


Appendices

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Source: Developed for this research using Microsoft Excel
## Management comments

My management skills can't suffice if workers are not adequately ready to accept.
Staff needs to be more dedicated
Outside management in not needed in case of business decline.
By participating in this interview I have suddenly realized the importance and scope of management.

It is all about daily improvement
Government inefficiencies
Need institutions to do short courses in this area
Management is a dynamic situation needing continuous improvements.
Corruption leads to mismanagement
We have the best management in our sector.
Mismanagement can cripple business
Never give any thought to management
Would consider increased management capacity is expansion plans are followed

Outward migration causing staff shortages leading to high training cost
Can't take a vacation because business may fall apart
Overseas thinking would not work here
Without respect you can not move forward
When I retire, I will close the business
Previous experience would be beneficial
Having Management skills definitely gives you a competitive edge

Source: Developed for this research
Customer Feedback Utilization: The Case of a Telecommunication

Article by Annie Babah Alargi
Management, Texila American University, Ghana
E-mail: annibabah@gmail.com

Abstract

**Purpose**: The purpose of this paper was to investigate how data from customer feedback is utilized by the Telco and translated into strategies and competency based actions to address customer needs and service concerns.

**Problem statement**: Whereas customers are displeased with cost of services, limited network service coverage, long queues and poor connectivity, this Telco have focused on basic elements of service including greeting, smiling, making the customer feel comfortable at their service centres and enticing them with discounts and promotions.

**Methodology**: A mixed method of qualitative and quantitative research was used. Using purposive sampling, two homogeneous groups were selected; the first was semi-structured interviews with five managers. Secondly, closed ended questionnaires were dispensed to a quota sample of 20 affluent customers.

**Findings**: This Telco giant mainly collects customer feedback through call centres, social media, direct customer engagement, close-loop feedback system. However the feedback is not adequately utilized because it does not favour the Telco relatively to profit optimization and in some cases involve new system infrastructure.

**Research limitations**: The study focused on one giant Telco within the industry in Ghana believed to have best practices that can be generalised to other Telcos in market. Selection of only affluent customers represents a deeper understanding of customer satisfaction issues.

**Practical implications**: whereas this Telco believes that it is delivering the best of service to its customers by smiling at them, greeting, making them feel welcome and rewarding them with promotional gifts and discounts, the customers on the other hand, believes that the service the Telcos are offering are “must be” and that, these are basics of service, hence what they expect including improved network coverage, decrease in high cost of voice calls, seamless connectivity and zero interruptions in service transactions are not what they are actually experiencing to enable their satisfaction.

**Originality**: While this paper is the first to consider customer feedback utilization of a conglomerate Telco in Ghana, it also measured the service competency based actions that is implemented to provide superior service experiences to its customers.

**Keywords**: customer service experience, service value, service management, customer expectations, customer desires, customer delight.

Introduction

In Ghana, there seem to be a gap between the telecommunication organizations’ understanding of what customers expect and the real customer experience. This realization is coming from the fact that whereas customers are complaining about their experiences, most of the telecommunication companies are spending huge sums of investments and activities on promotions that do not seem to meet the customers’ needs. Comparing the customer expectation and the telecommunication promotional offer, there seem to be no correlation between the two.

Ghana is proud to have five (5) well-recognized telecommunication companies (Telcos). All these Telcos claim to be customer centred and offer the best services to their customers. All these TELCOs
offer similar products and services, mainly mobile phone connectivity, internet platform, mobile money transfer. All of these TELCOs have Customer Service points where customer complaints are addressed and feedback received. The activities of the TELCOs are monitored and controlled by the National Communication Authority (NCA).

Going beyond service quality improvements, these Telcos offer various promotional activities and giveaways to their customers with the view to delighting them. Meanwhile, customers feel taken for granted because of general service dissatisfaction. High customer dissatisfaction makes them complain to the National Communication Authority (NCA); resulting to fines imposed on the Telcos.

**Customer experience**

For their basic needs, customers using the services of Telcos want reliable connectivity, clarity of talk in case of telephones and good internet speed wall all of them coming at an internationally acceptable price. As of now, customers are still displeased with certain aspects of services provided by the Telcos. These include cost of airtime for voice calls, cost of internet data, charges on mobile money transactions, long queues at some service centres, poor connectivity, interruptions in voice call services and other self-service transactions, low or poor network service coverage at certain locations in the country. All these have caused most customers to depend on two (2) or more Telcos to address their own telecommunication needs. For convenience, in some cases, customers use single phone with dual sim cards for different networks so that they can easily switch to the most reliable network at any point in time. Most of these complaints enumerated by the NCA were from customer grievances. www.ghanabusinessnews.com (May 19, 2016)

**The telco under study**

The Telco under study is the second to enter the Ghanaian market in 1996 but currently the number one in terms of market share, both in volume and value. It currently has a network subscriber base of approximately 17 million of Ghanaian telco consumers and employs approximately 1165 people directly. It has been operating in Ghana for over two decades having re-branded three times; the last being in 2006 when it was acquired by Investcom. It contributes largely to the service economy of Ghana with its current vision “to lead the bold new digital space”. Its products include mobile money services, voice and data services and ICT services.

**Telco customer service activities**

Whereas customer needs seem to be clear to the average user, this Telco on the other hand have been conducting series of promotional activities with the view to attracting customers to patronise their services. These include free calls at some specific times such as weekend mid night calls; talk for less during national holidays; load a certain amount of credit and get double; and pay for other services using their mobile money platforms to receive a token airtime for voice calls.

**The customer experience and the telco offering gap**

A number of questions bother most people’s mind over the gap between customer experience and offering from the Telco. Despite all efforts to meet customer needs, why is this Telco still not achieving that? Is the Telco really gathering true customer feedback and implementing measures to meet identified areas of customer satisfaction? Are customers’ needs fast changing to the extent that the Telco is unable to meet the needs? Why is it that despite the cry for basic satisfaction; needs of customers are ignored and instead given all sorts of freebies that are not their priority? Deeper understanding of the above requires an understanding of customer feedback gathering and its utilization from this Telco giant in Ghana.
Ways of collecting customer feedback and how the telco does it

This Telco uses a number of ways to collect customer experience feedback that has advantages and disadvantages. In most cases, using one approach does not give the needed holistic feedback for management decision making. A good approach to gathering feedback is to have a multi-channel approach. This includes the “voice of the customer” mechanism; a direct customer engagement to collect customer feedback. The “close loop feedback” where customers are called back to ascertain their service experience during their last transaction. The customer feedback and suggestion box placed at visible points across service centres. Speak-up Lines, Hotlines and Toll Free Lines used to access customer feedback. Social media platforms; e-mail system. Further, the Quest Back mechanism and the Customer Relationship Management tool (CRM) can also be used. Customer surveys could be carried out once or twice a year to ascertain their perceptions of service the Telco is currently providing against their expectations. Upsell and Cross-Sell mechanisms are other ways for collecting customer feedback. However, the Telco use a few of the tools afore-mentioned, especially the close-loop feedback and hotlines.

Customer feedback utilization

Customer feedback is the bedrock and lifeline of every organization; but not appreciated especially when they are negative. (J. Barlow and C. Moller 1996). Customer feedback, when properly utilized, enables continuous improvements in service quality and customer experience. Organization strategies must therefore embed customer concerns and suggestions where relevant to enable organisations provide the desired and expected solutions to customer needs. Customer feedback utilization involves a deeper understanding of customer insights and an appreciation of what they seek to achieve (F.F. Reichheld, HBR, 2003). Although the Telco have committed to effectively addressing customer complaints and issues within 48 hours, the question is whether they are addressing the issues to customer expectations and satisfaction.

Quality is what the customer says it is as the quality of listening has impact on the quality of service. (L.L. Berry and A. Parasuraman 1997) In this modern twenty-first century, the customer is in the driver’s seat and dictates the direction, success or otherwise of businesses; organizations failing to recognise this simple fact, will soon fail to exist when they gradually lose their customers for failing to recognise customers’ evolving service experience preferences and how they now choose organizations to service their needs. (Stewart Nash, customercentricity.biz)

Research objectives

The main objective of the research is to investigate and understand how this Telco giant in Ghana collect and utilize customer experience feedback to enable them provide pleasing customer service experiences.

An evaluation of preferred service that customers value and expect from this Telco versus what they actually experience from this Telco will be explored.

Problem identification (Research question and sub-questions)

The main problem of this study is that whereas the Telco believe it is delivering the best of service to its customers, the customers on the other hand, do not seem to think that they are receiving the expected or required service from this Telco. Few customer interactions have suggested that, the main customer problems for which they seek solutions from the Telco are not what the Telco are addressing or delivering to them. The National Communication Authority as the regulator has consistently reprimanded Telcos in Ghana for poor service emanating from customer complaints. The NCA has even gone ahead to introduce the porting system to give consumers choices and enable them to easily switch networks at any time, without necessarily changing their existing telephone numbers so they can access the services of any Telco they think can offer better quality of service and customer experience (www.nca.org.gh). In order
to provide total customer satisfaction, it is necessary to carry out this research to determine whether the service this Telco in Ghana deliver to their customers are what customers actually seek or need and if so, examine the parameters for customer dissatisfaction, but if not, ascertain how this Telco utilises customer feedback to address customer service needs.

Methodology

Structured and unstructured approach

Primary research – qualitative and quantitative (Mixed method)

Social research is a natural science model of the research process applicable to the study of society. This entails research philosophy, research strategy, research design and approach. (Bryman Alan, 2016) Research process involves research philosophy, approach, strategies, and time horizon and data collection methods. (Saunders et al, 2000). An inductive approach of linking data and theory is associated with qualitative research; therefore, primary data was collected via non-probability sampling, initially using in-depth semi-structured interviews to generate qualitative data. Qualitative research also included some documents as other sources of data. Quantitative research using closed-ended questions was also administered to customers of this Telco. The methodology strategy was a mix of both qualitative and quantitative data. The study adopted a mixed method approach, where the research begun with the qualitative aspects of the study. These answered the first and second research questions. Then, the quantitative study followed to answer the customer research questions.

Research philosophy

The research sought to understand the key expectations from customer feedback that constitute positive customer service experiences, their relationships and impact on customer satisfaction. Following initial literature review and my involvement with customers in satisfaction surveys as well as training and development programs involving employees, I was not completely independent to the research. The topic was approached from a perspective that collecting and utilising customer feedback appropriately is relevant to provide the necessary impetus for successful customer service experiences and satisfaction.

Research approach

An examination of how this Telco giant in Ghana collects and utilize customer feedback, an explanation of the causal relationships between the variables – the correlation between the actions of this Telco against customer expectations. Exploratory methods was used to assess how this Telco collects and utilizes customer feedback and implemented improved service actions for true customer satisfaction. Initial findings and review generated further probing to seek insight into customer feedback utilisation by this Telco giant in Ghana. (Robson, 1993).

Following from the work of other research proponents including Bain and Company (2015) on similar studies, a quantitative approach using closed ended questions was dispensed to test what feedback customers provided to this Telco under study.

Research strategy

There are typical linkages between approach and strategy. (Robson 1996) Case studies lend themselves to exploratory purposes and can provide theoretical generalisations that may be useful to predicting future trends. Approach adopted was multi-method involving analysis of customer feedback collection techniques and utilization of it for competence-based actions leading to customer satisfaction and follow-up interviews from which themes such as establishment of customer feedback management strategies were identified. A mix methodology strategy was used. (Saunders et al 2000).
Sampling technique

Using purposive sampling, two homogeneous groups were selected; the first was semi-structured interviews with five heads/managers involved in primary activities of customer feedback collection, data analysis, service strategy and implementation. Secondly, closed ended questionnaires were dispensed to a quota sample of customers of this Telco. This Telco in Ghana under study was chosen because they have certain best practices and is the largest Telco in terms of percentage market shares relatively to the Telco industry in Ghana that can be used to represent all other Telcos on the Ghanaian market. Hence, 5 internal including heads/managers, from this Telco giant were taken through guided interviews and 20 individual customers surveyed through closed-ended questionnaires based on socio-demographic and cultural capital characteristics.

Secondary data

Secondary data from existing sources on this Telco giant in Ghana was also used.

Data analysis

Whereas secondary source of data supplies results data, primary data supplies current information happening in the now, which must be analysed thoroughly and compared with existing data to deduce relevant and useful findings. Data analysed extracted findings from both primary and secondary information using manual coding for qualitative data analysis and computer assisted tool for quantitative data. Averages and measures were computed for major variables to extrapolate key findings. Recommendations from Saunders et al, (2007) was followed for the data analysis.

Limitations

Suggestions from Bryman and Bell (2011) was considered to gain access to the selected Telco under study. Meeting appointments were made with heads and managers of the various service centres of this Telco visited for guided interviews. Period for guided interviews with senior management and other staff of this Telco dragged data collection, as their consent to take part in the interview was done only through approved appointments.

Customers approached at service experiences centres of this Telco did not cover the entire population of the customer base of this Telco.

Data collected from sample population both qualitatively and quantitatively may not cover consistency of experiences at the different locations because of the different timings that interviews were done and questionnaires were dispensed.

Results

The study was a mixed method of both qualitative and quantitative research.

Qualitative research

On qualitative research, five respondents were sampled from this Telco including Executive team member, senior employee and branch managers from three different service locations of this Telco. 60% of female and 40% male aged between 25 and 50 years with educational background spanning first degree to masters.

The consistency of statements made by all respondents in response to question on how this Telco collects customer feedback indicates that this Telco utilizes a number of means and tools to collect customer feedback. This includes the close-loop feedback mechanism, short messaging service (sms) and in some cases, focus group discussions. The close-loop feedback is a mechanism where once the customer has an interaction with this Telco at any service touch point, a call is placed to the customer by a quality assurance agent of this Telco to evaluate the interaction with the service personnel of this Telco. Customers are asked to rate the level of service interaction on a scale of 1 – 10. 10 being highest and 1
being poorest and asked to give reasons for the rating. Questions asked by the quality assurance agent includes “whether the customer was smiled at; treated right; or whether the service staff was willing to help and finally any suggestions from the customer on service improvements.

The collated results from the close-loop feedback provides an indication of the net promoter score to know whether this Telco is leading or lagging with their customer service. This is what is mainly used to appraise and measure service interaction with customers. However, the social media space as another channel for customer feedback collection was mentioned as a result of the revised vision of this Telco “To lead a new bold digital space”. According to the respondents, this channel particularly enables them to track consistency or inconsistency in messaging being delivered by their service staff on their social care platform to customers.

On how customer feedback is utilized for service improvements, according to the respondents of this Telco, they have meeting platforms where they deliberate on feedback coming in from customers and prioritise the ones that needs attention in order to improve on customer service. This is also done using an action tracker which is reviewed from time to time to check status and monitor implementation of corrective actions. According to the respondents, this may involve retraining their staff sometimes or engaging in certain cross-functional level discussions and debates which will finally lead to what best decisions and executions to be done.

As a follow up question, respondents were asked whether their focus for customer feedback is mainly on the service interactions. Responses provided indicated that, in addition, quality of network, quality of distribution (location) quality of service and quality of systems in tracking one’s spend on the network services were also things that were considered by this Telco to ascertain the gaps and flaws. Hence technology plays an essential part in the customer experience, they added. Respondents also mentioned using customer relationship marketing (CRM) as a tool to embed the voice of the customer and to know their customer segments to enable provide the different service experiences to them since they are unable to provide same service to all customers they confessed.

Quantitative research

Twenty (20) affluent customers of this Telco were sampled comprising 30% male and 70% female with occupation of 40% as management in corporate organizations and 60% being entrepreneurs within the ages of 25 to 50 years. All these respondents use the services of at least two networks from different Telcos. The main quantitative study on what feedback this Telco collects from their customers was researched through closed-ended questions using a Likert scale on the following parameters:

1. What informed customer choice of this Telco?
2. What are some of the things they value and will consider as their satisfaction triggers (not necessarily being currently experienced by this Telco)?
3. Whether this Telco solicits feedback from them and what feedback does this Telco solicit from them especially on service improvements and new service developments.
4. Whether there is visible improvements in service outcomes based on feedback provided to this Telco and
5. Whether they are satisfied with the services of this Telco to merit a positive referral?

On question one, a whopping 85% of respondents said their choice of this Telco was based on prior knowledge and beliefs that their expectations will be met as a result of the number of years’ experience of this Telco on the Ghanaian market being the second to enter the market.

Approximately 74% of respondents said, some of the things they value that will enable their service satisfaction (not necessarily what they are currently experience from this Telco) will include privacy and security; faster and simplified service; easier connectivity, network accessibility as various locations, clarity in voice calls and value for money among others.
As to whether this Telco solicits feedback from them and on service improvements and new service development in particular, 65% responded in the affirmative and said they have been engaged somehow received a text asking about their service experience.

Whether these respondents have seen or can recognise any visible improvements as far as their expectations and what they described in question two as some of what will enable their satisfaction as customers, approximately, 40% of them agreed, while 60% disagreed of any visible improvements or positive outcomes from feedback they have given to this Telco.

As to whether they are satisfied with this Telco such that they will give positive referrals to others, 40% responded in the affirmative, 10% said never while 50% said they were not sure.

A graphical representation of the quantitative data from customers is attached as appendix 1 to 7.

Discussions

The secret to understanding customers' needs, wants and concerns is making the most of customer feedback (Chuck C, 2014). This means that collecting feedback should not be the ultimate but how to manage and take action on the feedback to improve services is most essential.

Customer feedback management is the process by which customer feedback is incorporated into operational processes. Feedback facilitates management processes designed to make it actionable. The objectives of the business determines what feedback to collect, how to analyse, how to disseminate and what actions to take. If insights from customer feedback is effectively acted upon, its value can be potentially very high. (Reichheld 2003, HBR)

From the above qualitative and quantitative analysis, it is clear that this Telco makes an effort to deliver good service experience to their customers. The net promoter score measurement gives an indication of whether customers think the service is good or bad. Customer feedback management based on the net promoter methodology is often used to increase customer loyalty and improve revenue, however it must be delivered by trained, empowered and motivated employees who are in a position to take meaningful actions to improve on customer service and relationships. (Reichheld, Frederick, Harvard Business Review 2003). Some priorities of this Telco may be misplaced in addressing pertinent customer concerns. Service improvements may involve capex investments which decision cannot be taken at the shop floor hence customer expectations needs to be managed while Executive management team continues with discussions and debates on which service improvements to give immediate attention or priority to. Customer feedback mechanism at organization and business unit level needs better integration. To gather customer feedback that enables meaningful decisions for improved services, middle management needs to have a stronger involvement in the design and implementation of the customer feedback. Central efforts must be placed on the support of managers in the interpretation and use of data that is gathered through organization wide feedback initiatives. (Caemmera, Barbara and Wilson, Alan, 2010)

The best way this Telco deem suitable in managing customer expectations is through positive physical service interactions, rewards and promotions at the expense of technological system improvements to address the cry of customers. Why would an organization spend so much budget on customer promotions and rewards than into improving network services where customer keep calling for change? Customer respondents sampled are not people who are swayed or induced by promotions; they can afford and wants right value for money and are concerned more with the satisfaction triggers than an offer of a free 10 or 30 minutes voice call or data.

The Pareto principle suggests that 80% of an organization’s revenue is from 20% of its top customers and 20% of its revenue is from 80% of its low end customers. If however, a part of these 20% customers are still complaining of accessibility, voice clarity and internet speed, then one can imagine what the lower 80% customers are experiencing given that the high value 20% customers are given top most priority with relationship managers to address their concerns. Sometimes, one may be calling someone who is standing right in front of them as a way of exchanging contacts, yet the feedback from the network
given is “the customer you are calling cannot be reached at this moment, please try again later”, meanwhile, the person’s phone is on, all things being equal and standing right in front of the person trying to call them.

From the analysis, approximately half of customers sampled do not appreciate the outcomes of the feedback they provide to this Telco as they do not see or recognise any visible improvements from the service they are used to. Routinely or continuously, insights collected from customer feedback enables organization learning and improvement when effectively utilized. Improving processes enables customers to appreciate the impact of their feedback thus creating customer affinity and loyalty. Minimize detractors converting them into promoters through service recovery processes. (Markey, Reichheld and Dullweber, 2009). Customer Feedback improves customer services and establish customer relationships. It puts an organization ahead of its competitors, uncovers market trends and creates positive associations with customers. (Graham Rand, 2017, Brand Quarterly) Better understanding of customer problems also leads to demands in service improvement process. (Karna and Junnonem, 2004).

Reasons why customer feedback is not effectively acted upon is because the process of making it actionable is unnecessarily complicated as lots of efforts goes into transforming feedback into something useful for decision making. Although very useful, the cost and effort required to do something with it is too great. (Kolsy and Moaz, 2003). According to this Telco, feedback collated is discussed and debated on some meeting platforms where priority is given for the implementation of some improvements over others. These “priority improvements” may not necessarily be the solutions customers are seeking but a way to manage the problem in the short to medium term.

Customer feedback at organization and business unit level needs better integration. To gather customer feedback that enables meaningful decisions for improved services, middle management also needs to have a stronger involvement in the design and implementation of the customer feedback and central efforts must be placed on the support of managers in the interpretation and use of data that is gathered through organization wide feedback initiatives. (Caemmera, Barbara and Wilson, Alan, 2010)

**Conclusion**

Evolving customer expectations from service organizations demand that, service innovation becomes a continuous process, which must encompass customer feedback and utilization to engineer excellent service experiences contributing to customer satisfaction and to the growth and sustainability of the Telco industry in Ghana.

Embedding the voice of the customer through utilization and implementation of actions is crucial to the degree of success of customer satisfaction, customer loyalty, customer lifetime value, customer equity, customer advocacy and ultimately sustainable business. The research evaluated the dimensions of how customer experience feedback is utilized and implemented to impact on excellent service experience delivery, leading to customer satisfaction.

Interactions with customers have suggested that, the main customer problems for which they seek solutions from the Telcos are not what the Telcos are addressing or delivering to them. Whereas customers are displeased with cost of services, limited network service coverage, long queues and poor connectivity, the Telcos have focused on the basic elements of service including greeting, smiling, making the customer feel comfortable at their service centres whilst inducing and enticing them with marketing promotions. The questions customers are asked through the close loop feedback mechanism is inadequate to enable customers fully provide their service concerns. Further, a closed-ended text messaging to ascertain customer experience with a service only enables the marks to be ticked without a true revelation of what is in customers’ head.

It is apparent that this Telco giant collect feedback from customers, however, it is not utilized effectively utilized because it may involve investments or other demanding processes that the Telco is not ready to commit to. Hence, this Telco giant manages customer expectations through discounts and promotions that takes away customers mind from the expected solution to their problems or needs to
rather focus on the enticing customer reward schemes that the Telco offer. However, are customers really satisfied even with these offers since it favours only minority of the Telco customers. Purposefully, the Telcos are only marketing their products and services and not really providing the desired solutions to customer expectations.

The ghanabusinessnews.com reported approximately 35 million mobile phone users as at May 2016 and 18 million data users from research conducted by the National Communications Authority, the regulator of the telecoms in Ghana. As at same year, Ghana’s population was reported to be 27 million. This is a clear indication that a considerable percentage of Ghanaians own more than one mobile phone and use more than one Telco service. Telco customers access two or more services from different Telco companies and not from just one Telco.

Investment in customer loyalty programs, relationship marketing and know your customer programs employed by these telecom service organisations has not still yielded total positive customer experiences and satisfaction.

Personal experiences and involvement with different customers sharing their experiences in training and development and other platforms reveal the diverse customer experiences with airlines, banks, restaurants, utility, telecommunication, and other service organizations that suggests that customers do not get total satisfaction from service organizations. This is not happening because, most service organizations, in this case the Telco focus more on short to medium target achievement and profits than the need to build customer lifetime value through consistent and total solutions that meets customer total needs.

References

Managing the Implementation of a School Curriculum in Malawi: Challenges and Policy Implications

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Abstract

The study was conducted to investigate how the implementation of the Malawi senior secondary school revised curriculum was managed by exploring the underlying factors behind the students’ poor academic performance in Social and Development Studies (SDS) national examinations. To accomplish this purpose, the study examined the challenges faced by teachers in their teaching of SDS and assessed the effectiveness of the supervisory and advisory support provided to teachers by heads of department and head teachers. The study further explored the policy implications of the experienced challenges for curriculum implementation. The study took a qualitative approach and used face-to-face interviews to collect data from teachers, Heads of Department and Head teachers in eight secondary schools in South Eastern Education Division.

The findings revealed that the implementation of SDS faced a number of challenges such as lack of teaching and learning materials including textbooks, lack of trained teachers, and lack of in-service training for the practising teachers who were assigned to teach the subject. In addition, teachers were not given adequate supervisory and advisory support by heads of departments, head teachers and school inspectors. The study concluded that the introduction of the revised senior secondary school curriculum was poorly managed such that the schools did not have adequate capacity to successfully implement the teaching of newly introduced subjects like SDS. The study recommends that the Ministry of Education should ensure that, in future, implementation of a new curriculum is adequately planned for in terms of availability of instructional materials, specialised teachers and in-service training for teachers as well as provision of adequate teacher supervisory and advisory support by heads of department, head teachers and school inspectors.

Keywords: curriculum implementation, teacher factors, continued professional development, instructional materials, specialist teachers, in-service training.

Introduction

In Malawi, the curriculum is operational for a period of ten years after which a review can take place to ensure that it is up-to-date (Government of Malawi, 2002). A curriculum is reviewed in response to societal needs of a particular time and context (Kurasha & Chabaya, 2013). A curriculum can also be reviewed to improve the quality of education (Nyirenda, 2005). In Malawi, the secondary school curriculum was reviewed to make it more responsive to the social, economic and developmental needs by incorporating contemporary critical issues such as HIV and AIDS, population explosion, environmental degradation, gender issues and human rights education.

When the Ministry of Education revised the secondary school curriculum, new subjects were introduced in the curriculum, new content was added in some subjects and new approaches to teaching and learning were incorporated. Social and Development Studies (SDS) was one of the new subjects which were introduced in the senior secondary school curriculum. However, poor performance of students in national examinations had been the concern of the nation. SDS had been one of the most poorly performed subjects in national examinations. This signalled that the implementation of SDS in secondary schools was facing problems.
Purpose and objectives of the study

The purpose of the study was to investigate how the implementation of the Malawi senior secondary school revised curriculum was managed by exploring the underlying factors behind the students’ poor academic performance in SDS. To accomplish this purpose, the study focused on achieving the following objectives:

1. To investigate the challenges faced by teachers in their teaching of SDS.
2. To assess the effectiveness of the supervisory and advisory support services provided to teachers by heads of department, head teachers and inspectors of schools.
3. To explore the policy implications of the experienced challenges on curriculum implementation.

The study was significant in providing empirical insights and valuable information to curriculum policy makers, curriculum developers and implementers, on the challenges that teachers, heads of department, head teachers and inspectors of schools encounter in implementing new curriculum innovations. The findings could also act as a basis for policy debate and dialogue amongst educationists, academics, curriculum developers, and teacher trainers on how the capacity of schools can be strengthened to effectively implement school curriculum. The findings may stimulate further research on curriculum implementation challenges faced in other subjects or disciplines of study.

Literature review

The concept of curriculum implementation

Various authors understand the concept of curriculum implementation differently. Fullan (2001) describes implementation as consisting of the process of putting into practice an idea, program or set of activities and structures new to the people attempting or expected to change. On the other hand, Ndawi (1994), Posner (1995), and Zanzali (2003) define curriculum implementation depending on which model of curriculum development was used. They argue that in the Centre-Periphery Models, where the curriculum is planned and developed elsewhere and then handed down to teachers for use, curriculum implementation is defined as the transformation of the aspirations of the curriculum developers into a form that can be understood by the pupils. In the Collaborative Model, also known as Concentric Circle approach or Cooperative Model of curriculum development, the curriculum implementers (the teachers) are actively involved, such that curriculum implementation just means the teachers taking the curriculum they participated in its development for use in the classroom. The curriculum developers and implementers (teachers) collectively determine the decisions they take in curriculum implementation both in planning and execution. In this model, the teachers’ views are important and relevant and play a role commensurate with the pivotal position that teachers occupy within the education system (Aubusson & Watson, 1999). Glickman (1990) highlights the point that it makes no difference how good a curriculum is if teachers will not use it. Glatthorn (1994) further describes curriculum implementation as including the provision of organised assistance to teachers to ensure that the newly developed curriculum and instructional strategies are delivered effectively at the classroom level. Although these different authors describe curriculum implementation from different perspectives, they all agree that it is at the classroom level where implementation of a curriculum takes place.

Challenges to curriculum implementation

A lot of factors that act as obstacles to implementation of a new curriculum have been identified in literature. Bennie & Newstead (1999) pointed out that the factors relate to the teacher as well as the context in which the curriculum is being implemented. Some of the challenges to implementation of a new curriculum as given in the literature include the following:

Knowledge of subject matter

In their discussion of professional development and reform in Science Education in Netherlands, Van
Driel et al (2001) have pointed out teachers’ lack of adequate knowledge of the new content as one of the problems that can arise during implementation of a new curriculum. Other studies on curriculum implementation by Bennett et al (1992), Wallace & Louden (1992), Raudenbush et al (1993), and Fraser-Thomas & Beaudoin (2002), revealed that low levels of teachers’ knowledge of the subject matter was an obstacle to the successful delivery of a curriculum at the classroom level. A study by Benavot & Resh (2003) to investigate factors that influenced curriculum implementation in Israeli schools found that successful implementation of a curriculum in schools depended on school-based conditions and constraints which included the availability of specialised teachers in particular subjects.

Availability of teaching and learning materials

Benavot & Resh (2003) found that successful implementation of a curriculum in Israel also depended on the amount of instructional resources at a school’s disposal. Similar findings were revealed in separate studies by Nyirenda (1994), Hart (1994), Fraser-Thomas & Beaudoin (2002), and Graham-Jolly (2003) who highlighted lack or inadequacy of teaching and learning materials as a major challenge to curriculum implementation. Concerning the importance of textbooks during curriculum implementation, Lockheed et al (1986), argued that textbooks provide teachers with a more structured and comprehensive presentation of the subject matter than would otherwise be available to them. In the absence of inadequacy of textbooks, the teacher becomes the custodian of knowledge and skills for most students that take national examinations in Malawi (Chakwera, 2005).

In-service training

Lack of in-service training has also been reported in literature as one of the challenges to curriculum implementation. In a study of teachers’ beliefs about the meaning and relevance of problem solving in the Mathematics curriculum in Malaysia, Zanzali (2003) observed that development and implementation of any curriculum affect teachers in significant ways and if teachers are not helped in coping with demands brought about by changes in the content, pedagogical and psychological considerations, the implementation process will not be effective. After evaluating curriculum implementation in South Africa, Graham-Jolly (2003) reports that at school level, implementation highlighted critical factors which pointed to the under-preparedness of many teachers and schools to accommodate the curriculum change. Concerning the implementation of the same South African curriculum, Jansen (2003) reports that the curriculum was being introduced into an under-prepared environment in which the prerequisite teacher training and curriculum awareness were not in place. According to Middleton (1999), the most difficult challenge which faces the implementation of a curriculum is the training and preparation of the existing teachers who will be needed to make the curriculum a classroom reality. These observations indicate that curriculum orientation for existing teachers before they embark on its implementation is very important to make them understand and appreciate the changes that the curriculum is attempting to incorporate, thereby preparing them to handle those curriculum changes. Commenting on the importance of in-service training before introduction of any curriculum, little (1993) emphasises that professional development prepares teachers for implementation by placing classroom practice in the larger contexts of school practice and the educational career of children. Ogar and Aniefiok (2012) in their discussion of the challenges of implementing a teacher education curriculum in Nigeria, hinted on the importance of adequate teacher training because the success of curriculum implementation is dependent on the teachers’ ability to translate the written curriculum into classroom learning experiences.

Provision of teacher support services

Lack of supervisory support for teachers’ acts as a challenge to the effective implementation of any curriculum (Glickman, 1990). The importance of supervising teachers has been described by Raudenbush et al (1993) who argue that “observation followed by immediate and skilled feedback on classroom instruction provides a basis for teacher learning with direct relevance to teaching” (p. 280). Raudenbush et
al (1993) further report that in Thailand, principals (head teachers) are expected to provide each teacher with regular classroom supervision either by visiting classrooms personally or by assigning expert teachers to do so. In Malawi, heads of department, head teachers and inspectors of schools are supposed to provide teacher support services by conducting regular classroom supervision.

**Theoretical framework**

This study was guided by the theoretical framework illustrated in Figure 1. This framework is an adaptation of the one developed by Rogan & Aldous (2005) which is based on the theory of curriculum implementation developed by Rogan & Grayson (2003). The theory consists of profile of implementation, capacity to support innovation and support from outside agencies as its three major constructs. Discussion of these three constructs is done in the sections that follow.

![Theoretical framework for curriculum implementation](image)

**Profile of implementation**

This is a construct that helps to understand, analyse and express the extent to which the ideals of a set of curriculum proposals are put into practice. This construct recognises that there are as many ways of putting a curriculum into practice as there are teachers teaching it. Therefore, the profile of implementation offers a map of the learning area and a number of ways for implementation. The profile can also help to conceptualise levels of implementation of a new curriculum.

**School capacity to support curriculum implementation**

The construct (capacity to support curriculum implementation) is an attempt to understand and elaborate on the school-based factors that support or hinder the implementation of new curriculum ideas and practices. Schools differ from one another and therefore not all schools have the same capacity to implement a curriculum innovation to the same extent. In the framework, possible indicators of the capacity to support implementation construct fall into four groups. These are physical resources, teacher factors, learner factors and the school ethos and management.

*Physical resources* also influence the capacity for curriculum implementation. Poor resources, unavailability of resources or inadequate resources can limit the performance of even the best of the teachers and can undermine learners’ efforts to focus on learning. *Teacher factors* include teachers’ own background, training and level of confidence, and their commitment to teaching. Because teachers
implement a curriculum on a day-to-day basis, they play an enormous role in the effective implementation of curricula. Lack of subject matter knowledge by teachers and lack of adequate training for teachers could be a major hindrance to curriculum implementation. Learner factors relate to the background of the learners and the kind of strengths and constraints that they might bring to the learning situation. For example, the home environment may not be educationally supportive or the learner may not be proficient in the language of instruction.

The next set of factors pertains to the general ecology and management of the school. If a school is in disarray and dysfunctional, it is obvious that no innovation can be effectively implemented. In such cases, the first step in implementing an innovation would be to restore order and discipline. Those charged with the implementation of curriculum change need to be supported in a variety of ways. Therefore the leadership role of the Head teacher is crucial for curriculum implementation.

External support for curriculum implementation

According to the theoretical framework in Figure 1, outside agencies or organisations external to the school interact with a school in order to facilitate curriculum implementation. These organisations could be government departments, donors (both local and international), NGOs and unions. In this study, external support focused on provision of professional development and monitoring of curriculum implementation.

Methodology

Research design and sampling technique

The study took a qualitative approach and used face-to-face interviews to collect data from purposively sampled teachers, heads of department responsible for SDS and head teachers in eight secondary schools and school inspector in the South Eastern Education Division (SEED). The participants were purposively sampled because they played different roles during implementation of SDS when it was just introduced in the curriculum. The heads of department and head teachers were charged with the responsibility of carrying out school-based supervision of teachers to provide advisory support. The head teachers were also overseers of every activity that took place in the school including curriculum implementation. A total of 25 participants were interviewed and consisted of one teacher, one head of department, head teachers and school inspector from each of the eight schools and the inspector of schools who was based at the South Eastern Education Division Office.

Data collection instruments and procedure

Two interview guides were used during the study. One guide was used with classroom teachers of SDS to identify the challenges they faced in their teaching of SDS. The other interview guide was used with heads of department, head teachers and school inspector to assess the effectiveness of the supervisory and advisory support they provided to teachers during the implementation of SDS. Both interview guides consisted of open-ended questions to allow respondents to freely express their views and ideas. Face-to-face interviews were used to collect in-depth information through probing as well as to accord the researcher an opportunity to clarify questions where they were not understood, thereby increasing the likelihood of getting useful responses. During the interview sessions, the researcher wrote down the responses to the questions. In addition, the interview sessions were tape-recorded after getting consent from individual respondents. Tape-recording helped to reduce the amount of time taken for each interview session. However, not all teachers accepted to be tape-recorded. Where a participant was not comfortable to be tape-recorded, responses were just written down by the researcher.

Data analysis

Analysis of qualitative data began as soon as data collection commenced and it continued after data collection. This was helpful because the memories of the interviews were still fresh in the mind. Tape-recorded interview sessions were transcribed and typed. The analysis focused on how individuals
responded to each question. Therefore, all the data for each question were put together. After organising the data by question, themes were identified and then organised into coherent categories.

**Results and discussion**

The study investigated how the revised curriculum was managed to result in poor performance of students in some subject areas in national examinations. According to the theoretical framework in figure 1, the study focused on factors that relate to school capacity to support curriculum implementation and external support for curriculum implementation. The study revealed that the following challenges were experienced in the teaching of SDS:

**Challenges related to school capacity to support curriculum implementation**

**Lack of specialist teachers for the subject**

The study revealed that lack of specialist teachers for SDS was a factor that negatively affected the capacity of schools to support the implementation of SDS. Implementation of SDS started when there were no specialised teachers for the subject. As a result, teachers lacked confidence in their teaching due to possession of inadequate knowledge of the subject matter. In three out of eight sampled schools, the head teachers reported that, at its introduction in the curriculum, SDS was taught by teachers who were under-qualified to teach at secondary school level. These teachers had Primary School Teacher’s Certificate (PSTC), a primary school teachers’ qualification but were teaching in secondary schools due to shortage of qualified secondary school teachers. This status undermined their ability and confidence to teach the subject effectively thereby weakening the schools’ capacity to support implementation of the revised curriculum. Similar findings were reported by Ongachi, Okello and James (2013) in their study of the challenges affecting implementation of Art and Design Curriculum in Kenyan secondary schools. It was reported that “there were teachers in secondary schools system who taught Art and Design Curriculum yet they were not trained to teach in secondary schools” (p. 392). Syomwene (2013) also alluded to the lack of trained teachers as one of the impeding factors to implementation of curriculum reforms and educational policies in schools in Kenya.

This study has confirmed the findings of a similar study by Wallace & Louden (1992) which revealed that science teachers with higher level of knowledge taught more confidently than those with lower knowledge levels. It is therefore important that a teacher should possess a rich knowledge base of content and pedagogy to provide relevant and meaningful learning experiences for pupils (Medrano & Curts, 2004). The importance of teachers’ mastery of the subject content was also alluded to by Urbanski (2004) who argued that even if the best materials are given to a teacher, those materials will not be used effectively for pupils’ learning if that teacher lacks subject knowledge. Urbanski further pointed out that priority should be given to having knowledgeable teachers who are capable of translating the curriculum into classroom experiences for effective student learning. Otherwise inadequate mastery of subject matter by teachers affects students learning which subsequently leads to poor performance in the affected subject areas.

**Inadequate teaching and learning resources**

The theoretical framework as given in Figure 1 gives availability of resources as one of the factors that can support the implementation of a curriculum and textbooks are one of such teaching and learning resources. Textbooks facilitate teaching and learning (Kuthemba Mwale, 2000) in that teachers can give reading assignments to pupils when textbooks are available. Teachers cannot teach the pupils everything and therefore reading the textbooks also helps to widen the pupils’ knowledge base and promote active participation of pupils in lessons. In all the eight sampled schools, shortage of teaching and learning resources including textbooks was cited as one of the biggest challenges that teachers were facing in their teaching of SDS. Lack of teaching and learning resources as a challenge to curriculum
implementation was also reported in Nigeria (Njoku and Njoku, 2015), in Zimbabwe (Dzimiri and Marimo, 2015) and in Tanzania (Makunja, 2016).

Inadequate capacity of school management to supervise curriculum implementation

In Malawi, school level monitoring of curriculum implementation is the responsibility of head teachers and heads of departments. One way of monitoring curriculum implementation is through regular supervision of teachers in their teaching. The study revealed that head teachers and heads of departments did not adequately supervise the implementation of SDS in their respective schools. Inadequate supervision of implementation of SDS was a school management problem that weakened the capacity of schools to effectively implement the approved curriculum. This revelation confirms the results of a study by Syomene (2013) which reported that inefficient school leadership and management failed to provide adequate supervision of classroom teaching to ensure effective curriculum implementation in Kenyan schools. Similar findings were also reported by Shilling (2013) in a study that examined the opportunities and challenges of curriculum mapping implementation in a school setting.

External support for curriculum implementation

In-service training

In-service training helps to prepare teachers for curriculum implementation (Rogan & Aldous, 2005). The Ministry of Education (2000) stated that the central focus of any curriculum reform is teacher preparation and therefore in-service education and training programmes are one of the primary routes for introducing and sustaining educational change at school level. However, although SDS was being implemented by non-specialist teachers, all the eight teachers who participated in the study reported that lack of orientation and in-service training for the existing practising teachers of SDS had contributed to ineffectiveness in their teaching of the subject. These findings also confirm the results of a study that was conducted to investigate the challenges teachers faced in implementing competence-based curriculum in Tanzania (Makunja, 2016). It was reported that lack of in-service training for teachers was a major challenge that affected the successful implementation of competence-based curriculum. A similar revelation was reported by Njoku & Njoku (2015) who investigated challenges to effective implementation of Christian Religious Studies Curriculum in Nigeria. They reported that teachers who were not exposed to in-service training seminars and workshops were not abreast with current trends in teaching approaches and could not use instructional materials and understand new content required for effective implementation of a curriculum. Okoth (2016) also reported that lack of Teacher Professional Development initiatives negatively affected school level curriculum implementation efforts. Mtevwa (2003) alluded to this by contending that if pre-operational processes such as orientation and training of teachers, have not taken place, curriculum implementation experiences some problems. Zanzali (2003) pointed out that in-service training of teachers helps teachers to cope with demands brought about by changes in curriculum content. A study by Jones, Harlow & Cowie (2004) of New Zealand teachers’ experiences in implementing Technology Curriculum also revealed the importance of in-service training in preparing teachers for implementation. Therefore, in-service training could have provided teachers of SDS with the necessary knowledge and skills for the teaching of the subject. In addition, in-service training could have helped to introduce new concepts and approaches to the teaching of SDS.

Inadequate monitoring of curriculum implementation by school inspectors

It is important to note that monitoring curriculum implementation through regular supervision and provision of advisory services help to promote professional growth of teachers. Such services provide support to teachers by promoting good pedagogical practices, check and discourage unprofessional practices, and provide teachers with relevant information for their professional development. However,
the study revealed that teachers were not provided with the advisory support in their teaching of SDS. Of the teachers who were interviewed during the study, 63% indicated that school inspectors rarely visited the schools to monitor curriculum implementation and provide advisory services. The teachers reported that advisory services were essential during the implementation phase of SDS as a new subject in the curriculum especially because some of the teachers were primary school teachers who needed more assistance to teach the subject. The inspector of schools corroborated with the teachers’ observation by stating that failure to supervise teachers of SDS was not deliberate. It was reported that besides lack of adequate funding, supervision and inspection visits to schools were made without knowing what subjects were timetabled for that day. This was being done following the Ministry of Education’s (1982) policy guideline on inspection and supervision which required the inspector, upon arrival at a school, to get the day’s timetable from the head teachers’ office to decide which teachers, lessons and classes to supervise. Therefore, only those teachers of the subjects timetabled for that day would be supervised. This approach had left the teaching of SDS, as a new subject in the curriculum, inadequately targeted for supervision. Some of the problems that teachers of SDS had been experiencing could have been attended to if the teaching of the subject was adequately supervised. Bekoe & Eshun (2013) pointed out that, as a way of improving the education system or ensuring its effectiveness, curriculum design and its implementation need to be adequately monitored. Use of under-qualified teachers, lack of specialist teachers and lack of orientation for teachers should have called for more attention to be given to teachers of SDS, in terms of supervision and advisory services. Therefore, lack of adequate funding for supervision of teachers, especially at the implementation stage, meant that there was inadequate planning for the implementation of SDS on the part of the Ministry of Education.

Effectiveness of support services provided to teachers by heads of department, head teachers and inspector of schools

The second objective of the study was to assess the effectiveness of the supervisory and advisory support services that heads of department, head teachers and inspectors of schools provided to teachers. During the study, heads of department and head teachers reported that they did not provide adequate and effective support services to teachers due to inadequate subject knowledge, lack of supervision skills, and teachers’ resistance to supervision.

Inadequate subject knowledge

Lack of adequate knowledge in the subject was cited by 63% of the heads of department and 75% of the head teachers. They argued that it was difficult to supervise teachers on the subject they themselves did not specialise in. This implied that the heads of department and head teachers lacked confidence to supervise and provide advisory services for the teaching of SDS in which they did not have adequate knowledge.

Lack of supervision skills

The Ministry of Education (2001) in its Policy and Investment Framework (PIF) states that the Ministry of Education would continue to take appropriate measures aimed at strengthening the professional competence of secondary head teachers and heads of department to carry out methods and advisory services within the schools. While one of the methods and advisory services is the supervision of teachers in their teaching, the study revealed that the Ministry of Education did not equip the head teachers and heads of department with the necessary classroom supervision skills. Lack of classroom supervision skills was cited by 50% of the head teachers and by 75% of the heads of department.

According to the curriculum implementation theoretical framework in Figure 1, lack of supervision skills is a management factor that weakened the schools’ capacity to support the teaching of SDS. This entailed that the Ministry of Education did not implement its plans of strengthening the professional competence of heads of department and head teachers as stated in the PIF. In the end, the victim is the
student whose learning and therefore performance in both school and national examinations gets negatively affected.

**Resistance to supervision**

Raudenbush et al (1993) define supervision as referring to the activities of those invested with administrative authority over teachers to monitor, observe, evaluate and provide feedback on classroom teaching. It is the policy of the Ministry of Education (2001; 2002) that heads of department and head teachers should carry out supervision of teachers to provide advisory services. However, the study revealed that teachers viewed lesson supervision as fault finding. At one of the schools, the head of department reported that he faced resistance from the teachers when he attempted to observe lessons to provide professional advice. At another school, the head teacher reported that the teacher of SDS refused to be supervised by the head of department because he claimed to be more knowledgeable in the subject than the Head of Department who had never taught the subject.

Such resistance to supervision is a teacher factor which, according to the theoretical framework of this study as given in Figure 1, can hinder the effective implementation of SDS. Unless school-based supervision of teachers was institutionalised, the responsibility of supervising teachers would be left to school inspectors who rarely visited schools due to lack of adequate resources such as funding.

**Conclusion**

Based on the objectives and theoretical framework of the study, the results have shown that the implementation of SDS faced a lot of challenges that mainly resulted from poor planning. The implementation was poorly resourced in terms of trained teachers, teaching and learning resources, and inadequate funding of inspectors for curriculum implementation monitoring visits to schools. In addition, heads of department and head teachers were not given in-service training on school level supervision of curriculum implementation. It was therefore concluded that the implementation of the revised senior secondary school curriculum was poorly managed such that the schools did not have adequate capacity to successfully implement the teaching of newly introduced subjects like SDS. Consequently, the students’ academic performance in national examinations was negatively impacted. These challenges further indicate that the introduction of new subjects in a school curriculum is a delicate and critical process that demands sufficient preparation and support to teachers from within and outside the school.

**Policy implications**

The findings of the study provide policy guidance for managing future curriculum implementations. The Ministry of Education should introduce a policy for ensuring that future curriculum review and implementation are adequately planned for in terms of availability of instructional materials, teacher training, and in-service training and orientation of teachers on content and pedagogical approaches.

At school level, there was almost zero supervision of teachers in their teaching of SDS by the heads of department and head teachers due to lack of supervision skills. Therefore there is need for a policy to ensure that heads of department and head teachers who supervise curriculum implementation in their respective schools are given orientation and in-service training on school level supervision and management of curriculum implementation. This entails that the Ministry of Education needs to come up with a policy on the Continued Professional Development (CPD) of teachers, heads of department and head teachers to ensure quality delivery of school curriculum.

**Suggestions for further research**
The study investigated challenges faced by teachers, heads of department and head teachers in the implementation of SDS. To fully understand the underlying factors behind the students’ low performance, future studies need to go beyond teachers’ experiences and investigate learner factors.

Acknowledgements

I am very grateful to the South Eastern Education Division Office of the Ministry of Education for granting me permission to collect data from the schools and the Divisional Office. I also owe a lot of thanks to all the teachers, Heads of Department, Head teachers and the School Inspector who participated in the study. The study would not have been a success without their cooperation to provide information.

References


Value for Money in Provision of Services in the Public Sector of Uganda

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Abstract

Value for money has increasingly become a contentious and very prominent subject in the development agenda both within developed and developing Economies. Donor groups and community consider value for money when allocating budgets and other resources to developing countries. The study examined value for money in the provision of services in the public sector of Uganda. The general objective of the study was to evaluate value for money in the provision of services. The study was guided by three specific objectives which were; to examine effectiveness in the provision of services in the public sector of Uganda; to assess efficiency in the provision of services in the public sector of Uganda and to evaluate economy in the provision of services in the public sector of Uganda. Self-administered questionnaires were used to collect primary data from the respondents while secondary data were collected through literature reviews and analyzed using descriptive statistics.

The study findings show that economy as one of the pillars of value for money was the least consideration and therefore, not practiced in the public sector of Uganda. Meanwhile, efficiency was the most practiced element of value for money and followed very closely with effectiveness.

The conclusion is that there is no value for money from the provision of service in the public sector of Uganda. The study recommends that MDAs and Local governments should operationalize the concept of value for money and make it well understood across the three spheres of government; review alternatives including considering making inter-ministerial and departmental use of skilled resources which are in short supply to delivery on required projects; and above all, ensure that the anticipated benefits from the services outweighs the costs of acquiring the services.

Keywords: Value for Money, Economy, Efficiency, Effectiveness, Procurement of services, Public Sector, Uganda.

Introduction

Background to the study

Since the 1990s and more precisely the early 2000s, there has been a significant increase in the use of Public Private Partnerships (PPP) by most of the OECD member countries in delivering complex services to citizens where government lack the capacity. For instance; France, Korea, Germany, Australia, the United Kingdom and others have taken seriously the use of PPPs to deliver professional advisory services that were hitherto delivered through ordinary procurement. The drive to use professionals with required skills is premised on the pursuit of best value for money (OECD, 2008).

Governments should prefer procurement of services which add and /create value for money. However, in practice there is always no value addition in the outputs of the professional services. In addition, the value for money principle objective is always blurred and the procurement of services may at some point be skewed by factors other than the value for money considerations.

According to (Burger and Hawkesworth, 2011) in their article published in OECD Journal on Budgeting, procurement of professional services for instance of Lawyers, Accountants, Engineers, Doctors, among others, to offer needed advice such as carrying out technical and or feasibility studies, strategic advisory, engineering design, legal and Information Technology services, and supervision of complex projects as a
result of the Public Private Partnerships (PPP) to Government Ministries, Departments and Agencies including State Enterprises and Corporations is necessary and strategic in order for government to perform its core functions of provision of services to the citizens well. The public sector hires the above services from the private sector because government may not have the human resources with such skills or are insufficient, and in short supply. Fair and competitive procurement of professional and advisory services which achieve value for money is the desire and interest of any government, donors and citizens. It is expected that the procured services are of high necessity and government will make use of the deliverables of the services rendered. This is the essence of value for money.

Value for money is defined variedly. One of the most common is that it is a utility which is derived or obtained from any procurement of any funds or money which has been spent. It is based on three core connotations namely; Effectiveness, Efficiency and Economy. In its 2011 communication, the EU emphasizes a remarkable shift from the traditional considerations of quality to best value for money including equity (European Parliament, 2011).

According to the report from the office of the (Auditor General, 2014) of British Columbia, the Government of British Columbia spends more than US$560 million (Five Hundred and Sixty Million dollars) on procurement of professional plus advisory services yearly in contracts with private sector businesses where skills needed by the government is in the offing.

Value for Money is discussed by many people but very few understand the concept well. Technically, it is not solely about buying cheaply from service providers but rather, it is the balance in the life cycle costs in the procurement process plus the quality of the service provided in what is famously referred to us the three Es that is Effectiveness, Efficiency and Economy (Tang, 2008). Transparency, competition and fairness are key ingredients in demonstrating value for money.

Effectiveness which means spending wisely is mainly concerned with the extent to which objectives have been met and the intended results achieved. (Kalubanga et al, 2013) indicate that effectiveness involves both qualitative and quantitative increase and decrease in outcomes while achieving the intended objectives. (Kalubanga et al, 2013) further stress that effectiveness relates to an entity doing the right thing. The value for money audit report of the Office of the Auditor General of Uganda, 2015 further reinforce this assertion that effectiveness is the extent to which the set objectives have been met and the intended results achieved.

Efficiency which is spending well can be said to be the measure of productivity. It is how much one gets out in relation to what one has put in. Therefore, it is the maximum output for any given set of inputs or the minimum inputs for any given quantity and quality of goods or services provided. According to the annual report of the (Auditor General, 2015) for the audit year ending December 2015 of the Republic of Uganda, efficiency is said to be getting the most from the available public resources. It is mainly concerned with the existing relationship between the resources employed by the government and all the outputs delivered out of the resources put in, as far as quality, quantity including timing are concerned.

Economy which is spending less is concerned with minimizing the cost of inputs used for an activity having regard to appropriate quality. This concerns the acquisition of resources in appropriate quality and quantity at a minimum cost. It is a measure of what goes into providing a service. Thus, costs of inputs-unit costs are used as an economy measure. (Adjo, Amakudzi 2008) further confirms this statement.

The public sector of Uganda is composed of Ministries, Departments, Agencies and Corporations which are run directly by the government. The public sector of Uganda spends about UGX 120,000,000,000 (One Hundred and twenty billion) representing 17.3% on procurement of services annually (PPDA, 2010). According to the (World Bank, 2012), Uganda spends over 55% of its budget on public procurement. Records from the PPDA 3rd integrity survey report (PPDA, 2016), indicate that Uganda government spent 50.2% of its 2014/2015 national budget on public procurement.
Statement of the problem

In Uganda’s public sector, there is substantial concern from not only the citizens and the donor community, but the employees of the MDAs as well as local government units as to whether there is any value for money derived out of the procurement of professional and advisory services offered to the government, (Audit report on value for money, Office of the Auditor General, 2015). The report further states that discussions of the value for money reports is still a major challenge for the Accountability Committee. More times than not, once the outputs are completed by the professionals who were hired, the outputs are then put on the shelves and not made use of. When necessary, the output may be used as input for a Minister to pass a law or statutory instrument to solve a crisis. However, the implementation of such statutory instrument or policy remains a big challenge in the public sector of Uganda. This therefore, leads one to ask the question as to what value addition procurement of professional advisory services is to the government if the output of hiring services are not made use of.

Significance of the study

This study will be of high, significant value as a reference for students, scholars and researchers on Financial Management. The recommendations of this study will be of great significance to policy makers, managers and top decision makers on the value addition of the procurement of professional and advisory services.

Purpose of the study

The purpose of the study was three fold:
- To examine the effectiveness in the provision of services in the public sector of Uganda;
- To assess the efficiency in the provision of services in the public sector of Uganda;
- To evaluate economy in the provision of services in the public sector of Uganda.

Conceptual framework

![Conceptual Framework Diagram]

**Figure 1. Conceptual Framework**


In this conceptual framework model, the dimensions and also the definitions of the various components of the concept of value for money are applied in the following ways:
Economy. This concept is a measure of all that goes in while providing a service. This component may include costs of the inputs which will be used. The unit costs of the inputs are always used as a measure of the component of economy within the value for money framework. The life cycle costs of all inputs, such as direct and indirect costs of acquisition, running and disposal of the assets and other non-current assets are always considered.

Efficiency. This concept is a measure of productivity of services. In other words, it is the measure of how much government gets from the hire of a professional service. This further examines if there is any relationship between the inputs and the outputs; for instance, it measures the planned against actual delivery of all the milestones by professional hire to offer service to government.

Effectiveness. This concept is the quantitative and qualitative measures of any increase or any decrease in the outcomes which demonstrate that a government programme is indeed effective in the delivery of the intended objectives. This component of value for money therefore, examines possible relationships between the outputs and the outcomes. It also examines the entire process and if the alternative chosen was the best or not.

Literature review

Empirical studies on value for money

This section explains the various studies by other researchers on value for money. While this study is unique in terms of the methodology, conceptual framework and theoretical underpinning, there are some strands of literature related to the study which includes the following.

A report by the (Office of the Auditor General of British Columbia, 2014) on how they considered the government to have received value for money from the procurement of not only the professional but also advisory services. The Auditor General reported to the Speaker of the Assembly that services done for and on behalf of the government, were procured in a competitive manner, fairly justifiable and also very cost-effective. They further report that in the majority of contracts reviewed and examined, the Ministries received the services which they procured on time but also at the agreed negotiated rate and no variations were seen. However, the report says the Ministries which were audited put themselves at high risks of not getting any value for money.

(Kalubanga, Kakwezi 2013) studied value for money from the perspective of auditing. They report that contemporary practices in the current world require that audits are done in a very comprehensive manner so that all factors and variables of an entity are known. Such styles of audit should include among other techniques, an assessment through forensic means of the ability of the government MDAs to execute their roles costs control by ensuring all kinds of resources are well managed in terms of costs, and ensuring that the entity’s activities are efficiently organized to service the purpose.

(Client Earth, 2012) in a report “Procuring best value for money, why eliminating the ‘lowest price’ approach to awarding public contracts would serve both sustainability objectives and efficient public spending”, the report did put emphasis on the new European Commission’s proposal for a policy directive on sustainable public procurement, all contracting entities be tasked to ensure that the awarding of all forthcoming contracts will be on the basis of either the most economically advantageous offer or on the basis of lowest cost and nothing else. However, several criticisms have already arisen, as they say the issue of lowest cost will not be assessed on only price and therefore, the new proposal is not responsive to European Parliament and several others who have called for a move away from allowing awarding entities to just select the lowest offer and neglect other factors.

According to (Nicola Dimitri, 2012) in his report on best Value for Money in Procurement, in his Working Paper No. 2012/02 of Maastricht School of Management, he points to the fact that there are both monetary and non-monetary elements of the concept of value for money. The paper goes ahead to cite a recent European Communication Directive on incorporating life cycle perspective in monetary evaluation of procurement in determining value for money.
(Burger and Hawkesworth, 2011) in their study recommended that governments can make a choice to use the modality of Public Private Partnerships (PPP) instead of using the traditional procurement in contracting. They argue that the findings of their study pointed to the differences in the range and complexity of the ex-ante and ex-post value for money tests which they said some of the governments apply to PPPs projects and at the same time to traditionally procured infrastructure projects.

(George L. Harris, 1998) in a conference proceeding mentioned that there are five key issues to be taken care of in effective procurement of service and he pointed out the following. Customer Service, Supplier Performance, People Capabilities, Cost Performance and Future Direction Setting among others. His presentation is in agreement with that of the Auditor of British Columbia and others, including Client Earth and the communication from the European Parliament.

Methodology

Research design

This study adopted a descriptive research design. (Mugenda et al, 2003), this design describes a situation exactly the way it was. The descriptive design approach was good in the sense that it allows collection of data from the standard population and from those who can use questionnaire (Micheni, 2011).

Study population and sample size

The population of the study consisted of 109 public sector Institutions that included; Ministries, Departments, Agencies, Local Government Units and UN agencies within Uganda. From the 109 public sector institutions, a sample size of 35 MDAs, Local Government Units, UN agencies with total study population of 1,550 staff chosen for the study. Government Ministries, Departments and Agencies, including UN, are said to be rife with no considerations of value for money while hiring services of professional and advisory individuals or firms to undertake specialized jobs for government. Therefore, based on the formulae of (Yamane, 1973), a sample size of 400 respondents were selected for the study. However, only 382 respondents representing, about 96% of the response rate, with only 4% or 18 questionnaire none response rate. Simple random method of sampling was used in selecting the respondents to take part in questionnaire answering.

Data collection instruments

Data were collected mainly from both primary and secondary sources. Primary data were collected using self-administered questionnaire which were answered by the sampled respondents from the various MDAs and UN. The questionnaire was used because it can make data collection easy and analysis including permitting greater response rate from the respondents, whereas the secondary sources of data were collected through review of articles, reports and other published resources from Parliament and Ministry of Finance.

Validity and reliability

In order to ensure quality assurance and control, (Cronbach, 1951) alpha was used to carry out the test of the reliability of instruments. As a general rule, any coefficient which is equal to or greater than 0.5 is acceptable and an indication of a good construct reliability as reported by (Nunnally, 1978).

From the results of the test, the data collection instruments were revealed reliable at 0.763 overall. However, for each of the components of value for money, the reliability was as follows: Economy with 0.725, Efficiency with 0.684 and effectiveness with 0.860. To conduct an assessment of the scales, content validity was used so that the questionnaire was valid in terms of the content. The researcher reached out to six different experts from academia and practitioners to do an examination of the content as was the case by (Devellis, 1991). Therefore, the researcher made changes as suggested by the experts on the content and were later approved for use.
Additionally, the Content Validity Index (CVI) were obtained for the different sections of the questionnaire and because the results were all above 0.7 as (Sakaran, 2000) recommended, the validity was equally ensured.

Data analysis and presentation

The data presented in this paper were analyzed using descriptive statistics techniques. Descriptive statistics, from which the percentages, means, standard deviations, minimum and maximum values achieved were computed and analyzed for each item that measured value for money in service provision. The Means together with standard deviations were used to summarize the results for interpretation and easy understandability. The study used the means because it shows summarization of data whereas standard deviation was used because it clearly shows how the different means represent the dataset as reported by (Field, 2009). The independent variables which included; Economy, Efficiency and Effectiveness whereas the dependent variable which was Service quality is measured by reliability as illustrated by (Ali Ramezani, et al, 2015).

Empirical results

The empirical results are presented using descriptive statistics with the different components of value for money as independent variables; economy, efficiency and effectiveness as seen below.

Economy in procurement of services

9 items were used to show how to achieve economy in the procurement of services in the public sector of Uganda. Descriptive statistics showing the mean, standard deviation, minimum and maximum values each variable has achieved.

| Table 1. Descriptive statistics of variables of economy in procurement of services |
|---------------------------------|------|------|-------|------|
| Service of high quality         | 382  | 1    | 5     | 3.68 | 1.281|
| Benefits from service is more than the costs | 382  | 1    | 5     | 3.16 | 1.184|
| Transparency in financial evaluations | 382  | 1    | 5     | 3.94 | .988 |
| Assessing whether procurement of a service is necessary | 382  | 1    | 5     | 3.81 | 1.027|
| Reviewing availability of alternatives | 382  | 1    | 5     | 3.84 | 1.089|
| Carrying out a business case analysis | 382  | 1    | 5     | 3.76 | 1.050|
| Competition in every procurement of a service | 382  | 2    | 5     | 3.99 | .919 |
| Avoiding preferential treatment | 382  | 1    | 5     | 3.75 | .884 |
| When donors predetermine contract value | 382  | 1    | 5     | 3.20 | 1.144|
| Valid N (listwise)               | 382  |      |       |      |      |

Source: Researcher’s Computation of Primary data, 2017.

From the findings in the above table, it can be deduced that the top three major key factors in public service of Uganda which are considered as driving economy as elements of element in value for money are; Competition in every procurement of a service with a mean of 3.99 and standard deviation of 0.919, transparency in financial evaluations with a mean of 3.94 and standard deviation of 0.988 and reviewing availability of alternatives with a mean of 3.84 and standard deviation of 1.089. The three least factors considered in economy are; Benefits from service is more than the costs with a mean of 3.16 and standard
deviation of 1.184, when donors predetermine contract value with mean of 3.20 and standard deviation of 1.144 and Service of high quality with mean of 3.68 and standard deviation of 1.281. The table further show other statistics for the elements which are; Assessing whether procurement of a service is necessary with a mean score of 3.81 and standard deviation of 1.027, carrying out a business case analysis with a mean of 3.76 and a standard deviation of 1.050 and last but not least avoiding preferential treatment with a mean score of 3.75 and standard deviation of 0.884.

**Efficiency in procurement of services**

9 items were used to show how to achieve efficiency in the procurement of services in the public sector of Uganda. Descriptive statistics showing the mean, standard deviation, minimum and maximum values each variable has achieved.

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>When Government get reports for services provided</td>
<td>382</td>
<td>1</td>
<td>5</td>
<td>3.66</td>
<td>.890</td>
</tr>
<tr>
<td>Getting reports which are of high quality</td>
<td>382</td>
<td>1</td>
<td>5</td>
<td>3.79</td>
<td>1.202</td>
</tr>
<tr>
<td>When reports submitted are used by Government</td>
<td>382</td>
<td>1</td>
<td>5</td>
<td>4.01</td>
<td>1.120</td>
</tr>
<tr>
<td>When reports help to solve an issue/problem in society</td>
<td>382</td>
<td>2</td>
<td>5</td>
<td>4.12</td>
<td>.820</td>
</tr>
<tr>
<td>When reports are submitted timely</td>
<td>382</td>
<td>2</td>
<td>5</td>
<td>4.32</td>
<td>.762</td>
</tr>
<tr>
<td>When all outputs as per the TOR are delivered</td>
<td>382</td>
<td>2</td>
<td>5</td>
<td>4.14</td>
<td>.699</td>
</tr>
<tr>
<td>When more outputs are delivered than paid for</td>
<td>382</td>
<td>1</td>
<td>5</td>
<td>3.54</td>
<td>1.156</td>
</tr>
<tr>
<td>When OAG carry out value for money audits</td>
<td>382</td>
<td>1</td>
<td>5</td>
<td>3.29</td>
<td>1.314</td>
</tr>
<tr>
<td>When PPDA carry out compliance with value for money</td>
<td>381</td>
<td>1</td>
<td>5</td>
<td>3.48</td>
<td>1.187</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>381</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Researcher’s Computation of Primary data, 2017.

From the results in the table above, the statistics of the variables of efficiency in the public sector of Uganda are as follows for the top three. When reports are submitted timely with a mean of 4.32 and standard deviation of 0.762, When all outputs as per the TOR are delivered with a mean of 4.14 with standard deviation of 0.699 and When reports help to solve an issue/problem in society with a mean score of 4.12 and standard deviation of 0.820. The table further shows that when reports submitted are used by Government with a mean score of 4.01 and standard deviation of 1.120, getting reports which are of high quality with a mean score of 3.79 and standard deviation of 1.202, when Government get reports for services provided with a mean score of 3.66 and standard deviation of 0.890, when more outputs are delivered than paid for with a mean of 3.54 and standard deviation of 1.156, when PPDA carry out compliance with value for money with a mean of 3.48 and standard deviation of 1.187, and lastly when OAG carry out value for money audits with a mean of 3.29 and standard deviation of 1.314.

**Effectiveness in procurement of services**

7 items were used to show how to achieve effectiveness in the procurement of services in the public sector of Uganda. Descriptive statistics showing the mean, standard deviation, minimum and maximum values each variable has achieved.
Table 3. Descriptive statistics of variables of effectiveness in procurement of services

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>When performance against objective is checked</td>
<td>382</td>
<td>1</td>
<td>5</td>
<td>4.26</td>
<td>.838</td>
</tr>
<tr>
<td>Achievement of intended purpose for each contract</td>
<td>382</td>
<td>1</td>
<td>5</td>
<td>4.20</td>
<td>.815</td>
</tr>
<tr>
<td>When there is identification of outcomes sought</td>
<td>382</td>
<td>2</td>
<td>5</td>
<td>4.00</td>
<td>.799</td>
</tr>
<tr>
<td>Evaluation of whether outcomes are achieved</td>
<td>382</td>
<td>1</td>
<td>5</td>
<td>4.00</td>
<td>1.031</td>
</tr>
<tr>
<td>Documenting evaluation of performance provided</td>
<td>382</td>
<td>2</td>
<td>5</td>
<td>4.11</td>
<td>.686</td>
</tr>
<tr>
<td>Fairness and Transparency in considering past performance</td>
<td>382</td>
<td>1</td>
<td>5</td>
<td>3.87</td>
<td>.956</td>
</tr>
<tr>
<td>Lessons learnt is shared with MDAs</td>
<td>382</td>
<td>1</td>
<td>5</td>
<td>3.98</td>
<td>.991</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>382</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher’s Computation of Primary data, 2017.

From the findings in the table above, effectiveness has the following three key elements which the public sector needs to take note of very seriously as they contract consultants to provide key advisory and professional service. They are: when performance against objective is checked with a mean of 4.26 and standard deviation of 0.838, achievement of intended purpose for each contract with a mean score of 4.20 with standard deviation of 0.815 and documenting evaluation of performance provided with a mean score of 4.11 and standard deviation of 0.686. However, the table also shows that the elements of effectiveness are: When there is identification of outcomes sought with a mean score of 4.00 and standard deviation of 0.799, Evaluation of whether outcomes are achieved with a mean score of 4.00 and standard deviation of 1.031, lessons learnt is shared with MDAs with a mean score of 3.98 and standard deviation of 0.991 and lastly fairness and transparency in considering past performance with a mean of 3.87 and standard deviation of 0.956.

Discussion of results

Economy in procurement of services

Economy which means minimization of the cost of all resources which are required in the provision of service, and which sometimes is also referred to us inputs. This means the characteristics of spending less resources by the government for the inputs. It has been reported by Parliament’s Public Accounts Committee (PAC) of the Republic of Uganda in both the 9th and 10th Parliament, Office of the Auditor General (OAG), Public Procurement and Disposal of Public Assets Authority (PPDA) that Government Ministries, Department and Agencies do not consider the element of economy while procuring either professional or advisory services for the government of Uganda. As a result, there has been several billions of tax payers’ money lost paying for consultants at exorbitant prices. At some points, payments are even done when no service has been provided. According to the (OAG, 2016), about UGX 338 million could not be explained or accounted for by the Ministry of Education and Sport, let alone making payment for unexecuted work. Further, the report points out that National Medical Stores procured Anti-retroviral medicines (ARVs) from a local manufacturer at very high prices than the approved amount meaning there was no economy which means spending less.
According to a report from the Public Accounts Committee of the (9th Parliament of Uganda, 2015), a committee charged with the oversight of all public accounts, government MDAs did not take economy into account. The Local Government Accounts Committee (LGAC) of Parliament also confirms that economy was not a key factor most local government authorities took into account while spending resources at the 112 different District Offices in Uganda. The Committee on Statutory Authorities and State Enterprises (COSASE) also present the same status as pointed out by Parliament, PAC and LGPAC.

According to the report from (African Parliamentary Index, 2012), the summary country report on the parliament of Uganda, the accountability committees of the parliament of Uganda put very clearly that the committees are very good at conducting independent investigations of government MDAs, but the goodwill of the government in implementing recommendations was seen to be lacking. In fact, they report that the government does not implement any recommendations and even if the Auditor General reports on the failure to implement recommendations, the government takes no action and this is seen as a systematic ploy by the government to promote the uneconomical use of resources.

Looking at the statistics on gender of the respondents, out of a total of 149 (39.1%) male and 233 (60.9%) female who participated in the study, 30 (25%) male and 90 (75%) female strongly agreed that encouraging competition in every procurement of service is the top most factor in ensuring economy. It is therefore, highly argued from the gender perspective that this way, both qualified female and male candidates should be favorably and equally taken into account, as females are less extravagant than their male counter parts when it comes to costing the provision of services.

Similarly, looking at the statistics on regional distribution of the respondents, out of a total of 176 (46.1%) of the respondents who participated from Central region, 54 (47.0%) strongly agreed while 69 (38.0%) agreed that transparency in financial evaluation is the second most top factor in ensuring economy regarding value for money. Out of a total respondent of 68 (17.8%) from Northern region, 23 (20.0%) strongly agreed while 29 (16.0%) agreed that transparency in financial evaluation is very important. Out of a total respondent of 61 (16.0%) from western region, 0 (00.0%) strongly agreed while 45 (24.7%) responded in the affirmative that transparency in financial evaluation is important. From Eastern region, out of a total of 77 (20.2%) of the respondents, 38 (33.0%) strongly agreed while 39 (21.4%) agreed that transparency in financial evaluation is the cornerstone of economy. What this means is that almost all the regions of the country do recognize and believe that transparency in financial evaluation is a significant factor in ensuring that economical spending leads to attainment of value for money in the public sector of Uganda.

Relatedly, on reviewing availability of alternatives to the provision of services as one of the key elements in economy which leads to ensuring value for money in the public sector of Uganda; a close tabulation of educational status of the respondents is done as follows. Out of a total of 7 (1.8%) of the respondents with doctorate degrees, none of them strongly agreed nor agreed in the affirmative. However, all the 7 were also not decided whether or not to review alternatives to hiring consultants to conduct specific assignments on behalf of the government of Uganda. This means rating does not help considering that doctorate holders should be able to make appropriate decisions based on many available parameters. Out of 253 (66.2%) of the respondents who have Master’s degree, 92 (81.0%) strongly agreed which was further reinforced by another 78 (48.1%) who agreed in the affirmative. This has several meanings and implications. Firstly, before spending government resources on providing services, the Masters degree holders are saying that there is need to review whether there are alternatives or not, secondly, if another resource person could be seconded from the government MDAs and is paid a motivational honorarium instead of hiring a consultant wholly. Of the 16 (4.2%) who have post graduate Diplomas, none strongly agreed but all the 16 agreed in reviewing alternatives and this is in agreement with what the masters’ respondents equally said. The same number did reinforce what the post graduate respondents said which is none on strongly agree and 16 for agree. Out of the 90 (23.6%) of the respondents who have Bachelor’s degree, 22 (19.3%) strongly agreed and was substantiated by another 52 (32.1%) who agreed.
Efficiency in procurement of services

Efficiency is the relations between the output from the services and resources put in to produce the results. This also means spending the resources well.

According to the cross tabulation of the results using employment statistics, out of a total of 138 (36.1%) of the respondent employed with Ministries, Department and Agencies (MDAs), 71 (38.6%) which also constitute the majority strongly agreed and the same was confirmed and agreed by 65 (35.3%) out of a total of 117 (30.6%) respondents who are employed by international civil service specially the UN. From the District local governments, out of a total respondent of 48 (12.6%), 24 (13.0%) of them strongly agreed while 11 (7.7%) of them agreed. Overall, 184 (48.2%) of the total respondents strongly agreed while another 143 (37.4%) agreed the major and very important element of efficiency is submitting reports to the relevant government MDAs in time as and when required.

On tabulation of the demographic statistics related to marital status of the respondents regarding whether all outputs as per the Terms of Reference (TOR) are delivered, the statistics shows that out of a total of 113 (29.6%) of the respondents who are single, 23 (21.3%) strongly agreed while 90 (38.1%) agreed. The majority of those who are married did say anything opposite because of the total 262 (68.4%), 78 (72.2%) strongly agreed whereas 146 (61.9%) agreed. The results mean that the married people strongly consider delivery on the outputs of the terms of reference to which they were engaged. This also relates and is connected with the findings that efficiency which means spending the resources well is a key factor for married people, more than the single. This understanding was also the case with divorced people, as all 7 who participated strongly agreed that all outputs as per the engagement terms should be delivered.

Regarding the third top element of efficiency which is if the engagement of those providing services will help to solve an issue within society, I used the cross tabulation of length of service or duration of the period of service of the respondent to dig deeper into the issue. Out of a total of 120 (31.4%) of the respondents who have been employed for more than 5 years, 46 (35.1%) strongly agreed whereas 44 (35.3%) agreed. On the other hand, out of a total of 106 (27.7%) of the respondents who are single, 23 (17.6%) strongly agreed and 83 (44.0%) agreed. Overall, 131 (34.3%) strongly agreed while 189 (49.5%) agreed. This means that those who have stayed in MDA for at least five or more years know the problem and if a consultant is engaged to try research an issue, the outcome of the consultancy would help resolve a problem in government. Indeed, those who have also just joined have echoed the same, unlike those who have stayed between one to four years who could have become complacent and think that the outcome of the consultancy may not help resolve a problem within society.

Effectiveness in procurement of services

Effectiveness which is the relations between the intended results of the public spending or outcomes. This also means spending the resources very wisely.

Among the top three key considerations in ensuring effectiveness were; checking performance against the set objectives, ensuring the achievement of the intended results and documenting evaluation of the performance of the consultants. To have a deeper understanding, I ran a cross tabulation of the above issues in relation to age bracket and religion of the respondents.

On checking performance against the initial set objectives in recognition of the age bracket of the respondents, out of a total of 113 (29.6%) of the respondents who fall between 21-30 years, 60 (42.3%) strongly agreed while 53 (24.6%) agreed. Whereas out of a total of 193 (50.5%) of the respondents who fall between the age bracket of 31-40 years, 51 (34.2%) strongly agreed and 130 (60.2%) agreed. In terms of the overall position, 149 (39.0%) strongly agreed while 216 (56.5%) agreed and reiterated that checking performance at all times against each of the set objectives is very important in ensuring effectiveness in value for money in the public sector. In the report of the (OAG, 2016), the same position was presented very clearly that MDAs should regularly monitor and check the performance of consultants and not wait.
until the end when evaluation is being done. This way, errors and any mismatch between actual results and set objectives can be corrected and/or minimised.

In relation to the issue of achievement of the intended results as one of the key issue within effectiveness, the researcher also ran a cross tabulation in regards to religion of the respondents. Out of a total of 177 (46.3%) of the respondents who belong to the Anglican faith, 41 (33.1%) strongly agreed while 122 (50.4%) agreed. Similarly, out of a total of 106 (27.7%) of the respondents who are Catholics, 62 (50.0%) strongly agreed meanwhile 42 (17.3%) agreed. The Muslims and other religious faiths like the Pentecostal and SDAs equally had the same opinion with the Anglican and Catholic faith and there was no disagreement from Muslims or others whether achievement of results should be ensured. Therefore, it can be deduced that generally, in terms of religion, all denominations are in total agreement that the results for which the consultants were hired should be achieved under all circumstances in order to have full value for money on resources being spent.

Conclusions and recommendations

The conclusions and recommendations from the study are imperative for the government to ensure that value for money considerations are addressed adequately to avoid loss of public resources through intentional and sometimes collusive practices with the so-called “consultants” whose value is not always the best as per the findings.

Conclusion

The study sought to establish whether there is value for money in the provision of services in the public sector of Uganda. Based on the findings, it can be concluded that efficiency is the most important and driving factor in value for money considerations with an overall mean score of 4.20. This is followed by effectiveness with a mean score of 4.19, although there is a very thin line in terms of the mean score between efficiency and effectiveness, both seem to be key within the public sector.

It can further be concluded that economy is not much taken into consideration while procuring professional and advisory services for the government of Uganda. This has to be taken much care of by all the MDAs so that there is economy in recruitment of consultants either long term or short term. However, from each independent variable, the top three factors which need to be taken into account while considering economy in provision of professional and advisory services in the public sector of Uganda are; Competition in every procurement of a service with a mean of 3.99, Transparency in financial evaluations with a mean of 3.94 and reviewing availability of alternatives with a mean of 3.84.

Meanwhile, the top three factors to be considered in efficiency while acquiring professional and advisory services in the public sector of Uganda are; When reports are submitted timely with a mean of 4.32, When all outputs as per the TOR are delivered with a mean of 4.14 and When reports help to solve an issue/problem in society with a mean of 4.12.

Lastly under effectiveness, the top most elements to consider are the following: When performance against objective is checked with a mean of 4.26, Achievement of intended purpose for each contract with a mean of 4.20 and documenting evaluation of performance provided with a mean of 4.11.

Recommendations

Owing to the findings of the study, the study concluded with the following recommendations:

• An appropriate and operational definition of value for money must be institutionalized in the MDA, Local Government units and other entities;
• Substantial investments must be made in improving reporting systems;
• Inter-governmental relationships and co-ordination, across all three spheres, should be addressed to ensure that roles are clear and enabling towards achieving value for money in service delivery;
• Future assessments of value for money should aim to measure value for money as a holistic oversight process rather than as an ex-post assessment;
• Departments should not only ensure that users are consulted about their needs, preferences, and service concerns, but also that they use these customer inputs as critical information towards better planning within departments and affecting service delivery improvements;
• Departments should be encouraged to describe the skills gaps in their sectors according to levels of skills, and develop practicable and innovative strategies for addressing their critical capacity challenges.

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Effects of Leadership Styles on Organisational Performance in Ahantaman Rural Bank Limited

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Abstract

The study was intended to investigate the effects of leadership styles on organizational performance in Ahantaman Rural Bank from 2013 to 2016. The study also sought to investigate any relationships between leadership styles and overall performance of the Bank. The main objective of the study was to investigate what type(s) of leadership style(s) led to improved organizational performance in the Bank. The specific objectives of the study were to investigate the relationship between leadership styles and organizational performance and the type of leadership style(s) that lead to improved organizational performance.

The study adopted a total population sampling approach to data collection. Among the leadership styles investigated, transformational leadership style obtained the highest raw score of 350 representing 22 percent of the total population investigated. Transactional, democratic, autocratic and laissez-faire leadership styles followed in that order. Thus, it was found that the most dominant and preferred leadership style in the Bank was transformational leadership style. This leadership style led to improved and consistent performance of the Bank.

The study concluded that there was a direct relationship between leadership styles and performance of the Bank. Assessment of the key performance indicators of the Bank and the consistent improvements in these indicators supported the assertion that there is a direct relationship between organizational performance and leadership styles. It is suggested that the scope of this study should be expanded by future researchers who intend to investigate the same subject. The expansion will lead to generalizability of the findings.

Keywords: Leadership style, Organizational performance, performance indicators.

Introduction

The success of every organisation depends largely on leadership and for that matter the leadership style(s) adopted by the leader. Leadership is a universal feature of human societies and affects the quality of life of citizens in important ways (Brown, 1991; R. Hogan, Curphy, & Hogan, 1994). It becomes more important in times of crisis and leaderships of companies fail in the execution of their contract with shareholders and stakeholders. Leadership has been defined variously by different writers and scholars in recent times. Leadership has become a buzzword for even the ordinary person who does not have formal training in the social sciences.

Leadership is the ability to inspire confidence and support among the people who are needed to achieve organizational goals (DuBrin, 2012). Another definition most appropriate to this paper and worth mentioning is the one given by the Investopedia. According to the Investopedia, “Leadership is the ability of a company's management to set and achieve challenging goals, take swift and decisive action, outperform the competition, and inspire others to perform well.” These definitions suggest that achievement of organizational goals depend on leadership in that organization irrespective of the type and size. Leadership is needed in both private and public organizations as well not for-profit organizations. The success of leadership therefore can be attributed to the type of leadership style(s) the leader demonstrates and more so, the environment.

A lot of organizations have faced serious problems due to bad leadership since time immemorial and even in recent times. More than 30 microfinance institutions in Ghana collapsed in the first quarter of 2013 as a result of their inability to sustain their operations (Ghana Business News, 2013). The collapsed of these microfinance institutions can be attributed to bad leadership. In another development, some five (5) rural banks have faced serious leadership crisis in their operations that have led total overhauling
of its entire management (Ghana News Agency, 2015). Good leadership could have resolved some of the problems that have crippled these financial institutions and many other organizations around the world.

In view of the foregoing, the investigator is of the view that, good leadership in organizations can lead to organizational performance. It is in view of the problems bad leadership does to organizations that the study intends to investigate the effects of leadership on organizational performance in Ahantaman Rural Bank Limited (the Bank). The Bank had had its own share of leadership crisis and this study will confirm whether or not the leadership style adopted by management level staff was having an effect on the Bank’s performance spanning from 2013 to 2016.

The problem statement

There has been reported cases of leadership failure or management crisis in some organizations in Ghana especially in the microfinance and rural banking sectors of the economy in recent times (Ghana Business News, 2013; Ghana News Agency, 2015). These problems cannot be said to be limited to the boundaries of Ghana alone but a global phenomenon. It cannot also be limited to only one particular industry but across all types of industries as well as business and government establishments.

The study sought to investigate the effects of leadership style on organizational performance in Ahantaman Rural Bank Limited in the last four (4) years, from 2013 to 2016. The study also sought to investigate any relationships between leadership style (s) and overall performance of the Bank.

Research questions

This study seeks to find empirical answers to the following research questions:

i. What type of leadership styles lead to improved organizational performance in Ahantaman Rural Bank?

ii. What is the relationship between leadership style and organizational performance?

Objectives of the study

The main objective of the study was to investigate what type of leadership style leads to improved organizational performance in the Bank. More specific objectives were:

i. To investigate the relationship between leadership style (s) and organizational performance, and

ii. To investigate the type of leadership style (s) that lead to improved organizational performance.

Appropriate research instruments were designed to gather data for analysis towards achievement of the above research objectives.

Rationale of the study

Given the importance of rural banks to the economic and social development of Ghana, there is the need to ensure that all rural banks are sustainable. Any insolvency may adversely affect the investors’ capital in particular and the economy in general. One of the factors that may affect the successful operations of rural banks is bad leadership by both the Board and Management. Bad leadership is one of the challenges faced by rural banks in Ghana (Ghana News Agency, 2015). In view of the governance structure of rural banks and the selection process of the Executive Management as well as the Branch Managers, leadership has become quite problematic in some rural banks in Ghana.

The subject area will help the Bank to adopt and incorporate leadership styles that influence optimum organizational performance. The Bank will come to appreciate leadership styles, practices and principles that work best for managing financial institutions. Again, upon the successful completion of this study, the findings can be used for refinement of the leadership style of Management in managing the Bank.

Upon adoption of good leadership styles in the Bank based on the findings, the Bank will increase its profitability and ensure sustainability. It is through sustainability that the Bank can discharge its corporate social responsibility. The study will therefore help society to benefit from the corporate social responsibilities provided by the Bank as a result of the incorporation of suitable and appropriate leadership styles that ensure profitability and sustainability. Generally, the findings of this study will
serve as a literature and reference material for other researchers, individuals, other institutions and may be shelved in community libraries.

Scope of the study
The scope of this study covered the major thematic areas of leadership - leadership styles and organizational performance. Specifically, this article analysed the current leadership styles that have worked well in organizations in general.

Literature review
This presents the relevant theoretical and empirical literature on the effects of leadership style on organizational performance. The first section explores the theoretical underpinning of the study including the meaning of leadership, evolution of leadership and emergence of leadership styles. The rest looked at organizational performance and the relationship between organizational performance and leadership styles. The second section examines empirical literature on the effects of leadership style on organizational performance in some selected industries.

Theoretical review
Definition of leadership
Leadership does not have a single definition as it has been defined differently by different writers and scholars. Burns (1978) commented that, “Leadership is one of the most observed and least understood phenomena on earth.” This does not imply that there is multiplicity of definitions but it also shows how the various theories of leaderships are applied today. Leadership is defined as the ability to inspire confidence and support among the people who are needed to achieve organizational goals (DuBrin, 2012). Another definition most appropriate to this paper and worth mentioning is the one given by the Investopedia. According to the Investopedia, “Leadership is the ability of a company's management to set and achieve challenging goals, take swift and decisive action, outperform the competition, and inspire others to perform well.” The ability of a leader to inspire and motivate followers to achieve organizational goals is very essential for achievement of holistic organizational performance.

Evolution of leadership theories
Leadership as a role and discipline has evolved over the years. This evolution has come about as a result of the innate nature of humans and their environment to change. It is believed that groups with leaders generally do better than groups without leaders.

Leadership considerations may be the additional benefits the follower gets from following as well as who is the right person to follow in a particular situation. This section seeks to give a general picture of the historical foundations of leadership theory and catalogue the progress that has been made so far.

The historical development of leadership thought include: the personality era, the influence era, the behaviour era, the situation era, the contingency era, the transactional era, the anti-leadership era and the culture era. The rest are: the transformational era, fulfilling prophecy period. These eras have been briefly explained in turn.

The personality era looked at the first formal leadership thoughts which formed the basis of understanding the leadership process. Bowden (1927), equated leadership with personality. This assertion implies that people with strong personalities are likely to become leaders. Even leadership theorists believed that leadership was also based on inheritance (Jennings, 1960). This era also attempted to link personality traits with leadership but later empirical studies did not support this thinking (Jenkins, 1947). Following the above, the personality era is more appropriate and suited to the situational and circumstantial factors that call for leading people.

The next leadership era worth mentioning is the influence era. This era is an improvement on the personality era. This era recognized that leadership is a relationship between individuals and not a characteristic of the solitary leader (Van Seters and Field). By inference, the leader may not be able to achieve great results without the cooperation of followers. The leader, irrespective of the leadership dispensation, will always require the cooperation of followers. In soliciting the cooperation and support
of followers toward achievement of organizational goals, it is not appropriate to resort to the use of power and authority in order to influence workers.

On the other hand, the behaviour era took an entirely new direction by putting more emphasis on what leaders do than the leader’s source of power and personality traits. In this era, leadership was defined as a subset of human behaviour (Hunt and Larson, 1977). This was a major progress in leadership theory not only because it enjoyed strong empirical support (Fleishman and Harris, 1962). The behaviour era gained more prominence at the time because it could easily be implemented by practising managers to make them more effective and efficient. The behaviour era was divided into two namely, the early behaviour period and late behaviour period. The early behaviour period was an extension of the trait era that placed more emphasis on developing behaviour traits.

Furthermore, the situational era made significant progress in promoting leadership theory by considering the factors beyond the leader and subordinate. The social status of the leader and his subordinates as well as the relative position power of the leader and subordinates and the external environment could influence the leader’s behaviour (Bass, 1981). Situational factors confronted by the leader go to determine the kinds of traits, behaviours, skills and influence that may cause the leader to be effective or otherwise. The situational era is further divided into the environmental period, the social status period and the socio-technical period. In the environment period, the actions of leaders did not matter but being in the right place at the right time and in the right circumstances could favour a person in becoming a leader (Hook, 1943). In the social status period, group members’ expectations were reinforced with the view that individual member’s behaviour will remain consistent with their previous behaviours. Here, the leader’s and the subordinate’s roles are defined by mutually confirmed expectations of the behaviour and interactions they are permitted to contribute to the group (Stogdill, 1959).

Moreover, the contingency era formed a major advancement in the evolution of leadership thought. The contingency era found effective leadership to embrace factors such as personality, behaviour, situation and influence and not one variable. On the other hand, the transactional era disassociated itself from the assertion that leadership resided in the person or situation. The transactional era addressed the influence between the leader and subordinate through the reciprocal influence between the subordinate and the leader.

Besides, the anti-leadership era tested the aforementioned theories that have been explained so far but departed from all the views held by the various theorists. In the anti-leadership era, subordinates did not see the relevance of the leader and thus, the rise of anti-leadership movement among subordinates. Flowing from the foregoing, Miner (1975) suggested that we give up and abandon the concept of leadership altogether.

The culture era saw the creation and sustenance of a strong organizational culture that was strongly advocated for in this era. The focus of leadership here was one of creating a culture that becomes the pivot for increasing organizational performance, effectiveness and efficiency. In the words of Manz and Sims (1987), “if a leader can create a strong culture in an organisation, employees will lead themselves” is worth noting. It is more difficult leading in an organization without a strong organizational culture and vice-versa.

Finally, the transformational era is the most recent and most promising in the evolutionary development of leadership theories. Bass (1985), suggested that leaders must be proactive rather than reactive in their thinking; radical rather than conservative; more innovative and creative; and more open to new ideas. Following the above, leadership is expected to influence their subordinates in a manner that increase the commitment and support from all organizational members including subordinates. Transformational leadership is essential during organizational transition by creating visions of potential opportunities and instilling employee commitment to change (Tichy and Ulrich, 1984). Here, without a passionate articulation of the vision, employee commitment and provision of adequate resources, leadership might not succeed.

There are two periods in this era which include: the Charisma Period and the Self-Fulfilling Prophecy (SFP) Period. The main thrust of the Charisma period is that the leader must be a visionary, able to align the personal goals of organizational members to his vision for the organization and move all along the new direction. In the view of Roberts (1985), the Charisma Period builds on the Culture Era by viewing
leadership as a process of collective action. Leadership must not only rest on the leader’s shoulders but all organizational members must throw their support behind leadership. Unlike the Charisma Period, the SFP Period is based on theory by Field (1989). The SFP can be activated from both the top and lower levels of the organization. Here, transformation can emanate from the subordinate to the leader and vice-versa.

Leadership styles

Leaders adopt different leadership styles in leading their followers. The style(s) the leader applies depends on a host of factors including the situational factors, personality traits and experience. According to the Wikipedia, “A leadership style is a leader’s style of providing direction, implementing plans, and motivating people.” Different leaders lead differently but as to which style produces the best results, depends on situational factors and experience of the leader at a particular time. To help determine which leadership style is dominant in Ahantaman Rural Bank and its effect on bank performance, the study adopted five out the six leadership styles opined by Daniel Goleman (2000) in his article “Leadership that Gets Results.” The five leadership styles include: Authoritarian style, Democratic style, Laissez-faire style, Transactional style and transformational style. These leadership styles are briefly described in the section that follows.

An Autocratic leader is a task-oriented leader who retains most of the authority for himself or herself and is not generally concerned with group members’ attitudes toward decisions (DuBrin, 2012). He does not usually care about the reactions or feedback of subordinates following the implementation of a particular decision. What matters to him is that the decision satisfies his interests and that of the organization. These types of leaders believe in creating a distinct professional relationship with subordinates. These types of leaders hold the theory X view of leadership and also believe in close supervision of subordinates.

Also, the democratic leadership style is believed to be most recommended one opined by many academics and practitioners in recent times. According to DuBrin (2012), “Democratic leaders confer final authority on the group. They function as collectors of opinion and take a vote before making a decision.” In democratic leadership style, the leader shares the decision-making process with members of the organization by way of employee involvement and participation. Employee involvement is the process of including employees in the decision-making process whereas, employee participation consists of allowing employees to make inputs into the decision-making process. Here, employees are seen as partners and play a crucial role in managing the organization. Democratic leadership style promotes teamwork and strong group cohesion among members of an organization. This leadership style can bring about increased productivity because it encourages sharing of better ideas which eventually could lead to creative and innovative solutions to organizational problems. Conversely, democratic leadership style can lead to waste of man hours and low productivity in organizations with poor cultural orientations and cultural values. This leadership style may not also be suitable for business enterprises though the most advocated for in the last decades.

Moreover, the laissez-faire leadership style gives all the right and power to decision-making to the staff to perform their duties assigned them. Here, the leader provides all the necessary resources for staff to perform their functions. Employees have the freedom and liberty to take decisions that will inure to the benefit of the organization without unnecessary interference from the leader. The leader only comes in when employees invite the participation of their leader otherwise, the leader’s involvement will be resisted by employees. Laissez-faire leadership style works best when: the organizational culture in an organization promotes employee commitment and loyalty, employees are highly skilled and experienced, employees are specialist in their domain of work and when the leader has put in place monitoring mechanisms to track the performance of each employee in the organization. However, this style should not be used if the leader does not have the capacity to monitor the work of his employees.

Besides, the transactional leadership style pays more attention to the motivation and punishment of employees through rewards and sanctions. Here, employees who are considered performers are rewarded appropriately while non-performers are punished accordingly. Under this leadership style, the leader identifies the peculiar needs of employees and provides the motivation to increase staff
performance. Transactional leaders focus on increasing the efficiency of established routines and procedures.

Finally, a transformational leader is the one who helps organizations and people make positive changes in the way they do things (DuBrin, 2012). This leadership style combines charisma, inspirational leadership, and intellectual stimulation in leading organizational members. By combining charisma, inspirational leadership and intellectual stimulation, this type of leader is able to cause a dramatic change in the way organizations work and achieves significant results. The organizational characteristics and the leader’s charisma are key to how transformations take place in organizations. Transformational leaders attempt to overhaul the organizational culture or subculture and to make a difference in people’s lives. To bring about the overhaul, transformations take place in one or more of three ways. According to DuBrin, 2012, transformations in organizations take place in the following three ways:

i. The transformational leader raises awareness of the importance and value of certain rewards and how to achieve them.

ii. The transformational leader gets people to look beyond their self-interests for the sake of the work group and the firm.

iii. The transformational leader helps people go beyond a focus on minor satisfactions to a quest for self-fulfilment.

Empirical review of literature

Neha Gupta (2014) in his study on the same subject in Jammu region concluded that transactional leadership style was more appropriate in inducing performance in Brick Kilns than transformational leadership style and, therefore, recommended transactional leadership style for the Brick Kilns with inbuilt strategies for transition to transformational leadership style as the enterprises developed, grew and matured. This implies that smaller organizations are more likely to adopt transactional leadership style than bigger organizations. This finding is consistent with that of Obiwuru, et al. (2011) who investigated small scale enterprises in Nigeria. They found that while transactional leadership style had significant positive effect on performance, transformational leadership style had positive but insignificant effect on performance. Some other studies carried out by researchers have deviated from this conclusion.

Peris M. Koech and Prof. G.S. Namusonge (2012) in their study of the same topic in state corporations in Kenya found high (0.518 to 0.696, P < .05) correlations between the transformational-leadership factors and organizational performance ratings, whereas correlations between the transactional-leadership behaviors and organizational performance were relatively low (0.219 to 0.375, P < .05). By this, Peris M. Koech and Prof. G.S. Namusonge’s findings is consistent with the intuition behind leadership styles in small scale enterprises and much larger organizations, as they explained in their conclusion. As organizations grow, leadership dynamics also change in response to organizational demands and vice-versa.

Organizational performance

Organizational performance is contingent upon both internal and external environmental factors that affect the organization in a positive or negative manner. For a positive performance to take place in an organization, its leadership must continuously monitor, scan and evaluate the business environment. Some of the tools that can be used in conducting environmental analysis include: SWOT analysis and the PESTLE analysis. SWOT is acronym that stands for strengths, weaknesses, opportunities and threats. Strengths and weaknesses are internal to the organization whereas, opportunities and threats are external to the organization. On the other hand, PESTLE is also an acronym and stands for political, economic, sociocultural, technological, legal and environmental factors. These variables directly or indirectly affect the performance of organizations irrespective of their sizes.

Organizational performance does not have just one definition and have been defined differently. Lebans & Euske in 2006 gave a set of definitions to describe the concept of organizational performance. This article takes a look at three of Lebans & Euske (2006, p.71) definitions as follows: performance is a set of financial and nonfinancial indicators which offer information on the degree of achievement of
objectives and results (Lebans & Euske 2006 after Kaplan & Norton, 1992); to define the concept of performance is necessary to know its elements characteristic to each area of responsibility; and to report an organization's performance level, it is necessary to be able to quantify the results. According to the Wikipedia, “Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives).” It is when organizations have achieved their goals and objectives that we can say these organizations have performed well.

Methodology

In order to achieve the expected objectives for the project, the researcher used questionnaires as a method of investigation and descriptive statistics in data analysis. Conclusions were subsequently drawn based on the findings of the study. A questionnaire is a pre-formulated written set of questions to which respondents record their answers, usually within rather closely defined alternatives (Sekaran, 2003). The use of questionnaires is more appropriate when the researcher knows specifically what is required and how to measure the variables under consideration. Questionnaires may be administered personally, and mailed or emailed to the respondents depending on the rapport created by the researcher.

Sources of data collection

Data collection was done using both primary and secondary sources. The primary sources of data collection methods included the administration of questionnaires to twenty-eight (28) Management level Staff of the Bank. The secondary sources used in collecting data included ARB’s prudential returns and management reports, Apex bank’s efficiency monitoring unit’s reports, Ghana club 100 report and premier brands Ghana report. Data from these sources helped the researcher in determining the performance status of the bank.

Population and sampling

The population understudied was management level officers of the Bank. The population was grouped into top management level staff, unit heads and branch managers. The rationale for choosing the entire population for the study was because they were better placed to provide the researcher with answers to the research questionnaires in view of the managerial role they play in the bank. The sampling size was made of 28 management level staff comprising seven (7) top management staff, four (4) unit heads and seventeen (17) branch managers in the Bank.

Total population sampling was used for the study. Total population sampling is a type of purposive sampling technique where you choose to examine the entire population (i.e., the total population) that have a particular set of characteristics (Lund Research Limited, 2012). The unit of interest which was all management level staff shared some common characteristics as they all manage employees at different levels in the Bank. The sampling unit i.e all management level staff also share uncommon characteristics such experience, academic orientation and social orientation.

Additionally, total population sampling is mostly used when the population size is relatively small and when the population shares uncommon characteristics. In total population sampling, researchers choose to study the entire population because the size of the population has the particular set of characteristics that they are interested in. The characteristic shared by the population is also considered to be uncommon because this tends to explain why the population that can be studied is very small. Data was analysed using tabulation, graphs and charts in the presentation and analysis of collected data from the population.

Research limitations

One of the limitations of this study is that, the findings and recommendations are intended to address the most preferred leadership style in Ahantaman rural bank and its relationship with the performance of the Bank between 2013 and 2016 and may not be replicated in other rural banks because of environmental dynamics. Another significant limitation is that purposive sampling technique is not representative and therefore cannot lead to generalizability of the research findings.
Results

This section of the paper presents results of the topic investigated. The study sought to investigate the effects of leadership styles on organizational performance in Ahantaman Rural Bank from 2013-2016 and ascertain what leadership style was more dominant among all management level staff of the Bank. The study also sought to find a direct relationship between the dominant leadership style in the Bank and its effect on the performance during the period under review. The results of the study based on the analysis of both primary and secondary data analyses suggest there is a positive effect of leadership style on performance of the Bank and are presented in turn.

Concerning the leadership style that is more dominant and the most preferred among management level staff of the Bank, was the transformational leadership style as shown in table 2. Among the leadership styles investigated, transformational leadership style obtained the highest mean score of 350 representing 22 percent of the total population investigated. This finding is not consistent with the results obtained by Obiwuru, et al. (2011) who investigated the effects of leadership style on organizational performance in small scale enterprises in Nigeria. Obiwuru, et al. (2011) found that while transactional leadership style had significant positive effect on performance, transformational leadership style had positive but insignificant effect on performance. On the other hand, Peris M. Koech and Prof. G.S. Namusonge (2012) in their study of the same topic in State Corporations in Kenya, found high correlations between transformational-leadership factors and organizational performance ratings, whereas correlations between the transactional-leadership behaviours and organizational performance were relatively low. The study thus, shows that transformational leadership is deemed suitable for managing government organizations and bigger enterprises.

Transactional leadership style obtained the second highest mean score of 336 representing 21 percent of the total population whereas, democratic leadership style obtained a mean score of 334 also representing 20 percent of the total population studied. Similarly, autocratic and laissez-faire leadership styles obtained a total mean score each of 288 and 284 representing 18 percent and 17 percent respectively.

With regards to finding a direct relationship between leadership style and organizational performance, the study found a direct relationship between transformational leadership style and Bank performance as there was consistent improvement in the performance of the Bank in the period under review. This is also inconsistent with the findings of Obiwuru, et al. (2011) as their findings showed that transactional leadership style had a direct and positive relationship with organizational performance in small scale enterprises. This result is however, consistent with Peris M. Koech and Prof. G.S. Namusonge (2012) finding on the same topic with emphasis on State Corporations. Table 3 of this study suggests that the Bank has been consistent in improving almost all of its key performance indicators (KPIs) from 2013-2016 financial years. It can be seen from table 3 and figures 2-7 and 9-11 that, the years 2015 and 2016 were the best performing years in the history of the Bank which can be linked with the leadership style adopted by management level staff. Apart from figure 8 (cost income ratio), there were remarkable improvements in all the key performance indicators of the Bank.

Discussion

Both qualitative and quantitative methods were employed to analyse the data. In validating the accuracy of the data gathered from the various sources, descriptive statistics were generated to present the most preferred leadership style in Ahantaman Rural Bank. Primary data was collected from the population while secondary data was generated from key performance indicators from the year 2013 to 2016.

Though the study found transformational leadership style to be more dominant and the most preferred leadership style among the population studied in table 2, it can be seen that transactional leadership style comes closely after the transformational leadership style. This closeness of results between the transformational and transactional styles of leadership can be explained by the merging of results from 17 operational level managers and 11 top and middle level managers. The question that one may ask is, can the management of an organization adopt more than one leadership style? Your guess is as right as mine. Organizations can adopt more than one leadership style because leadership is situational and circumstantial. The situational factors prevailing at a particular point in time may dictate the leadership...
style that produces optimum results. Management of the Bank should understand that management style alone contributes about 30 percent to the bottom line (profit) of every business enterprise (Goleman, 2000). For leadership style to be effective and achieve the intended results, it should be based on the situational factors.

The Bank failed to achieve the benchmark for cost income ratio which is fixed at 70 percent as shown in figure 8. Though the Bank missed this benchmark consistently during the period under review, it is also indicative that the Bank improved upon the cost income ratio during this same period. One thing that can probably explain this phenomenon is that the Bank was able to increase its expenditure more than its income in the same period. Maybe increasing its revenue generating capacity can see a smaller deviation from the benchmark.

Furthermore, the study found a direct relationship between bank performance and leadership style during the period under review. The researcher has come to this conclusion as the Bank witnessed remarkable improvements almost all of its KPIs. The few areas such as cost income ratio though were behind target also saw much better improvements compared with the period before the study.

**Conclusion**

Following the presentation of the results and the discussion thereon, the investigator has come to some conclusions. The conclusions drawn in this study are based on the results that emanated from analysis of the data collected from both primary and secondary sources. These conclusions are discussed in turn.

One conclusion that can be drawn from the findings is that the most preferred and dominant leadership style in Ahantaman Rural Bank is transformational leadership style. A transformational leader is the one who helps organizations and people make positive changes in the way they do things (DuBrin, 2012). This leadership style combines charisma, inspirational leadership, and intellectual stimulation in leading organizational members. By combining charisma, inspirational leadership and intellectual stimulation, this type of leader is able to cause a dramatic change in the way organizations work and achieves significant results. In my view, the Bank has made tremendous strides in its key performance indicators because it adopted a transformational leadership style which is in alignment with modern management trends. This finding is in consonance with

The study also concludes that there is a direct relationship between leadership style and organizational performance. Assessment of the key performance indicators of the Bank and the consistent improvements in these indicators support the assertion that there is a direct relationship between organizational performance and leadership style. Though there exist a strong relationship between the banks’s performance and transformational leadership style, there also exist some relationship between performance of the Bank and other leadership styles.

Finally, it is suggested that the scope of this study should be expanded by future researchers who intend to investigate the same subject. The expansion of the scope of this topic can subsequently lead to generalizability and application in other organizations, especially in financial institutions.

**Figures and tables**

<table>
<thead>
<tr>
<th>Type of Respondent</th>
<th>Number of Respondents</th>
<th>Number Who Did Not Respond</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management</td>
<td>6</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Branch Managers/Supervisors</td>
<td>13</td>
<td>4</td>
<td>17</td>
</tr>
<tr>
<td>Unit Heads</td>
<td>4</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>23</td>
<td>5</td>
<td>28</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2017
Table 2. Scores of leadership styles

<table>
<thead>
<tr>
<th>Type of Leadership Style</th>
<th>Mean Score</th>
<th>Percentage</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autocratic</td>
<td>288</td>
<td>18</td>
<td>4&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td>Democratic</td>
<td>334</td>
<td>20</td>
<td>3&lt;sup&gt;rd&lt;/sup&gt;</td>
</tr>
<tr>
<td>Laissez-faire</td>
<td>284</td>
<td>17</td>
<td>5&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td>Transactional</td>
<td>336</td>
<td>21</td>
<td>2&lt;sup&gt;nd&lt;/sup&gt;</td>
</tr>
<tr>
<td>Transformational</td>
<td>350</td>
<td>22</td>
<td>1&lt;sup&gt;st&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2017

Table 3. Key performance indicators (KPIs) for measurement of ahantaman rural bank’s performance

<table>
<thead>
<tr>
<th>KPI</th>
<th>Year</th>
<th>Achievement</th>
<th>Mean Achievement</th>
<th>Industry Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Performing Loan Ratio</td>
<td>2013</td>
<td>10.9</td>
<td>6.83</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>13.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>1.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2016</td>
<td>1.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Past Due Ratio</td>
<td>2013</td>
<td>16.8</td>
<td>8.7</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>14.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>2.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2016</td>
<td>1.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earning Assets to Total Assets Ratio</td>
<td>2013</td>
<td>66.9</td>
<td>73.3</td>
<td>70%</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>74.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>77.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2016</td>
<td>75.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liquid Assets To Total Assets Ratio</td>
<td>2013</td>
<td>35.5</td>
<td>42.85</td>
<td>40%</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>41.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>47.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2016</td>
<td>47.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return On Assets</td>
<td>2013</td>
<td>3.0</td>
<td>3.9</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>0.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>6.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2016</td>
<td>5.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return On Equity</td>
<td>2013</td>
<td>35.3</td>
<td>31.85</td>
<td>30%</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>7.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>46.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2016</td>
<td>37.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost to Income Ratio</td>
<td>2013</td>
<td>83.3</td>
<td>80.75</td>
<td>70%</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>85.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>75.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2016</td>
<td>78.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposit Growth</td>
<td>2013</td>
<td>31,916,113</td>
<td>41,406,772.50</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>37,832,523</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>41,732,828</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2016</td>
<td>54,145,626</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit</td>
<td>2013</td>
<td>1,291,485</td>
<td>2,120,705.50</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>220,035</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>2015</td>
<td>2,943,598</td>
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<tr>
<td></td>
<td>2016</td>
<td>4,027,704</td>
<td></td>
<td></td>
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<tr>
<td>Advances</td>
<td>2013</td>
<td>17,030,622</td>
<td>21,964,375.75</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>20,882,401</td>
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</table>
Figure 1. Key performance indicators

Figure 2. Non-performing loans
Figure 3. Past due ratio

Figure 4. Earning assets to total assets ratio

Figure 5. Liquid assets to total assets
Figure 6. Return on assets

Figure 7. Return on equity

Figure 8. Cost income ratio
Acknowledgement

My first gratitude goes the Almighty God who has given me life and strength to carry out this study successfully. To attempt to claim originality in any form will amount to academic dishonesty. I owe much to distinguish pioneers in the field of management and other relevant disciplines whose texts I
have to consult in one way or the other to make this study a reality. I cannot in any way omit the credits where they belong.

In particular, I owe all the faculty members and student co-ordinators a huge debt of gratitude for his invaluable support in the area of guidance. I wish to acknowledge Mr. Daniel Annor for his support to me during the period of carrying out this study.

I wish to also thank the CEO of Ahantaman Rural Bank for accepting to use the Bank as a case study.

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Synergies from Mergers and Acquisitions: A Study of Ecobank Ghana Limited and the Trust Bank

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Abstract

The Social Security and National Insurance Trust (SSNIT) the national Pension Scheme managers in Ghana with significant stake in the Ghanaian banking industry, in the year 2011 made a strategic move to drive bank consolidation in Ghana through the swapping of its shares in The Trust Bank (TTB) for ETI’s shares in Ecobank Ghana Limited (EBG). This study was set examine whether synergies were derived from the merger. It also examined whether the objectives set by SSNIT were met and finally determine whether the bank has remained competitive after the merger. The approach used for the study was quantitative technique and case study which concluded that the merger of Ecobank Ghana Limited and TTB achieved the intended results for SSNIT.

Keywords: Synergies, Merger, Acquisition, Ecobank Ghana Limited, the Trust Bank, SSNIT, Ghana.

Introduction

The Social Security and National Insurance Trust (SSNIT) which had shares in most banks with controlling interest in TTB, in line with realigning its investments portfolio to achieve maximum returns, decided to drive bank consolidation through the swapping of its shares in The Trust Bank (TTB) for ETI’s shares in Ecobank Ghana Limited (EBG). The objective of the merger was to take advantage of efficiencies and synergies leading to enhanced shareholder value. Making a case for the merger, it was established that the core business of TTB was Commercial and retail banking with their focus on Small and Medium Scale Enterprises (SMEs). EBG also had a core business of Corporate Banking with additional value added services in leasing, corporate finance brokerage and assets management. Out of twenty one banks in Ghana at the time of the merger, EBG’s income to employee was ranked first and that of TTB was seventh. Another factor considered was that the banks in question did not belong to any union.

The merger sought to create a bigger bank (the second largest after GCB Bank) with the ability to make bigger deals (increase single obligor limits) It was expected that income from the merged banks would be more than the two banks standing alone. The move was expected to propel the merged entity to grow organically thereby opening new branches and employing many more of the unemployed youth in Ghana.

Studies by Barney, (1988) and Cartwright and Cooper, (1988) examined corporate takeover issues within one-dimensional contexts with one issue at a time. From extant literature, empirical research have not produced a critical and tangible evidence for what establishes a successful takeover (Sirower, 1997).

In mergers and acquisition phenomenon, it is essential to conduct an orderly and full analysis of acquisition process. In previous research by Cannella and Hambrick (1993) and Datta et al, (1992), they enquired about the process involved in takeover such as causes or ideas of acquisition, post- acquisition performance, stock returns or operating performance, shareholders wealth in company acquisitions and the impact of post- acquisition combination.

Jerison and Sitkin, (1986) are of the view that the merging process is the critical part in outlining takeover activities. It is therefore very essential to put one’s finger on the primary key issues that motivated the takeover process. It is when this is done that success of post-acquisition performance can be determined. Empirically, it adds new empirical evidence and new dimensions to the literature on the synergistic benefits from the merger and acquisition. Quantitative technique approach was used analyzing data to achieve the
objectives set. The study assembled comprehensive and verifiable evidence on the subject that was available to researchers.

Objectives

The main objective of the study is to look at the advantages and disadvantages of synergies from mergers and acquisitions. The specific objectives that the study focused on were:
1. Identify whether the merger brought about synergic benefits.
2. To demonstrate whether the objectives set by SSNIT were met.
3. To establish whether the merged bank remained competitive after the merger.

Review of previous studies

The term mergers and acquisition is normally used to define the coming together of two or more entities. It is also described a situation where two entities come together to form a new entity. In the view of Sudarsnam, (2003) mergers and acquisition has always been one of the very noticeable strategic tools used to achieve the right business objectives. The main reason why entities do merge or acquire another one is to maximize shareholders wealth. This implies that merger and acquisition will take place only if the value of the combined entity exceeds the value of the individual firms standing alone.

Modigliani and Miller (1958) emphasize that, with perfect capital markets, wealth can neither be created nor destroyed by repackaging a business securities as long as the repackaging leave the firms’ total cash flows unaffected. This means that in order for a merger or acquisition to create wealth, the after tax cash flow of the combined entity must exceed the sum of the after tax cash flow of the individual firm prior to the merger. Building on an extensive review of synergies from mergers and acquisitions, is examined on the impact on profitability, efficiency, market power, competition, diversification and concentration.

Synergy

According to Hitt et al., (2001) synergy is the ability of two or more business or entities to generate greater wealth than what the case would have been if they were working apart or alone. Sherman and Rupert, (2006) in their study on banking post-merger integration affirmed that it takes about four years after merger for the synergies to show. Lasher, (2000) also asserted that synergy is when the performance of the firms together is greater than the sum of their individual performances. Some extra value should always be available in a merger that comes to increase the shareholders wealth of the merged entities. Gaughan, (2002) and Oberg, (2004) were of the view that synergy is the benefits derived from the combined the sum of two entities which is greater than the sum effect from two firms standing on their own. Gaughan, (2002) explained further that synergies does not arise automatically out of mergers and acquisitions. The author explained that synergy can arise through financial synergy, material synergy and operational synergy. The extent of synergies realized may depend on whether mergers and acquisitions is a horizontal integration or combination where mergers and acquisitions involve buying out firms in the same production chain. Synergies can also result from a conglomerate combination by mergers and acquisitions in unrelated areas of business.

Sources of synergy

Considering the potential advantages and results of synergies, it is not surprising that synergies often work as main motivator in merger and acquisition where the opinions mostly involve the financial gains achieved through efficiency enhancement at different levels in the companies (Zollo & Sing, 2004). Synergy is the creation of added wealth by sharing resources and acquiring benefits that otherwise would not have been possible to be realized or can only be achieved at a greater cost if not through merger. The concept of synergy can also be achieved through revenue enhancement and cost saving.

Acquiring companies pursues a target company for number of reasons. Key amongst them are:
- Industrial power
- Diversification
• To eliminate inefficiency
• Take advantage of tax reliefs
• Complementary resources
• Intellectual capital
• High market share

**Industry power:** This is where one firm takes over another firm to reduce competition. Once there is no competition the surviving firm can assume a monopolistic role thereby increasing prices aimed at increasing profits.

**Diversification:** In the view of Comment and Jarrel, (1995), firms destroy value when they diversify and value is created when they sell off divisions and become more focused. Diversification is a prime goal because it reduces the investor’s risk exposure without necessarily reducing portfolio returns. There is always risk reduction through diversification.

**Elimination of Inefficiency:** Synergies decreases average cost due to the interactions of demand and supply. Jensen and Ruback, (1983) argue that acquisition can occur because of changing technology or market condition that requires restructuring of a firm. Resources and competences that are not utilized effectively can be better utilized if combined with related firm which results in reducing the average cost of production.

**Tax Relief:** Synergies in some cases can arise in the case a company that cannot receive tax relief because of its inability to generate enough profit. Such a company is better off combining resources with another firm aimed at generating the required profits thereby making the new firm enjoy the tax reliefs.

**Complementary Resources:** Synergistic outcomes can be achieved in most cases when the strength of two entities are put together. An example is an entity that has strength in research and development and another that has strength in marketing coming together may lead to great advantages.

**Intellectual Capital:** Olsson, (1998) used the term intellectual capital as well as the notion of human capital in explaining synergies as covering all knowledge and skills that an individual brings to the workplace. A firm may become a target because of its intellectual capacity. In the banking industry, a bank that desires to enter into Small and Medium Scale sector in an economy will target an existing one with enough knowledge in that sector of banking.

**High Market Share:** An entity may have a competitive weapon when the industry in which it is operating has a limited product differentiation. In such an environment, the entity will drive prices since it has a larger market share. This can be done by eliminating competition by reducing prices in the short run and then increasing prices later.

**Sources of Reverse Synergy**
Homburg and Bucerius, (2006) and other researchers have tried to find reasons why mergers or acquisitions have failed. In their view, some of the reasons why synergies might have failed through mergers and acquisitions are:

• Cheap purchases
• Lack of industrial commercial fit
• Lack of goal congruence

**Cheap Purchases:** Lang et al., (1991) are of the view that firms acquiring other firms for non-value maximizing reasons are characterized by low stock prices relative to their book value and cash flows. Mitchell et al., (1990) also asserted on what they called “bad bidders”. This they identified as firms that experience large stock price declines when they announce plans for major acquisitions. The amount of resources in terms of cash and management time could well also damage the acquirer’s core business.

**Lack of industrial or commercial fit:** Failure of synergy can result from a horizontal or vertical takeover where the target firm turns not to have the resources that are estimated by the acquirer. Usually, in cases where it is either horizontal or vertical takeover, the predator has enough information about the targeted entity. Takeovers should be planned carefully and reliance should not be placed on previous experience gained from a direct relationship with the acquired company.
Lack of Goal Congruence: Where there is no alignment of goals to achieve the overall mission of a firm after a takeover, the gains from the takeover will be eroded by the lack of goal congruence.

Valuation methods in mergers and acquisitions

A number of valuation methods are available to be used for mergers and acquisitions. Common amongst them is the Capital Assets Pricing model (CAPM). This model is widely used to determine the theoretically appropriate required rate of return for an asset. It is suitable for the pricing of risky assets. There are other valuation methods and they include:

- Net asset valuation
- Price earning based valuation
- Divided valuation Model
- Present value of future cash flow valuation

In all situations, the final price paid would depend on the bargaining skills of the parties as well as the economic pressure on parties involved. It is not in the best interest for the parties to use one valuation methods. Best practice is to use a combination of method ending in getting a fairer consideration for the acquisition.

Net Asset Valuation: This is the type of valuation method that is focused on a company’s net assets value (NAV) or fair market value of its assets less its total liabilities to determine what it will cost to recreate that company.

Price Earning Based Valuation: Jensen and Ruback, (1993) emphasize that, on average, target shares increase in price from about 16 to 30 percent around the date of the announcement of a tender offer. These models are based on two elements; the price or earnings (P/E) ratio and the profit tax earnings per share (EPS) of a business, which when combined give the market price per share (MPS). MPS is given as:

Current market price per share
Post tax earnings per share

\[ MPS = \frac{P/E \times EP}{1} \]

Dividend valuation model: This is the procedure of valuing the price of a stock using the expected dividends and discounting same to their present values. Where the results obtained from the calculation is higher than the current trading value of the shares, the stock is said to be undervalued.

Value of share = Dividend per share
Discount rate-Dividend growth

Present value of future cash flow valuation: Also called the discounted cash flow value, Present value of future stream of cash flows that have been discounted. The higher the rate of discount the lower the present value of future cash flows. This valuation method is used to appraise investment opportunities. Where the value obtained after discounting the cash flows is higher than the current cost of investment, then the opportunity may be a good one.

Financing mergers and acquisitions

The financing method for mergers and acquisition like any other investment, plays a significant role in whether the investment is feasible. Franks et al., (1989) and Travlos (1987) established that financing method largely affects the success or otherwise of the whole transaction. Mergers and acquisitions can be financed by the methods discussed below.

Cash: Pike et al., (1993) are of the view that everyone understands cash offer since the amount is certain that is there is no exposure to risk adverse movement in share pricing of a bid. Cash is the cheapest of the financing methods in that it is instant and is also “mess free”. The only challenge is that the amount of cash required for such transactions are huge and may not be always available.
**Debt:** Debt as a method of financing mergers and acquisitions can be expensive as it comes with interest payments and may be repaid over a very long period of time. This can significantly affect transaction cost and should be considered during the process of pricing. However, the good thing about debt is that it is relatively very easy to come by and is much more flexible than cash in terms of debt repayment plans.

**Share to Share Exchange:** Most of the time, huge merger deals involves share exchange either in part or in full. It is perfectly normal for an IPO to be used to finance a merger deal. Another way is through stock swap. This where shareholders agree to swap their shares for a set of a number of shares of the acquiring entity.

Eckbo et al., (1990) suggested that uncertainty about the target value also turns to lead firms to use stock offer as against cash offer.

**Methodology**

The study was focused on assessing synergies from mergers of Ecobank Ghana limited and TTB. Both secondary and primary data was used for the study. Secondary data was specifically obtained from the Valuation Report of the merger and also from the annual reports of Ecobank Ghana Limited. Quantitative technique was applied. In the view of Creswell, (2012) qualitative approach helps to understand the best prediction of outcomes. Case study approach was also adopted because primary data was obtained from key staff of EBG. This is in line with the view of Patton, (1990) who suggested that case study and quantitative approach consists of direct information, written documents and in-depth-open ended interview. Data gathered for this research were analyzed and presented in tables to give them clearer meaning.

**Discussion and analysis**

**Methods of valuation**

Four methods of valuations were used in determining the value of TTB. These were discounted cash for method, adjusted book value method, P/E multiplier valuation and P/B multiplier valuation method.

By the DCF approach the estimated market value of TTB was GH₵296.44 million. Using the discounted dividend approach, TTB was with Gh₵138.42 million.

Using the P/E Ratio, TTB’s value was GH₵255.23 using the adjusted net assets valuation, the bank was value at GH₵127.05 million.

From the methods used, the value of TTB ranged from GH₵127.05 million to GH₵296.44 million.

In coming out with the final value of the bank the results from the various valuation methods was weighted to as in table 1 below:

**Table 1. Valuation of TTB**

<table>
<thead>
<tr>
<th>Methodology</th>
<th>Valuation GH₵ million</th>
<th>Weight %</th>
<th>Weight Value GH₵ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discounted Cash Flow Method</td>
<td>296.44</td>
<td>15</td>
<td>44.47</td>
</tr>
<tr>
<td>Adjusted Book value</td>
<td>127.05</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>P/E Multiplier Valuation</td>
<td>137.61</td>
<td>35</td>
<td>48.16</td>
</tr>
<tr>
<td>P/B Multiplier Valuation</td>
<td>255.23</td>
<td>50</td>
<td>127.61</td>
</tr>
<tr>
<td>Total Value</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of share (million)</td>
<td></td>
<td></td>
<td><strong>220.24</strong></td>
</tr>
<tr>
<td>Price per share</td>
<td></td>
<td></td>
<td>17.50</td>
</tr>
</tbody>
</table>

Source: Valuation Report of TTB

A fair value of TTB on stand-alone basis was determined to be GH₵220.20 million.

**Valuation of EBG**

In the valuation of EBG, the same valuation methods were used and the results are in the table 2 below:
Table 2. Summary of valuation of ecobank ghana limited

<table>
<thead>
<tr>
<th>Methodology</th>
<th>Valuation GH₵, million</th>
<th>%</th>
<th>Weighted Value GH₵, million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discounted Cash Flow</td>
<td>852.13</td>
<td>30</td>
<td>255.64</td>
</tr>
<tr>
<td>Adjusted Book – Net Assets</td>
<td>209.08</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>P/E Multiplier Valuation</td>
<td>793.95</td>
<td>30</td>
<td>238.18</td>
</tr>
<tr>
<td>Total Value of EBG</td>
<td></td>
<td></td>
<td>816.01</td>
</tr>
<tr>
<td>Number of Shares (million)</td>
<td></td>
<td></td>
<td>230.13</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3.55</td>
</tr>
</tbody>
</table>

Source: Valuation Report of TTB

It should be noted that EBG was listed on the Ghana Stock Exchange and at the time of this valuation the market price was GH₵, 3.45 per share.

The payment method was share exchange. Table 3 below illustrates the value of the combined banks.

Table 3. Share exchange ratio – controlling interest valuation

<table>
<thead>
<tr>
<th>Number of DBG share (million)</th>
<th>230.13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of TTB shares (million)</td>
<td>17.50</td>
</tr>
<tr>
<td>Price per share of EBG (GH₵)</td>
<td>3.45</td>
</tr>
<tr>
<td>Price per Share of TTB (GH₵)</td>
<td>16.42</td>
</tr>
<tr>
<td>Market Value of EBG (equity before Merger (GH₵)</td>
<td>93.95</td>
</tr>
<tr>
<td>Total Value of TTB (equity before Merger(GH₵)</td>
<td>220.24</td>
</tr>
<tr>
<td>Exchange Ratio (Price of TTB shares/Price of EBG shares)</td>
<td>4.76</td>
</tr>
<tr>
<td>Number of shares exchanged (million)</td>
<td>83.31</td>
</tr>
<tr>
<td>Number of share in new entity (million)</td>
<td>313.44</td>
</tr>
<tr>
<td>Total value of equity in new entity (GH₵ million)</td>
<td>1,081.35</td>
</tr>
<tr>
<td>Price per share of new entity (GH₵)</td>
<td>3.45</td>
</tr>
<tr>
<td>TTB’s % of new entity</td>
<td>27%</td>
</tr>
</tbody>
</table>

Source: Valuation report of TTB

Discussions will now be led to establish whether the objectives set were met.

Did the new entity benefit from synergies?

It is clear from the study that the new entity benefited from both operational and financial synergies. This is illustrated in table 4 below:

Table 4. Interest on income

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GH₵ million</td>
<td>GH₵ million</td>
<td>GH₵ million</td>
<td>GH₵ million</td>
<td>GH₵ million</td>
<td>GH₵ million</td>
<td>GH₵ million</td>
<td></td>
</tr>
<tr>
<td>Interest Income</td>
<td>213.9</td>
<td>159.5</td>
<td>344.3</td>
<td>457.8</td>
<td>660.6</td>
<td>790.9</td>
<td>878.9</td>
</tr>
<tr>
<td>% Increase</td>
<td>-</td>
<td>(25.4)</td>
<td>60.9</td>
<td>114.1</td>
<td>208.9</td>
<td>269.4</td>
<td>11.12</td>
</tr>
</tbody>
</table>

Data Source: EBG Annual Reports
Information from the Financial Statements of EBG covering the period 2010 to 2016, the new entity’s income started increasing from the year 2012 which was a year after the merger.

**Was the SSNIT objective of increased investment returns met?**

One key objective of the realignment of SSNIT’s investments was to maximize returns from all its investments. Investment returns in a listed bank like EBG is appreciation in share prices and dividends. Table 5 below shows dividend received from 2010 to 2016.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>DIVIDEND RECEIVED(GHC)</th>
<th>% GROWTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>390,000</td>
<td>0</td>
</tr>
<tr>
<td>2011</td>
<td>434,000</td>
<td>11.28</td>
</tr>
<tr>
<td>2012</td>
<td>11,294,000</td>
<td>2,500</td>
</tr>
<tr>
<td>2013</td>
<td>13,768,000</td>
<td>22.01</td>
</tr>
<tr>
<td>2014</td>
<td>20,455,000</td>
<td>48.60</td>
</tr>
<tr>
<td>2015</td>
<td>37,500,000</td>
<td>83.32</td>
</tr>
<tr>
<td>2016</td>
<td>39,879,000</td>
<td>6.34</td>
</tr>
</tbody>
</table>

**Source.** Financial Statements of SSNIT

Table 5 above demonstrates dividends received from EBG by SSNIT over the period 2010 to 2016. It can be deduced from the table above that SSNIT took the right decision by bringing about the merger. Prior to the merger, TTB had not made any dividend payments to SSNIT in three years and EBG was regular in the payment of dividends but only in thousands of Ghana Cedis. Two years after the merger, EBG started paying dividends in millions of Ghana Cedis.

**Has the new entity remained competitive?**

Table 6 below illustrates how the new entity has remained competitive after the merger. Apart from the year of the merger when profit before tax dipped by (9.31%), profit after tax remained positive throughout.

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GH¢ million</td>
<td>113.15</td>
<td>102.62</td>
<td>196.19</td>
<td>261.84</td>
<td>433.54</td>
<td>457.19</td>
<td>461.08</td>
</tr>
<tr>
<td>Profit % Growth</td>
<td>0.00</td>
<td>(9.31)</td>
<td>91.00</td>
<td>33.47</td>
<td>65.57</td>
<td>5.56</td>
<td>0.85</td>
</tr>
</tbody>
</table>

**Data Source:** EBG annual reports

**Summary and conclusion**

The study sought to examine the merger of EBG and TTB achieved the desired results set out by SSNIT. It can be concluded from the analysis that the new entity achieved both operational and financial synergies. Operational synergies include both economies of scale and of scope, improved diversification of revenue sources, increased market share and assets deposits, combination of skill base and consolidation of staff functions to achieve cost reduction. Financial synergies in this context refers to increased equity base, rationalization of procurement, unification of staff function to achieve cost reduction and saving.

From the analysis, conclusions can be drawn that the objectives set by SSNIT were met. This was deduced from increasing profit of the new entity out of which increased dividends were paid. The asset
base of the bank has also reflected a positive upward movement. Profit after tax also portrayed the same picture.

**Recommendation**

Based on the success of the merger of EBG and TTB and its positive effect on the banking landscape of Ghana, this author is recommending that there should be more of such moves in light of the fact that the Central Bank of Ghana is considering an upward movement in the minimum capital of banks in Ghana. Mergers in the banking industry at this time in the history of Ghana is likely to position the banks to undertake big ticket deals in the light of the expansion in the Ghanaian economy due the drilling of oil and gas in commercial quantities.

**Reference**


Evaluating 4 Years’ Cost of Managing Human Immunodeficiency Virus Pandemics using Enterprise Resource Planning for Supply Chain Management in Nigeria

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Abstract

For over three decades the Human Immunodeficiency Virus (HIV) that causes acquired immune deficiency syndrome (AIDS) held humanity in captivity. Before 1990, HIV was a fairy tale in Nigeria. However, by 2000, HIV had become a public health concern with efforts to reduce the burden on people living with the virus. It started with a prevalent rate of 1.8% in 1991, peaked at 5.8% in 2001 before the decline. The cost of providing screening rapid test kits over four years was examined to explore the areas where enterprise resource planning (ERP) could be used to scale down the cost of HIV commodities management in Nigeria. Procurement, warehousing, distribution, and collection of logistics management information system data were examined. Management of HIV RTKs and without ERP was compared. The result showed that without ERP, there was an increased cost of labor, recording errors, and poor data for decision-making. With ERP, it was different. Study was done for RTKs, there is room to do for other HIV commodities. Though initial cost of deploying ERP was high, on the long-run has cost benefit.

Keywords: Enterprise Resource Planning; Logistics Management Information System; HIV Commodities; HIV Rapid Test Kits Algorithm; Supply Chain Performance Measures; Impact of HIV Pandemic.

Introduction

The only disease that held humanity in captivity for almost three decades without any final solution or cure of recent, is the Human Immunodeficiency Virus (HIV) that leads to Acquired Immunodeficiency Syndrome (AIDS) of those that are affected and have their immunity plunged into disaster level. The origin of HIV generated much controversy and debate in the early years of detection in the 1970s. Studies showed that HIV is a type of lent virus that attacks the natural immune system that is put in place by nature to protect it from foreign invasion of disease-causing agents. HIV was thus identified as the causative agent of AIDS. The HIV is similar to simian immunodeficiency virus (SIV) that attacks the immune system of monkeys and apes (Worobey, Telfer, Souquière, Hunter, Coleman, Metzger, & Roques (2010). Faria, Rambaut, Suchard, Baele, Bedford, Ward, ... and Posada (2014) reported that surveys of African apes identified chimpanzee [Pan troglodytes troglodytes (Ptt)] populations in southern Cameroon as harboring simian immunodeficiency viruses (SIVs) most closely related to the pandemic lineage of HIV-1. This led to the theory of hunter.

The most commonly accepted theory of how HIV came to affect human is the one that states a ‘hunter’ who may have killed a chimp that has SIV wherein the blood was eaten or the hunter has a cut (wound) through which the blood of the Chimps came in contact with and while the SIV entered into the hunter it mutated to HIV and subsequently transferred from human to human either through sex, blood transfusion or other blood product to wound contact that occurred (Avert, 2016).

The devastating effect of HIV pandemic was beyond the imagination of researchers for almost 30 years without any cure being established. The Similar remark came from Cohen, Seider, and Navia (2015) that
there is mounting evidence of HIV exacerbating age-associated cognitive decline as well as vascular and metabolic comorbidity have been associated with HIV infection. In the developing countries of sub-Saharan African, it was worst in Nigeria. When Human Immunodeficiency Virus (HIV) was identified in the late 1970s as the causative agent of Acquired Immune Deficiency Syndrome (AIDS), researchers and scientists never expected it will take this long before a cure or vaccine is discovered. The pandemic is now almost three decades and more than 40 million people are presently infected with HIV worldwide; more than 90% of the victims live in developing countries. The 2016 Joint United Nations on AIDS (UNAIDS) report showed that in 2013, 9% of people living with HIV globally reside in Nigeria that shows prevalence among the adult to be 3.2% in comparison to 19.1% in South Africa, but because of the size of Nigeria population, the estimated population of people living with HIV in Nigeria in 2013 is said to be about 3.2 million (UNAIDS, 2014).

In the United States of America, it took the courage of people like Mary Fisher to publicly acknowledge the presence of HIV in the US during the 1992 Republican Convention to prompt the US to mount concerted effort to combat the disease by setting up the President’s Emergency Plan for AIDS Relief (PEPFAR) to combat the HIV scourge (ABC News, 2012, June 27). Between 1985 and 1990, HIV was a fairy tale in Nigeria, so nothing was done. However, before the turn of 2000, HIV had become a pandemic and public health concern with concerted effort to stem the tide of the rising inferno caused by HIV on the larger Nigerian population. It started with a modest prevalent rate of 1.8% in 1991 and the peak of 5.8% in 2001 before the decline to the 3.4% in 2015 (Awofala & Ogundele, 2016). Various efforts were mounted nationally and with the help of international community. The cost of the efforts that was put together to drag the epidemiology downward especially HIV screening through rapid test kit, antiretroviral drugs with their supply chain management is the focus of this article.

The study is still narrowed down to the records and reports available for the support provided through United States of America President’s Emergency Program for AIDS Fund (PEPFAR) to Nigeria HIV/AIDS program. This is to evaluate the cost of HIV rapid test kits, antiretroviral drugs from 2012 to 2015, being the peak of the fight against the virus in Nigeria to see the cost of the supply chain and juxtapose the use of enterprise resource planning (ERP) to drive down the cost of the supply chain management (SCM). This study will provide an opportunity for organization and government to consider an improvement of the use of ERP for SCM of HIV commodities or otherwise.

**Rationale of the study**

Nigeria still has the third highest HIV/AIDS burden in the world (NACA, 2015) so it will continue to generate scientific interest in whatever way that can mitigate the impact. In tackling the scourge of HIV/AIDS in Nigeria, the cost of commodities is not easy to come by. Most of the funds used in prosecuting the war on HIV/AIDS so far come mainly from development partners and foreign aid from PEPFAR and Global Fund (GF) to fight against AIDS, Malaria, and Tuberculosis. Studies have shown that 40% of the cost of goods and services are attributed to supply chain management. Gunasekaran, Patel, and McGaughey (2004) supported this assertion that in the United Kingdom (UK), 40% of their gross domestic product went to logistics and supply chain management of services and commodities. This level of cost of distribution, therefore, calls attention to whatever that can be done to reduce the cost of logistics and supply chain management of HIV commodities in Nigeria, bearing in mind that funding is scarce and donor agencies are scaling down funding supports. After the review of the cost expended between 2012 and 2015, supply chain strategy adopted, examined the areas that ERP can be deployed to reduce this cost in subsequent years ahead. The hypothesis is that it is better to manage HIV commodities with ERP than without ERP in the Nigeria HIV PEPFAR Programme.
Objective of the study

a) To determine the financial cost and other accessories cost to the provision of HIV commodities (rapid test kits and antiretroviral drugs) from 2012 to 2015 that have resulted in stopping the wild spread of HIV infection in Nigeria from the prevalence of 5.8% to the current 3.1%.
b) Evaluate the cost of supply chain management from 2012 to 2015
c) Determine if enterprise resource planning (ERP) can help in driving down the cost of HIV commodities’ supply chain in Nigeria
d) Can the use of ERP impact positively on the supply management of HIV commodities in Nigeria?

Review of literature

In this section, the origin of HIV is traced and how it was discovered in Nigeria. This section will also provide the summary of efforts that the Nigeria government had undertaken to reduce the scourge of HIV infection. The impact of the infection and trace the trend of 10 years HIV prevalence in the country. The cost of procurement and management of HIV rapid test kits and antiretroviral drugs over 4 years were closely examined

History of HIV in Nigeria

HIV was first discovered in Nigeria in 1985 via the first two cases that were diagnosed and reported in the media in 1986 in the city of Lagos, South-West, Nigeria with the population of about 15.5 million people as at 1986. One of the two victims were a young female sex worker that the age was announced as 13 years from one of the neighboring West African countries (Nasidi & Harry, 2006; Awofala & Ogundele, 2016). This news jolted a docile country into a panic because all these while, it was thought to be an American disease and had tagged AIDS to mean American Invention to Discourage Sex. Eze (2009) chronicled the Nigerian reaction to these two reported cases by citing Caldwell and Orubuloye (1992); Mafemi and Fajemisin (2003); Orubuloye and Oguntimilehin (1999) with the conclusion that Nigerian believed it was a distant disease that would not find its way to Nigeria but will remain among the homosexuals of the USA.

However, the progression of the infection in Nigeria was phenomenal as it rose from 2 in 1985 to 18,490 in 1998 (Eze, 2009). After that, it never abated again until drastic efforts were deployed as from 2003, though the first surveillance of 1991 gave a prevalence rate of 1.8%. The highest prevalence rate of 5.8% was recorded in 2001 before the decline commenced to 3.4% in 2015 (NACA, 2015).

HIV programming in Nigeria

To stem the tide of the HIV inferno in Nigeria, the government and people of Nigeria as well as supporting partners opened the floodgate of fight against HIV as soon as it became clear that the HIV infection was no longer American idea to discourage sex but a real threat that if not checkmated will wipe out the population of Nigeria especially the workforce and the economically viable age group between 20 and 60 years.

Nasidi and Harry (2006) traced the efforts and response of Nigeria government from the early day of the two cases that were reported in 1986 to 2001 when the President of the country then publicly hosted conference on HIV, Malaria, and Tuberculosis in 2001 and openly subjected himself to have HIV screening to encourage others to do same. The Federal Ministry of Health in 1986 set up a committee called National Expect Advisory Committee on AIDS (NEACA) to advise the government on the best way to respond to the emergent of HIV/AIDS in Nigeria. NEACA solicited the help of World Health Organization (WHO) to provide protocols on how best to tackle the epidemics. This led to the setting up of the first 9 HIV screening centers in Nigeria in 1987 (Nasidi & Harry, 2006). The advice of NEACA led to the setting up of National AIDS and STDs Control Program (NASCP) that initiated the responses through the syndromic management of the disease, voluntary counseling and testing (VCT) and the prevention of mother to child
transmission (PMTCT). This attempt was lacking in multi-sectorial approach that HIV/AIDS response required. Subsequently, an agency under the presidency was created and named National Agency for the Control of AIDS (NACA) to give more bite to the fight.

The setting up of NACA at the federal level got the replica at the state level and named State Agency for the Committee on AIDS (SACA). NACA then developed a medium-term action plan called HIV/AIDS Emergency Action Plan (HEAP) with the aim and objective of breaking down the barrier to HIV/AIDS prevention at the community level and provide supports to prevention, treatment and care services to people living with HIV/AIDS (FMOH, 2001). Following this was the formulation of the National HIV Strategic Framework (2005-2009) to succeed the HEAP strategy (NACA, 2005).

Immediately the Federal Government put in place her strategy to fight HIV/AIDS, the Civil Society and the Uniformed Services waded into the fight. It was at this point that a coalition of the civil society called Civil Society Consultative Group on HIV/AIDS in Nigeria (CISCIGHAN) was formed. The Global Fund to Fight AIDS, Tuberculosis and Malaria provided the fund to help strengthen the enormous work involved in fighting HIV/AIDS. Likewise, the National Network of People Living with HIV/AIDS in Nigeria (NEPWHAN) got organized to join in the fight to exterminate HIV/AIDS. The military have observed that large number of its personnel that return from peacekeeping mission outside the country tested HIV-positive set up the Armed Forces Program on AIDS Control to provide a specific response because of the peculiarity of that population. The United States (US) government provided tremendous support through Department of Defense Walter-Reed Project in Nigeria (DOD-WRPN) to Nigeria Military Ministry of Defense Armed Forces response.

Impacts of HIV pandemic in Nigeria

The impacts of HIV in Nigeria can be viewed from social, psychological, economical and wellness aspects. This could further be considered from the personal, organizational and country-wide basis. Per Nwosu, Wannah, and Olaore (2014), the impact of HIV/AIDS goes beyond individual but includes household level, firms, business because those likely to be affected by HIV are mostly in the active employment and in their prime working years. The UNDESA – United Nations Department of Economics and Social Affairs stated that HIV prevalence could reach an alarming proportion in a country or organization that the impact may be dramatic and affect the costs, productivity and profitability of such organization (UNDESA, 2012).

In the social aspect, stigmatization of people diagnosed with HIV infection has resulted in the hiding from intervention and fueling the spread of the virus from infected to others that could have been spared of the infection. In some extreme cases, potential candidate for employment and recruitment into the Nigeria Armed Forces had been turned down based on their HIV status. Many intended couple or even married couples had canceled wedding/marriage arrangement or divorce if married due to HIV positive status.

Those that are infected and begin to lose good health become a candidate of frequent hospital visitation. The impact shows in the financial spending and loss of working hours. If it results in death, the breadwinner of the family would have been lost. The place of work suffers the loss of staff and recruitment for replacement comes at an impact on the company as well as the nation because of the skill that might be difficult to replace. The more disturbing aspect is the fact that those affected are adults (men and women) who are the key component of the labor force. The estimate of those affected by HIV is put at 3.2 million people with the dangerous trend that 1 out every 7 Africans living with HIV is a Nigerian (Boler & Archer, 2008). However, the adult prevalence has declined but that of the children is still unabated.

Azuh et al. (2014) succinctly capture this scenario by saying HIV/AIDS is a very serious health and a social threat that affects the economy of an individual and a country in more than one way. This is because poor returns of human capital come from the poor health of the active labor force that gulps financial fortune of the affected people. This was rightfully so with Nigeria as sickly people flood the available healthcare centers for diagnosis and treatment. Between 2006 and 2010, being diagnosed HIV positive meant death sentence and the commencement of stigmatization in Nigeria as there was barely any
treatment. The rate of saving dropped, death toll increased, many orphan children were created, children dropped out of school due to death of parents and no means of keeping them in school where available.

**Tackling the widespread of HIV in Nigeria**

The spread of HIV was likened to hurricane disaster that required urgent attention. Though there was lethargy in the early years of HIV diagnosis in Nigeria, the country was sluggish in providing an immediate response. No meaningful response was noticed till 2005. A contributory factor to this was the political environment from 1985 to 1999. Nigeria was under military rule, especially the one under General Ibrahim Babaginda that annulled the presidential election that was held under free and fair condition and that of General Sani Abacha that detained the acclaimed winner of that election, Moshood Abiola which turned Nigeria into a pariah nation thereby depriving the country international support that would have provided immediate response to the epidemics. Concerted efforts began to be seen when the democracy governance returned under President Olusegun Obasanjo from 1999 to 2007 (Olamilekan, 2015).

From the inception of the civilian administration in Nigeria, the government cried out to the international community to lend a helping hand. With the transition of Nigerian government from military to civilian rule, the door of cooperation with the international community was widely opened.

Help came from Global Fund and the United States President’s Emergency Program for AIDS Relief (PEPFAR) under President W. G. Bush in 2002 and was lunch in 2003 to tackle and combat global HIV/AIDS which Nigeria became a beneficiary. The initiative got congressional approval to spend about $48b (the biggest by any country for single disease) in five years to help treat AIDS, Tuberculosis, and Malaria in sub-Saharan African and elsewhere including India. PEPFAR currently operates in about 20 countries providing treatment, prevention and care for people affected by HIV/AIDS and train healthcare providers to build their capacities to handle the initiative. Nigeria and the United States (US) governments entered a signed a memorandum of understanding in 2004 and ever since then, PEPFAR has disbursed more than 3.4 billion U.S. dollars (more than 544 billion Naira) to strengthen the Nigeria HIV/AIDS response. Some of the outcomes are the success stories of enrolling more than 750,000 people including children on ART and about 10 million people annually tested to know their HIV status thereby preventing transmission, death and its myriads of impacts (Nigeria US Mission, 2015).

The strategy evolved in Nigeria was to disburse the fund through four agencies: United States Agencies for International Development (USAID), US Centre for Disease Control and Prevention (CDC), US Department of Defense (DOD) and US Embassy Public Affair Section (PAS). The agencies, in turn, engage implementing partners (IPs) through cooperative agreement award for a specific number of year and specific areas of focus. There are more than 20 IPs in Nigeria. Few of the IPs in Nigeria are: John Snow Incorporated (JSI) Family Health International 360, (FHI360), AIDS Prevention in Nigeria (APIN), Institute of Human Virology Nigeria (IHVN), Management Sciences for Health (MSH), Safe Blood for African Foundation, Catholic Relief Services (CRS) and others. These implementing partners cascade the prevention, treatment, and care to the targeted group of people either directly or through the existing health care centers.

**Fifteen years’ trend of HIV infection in Nigeria (2000-2015)**

Within 15 years of intensive intervention by the government of Nigeria with funding and technical support from international agencies through PEPFAR, many success stories had been recorded (NACA, 2015). HIV prevalence rate that climbed from 1.8% in 1991 to 5.8% in 2001 when intervention was not actively supported began its decline journey from the 5.8% to the 3.2% recorded in 2013. The detail trend of HIV prevalence in Nigeria from 1991 to 2013 is presented in the graph below.
To be able to achieve the decline in the HIV prevalence rate more testing sites were set up to ensure people know their HIV status with a counsel to those that tested negative to imibe the prevention strategies that will ensure they remain negative and for those that tested positive, counsels were offered to ensure they do not spread the virus and get enrolled in the ART care and treatment program. From 2006 to 2013, the testing sites rose from 200 to 7075. The graph below shows the growth trend for HIV testing sites.

This effort saw an increase in the number of people counseled, tested and collected their result. The number rose from the 60,364 tested in 2006 to 3,517,441 tested in 2013. The figure below provides a graphic representation of the data retrieved from NACA website.
With the increase in the number of people knowing their HIV status, the number of ART clinic and the number of people placed on ART equally increased as a response. The number of ART clinic increased from 107 in 2006 to 820 in 2013 while the number of people placed on ART increased from 132,428 in 2006 to 639,397 in 2013. The figure below depicts the data gotten from NACA website.

These concerted efforts have drastically reduced the number of new cases, the number of death because of HIV infection and decline is expected as the report for 2015 is being expected from National Agency for the Control of HIV/AIDS (NACA).

**Review of the cost of HIV rapid test kits and antiretroviral provision: PEPFAR contribution**

To initiate clients on treatment, clients’ HIV status must be confirmed. The process of HIV testing in Nigeria has evolved through some stages where any rapid HIV test kits were in use until the Federal
Government of Nigeria adopted an algorithm in 2007 as advised for adoption by resource-constrained nations as strategy for reaching out to majority and larger number of population (Bassey, Bond, Adedeji, Oke, Abubakar, Yakubu …, & Deyde, 2015). This strategy agrees with the algorithm in used in other countries like India where 2 test kits are as good as 3 test kits for diagnosis of HIV infection in program setting as affirmed by Kale, Beri, Thakar, Dar, Bembalkar, Goel, ... & Paranjape, (2017). Similarly, studied by Galiwango, Musoke, Lubayai, Ssekubugu, Kalibbala, Ssekweyama ... and Gray, (2013) in Uganda accepted that serial algorithm was acceptable, effective and cost saving. Before 2007, a parallel algorithm was employed in Nigeria where two rapid test kits were used simultaneously. When there is discordance result, a third one is used as a tiebreaker. However, because of the cost of the parallel algorithm, a serial algorithm was adopted as recommended by Bassey et al. (2015) to reduce the cost of the rapid test kits and free-up fund to buy more test kits without compromising the quality of results that are issued to the clients. The kits adopted for use in Nigeria are Determine, Uni-Gold, and Stat-Pak as contained in the table below:

Table 1. Recommended HIV test kits in Nigeria

<table>
<thead>
<tr>
<th>Assay Name</th>
<th>Determine</th>
<th>Uni-Gold</th>
<th>Stat-Pak (Dipstick)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturer and Address</td>
<td>Alere Medical, Matsudo-Shi Japan</td>
<td>Trinity Biotech Plc, Wicklow, Ireland</td>
<td>Chembio Diagnostics System, New-York, USA</td>
</tr>
<tr>
<td>Distributor Tests/kit</td>
<td>Acouns Nig Ltd, 100</td>
<td>Trinity Biotech, Nig 20</td>
<td>Biomedics, Nig 30</td>
</tr>
<tr>
<td>Assay method</td>
<td>Immunochromatography (lateral flow)</td>
<td>Immunochromatography (lateral flow)</td>
<td>Immunochromatography (lateral flow)</td>
</tr>
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<td>Test volume</td>
<td>50ul</td>
<td>60ul</td>
<td>5ul</td>
</tr>
<tr>
<td>NAFDAC registration #</td>
<td>03-0622</td>
<td>03-1011</td>
<td>03-0936</td>
</tr>
<tr>
<td>Recommended storage temperature range</td>
<td>2 – 30°C</td>
<td>2-30°C</td>
<td>8-30°C</td>
</tr>
</tbody>
</table>

In supporting Nigeria’s effort to stem the tide of HIV spread, massive testing of the people to know their HIV status with counsel so that either positive or negative, the chances of infecting others would be truncated was intensified. Behavioral change is possible through HIV test and counsel (HTC), which in turn limits the chances of spreading the virus (Coates, 2009). The cost of testing a client that turns out negative is $0.89 by using Determine. For a positive client, it is using Determine and Uni-Gold. The cost of Uni-Gold is $1.22, therefore, using Determine and Uni-Gold becomes $2.11. When the test is discordant, the third tiebreaker would be used which is Stat-Pak. The cost of Stat-Pak is $1.22. Hence any test that goes to the tiebreaker cost $3.33. By factoring all these into the number of test kits that were procured from 2006 to 2015 and juxtaposed with the number of positive cases recorded and the discordant results, an idea of the cost of the HIV rapid test kits that have been used over this period becomes available. Another cost will be the logistics management considered in the next sub-topics.

Supply chain management of ART commodities in Nigeria

To ensure the ART commodities get to the clients that needed them, the PEPFAR project in Nigeria engages implementing partners that manage the logistics of the commodities. Prominent amongst them after the consolidation is John Snow Incorporated managing the supply chain for the United States Agency for International Development (USAID) project in Nigeria. The cost of logistics management is put at 12% of the cost the rapid test kits procured for the HIV program in Nigeria.
Warehousing and Distribution of these commodities are done from the central warehouse and 6 other axial warehouses where the receipt, issues, quarantined, losses, and adjustment must be captured, and from the central position, there must be visibility into the stock situation.

To do this, reports are either sent electronically, or hard copies collected from the service delivery points (SDPs), then input into the computer system for analysis. This is an enormous cost in human resources and financial implications. The typical scenario in the management of HIV test kits deals with the receipt of the commodities after procurement processes into the warehouse and prepares them for post-market validation sampling. When the rapid test kits passed the evaluation, they become available for distribution to service delivery points. The Kits are transported to the axial warehouses nearer to the service delivery points. Utilization reports are received from the SDPs that form the basis of a resupply through the last mile distribution (LMD) mechanism. HIV Kits’ utilization reports are sent via email for collation or hardcopy report received for review from SDP and the outcome is used for resupply to the SDP. The cost of going around to collect reports from over 6000 facilities is huge. The cost in terms of human resources is great too. Is there a better way of managing these commodities at a lower cost? The purpose of this work is to evaluate the cost of supply chain management of HIV commodities with ERP and without ERP to ascertain and be used for mitigating the cost escalation of management commodities in Nigeria.

Methodology

This study was predicated on the use of case study scenarios to examine available records to infer the situation of logistics management of HIV RTKs without and with ERP over a period of four months. The study area, materials, cost of procurement and management of the commodities that were procured between 2012 and 2015 were examined. The use of ERP in the management of HIV RTKs was then accounted for in this section.

Study area and study materials

The area of this study and the study materials are limited to descriptive analysis of the procurement, logistics management of the three major HIV test kits on the serial algorithm of HIV testing in Nigeria that involves the use of Determine as the first line, Uni-Gold for the confirmation and Stat-Pak as the tiebreaker. The data were retrieved from the supply planning procurement software called PIPELINE® used by Supply Chain Management System (SCMS) and organization that manages the procurement, warehousing, and distribution of HIV test kits for PEPFAR program in Nigeria. Other sources of information are gotten through Google Scholar search engine as well as governmental and other institutional reports available to the authors.

Cost of procurement and management of commodities procured for HIV program by PEPFAR from 2012 to 2015

The records reviewed from the PIPELINE software used by SCMS (JSI), record of procurement of Determine, Uni-Gold, and Stat-Pak from August 2012 to December 2015 were the ones available for review. In 2012, a total of 35,579 packs of 100 tests were received with the total cost of $3,546,514.72 received. In 2013, it was a total of 162,455 for the cost $16,193,514.39. In 2014, the total for Determine was 135,678 packs for $13,524,383.01 while that of 2015 has 167,999 packs at the cost $16,746,140 giving a total of $50,010,552.39 for the first line HIV kit. The second line confirmatory kit of Uni-Gold from 2012 to 2015 was $46,389,505.12. The Stat-Pak from 2012 to 2015 was $10,250,052.96. The table 2 below provides the detail.
Table 2. Procured HIV rapid test kits from 2012 to 2015

<table>
<thead>
<tr>
<th>Year</th>
<th>Commodity</th>
<th>Quantity</th>
<th>Product Costs</th>
<th>Freight Costs</th>
<th>Total Costs</th>
</tr>
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<tr>
<td>2012</td>
<td>Determine</td>
<td>35,579.00</td>
<td>3,166,531.00</td>
<td>379,983.72</td>
<td>3,546,514.72</td>
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<td>2013</td>
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<td>162,455.00</td>
<td>14,458,495.00</td>
<td>1,735,019.39</td>
<td>16,193,514.39</td>
</tr>
<tr>
<td>2014</td>
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<td>135,678.00</td>
<td>12,075,342.00</td>
<td>1,449,041.01</td>
<td>13,524,383.01</td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td>167,999.00</td>
<td>14,951,911.00</td>
<td>1,794,229.27</td>
<td>16,746,140.27</td>
</tr>
<tr>
<td></td>
<td></td>
<td>50,171,100.00</td>
<td>44,652,279.00</td>
<td>5,358,273.39</td>
<td>50,010,552.39</td>
</tr>
<tr>
<td>2012</td>
<td>Uni-Gold</td>
<td>402,040.00</td>
<td>35,781,560.00</td>
<td>4,293,787.20</td>
<td>40,075,347.20</td>
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<tr>
<td>2013</td>
<td></td>
<td>30,865.00</td>
<td>2,746,985.00</td>
<td>329,638.20</td>
<td>3,076,623.20</td>
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<tr>
<td>2014</td>
<td></td>
<td>56,092.00</td>
<td>1,794,944.00</td>
<td>215,393.28</td>
<td>2,010,387.28</td>
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<td>2015</td>
<td></td>
<td>34,241.00</td>
<td>1,095,712.00</td>
<td>131,485.44</td>
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<td>4,970,304.12</td>
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<td>Stat-Pak</td>
<td>88,040.00</td>
<td>7,835,560.00</td>
<td>940,267.20</td>
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<td>2013</td>
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<td>10,489.00</td>
<td>933,521.00</td>
<td>112,022.52</td>
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<td>2014</td>
<td></td>
<td>6,824.00</td>
<td>218,368.00</td>
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<td>2015</td>
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<td>5,137.00</td>
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<td>19,726.08</td>
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<td>2,209,800.00</td>
<td>9,151,833.00</td>
<td>1,098,219.96</td>
<td>10,250,052.96</td>
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<td>Grand Total</td>
<td></td>
<td>95,223,313.00</td>
<td>11,426,797.47</td>
<td></td>
<td></td>
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<tr>
<td>2012-2015</td>
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<td></td>
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<td>106,650,110.47</td>
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</table>

Examination of enterprise resource planning (ERP) tools

Supply chain management (SCM) provides the platform by which organizations and companies optimize their internal interaction and processes between the customers and the suppliers. SCM aims to get the commodity in the right place at the right time, at the right cost and the right condition (Zheng, Yen, & Tarn, 2000). An enterprise resource planning (ERP) ensures that this ideal is achieved. An ERP is a combination of software that can enable an organization to integrate information and makes such information available for decision makers which ensure efficiency. ERP system improves the management decisions and increases their flexibility to react to changes based on the availability of information. This ensures that businesses are conducted in an efficient manner. Many organizations deploy the use of ERP to gain a competitive advantage over their competitors because ERP is used as a strategic tool that can integrate various organization’s systems into a unit that allows a flawless transaction and production (Shaul & Tauber, 2013).

A typical ERP allows an organization to collect, store, manage and interpret data from various platforms such as product planning, procurement, manufacturing and service delivery. An ERP integrates data and processes generated by an organization into one platform that includes the hardware, software and documentation procedures so that an improved inventory management can be achieved. There are different types of ERP designed for specific purpose and depending on the size of the business. In warehousing and
distribution of HIV commodities, an ERP add value and efficiency to the management of the commodities and at the same time save cost and excessive labor from the human resources angle. Analysis of using an ERP that integrates supply chain management with a competency of SCM optimization can provide an advantage of low cost, eliminate time and efforts, expensive add-ons wastage that always occurs in using multiple and separate systems (Jason, 2016). The ERP has provision for warehouse management system functionality, transport management system functionality, demand and forecasting, customer experience and third-party system and any other additional enhancement mechanism.

The study evaluated the records of using ERP in the management of HIV rapid test kits procured with the support of PEPFAR funding mechanism in Nigeria for 6 months’ period and the finding compared to when ERP was not in place for use. The findings are presented in the next section.

Observations and findings

Observations and findings from the investigation done through case study methodology by examining all the available records in regards to the management of HIV RTKs are recorded. Comparison cost with or without ERP deployment and provided the discussion with recommendation

Comparison cost of supply chain management with or without ERP

When HIV rapid test kits are managed without ERP, the warehouse personnel are engaged to take physical records, provides documentation at any time they are required. The cost of labor increase and the speed of providing information takes beyond 48 hours to be available. Knowing the stock on hand was not readily possible due to manual way of counting. Human error was more in writing and transcribing the data recorded on paper. Tracing expiry date to be able to follow “First to Expire, First Out” based on looking out for the writing on the carton was an arduous task that impeded logistics management of HIV rapid test kits. Without an ERP in place, decision-making processes were very slow due to non-availability of data (information) as at when needed. Tracking inventory with manual labor was not an efficient system that can be used at the warehouse location. At best, it was a waste of time and money guzzler. Visibility into the stock reports and the stock level was almost impossible within the expected time that can improve the service rendered to customers.

An ERP that uses barcode scanner was put in place to capture detail information like the lot number, expiry date, the quantity of HIV RTKs, bin location into the computer. Good-in-transit tracking system was also built into the ERP to shows the delivery at a facility of commodities needed to render services to the clients. The system was operated for 12 months and reports generated are the cost of running with ERP compared with the cost of managing HIV RTKs without ERP.

At the end of the evaluation, the findings showed that it was more efficient and effective to use ERP to manage HIV RTKs which led to the availability of logistics data for decision making as well as reduced cost of labor and financing. With barcode scanning information input into the computer was easier. Retrieving commodities based on first to expire was easier as well as to generate and move them out for use at service delivery points thus reducing the chances of having an expired commodity that the cost would be enormous. Barcode reader at the delivery point provides an immediate response about the delivery status rather waiting and guessing to see if commodities had been delivered. Mislabling due to transcribing error was eliminated due to the uniformity of data entry procedure. Flagging report from the ERP system tells if the commodity shelf-life has been compromised.

Discussion and recommendations

This study was undertaken to evaluate the cost of logistics management of HIV rapid test kits (Determine, Uni-Gold, and Stat-Pak). It compared the cost of logistics management without an enterprise resource planning (ERP) software and the cost using ERP to manage the commodities. Apart from financial cost, other costs like personnel time, ease of records and information availability. The cost of procuring Determine over 4 years is about $50m, Uni-Gold is about $46m and Stat-Pak gulping $10m. To
ensure efficient management of the commodities like avoiding overstock and out of stock, a robust ERP is compulsory as it is easy to filtered information that top executives and other management staff require for decision making about quantification, procurement, warehousing, distribution and last mile delivery to the service delivery points.

This agrees with the studies carried out by Ince, Zeki, Imamoglu, Keskin, Akgun, and Efe (2013) in Turkey that ERP system is an important business tool with impact on finance, materials, equipment and labor within the supply chain management practices that ensures mutual advantages proving the hypothesis that using ERP to manage HIV RTKs commodities has advantages over managing these commodities without ERP. The main reason why ERP impact positively on the supply chain management of HIV commodities in Nigeria PEPFAR program is that ERP system is responsible for making available to top management level staff the information that is gathered whenever a situation arises to decide about commodity management. This is in perfect harmony with Uçaktürk and Villard (2013) that examined effects of management information and ERP system on strategic knowledge management and decision-making.

In conclusion, this study showed that there is an advantage in using ERP to the supply chain management of HIV RTKs commodities in Nigeria because it makes available, information required for the SCM of these commodities accessible to the managers when needed. The amount of money involves in the procurement of HIV commodities in Nigeria is huge and whatever system helps in the prudent management of the commodities is a welcomed development. The lessons learned from this study can be replicated in other areas of commodities like ARVs and opportunistic infections drugs being managed by PEPFAR program and other related commodities managed by other agencies even in other countries.

This study is limited to only HIV rapid test kits (Determine, Uni-Gold, and Stat-Pak). Further studies should be expanded to other areas of supply chain management to see if ERP is also relevant in the management of such commodities even though initial cost investment in ERP could be discouraging but on the long-run, the benefits will overshadow the cost.

References


### Annexes

1. Particulars of procured HIV rapid test kits 2012-2015

<table>
<thead>
<tr>
<th>Supplier</th>
<th>Funding</th>
<th>Product Code</th>
<th>Product</th>
<th>Receive Date</th>
<th>ID</th>
<th>Quantity</th>
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<th>Product Costs</th>
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<td>258776.4</td>
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<td></td>
<td></td>
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<td>3546514.72</td>
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**Relationship between Corporate Governance and Financial Performance in Multi-Purpose Co-Operative Societies, Lagos, Nigeria**

Article by Akinade, Simeon Adebisi  
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**Abstract**

In the light of corporate financial scandals, there is an ever increasing attention on corporate governance issues. As the investors look for emerging economies to diversify their investment portfolios to maximize returns, they are equally concerned about governance factors to minimize risks in these economies. The Government of Nigeria and other stakeholders have therefore directed their effort in enhancing Corporate Governance in various organizations. This became the motivation of this study, which is focused on examining the relationship between Corporate Governance and Financial Performance of multipurpose Cooperative Societies in Lagos State Nigeria. A cross sectional research design was used for the research study, with the aid of secondary data. The purposive sampling techniques were adopted for the study. Two (2) multipurpose Cooperative Societies were selected based on the availability of their financial statements. The data obtained were analyzed using the STATA software. From the analyses, it was established that, Corporate Governance has no significant effect on the financial performance of these multipurpose Cooperative Societies. However, it impacted positively on diligence of procedures, records kept and conduct of daily business. The researcher however opined that the radical improvement noticed in the level of governance and financial ethics introduced by the various regulatory authorities should be maintained at all levels of stewardship in organizations.

**Introduction**

A well performing and credible capital markets is a precondition for the development and sustainability of a vivacious private enterprise sector. And the principal policy objective is to make sure that corporations get access to the capital they need for innovation, job creation and growth. For this to happen markets need to have a healthy framework of corporate governance rules and regulations that provides investors with assurance in the system and entrepreneurs with the incentives to develop their businesses. To ensure a proficient link between finance and enterprise is particularly important in the aftermath of the financial crisis when policy makers are looking for reforms to unleash innovation and productivity for sustainable growth. It is also essential for many developing and emerging markets where new generations of enterprises should be given the opportunity to access external capital, which will make it possible for them to realize their full potential and contribution to economic growth (Karl H. 2012). (20)

Corporate governance has been in the center of debate for a long time now since the problem of principal-agent relationship had been established. According to them, the need to separate ownership and control of organizations brought with it a conflict of interests of that of the shareholders and the managers who are in charge of the organizations activities. Researchers have however been carried out to reduce if not resolve these conflicts [2]. According to Sekhar (n.d), at the height of every financial crisis, more attention is given to corporate governance in order to increase investment by enhancing investor’s confidence [31]. The 2008 financial scandals in Lehman, World COM, Enron, among others made room for the interest of policy makers, regulatory bodies, researchers and other stakeholders on the quality of corporate governance in existence in organizations, as it is meant to describe the form of responsibilities of the organization’s stakeholders [4], and most importantly, determine best codes of practices that will ensure firms continuous existence and inform better company performance. In any organization,
especially the cooperative society, the management committee is in place to monitor the activities of the trustees, this function they achieve by appraising trustees proposals, approve same and also serve as a check for the achievement of effective and efficient governance practices in the cooperative society.

There is a related strand of the literature that considers corporate board characteristics as important determinants of corporate governance: board independence [8]. The question posed by Bhajat & Bolton (2008) was if a single variable board characteristic can effectively measure corporate governance compared with those that adopted 24 or 52 variables. Their response to this was positive. They pointed out that corporate boards have the power to make, or ratify, all decisions taken within the organization and that it is likely that board members with the right volume of stock will have what it takes to provide effective supervision. With this they concluded that board independence or ownership can be a good proxy for overall good governance. In addition, the error with measuring variables will be lower with one variable than with the adoption of more variables [9].

Adu (2014) informed that cooperatives stand as an alternative in the economy, formed with the motive of a group factor of achieving what is unachievable individually [1]. Cooperative Societies around the world and most especially in Africa were brought into existence relying solely on voluntary relationship of people with the same ideology and goal on a “one-individual-one-vote basis”, with the main aim of serving their needs [11].

Despite the above, cooperative societies have not been very popular in Nigeria, according to (Adu, 2014) until recently when workers cooperatives began to have a strong footing in the country. Before now, cooperatives were seen as a strategy for local farmers and sellers to better their lots [1].

Cooperative societies have operated for this long period with little attention paid to its existence. It was also discovered that members have little knowledge of what it entails - its strengths and abilities. The government had also paid “lip service” attention. The society had gone through ‘thick and thin’ especially in the developing countries [13]. Mutunga (2009) in her thesis identified problems of governance in cooperative societies to include the following among others: mismanagement of funds, dearth of transparency and accountability, corruption, lack of respect for the rule of law as the system encourages insider trading, which hampers corporate governance and economic performance [24]. The study was therefore carried out to investigate the relationship between corporate governance and cooperative society’s performance. It also examined the quality of corporate governance practices on the financial performance of multipurpose cooperative societies in Nigeria. Management committee members, audit committee members, and trustee members (as board of directors) were adopted as variables to measure corporate governance, while the society’s return on assets (ROA) was used to measure performance.

The following hypotheses were therefore stated:
1. \( H_0 \): The structure of the trustee, management committee and the supervisory audit committee does not have significant effect on the society’s return on assets.
2. \( H_0 \): The structure of the trustee, management committee and the supervisory audit committee does not have significant effect on the society’s return on equity.

**Literature review**

Cooperative society is a business organization registered with the intention to further the mutual benefit of the owners. These people work together with the intention of achieving as a group what they cannot attain individually. The purpose of their coming together is to provide greater benefits to the members such as increasing individual income or enhancing a member’s way of living by making provision for important services that will better their lots. The main thing that separates cooperatives from other businesses is its dual capacity that is; they are business entities based on a “membership-owned model” and also have the associate aspect of pursuing social goals of its members. As such, co-operatives form an integral part of the private sector, pursuing successful commercial business practices based on the values of self-help, self-responsibility, solidarity, and democracy. In relation to other enterprise structures, co-operatives are an alternate way of doing business but at equally profitable levels.
Co-operative activities are governed and managed by elected committee members. These people are vested with the power to manage the resources of the shareholders of which they are also part and run the daily business transactions of the society. This they achieve by delegating responsibilities to the societies’ staff, which stand as agent of the society. The shareholders therefore demand that these staff be efficient, effective, responsible, honest, diligent, and prudent among others [16].

In the management of co-operatives, there has been an overlap of duties between the management committee and management staff. This reflects poor leadership and non-adherence to good management practices. For co-operatives to be efficient and productive, they should apply good corporate governance practices framed on the pillars of accountability, efficiency and effectiveness, Probit and integrity, Responsibility, transparency and open leadership.

Corporate governance

“In the fall of 2014, the hedge fund activist and Allergan shareholder Bill Ackman became increasingly frustrated with Allergan’s board of directors. In a letter to the board, he took the directors to task for their failure to do “what you are paid $400,000 per year to do on behalf of the Company’s owners.” The board’s alleged failure: refusing to negotiate with Valeant Pharmaceuticals about its unsolicited bid to take over Allergan— a bid that Ackman himself had helped engineer in a novel alliance between a hedge fund and a would-be acquirer. In presentations promoting the deal. Ackman praised Valeant for its shareholder-friendly capital allocation, its shareholder-aligned executive compensation, and its avoidance of risky early-stage research. Using the same approach at Allergan, he told analysts, would create significant value for its shareholders. He cited Valeant’s plan to cut Allergan’s research budget by 90% as “really the opportunity.” Valeant CEO Mike Pearson assured analysts that “all we care about is shareholder value.”

These events demonstrate a way of philosophy about the governance and management of companies that is now persistence in the financial community and much of the business world. It focused on the idea that management’s objective is, or should be, maximizing value for shareholders, but it addresses a ample range of topics—from performance measurement and executive compensation to shareholder rights, the role of directors, and corporate responsibility. This thought system has been embraced not only by hedge fund activists like Ackman but also by institutional investors more generally, along with many boards, managers, lawyers, academics, and even some regulators and lawmakers. Indeed, its precepts have come to be broadly regarded as a model for “good governance” and for the brand of investor activism illustrated by the Allergan story. Joseph & Lynn (2012)

Corporate governance is viewed according to Deakin & Hughes (1997) as the relationship between the type of governance the organization practice and what the people’s opinion is concerning the issue [9]. Metrick and Ishii (2002) on the other hand viewed it as the promise made to pay a considerable amount on investment and the determination to run the organization fairly [21].

According to Mayer (1988), corporate governance is concerned with ways of bringing the interest of investors and managers into line and ensuring that firms are run for the benefit of investors [20]. Until now little attention has been paid to the governance needs of other institutional forms of business such as cooperatives despite their considerable presence in many developing countries. The cooperative sector as a whole remains poorly understood and its specific governance challenges remain as yet largely unexplored.

The term corporate governance has been used in many different ways and the boundaries of the subject vary widely. In the economics discus concerning the impact of corporate governance on performance, there are basically two different models of the corporation, the shareholder model and the stakeholder model. In its narrowest sense (shareholder model), corporate governance often describes the formal system of accountability of senior management to shareholders. In its widest sense (stakeholder model), corporate governance can be used to describe the network of formal and informal relations involving the corporation. More recently, the stakeholder approach emphasizes contributions by stakeholders that can
contribute to the long term performance of the firm and shareholder value, and the shareholder approach also recognizes that business ethics and stakeholder relations can also have an impact on the standing and long term success of the corporation. Therefore, the difference between these two models is not as stark as it first seems, and it is instead a question of emphasis.

The lack of any agreement regarding the definition of corporate governance is also reflected in the debate on governance reform. This lack of consensus leads to completely different analyses of the problem and to the unusually different solutions offered by participants in the reform process. Therefore, having a clear understanding of the different models can provide insights and help us to appreciate the different sides of this debate. An understanding of the issues involved can also provide the basis from which to identify good corporate governance practices and to provide policy recommendations.

The shareholder model

According to the shareholder model the objective of the firm is to maximize shareholder wealth through allocative, productive and dynamic efficiency i.e. the objective of the firm is to maximize profits. The criteria by which performance is judged in this model can simply be taken as the market value (i.e. shareholder value) of the firm. Therefore, managers and directors have an implicit obligation to guarantee that firms are run in the interests of shareholders. The underlying problem of corporate governance in this model stems from the principal-agent relationship arising from the parting of beneficial ownership and executive decision-making. It is this separation that causes the firm’s behaviour to depart from the profit maximizing ideal. This happens because the interests and objectives of the principal (the investors) and the agent (the managers) differ when there is a separation of ownership and control. Since the managers are not the owners of the firm they do not tolerate the full costs, or reap the full benefits, of their actions. Therefore, although investors are interested in maximizing shareholder value, managers may have other objectives such as maximizing their salaries, growth in market share, or an attachment to particular investment projects, etc.

The principal-agent problem is also an essential element of the “incomplete contracts” view of the firm developed by Coase (1937), Jensen and Meckling (1976), Fama and Jensen (1983a,b), Williamson (1975, 1985), Aghion and Bolton (1992), and Hart (1995). This is because the principal-agent problem would not arise if it were possible to write a “complete contract”. In this case, the investor and the manager would just sign a contract that specifies ex-ante what the manager does with the funds, how the returns are divided up, etc. In other words, investors could use a contract to perfectly align the interests and objectives of managers with their own. However, complete contracts are unfeasible, since it is impossible to foresee or describe all future contingencies. This incompleteness of contracts means that investors and managers will have to allocate “residual control rights” in some way, where residual control rights are the rights to make decisions in unforeseen circumstances or in circumstances not covered by the contract. Therefore, as Hart (1995) states: “Governance structures can be seen as a mechanism for making decisions that have not been specified in the initial contract.”

Firm performance

Measuring performance can be said to be measuring the efficiency and effectiveness of an action [20]. The value of any firm can be seen as the benefits coming from the firm’s shares by the shareholders [21].

Corporate governance according to Ehikioya (2009) has an effect on firm’s performance in the sense that a good corporate governance system will result into more investment opportunities for the company, which serves as a pillar in the situation of illiquidity [9]. In management, the significance of performance is clear through the many prescriptions provided for performance enhancement. Research dedicated to governance structures and relationship with financial performance was highly dependent on accounting-based indicators. Some studies have adopted individual measurements (accounting-based or market-based measurements). Countless number of ways has been brought forward to measure financial performance and among them are measurements of performance as the level of Return on Assets (ROA), Return on
Equity (ROE), Tobin-Q, Profit Margin (PM), Earnings Per Share (EPS) among others. Recently, special attention has been dedicated to determining the corporate governance effectiveness through different measurement of firm performance [23, 24, 25].

**Corporate governance and firm performance**

**Trustee structure**

There is a growing literature suggesting that U.S. boards of directors are ineffective. For example, Jensen (1993) argues that boards of directors are ineffective because board culture discourages conflict, the CEO determines the agenda and information given the board, there is little equity ownership by managers and non-managers on the typical board, boards are too large, and the CEO and the board chair is frequently the same person. Moreover, boards usually rely on the compensation consultants hired by the CEO, and this may lead to compensation contracts that have been optimized not for the firm, but for the CEO [16].

The relationship between top executive compensation and board composition has been examined in many prior empirical papers, with mixed findings. For example, Lambert, Larcker & Weigelt (1993) and Boyd (1994) document a positive relation between CEO compensation and the percentage of the board composed of outside directors [19, 4], whereas Finkelstein and Hambrick (1989) find that compensation is unrelated to the percentage of outside directors on the board [12].

**Management committee structure**

Salami, K. A. (2011) investigated how ownership structure and existence of conflicts of interests among shareholders operating within a poor governance system, impacted on company profitability. His paper, using panel data and regression models, concluded that firms with low ownership concentration showed low firm profitability [30]. This stand was supported by Sørensen, R. J. (2007) who examined the effects of ownership dispersion on cost efficiency using empirical evidence, and concluded that corporate governance failure suggested that dispersion and indirect ownership weakened incentives to control the company, leading to agency losses and inferior performance [34].

**Supervisory audit committee**

Study showed that directors and audit committees that are independent of management are expected to improve the organization’s reported earnings and the system of reporting. This is so because they are not subjected to issues that affect their interest and thereby reduces the capacity to monitor activities [32]. The supervisory committee is expected to be made up of independent directors who should be professionals who have knowledge and who are expected to work with other members in moving the society forward [33]. The audit committee should be seen to take care of the need of all the users of financial information. Studies carried out showed the weight audit independence has in sustaining credibility of the auditor and the process of financial reporting [34].

**Methodology**

The study is an exploratory research with investigation centered on a sampling of two (2) selected multipurpose cooperative societies in Lagos state, Nigeria, namely; LUTH/CMUL Multipurpose Cooperative Societies Ltd and College of Medicine, University of Lagos (CMUL) Multipurpose Cooperative Societies Ltd.

The data for the study was obtained from secondary sources. The annual reports and accounts for a period of five years (2011-2015) were analyzed. Sampling technique used for this study is judgmental that is (purposive) sampling. The two societies were deliberately chosen because of easy accessibility to their annual reports and accounts and in other to meet the time specified for the study.

The study employed a panel data analyses with the use of the STATA software to analyze the data gathered from both the primary and secondary sources.
The data on structure of trustee, management committee and audit committee were gotten from the annual reports and account of the societies by proxing trustee structure (Trust) with ratio of seminar expenses to total expenses, management committee structure (Mag) with ratio of Bookkeeper fee to total expenses and Supervisory audit committee (Aud) structure with ratio of audit/supervision fee to total expenses. Legal fees (Legal) which is the ratio of legal expenses to total expenses and Publicity (Pub) which is the ratio of publicity to total expenses are serving as the control variable for the study. Performance will be measured by return-on-assets (“ROA”) which is the net income divided by total assets and return-on-equity (ROE) which is net income divided by Shareholder’s equity while the control variable is advert and publicity. The data was estimated with panel data analysis using the STATA software package.

Model specification

\[ \text{ROA}_t = \alpha_0 + \beta_1 \text{Trus}_t + \beta_2 \text{Mag}_t + \beta_3 \text{Aud}_t + \beta_4 \text{Legal}_t + \beta_5 \text{DPub}_t + \epsilon_t \]  

\[ \text{ROE}_t = \alpha_0 + \beta_1 \text{Trus}_t + \beta_2 \text{Mag}_t + \beta_3 \text{Aud}_t + \beta_4 \text{Legal}_t + \beta_5 \text{DPub}_t + \epsilon_t \]  

Where ROA and ROE represents firm performance variables which are Return on assets and Return on equity for the two cooperative societies at time (t).

<table>
<thead>
<tr>
<th>CrossID</th>
<th>Year</th>
<th>ROA</th>
<th>Trus</th>
<th>Mag</th>
<th>Aud</th>
<th>Legal</th>
<th>Pub</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2011</td>
<td>0.025473</td>
<td>0.035215</td>
<td>0.018131</td>
<td>0.008648</td>
<td>0.007499</td>
<td>0.011737</td>
</tr>
<tr>
<td>1</td>
<td>2012</td>
<td>0.028299</td>
<td>0.038228</td>
<td>0.021895</td>
<td>0.010406</td>
<td>0.009583</td>
<td>0.021895</td>
</tr>
<tr>
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<td>2013</td>
<td>0.030023</td>
<td>0.07526</td>
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<tr>
<td>1</td>
<td>2014</td>
<td>0.023386</td>
<td>0.079967</td>
<td>0.022537</td>
<td>0.014203</td>
<td>0.035064</td>
<td>0.024649</td>
</tr>
<tr>
<td>1</td>
<td>2015</td>
<td>0.016799</td>
<td>0.070626</td>
<td>0.020634</td>
<td>0.020155</td>
<td>0.024676</td>
<td>0.025537</td>
</tr>
<tr>
<td>2</td>
<td>2011</td>
<td>0.029554</td>
<td>0.002137</td>
<td>0.025162</td>
<td>0.010636</td>
<td>0.094238</td>
<td>0.068169</td>
</tr>
<tr>
<td>2</td>
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<td>0.03915</td>
<td>0.149627</td>
<td>0.014123</td>
<td>0.014123</td>
<td>0.136339</td>
<td>0.047119</td>
</tr>
<tr>
<td>2</td>
<td>2013</td>
<td>0.022899</td>
<td>0.131619</td>
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<td>0.010887</td>
<td>0.080996</td>
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<tr>
<td>2</td>
<td>2014</td>
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<td>0.072758</td>
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<td>0.016772</td>
<td>0.065154</td>
<td>0.016289</td>
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<tr>
<td>2</td>
<td>2015</td>
<td>0.012824</td>
<td>0.100379</td>
<td>0.015342</td>
<td>0.019028</td>
<td>0.022874</td>
<td>0.00915</td>
</tr>
</tbody>
</table>

Data analysis and result

**Table 1.** Pooled regression fixed effect random effect

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std error</th>
<th>Coefficient</th>
<th>Std error</th>
<th>Coefficient</th>
<th>Std error</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trus</td>
<td>-.0385784</td>
<td>(.610)</td>
<td>-.0634876</td>
<td>(0.408)</td>
<td>-.0661724</td>
<td>(.581)</td>
</tr>
<tr>
<td>Mag</td>
<td>-.146668</td>
<td>(0.346)</td>
<td>-.0696699</td>
<td>(0.512)</td>
<td>-.0966399</td>
<td>(.286)</td>
</tr>
<tr>
<td>Aud</td>
<td>-1.11177***</td>
<td>(0.093)</td>
<td>.506023</td>
<td></td>
<td>-.9250563</td>
<td>(0.150)</td>
</tr>
<tr>
<td>Legal</td>
<td>.1922738</td>
<td>(0.165)</td>
<td>.3025433</td>
<td>(0.105)</td>
<td>.3025433</td>
<td></td>
</tr>
<tr>
<td>Pub</td>
<td>-.1982445</td>
<td>(0.477)</td>
<td>.2531665</td>
<td></td>
<td>-.3001088</td>
<td>(0.304)</td>
</tr>
<tr>
<td>Constant</td>
<td>.0434837**</td>
<td>(0.021)</td>
<td>.0118619</td>
<td></td>
<td>.038942</td>
<td>(0.041)</td>
</tr>
</tbody>
</table>

178
<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std error</th>
<th>Coefficient</th>
<th>Std error</th>
<th>Coefficient</th>
<th>Std error</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trus</td>
<td>-.0748556</td>
<td>(0.312)</td>
<td>-.097272</td>
<td>(0.217)</td>
<td>-.0078191</td>
<td>(0.247)</td>
</tr>
<tr>
<td>Mag</td>
<td>-.0078191</td>
<td>(0.954)</td>
<td>.0372023</td>
<td>(0.782)</td>
<td>-.0078191</td>
<td>(0.951)</td>
</tr>
<tr>
<td>Aud</td>
<td>-1.023604***</td>
<td>(0.094)</td>
<td>-.8555755</td>
<td>(0.155)</td>
<td>-.1023604*</td>
<td>(0.029)</td>
</tr>
<tr>
<td>Legal</td>
<td>.0510439</td>
<td>(0.652)</td>
<td>.150278</td>
<td>(0.312)</td>
<td>.0510439</td>
<td>(0.627)</td>
</tr>
<tr>
<td>Pub</td>
<td>.0837655</td>
<td>(0.739)</td>
<td>-.0079045</td>
<td>(0.975)</td>
<td>.0837655</td>
<td>(0.721)</td>
</tr>
<tr>
<td>Constant</td>
<td>.0432927**</td>
<td>(0.017)</td>
<td>.0392056</td>
<td>(0.035)</td>
<td>.0432927*</td>
<td>(0.000)</td>
</tr>
<tr>
<td>R squared</td>
<td>0.7927</td>
<td></td>
<td>0.6474</td>
<td>(overall)</td>
<td>0.7927</td>
<td>(overall)</td>
</tr>
<tr>
<td>Adj R Squared</td>
<td>0.5335</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prob &gt; F</td>
<td>0.1506</td>
<td></td>
<td>0.2019</td>
<td></td>
<td>0.0092***</td>
<td></td>
</tr>
<tr>
<td>Breusch and Pagan Lagrangian multiplier test for random effects</td>
<td>0.6038</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>hausman fixed random</td>
<td>0.8756</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Number of obs</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

**Source:** Authors’ Computation (2017) ***significant at 10% ** 5% * 1% respectively

The panel result is as shown in Table 1 and 2. The regression equation employed ROA as its dependent variable in Table 1 and Trustee structure, Management committee structure, Supervisory audit structure, Legal fees and Advert/Publicity fees as independent variables. Legal fees and advert/publicity fees are control variables.
The result showed that the structure of supervisory audit committee is significant in explaining the effect of corporate performance in terms of ROA for pooled regression and Random effect while not significant for fixed effect. The R-squared further clarifies it by indicating that about 73% of the variation in ROA is accounted for by these independent variables. The control variable (legal fees) and Advert/publicity fees indicated that a percent increase in legal fees has a positive 19% increase effect on ROA while Advert/publicity has a negative influence on ROA. This shows that the higher the legal fees the higher the returns on assets. The hausman fixed random test further emphasized the acceptance of random effect when fixed effect is not relevant. For return on equity, it is also the audit independence that is significant but in comparison with the ROA showed that an increase in supervisory audit committee will reduce ROE by 102% while both the control variables have a positive effect on ROE.

The model is as follows:

\[
\text{ROA}_i = 0.034837\text{Trus}_i - 0.146668\text{Mag}_i - 1.11177\text{Aud}_i + 0.1922738\text{Legal}_i - 0.1982445\text{Pub}_i \\
\text{ROE}_i = 0.0432927\text{Trus}_i + 0.0748556\text{Mag}_i - 0.0078191\text{Aud}_i + 0.0510439\text{Legal}_i + 0.0837655\text{Pub}_i
\]

\[
\text{(1)} \quad \text{(2)}
\]

**Summary of finding, conclusion and recommendation**

From the analyses, it was established that Corporate Governance has no significant effect on the financial performance of these multipurpose Corporative Societies. This made the researcher conclude that there is no relationship between Corporate Governance and Financial Performance. However, recommendations are made as follow; corporate governance framework should be continuously strengthened through amendments to securities and companies laws and regulations. Whistle blowing provisions should be introduced, where external auditors’ have a mandatory requirement for whistle blowing sanity most likely will prevail. This has been very effective in highlighting problems in PLCs and the auditors have taken their role very seriously in this regard.

Other aspects included introducing qualifications for directors and strengthening the role of audit committees. The Securities Commission’s enforcement powers should also be widened, not just too criminal actions but also for civil remedies, restitution abilities and administrative actions, includes requiring a restatement of PLC accounts if the Commission is of the view that they were not prepared in accordance with accounting standards. Furthermore, prominent issue is a tradition of heavy dependence on regulatory discipline. While regulatory discipline is important, it is no substitute for the need for companies to govern themselves responsibly. The challenge ultimately is to internalise a culture of good governance in companies, and for them to recognise the value that good governance provides beyond mere box ticking. Corporate governance should be approached in the context of three disciplines: regulatory discipline, self-discipline and market discipline. Investors should regularly communicate to the industry that there should be less reliance on regulatory discipline and place more emphasis on self- and market discipline mechanisms.

Finally, the radical improvement noticed in the level of governance and financial ethics introduced by the various regulatory authorities should be maintained at all levels of stewardship in organizations.

**References**


The Core Critical Areas for Innovation to Sustain Business Growth: Management Implications and Business Outputs

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Abstract

In an age of increasing dependence on new trends and ideas, innovation has become a critical conduit for the thrust of business growth. Also, technological advancement and its rapid accompanying challenges of similar products and services make it indispensably necessary to create new ideas to facilitate the development or augmentation of new/existing products, services, processes, and procedures to sustain business growth.

This article examines the varying views on types of business innovation; eliciting the key concepts underpinning these viewpoints, and argues that the areas for business innovation espoused by the different proponents are dispersal and lack precise focus. The article further establishes that innovative approach to promote business growth ought to be simplistic and clear in focus. It posits innovation in the construct of the core business functions – product delivery, service delivery, process delivery and people delivery for which; the author names as ‘The 4Ds of Innovation’ and stipulates that these are the fundamental elements underpinning the promotion of business growth. The author further argues that a business entity can maximize its business growth if innovative activities were specifically directed in these critical areas.

The paper provides a conceptual framework for innovative activities as well as innovation audit matrix to monitor innovative activities within the organizational setup; suggesting a more simplistic approach that ensures continuous focus on the core critical areas, and bringing in management logic interventions to stimulate innovation and promote business growth.

Keywords: core, critical areas, innovation, business growth, strategic outputs, and management implications.

Introduction

Innovation is defined in Thesaurus Dictionary using many synonyms such as: “breaking new ground, leading –edge, state-of-the-art, contemporary, imaginative and creative”. This overtly connotes that innovation is about creativity and ideas. Innovation is further explained as “the process of translating an idea or invention into a good or service that creates value for which customer will pay” (www.business dictionary.com). This suggests that innovation only happens when an idea is transformed from a conceptual stage to commoditization. Specifically, the idea must be transformed into product or service to satisfy a precise need or want to attract an economic cost. Howard and Sheth (1969) quoted by Popa I. L et al (2010) define innovation as any new element brought to the buyer, which may not be necessarily new to the organization. The emphasis is on the ability of the organization to transform an idea into the state of economic value (product/service) where it is made available to the buyer. The product could either be a new product introduced into the market or an existing product.

Business Council Australia (1993) interprets innovation as an adoption of new or significantly improved elements to create added value to the organization directly or indirectly to its customers. Other conceptual definitions have been espoused by Drucker (1954), who postulates that the two basic functions of any organization are marketing and innovation and suggests that innovation is the thrust for technology-based business. In other words, innovation is one of the key critical functions to propel a business to develop technologically based products and services. Boer and during (1993) quoted in Popa L.I et al (2010) have
a similar perspective that innovation underpins the development of technologically based products in an organization.

All these conceptual definitions speak to creativity and ideas as the bedrock to advance innovative activities within the organizational settings to produce results. But creative thinking is a process that generates ideas and this can only materialize in a tranquil and conducive environment for which; an organization creates through good interrelationship with colleagues, knowledge and learning, consistency and focus, and ability to revamp unusable ideas. Amabile (1998), upholds this view and suggests that creative thinking can happen under specific conditions such as:

- Comfortably disagreeing with others and trying other methods of solutions that are different from the current situation.
- Ability to combine knowledge from previous criticized work.
- Perseverance through challenging problems and negative influences
- Ability to recline, meditate on your efforts and get back to it with fresh perspectives.

This article seeks to throw light on different types of innovation and posits the concept of innovation to encapsulate four critical areas to sustain business growth. It propounds a model for innovation that is simplistic and more focused to deal with the core business areas; and provides a framework for continuous innovation to sustain business growth.

**Literature review**

**The theory of innovation**

The concept of innovation has seemingly obtained a greater acceptability and desirability over the years. However, the reality of an attempt to implement innovation in most organizations are either shot down or met with great reluctance because every innovation is characterized by a change, which comes with accompanying challenges (Hobcraft 2015). In the past, innovation was focused on only products; services and other critical areas in business were ignored by the proponents. However, innovation in recent times has been seen in a wider perspective to cover a wider spectrum of business areas than before giving rise to diverse interpretations to types of innovation.

Many proponents have provided different types of innovation for business growth. One of these types of innovation is the framework by Elmansy (2015) which reflects the innermost workings of the organization and settles on ten critical areas in innovation as profit-model, network, structure, process, product performance, product system, and service, channel, and brand innovations. The framework addresses all issues within the business, but it is, however, large in scope and does not allow simplistic understanding of innovation construct to sustain business growth.

There is an incremental innovation which is characterized by fewer risk opportunities for business growth. It is seemingly focused on small improvements to company’s products/services/methods that are done incrementally (www.incrementalinnovation.com). This type of innovation distinguishes incremental improvements from radical improvements. It excludes the recognition of people as one of the critical areas in business that needs continuous improvements and therefore renders it limited in scope. There is also disruptive innovation introduced by Christensen (1995) which suggests that companies that tend to innovate faster than their customer needs turn out to be complicated, sophisticated and expensive for their customers. Disruptive innovation can be attributed to leaders with clouded vision who lack well-defined problems to be solved and as such their innovative approaches tend to be swift, abrupt and disruptive to the business system and consequently results in poor performance. This type of innovation is quite synonymous with structural innovation championed by Howells (2011) which model seeks to give a seemingly unified perspective to innovation, but it does not seek to improve methods of operations and the focus is diverential and disruptive. Such types of innovations are mostly carried out by leaders of organizations who seek out their own intentions and interests.
There is also business model innovation which involves key decisions that jointly define how a business should earn its revenue, incurs its cost and manages its risks. Girotra and Neltesssine (2014) view business model innovation as changes to these key decisions and provide a framework that allows managers to take innovation to a level that is reliable and can be improved. The framework suggests four paths to business model innovation: (1) reduce risk by making changes to companies’ mix of products or services, (2) focus narrowly which makes business model to be effective and unique to market segments, (3) share commonalities in components among different products, and (4) create investments across portfolios by selecting assortment of products or markets to reduce overall riskiness. Girotra and Neltesssine framework is clearly product/market-driven approach leaving out significant elemental areas such as people and processes, which are also areas in business that need constant innovation to propel business growth. The model does not encapsulate the core critical areas in business which makes it limited in scope.

The business model innovation lacks a proper framework and it is characterized by a change which comes with accompanying challenges and therefore necessitates the application of change management principles to which; if not applied properly innovation is bound to fail. Although innovation can be seen to be rooted in the system of change; the change element cannot be the fulcrum for innovation and therefore renders the model limited in scope and lacks further exploration of opportunities to maximize the effect of innovation.

Moore’s model of innovation

Another alternative framework for innovation has been espoused by Moore (2015). He suggests ten areas for innovation: Disruptive, Application, Product, Platform, Line-extension, Enhancement, Marketing, Experimental, Value-engineering, Integration, Process, Value migration, Organic and Acquisition innovations. His framework focuses on the holistic workings of an organization and its business systems. He views these areas of business innovation in the context of product life cycle and suggests the movement of old products/services and methodologies of operations to new and newer perspectives as indicated:

![Figure 1. Moore’s model of innovation](image-url)

**Source:** adopted from Geoffrey A. Moore
Moore looks at these areas of innovation as having a life span to perform effectively. He suggests that every area of innovation will do well when its performance life cycle is recognized and innovative strategies are developed to transform these areas from old to new and newer forms in accordance with its stage of performance and time. Though Moore’s concept of innovation relies on the product life cycle concept which is quite realistic, it is obviously large in scope and not streamlined enough to elicit a simplistic understanding and approach to innovation to stimulate business growth. It also eludes the stage where products/services or methods may not be necessarily transformed from old to new or newer but may be significantly improved. Also, it does not include people as the nerve centre for promoting innovation in the organizational setup.

In as much as we agree with the diversity of interpretations to types of innovation in business, these types of innovation are either dispersal or limited in scope and do not provide a comprehensible focus for innovative activities. The perspectives are devoid of clear simplistic approach that gives a clearer focus to stimulate business growth. Precisely, innovation should be seen to target key areas in the business to produce positive results. The varying interpretations of innovation concepts must be simplistic enough to stimulate business growth.

Based on the theoretical arguments above, we introduce a conceptual framework which is more simplistic and focused and we believe that they are the core critical areas needed for effective innovation. These areas are People Delivery Innovation, Process Delivery Innovation, Product Delivery Innovation, and Service Delivery Innovation for which; we have named as the 4DS OF INNOVATION as indicated below:

![Diagram of 4DS OF INNOVATION](image)

**Figure 2.** Conceptual framework: the 4ds of innovation

The emphasis of this model is on four core critical areas in business upon which all types of innovation may be derived. Innovation in its simplistic understanding is where new or improved products/services or methods are introduced and the 4Ds of innovation are the key drivers that sum up the innermost workings of the business which any innovation should focus to create a competitive advantage for the organization. The 4Ds of innovation to sustain business growth is explained:

**People delivery innovation**

a. Top management commitment
People represent the tool for innovation in an organization (Camerli et al., 2006) and people delivery innovation signifies everything to do with the people in an organization. It looks at the human resource within the organization stretching from the top management to the bottom staff. Liopis (2014) recognizes the importance of people to bring about innovation and projects two types of persons needed to stimulate innovative practices in the organization. According to him these persons inordinately seek possibilities that are interminable in pursuit to achieve desired results. In other words, the two types of persons are results-oriented; fixated in the ambition to bring about change.

But, stimulating innovation in people resides in the commitment of leadership within the organization. Leaders that see employees as the drivers of innovation make it a priority to improve on structures, skills, functions, and roles etc. to enhance innovative activities in the organization. Mehregany (2013) expresses similar assertion that the type of people, structures, skills, roles, and functions you deliver stimulate innovative practices within an organization. He emphasizes that companies should go beyond the utilization of internal resources and capabilities and involve external resources to elicit ideas for innovation.

Popa et al (2010), express their conviction that any organization capable of releasing resources for innovative activities, promotes motivation to create an organizational climate for idea generation. Mehregany (2013) affirms the need for top management commitment to building knowledge, competencies and continuous training. He asserts that a firm with existing repository of intellectual capacity can generate more ideas towards building knowledge and innovations that are harder to sustain.

Vincent (2014) sees the importance of people in the innovation process and expresses that they are a critical conduit to stimulate innovation. He sees creativity as the tool for problem-solving and explains that it takes only a great skill and mindset of employees to introduce new and more efficient solutions. He asserts that it is, therefore, the collective skills of individuals that gives impetus to innovative solutions to respond to the need requirements of customers.

b. Innovative leadership recognition

Another perspective on the “people delivery innovation” is the ability to recognize an innovative leader in the organization. Recognizing innovative leader is very vital to the innovation process. Agbor (2008) affirms that leadership is the foundation and source of organizational extraction of creativity and innovation, and the need for employees to recognize the innovativeness in their leaders (Hobcraft 2015) is vital to sustain the innovation process.

Deschamps and Nelson (2014) point out tribal and cultural differences prevalent within an organization; which is characterized by its own beliefs, value systems and judgments; and the need for an organizational leader with a strong personality to cut across these potential barriers. Deschamps and Nelson further describe two types of innovative leaders; the front-end leader and the back-end innovative leader. They stipulate that the type of innovative leader can only emanate from their functional orientation, possible background disciplines and their general management interest and attitudes. The Significance is the employees’ ability to strike the balance between these leaders in order to give impetus to innovative practices in the organization.

Product delivery innovation

This type of innovation is a direct response to the needs of customers. “A product innovation is the introduction of a good or service that is new or has significantly improved characteristics or intended purpose” (www.innovationpolicyplatform.org). Also, www.businessdictionary.com describes product innovation as “The development and market introduction of a new and redesigned or substantially improved good or service”. The definitions put emphasis on the product’s features and benefits as the basis for product innovation. However, “product delivery innovation” goes beyond just the characteristics of the product and extends its scope to encompass the value chain of the introduction of the new product into the market, and its predictability of maintaining its success in the market. Therefore, the four main marketing mix strategies
product, price, promotion and place (4ps) is the additional focus on the “product delivery innovation” which should continuously be improved to facilitate product success in the market.

When a new or significantly improved product is introduced into the market, clear objectives for the other marketing mix elements (price, promotion, and place) should be established to facilitate innovative solutions to the operations in order to achieve product success in the market. Shipulski (2014) supports this argument and stipulates that for every innovation to be successful there ought to be clarity of purpose. He reiterates that a new product innovation must clearly defines the customer outcomes; what are customers’ expectations in product usage, the distribution channels available to customers, at what price it will be sold, and to what target market. These questions respond directly to the marketing mix elements (4ps) which ensures that the introduction of a new product into the market is successful.

This means that organization should come up with innovative pricing; promotion processes should be innovative enough to communicate product quality and benefits to the public; place (distribution network) that answers the how, when and where to take product must be innovative using the state-of-the-art technology to make the product accessible to all. As the methods of marketing mix elements get new or significantly improved; product delivery to the market assumes a substantial value to firm’s product offering to create a competitive advantage.

**Process delivery innovation**

The process delivery innovation is to do with systems and methods of delivering an organization’s offerings. Its focus is on the systemic value chain of the business which needs to be continuously improved as and when the need arises. Therefore, the “process delivery innovation” seeks to involve the total processes, procedures, structure, forms, and infrastructure from which the organization operates. The delivery of these systems needs to be significantly improved or introduction of new ways of operations and practices from time to time. This innovative approach will help the organization to develop competence to tackle all processes related to the business.

But, process delivery innovation can only be sustained if there are effective leadership and efficient structure in place. Steiner et al. (2014) affirm in their empirical research “Well suited Organization to Open Innovation: Empirical Evidence from an Empirical Deployment” that the organizational model adopted by a company underpins its performance and competitiveness. They opine that a better organic organizational structure will support innovative process than mechanistic organizational structure. Agbor (2008) supports this view and emphasizes the need for effective institutional structures that constantly develop creative leaders to manage and sustain the innovative process.

**Service delivery innovation**

Service delivery innovation is focused on improving all aspects of the service delivery process in an organization. The differences between service delivery and process delivery are not clearly far apart seemingly may be synonymous if not explicitly defined. Indeed, service delivery innovation and process delivery innovation may be directly linked. However, the distinction between the two is that service delivery innovation relies on the combination of approaches and the people responsible to deliver the service with characteristics; whereas process delivery innovation is to do with new methods and forms, equipment and skills that deliver the service.

Dawson (2007) posits the success of a professional service firm in the continual improvement of service delivery methodologies to create a consistent increase in client value and profitability as well as cost reduction. Indeed, consistent delivery of service innovation plays a role in retaining customers (Neena et al. 2013), and fulfilling customers’ needs which allow companies to demand higher prices for their market offering (Eggert et al. 2014). Service innovation, therefore, fortifies the competitiveness of a firm’s positioning; stabilizes cash flows and protects the core business to generate additional revenues from sales and repeat purchase from both existing and new customers (Gebaner et al. 2011), (Jacob and Vlaga, 2008).

Top management must be committed to release and harness resources to improve the service delivery process which will undoubtedly improve service quality dimensions which are tangibility, reliability,
responsiveness, assurance, and empathy. These are the bedrock of emitting service that is efficient and effective in character to achieve service that goes beyond desirability to exceed customer’s expectation.

**Strategic framework for continuous innovation**

The strategic framework provides innovative structures to facilitate activities of the 4Ds of innovation within the organization to achieve its desired goals. It aims to provide the organization with guidelines that will stimulate and encourage effective innovative process as indicated below:

![Figure 3. The framework for continuous innovation](image)

**Top management commitment**

Every innovative organization must have the commitment from the top management where creative thinking and ideas receive many commendations and permit the ideas to nurture and advance from conceptualization stage into commercialization to attract monetary value. Top management with innovation orientation demonstrates a high level of encouragement to any innovative failures that emanate from the efforts of its employees and creates support systems that affirm top management’s commitment to the innovative processes within the organization. Organization’s ability to support innovative culture facilitate the innovative process (Hanna 2013), and that innovation comes out of individual’s creativity, knowledge, and skills (Carmeli et al. 2006).

**Innovation audit**

Innovation audit is simply to assess the level of innovation in relation to the 4Ds and how the company can adopt innovation audit matrix to drive innovative activities as indicated:
It is assumed that every aspect of the 4Ds that has been used over time in an organization will go through a life cycle process which requires re-engineering. For example, if an element of the 4Ds, has low quality and innovation is also low; the best option for such scenario is to identify problems in the critical areas and give innovative solutions. There is no need to wait without acting. You need to either act or do not act and face business catastrophe.

**Create strategic environment**

A sound environment should pre-exist in an organization to promote cohesion among identified innovative teams and leaders to pursue new strategic thinking and ideas to stimulate new innovations within the organization. The sound environment is also about good organizational structures; realignment of roles and functions to promote practices that commensurate with the innovative trajectory of the organization. The type of cultural existence is important in unleashing creativity. Philippe J. et al. (2014) support this assertion and state that new thinking must align with the right cultural settings in an organization.

**Identify innovative leaders**

The need to identify innovative leader is espoused by Hobcraft (2015). He asserts that when employees recognize innovativeness in their leader it helps in the management of the innovation process and attracts resources to further the innovative work in the organization. Therefore, employees must be capable of identifying their innovative leaders who will provide support to the innovative process within the organization.

**Manage the innovation process**

The innovative process must be managed properly because there is the possibility of some of the ideas getting lost during the idea screening stage of the product development process. It is therefore material to have objectives that are well-defined with a methodical approach to managing innovation process as indicated:
• Invite ideas from all employees within the organization especially cross-functional teams.
• Manage the screening stage effectively to elicit the best ideas.
• Institute reward systems for those whose ideas become commercialized.
• Loosing ideas must be encouraged to go through an iterative process of strategic thinking to improve on ideas or reframe new thinking and ideas.
• Organization must have a culture of organizing innovation and improvement forums where everyone is invited to suggest an innovation or improvement to identified problem.
• When ideas are commercialized it means it has been transformed from the concept stage to a product and it must be launched quickly into the market to create a competitive advantage.
• Let your new innovation leverage the organization’s brand.
• Reduce cost in managing the whole process by responding quickly to issues.
• Celebrate teams’ effort in any innovation success.

Build capacities for innovation

An innovative organization will always build a culture to create an environment that allows all employees to enjoy specific training pertaining to their jobs and beyond. The underlying reasons for such training are to learn improved or new methodologies on their jobs and to encourage creativity and thinking amongst employees. Another way to build capacity in the organization is by way of institutionalizing brainstorming sessions to provide innovative solutions to organizational problems.

An organization that is innovation oriented provides the financial support for innovative purposes, and this is normally captured in the annual budget. Departments like marketing and research must be resourced to carry out both internal and external research periodically on the business environment and build the culture of knowledge sharing to promote innovative practices within the organization.

Empirical literature

Empirical studies have shown a significant relationship with innovation leading to not only a firm’s profitability but also a driver to increase existing market share and to enter new markets. Roberts P.W. (1999) in his study “Product Innovation, Product – Market Competition and Persistent Profitability in the US Pharmaceutical industry” finds supportive evidence of high relationship between innovative propensities and sustained profitability. That is to say, a firm that shows the ability to innovate promptly manages to sustain its profitability levels. Njagi (2016) similarly finds product innovation to have positive effects on financial performance supporting the findings of walker (2014) and Mwengi (2013); whose findings throw light on a positive relationship with product innovation and financial performance. De Faria and Mendona (2011) also affirm that product innovation has a positive effect on revenue growth, and profitability (Cozza et al. 2012) is derived from innovative practices.

Eggert et al (2014) though, makes similar findings on product innovation and its positive impact on firm’s profitability; they make a significant distinction between product innovation and service innovation and stipulate that there is moderating effect on both product and service innovation type. The authors project market offering complexity to underpin the positive moderation effect of service innovation on profitability growth; while negatively impacting on the profit growth of product innovation. In other words, Eggert et al. findings suggest that service innovation can be more profitable but have unfavorable effects on product innovation profitability. Product and service innovation provides the maximum profitability, however, the success depends on the firm’s ability to mitigate against the effects of complexities in the market, and the organization’s capacity to manage innovation projects.

Prajogo (2016) in his study “The Relationship between Innovation and Business Performance – A Comparative Study between Manufacturing and Service Firms” finds process innovation to have a stronger relationship with business performance than product innovation. His study shows a strong relationship between process innovation and business performance in the manufacturing firms than the service firms.

Hanna (2013) affirms the relevance of people innovation. In her study “Competitive Achievement through Innovation and Knowledge” concludes that organizations see the importance to support innovative
culture; giving prominence to knowledge as a significant determinant of influencing the innovation transformation input and output. He confirms that the overall process of innovation relies on the quality of organizational human capital which supports the concept of people delivery innovation. People innovation is about investing in the human capital by releasing resources to build an effective human capital to support creativity and thinking; which has a direct positive effect on firms’ performance.

Salih and Sozbilir (2013) in their study “Empirical Investigation into the Impact of Personality on Individual in the Work Place” find that individual personality dimensions are positively related to individual innovation behavior. This is supported by the works of Cameli et al. (2006) and Scot and Bruce (1994). They stipulate that innovation emanates from the ideas generated by individuals and therefore individual’s behaviour towards innovation is significant to promote innovation in the organization. Managers must identify motivators and enablers of individual behaviour towards innovation to facilitate a better understanding of individual innovation behaviour. De Jong (2006) and Carmeli et al. (2006) affirm Individuals as representing the tool for generating innovation within the organizational settings.

Managerial implications and business outputs

This conceptual paper presents a strong case for a managerial focus on precise areas for innovation that will promote business growth. The 4Ds are the core determinants of business growth and encapsulate the key pillars that shape the trajectory of a business to gain a competitive advantage. The expectation of management input and the expected outcome are explained in the interventions logic below and further explicated to elicit the management implication, strategic output, and expected business growth.

**Box 1. Management intervention logic for people delivery innovation**

- Create enabling environment. Committed to training.
  - Improved structures. Improved staff knowledge. Stimulate ideas.
  - Motivation packages. Motivated staff.
  - Enhanced productivity. Increase profitability.

**Box 2. Management intervention for product delivery**

- Release resources for constant research
  - Identified customer precise needs. Creative idea generation.
  - New product development. Product modification.
  - Enhanced brand recognition. Increased profitability.

**Box 3. Management intervention for process delivery innovation**

- Release resources to secure modern techniques and equipment
  - Improved methodologies in business delivery. Improved alignment of skills and roles
  - Easier buying process and improved efficiency.
  - Lock client loyalty. Improved profitability.

**Box 4. Management intervention for service delivery innovation**
People are very important in every innovation process and the success of the other 3Ds reside in the people delivery innovation. The people will make things happen and therefore continuous improvement of people provokes creativity and thinking which promotes innovative activities. The knowledge of people is a strategic advantage in establishing a competitive advantage which is impossible for competitors to replicate. Employees’ engagement in innovation is necessary to drive organic growth (De Faria and Mendonca 2011; Kindstroem 2010; Melton Hartline 2013) and management requirement is to be committed to training and development of its people to create a conducive environment for creativity and thinking. This must be linked with motivational packages to motivate and produce innovators to sustain and maintain business growth. The strategic outcomes of management commitment are highly skillful employees, knowledgeable staff, highly professional, a repository of ideas, motivated staff. The business output is a well-trained staff with the ability to leveraging the company’s excellent core competence to build and sustain its brand identity to enhance business growth.

The product is the reason for a firm’s existence and it is the only item among the 4Ds that attract economic value and therefore a firm’s ability to constantly create ideas to either modify, augment or introduce a new product into the market enhances its positioning in the market and further facilitate buying for the product. What managers need to do is to release resources for continuous research to identify customer needs to reflect in new product development. A firm will be producing quality products, satisfying products and precise needs of customers. This will generate continuous usage and brand recognition culminating in increased profitability.

Process delivery innovation is to do with methods, procedures, and practices. When a firm constantly seeks new ways to improve process then it means there is creativity and thinking at work which will produce innovation. The process defines how effective the rest of the 3Ds will operate. Indeed, process delivery innovation produces effective methodologies in the business which can be possible by management release of resources to secure modern techniques and equipment. The innovative techniques will support Management to establish suitable organizational structure; alignment of skills and roles and decentralizing decision-making at the tactical levels. This allows firms to lock in client loyalty through easier buying process which will be efficient, reduce waste and characterized by promptness and accuracy to save cost. The business output is that there is improved methodologies, improved delivery systems, improved brand identity and increased profitability.

Service is everything to deliver the end product to the consumer and if this aspect is not constantly improved, the firm stands the danger of losing customers and consequently reduce sales and profitability. Service delivery innovation is the Nerve Centre of an organization without which; all other deliveries will be incapacitated if not continually innovated. Management is required to release resources for service policies development. Performance rating should be linked to customer services and establish reward systems for internal and external customers. This will improve service quality because there will be clearer communication of deliverables to increase the ability to meet client’s need and to drive down cost. A well-defined service quality dimension will improve customer satisfaction, improve brand identity, and improve customer loyalty, sales growth, and increased revenues.
Conclusions

This conceptual paper presents a strong case for businesses to adopt the 4Ds of innovation in order to sustain business growth. The 4Ds of innovation - people, process, product, and service are undoubtedly the critical core areas of the business innermost workings to sustain business growth. The 4Ds rationalize the innovation process by making it simplistic and more focused; as well as touching on the strategic aspects of the business. When innovations are continuously skewed towards these four critical areas it will certainly bring change and improvement in the business without excluding any pertinent area of the business.

Recommendations

It is recommended that top management focuses on these critical areas as the most crucial elements of the business that requires constant innovation. They must be guided by the framework and the innovative matrix to facilitate innovation process in the organization.

However, this paper is a conceptual output, though, guided by various literature and deep thinking to arrive at the 4Ds of innovation; these areas are only assumed and predicted but has not been scientifically tested. One may ask open questions such as: will continuous innovation in the 4Ds impact on firm’s growth? What are the relationships between the 4Ds in relation to profitability? And which of the variables has an enormous impact on business growth when new or significantly improved methods are applied? This and many more questions make it imperative for an empirical study on this subject matter. It is therefore recommended that future research must be conducted concurrently on these areas – people, process, product and service to find out if they are indeed the critical areas for continuous innovation to stimulate business growth and profitability.

References

Global Education, Research and Technology for Sustainable Development

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Abstract

The purpose of this research is geared towards understanding how key factors such as global education, research and technology, can influence sustainable development – which is, according to the Brundtland Report of 1987, “the ability to meet the needs of the present without compromising the ability of future generations to meet their own needs”. The immense depletion of natural resources and high levels of pollution derived from human and climatic activities are a major concern in recent times. International organizations, states, nations and individuals have to put hands on deck to ensure a balanced society by seeking ways to sustain developmental efforts across the globe, through education, research and technology. The outgrowing female folk, according to world population statistics, is drawing our attention to investing in their advancement, prior to the need for massive global development. Hence, education of the woman should be focused upon as an enormous initiative towards achieving developmental sustainability. Amongst other standardized methods, a qualitative research was conducted using random sampling approach through questionnaires, to obtain data. Positive indicators of the aforementioned study carried out, demonstrates that a rapidly evolving worldwide economy can hardly disregard the concepts of global education, research and technology, when addressing issues of sustainable development. Sustainable development safeguards the immediate interests of the present, and guarantees a stable socio-cultural environment for future generations. Thus regulating and striking the balance between what is to be developed and what is to be sustained.

Keywords: Global education, Research, Technology, Sustainable development.

Introduction

The idea of sustainable development has become a talking point the world over. Major international organizations are putting in efforts towards seeking solutions to the challenges of achieving developmental sustainability.

While a modern concept of sustainable development is apprehended from the 1987 Brundtland Report – which portrays it as an ability to render development sustainable, to ensure that it meets the present generational needs without compromising that of the future, we can always get it rooted in pre-development ideas of sustainable environmental concerns.

As such, vital ingredients like global education, must be reexamined in the dawn of renewed human and social advancement. Nevertheless, research and technology, as accompanying factors to sustainability should be over-emphasized relative to emergence and societal growth.

In a bid to break the barriers that limit organizational efforts towards achieving developmental sustainability - such as socio-economic, financial, political, trade and institutional limitations, developing nations are encouraged to strike a balance for proper sustainability.

Hence, a few strategies like adapting the economy to environmental needs; implementing respectable policies amongst global institutions and evenly distributing resources with the best dialogue structures put in place, should amount to better achievement of developmental sustainability.
Methodology

1. Global education for sustainable development

Retrospections, back to early schools of thought, a few distinct ideas were basically seen in developmental issues: people, economy and society. We could perceive economies enhancing production for consumption, employment and wealth. But prior to an emerging growth scale, society has drifted over the years to human development, wherein values and goals like health, equity, opportunity and life expectancy, global education – being a most fundamental to all abovementioned.

With global education we reserve the ability to secure health and life expectancy through informed and trained professionals; we reserve the right to equity and opportunities through moralized justice systems; basic human needs like food, portable water, employment and social welfare, stand a chance of sustainability.

Global education even goes further to raising awareness for understanding global challenges in the likes of poverty, inequality caused by imbalanced resource distribution, environmental degradation, and violent conflicts leading to human rights issues. Through critical reflection, it also encourages active, responsive and responsible global peoples, with informed and sustainable actions. Illustrated here is a portrait of Global education for sustainable development.

![Diagram](Fig 1)

Global education emphasizes on participatory and experience-based learning towards empowering populations on values of: inclusion, empathy, solidarity and diversity amongst other things. Many developing nations have indulged in the process of raising awareness for problems, hence creating profound understanding of complexities, thereby encouraging critical reflection. This is a lobby for change of attitudes and behaviors that promote developmental sustainability.

Goal 4 on the list of UN sustainable development goals is to ensure inclusive and quality education for all and promote lifelong learning. According to this goal, quality education is the foundation of improving people’s lives and sustainable development. Globally, progress has been made to increase access to education at all levels for both males and females alike thus improving basic literacy skills tremendously.

Female education and sustainable development:

In the yester years, the place of the woman was attributed to the kitchen. Girl children stayed at home and learned how to carry out household chores while they waited for the men to get married to them and became housewives. Only male children were allowed to go to school. Education for the girl child was considered a waste of resources. This situation has over the years with more and more females enrolled in school to be educated. This change can be attributed large to the Beijing conference which sounded the importance of female emancipation which begins with education. Female education cannot only be
attained by sending them to the classroom to sit and learn though it is the best, it can also be attained by constituting teams and moving into the communities to educate/sensitize them on desired topics particularly the interior settings.

The contributions of female education to sustainable development are enormous and cannot be undermined. Women who go to school tend to marry late and have few children. Also, educating women on family planning, through sensitization campaigns; antenatal and post-natal lectures, incites awareness on the need of making appropriate deliveries as per their economic situation. Having few children reduces the population and in a way contributes to better living standards. It reduces pollution caused by over population and poverty/hunger decreases. Most educated women earn an income which they use to take care of their families and secure their health.

Empowering an educated woman in the agricultural sector by providing her with land, tools, seeds and modern/improved farming techniques necessary will help to increase the quantity of food in the world and reduce hunger and poverty considerable.

2. Developmental sustainability in the light of innovative research

Environmentalists and economists have come a long way in figuring out what is to be sustained and what is to be developed. Amongst which: nature (earth, biodiversity, ecosystems); subsistent livelihood (resources, environment); communities (cultures, groups, places) – that need to be sustained, people (life expectancy, education, equity); economy (wealth, productivity, consumption); society (institutions, social capital, states) – which need to be developed

Intrinsic factors surrounding the ideas of these scientists in quest for sustainability go and come around research and innovation activities. And like a square peg in a square hole, we cannot exclude such a gluing component in our constructive evolution – which aims at redefining and implementing a metamorphosing agenda to greening the economy and society as one block for a real sustainable development, like in the European Environmental Research and Innovation Policy.

Going by the idea of research, comprising innovative work done through chronological order to improve human and socio-cultural knowledge for enhanced methodology, economies have adopted this theory to expand and develop further instruments for a sustainable growth. This, in essence, involves extensive documentation, discovery and interpretation of operations for human and environmental advancement. Hence research approaches include rational knowledge and beliefs, varying considerably within populations and several forms of sciences such as social, technological, life, management and many others.

The need for innovative research is therefore unavoidably encrusted in the various strategies of achieving developmental sustainability.

3. Technology for sustainable development

Considering the host of problems and solutions linked to developmental sustainability in developing nations, technology has been promulgated as an essential spice for globalization. Its impact on infrastructural development and crafting of opportunities can only be over-emphasized.

With the advent of new technologies like information and communication, primary, secondary and tertiary production sectors are faced with compounding socio-cultural and political challenges that can be harnessed with the guidance of new breed professionals and policy makers for the proper integration with archaic methods. However, it is our approach to technology and its ramifications that matters. Bearing in mind that for every aspect of development, we often should expect prospects and setbacks

Literature review

A UNESCO article (2015), cites that for more than half a century the international community of nations has recognized education as a fundamental human right. It further acknowledges education as an indispensable means for people to realize their capabilities. It also reiterates that education is not only an end in itself but also a means of achieving broad global development agenda.
Paul, P.K. & Mehera, C. (2016). In a research conducted on 200 households, they came to the conclusion that education has a significant positive impact on sustainable development among households. This is to say that education will produce skilled labor force which will in turn earn better income and eliminate poverty. Higher wages and poverty reduction leads to improved living standards, which guarantees sustainable development.

A press release of ILO.org mentions that, with improved education outcomes, relevant skills and competencies and access to decent jobs, youths can help accelerate progress on sustainable development goals, foster a prosperous, sustainable and equitable socio economic environment for all and build peaceful and inclusive societies.

Beder, S. (2000), penned out that appropriate technology involves attempting to ensure that technologies are fitted to the context of their use, both biophysical context which takes account of health, climate, biodiversity and ecology, and the psychosocial context which includes social institutions, politics, culture, economics, ethics and the personal/spiritual needs of individuals. She further concludes that sustainable development relies on technological change to achieve its aims.

Schavan A. (2009). With current technologies and concepts, we will not succeed in overcoming the global challenges. Research and innovation are needed more than ever to identify new development approaches and to enable technological leaps. Therefore, investments in research and development are also investments in new technologies.

**Objectives**

The study has four main variables which are global education, research, technology and sustainable development. The first three are independent variables while the last is the dependent variable. The objectives of this study include:

i) Understanding what sustainable development is.

ii) Finding out if there is a relationship between global education, research, technology and sustainable development.

iii) To know if this relationship works.

iv) Lastly to find out if there are other factors that impact sustainable development.

**Research methodology**

Scope of study: Given the fact that sustainable development is the cry of many high profile organizations and countries, this study look at how beneficial research, education and technology are in achieving sustainable development. Persons who are literate have been considered for this study.

Sample Design: The research is designed to be as simple as possible. With a sample size of 30 people to make the study less cumbersome, drawn randomly from the literate population and without any preference to a particular gender, data was collected by use of a questionnaire to establish the link on the above mentioned topic. A copy of the questionnaire has been annexed at the end of this study. Apart from issuing questionnaires, other source of obtaining information used in the article was from already existing, extensive literature on the topic put down by scholars and researchers. To the best of my understanding of types of research, the research type used in this study is descriptive research which explains how the factors contribute to the attainment of sustainable development and also explores the possibility of them not being favorably disposed. Without complicating the study in any way and not also being biased, simple statistical methods will be used to analyze the data obtained and results will be interpreted in percentages. The questionnaires were served by me to obtain data for the study.

**Results**

A total of 30 questionnaires has been administered and interpreted according to the questions.
All 100% participants have heard about sustainable development and their definitions point to the fact that we have to focus on the well-being of both the present and future generations.

100% of them are in support of the fact that education is fundamental to sustainable development stating that they learn about it and the ways of achieving it through education. Another dimension of global education is female education which a whopping 96.7% of participants are of the opinion that it has a positive effect on sustainable development while 3.3% are neither for nor against. Those who are for say that educating a woman is educating a whole nation morally, politically, socially and otherwise.

100% participants agree that research has an impact on sustainable development. While 96.7% of this population thinks it is a positive, 3.3% say it is either positive or negative depending on how it is used. Research acts as a gateway to finding better ways of gaining insight and better techniques to achieve sustainable development. A systematic study is undertaken to understand the problem and then propose solutions to handle the problem.

100% attempted a definition of technology. Of this percentage, 96.7% are for the fact that there is a link because technology enhances the achievement of sustainable development. 3.3% are neutral.

Participants were asked to rank education, research and technology in order of most influential in achieving sustainable development and to give reasons for their opinion. 6.7% think all are of equal importance. 6.7% say research first, technology next and education on how to use the technology. 16.7% of the population holds that people should first be educated about sustainable development, the techniques of attaining it should follow and lastly, continuous research should be conducted due to changes in natural forces. The final set of people carried the day with 63.2% for the fact that people should be educated to create awareness about the subject matter, research conducted and technology implemented to tackle the problem.

Apart from education, research and technology, participants think several other factors influence or impact sustainable development. These factors include availability of resources (financial and human), government policy, people’s attitude, political climate to name a few.

**Discussion**

Embarking on writing this article has been a first time and wonderful experience for me. As much as possible, I tried to stay true to the procedure of conducting research and for it to be free of bias.

However, the exercise has not been void of challenges. A small sample size of 30 was finally chosen due to unwillingness of some people to participate in the exercise.

There was also the problem of cost. Insufficient funds made it difficult to engage people to assist me carry out the research and also to move to several places to administer questionnaires.

Time constraint was another factor. Working, running a home and studying is not a bed of roses. Time has to be shared among these activities on daily basis. I had to make use of the limited to complete this assignment. I do however appreciate the opportunity.

**Conclusion**

Education, research and technology propel sustainable development, without these, sustainable development will hardly be achieved.

Education creates awareness about a situation. Through education, people obtain knowledge on how to handle a situation. Governments along with other stakeholders are encouraged to promote education by providing schools to their citizens, organize seminars, workshops, trainings and even outreach programs in the suburbs.

Adequate funding should be made available to research and development departments to support their research activities. Different institutions, organizations and bodies should be motivated to create research departments and embark on research activities that are sustainable to development.

Technology is constantly evolving. It should embraced by everyone. New techniques should be invented to handle this problem.
Reference

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Abstract

This article looks at two broad-spectrum of financial management discipline; the first one examines the financial stability of commercial banks by analysing their published financial statement to test their stability in the market place before the Ebola scourge. This paper focus on the Sierra Leone Company’s Act 2009 and relevant Sections of the Banking Acts of Sierra Leone to analysis its alignment with the reporting standards of its financial statement produced by various firms in compliance with the IFRS standards. This report tests the financial stability of seven commercial banks in Sierra Leone with the major financial ratios used, especially the z-score analysis that check the financial stress of a firm.

Keywords: Profitability, Liquidity, Stress test, Financial Performance, Return on Capital Employed, Z-Scores, and financial statement analysis.

Introduction

The research critically evaluates the performance of financial institutions in Sierra Leone that published their accounts with a focused on the banking sectors. The research findings assess the performance output of seven banks in Sierra Leone before the Ebola scourge in West Africa. The Ebola plague started in the first quarter of 2014. Hence, the research work was based on mainly, 2013, published financial performance. The reason for this study is to test and analyse whether the banks in Sierra Leone were already in a stressed financial position before the financial meltdown, which was coursed by the deadly scourge. Hence, this report will serve as a benchmark for sector analysis and can be used to decide on an investment opportunity in such areas. As the theme for the e-conference is "Global Education, Research and Technology for Sustainable Development", it is imperative prudent to research on the financial sector to test their stress level and puffer solution for growth, thus, pave the way for sustainable development in our global society.

In this article, there are various financial analyses; stress test and advisory for institutional growth, which, were revealed for, fund managers, financial accountants, finance managers, executives, directors and investors.

- Profitability analysis
- Investing Activities
- Liquidity Issues Across Retail Banks
- Consumer and corporate lending
- Stress Test using Altman's Model
- Return on Capital Employed

Methodology

Seven banks published financial statements for 2013 were reviewed and analysed. The seven banks are Guaranty Trust Bank (GTB), FiBank (FIB), Union Trust Bank (UTB), Eco Bank (ECO), United Bank for Africa (UBA), Skye Bank and Standard Chartered Bank (SCB). Scholarly articles about the research work were the reference.
Profitability analysis of the banks

The 2013 published financial statement for commercial banks in Sierra Leone was quite impressive. Guaranty Trust Bank (GTB) came out tops regarding profitability and total assets base, recording 32% of the total profits published by the seven commercial banks under review. United Bank for Africa (UBA) and Standard Chartered Bank (SCB) were the 2nd and 3rd most profitable recording 18% and 17% respectively of the total profits of the seven banks.

Ecobank (ECO) recorded 16% of the total profit. ECO is gradually proving to be one of the fastest growing financial institutions since it came into operation in Sierra Leone in 2016. Based on the seven banks’ financial statements, ECO bank would have been the highest profitable bank in 2013, had its cost of capital (interest paid) been lower than that of GTB or SCB and if it had experienced a reduction in its expenses (Tulsian, 2014).

Union Trust Bank (UTB) recorded 11% of the total profit of the banks. Most of its income, however, came from loans and advances. The bank's management should consider diversifying some of its assets to reduce its trading risks. UTB is one of the local banks that have maintained remarkable stability regarding market competitiveness, considering that its resources are locally generated.

First International Bank (FIBank), which recorded 5% of the total profits of the seven banks under review, has demonstrated some strength in becoming a big player in the financial market, provided that the bank considers widening the trading of its assets in diverse operations.

Although FIBank recorded a significant interest income, its capital costs, however, appeared to be on the high side and it could be interesting to see if the bank’s capital cost could be lowered if it decided to source cheaper capital (reducing deposit interest) for its trading or revise its interest paid policies.

If FIBank's cost of capital had been lower compared to that of UTB, it would have been in a better position to take UTB's place as the 3rd best performing bank in Sierra Leone.

Skye Bank recorded 1% of the total profits. The bank had the largest share capital among the seven banks under review but does not seem to have deployed back its entire equity in its operations, but has instead held huge cash in hand. It is advisable that the bank considered utilising its share capital into several trading activities such as forex trading, loans and advances and inter-bank trading, this could significantly increase their profitability.

All seven commercial banks could have generated huge profits had they been able to lower their expenses further (Vintila, G., and Nenu, E., A., 2016). The lack of adequate electricity supply to these banks, high inflation rate and the expensive running costs, has contributed to their massive expenses. For a majority of the working day, the banks carry out their banking operation running on generators. Their enormous costs can be lowered with adequate power supply in place.

An increase in the total local market of products and services will reduce the need for import of goods and services from abroad, thus creating a cheaper and more stable market environment.
On 29th May 2014, the House of Parliament in Sierra Leone unanimously approved a power purchase agreement between Copperbelt Energy Corporation Plc and the Government of Sierra Leone, to supply 128MW of electricity to the national Power Authority for national-wide distribution, hence adding to the national grid on the power supply. This will help reduce the huge expenses and create a competitive market for the banks in Sierra Leone (Venkatesan, T., and Nagarajan, S., K., (2012).

GTB, UTB, ECO and FIBank have all reported impairment loses. These banks should work on their credit lending policies and ensure that their loans and advances portfolios are well mitigated and risk-adjusted to avoid the short and long-term unexpected shocks. The Sierra Leone Stock Exchange (SLSE) was commissioned in 2009, providing a marketplace for the trading of equities, commodities, bonds, forex and derivatives. The banks should start participating within it to generate more investment capital and maximise their profit generation, rather than only focusing on granting loans and advances in the short-term, which might erode their total investment capital.

**Investing activities for the period under review**

Out of the seven banks under review, FIBank tops the investment trading over it assets, recording an impressive rate of investment. The bank has spread its assets, recording 36% on risk-free trading (T-Bills), 31% of risk assets trading (advances to customers), 15% of another trading (such as forex) and 18% cash in hand. It may be useful for the bank to reduce some of it risk-trading activities and focus some more of its assets into forex and securities trading.
SCB has spread its total assets recording 32% on risk-free training, the lending rate of 14% of total assets, forex and securities trading off 5% and 49% cash in hand. The bank is well managed regarding liquidity and its distribution of resources. Its cash holdings, however, are too high and the bank should consider participating in other trading activities like increasing its forex and securities trading and even somewhat increasing its lending rate. UBA and GTB invested in T-Bills and other investments that are risk-free at a rate of 25% and 24% respectively against its total asset base. UBA should, however, try to participate in the economic development in Sierra Leone by slightly increasing its risk assets portfolio, as SME’s are the most important players to the jump-start of any economy. The bank should consider expanding its loans and advances portfolio. Its 2% lending rate of total assets indicates that they are not necessarily a leading financial institution. UBA closed up its books for 2013 with 69% cash in hand against its total assets. If this surplus cash in hand were invested, UBA would have triumphed over GTB in profit generation. The bank was able to manage its expenses quite well given this hyperinflation economy. UTB has the lowest risk-free investment activities recorded at 12% of its total assets; it is recommended that the bank reduce its risk assets trading and invest more in T-Bill and Bonds. Although the bank was able to produce huge profits from its trading, it should keep a close watch on its recorded liquidity position.

Ecobank appears to be a well-managed bank as it is thoroughly involved in both lending and investments in T-Bills and other risk-free investments. The bank seems to benefit from its Group Advisory, and it is well integrated with the economic development of Sierra Leone. Ecobank has positioned itself to be the future driver of income generation and liquidity stability for commercial banks in Sierra Leone.

Liquidity issues across retail banks

The financial sector in Sierra Leone operates on a short-term basis on both its lending and investments. The treasury bills issued by the bank of Sierra Leone are also short-term, therefore creating short-term market operations. It is prudent to analyse the various bank’s liquidity on the short-term to test their stability in the market among the seven published financial statements of banks in Sierra Leone, and it is clear that SCB, UBA and Skye Bank have relatively sound liquidity positions to meet short-term demand. GTB, UTB and FIBank and Eco recorded positive profits for the year 2013. However, their liquidity reserves were negative. Hence, there is the need for these banks to focus on managing their cash positions to avoid short and long-term shocks (Sthapit, A., & Maharjan, G. 2012).
The regulatory authorities should ensure that banks maintain a sound liquidity position at all times, by introducing policies that will strengthen banks internal controls on liquidity. Another measure the Central Bank of Sierra Leone could add is the increase of the tenure (period) of the T-Bills and bonds to at least five years and above to match the banks’ liabilities with long-term T-Bills and Bonds, ultimately creating stability in the market. This will encourage the commercial banks to lend on the long-term, which will in-turn create enormous economic benefits to the nation's development. An example is the agribusinesses cannot survive in this current short-term market, as agriculture loans are more ideal on the long-term basis. If you give a farmer a loan for a short-term (let's say six months to a year), the farmer will use almost half of the loan period to prepare the soil before planting, and a further length of time will elapse before harvesting. More time will also lapse before the farmer can sell his or her produce. Eventually, the farmer will end up using all his profits paying off interests on the loan, therefore making the whole business non-profitable. A long-term financial market needs to be launched by the Central Bank of Sierra Leone. By introducing long-term bonds, which will inspire the commercial banks to match up their risk assets with risk-free investment activities.

**Consumer and corporate lending**

Out of the seven banks under review, it is evident that Union Trust Bank is the highest lending financial institution in Sierra Leone with over 46% of its total assets in risk assets. This type of trading seems too risky, as the bank has exposed itself to an impairment loss of almost USD1.6million. It is advisable for the bank to expand its portfolio on forex trading, participate in the Sierra Leone Stock Exchange, etc., rather than merely trading on short-term loans and advances. The banks should reduce it risk assets to a minimal rate to diminish the risks of unexpected shocks especially when trading in the short-term. Guaranty Trust Bank also posted 29% lending rate against it total assets; it was evident that the bank bridges its lending rate advances to customers, which was over 25% of the net worth of the bank. GTB generated most of its income on its loan. However, the bank should trade carefully to create a balance between its liquidity position and revenue generated.

Ecobank recorded 22% lending rate against it total assets, which in theory means the bank was able to operate within its credit limit. However, the bank needs to focus on the management of its liquidity and balance it with profitability to avoid facing any short-term threats or shocks. UBA traded cautiously on loan and advances, and it recorded a meagre lending rate of 2%. It can be deduced from the financial statements that the bank benefited from clean forex trading and low spending on administrative costs.
UBA recorded the lowest expense after Skye Bank, which positioned the bank as the 2nd most profitable bank during the 2013 financial year.

**Stress test using altman’s model**

Altman’s (2000) revised model has been applied throughout this test. All seven banks under review are examined to ascertain whether there are any potential failures in these financial institutions (Anjum, S., 2012). Although the stress test may vary, the Total Z-Scores is one of the most simplified models to use and easy to relate information to (Diakomihalis, M., 2012). The result of the stress test shows that Skye Bank came the closest to the 1.24 benchmark. This is due to the huge share capital the bank maintains against its liabilities. Reason for these low Z-Scores is the small capital employed by the banks. With such performances, the banks need to consider listing on the Sierra Leone Stock Exchange so that it can generate more money from a wider shareholder base (Jan, A., & Marimuthu, M., 2015).

**Chart 5. Z-Test scores for banks in sierra leone based on 2013 financial statements**

The Central Bank of Sierra Leone’s strategy in increasing the bank’s share capital by US$1million every year is a laudable approach. However, from the Z-Score results, domestic banks could benefit further if this annual increment is raised to US$1 million.

This will ensure efficient liquidity and capital requirements in order to safeguard and protect domestic banks from systemic risks. Skye Bank would have been the only bank to pass the stress
test provided that its retained profit was positive. Skye Bank has the largest share capital of all the banks under review.

**Return on capital employed**

All the banks under review posted an impressive return on capital employed. GTB was the most profitable financial institution in 2013, with 69% ROCE. In second place was UBA.

![Chart 6. Return on capital employed for retail banks in Sierra Leone 2013](image)

The bank's management managed its administrative expenditure to declare an active profit position. If GTB, ECO and SCB had done the same, these banks would have published outstanding results for its shareholders.

FIB and UTB were also quite profitable with each recording 18% ROCE, which gave them a leading edge in attracting investment opportunities. Although these banks scored low on the stress test, they proved to be quite profitable, confirming that if they were well capitalised, these banks would have passed the stress test with ease and thus place them on par with international banks. Based on the results, it would appear 2013 was an active performing year for these seven banks and a real turnaround for their future challenges.

**International financial reporting standards (IFRS)**

In Sierra Leone the conceptual frameworks that were previously applied to present financial statement were the SSAP (Statement of Standard Accounting Practice), ad-hoc standards and the GAAP (General Accepted Accounting Practice). The difference between the GAAP and the IAS/IFRS is that the GAAP is a dynamic concept that changes constantly as new local legislations are introduced into the system. A legislation may be relevant to only one country, in this case, if a multilateral company applies the GAAP standards and practice, it will be difficult to harmonize the financial reports simply because one country may apply a national legislation that may not be in line with other countries.

The IAS/IFRS standards however is rigid and comprehensive and designed to suit national legislations, regulators, business communities, academics, interested individuals and organization that require such financial statements. The IAS/IFRS encompasses every aspect of financial reporting that is acceptable to all jurisdictions, even though some countries prefer to apply their own standards. Notwithstanding the above, the IFRS/IAS is a globally accepted as a standard that meets a level playing field for the applicable countries tax systems and the firms they regulate. If a firm applies GAAP to produce its financial statements these may not be accepted in the international arena, where IAS/IFRS standards are the regulatory requirements. This is the reason...
Sierra Leone has embraced and instituted the application of the IAS/IFRS that is now widely adopted by a majority of domestic firms.

The IFRS framework brings consistency to Sierra Leone’s reporting system and enhances the level playing field for its smooth application; for instance, when Sierra Leone was adopting the GAAP framework, inventory valuation was stated by using the FIFO (first in first out) rule, whilst in the USA, this was done using the LIFO (last in first out) rule. Under the IFRS framework the standard was revised to IAS 2, it outlines that the inventory valuation “recognized the use of FIFO or the weighted average method for ordinarily interchangeable inventory items”. Another instance is the treatment of development expenditure; the Sierra Leone GAAP writes off its development expenditure over a period, or within the same year, except if such development expenditure is deferred. Whilst in the USA, the development expenditure is written off into the profit and loss under all circumstances. Under IAS38, development expenditure is capitalized provided certain criteria are met.

Analysis and comments

Skye bank scored just below the critical 1.24 benchmark with UTB and Standard Chartered almost neck on the neck for the second position. Since the global financial crisis that occurred over the past few years, new measures by Central Banks and policymakers are ensuring that banks are adequately capitalised, this step ensures that potential defaults can be identified quite early and the risk of collapse averted. The Z-score formula is used to predict whether a firm will go into bankruptcy within two years based on some variables. In simulations and test the Altman Z-Score was found to be 72% accurate in predicting bankruptcy two years before the event.

Shareholders and management of GTB and UBA and ECO must be quite pleased with such performing result regarding Return On Capital Employed (ROCE). Shareholders often evaluate Manager's performance regarding the company's overall return on capital employed; these points are relatively insignificant when compared to two further difficulties. The first concerns are the accounting profit rather than cash flow is used as the basis for evaluation. This is an entirely incorrect concept to use in a decision-making context. Accounting profit is a reporting concept; it is a creation by accountants. A capital investment decision is an economic or resource allocation decision, and the economic unit of account is cash because it is money that gives power over resources. The other criticism of ROCE is that it also ignores the time value of money

Conclusion

The above listed banks under review must start planning and organizing well-managed liquidity in their various banks and considering participating in generating more share capital through the Sierra Leone Stock Exchange. It is also advisable for the banks to diversify their assets into various trading and stop holding too much cash in hand in order to maximise their shareholders fund. On a whole, the 2013 were a performing period for these seven banks and a good turn around for their future challenges. Although the 2014-year was a worse year for the country and as the deadly Ebola virus destroy most of the gains these banks achieved. However, this is a lesson to take note of as good financial practice will help an institution to stand out during financial stress. Hence, the theme for this conference, hinge on Global Education, Research and Technology for Sustainable Development.

Reference


7 Banks published financial statements are annexed below for further analysis.

<table>
<thead>
<tr>
<th></th>
<th>USD'000</th>
<th>USD'000</th>
<th>USD'000</th>
<th>USD'000</th>
<th>USD'000</th>
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<td>Interest income</td>
<td>9,555</td>
<td>3,572</td>
<td>10,214</td>
<td>8,167</td>
<td>10,533</td>
<td>864</td>
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<td>3,026</td>
<td>7,780</td>
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<td>1,774</td>
<td>5,255</td>
<td>2,389</td>
<td>3,890</td>
<td>341</td>
<td>1,706</td>
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<td>income</td>
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<td></td>
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<tr>
<td>Net trading income</td>
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<td>-</td>
<td>2,343</td>
<td>523</td>
<td>2,662</td>
<td>227</td>
<td>2,138</td>
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<td>Other operating income</td>
<td>-</td>
<td>1,297</td>
<td>-</td>
<td>-</td>
<td>159</td>
<td>-</td>
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<td>Revenue</td>
<td>13,308</td>
<td>6,097</td>
<td>15,378</td>
<td>9,395</td>
<td>13,445</td>
<td>1,274</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>on loans and Advances</td>
<td>23</td>
<td>-</td>
<td>-1,410</td>
<td>-1,570</td>
<td>-1,501</td>
<td>136</td>
<td>-546</td>
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<td>-</td>
<td>-2,207</td>
<td>-2,570</td>
<td>-2,252</td>
<td>-1,297</td>
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<td>-</td>
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<td>-3,367</td>
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<td>-6,233</td>
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<td>Profit before income tax</td>
<td>2,616</td>
<td>2,730</td>
<td>4,959</td>
<td>1,592</td>
<td>2,662</td>
<td>114</td>
<td>728</td>
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<td>1,934</td>
<td>3,367</td>
<td>1,115</td>
<td>1,729</td>
<td>91</td>
<td>523</td>
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<tr>
<td>Other comprehensive income</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<td>Items that are or may be reclassified to profit or loss</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<td>Re-measurements of defined benefit liability</td>
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<td>-</td>
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<td>-22.7</td>
<td>-</td>
<td>-23</td>
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<td>Net amount transferred to profit or loss</td>
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<td>-</td>
<td>23</td>
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<td>Other comprehensive income for the year, net of income tax</td>
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<td>-</td>
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<td>1,934</td>
<td>3,435</td>
<td>1,115</td>
<td>1,752</td>
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<th>1,934</th>
<th>3,367</th>
<th>1,115</th>
<th>1,729</th>
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<th>523</th>
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<td>-</td>
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</tr>
<tr>
<td>Profit for the year</td>
<td>1,843</td>
<td>1,934</td>
<td>3,367</td>
<td>1,115</td>
<td>1,729</td>
<td>91</td>
<td>523</td>
</tr>
<tr>
<td>Total comprehensive income Attributable to:</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equity Holders of the bank</td>
<td>1,843</td>
<td>1,934</td>
<td>3,367</td>
<td>1,115</td>
<td>1,729</td>
<td>91</td>
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<td>1,729</td>
<td>91</td>
<td>523</td>
</tr>
<tr>
<td>Earnings per share Basic earnings per share Diluted earnings per share</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
Improving Male Attendance in Antenatal Clinics through Reduction in Delivery Fees as Incentives for their Pregnant Spouses: a Case Study in Rivers State, Nigeria

Article by Dr. Kenny C. Ewulum
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Abstract

Background: Despite increases in reproductive health interventions that target male involvement in maternal health, there are still evidences to show that male spouses for some reasons do not support their spouses during antenatal care sessions. This would otherwise serve as an avenue for health education and ensure males can support their spouses through the antenatal period and in child birth. The Objective: The purpose of the study was to ascertain levels of participation of male spouses in antenatal clinics and the effect of reducing cost of delivery to improving male antenatal attendance. Materials and Methods: This descriptive cross-sectional study was undertaken in Port Harcourt and Obio-akpor Local Government Areas in Rivers State, Nigeria. Semi-structured questionnaires were used to collect information from pregnant women, male spouses, healthcare workers and Medical directors. Results: Notably following interviews was that both male and pregnant women alike were aligned to the thinking that women were generally more likely to be concerned about antenatal care than men. Secondly reducing the amount for delivery during child birth by health care providers drastically increased the number of men attending antenatal clinics with their spouses. Conclusion: The study has shown that incentives for men during antenatal care can serve as a strategy for improving maternal outcomes during child birth. Notably is that there is need for continued strategies to ensure male involvement in antenatal care to improve health education especially in low resource settings.

Keywords: Improving male attendance in antenatal clinics

Introduction

Despite long standing education on the importance of male involvement in maternal health, there has barely been a rise in the number of males attending antenatal care clinics. Globally, maternal deaths contribute to more than half a million of deaths yearly, and of these, 99% occur in developing countries [1, 2]. The World Health Organization (WHO) in 2013 records that 286,000 of maternal deaths are accounted for by developing countries and are as a result of preventable complications [2, 3]. Notably also, the primary causes of maternal death are the result of three delays; delay seeking care, delay reaching health care facilities and delay at an institution in providing appropriate care [4]. Since the spouses of these pregnant women could play a role at these levels of care, male involvement is thus critical. Delays that occur can often be the result of women seeking support from the head of the household, often men. This is especially the case when the situation involves the need for funds [2]. Involving men would allow them to support their partners to prepare for the delivery and seek out emergency care if necessary. The importance of male involvement in reproductive health programs was emphasized at the International Conference on Population Development held in Cairo in 1994. Over the years, there has been a proportionate increase in reproductive health initiatives that target both men and women in a bid to fulfill the 5th Millennium Development Goal which supports universal access to reproductive health. Male spouses’ role cannot be ruled out when it pertains to pregnancy and childbirth.
Although acknowledged out rightly certain benefits of male involvement, there have been bottlenecks in creating a space for and engaging them in maternal health. Cultural norms have also posed as constraints for instance, some communities perceive the role of men only as in leadership and some men probably would see attending antenatal clinics with their pregnant spouses as demeaning to their roles as heads of the family [5]. Although there may be advantages to having men involved in maternal health, it is not clear if women on their part would find this involvement acceptable and how it could be negotiated as in the communities, this was previously considered as the domain of women. Notably also is that men who were knowledgeable and obtained health education were more likely to accompany their spouses for ANC visit [6].

Notably also, Men in patriarchal societies of developing countries are often identified as decision makers in all aspects of day-to-day life including pregnancy, antenatal care and child birth. The question still remains, how do we get men to attend antenatal clinics as an avenue for their health education to ensure they support their pregnant spouses through pregnancy and child birth?

This study aims to;
1. Explore factors that limit male involvement in antenatal care
2. Assess potential effect of reducing delivery costs to increasing male attendance in antenatal clinics

**Methods**

This study took place in Rivers state, a multicultural and multiracial state with over 28 language dialects. Located in the southern part of Nigeria Rivers is one of the 36 states of the country and the sixth-most populous state in the country with a population of 5,198,716. There are also 23 Local Government areas (LGAs) across the state. Its capital and largest city is Port Harcourt and is economically significant as the center of Nigeria's oil industry.

There are over 500 health facilities in Rivers state with 2 tertiary health institutions. Some of these are Private for profit and others state and federal government owned.

<table>
<thead>
<tr>
<th>TABLE 1. Facility distribution by ownership and level of care</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OWNERSHIP</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>-----------</td>
</tr>
<tr>
<td>Private</td>
</tr>
<tr>
<td>Private for profit</td>
</tr>
<tr>
<td>Public</td>
</tr>
<tr>
<td>State government</td>
</tr>
<tr>
<td>Federal government</td>
</tr>
<tr>
<td><strong>Overall total</strong></td>
</tr>
</tbody>
</table>

Assessment done shows that about 92 health facilities do not provide antenatal care services. Port Harcourt and Obio-Akpor Local government areas share same boundaries and are the largest areas in the state with more of the urban settlements. Despite this, patronage of hospitals is still poor some persons attributing this to the associated antenatal and delivery costs and others to cultural norms which endear women to deliver in Traditional birth homes. These local government areas were chosen because most of the health care facilities in the state are concentrated here. There would likely be a perception of the greater majority of the health facilities in the state.

This study was a cross-sectional study which incorporated the use of a simple questionnaire. Focus group discussions (FGDs) was also conducted for pregnant women in groups who attended antenatal care sessions.

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The questionnaire was piloted on five pregnant women with some adjustments to the words to ensure clarity in interpretation of the information. The questionnaires were distributed during antenatal sessions and all the questionnaires were returned anonymously. Questions mainly centered on decision making and the role of the partners in pregnancy choice, antenatal care and childbirth. Three health facilities were randomly selected to ascertain the perception of both pregnant women, their male spouses as well as healthcare workers to explore factors that limit male involvement in antenatal care.

Mount Hermon hospital was chosen as the healthcare facility to assess potential effect of reducing delivery costs to increasing male attendance in antenatal clinics. This is a secondary health facility located in Obio-akpor LGA and one of the supported health facility by USAID for the implementation of the Evidence to Action – The Nigerian Private Sector PMTCT Plus project in Rivers state, a project on integrating Reproductive Health services to reducing maternal to child transmission of HIV (PMTCT). This was chosen for the pilot study based on standards of documentation of medical records, as well as successes on previous projects. The hospital management staff was involved through the process of offering discounts for spouse’s delivery.

Data collection was carried out in 2 phases and sources; at the beginning of a 6-month period (November 2015) from the medical records department, and from the pregnant women and male partners during antenatal sessions.

Table 2. Total number of respondents in the state

<table>
<thead>
<tr>
<th>S/no</th>
<th>Nature of Respondents</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Pregnant women</td>
<td>40</td>
</tr>
<tr>
<td>2</td>
<td>Male partners</td>
<td>8</td>
</tr>
<tr>
<td>3</td>
<td>Healthcare workers</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>60</td>
</tr>
</tbody>
</table>

Results

A. Focus Group discussion and interviews

Of the respondents, majority stated that decisions on number of children and when to get pregnant was not a collective choice by both partners. It was mostly by chance. Most women in the community do not negotiate sex and pregnancy. Of the 8 male partners interviewed, 5 suggested it was a collective decision.

Table 3. Response to perception on joint decision making on number and when to get pregnant

<table>
<thead>
<tr>
<th>S/no</th>
<th>Nature of Respondents</th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Pregnant women</td>
<td>7</td>
<td>29</td>
<td>4</td>
</tr>
<tr>
<td>2</td>
<td>Male partners</td>
<td>5</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>3</td>
<td>Healthcare workers</td>
<td>2</td>
<td>4</td>
<td>6</td>
</tr>
</tbody>
</table>

Table 4. Identified barriers to male attendance in antenatal clinics

<table>
<thead>
<tr>
<th>s/no</th>
<th>Reason given for non-attendance at ANC</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lack of information on the importance of attendance</td>
</tr>
<tr>
<td>2</td>
<td>Perceived non-inclusiveness of men during antenatal sessions</td>
</tr>
<tr>
<td>3</td>
<td>Perceived socio-cultural norms for example shame in community if men are involved in pregnancy care and domestic work</td>
</tr>
<tr>
<td>4</td>
<td>Perceived trap into testing for HIV</td>
</tr>
</tbody>
</table>

B. At the beginning of the study, only 1 male partner was seen during antenatal session compared to 12 pregnant women in the clinic. With the introduction of the incentives, out of the 18 pregnant women
during antenatal in May 2016 (6-month period) 7 male partners accompanied their spouses during the antenatal sessions.

Table 5. Number of male attendees in antenatal clinic by November 2015

<table>
<thead>
<tr>
<th>Health Facility</th>
<th>Pregnant women attending ANC</th>
<th>Accompanied by spouse</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital 1</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>Hospital 2</td>
<td>18</td>
<td>1</td>
</tr>
<tr>
<td>Mount Hermon Hospital</td>
<td>12</td>
<td>1</td>
</tr>
</tbody>
</table>

Table 6. Number of male attendees in antenatal clinic by November 2015

<table>
<thead>
<tr>
<th>Health Facility</th>
<th>Pregnant women attending ANC</th>
<th>Accompanied by spouse</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital 1</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Hospital 2</td>
<td>23</td>
<td>1</td>
</tr>
<tr>
<td>Mount Hermon Hospital</td>
<td>18</td>
<td>7</td>
</tr>
</tbody>
</table>

Discussions

This study reveals that men especially in low resource settings could actually attend antenatal clinics if acceptable incentives were given. 30% or 50% discounts could be given for certain percentage attendance with one’s spouse during the antenatal period. Certain delivery packages could also be discounted for. This could go a long way to encourage other males who shy away from these sessions to participate knowing full well that fellow men are also at such clinics.

Majority of the women still believe the men determine the number of children they could have and when this occurs.

Participants had proposed the following recommendations during the focused group discussions;

- That there is need to increase community health education for male participation in antenatal care.
- Antenatal clinics and health workers should make the sessions more inclusive of male roles.
- That there should be direct communication between the healthcare providers and the male spouses since they tend to take this more seriously that when communicated by their pregnant spouses.

Limitations; one limitation of this study was that this study was conducted in an area with low income earning individuals which may undermine its validity and its ability to reveal the truth so there could be bias on this relationship in high income earning areas.

Further research; More knowledge is needed to establish whether programming in reproductive health and maternal health would target incentives to male spouses rather than directly to the pregnant women. This area deserves further research, perhaps through more in-depth qualitative method.

Conclusion

This study contributes to the strategies in improving male involvement in antenatal care. Male partners in low resource settings could be offered certain forms of incentives during the spouse’s antenatal period to encourage participation in care. Discounts could be given for complete or partial attendance through the entire antenatal period. This participation would serve as an avenue for health education particularly to create community awareness and improve the perception of male participation in antenatal clinics. Male participation would attract further male participation.
Figures

![Attendance at ANC (November 2015)](image1)

**Figure 1.** Antenatal attendance at onset of intervention

![Attendance at ANC (May 2016)](image2)

**Figure 2.** Antenatal clinic attendance 6-month after intervention

Acknowledgement

Author wish to acknowledge all those who agreed to participate in this study

References


The Liberian Perspective of Global Education, Research and Technology for Sustainable Development

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Abstract

Sustainable development has been the key word used by many development partners, NGOs and even candidates contesting for governmental positions in my country-Liberia. As a post war and post Ebola country, this word has been used to gain donor funding by NGOs and as a means of convincing electorate to vote for a particular candidate in elections. This paper endeavors to evaluate and ascertain methods that are used to achieve actual sustainable development in underdeveloped country with case of Liberia and causes of failures if any. The Wikipedia defines sustainable development as the organizing principle for meeting human development goals while at the same time sustaining the ability ofnatural systems to provide the natural resources and ecosystem services upon which the economy and the society depend. The desirable end result is a state of society where living conditions and resource use continue to meet human needs without undermining the integrity and stability of the natural systems. While the modern concept of sustainable development is derived mostly from the 1987 Brundtland Report, it is also rooted in earlier ideas about sustainable forest management and twentieth century environmental concerns. As the concept developed, it has shifted to focus more on economic development, social development and environmental protection for future generations. It has been suggested that "the term 'sustainability' should be viewed as humanity's target goal of human-ecosystem equilibrium (homeostasis), while 'sustainable development' refers to the holistic approach and temporal processes that lead us to the end point of sustainability. https://en.wikipedia.org.


Introduction

After the civil and Ebola crises in Liberia, many organizations and individuals as well as different governments have been trying to provide sustainable development using Global Education, Research and Technology as pillars for such endeavors. The target to achieve sustainable development around the world has been arranged into measureable goals replacing the millennium Development goals. The Sustainable Development Goals (SDGs) were born at the United Nations Conference on Sustainable Development in Rio de Janeiro in 2012. The objective was to produce a set of universal goals that meet the urgent environmental, political and economic challenges facing our world.

The SDGs replaced the Millennium Development Goals (MDGs), which started a global effort in 2000 to tackle the indignity of poverty. The MDGs established measurable, universally-agreed objectives for tackling extreme poverty and hunger, preventing deadly diseases, and expanding primary education to all children, among other development priorities.

For 15 years, the MDGs drove Progress in several important areas: reducing income poverty, providing much needed access to water and sanitation, driving down child mortality and drastically improving maternal health. They also kick-started a global movement for free primary education, inspiring countries to invest in their future generations. Most significantly, the MDGs made huge strides in combating HIV/AIDS and other treatable diseases such as malaria and tuberculosis.
Key MDG achievements

- More than 1 billion people have been lifted out of extreme poverty (since 1990)
- Child mortality dropped by more than half (since 1990)
- The number of out of school children has dropped by more than half (since 1990)
- HIV/AIDS infections fell by almost 40 percent (since 2000)

The legacy and achievements of the MDGs provide us with valuable lessons and experience to begin work on the new goals. But for millions of people around the world the job remains unfinished. We need to go the last mile on ending hunger, achieving full gender equality, improving health services and getting every child into school beyond primary. The SDGs are also an urgent call to shift the world onto a more sustainable path.

The SDGs are a bold commitment to finish what we started, and tackle some of the more pressing challenges facing the world today. All 17 Goals interconnect, meaning success in one affects success for others. Dealing with the threat of climate change impacts how we manage our fragile natural resources, achieving gender equality or better health helps eradicate poverty, and fostering peace and inclusive societies will reduce inequalities and help economies prosper. In short, this is the greatest chance we have to improve life for future generations.

The SDGs coincided with another historic agreement reached in 2015 at the COP21 Paris Climate Conference. Together with the Sendai Framework for Disaster Risk Reduction, signed in Japan in March 2015, these agreements provide a set of common standards and achievable targets to reduce carbon emissions, manage the risks of climate change and natural disasters, and to build back better after a crisis.

The SDGs are unique in that they cover issues that affect us all. They reaffirm our international commitment to end poverty, permanently, everywhere. They are ambitious in making sure no one is left behind. More importantly, they involve us all to build a more sustainable, safer, more prosperous planet for all humanity.

The Liberia perspective

According to the UNDP (http://www.ir.undp.org) Liberia's 2010 Millennium Development Goals (MDG) report represents the programs and processes the Government of Liberia is undertaking to advance the social and economic wellbeing of the nation. It describes the enabling environment for conducting and implementing MDGs and identifies challenges, bottlenecks and recommendations to accelerate the achievement.

- Liberia makes significant progress on its development agenda, leading to the completion point of the Heavily Indebted Poor Country Initiative.
- Liberia has now embarked on a long-term economic planning exercise - Liberia Rising 2030 - to realize our goal of inclusive social, political and economic growth and development.
- Liberia's MDGs successes include promoting gender equality and empowering women (Goal 3), in which Liberia won the prestigious MDG Three Award in 2010; combating HIV/AIDS with a current prevalence rate of 1.5 %, (Goal 6); and developing a global partnership for development (Goal 8).

Liberia is a low-income country that relies heavily on foreign assistance. Civil war and government mismanagement destroyed much of Liberia's economy, especially the infrastructure in and around the capital, Monrovia. Many businesses fled the country, taking capital and expertise with them, but with the end of fighting and the installation of a democratically-elected government in 2006, several have returned. Liberia has the distinction of having the highest ratio of direct foreign investment to GDP in the world.

Liberia is one of 14 countries that have recorded impressive Human Development Index (HDI) gains of more than 2% annually since 2000, according to the Global Human development report released by UNDP. Countries like Afghanistan, Sierra Leone, Ethiopia, Rwanda, Angola, Timor-Leste, Myanmar, Tanzania, Liberia, Burundi, Mali, Mozambique, Democratic Republic of the Congo and Niger have
shown a remarkable change on their HDI. Between 2007 and 2012 Liberia moved up by 3 points in its rank. The country is now recorded as one of the 14 countries with highest gain in Human Development Index, with an increase of about 2% a year.

Liberia is located on the West Coast of Africa with a population of 3.489 million, bordered by Sierra Leone to the west, Cote D’Ivoire on the east, Guinea to the North and the Atlantic Ocean to the South. Liberia has 579 km of coastline and 111,370 sq. km land mass with 15 political subdivisions known as Counties namely, Bomi, Bong, Gbarpolu, Grand Bassa, Grand Cape Mount, Grand Gedeh, Grand Kru, Lofa, Margibi, Maryland, Montserrado, Nimba, River Cess, River Gee, Sinoe. English is the official language with 16 local languages. It has a mixed legal system of common law (based on Anglo-American law) and customary law and an annual rainfall of 4,650mm per year in the coastal areas and 2,240mm in the interior and possesses about 40% of the West Africa’s rainforest.

Christians in Liberia form 85.6% of the population, Muslims 12.2%, Traditional 0.6%, other 0.2%, none 1.4% (2008 Census). Liberia is rich in natural resources, including iron ore, gold, diamonds, timbers and rubber. Freed slaves from the United States settled in Liberia in 1822. By 1847, the country declared her independence becoming the first black independent country in Africa where America-Liberians were able to establish a republic. Liberia has a Republican form of government with three branches including Legislature, Judiciary and Executive. Liberia has a growth rate of 2.1 per annum, of which 1.6 million or 44.5% reside in the urban areas and 2.0 million or 55.5% reside in the rural. About 2,891,723 million or 83.2% of the population is between the ages of 0-39 years meaning that Liberia has a youthful population. (http://www.lr.undp.org)

With all the above reports, progress and gains on the global stage, what remains lacking is the ordinary Liberian ability to understand, feel, see, know or benefit the impact of the SDGs. This research uncovered that there are many Liberians who do not know the meaning of the Sustainable Development Goals (SDGs) before even thinking about interpreting the results in the communities in Liberia.

Methods

The study was conducted in Liberia specifically in Buchanan Grand Bassa County. Buchanan is the third largest city in Liberia, lying on Waterhouse Bay, part of the Atlantic Ocean. It is referred to as Gbezoyn in the local Bassa language. As of the 2008 census, Buchanan has a population of 34,270 (Wikipedia). This study was conducted only for people living in Buchanan City. The main instrument used was questionnaire copies of which were served to each head of twenty five communities which is presumed to have had some sort of knowledge regarding sustainable development. The questionnaires were developed and distributed based on the number of zones and communities in the city. There are about twenty five major communities in Buchanan. So the numbers of questionnaires were based on such.
Result

Demography

**Figure 1.** Age range for respondents

This figure shows that among the respondents, 3(12%) respondents are between 25 to 36yrs, 4(16%) are between 26-36 yrs and 18(72%) is above 26yrs

**Figures 2.** Sex

This figure shows that among the respondents, 18(72%) are male and & (28%) are females
Figure 3. Education level

This figure shows that 10(40%) of the respondents hold University degrees, 5(20%) are junior high level, 2(8%) are at elementary level and 5(20%) of the respondents do not have any form education.

Figure 4. Marital status

This figure shows that 18(72%) of the respondents are married, 7(28%) are not married and none of the response is divorced.
Table 1. Are you employed?

<table>
<thead>
<tr>
<th>Variables</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>15</td>
<td>60%</td>
</tr>
<tr>
<td>No</td>
<td>10</td>
<td>40%</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 1 shows that 15 (60%) of the respondents are employed and 10 (40%) are not employed.

![Employment Chart]

Figure 5. Employment

Table 2. Do you know what the sustainable development goals (SDGs)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>12</td>
<td>48%</td>
</tr>
<tr>
<td>No</td>
<td>13</td>
<td>52%</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 2 shows that 13 (52%) of the respondents do not have knowledge on what the Sustainable Development Goals (SDGs) is and 12 (48%) of the respondent know what the SDGs is.
Figure 6. Knowledge about SDGs

Table 3. Do you think people in your community can afford daily meal?

<table>
<thead>
<tr>
<th>Variables</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>6</td>
<td>24%</td>
</tr>
<tr>
<td>No</td>
<td>19</td>
<td>76%</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 3 shows that 19(76%) of the respondents cannot afford their daily meal and only 6(24%) can actually afford their daily meal.

Table 4. From your own knowledge, do you think you eat healthy and balanced meals daily?

<table>
<thead>
<tr>
<th>Variables</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>5</td>
<td>20%</td>
</tr>
<tr>
<td>No</td>
<td>20</td>
<td>80%</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 4: shows that only 5(20%) of the respondents can actually eat healthy and balanced meals on a daily basis and 20(80%) cannot eat healthy and balanced diet.
Table 5. Does your community have access to safe driving water?

<table>
<thead>
<tr>
<th>Variables</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>9</td>
<td>36%</td>
</tr>
<tr>
<td>No</td>
<td>16</td>
<td>64%</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 5 which is one of the most important variables when it comes SDGs, shows that of the 25 respondents; only 9(36%) have access to safe drinking water. The rest of 19(64%) do not have access to safe drinking water.
Figure 8. Safe drinking water

**Table 6.** Does your community have access to affordable and quality education for you or your kids?

<table>
<thead>
<tr>
<th>Variables</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>7</td>
<td>28%</td>
</tr>
<tr>
<td>No</td>
<td>18</td>
<td>72%</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 6 shows that 7 (28%) have access to affordable and quality education while 18 (72%) do not have access to affordable and quality education.

**Table 7.** Does your Community have access to affordable and quality medical facilities for your family?

<table>
<thead>
<tr>
<th>Variables</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>2</td>
<td>8%</td>
</tr>
<tr>
<td>No</td>
<td>23</td>
<td>92%</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 7 shows that only 2 (8%) of the respondents have access to affordable and quality medical facilities, and the rest of the 23 (92%) do not have access to medical facilities.
Table 8. Do you think many people can die while giving birth in your community?

<table>
<thead>
<tr>
<th>Variables</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>10</td>
<td>40%</td>
</tr>
<tr>
<td>No</td>
<td>15</td>
<td>60%</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 8 shows that 10(40%) of the respondents die while giving birth and 15(60%) survive during delivery. This is referred as maternal mortality.

Table 9. Do you think people in your community suffer from hunger and starvation?

<table>
<thead>
<tr>
<th>Variables</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>18</td>
<td>72%</td>
</tr>
<tr>
<td>No</td>
<td>7</td>
<td>28%</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 9 shows that 18(72%) of the respondents suffer from hunger and starvation while 7(28%) do not suffer from starvation.

Discussion

The above result from the questionnaires confirms the assertion of this paper that sustainable development is not reflected among the ordinary Liberians as reported on the Global stage. According to http://www.globalgoals.org/, the 17 goals for sustainable development include:

1. No Poverty- from the data above, 72% of the respondents suffer from hunger and starvation. 80% of the respondents do not have healthy and balance meal and 76% cannot afford daily meal. How than can we measure Liberia progress with the SDGs
2. Zero Hunger- The short survey conducted in 25 communities in Buchanan shows that 18(72%) go hunger every day.
3. Good Health and Well Being- from the questionnaires, 23(92%) communities do not have access to affordable and quality medical facilities

4. Quality Education-data from table 6 shows that 18(72%) of communities in Buchanan do not have access to affordable and quality education

5. Clean Water and Sanitation- Table 5 shows that 16(64%) do not have access to safe drinking water

These are just five of the 17 goals for sustainable development and none of which gets positive result among the lives of Liberia. Therefore using Sustainable Development Goals (SDGs) as the means as a tool and its “Report of Progress” would be very wrong and this again cannot be seen and felt by the Liberians.

**Conclusion**

In conclusion, the only national tool that can be used in Liberia to measure global education, research and technology for sustainable development is the SDGs and the level of progress reflected in reports on the global stage does not match with the actual reflection in different communities. http://www.globalgoals.org/

**References**

Corporate Governance and Bank Performance Assessing the Impact of Corporate Governance on Bank Performance

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Abstract

The objective of this paper is to explore the impact of corporate governance on continuous business operations and Bank performance indices in the Nigerian Banking Industry. To explore the relationship between Corporate Governance and Bank performance, a Pooled Least Squares Regression analysis was run on Eview Statistical Package based on the (2005 – 2009) financial data/report obtained from BGL 2010 Banking Report and the financial reports and accounts of Nigerian Banks. The results of the analysis showed a negative interrelationship between corporate governance and bank performance.

This study finds that there exist a negative interrelationship between corporate governance and bank performance. Hence this portends that the adoption and entrenchment of sound corporate governance and frameworks has significant effect on bank performance.

This paper will increase understanding of the relationship of corporate governance and bank performance.

Keywords: Corporate Governance, Bank Performance, Type of ownership.

Introduction

The primary purpose of the study is to investigate the impact of Corporate Governance on Bank Performance in Nigeria.

In order to achieve this major objective, some steps would be adopted such as examining the extent to which Nigerian Banks have incorporate sound corporate governance practices and the impact on their Bank performance indices.

The study seeks to answer the following research questions in order to effectively accomplish the research objective:
1. What are the variables influencing bank performance in Nigeria?
2. What is the relationship between corporate governance variables and bank performance?
3. To what extent does bank liquidity affects the relationship between corporate governance variables and bank performance?
4. To what extent does bank activity mix affects the relationship between corporate governance variables and bank performance?
5. To what extent does bank debt-equity ratio affects the relationship between corporate governance variables and bank performance?
6. To what extent does bank loan-deposit ratio affects the relationship between corporate governance variables and bank performance?

The importance of study starts from the fact that banks play a critical financial intermediation role in the Nigerian Financial System, hence failure of corporate governance principles would greatly impact on bank performance.

This study will be of immense benefit to the Board Members, Managing Directors, various cadres of Management staff in the financial services industry in that it would assist them in adopting the best practices in corporate governance that would enhance their bank’s Corporate Performance.
Scope and limitations

Corporate Governance and Bank performance are broad concepts that cannot be exhaustively dealt with in a work like this. Hence the focus of this research is to examine the impact of corporate governance on the Bank performance indices of Nigerian the banking industry.

The time period that will be used for the data analysis will be limited to the 5 year financial period (2005 – 2009) of Nigerian Banks based on available financial data.

The aim of this research is to obtain a deeper understanding of how banks can adopt good corporate governance practice to ensure better Bank performance management strategies.

Corporate governance is a field in economics that investigates how to secure efficient management of corporations by the use of incentive mechanisms, such as contracts, organizational designs and legislation. This is often limited to the question of improving financial performance, for example, how the corporate owners can secure that the corporate managers will deliver a competitive rate of return, (Encycogov's n.d.)

15 Weaknesses in Corporate Governance of Banks in Nigerian: (1) Board squabbles, (2) Ineffective Board oversight functions, (3) Fraudulent and self-serving practices among members of the board, management and staff, (4) Overbearing influence of chairman or MD/CEO, (5) Weak internal controls, (6) Non-compliance with laid-down internal controls and operation procedures (7) Ignorance of and non-compliance to Banking rules laws and regulations, (8) Passive shareholders. (9) Poor risk management practices resulting in large quantum of non-performing credits including insider-related credits, (10) Abuses in lending, including lending in excess of single obligor limit, (11) Sit-tight Directors, (12) Succumbing to pressure from other stakeholders, (13) Technical incompetence, poor leadership and administrative ability (14) Inability to plan and respond to changing business circumstances (15) Ineffective management information system.

Effective corporate governance charter

Bank performance

Some financial ratios used to evaluate Bank Performance are Return on Average Asset (ROBT), Loan to Loss Ratio, Cost to Income Ratio, Capital Adequacy Ratio (CAR), and Liquidity.

The Central Bank of Nigeria (CBN) is the apex regulatory authority of the financial system. It was established by the Central Bank of Nigeria Act of 1958 and commenced operations in July 1959. Among its primary functions, the CBN promotes monetary stability and a sound financial system, and acts as banker and financial adviser to the Federal Government. It is the banker of last resort to licensed banks 24 and approves licences to financial institutions, which include Deposit Money Banks, Primary Mortgage Institutions, Microfinance Banks, Finance companies, Bureaus De Change, and Development Finance Institutions.

The work of (Rogers, 2008) indicated that Corporate Governance (Transparency, Trust and Disclosure) predicts 34.5 % of the variance in the general financial performance of Commercial banks in Uganda. The significant contributors to financial performance were openness and reliability.

Statement of hypothesis

The major arguments of this study are compressed in the following hypothesis:

H0 - There is negative inter-relationship between corporate governance and bank performance.
H1 - Better corporate governance will lead to better bank performance.

Model specification

Following Flamini, McDonald, and Schumacher (2009) among others, this study adopts a model of bank performance determinants to investigate the relationship between corporate governance and bank performance. Thus, the models to be adopted in this study are as follows:

Model 1

\[
ROBT = \alpha_0 + \beta_1 \text{CAP} + \beta_2 \text{LD} + \beta_3 \text{LL} + \beta_4 \text{OWN} + \beta_5 \text{LIQ} + \beta_6 \text{ACT} + \beta_7 \text{SIZE} + \beta_8 \text{CI} + \beta_9 \text{MP} + \beta_{10} \text{DE} + \beta_{12} \text{CTRLI} + \text{staff} + \text{MVB} + \epsilon_1
\]  

Where;
ROBT  =  Profitability (Return on Asset) of bank
CAP   =  Capital Adequacy Ratio
LD   =  Loan to Deposits Ratio
LL   =  Loan Loss Provisioning
OWN   =  Ownership Structure
LIQ  =  LIQ = Liquidity ratio of bank
ACT  =  ACT = Activity Mix
SIZE  =  Size of bank
CI  =  Cost Income Ratio
MP  =  Market Power of bank
DE  =  Debt-Equity
ADIV  =  Quoted Bank
DLB  =  Controlling Interest
MVB  =  Market to Book value
STF  =  Staff Cost
QB  =  Quoted Banks
CTRLI  =  Controlling Interest
D1  =  = 1 for Private Locally-owned bank, and 0 for others
\[\alpha\]  =  Intercept
\[\epsilon\]  =  = Coefficient of parameters
\[\epsilon\]  =  = Residual error
Model 2

\[ ROBT = \alpha_0 + \alpha_1 \text{CAP} + \alpha_2 \text{LD} + \alpha_3 \text{LL} + \alpha_4 \text{OWN} + \alpha_5 \text{LIQ} + \alpha_6 \text{ACT} + \alpha_7 \text{SIZE} + \alpha_8 \text{CI} + \alpha_9 \text{MP} + \alpha_{10} \text{DE} + \alpha_{12} \text{CTRL} + \text{staff} + \text{MVB} + \alpha_1 \] (3.1)

Limitations of the methodology

The limitations of this study arise from the fact that there is inadequate data needed to embark on a more rigorous study about the Nigerian banks.

Also the regression model adopted was also constrained by limited time series data; hence an unbalanced pooled regression analysis was adopted. The limitations associated with Pooled Least Squares method of Panel Data Regression analysis is worthy of note as well.

The limited scope of time, resources constituted another major constraint in the conduct of this research. The series of changes in the Nigerian Banking Industry in the intervening period constitutes a limitation as well.

Despite these inherent limitations the results obtained largely conforms to the research findings of some other researchers in this and related field of study.

A priori expectation of the relationship

For the variables investigated in this study it is expected that Corporate Governance will have a negative relationship with Bank Performance.

Analysis of data and interpretation of results

\[ ROBT = \text{Profitability (Return on Asset) of bank} \]

\[ \text{CAP} = \text{Capital Adequacy Ratio} \]

\[ \text{LD} = \text{Loan to Deposits Ratio} \]

\[ \text{LL} = \text{Loan Loss Provisioning} \]

\[ \text{OWN} = \text{Ownership Structure} \]

\[ \text{LIQ} = \text{Liquidity ratio of bank} \]

\[ \text{ACT} = \text{Activity Mix} \]

\[ \text{SIZE} = \text{Size of bank} \]

\[ \text{CI} = \text{Cost Income Ratio} \]

Descriptive statistics and analysis

Table below shows the summary statistics of all the variables used in the study which includes the following : Return on Assets (ROBT), Liquidity ratio (LIQ), Loan loss Provisioning(LL), Capital adequacy (CAP), Loan-deposit ratio (LD), Activity mix (ACT), Size of the bank (SIZE), Cost-Income Ratio (CI), Market power (MP), Debt-equity ratio (DE), Staff Cost (STAFF), Market to book value equity (MVB), Domestic or Foreign ownership (OWN), Controlling interest of at least 10% shareholding (CTRL) and Quotation Status (QB).

The descriptive statistics indicates that whilst the mean performance of banks based on ROBT was about 90% the Cost to Income Ratio (CI) absolute was about 67% and CAR about 16%, showing some relationship which is described further in the regression analysis. The negative skewness of the bank
performance indicators vis-à-vis the positive skewness of the Corporate Governance and variables are indicators of some interrelationships described further in the regression analysis.
**Table 1. Descriptive statistics and analysis**

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Median</th>
<th>Maximum</th>
<th>Minimum</th>
<th>Std. Dev.</th>
<th>Skewness</th>
<th>Kurtosis</th>
<th>Jarque-Bera</th>
<th>Probabili-</th>
<th>Sum</th>
<th>Sum Sq. Dev.</th>
<th>Observa-</th>
<th>Cross sections</th>
</tr>
</thead>
<tbody>
<tr>
<td>LD?</td>
<td>0.5759</td>
<td>0.5547</td>
<td>1.27509</td>
<td>0.01688</td>
<td>0.2389</td>
<td>0.46974</td>
<td>4.2853</td>
<td>4.8583</td>
<td>0.08810*</td>
<td>26.492</td>
<td>2.5701</td>
<td>46</td>
<td>20</td>
</tr>
<tr>
<td>ACT?</td>
<td>1.1882</td>
<td>1.1609</td>
<td>2.35055</td>
<td>0.25498</td>
<td>0.3841</td>
<td>0.26042</td>
<td>3.7677</td>
<td>1.6496</td>
<td>0.438301*</td>
<td>54.660</td>
<td>6.6401</td>
<td>46</td>
<td>20</td>
</tr>
<tr>
<td>CAP?</td>
<td>0.1672</td>
<td>0.1651</td>
<td>0.28598</td>
<td>0.05389</td>
<td>0.0611</td>
<td>0.13252</td>
<td>1.9956</td>
<td>2.0679</td>
<td>0.355584*</td>
<td>7.6922</td>
<td>0.1681</td>
<td>46</td>
<td>20</td>
</tr>
<tr>
<td>SIZE?</td>
<td>13.113</td>
<td>14.5136</td>
<td>11.7832</td>
<td>0.7801</td>
<td>0.07072</td>
<td>1.9464</td>
<td>2.1656</td>
<td>0.338644</td>
<td>60.320</td>
<td>27.388</td>
<td>46</td>
<td>46</td>
<td>20</td>
</tr>
<tr>
<td>MP?</td>
<td>0.1160</td>
<td>0.0943</td>
<td>0.4696</td>
<td>0.02089</td>
<td>0.0906</td>
<td>2.08538</td>
<td>7.9274</td>
<td>79.877</td>
<td>0</td>
<td>5.3358</td>
<td>0.3701</td>
<td>46</td>
<td>20</td>
</tr>
<tr>
<td>LL?</td>
<td>0.0272</td>
<td>0.0183</td>
<td>0.16304</td>
<td>0.0299</td>
<td>2.5545</td>
<td>10.705</td>
<td>163.83</td>
<td>0</td>
<td>1.2541</td>
<td>0.0403</td>
<td>46</td>
<td>18</td>
<td>20</td>
</tr>
<tr>
<td>CI?</td>
<td>0.6754</td>
<td>0.6422</td>
<td>1.41235</td>
<td>0.1588</td>
<td>2.56999</td>
<td>11.584</td>
<td>191.89</td>
<td>0</td>
<td>31.070</td>
<td>1.1351</td>
<td>46</td>
<td>02</td>
<td>20</td>
</tr>
<tr>
<td>LIQ?</td>
<td>0.5167</td>
<td>0.4971</td>
<td>1.38416</td>
<td>0.18707</td>
<td>1.59904</td>
<td>8.6924</td>
<td>81.709</td>
<td>0</td>
<td>23.770</td>
<td>1.8178</td>
<td>46</td>
<td>32</td>
<td>20</td>
</tr>
<tr>
<td>STF?</td>
<td>0.0262</td>
<td>0.0209</td>
<td>0.33573</td>
<td>0.00393</td>
<td>6.30416</td>
<td>41.861</td>
<td>319.2</td>
<td>0</td>
<td>1.2059</td>
<td>0.1004</td>
<td>46</td>
<td>29</td>
<td>20</td>
</tr>
<tr>
<td>ROB T?</td>
<td>0.0259</td>
<td>0.0276</td>
<td>0.04914</td>
<td>0.005436</td>
<td>0.0160</td>
<td>2.78892</td>
<td>14.848</td>
<td>328.72</td>
<td>0</td>
<td>1.1917</td>
<td>0.0115</td>
<td>46</td>
<td>20</td>
</tr>
<tr>
<td>MVB?</td>
<td>0.4915</td>
<td>0.3390</td>
<td>2.35494</td>
<td>0.4525</td>
<td>2.28540</td>
<td>8.4313</td>
<td>96.585</td>
<td>0</td>
<td>22.609</td>
<td>9.2174</td>
<td>46</td>
<td>83</td>
<td>20</td>
</tr>
<tr>
<td>DE?</td>
<td>6.0048</td>
<td>5.0552</td>
<td>17.5532</td>
<td>2.49669</td>
<td>3.1788</td>
<td>5.4847</td>
<td>28.971</td>
<td>0</td>
<td>276.22</td>
<td>454.72</td>
<td>46</td>
<td>28</td>
<td>20</td>
</tr>
<tr>
<td>QB?</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>5.2173</td>
<td>46</td>
<td>20</td>
<td>46</td>
<td>20</td>
</tr>
<tr>
<td>OWN?</td>
<td>0.1304</td>
<td>0</td>
<td>0</td>
<td>0.3405</td>
<td>2.19469</td>
<td>5.8166</td>
<td>52.133</td>
<td>0</td>
<td>6</td>
<td>5.2173</td>
<td>46</td>
<td>46</td>
<td>20</td>
</tr>
<tr>
<td>CTRI</td>
<td>0.4312</td>
<td>1.22315</td>
<td>2.24961</td>
<td>04</td>
<td>35</td>
<td>65</td>
<td>46</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>------</td>
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<td>------</td>
<td>------</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.7608</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>66</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.956</td>
<td>8.3695</td>
<td>0.002533</td>
<td>*</td>
<td>0.002533</td>
<td>79</td>
<td>35</td>
<td>65</td>
<td>46</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Regression analysis and results

The summary regression analysis and results for the study as depicted in Tables below is presented and analyzed in this section.

Table 2. Regression results of bank performance model

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>0.124474</td>
<td>0.026433</td>
<td>4.709068</td>
<td>0</td>
</tr>
<tr>
<td>LIQ?</td>
<td>-0.00311</td>
<td>0.006699</td>
<td>-0.46415</td>
<td>0.645</td>
</tr>
<tr>
<td>LD?</td>
<td>0.0018</td>
<td>0.00675</td>
<td>0.266641</td>
<td>0.7911</td>
</tr>
<tr>
<td>LL?</td>
<td>-0.0262</td>
<td>0.114996</td>
<td>-0.22779</td>
<td>0.8209</td>
</tr>
<tr>
<td>STF?</td>
<td>-0.03385</td>
<td>0.03124</td>
<td>-1.08349</td>
<td>0.2849</td>
</tr>
<tr>
<td>CAP?</td>
<td>0.042607</td>
<td>0.03193</td>
<td>1.334358</td>
<td>0.1895</td>
</tr>
<tr>
<td>ACTV?</td>
<td>-0.00541</td>
<td>0.004393</td>
<td>-1.23151</td>
<td>0.2251</td>
</tr>
<tr>
<td>SIZE?</td>
<td>-0.0023</td>
<td>0.002017</td>
<td>-1.13923</td>
<td>0.2612</td>
</tr>
<tr>
<td>CI?</td>
<td>-0.07941</td>
<td>0.022221</td>
<td>-3.57347</td>
<td>0.0009</td>
</tr>
<tr>
<td>MP?</td>
<td>0.009617</td>
<td>0.0147</td>
<td>0.654241</td>
<td>0.5166</td>
</tr>
<tr>
<td>DE?</td>
<td>0.000203</td>
<td>0.000311</td>
<td>0.654259</td>
<td>0.5166</td>
</tr>
<tr>
<td>QB?</td>
<td>-0.01492</td>
<td>0.006842</td>
<td>-2.18033</td>
<td>0.035</td>
</tr>
<tr>
<td>OWN?</td>
<td>0.003872</td>
<td>0.004017</td>
<td>0.964057</td>
<td>0.3407</td>
</tr>
<tr>
<td>CTRI?</td>
<td>-0.00125</td>
<td>0.003239</td>
<td>-0.38464</td>
<td>0.7025</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.906797</td>
<td></td>
<td>Mean dependent var</td>
<td>0.030873</td>
</tr>
<tr>
<td>Adjusted R-squared</td>
<td>0.877244</td>
<td>S.D. dependent var</td>
<td>0.021529</td>
<td></td>
</tr>
<tr>
<td>S.E. of regression</td>
<td>0.007543</td>
<td>Akaike info criterion</td>
<td>-6.72105</td>
<td></td>
</tr>
<tr>
<td>Sum squared resid</td>
<td>0.002333</td>
<td>Schwarz criterion</td>
<td>-6.21009</td>
<td></td>
</tr>
<tr>
<td>Log likelihood</td>
<td>198.8289</td>
<td>Hannan-Quinn criteria.</td>
<td>-6.52346</td>
<td></td>
</tr>
<tr>
<td>F-statistic</td>
<td>30.68451</td>
<td>Durbin-Watson stat</td>
<td>2.161276</td>
<td></td>
</tr>
<tr>
<td>Prob(F-statistic)</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Significant at the 5% level
** Significant at the 10% level

The table shows the results of Model I – estimating the relationship between corporate governance variables and bank performance for all banks. The result in Table 4.1 shows that CI and QB are both negative and significant at the 5% level while all other variables are insignificant. This appears to show that Cost-income ratio and Quotation status of banks negatively influence bank performance.
This result also confirms the first hypothesis (H10), which states that there is a negative inter-relationship between bank performance and cost to income ratio.

In the model, R squared was 0.90, meaning about 90% of the variance in ROBT is explained by the model.

Whilst an Adjusted R-squared 0.88, meaning about 88% of the variance in ROBT is explained by the model.

Durbin-Watson stat of 2.0757 indicates that serial autocorrelation does not exist amongst the variables.

Durbin-Watson should be between 1.5 and 2.5 indicating the values are independent.

Hence there is the need to manage these variables in order to attain unto a very higher levels of bank performance.

**Summary of findings**

The regression results obtained from this study largely confirms the hypotheses of this study that:

- Better corporate governance and would improve Bank performance measures in respect of banks.
- Better corporate governance is facilitated ensuring that the variables in the corporate governance regression model are well managed by the entity.

**Conclusions and recommendations**

This study examined the impact of corporate governance on bank performance. The study attempted to answer questions towards determining to what extent the following variables: liquidity, loan loss ratio, and activity mix, staff cost, market power, market-to-book value ratio, capital adequacy, cost-income ratio, ownership, controlling interest and debt-equity ratio a measure of corporate governance and bank performance in the Nigerian banking industry.

Using data over the period of 2005 to 2009, the study used pooled regression technique to determine the impact of corporate governance on bank performance.

The findings of this study showed that corporate governance has a negative effect on bank performance; sound corporate governance framework would lead to improved Bank performance indices.

The findings of this study further confirm the hypothesis that better corporate governance leads to better performance.

**Implication of findings**

The implications of these empirical research findings are significant in nature.

The Banks’ board and management should be actively involved in managing all the variables that are both qualitative and quantitative measures of corporate governance and bank performance.

It is a cursor that the regulatory bodies such the Central Bank of Nigeria (CBN), Nigerian Deposit Insurance Corporation (NDIC) should overhaul their bank supervisory and regulatory framework with the objectives of preventing corporate banking failures that are a resultant effect of corporate governance and banks performance;

Various stakeholders in the banking industry – depositors, customers, shareholders, etc, should be involved in various degrees and levels to ensure that unethical and unwholesome practices that are risky in nature are curbed before they become a contagion on the entire system and resulting in grave losses;

**Recommendations**

- The regulatory bodies in the Nigerian Financial System should constantly review the level of banks compliance with Corporate Governance Codes;
- In similar vein various measures should be adopted by regulatory bodies to ensure compliance by banks as regards corporate governance codes;
- The banks that is the focus of this study should review their present corporate governance framework and their indices of Bank performance as the starting point;
• Beyond adopting the letter of corporate governance codes, the board and management of the banks should institute a culture wherein sound governance measures is seen adopted as a corporate way of life;
• The board and management of banks should review the various indices of Bank performance in the light of corporate governance frameworks, since this impact on banks’ performance, survival in the corporate landscape.

Corporate governance can be a powerful lever for change throughout the banking industry. Archimedes, the great mathematician once says that, given firm place to standard with a lever he could move the earth. If the same lever of corporate governance is pulled throughout the nation’s economy, we can expect some movement to change organizational cultures throughout the Banking sector.

The leading institution in all sectors of the national economy should embrace corporate governance. Stock Exchange and Capital Markets authority can influence the listed purpose especially through listing requirements and annual reports. The central bank can enforce corporate governance on licensed commercial bank that in turn would similarly do so unto her corporate customers and state enterprises, thereby stopping fiscal herm phage and encouragement there are real contributions to GDP, and in the private sector to a dynamic enterprise, culture and increased performance and profitability of private companies leading both increase export and increase rate of GDP growth

Conclusions
This study examined the impact of corporate governance on bank performance in the Nigerian banking industry. Various recommendations were proffered to regulatory bodies, board members and management of banks such that if adopted would ensure survival, stability, and sustained profitability of the Nigerian Banking Industry in the national and global corporate landscape.

Reference


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IT Project Governance in Project Delivery: Key Processes, Activities, Roles and Responsibilities

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Abstract

The general objective of this work was to contribute to the general body of knowledge and research work in the area of managing IT projects successfully. The office of Government commerce of the UK Government in conjunction with the National Audit came out with a guideline in 2007 which list out eight causes of project failures. Six out of the eight causes were attributed to governance issues (Aon, 2011). This shows clearly that governance activities in project management are really important, and failure to place premium on them can result in failure of projects. The research work was therefore intended to come out with IT governance frameworks that can help resolve the problem of failure of IT projects resulting from governance issues. Four IT program managers and eight IT project managers were talked to on a variety of IT project governance issues. The frameworks were developed based on a combination of literature, experts (IT project and program managers of the telecom industry in Ghana) input, observation, and so on. The governance frameworks depicts project management processes, project activities, project governance activities, roles and responsibilities of key stakeholders, key milestones, approval bodies, signatures, and so on, to ensure successful delivery of IT projects.

Keywords: Governance, Project, Information, Technology, Framework, Process.

Introduction

IT projects delivery entails a lot of activities from the beginning to the end; the project manager, his/her team, and all those in the project environment (stakeholders) must engage themselves in a lot of activities to ensure the successful delivery of the project. These activities must be well followed and coordinated to ensure a good flow for the project to be delivered successfully. IT projects unlike other projects are unique because in most cases, it is a combination of systems development processes and traditional project management processes. In some other projects, you may not need to do requirements discovery, gathering, and analysis, but these are strongly required in IT projects.

Project governance is key to the successful delivery of projects. Project governance deals with the facets or parts of governance that has a relation with ensuring the efficacy of projects. Project governance has elements of both corporate (or organisational) governance and specific or exact project management systems (HM Treasury, 2007). Corporate governance has a relation with the answerabilities and duties for how performance is managed in an enterprise (Aon, 2011). Governance originates from the Greek, to steer, or to guide. The word governance is linked with words like government, governing and control (Klakegg et al., 2008). In the organizational setting, governance provides a context or background for ethical decision making and managerial action in an organization that is depended on pellucidity, accountability, and defined roles (Mueller, 2009).

There are two different views about governance. The first class of people suggest that each unit within an organization needs its own governance. Some of these different types of governance include papers “on IT governance”: (Marnewick and Labuschagne, 2011; Martin and Gregor, 2006; Sharma et al., 2009; Willson and Pollard, 2012); “on knowledge governance”: (Ghosh et al., 2012; Pemsel and Muller, 2012); “on network governance”: (Klijn, 2008; Sorensen, 2002); “on public governance”: (Du and Yin, 2010;
Klakegg et al., 2008; Williams et al., 2010); and “on project governance”: (Abednego and Ogunlana, 2006; Miller and Hobbs, 2005; Winch, 2001). This view of governance seems to be very popular among IT managers, project managers, officials within government departments, and academics who work solely within these disciplines. Their take is that governance is a function of management, and that each governance practice operates independently from the other and in practice, they do not mix or there is no integration. This is the view of the author, and the research is based on this view. The author believes that each unit/discipline within an organization should have its own governance for effective tracking of performance. The second view is championed by organizations such as the OECD (OECD, 2004), various Institutes of Directors (e.g. Australian Institute of Company Directors, 2010; Institute of Directors Southern Africa, 2009) and the agencies responsible for governing stock exchanges. In this view, governance is a single process with different facets or sides. An example, they argue, is a governing organization under various themes or subjects: governing relationships, governing change, governing the organization’s people, financial governance, viability and sustainability.

IT governance refers to the management framework within which IT project, program and/or portfolio decisions are made (https://uwaterloo.ca/it-portfolio-management/methodologies/roles-and-responsibilities/it-governance). According to Wilson and Connel, n.d, project governance is a framework that sets out the structure, resources, communication, reporting and monitoring systems to manage a project in consonance with an organization’s corporate or strategic vision. They continued to say that project governance is the framework which certifies that the project has been rightly thought of and is being implemented or done in accordance with best project management practice and within the broader framework of the organization, and that effective project governance is about making sure that projects deliver the value expected of them. An appropriate governance framework helps save money by making sure that all spending is fitting for the risks being tackled. Project governance is far from micro-management, rather it is about setting the terms of reference and operating framework, defining the boundaries and making sure that planning and execution are carried out in a way which ensures that the project delivers benefits (https://www.brookes.ac.uk/services/hr/project/survival/governance.html). Project governance is about guiding and monitoring the process of translating investment decisions into value for the organisation, delivering the estimated and predicted benefits – the business outcomes and benefits to envisioned beneficiaries or recipients (Department of Treasury and Finance, 2012). According to the department of treasury, 2012, the four key principles for effective project governance are:

1. Establish a single point of overall accountability or responsibility.
2. Ownership of service delivery determines project ownership.
3. Stakeholder management must be separated from project decision making.
4. Distinguish or differentiate between project governance and organisational structures.

The following are a list of the role of governance in project management:

1. Developing and managing processes
2. Ensuring guidelines and procedures
3. Managing risk
4. Managing change proposals
5. Monitoring and reporting on governance processes to ensure adherence to standards
6. Ensuring projects are on track to meet expected outcomes
7. Ensuring appropriate levels of resources are assigned
8. Reporting on or based on definite levels
9. Providing an overview or map of agreed process for completing a project
10. Observing or following strictly guidelines and procedures
11. Full clarity or transparency
12. Project structure
13. Objective oversight (Wilson & Connel, n.d),
According to HM Treasury, the main activities of project governance relate to:

- How the programme is directed;
- How projects are owned and the sponsorship;
- How to ensure the efficiency or success of project management roles; and
- How to report and disclose (which includes liaising with stakeholders).

(HM Treasury, 2007).

The four areas mentioned above cut across all the phases of the project life cycle. For the purposes of this research work, and combining the project management and systems development activities, we conclude on four phases of the project life cycle namely, Project Initiation, Project Planning, Project Delivery/Implementation, monitoring and controlling, and Project Closure. At every stage of life cycle, there are a number of project activities, as well as governance activities.

Apart from contributing to the general body of knowledge and research work in the area of IT projects, this research work is aimed at coming out with IT governance frameworks that will depict project management processes, project activities, project governance activities, roles and responsibilities of key stakeholders, key milestones, and so on, to ensure successful delivery of IT projects.

The office of Government commerce of the UK Government in conjunction with the National Audit came out with a guideline in 2007 which list out eight causes of project failures. Six out of the eight causes were attributed to governance issues (Aon, 2011). This shows clearly that governance activities in project management are really important, and failure to place premium on them can result in failure of projects. The research work intends to come out with IT governance frameworks that can help resolve the problem of failure of IT projects resulting from governance issues.

Materials and methods

The frameworks were developed based on a combination of literature, experts (IT project and program managers of the telecom industry in Ghana) input through rigorous interviews and discussions, project documentation of selected firms/companies in the telecom industry in Ghana (firms who have a structured system for project management practice), observation, and so on. The telecom industry in Ghana was used as a case study. Four IT program managers and eight IT project managers were talked to on a variety of IT project governance issues.

Results and discussions

We start the discussion with some few governance frameworks in literature. Aon (2011) presents a project delivery framework showing all the phases of the project life cycle, as well as the deliverables of each phase. Table 1 below gives a summary of it.

<table>
<thead>
<tr>
<th>Project Lifecycle</th>
<th>Strategic Assessment</th>
<th>Project Initiation</th>
<th>Project Planning</th>
<th>Project Execution</th>
<th>Project Closure: Handover</th>
<th>Project Closure: Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key Governance Documents</td>
<td>Strategic plan at programme or organization level</td>
<td></td>
<td></td>
<td></td>
<td>User acceptance</td>
<td>Project handover plan</td>
</tr>
<tr>
<td>Key Governance activities</td>
<td>Multi-year strategic planning of programmes</td>
<td></td>
<td></td>
<td></td>
<td>Project final report with KPI</td>
<td></td>
</tr>
</tbody>
</table>

Table 1. Summary of project delivery framework
From Table 1 we see five stages of the project life cycle, and for each stage, what is required in terms of key governance documents, key governance activities, major milestones, key approvals and key checkpoints. The governance activities are spelt out in the governance documents for each phase. We also have stages where there are key approvals, and for that matter things that must be checked to ensure satisfaction of governance activities before the next stage is allowed. This rigorous framework is necessary to ensure nothing is left out in terms of governance activities to ensure successful delivery of projects.

In Ralf Muller’s book PM Concepts, he presents a framework for project governance that is worth discussing. In his book, he talks about three incremental project management governance steps. The first step is made up of the methodology, Steering Committee, and Reviews and Audit. At this step, the constraints are “very strong technology focus”, and the enablers are “Better Project results needed”. The second step is made up of Certification, Project Management Office (PMO) and Project Support Office (PSO), and Mentoring. The constraints here is “Strong project control focus”, and the enablers, “Role and career for project managers”. The last and third step is made up of advanced training, Bench Marking, and Maturity models. The constraints are “Resistance to change existing practices”, and the enablers, “project management as strategic capability”.

Too and Weaver (2014) also came out with a model for project governance. Theirs is a little bit different from Ralf Muller, in that, they looked at four levels of management namely: project/program management, senior management, executive management, and Governing board. The project/program management and the senior management oversee the project delivery system and the management system; and the executive management and the governing board oversee the governance system and the management system. The four key interrelated elements to support effective governance of projects and programs according to this framework are Portfolio Management; Project Sponsors; Strategic PMO and Effective Projects and Programs Management. According to Too and Weaver (2014), project governance in a multi-project environment has two main functions. The first function is a decision about which projects the organization should approve, fund and support. Management is then made aware of these decisions for implementation. The essential yields from this piece of the project governance framework
are: particulars or specifications about the rights and duties of key members or players in the projects (partners or stakeholders); meanings of (and agreement for) standards and strategies for deciding; advancement of the vital framework/model for choice of the "right" projects and projects to embrace – including a reasonable comprehension of what "right" means for every organization; lastly components for the productive and compelling utilization of assets or resources. The second function of the project governance system is the oversight and assurance. These capacities or functions include: concurring the current strategic plan (in conjunction with top or executive management) and how the projects affirmed within that strategy add to the organization strategic targets or objectives; correction of the strategic plan because of evolving conditions; monitoring performance of the projects within the strategic plan and the stewardship (effective management) of assets/resources connected to these projects; correspondence of these affirmations suitable outside partners or stakeholders, the organization’s owners, and the more extensive stakeholder group (including regulatory authorities).

The main focus of the interviews of the IT project and program managers was to determine the project activities and governance activities for each process group or phase of the project management life cycle (PMLC), the roles and responsibilities of stakeholders, the major milestones and deliverables within the life cycle, the major issues of governance, and so on. A typical systems development will employ the systems development life cycle or the waterfall model. The waterfall model has the processes as analysis, design, coding/construction/implementation, testing, deployment, and maintenance. Matching this with the Project management Institute’s (PMI’s) PMLC, we have Initiating to Analysis; Planning to Design; Executing, monitoring and controlling to coding/construction/implementation; Closing to Testing and Deployment, and then the last stage of waterfall which is maintenance. Basically, from the interviews, there are four main categories which need to be dealt with in terms of frameworks for project governance, and these are Roles and Responsibilities: Steering committee, Project Team, Stakeholders; Tools and methodologies: Project management, Quality management, Financial management, Change management, and so on; Control mechanisms: Financial, Deliverable management, Communication, Human Resources, Confidentiality; Risk management: Financial, Change Management, Delivery, Other (Legislative; Technology; Political; Organizational culture; Human; and so on.).

A project is first conceived as an idea, either from Strategy, Competition or Operations. The idea goes through a thought process and is then aligned with Company Vision, Objectives and Values. If idea passes initial Business Case assessment, approval is given by Business to embark on detailed feasibility of project to ascertain what it takes to deliver project outcome, including related cost, associated risk, people required, etc. A Feasibility report will summarise all findings and will be issued for review and approval by Decision maker. Business Case and Feasibility Report need to be approved together before Implementation can start.

For most start of Implementation, Kick-off meeting is needed to bring stakeholders together to align on the Objectives of the project plus setting up of ground rules/protocols including reporting, communication plan, escalation path, resource matrix and any other team responsibility. During implementation, communication plan, Reporting and Escalation path tools are used as guidelines to manage how information on project is shared. After deployment, project enters Testing phase where acceptance criteria is matched to product delivered. There are varying types of test required in projects. The critical must-do test cases include system test, User acceptance test, regression test and for some cases dry-runs or simulation test. Each type of test is expected to pass pre-defined acceptance criteria and have scores within the customer preferred thresholds. When all tests required are completed and results are accepted by Senior Users, Customers and Operations, the project is then declared as READY for Service (RFS). Once RFS is achieved, project would then be prepared for live environment and Go-Live. New systems introduced in Business and are being used for first time will normally go through a simple switch-on then live environment would be activated for use. On the other hand, for a system swap, which is new system replacing existing, a carefully planned migration strategy would be required. This would be necessary to ensure minimal database errors, missing data, and duplicated data, among others.
Some category of projects require no change in business processes and customer engagements, it’s just a seamless transition from project to live environment, and for such, project closure can commence immediately after go-live. On the Other hand if a Project delivers a new product to Market, or delivers a major change in Business operations, then a Product Formal Launch becomes necessary. With product launch, Product is out-doored, customers are educated through ads and various communication channels. Product launch gives publicity and awareness of product to both internal and external users to help drive early benefit realisation referred to in the business case.

Project hand-over to Operations' arm of a Business happens after go-live and launch. Operations are responsible for day-to-day management of product until end of product life. PM will have to deliver to Operations per agreed hand-over check list. Project Closure is seen as the last milestone of a project, after which the project is deemed as completed. This includes submission of hand-over documents, disbanding of team and resources, capturing of lessons learnt for project library, and organising of final project closure review. It is recommended as best practice that the business case of a project be reviewed after a minimum period of six months of post implementation, to assess benefit realisation. It is also a common practice to include a period of stabilization for turn-key projects, which allow room for suppliers to monitor deployed system over a time before final hand-over to customer and this can also serve as an opportunity for hand-holding and up skill of customer.

Table 2 below shows a framework on project governance based on the perspectives of the interviewers, who are expects in the IT projects field.
<table>
<thead>
<tr>
<th>Traditional Process Group</th>
<th>Waterfall (for systems development)</th>
<th>Governance life cycle process</th>
<th>Key project activities</th>
<th>Key Governance activities</th>
<th>Key deliverables</th>
<th>Approval body/signatures</th>
</tr>
</thead>
</table>
| Initiating               | Analysis                           | Idea/thought/ notion and Concept Stages | • Develop business case  
• Undertake a feasibility study  
• Establish the project charter  
• Assess risks  
• Determine scope  
• Draft plan (budget, schedule, team)  
• Set up the project office  
• Appoint the project team  
• Perform a phase review | • Assess strategic fit  
• Assess risks and return  
• Approve project  
• Appoint project governance team  
• Determine expected outcome/benefits | *Project Request Form/Idea Summary  
*Proposal - Business case, including cost/benefit analysis  
- Initial budget requirements & funding source identification  
- Preliminary Security review  
*Contract Terms & Conditions (if required)  
*Business Requirements  
*Project Charter | *Project Sponsor (Business Unit (BU) Head or Tech Functional Heads)  
*Technical Lead  
*Project Manager  
*Programme Manager |
| Planning                 | Design                             | Feasibility Solution Design | • Create a Project Plan  
• Create a Resource Plan  
• Create a Financial Plan  
• Create a Quality | *Approve terms of reference of project governance team  
*Approve project objectives, plans, milestones, and Key Performance Indicators (KPIs)  
*Approve project | *Detailed project plans  
*Assembled project team | Project Control Board (PCB) for approval of mandate and start of implementation, and signatures as:  
*BU Head / Sponsor  
*Project Manager |
<table>
<thead>
<tr>
<th>Traditional Process Group</th>
<th>Waterfall (for systems development)</th>
<th>Governance life cycle process</th>
<th>Key project activities</th>
<th>Key Governance activities</th>
<th>Key deliverables</th>
<th>Approval body/signatures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executing/ Monitorin g and Controllin g</td>
<td>Coding/ Construction/ Implementation</td>
<td>Implementati on</td>
<td>*Manage project&lt;br&gt;*Manage stakeholders&lt;br&gt;*Manage risks and changes&lt;br&gt;*Monitor and control&lt;br&gt;*Report</td>
<td>*Monitor project progress against KPIs&lt;br&gt;*Make high level project decisions&lt;br&gt;*Determine strategic change to the projects&lt;br&gt;*Resolve key issues&lt;br&gt;*Monitor risks</td>
<td>Product, service or system</td>
<td>Approval body: None&lt;br&gt;Signatures:&lt;br&gt;*Project Manager&lt;br&gt;*Head of Service Assurance&lt;br&gt;*BU Head</td>
</tr>
</tbody>
</table>

Traditional Waterfall (for systems life cycle) | Governance life cycle | Key project activities | Key Governance activities | Key deliverables | Approval body/signatures |
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<tr>
<td>Plan&lt;br&gt;  *Create a Risk Plan&lt;br&gt;  *Create an Acceptance Plan&lt;br&gt;  *Create a Communications Plan&lt;br&gt;  *Create a Procurement Plan&lt;br&gt;  *Contract the Suppliers&lt;br&gt;  *Form team&lt;br&gt;  *Plan deliverables&lt;br&gt;  *Procure goods and services</td>
<td>management team</td>
<td>*Project Management Office (PMO) Head&lt;br&gt;*Solutions Dev. Head For PFA (Project Funding Agreement) we have approval body as senior management team (SMT) and signatures as:&lt;br&gt;*Project Manager&lt;br&gt;*BU Head / Sponsor&lt;br&gt;*Heads PMO, Finance&lt;br&gt;*Chief Technical Officer (CTO),&lt;br&gt;*Chief Financial Officer (CFO), Chief Executive Officer (CEO).</td>
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<tr>
<td>Process Group</td>
<td>development</td>
<td>process</td>
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</tr>
<tr>
<td>Closure</td>
<td>Testing and Deployment</td>
<td>*Test *Launch *Observation *period *Business as usual (BAU)</td>
<td>*Close project *Review project performance</td>
<td>*Assess and approve transition from project team to operational team *Assess realization of expected benefits</td>
<td>Product/ Service/ System ready for use</td>
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<td></td>
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Source: Author (Godfred Yaw Koi-Akrofi)
Figure 1 below shows the basic process of delivering IT projects based on focussed interviews with project and program managers in the Telecommunications industry in Ghana.

A project is conceived as an IDEA derived from strategy, operations or competition.

Figure 1. Project delivery and governance framework
Conclusion

From table 2 and figure 1 and the discussions with the IT project and program managers, the following conclusions are made:
1. The initial stages of IT projects are very crucial and must be painstakingly executed to ensure success at the end of the day. This is achieved by following the right processes and procedures interspersed with approvals before the next stage is take; these are all governance activities.
2. Project governance is crucial throughout the entire process to ensure a single point of overall accountability or responsibility, ownership of service/product delivery, direction of the project in general, total sponsorship of project, efficiency or success of project management roles; and to report and disclose (which includes liaising with stakeholders).
3. Project governance activities are totally different from project activities and must not be confused, but are integral to the success of a project
4. Project delivery without project governance breeds corruption, compromise on standards and quality, ineffectiveness, delayed projects, lack of proper communication and reporting, project funding problems, ownership and direction issues, and so on.

Acknowledgement

I would like to express my sincere thanks to my wife Joyce Koi-Akrofi who served as a main resource right from the beginning to the end. My thanks also go to all the program and project managers who out of their tight schedule could still manage to attend to my numerous calls for meetings, and so on. I appreciate all who contributed in one way or the other for the success of this paper.

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Humanitarian Logistics - An Exposition of the Challenges to Rapid Response in Disaster Relief Operations in Ghana

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Abstract

Response, coordination and collaboration of among humanitarian organisations became more challenging in the use of local logistics and human resources in humanitarian relief operations. This proposal provides a plan for examining humanitarian logistics with specific emphasis on the challenges to rapid response in disaster relief operations in Ghana. The proposal identified the research problem and out of the research problem, it developed research objectives and research questions. The research framework is also outlined to provide a structural outlook of the thesis. The framework for the literature review was presented and this dwelt on four main parts namely theoretical review, empirical review, conceptual review and deduction from the literature. The method to be employed and the procedure and tools for data collection were also provided and this also include the method of data analysis. The time frame, resources required and budget for the conduct of the research were presented in this proposal. The expected output of the thesis was stated and the societal and scientific relevance of the study were also given. The ethical issues associated with the conduct of this study were stated and the procedure for observing and addressing the ethical considerations were also presented.

Introduction

This thesis deals with humanitarian logistics with specific emphasis on the challenges to rapid response in disaster relief operations in Ghana. Over the last two decades, humanitarian logistics has received tremendous attention in both field of human endeavor and scholarly research. The evolving trend of humanitarian logistics was triggered by series of disasters that erupted in the world and their attendant problems. For instance, the 2004 Indian Ocean Tsunami disaster generated unprecedented global outcries regarding poor logistics management. This disaster and the criticisms of its management provided a turning point for humanitarian logistics (Kovacs and Spens, 2011).

In 2006, came actual breakthrough for humanitarian logistics management with far improved performance and responsiveness to disaster situations. In effect, coordination and collaboration of among humanitarian organizations became more challenging in the use of local logistics and human resources in humanitarian relief operations (Overstreet at al., 2011). Unfortunately, disasters upon disasters keep striking and disaster reliefs have also become increasingly demanding making humanitarian logistics globally more challenging, given the complexities and uncertainties involved (OCHA, 2010). Ghana is no exception in this regard, as in the past two decades the country has experienced series of disasters. Natural disasters in Ghana can be categorized into floods, epidemics, wildfires, earthquakes and droughts. However, in recent times, the major disasters that occurred in Ghana were industrial and wildfires, floods and epidemics (Aboahye, Dari and Koomson, 2013; Amposah, 2004). For example, devastating flood disasters that affected Ghana in the last decade occurred in 2003, 2007, 2009, 2010 and 2015. The 2010 and 2015 were the most devastating in recent memory in terms of morbidity, mortality, destructions of physical infrastructures, economic and social adverse effects that came with those disasters. With respect to epidemics, cholera is found to be entrenched disaster posing great concern in Ghana. For example, from 1970 to 2003, four major cholera outbreaks occurred and thus, 1970 and 1972 recorded 16,406 cases of cholera, between 1980 and 1985, 27,489 cases were recorded, and between 1989 and 1992, 5,973 cholera cases were recorded while in 2003, 25,494 cases were recorded (Osei, 2010).
outbreak was in 2014 which occurred in 130 districts out of the 216 districts in Ghana recording 28,975 cases with a death toll of 243. This outbreak protracted and had a spill over to 2015 recording 591 cases with 5 deaths as at May, 2015. The cholera epidemic is found to be fostered and triggered by heavy rains and floods across Ghana (WHO, 2015). These examples of disasters cannot go without the mention of fire disaster which is found to be an annual catastrophic occurrence and its prevalence is very high. Fire disasters in Ghana is said to cost the nation in terms of value of properties destroyed to the tune of US$16million annually (Norman et al., 2015).

All the above examples of disasters in Ghana are indication of the fact the need for effective response to disasters in Ghana cannot be over-emphasized. This has call has been echoed by Van Wassenhove (2006) that “a successful response to a disaster is not improvised. The better one is prepared the more effective the response” (Van Wassenhove, 2006:480). However, in most cases, the response of the humanitarian organizations in Ghana to disasters is fraught with challenging constraints making rapid response ineffective (Buatsi, 2007).

It is against the above backdrop that this thesis is being conducted to provide an in-depth exposition of the challenges to rapid response in disaster relief operations in Ghana.

**Identification of research problem**

Natural disasters are catastrophes that are beyond the control of humans. However, the effects of natural disasters can be reduced through rapid response and effective post-disaster management strategies. Despite this, humanitarian organizations are faced with bottlenecks and disruptions in terms of receipt, warehousing, transportation, tracking, delivering of relief items and post-disaster strategies making relief efforts inefficient and ineffective (Christopher and Tatham, 2011).

In recent times, the most alarming and devastating disasters in Ghana are floods, fires and epidemic. These disasters have claimed many lives and cost the nation hundred million dollars annually. Seriously, response to disasters and managing of disasters augmented by disaster relief organizations in Ghana present operational constraints to regional and national disaster response and management capacity. For example, on several occasions, the response to floods and fire disasters by the disaster relief organizations such as the National Disaster Management Organization (NADMO), the Ghana National Fire Service among other organization was ineffectively executed. In most disasters there were experiences of delays and flaws in disaster response execution leading to increased casualties and worsened conditions of disaster victims. Furthermore, coordination of logistics in humanitarian operations in Ghana especially during emergencies is very daunting due to the distinct nature of the disaster and emergencies as well as the high involvement of stakeholder organizations (Aboagye, Dari and Koomson, 2013; Allotey, Arku and Amponsah, 2010). From the studies one is unclear as to why the delays, effective coordination of logistics, flaws in disaster response execution among other pertinent and mind-boggling issues affecting disaster relief operations in Ghana. There is therefore the need examine the challenges to rapid response in disaster relief operations in Ghana.

Moreover, an area that prompts investigations into the challenges to rapid response in disaster relief operations in Ghana is the gaps that exists in the literature. It has been found that there is scanty knowledge of humanitarian logistics among logistics practitioners and academics necessitating the development of adequate competencies and empirical studies on humanitarian logistics (Kovacs and Spends, 2007; Van Wassenhove, 2006). Careful search of current literature indicates that there have been several empirical studies in other part of the world on post-disaster response as well as reconstruction (Vale and Companella, 2005; Burby and Deyle, 2000; Berke et al, 1993). However, in the Ghanaian context very few studies have been conducted on disasters management (Aboagye, Dari and Koomson, 2013), earthquake disaster (Allotey, Arku and Amponsah, 2010) and flood disaster (Osei, 2010). In effect, humanitarian logistics and challenges in disaster response in Ghana have received little scholarly attention despite the growing occurrence of disasters in Ghana and the magnitude of the effects that the disasters have on Ghana as a whole. There is indeed timely attempt to provide an in-depth and relevant knowledge on how to improve
coordination and speed in responding to disasters in Ghana. The key to improved ability, capability and speed in humanitarian relief efforts is to examine the challenges confronting humanitarian logisticians or disaster relief organizations and provide appropriate antidotes in addressing them.

**Research objectives**

**General objective**

The main aim of this thesis is to examine humanitarian logistics and the challenges to rapid response in disaster relief operations in Ghana.

**Specific objectives**

The specific objectives of the study are as follows:

i. To study the trend of disasters and the extent of the casualties of the disasters for the past five years.

ii. To ascertain the features of humanitarian logistics in Ghana.

iii. To assess the roles played by humanitarian organizations in Ghana.

iv. To examine the barriers/constraints to effective response in disaster relief operations.

v. To explore and propose strategies of ensuring rapid response in disaster relief operations.

**Research questions**

The thesis seeks to address the following research questions:

i. What is the trend of disasters in Ghana for the past five years and to what extent have the casualties affected Ghana?

ii. What features of are peculiar to humanitarian logistics in Ghana?

iii. What roles are played by humanitarian organizations in Ghana?

iv. What are the barriers/constraints to effective response in disaster relief operations?

v. How can rapid response in disaster relief operations be achieved?

**Research framework**

The thesis will be structured in six main chapters as follows:

**Chapter one**

This chapter will be the introduction which provides background to study, problem identification and explanation, research objectives, research questions, significance of the study, scope and limitations of the study and organization of the study.

**Chapter two**

Chapter two will review scholarly articles, researches, books and other relevant publications related to the thesis. The literature reviews will be designed in providing an overview of sources explored and other materials that are useful to the study and the justifications for their use. The chapter will focus on theoretical reviews, empirical reviews and conceptual framework.

**Chapter three**

The chapter three of the thesis will focus on research methodology and this will cover, the research strategy, research design, population, sampling and sampling size, data collection instruments, data collection procedure, pre-testing, validity and reliability and data analysis technique.

**Chapter four**

Chapter four will be results and discussions and it will also present the results obtained from the field. The results will be analyses and the findings obtained will be discussed in line with the research questions.
Chapter five

This chapter will be conclusion and recommendations. It will also contain summary of the research findings and as well as suggestions for further studies.

Literature review

The literature review will dwell on four main parts namely theoretical review, empirical review, conceptual review and deduction from the literature. This sections are explained below:

Theoretical review

Though humanitarian logistics is said to be gaining prominence in developing countries, the application of its theories have not had the needed attention in developing countries. Therefore, the theoretical framework in this thesis will dwell on time-tested theories which embody the findings of several investigations on humanitarian logistics. It will provide a general representation of relationships between things in a given phenomenon.

Empirical review

This section of the literature review will present the findings of other empirical studies that are related to the subject matter. The findings will be critiqued based the strengths and weakness of the methods and analyses used in arriving at those findings.

Conceptual framework

The conceptual framework is the researcher’s idea on how the research problem will have to be explored. This will be based on the theoretical and empirical reviews, which lies on a much broader scale of resolution. The conceptual framework embodies the specific direction by which the thesis will have to be undertaken. The conceptual framework will describe the relationship between specific variables to be identified in the study.

Deductions from the literature

Based on literature reviews, deductions will be made to highlight on the research gaps. This means that the literature review will help to identify the gaps in previous studies and how this study intends to fill the gaps.

Research methodology

This section will provide explanations on the methods to be employed for the study. This includes the research approach, design, sampling, instruments for data collection, data collection procedure, data analysis method.

Research approach

The study adopted both qualitative and quantitative research methods. The decision to combine quantitative and qualitative methods in this study can also be justified on the grounds that it made it possible for the researcher to explore the research questions from different perspectives which lead to broader understanding of issues relating to topic (Bryman, 2004).

Research design

According to Burns and Grove (2003), research design is a blueprint for conducting a study with maximum control over factors that may interfere with the validity of the findings. Parahoo (1997) also defines research design as a plan that describes how, when and where data are to be collected and analyses. In this view, descriptive research design was appropriate for this study.

The perspective of the research was based on Ghana and it involved the major disaster relief organizations in Ghana. The study employed descriptive research design that focused on in-depth
description of humanitarian logistics, disaster relief operations in Ghana and the associated challenges in disaster response. The main aim of this descriptive research is to provide an accurate and valid representation of (encapsulation) the factors or variables that pertain/are relevant to the research questions, so as to present a clear (descriptive) picture of the challenges in rapid response in disaster relief operations in Ghana.

Population

Sekaran (1991) wrote that sampling is the process of selecting a sufficient number of elements from a population so that by studying the sample and understanding the properties or characteristics of the sample, researchers would be able to generalize the properties of the sample to the population. Saunders et al. (1997) indicated that the size of the sample and the way in which it is selected definitely has implication for the confidence level and an extent to which generalization can be made. The criteria for inclusion in this study were based on the fact that the organization must be involved in disaster relief operations in Ghana. The major 12 disaster relief organization in Ghana constituted the target population for this study. Therefore, one official (being the mouthpiece) representing each respective organization was involved in the study. The major organizations targeted were (1) the United Nations Humanitarian Response Depot (UNHRD); (2) World Vision – Ghana, (3) Adventist Development Relief Agency (ADRA); (4) CARE International; (5) the National Disaster Management Organization (NADMO); (6) the Ghana Armed Forces; (7) Ghana Police Service; (8) Ghana National Fire Service; (9) National Ambulance Service (NAS); (10) St. John’s Ambulance Service (SAS); (11) United Nations High Commission for refugees and (12) World Vision Ghana.

Sampling technique and procedure

Sampling is the process of selecting a group of people, events or behavior with which to conduct a study (Burns and Grove, 2003). This study will employ stratified sampling techniques in for selecting for the study. Stratified sampling technique is where the elements in the population are first divided into groups called strata. The basis for choosing this sampling technique is due to the heterogeneous nature of the target population. In order to do this, the population was put into two strata (subgroups). The total membership of each group (each disaster relief organization) forms the sample frame for the study and the total number of the members will then be expressed in percentage terms to obtain the sample size.

Research instruments and data collection

(i) Questionnaire

According to Yin (2004), questionnaires are the most appropriate method for case study. For the purpose of this study questionnaires were used because it helped to collect the relevant data from the large number of respondents in various selected locations. It also ensured that standardized data were collected from identical questions without the need to have face to face interaction. Apart from these, it saves time and resources. Also, the questionnaire enabled the researcher to collect relevant data in respect of the same variables for everyone in the sample selected (Zahari, 2007). This makes the questionnaire an indispensable tool in gathering primary data about people, their behaviour, attitudes, opinions and awareness of specific issues. Therefore, the study will design questionnaire to seek the views of the respondents based on the research questions

(ii) Interviews

Interview guide consisting of open-ended questions will be designed seek the views of key representatives of the disaster relief organizations. The interviewees will be key in the respective organization and they should be directly involved in disaster relief operations in Ghana. In ensuring that the interviewees freely express their views and provide relevant data for this study, they will be assured of anonymity and that their personality would not be revealed. For this reason, the study will use acronyms in
referring to the interviewees. Their profiles will be attached to the study as an appendix. Although the main weakness of interview is that it is expensive in terms of time and cost, it also contributes significantly in obtaining adequate and relevant data for the study. Also it ensures flexibility and adaptability in the face-to-face encounter. It allows for follow-up questions to be made on the spot (Sounder et al., 2003).

**Data analysis method**

The study will use the 5-Likert scale in analyzing the data to be obtained from the questionnaire. The 5-Likert scale will be made up of 1 = strongly disagree; 2 = Disagree; 3 = Indifferent; 4 = Agree and 5 = strongly agree.

Based on the responses to the questionnaire using the above scale, the following Weighted Mean Average formula will be used to compute the overall results for the various variables to address the research questions.

$$WMA = \frac{\sum W}{AN} = \frac{5n_5 + 4n_4 + 3n_3 + 2n_2 + 1n_1}{5N} \quad \text{eq. 1}$$

The formula above is explained below:

- **WMA** = Weighted Mean Average
- **A** = Highest weight (in this case 5)
- **N** = Sample Size
- **n_1** = Number of responses to “Strongly Disagree”
- **n_2** = Number of responses to “Disagree”
- **n_3** = Number of responses to “Indifferent”
- **n_4** = Number of responses to “Agree”
- **n_5** = Number of responses to “Strongly Agree”

The result from the computations using the above formula will then be compared with the Vagias (2006) Means Range values to obtain the appropriate interpretation to the specific variable in the questionnaire.

The results obtained from the interviews will analysis using thematic analysis framework. In this regard, the study will identify the main themes running through the results obtained. This means that the topical issues that are found common in the all the results will be categorized and analyses. This method of analysis is in consistent with Wetherill and Potter (1988) Interpretative Repertoire Method of analyzing interviews.

**Time schedule and resource requirement**

The thesis is scheduled to take 8 months to complete. This means that by 15th November, 2016, the draft copy of the thesis will be ready for submission. This is budgeted that GHc8,650.00 will be used to cover the research expenses. The table below illustrates the time, resource schedule and budget for the entire research processes.
### Table 1. Time, resource and budget schedule

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**Expected output**

It is expected that the output of this thesis will provide new knowledge in the area of humanitarian logistics and disaster relief operation in Ghana. Finally, the thesis will be published in one of the international publishing journals.

**Societal and scientific relevance**

This thesis is conducted to adequately improve speed in responding to disasters and victims of disasters in ensuring that there is reduced morbidity and mortality. By so doing the thesis will raise awareness of potential constraints affecting rapid response to disasters and disaster victims. It is also important to state that humanitarian logistics have much to offer the business world taking cognizance of the fact that, disasters affect businesses as well. Therefore, businesses could learn more from this study about vulnerability assessment, preparation and response to disasters. In the humanitarian world, logistics was long considered a back-office function. The growing attention of donors, academia and the general public has lately begun to change this underestimation of the logistics function.

The significance of this study is such that humanitarian logistics as a field is new and has not yet received the much needed academic attention as compared to other fields of study. Therefore, the researcher believes that more research is needed in different areas of humanitarian logistics, hence the need for this study to be
conducted. This study will provide systematic knowledge and understanding of management of dynamic and complex crises, the challenges to effective and efficient humanitarian logistical services delivery in Ghana and how to address these challenges so as to save more lives and enhance the quality of life of those affected.

**Ethical considerations**

Accessibility to data from some security outfit will not that easy, especially the Ghana Armed Forces. Due to security policy and information classification of the Ghana Armed Forces, certain procedural practices will need to be adhered. In order to avoid reluctance in divulging confidential data, official letter of permission will be sent for approval for access to the organizations and accessibility to data. The researcher will seek audience with the appropriate authority within the organizations through official appointments at which the researcher will explain the essence of the study to the participant organizations. The questionnaires and interview questions will be approved by the research supervisor before it will be carried out. The researcher will adhere to all ethical standards throughout the data collection processes. Participants will not be made to disclose their personal identity and will be assured that information provided by them will be treated strictly confidential and purely for academic purpose only.

**References**


Towards the Development of the Entrepreneurial Capacity of the Education System in South Africa

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Abstract

The entrepreneurial capacity of the education system in South Africa needs development in three main areas. The first area is in the volume and process used to educate entrepreneurs, the second area is in the commercialisation of existing research and the third is in the entrepreneurial approach of the university system itself. The article explores these aspects

Keywords: South Africa, Education System, Entrepreneurship, Technology Commercialisation, University revenues.

Introduction

The socio-economic reality of South Africa, much like many other developing countries in the world, highlight the dire need for job creation.

It is widely acknowledged that entrepreneurs create jobs, but it was only relatively recently found that there is a causal link between entrepreneurship and job creation. Kane (Kane, 2010) showed that 40 million jobs were created in the US over a 30-year period by 6 million businesses. What was however startling about this report is that only new firms created jobs and this underscores the need to use job creation to transform economies. This statistic by its nature implies as well that the average (surviving) business would create 6.6 jobs over time.

There are many studies that explore the links between entrepreneurial intent and university students (Li & Liu, 2011; Malebana, 2014; Mwiya, 2014; Pruett, Shinnar, Toney, Llopis, & Fox, 2009; Rideout & Gray, 2013; Sánchez, 2011; Turker & Sonmez Selcuk, 2009). A key question is what the role is of Universities in educating entrepreneurs we first have to ask, do they have a role? The answer is a resounding yes.

To evaluate this is simple – the role of universities in the Asian tiger transformation (Boyle, 2006; Davis & Gonzalez, 2003), the Silicon valley and Taipei technical communities(Saxenian, 1991; Saxenian & Hsu, 2001), the Startup Nation (Senor & Singer, 2009) and we will soon observe that technical communities, fuelled through military innovation and universities served as the primary catalysts for the transformation.

If we look at unemployment statistics for the major economies we know that 71% of low income countries are unemployed (World Bank (last), 2017). We know we need about 300 million jobs in India, 600 million in Africa, 300 million in South America, 100 million in China and 100 million in the Russian and former soviet republics. This is 1.4 billion jobs that can be used today. We know that a new small business creates 4.5 jobs which means that we need to create 300 million new companies is BRICS to satisfy the needs of customers. We can build bigger industries and move these employment figures higher and create larger sectors of the economy. This may bring the requirement down to 80 million businesses. The alarming fact is that these jobs need to be created quickly, efficiently and with maximum impact to ensure that domestic employment rates are sustained for new emerging participants in the global economy. The net economic contribution of the workers in these countries need to be realized towards sustainable economic growth else we will face a growth in global poverty.

Is it unrealistic to say that we can create 60,000 businesses in South Africa with a minimum annual turnover of R 2 million per annum? If we could this would form a total of R 120 billion annual turnover, and create a minimum of 270,000 direct jobs. The estimated multiplier effect is expected to be a factor of 10 times on the base figures over time. If such a programme could be sustained for 10 years in a row with minimum criteria met, this would create an economy that would rival the US.
Methods

The main review of this article aimed at investigating 4 main questions

- Proven strategies for creating businesses
- What types of businesses need to be created?
- What is the role of universities in creating entrepreneurial capacity?
- How do universities create this capacity?

This was done through desktop research and a pilot study.

The pilot study recruited 861 people with entrepreneurial intent and identified what their main challenges in starting up a business was. These were addressed through a structured training process. 220 of these participants converted their intent to a start-up with the relevant support.

Results

The pilot study showed that

1. Given a group of people that go through a structured entrepreneurial process, there is a 25% conversion ratio from start-up given a correct support structure.
2. Businesses can be supported to build economically viable units that can employ up to 4.5 people and achieve a first-year turnover of R 2 million.
3. There are significantly different challenges facing various types of entrepreneurs.

The main challenges that entrepreneurs face when starting up is to not have a clear roadmap to guide them on the process to start-up their business. Subsequently they do not focus on balancing marketing and production and achieving financial sustainability. Through a relevant curriculum these challenges can be overcome.

Discussion

The discussion is based on the 4 main questions outlined initially.

Proven strategies for creating businesses

There are proven models for creating businesses.

Four models stand out:
- Massachusetts Institute of Technology (MIT) saw the creation of 5600 businesses between 2000 and 2006 who’s combined turnover today would be $ 2.3 trillion USD. If this was a country, it would be the 11th largest country in the world.
- The Y Combinator uses a venture acceleration approach that saw the funding of 1,000 startups and the creation of $ 65 Billion USD in valuation since 2005. The fascinating part of the model is that ventures are funded to the value of $ 120,000 USD initially and only 100 businesses are admitted every 6 months.
- Israel created the Startup Nation which focuses on supporting Israeli startups. They have created an estimated $ 40 Billion USD in valuation over the last 5 years. Interesting a recently report shows that investors got exits to equity markets through IPOs and listings of $ 1.5 USD for every $ 1 USD invested.
- In this study, we rolled out a program to 861 start-ups of which 220 ended up creating bankable business plans. Initially only 13% of respondents had plans that had the minimum qualities for success (a product, a strategy for delivering it), while eventually 75% of respondents had a comprehensive business model and business case. This is after 4 days of class-room training.

What types of businesses need to be created?

Not all start-ups are equal. There is substantive research that shows that the businesses that succeed to grow are innovation driven and not just there to fulfil a job creation role (K. Adams, 2005; M. Adams, Makramalla, & Miron, 2014; Baker, Grinstein, & Harmancioglu, 2016; Bjorklund, Bhatli, & Laakso, 2013; Bock, Opsahl, George, & Gann, 2012; Byers, 2010; Carleton, Cockayne, & Tahvanainen, 2013; Černe, 2013; Clapp & Swenson, 2015; Darnihamedani & Hessels, 2016; Engle, Mah, & Sadri, 1997; Schneider & Spieth, 2013). To characterise this, an economy is better off for a person to enter
employment if their business cannot reach a minimum threshold of employment and remuneration for the entrepreneur is below the entry level wage for a graduate.

The implication of this is that businesses need to be able to be demand driven, achieve minimum turnover levels and sustain market growth.

This scenario seems idealistic for African businesses – we have everything that we need and we can quite simply buy our products from the rest of the world. This approach has created a scenario where we are trading gold and mineral resources for computers and consumer electronic from more advanced nations. To turn the tide, we have to invest in making innovation driven businesses that will deliver on transformative capacities that stimulate local production.

**What is the role of universities in creating entrepreneurship?**

The following is extracted from discussions around this topic with key roleplayers in the university ecosystem throughout this year.

**Understanding markets**

One of the key roles of universities is to open up an understanding of markets through providing information services that

- Cover and anticipate demand
- Identifies opportunities for commercialisation of research

South African product demand and supply modelling is not adequate and subsequently many entrepreneurial researchers describe a key challenge in South Africa as access to markets. Our markets are unclear and unfocused but currently serviced by massive import oriented companies.

**Enabling effective entrepreneurship methodologies**

Very few entrepreneurship methodologies have been created that have proven results. The pilot study of this program is one of the few systemic initiatives that have a relatively predictable result and that has been based on research. Many interventions in South Africa have limited proof of success.

- The creation and support of viable entrepreneurial methodologies that accelerate the development of entrepreneurship in sector specific focus areas

**Creating support for commercialising key technologies**

Every country has comparative advantages. A methodology here would focus on seeding these technologies into universities through co-locating researchers, supporting research programmes and supporting the commercialisation of these technologies through co-operation between university and private sectors. These types of collaborations and focus have been very successful in many parts of the world.

**Providing, testing and promoting the dissemination of designs, prototypes and models for achieving access**

We will not be able to build an airplane in Africa tomorrow – but if we start looking at the growth paths for building airplanes the we are able to design individual airplane parts, inspire people to produce them, design the factories that will produce them, and work out the markets for which they would be relevant. If we initiate this approach on several end states in specific industries, then we will be able to have stimulated an aircraft building industry. This type of technology pathing was used effectively by MITI in Japan to transform the Japanese wartime economy to a post-industrial trading economy that today controls major industries in the Asian basin.

**Promoting scholarship around economically viable areas**

Innovation and entrepreneurship depends on opening up new markets. Research shows that the stimulation of ideas through introduction of new approaches, and support of these new approaches lead to different entrepreneurs taking opportunities.

**A university system blueprint**

Every university needs a minimum viable entrepreneurship eco-system that includes
Capacity to research entrepreneurship
A research agenda related to entrepreneurship
Capacity to commercialise ideas
A venture capital type infrastructure
A commercialisation process based on a sound and localised methodology
Integration of entrepreneurship in the curriculum of each student, based on a sound localised methodology
An entrepreneurship network that involves local business and other entrepreneurship eco-system stakeholders
An entrepreneurship alumni network to draw on and to support new entrepreneurs

Effective industrial partnerships
Entrepreneurship on a macro scale depends on industry partnerships with industries such as the medical, engineering, transport etc., industries. A client management interface with these types of industries is very critical.

Tracking and monitoring of entrepreneurial growth, challenges and issues
To enable effective research requires good data. There is a dearth of tracking the development and challenges

Entrepreneurship networks
Universities serve implicitly as entrepreneurship networks, and universities that have fostered these actively have created massive communities that form structural parts of the economy.

Support systems
Universities provide access both from a technological but also social perspective through access to business support centres and validation and support of ideation. It is quite common for people to seek the advice of an academic in supporting the growth of an idea or to seek advice on how to proceed with a particularly tough problem in technical, business or other aspect of a new technology, venture or particular phenomenon in business.

How do we create this capacity?
To look at the capacity that needs to be created it is important to understand that this is at two levels – the individual university, and then the country as a whole.

At a university system level
Develop a consistent model that serves as a minimum viable infrastructure for a university to effectively support invention, innovation, and early stage commercialisation.
Ensure that such a minimum infrastructure is implemented per university.
Provide practical processes that can be followed to do the same.
Train a group of implementers per university to create a viable model and link these centres to each other to stimulate information transfer and joint learning.
Leverage inter country relationships through BRICS to procure key skills wrt to manufacturing (China, Russian), commercialisation (India, Brazil), finance (China) to ensure that local developments are commercialised.
Stimulate central information provision on elements of demand, supply and through the intergovernmental cooperation frameworks ensure that Small Business, Statistics, DTI, DST and parastatal organisations all contribute to and play a role in the mobilisation of capacity in the right directions.
Enable critical centres of knowledge to gain fast track access to accreditation. E.g. Transnet needs to educate 50,000 people annually to enable the train development infrastructure of South Africa – but due to accreditation being a road-block the competency is being deferred to the Department of Higher Education and Training. Is this right? In a fast-moving economy, government would have established a School of Rail and moved to become a premier supplier of this in the African
regional economy. This is one case, but there are many in which such vocational specific academies can add tremendous value in a short space of time. A similar position is currently present in the maritime industry and there are many more specialists’ industries in which capacity needs to be created fast and with results for the economy.

- Further the legal frameworks that would enable Universities to benefit from IP realisation and create access to grants that would enable such benefit realisation to be accelerated.
- Establishment of clearing houses for innovations, data on local demand and aggregation of these into national demand and supply statistics and research.

At an individual university

- An entrepreneurship faculty
- Research entrepreneurship
- Localise national research
- Create entrepreneurship clinics that support NEET and community entrepreneurship engagement through offering short courses and access to feasibility analysis of businesses.
- Entrepreneurial course
  - A course that is attended by every single student, over the course of their studies, to focus on entrepreneurship in context
  - Preferable initiated at an early stage to give student the skills to
  - Support their own education
  - Build skills towards potential initiatives, while at university
  - Creates a national entrepreneurship mindset
- Seed funding for ideation
- Seed funding and facilities for supporting entrepreneurs.
- Commercialisation centre
  - Provide an interface for small businesses
- Research programmes on demand in the local environment with research on how that demand should be realised as commercial ventures
- Submitting clear tracking data and research relevant to a national programme of entrepreneurship mobilisation

At an academic level

- Acknowledge that we do not know what the demand and supply situation in South Africa, and Africa more broadly is currently.
- Establish a research agenda that looks for opportunities for import substitution, local beneficiation and to develop work methods for satisfying demand using local sources. Publish these findings to local industries.
- Bring together the workers in entrepreneurial education and provide meaningful academic engagement to synchronise the efforts of these programmes.
- Push up to date and meaningful research on the state of the South African entrepreneur.
- Run an extensive training programme to enable every teacher at HET, GET and TVET level to be able to support an entrepreneur through a basic understanding of the principles of business and access to a toolkit that can enable support of business creation.

Macro level

- National Skills Fund to allocate a portion to venture capital funding of entrepreneurs, in a controlled fashion, with a portion of these businesses remaining party owned by Universities to contribute to the funding of those programmes and the institutions broadly. These venture portfolios can spin off or otherwise go into development.
- Stats SA to comment effectively on demand and supply opportunities
- Treasury to comment on areas where foreign suppliers create macro level opportunities for us to create new industries.
• Through Nedlac, NBI and other fora creating an effective engagement with industry on how to stimulate economic development through university partnerships

**On a start-up level**

Through our experience in training entrepreneurs, they need of entrepreneurs are simple

• a step by step process that enables them to start that is not focused on business plan creation, but rather on practical actions that they need to take,
• knowledge of where to go and look for a market, and then
• a ton of support when they start going to market.

We have developed a step by step framework that takes a person from putting up their hand and saying that they want to be entrepreneurs, through to their first sale. This process creates viable ideas, viable products and connects them to the market. It is our belief that this type of process needs to be available to every South African to move away from the mindset that business is risky, to a mind-set that says that people have needs and commerce is there to satisfy these needs. Our framework is proven as we have taken individuals that were running survivalist businesses to creating viable and innovative businesses that make sense and that is creating employment and growth for the nation.

**Conclusion**

Unless the University system accelerates the implementation of entrepreneurship and growth capacity – we are likely to accelerate our dependency on foreign debt.

Transformation will not happen in South Africa, until we transform the economy from a foreign owned, debt ridden world to a locally relevant and vibrant commercial sector that serves the needs of people.

The need for entrepreneurial capacity is highly dependent on

• A macro model that supports entrepreneurial development
• Clear research information that shows local supply and demand
• Viable local curricula that grow economic participation
• Proven methods that work for supporting the challenges of emerging businesses
• Training of every teacher on entrepreneurship
• Training of every student on the opportunity to be an entrepreneur
• Support systems that grow ideas from concept to viable commercial entities

**References**

The Attainability of Sustainable Development by Implementing a Diversification Strategy at the Infectious Diseases Institute (IDI) in Uganda (East Africa) in Relation to Global Education, Research and Technology

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Abstract

From the global point of view, sustainable development based research and education is the back bone of any nation. In addition, sustainable development policies following millennium development goal highlights the role of education and technology which has become the need of the day to create the awareness among the citizen, researchers and policy makers as well as in local communities for environment protection concept. The present paper gives an overview regarding the contribution, research and technology in the development of an Institute in sustainable manner. Sustainable Development is an idea of education which aims to empower the individuals to assume liability to build a sustainable future.

From the micro point of view, this zeros down to the impact of implementing a diversification strategy at the infectious diseases institute to ensure sustainability and this is guided by three research questions. To establish the strategies implemented by IDI, to evaluate the effectiveness of the strategies implemented by IDI & to establish the Link between the strategies implemented & competitive advantage. The researcher adopted a descriptive & exploratory research designs. The respondents were selected using purposive and stratified random sampling techniques. Data gathered through Questionnaires and interview guides administered to respondents. The SPSS technique was used to establish the link between strategies implemented & competitive advantage.

In conclusion, this research found out that the strategy is initiated by identifying existing resources and expertise in the organization followed by the assessment of sustainability of competitive advantage that they can provide. Other researchers have suggested that firms may improve efficiency of their operations through various related diversification approaches because of growing economies of scope that allow for the joint development and utilization of firm-specific skills.

Introduction

This chapter gives details and description of Sustainable development in relation to Uganda, the global point of view, general outlook, specific areas of analysis, research questions and conceptual frame work.

Sustainable development in detail in relation to uganda

Sustainable development is a process which involves human’s intelligence, decision making efficiency, planning and management skills, power of imagination, entrepreneurship, development and production with environmental safety etc. Usually, sustainable development is a human subject. The issue associated with sustainable development can be seen as one of the basics of any society (Hopkins, and McKeon 1999).

For over 50 years, scientist and other thought leaders have been trying to call attention to the degradation of the foundation for human civilization through unsustainable behavior (Carson 1962, Meadows et al. 1972, Steffen et al.2004, Millennium Ecosystem Assessment 2005, Stern 2007, Intergovernmental Panel on Climate Change 2007, Rockström et al. 2009). What started out with the environmental movement in the 1960s slowly became a broader movement that acknowledged the interveners of people’s ecological, social and economic well-being (McKenzie 2004, Cuthill 2010).
Sustainable development (SD) most prominently entered the global political arena in 1987 in a report from the United Nations Commission on Environment and Development, also known as the Brundtland report. The report stated Humanity has the ability to make development sustainable - to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs (World Commission on Environment and Development 1987). In 1992, at the Earth Summit in Rio de Janeiro was adopted as the universal definition of sustainable development and has since been the basis for various discussions in the international policy arena, such as the World Summit on Sustainable Development in Johannesburg in 2002 and the Rio+20 conference in Rio de Janeiro in 2012, as well as efforts on a regional level to put this idea into practice, e.g., Agenda 21 (Cuthill 2010).

There has been much criticism of the Brundtland definition, mainly in relation to the vagueness of what sustainability and sustainable development actually mean (Jacobs 1999, McKenzie 2004). Paehlke (2001, as cited in Partridge2005) argues that sustainable development is a concept so amorphous that it might mean anything. Jacobs (1999) notes, the vagueness of the definition allows business and ‘development’ interests (and their government supporters) to claim that they are in favor of sustainable development when actually they are the perpetrators of unsustainably.

The vagueness has also led to a vast array of ideas, concepts, methods and tools to aid organization sand governments to address the socio-ecological problems. This variety of definitions, terms, approaches, methods and tools, many of them designed for specific fields only, makes the sustainability field confusing and leads to a growing need to understand how they relate to sustainability and to each other (Huesemann 2001, Robért et al. 2002).

The Rio de Janerio Earth Summit in 1992 adopted Agenda 21 and the Action Plan of 21st Century. The main object of the agenda is to address the concerns of ensuring that society takes into account that development needs to be sustainable to meet the needs of the present generations without jeopardizing the chances of future generations to meet their own. UNESCO was charged with the responsibility for implementing chapters 35 and 36 of Agenda 21: Science for Sustainable Development and, Promoting Education and technology, Public Awareness and Training respectively. Chapter 36 notes that besides being a fundamental right, Education and technology is critical for promoting sustainable development and improving the capacity of the people to address environment and development issues.

The Johannesburg World Summit on Sustainable Development, 2002 acknowledged that some progress had been made in commitments to sustainable development. It also re-affirmed the determination to promote the three pillars of sustainable development, namely: economic development, social development and safeguarding of the environment.

The summit also regretfully noted however, that little progress had been made in achieving sustainable development through education and technology. It therefore named education and technology as the key to creating public awareness, and training for moving society sustainably to ensure sustainable development. It also noted that if education and technology was not 2consciously re-oriented and consciously planned towards sustainable development, the world would miss out on achieving the Millennium Development Goals (MDGS) as well as the Education and technology for All (EFA) Goals.

In Uganda, the Government has developed this strategy to address the challenges of implementing the United Nations Decade of Education and technology for Sustainable Development. The document is a collective effort of many stakeholders in education and technology, environment, society and the economy disciplines.

The strategy takes into account the national aspirations and goals as spelt out in key instruments like the Constitution of Uganda, The Vision 2035, the National Development Plan, the Education and technology (2008) Act, the National Environment Act and the various sectorial strategies. These instruments address in different ways issues of the environment, economy and society, which are the key pillars of Education, Research and Technology for Sustainable Development (ERTSD). The Constitution for example, commits itself to building a just and fair society. The National Environment Act guarantees
the right to a clean and healthy environment, while the Education and technology Act ensures a right to education and technology. All these invariably lead to ensuring rights based approach to development.

In Uganda the strategy also recognizes the already existing initiatives being implemented by various actors and partners, which may not necessarily be called ERTSD but, address issues of sustainable development. Unfortunately, many of these initiatives are not known to many actors in ERTSD, yet the country is facing complex environmental problems, caused by increasing population together with increased development that have both resulted in environmental degradation. There is need for research about the contribution of education, research and technology to capture all these initiatives under one major document to help in entrenching sustainable development in worldwide including Uganda.

Global sustainable development

Globally United Nations defines Global Sustainable Development as development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Cleveland, and Kubiszewski, 2007). Globally sustainable development is a pattern of using natural resources in such a way which provides regular individual requirements considering the preservation of the environment for coming generations (Forum for the Future, 2003). The world’s population including is predicted to experience the growth/increase from six to nine billion between the years 2000 to 2050, with significant transformations in economic growth, international relations, human development, biodiversity, human health, and social justice (Forum for the Future, 2003). Despite the fact that, the employers and policy makers increasingly need manpower and technology to enable these national and global challenges associated with increasing population, economic growth, international relations, biodiversity, and human development. Less has been documented about the contribution of education, research and technology on sustainable development. It is against this context that the need to carry out this study is necessary.

The general outlook

The general outlook gears towards the contribution of education, research and the new technology for sustainable development in Uganda.

Specific areas of analysis

1) To examine the relationship between Education and the sustainable development in Uganda
2) To examine the relationship between research and the sustainable development in Uganda
3) To assess the relationship between technology and the sustainable development in Uganda

Research questions at play

1) What is the relationship between Education and the sustainable development in Uganda
2) What is the relationship between research and the sustainable development in Uganda?
3) What is the relationship between technology and the sustainable development in Uganda?
Conceptual framework

The researcher’s own adaptation of the conceptual model shown in Figure 1 above demonstrates the influence of education, research and technology on sustainable development in developed and developing world. Education, research and technology (independent variables) influence sustainable development (dependent variable) as shown by the arrows. It shows that there is a way independent variable relates to dependent variable to bring about sustainable development in developed and developing world including Uganda. The link between them shall be stipulated well in the next chapter (chapter two literature reviews).

Sustainable development by implementing a diversification strategy at the infectious diseases institute (IDI) in Uganda (East Africa)

(i) Background to the study

Infectious Diseases Institute (IDI) as a not for profit organization limited by guarantee depends on donor funds to support its core activities and invest in various projects including research and capacity development.

When IDI was founded in 2002 it received support from Pfizer Inc. which contributed $ 3m per year to cover IDI’s core costs until in the last five years when this funding was reduced to $ 0.6m per year until it eventually stopped in 2012.

IDI has developed a strong funding base along the years. In the financial year ended 2013,51 percent of IDI’s funds were from Centers for Disease Control (CDC) and the 49 percent was made up of funds from; the United States National Institute of Health (NIH),Civil Society Fund (CSF),European Union (EU), Accordia, Gates Foundation, Unites States Agency for International Development (USAID), Government of Uganda and others. Whereas CDC made the largest contribution to IDI, their funds are restricted as they do not support IDI’s core costs.

Also in the year 2013,funding for global HIV and AIDS response reached its highest ever level with an estimated $ 19.1 billion made available for programs in low and middle income countries(UNAIDS & The Henry J. Kaiser Family Foundation 2014).

In the same vain global HIV spending stagnated and even declined in areas such as HIV prevention research and development (R & D). Between 2012 and 2013, funding for HIV prevention R & D fell by 4 percent. This fall was mainly the result of declining US investment which funds roughly 70 percent of the
total global investment into HIV prevention R & D. Investment from European funders as well as philanthropic ones also fell.

With the increasing world recession, there have been funding cut backs in addition to increased number of upcoming Non-Government Organizations that have taken interest in HIV/AIDs related activities and this poses the questions about the long term survival of the Infectious Diseases Institute.

According to the global fund strategy 2012-2016, there has been a shift from funding HIV/AIDS and infectious diseases to other infections including neglected tropical diseases, Hepatitis B & C, 7 diarrhea diseases in children and a growing emphasis on funding to combat non communicable diseases such as hypertension and heart disease.

In order to achieve IDI’s goal of “strengthening health systems in Africa, with a strong emphasis on infectious diseases, through research and capacity building”, the institute needs to have a strong base of both financial and human resources so as to support the institute’s core activities and ensure long term survival of the organization.

Failure to secure funding could lead to closure of the institution, lost capacity and unexpected unemployment.

Given the current economic uncertainty, not for profit organizations must be innovative in how to attract revenue. This means widening the scope of existing business and area coverage for not for profit organization so as to survive.

(ii) Case Study report

Proposition 1: IDI has fluctuating sources of funding

IDI’s funding base has been increasing both in breadth of funded projects and the volume of funding. In year ended June 2011, the number of externally funded projects increased from 60 to 71 projects with a funding value of $31 million and in the year ended June 2012 IDI had 83 externally funded projects with a value of $26 million. IDI funding base was maintained for the year ended June 2013 but with much difficulty for IDI since the unrestricted funding from Pfizer had drawn to a conclusion along the year.

Below is a graphical presentation of the funding sources for IDI for the last three years.

Graph
Proposition 2: IDI does not have a diversification strategy to enable it acquire funding from various sources

IDI is a not for profit institute with a mission to strengthen health systems in Africa with a strong emphasis on infectious diseases through research and capacity development is donor funded.

This kind of mission is the driving force and gives characteristics to the kind of grants that IDI applies for thus the limitation in scope.

IDI’s current services

- **Prevention, Care and Treatment**: The prevention, care and treatment program runs the adult infectious diseases clinic at IDI and provides HIV/AIDS care services.
- **Research**: The research program at IDI focuses on identifying best practice models for prevention, care and treatment of HIV/AIDS and related infectious diseases in Africa.
- **Training and capacity development**: IDI’s training program was established to provide advanced and specialized courses including technical support in the management of HIV/AIDS and other infectious diseases.
- **Laboratory services**: The goal of the laboratory services program at IDI is to develop and continually improve sustainable laboratory capacity at IDI to meet both clinical and research demands for laboratory services from IDI, Uganda and Africa as a whole.
- **Outreach**: The scope of IDI outreach activities run across; HIV, TB, malaria and MCM in both urban and rural areas
- A spectrum of types of services from health promotion/disease prevention through to curative referral services
- All levels in the health system from the grass root community (through support to village health workers) to eight regional referral hospitals.

**SWOT Analysis**

**Strengths**

- Governance structure (independent board) within makerere university
- Strong partnerships with and complementarity to MoH, MoE and UAC
- Integrating and interrelationship of quality PCT, research, training and capacity development, laboratory and outreach.
- Strong support systems (for example IT, grants management and finance).
- Firm links with many reputable national and international organizations.

**Weaknesses**

- Limited collaborations with non-English speaking countries
- Some internal systems have become slow, bureaucratic and risk averse
- Insufficient demonstrated impact to date on national policy given the large amounts of research and capacity building carried out.
- Partnerships with some local institutions need to be strengthened.

**Opportunities**

- Additional collaboration and funding from national and, regional and international partnerships.
- Expanding current joint collaborations with Makerere University, Mulago hospital and Ministry of Health
- Strengthening of regional dimension to IDI programmes and linkage with East African community
- Attract new grants for health system strengthening.
Threats
- World recession leading to funding cutbacks by governments and private donors
- Funders’ rules becoming more constraining as IDI seeks to cover core costs for project income.
- Shift in global funding priorities away from HIV/AIDS and related infectious diseases towards other health priorities
- Weak health systems that will not provide a good quality platform for IDI’s work to make an impact
- The global image of Uganda (relative to corruption and human rights) will have an impact on IDI.

Problem statement
The sustainability & survival of many NGOs in Uganda, IDI inclusive has been greatly challenged in the recent years due to lack of funds and uncertainty of the funding environment. Because of this threat, sustainability is nowadays a donor’s requirement and NGOs which do not have the element of sustainability in their project design and implementation most likely do not attract funding from donors. Yet very little has been done in this area and policy makers have not done much to reduce the problem of failure to sustain projects
Available research by the European Commission (2006) concentrated on sustainability of international cooperation projects in the field of higher education and vocational training but with no emphasis on health related NGOs like IDI. This research therefore current research will focus on community involvement and sustainability of Bunyoro HIV project in Hoima.

Purpose & rationale of the study
The purpose of the study was to examine examining the challenges to sustainability at IDI and the different methods of diversification that can be applied to reduce the uncertainty about the organization’s survival. It also sought to establish the relationship between the diversification strategy and sustainability of IDI

Research questions
i) What are the challenges to sustainability at the Infectious Diseases Institute?
ii) What are the different methods of diversification?
iii) Is there a relationship between diversification strategy and sustainability?

Methodology
This study adopted a cross-sectional research design or survey. The justification is that, it tends to collect first hand and in-depth data from various respondents at a given point in time. The design is advantageous because it offers the ability to provide a “snapshot” of the phenomenon under study with a minimum cost and takes little time to conduct and determines the degree of relationship between variables in the study (Amin, 2005; Annet N & Phillips J, 2009; Sobol J.J, 2014). Information on the target population was gathered at a single point in time from a cross-section of respondents in all IDI departments. An Exploratory research design was also used in the study. It was deemed appropriate because helps to determine the present facts as well as facts that are not yet explored about the phenomena. It was used by the researcher to explore the views of different set of respondents, as well as exploring different literatures related to the study.
An evaluative research design was also used to study the effects of the different diversification strategies on IDI sustainability levels & the associational research design was also used to help in establishing whether there’s a relationship between diversification strategy and sustainability of the Infectious Diseases Institute.
Content analysis

This involves a detailed and systematic of examination of the contents of a particular body of material for example books, published journal articles, legal documents, internet blogs and bulletin board entries for purposes of identifying patterns, themes or biases.

The researcher examined 30 journal articles that are available on the internet so as to get a broad view of the topic of the impact of implementing a diversification strategy on the financial sustainability of an organization from different scholars.

The researcher selected content analysis since the study is qualitative and the topic of study has been discussed by several researchers and academicians.

Case study

The researcher used a case study design to examine the composition of IDI’s funding base from the time it was formed to date. IDI’s problem is having limited sources of funding and the student feels that the case study design will be of help to sort this phenomenon.

The researcher identified the strengths, weaknesses, opportunities and threats of IDI

Yin 2003 states that a case study design should be used when there is need to answer how and why questions in a given situation.

The case study design provided the researcher with a deeper understanding of the issue at hand.

Case study propositions

<table>
<thead>
<tr>
<th>Propositions</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. IDI has fluctuating sources of funding</td>
<td>Review of annual report documents</td>
</tr>
<tr>
<td>2. IDI does not have a diversification strategy to enable it acquire funding from various sources</td>
<td>Review of annual reports, legal status documents of IDI, professional experience</td>
</tr>
</tbody>
</table>

The study focused on employees of IDI with a target population of 34 respondents consisting of the IDI board Chairman, Executive Director, Six (6) Heads of department & (6) deputy heads of departments, Ten (7) Project Managers, four (5) project Administrators, and Ten (10) subordinate staff.

The study adopted two sampling methods which will include; Purposive sampling and Simple random sampling. The purposive sampling was used in the selection of key informants in the study because of the role they play in strategy formulation based on their knowledge and experience. It was used in selecting respondents such as Board Chairman, executive director, heads of departments, project Managers and other top administrators. Simple random sampling was also used to select the respondents from a list of subordinates. This method was used because it gives each member in the study population an equal independent chance of being selected or it provides the best opportunity to generalize the results to the entire population there by reducing the chances of bias (Mugenda & Mugenda,2003)

The researcher also obtained a sample of 30 journal articles from EBSCOHOST library. These provided the context about diversification strategy and sustainability.

Both primary and secondary data were used to enable the collection of proper, relevant and comprehensive data. Questionnaires were structured on the basis of the research questions, & presented to respondents to express their views, opinions, and observations. Interviews were also conducted in order to get detailed data from the top & middle level administrators (supervisors) and a few of the subordinate staff with the help of interview guides. The method was adopted because it enables to probe and seek further clarification about the research topic from the key informants, provides an
opportunity to the researcher to observe as well as listen and provides in-depth information hence ensuring reliability of the data (Doody O & Noonan M (2013))

**Document review**

This method was used to obtain secondary data from the existing documents like reports, minutes among others. This method was considered because of the readily available data for reference. The researcher reviewed published journals, newsletters, annual reports and text books regarding diversification strategy and sustainability.

The reason for reviewing existing documents as a research instrument was that it will provide the background and context surrounding the study topic. It also gave an insight to the researcher about the views of the different scholars and specialists of that particular topic.

Data was presented and analyzed using quantitative and qualitative approaches. This meant making it error free to ensure accuracy, uniformity and completeness. Qualitative data was collected and recorded during face to face sessions. The information was analyzed thematically so as to simplify its organization, categorization, retrieval and establish meaningful themes of relationships between the data and the study problem.

Quantitative data was collected using data collection instruments like questionnaires. After checking the completeness and coding of the open ended questionnaires, the data was critically checked and analyzed using tables with calculated values consisting of frequencies & percentages to draw meaningful research patterns interpretation and conclusions. This was used to supplement qualitative data. Data was analyzed using computer software known as Statistical Package for Social Scientists –SPSS.

**Measurement of variables**

In quantitative method of data collection, the Likert scale was used to measure variables under the study. The Likert scale was designed with five categories of response columns of strongly disagree, Disagree, Non-committal, Agree, Strongly agree. The respondents were required to select the responses that best described their opinions to each question. The response category was weighed ranging from 1-5. This choice of measurement was made because it made it easier for the respondents to express their opinion by checking the value from 1-5 respectively. For the main variables, ordinal scale was considered. This is because all these variables were ranked from highest to lowest Likert scale hence the variables.

**Results and discussions**

**Findings on the challenges to sustainability at the infectious diseases institute**

In order to determine the challenges to sustainability at the Infectious Diseases Institute Makerere University, respondents were asked on several variables. These variables were, what is your level of seniority at IDI, Are you aware that IDI is financially constrained at the moment? What is the main reason behind this, do you see IDI thriving in the NGO environment with same mission in the next five years? These variables were very important in the determination of the challenges to sustainability at the Infectious Diseases Institute. The findings are presented below on table 4-5.

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uncertainty in donor funding environment</td>
<td>17</td>
<td>61</td>
</tr>
<tr>
<td>Failure to adhere to the strategic plan &amp; direction</td>
<td>7</td>
<td>25</td>
</tr>
<tr>
<td>High Staff turn over</td>
<td>4</td>
<td>14</td>
</tr>
</tbody>
</table>
From the table above, 60% cited uncertainty in donor funding environment, 25% cited Failure to adhere to the strategic plan & direction and another 10% reported High Staff turn over

**Findings on the different methods of diversification that are applied to reduce the uncertainty about the organization’s survival**

Here respondents were asked several questions on diversification and the organizational survival of Infectious Diseases Institute Makerere University. The variables were very important in the determination of different methods of diversification that were applied to reduce the uncertainty about the organization’s survival. The different methods of diversification identified were; revenue diversification, project diversification, research diversification and Training and Capacity Development diversification. The findings are presented below on table 4-6

**Different methods of diversification that are applied to reduce the uncertainty about the organization’s survival**

<table>
<thead>
<tr>
<th>DIVERSIFICATION METHODS</th>
<th>FREQUENCY</th>
<th>PERCENTAGE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue diversification</td>
<td>8</td>
<td>29</td>
</tr>
<tr>
<td>Project Diversification</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Research diversification</td>
<td>10</td>
<td>36</td>
</tr>
<tr>
<td>Training and Capacity Development</td>
<td>8</td>
<td>29</td>
</tr>
<tr>
<td>Total</td>
<td>28</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: field data

The table above shows that Revenue Diversification was 29%. Project Diversification were 6%, Research Diversification were 36%. The least were those respondents that mentioned Training and Capacity Development diversification accounting for 29%.

**Revenue diversification**

The study revealed that 29% of the respondents identified revenue diversification as the major method of diversification applied by Infectious Diseases Institute Makerere University to reduce the uncertainty about the organization’s survival. This was because revenue diversification identified by the researcher has increased viability for the institute. This is in agreement with a recent study by Fred R. David (2008), who used several measures to explore the impact of multiple revenue sources on overall financial health and concluded, despite some data anomalies, that organizations with diversified funding sources are in a stronger overall financial position than those with few funders.

However, in an interview respondents said that not all the consequences of revenue diversification are positive. They argued that while Infectious Diseases Institute Makerere University may ensure its basic survival by finding multiple funders, it also had to deal with the tension between meeting each funder’s requirements for accountability and its own desire for autonomy.

Furthermore, findings from the interview revealed that when diversification entails self-generated revenues, uncertainty is not necessarily reduced. Respondents further reported that the quest for funding from alternate sources may cause mission displacement, as Infectious Diseases Institute Makerere
University resources are concentrated on revenue acquisition instead of the real mission of the organization

**Project diversification**

The 6% of respondents from the table that mentioned project diversification said that this was another major method of diversification applied by Infectious Diseases Institute Makerere University to reduce the uncertainty about the organization’s survival. This was because the institute was carrying out several projects to support additional research at the Kampala site of a Multi- Center International Trial to obtain and store blood and mucosal specimens in African HIV-1 discordant couples at key points for future validation of correlates identified in SIV macaque model.

In an interview, respondents confirmed that several projects were also being put in place to support the Jinja site of a Multi-Center International Trial to measure the safety and efficacy of antiretroviral therapy in preventing HIV-1 acquisition among heterosexual HIV discordant couples in which the HIV infected partner has a CD4 cell count of at least 250/mm3 and does not otherwise meet the National guidelines for initiation of antiretroviral therapy.

**Research diversification**

This was another diversification method mentioned by respondents. 36% of the respondents reported that Infectious Diseases Institute Makerere University was diversifying its services by conducting several researches in the field of infectious diseases in Uganda.

In an interview, respondents said that since 2001, IDI has published 245 research articles in peer-reviewed journals. As of June 2013, IDI had 48 active research grants and 18 clinical trials all of which has helped the institute to get support and finances from donors.

It was established that because of the research diversification, Infectious Diseases Institute Makerere University was able to conduct a study in the partners ARV Based HIV Prevention in couple’s study, a study to optimize targeted delivery and sustained use of ARV based HIV-1 prevention in African HIV-1 serodiscordant couples all of which has helped to reduce the uncertainty about the organization’s survival

**Training and capacity development**

From the table 4-6 above, 29% of the respondents reported that training and capacity development was also another diversification measure applied by Infectious Diseases Institute Makerere University to reduce the uncertainty about the organization’s survival. This was because each year, IDI was able to train approximately 1,500 health care workers from across Africa in HIV/AIDS and TB co-infection, malaria, lab services, pharmacy, systems strengthening (data management, monitoring and evaluation, grants management), and research capacity building.

The findings further revealed that in 2005, the joint Makerere University-Johns Hopkins University (MU-JHU) laboratory moved to IDI. Respondents reported that every year this lab conducts approximately 160,000 tests.

It was further found out that the MU-JHU laboratory at IDI was the first laboratory outside of the United States to be recognized by the Medical Laboratory Observer's Laboratory of the Year Award all of which has been important in ensuring the survival of Infectious Diseases Institute Makerere University

**Findings on the relationship between diversification strategy and sustainability of the Infectious Diseases Institute**

In order to establish the relationship between diversification strategy and sustainability of the Infectious Diseases Institute Makerere University, respondents were asked if there is a relationship between the two variables. The findings are presented below on table 4-7.
**Table 4.7.** Correlation between diversification strategy and sustainability

<table>
<thead>
<tr>
<th>Diversification strategy</th>
<th>Pearson Correlation Sig. (2-tailed)</th>
<th>Sustainability Pearson Correlation Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Diversification strategy</td>
<td>Sustainability</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>-330**</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.002</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>28</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.05 level (2-tailed)

Table 4.7 above shows that there is a significant relationship between diversification strategy and sustainability. This is because P (0.002) is less in magnitude than 0.05 (p=0.002<0.05). Therefore, the null hypothesis is rejected and we conclude that there is a significant relationship between diversification strategy and sustainability of the Infectious Diseases Institute.

Respondents in their interview said that because of the different diversification strategies applied by the institute, there has been development of a site office at IDI for the academic Collaboration between the Canadian HIV Trials Network (CTN) and IDI to pursue HIV/AIDS Clinical Trials, Anti-retroviral therapy of AIDS-related Kaposis Sarcoma in Africa and Hepatitis B Virologic Response in HIV Co-infected patients on Treatment with Tenofovir Versus Lamivudine Containing Regimens all of which have attracted adequate funding from partners.

The findings also established that because of the research diversification strategies applied by Infectious Diseases Institute Makerere University as the primary target of capacity building activities, this group of researchers has been responsible for the implementation of research pilot studies.

It was further revealed that currently, there are more than 8 PhD-level investigators and Masters level PhD candidates participating. Each investigator is linked to two mentors; a senior investigator from Makerere and one from the RAND Corporation. The project is designed to provide them with tools, training, structural and organizational support, mentorship, and research experience. By the end of the project, it is expected that investigators will be well positioned to successfully compete for external research funding, and to become leaders in social and behavioral HIV research, both regionally and internationally which will lead to sustainability of the Infectious Diseases Institute.

The study further revealed that because of the revenue diversification strategies, there is outstanding clinical training available in Uganda where opportunities exist for post-graduate training (fellowships) in Uganda and elsewhere in sub-Saharan Africa. These programmes allow faculty to participate in research programmes as senior investigators.

Respondents further said that because of the research diversification strategies applied by the institute, there has been improvement in training in clinical infectious diseases, microbiology, diagnostic molecular biology, epidemiology, pharmacology, clinical study design, methodology and statistics that prepare participating fellows for careers in academic infectious diseases as teachers, investigators and clinical infectious disease specialists.

**Conclusions**

The study revealed a number of challenges hindering sustainability at IDI and these included;

**Uncertainty in funding**

It was revealed that uncertainty in funding environment was a major challenge to sustainability at the Infectious Diseases Institute Makerere University. 61% of the respondents said that the institute was not
properly funded but rather depended on donor support from outside countries which normally comes late hence affecting the day to day training and research activities of the institute. NGOs are expressing difficulty in finding sufficient, appropriate and continuous funding for their work. They find accessing donors as challenging as dealing with their funding conditions. They perceive there to be certain cartels of individuals and NGOs that control access to donor funds. They have limited resource mobilization skills and are often not looking for funds that are available locally, preferring to wait for international donors to approach them. There is a high dependency of donors and a tendency to shift interventions to match donor priorities. There is a lack of financial, project and organizational sustainability.

Failure to adhere to the strategic plan & direction

This was also identified to be another major challenge to sustainability at the Infectious Diseases Institute Makerere University. IDI has no clear strategic plans that guide the organization to know what the objectives are and enable the organization identify the resources needed. Most strategic plans developed are for donor purposes only and do not reflect the actual needs to be addressed by the communities.

High staff turn over

This was another challenge identified in the study. From the findings, 14% of the respondents said that Infectious Diseases Institute Makerere University has experienced a serious setback because of continued staff turn overs.

Different methods of diversification that are applied to reduce the uncertainty about the organization’s survival

The different methods of diversification identified were; revenue diversification, project diversification, research diversification and Training and Capacity Development diversification.

Revenue diversification; the study revealed that 40% of the respondents identified revenue diversification as the major method of diversification applied by Infectious Diseases Institute Makerere University to reduce the uncertainty about the organization’s survival. This was because revenue diversification identified by the researcher has increased viability for the institute. This is in agreement with a recent study by Fred R. David (2008), who used several measures to explore the impact of multiple revenue sources on overall financial health and concluded, despite some data anomalies, that organizations with diversified funding sources are in a stronger overall financial position than those with few funders.

Project Diversification; the 30% of respondents from the table that mentioned project diversification said that this was another major method of diversification applied by Infectious Diseases Institute Makerere University to reduce the uncertainty about the organization’s survival. This was because the institute was carrying out several projects to support additional research at the Kampala site of a Multi-Center International Trial to obtain and store blood and mucosal specimens in African HIV-1 discordant couples at key points for future validation of correlates identified in SIV macaque model.

Research Diversification; this was another diversification method mentioned by respondents. 20% of the respondents reported that Infectious Diseases Institute Makerere University was diversifying its services by conducting several researches in the field of infectious diseases in Uganda. In an interview, respondents said that since 2001, IDI has published 245 research articles in peer-reviewed journals. As of June 2013, IDI had 48 active research grants and 18 clinical trials all of which has helped the institute to get support and finances from donors.

It was established that because of the research diversification, Infectious Diseases Institute Makerere University was able to conduct a study in the partners ARV Based HIV Prevention in couple’s study, a study to optimize targeted delivery and sustained use of ARV based HIV-
Relationship between diversification strategy and sustainability

Hypothesis testing was done for this objective and findings revealed that there is a significant relationship between diversification strategies implemented and sustainability since the P-value (0.002) is less in magnitude than 0.05 (p=0.002<0.05).

Furthermore, respondents in their interview said that because of the different diversification strategies applied by the institute, there has been development of a site office at IDI for the academic Collaboration between the Canadian HIV Trials Network (CTN) and IDI to pursue HIV/AIDS Clinical Trials, Anti-retroviral therapy of AIDS-related Kaposis Sarcoma in Africa and Hepatitis B Virologic Response in HIV Co-infected patients on Treatment with Tenofovir Versus Lamivudine Containing Regimens all of which have attracted adequate funding from partners.

Recommendation

In consistency with the findings and conclusions presented in the above sub sections, the current study makes the following recommendations for ensuring sustainability of NGOs and future studies on the same course.

Many resource mobilization efforts of organizations are focused on fund raising from international institutional donors. If organizations desire to diversify their sources of resources, they may have to revise their current approaches, which are only focused on attracting external grants and accommodate options of sourcing resources from businesses and individuals. Private sources allow organizations to respond quickly and they have fewer restrictions.

The study suggests that the NGOs should appreciate competition as its becoming a common phenomenon in the external funding environment. Though competition has been used extensively in the private sector, collaboration may be suitable in the social services sector. However, understanding organizations within one’s sector or other sectors should be an integral part of IDI’s environmental scan.

The study, suggest for applying innovative approaches to retain the existing sources of organizational funding and to establish newer frontiers. Specifically, there is need for engaging various stakeholders through communication and corporate social responsibility. The organization could widen the net to attract resources from private sector organizations and individuals. Efforts should be put in place to develop social enterprises that assist the organization in solving social problems while using business.

Suggestions for further research

The study suggests that further studies can be undertaken on the efficacy of NGO resource mobilization plans. Since resource mobilization requires leadership, further investigations could be anchored on effectiveness of leadership styles on resource mobilization. With the advent of multimedia sources, social enterprise proponents feel that organizations should consider using the internet as a costless platform that allows the funder to give continuously.

Research efforts should be geared on establishing the success factors in internet fundraising. Further research work should investigate new approaches for NGO sustainability through public private partnership projects (PPPs).

Reflection

This presents a personal reflection of the author upon the learning experiences and presents a critical analysis of the challenges & learning experiences as a result of conducting this study.

Throughout this study, the researcher has read & analyzed relevant literature, articles, and previous research on topics relating to the variables of this study in order to gain understanding of the research phenomenon. The researcher has therefore gained a deeper understanding of the strategic management. It has greatly boosted the author’s analytical skills.
References


Justification for IT Investments: Evaluation Methods, Frameworks, and Models

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Abstract

The productivity and profitability paradox in IT investments literature have made the work of IT managers very difficult in justifying for IT investments. Another difficult issue to grapple with by IT managers is how to measure or evaluate intangible benefits. These problems have led to the proposition of many IT evaluation frameworks/models and methods by researchers. This works aims to review a number of these frameworks/models and methods to see the way forward in this business of IT investments justification. About 40 categories/sets of research outputs or articles out of more than 50 articles reviewed were used for this work. The results showed that tangible benefits are not enough to justify for IT investments as they mostly point to corporate benefits which are short term, and that the justification of intangible benefits which are more strategic, must be included to make the justification process complete no matter how difficult it is. Again, no evaluation framework/model with its associated methods of evaluation is a panacea to the evaluation problem; evaluation depends on so many factors, and so is contextual. Also, the firm must factor into the evaluation process its corporate and strategic objectives. Lastly, in most cases, IT evaluation is seen as a must do, and therefore does not require that justification is done.

Keywords: Justify, Evaluate, Tangible, Intangible, Information Technology, Framework.

Introduction

LinA, Bou-Wen (2007) mentioned that Information technology (IT) has become an inevitable, important component of firm capability and also something that sustainable competitive advantage can be derived from. LinA continued to establish the fact that regardless of the above statement, empirical results of the relationship between IT capability and firm performance is still equivocal. This confusion is due to inconsistent or conflicting results from research, and this has contributed to the ambiguity for IT managers in justifying IT spending. Studies concerning the relationships between investment in IT and organizational performance and productivity (or value creation) have revealed positive and noteworthy effects of such investment in some cases (Barua, Kriebel, & Mulhopadhyay, 1995; Brynjolfsson & Hitt, 1996; Kaplan, Krishnam, Padman, & Peters, 1998; Lehr & Lichtenberg 1998; Mahmood & Mann, 1993; Rai, Patnayakuni, & Patnayakuni, 1997), while in other cases, studies have revealed no noteworthy relationship (Berndt & Morrison, 1995; Koski, 1999; Strassman, 1985; Strassman, 1990). Some reasons have been given to these contradictory results; some researchers attribute it to inadequate data and flawed methodology (Brynjolfsson, 1993; Sircar, Turnbow, & Bordolo, 2000). YiHua and Mykytyn (2002) also giving their view on the same subject mentioned that handling IT investment as a black box without looking further at what is going on inside the box could be an even bigger cause.
This productivity and profitability paradox in IT investments literature have made the work of IT managers very difficult in justifying for IT investments. Another difficult issue to grapple with by IT managers is how to measure or evaluate intangible benefits. These problems have led to the proposition of many IT evaluation frameworks/models and methods by researchers. This works aims to review a number of these frameworks/models and methods to see the way forward in this business of IT investments justification.

The general objective of this work is to contribute to the general body of knowledge and research work in the area of IT investments/projects justification and benefits. The research work is also aimed at recommending or proposing a sure way forward in terms of IT investments justification. To achieve the general objective, the research explores from literature the various IT evaluation methods/frameworks/models.

Materials and methods

A detailed extant literature review is conducted relating to IT investments benefits and justification/evaluation frameworks/models/methods. This work only deals with secondary data, primarily from journal articles. About 40 categories/sets of research outputs or articles out of more than 50 articles reviewed are used for this work. No primary data is employed for this work. Articles were sourced from databases such as Google Scholar, Research Gate, Academia.edu, Google search engine, Emerald, Springer, and so on. The main themes used for the search are IT investments, Justification for IT investments, IT investments Evaluation Methods, IT investments benefits determination, value creation beyond IT investments, and so on. Some of the limitations encountered with this methodology are the difficulty in getting most current articles on the subject matter from databases, and also the fact that some databases cannot be accessed until payment is made. This is worrying as it can affect the results of the research.

Results and discussions

Dimensions of IT investments evaluation

From the articles reviewed, it is clear that justification for IT investments is one of the tough things to do in delivering IT projects. Gunasekaran, Love, Rahimi, and Miele (2001) explained the involvedness of the justification of IT investment from the view point of the numerous intangibles and non-financial benefits which are intrinsic in the execution or implementation of IT (Irani, 1999; Irani, Ezingead, Grieve & Race, 1999; Swamidass & Kotha, 1998). They also established that the full benefits of IT investments are normally obscured when purely traditional or conventional methods are employed (Farbey, et. al, 1992). For the difference in strategic considerations (Irani, Ezingead, & Grieve, 1997; Peppard & Ward, 1999; Hares & Royle, 1994), and the fact that each investment is unique with its own benefits and cost different from all others, it is always maintained that no one method is deemed or considered best in this business of justification of IT investments. In view of this, trying to find a method to deal with all benefits is seen as too equivocal and impracticable.

Evaluation is exceptionally setting specific: Although the literature of IS evaluation prescribes the utilization of formal evaluation techniques, once in a while it is vital to rapidly pick up understanding of a new type of information system or product with a fairly casual evaluation process. Formal evaluation does not appear to be imperative or important for each situation (Hallikainen & Chen, 2005). This suggests that environmental factors play a major role in the evaluation. Environmental factors determine the setting or context in which the organization is operating. Firms should consider their unique industry conditions before making the case for and adopting the latest technology. Improved understanding of these environmental conditions may help firms determine which parts of their business stand to benefit the most from investments in Information technology and act proactively (Dale & Muhanna, 2009). Karlsson and Stypsanelli (2012) uncovered that several benefits are considered amid the decision making process of the investment, however these benefits are essential to the ultimate choice or decision and beat certain
budgetary limitations, and that out of these benefits, customer relations and business effectiveness or efficiency are the ones that influence most the decision making process. They however maintained that environment dimension can likewise be added to the benefits assessment/appraisal level. To enhance the contextual argument with regards to IT ventures assessment, Wessels (2003) is of the view that in making vast or potentially complex choices or decisions, the way toward assessing IT is the application and ingestion of a scope of info data which incorporates information, assessment procedures, individual experience, individual learning/knowledge, corporate or departmental legislative issues, individual wishes and instinct. This goes to affirm that IT assessment/evaluation is multifaceted; it does not just include formal assessment strategies, for example, the accounting/financial assessment techniques. Gunasekaran, Love, Rahimi, and Miele (2001) consent to this when they said that current accounting assessment process, for investment justification in IT, for example, Return on Investment (ROI) is not sufficient to warrant an investment decision. Dekleva (2005) likewise repeated that not very many investigators or analysts bolster the idea that ROI or comparative measures are adequate and ought to dependably be utilized to legitimize or justify IT investments. Many people are of the view that since these measures do not include all secondary benefits from such investments, such measures are inadequate. Experience of key stakeholders in the IT projects environment is key, as they bring on board skills and knowledge that are not found in books and in literature. To some organizations, evaluation is not necessary as they see or consider IT investments as a ‘must do’ and something that is not negotiable. Dekleva (2005) opined that managers simply know that a specific system is required to just remain in business. In such cases, it is viewed as a mandatory operational expense requiring no support by any stretch of the imagination or no justification at all.

Easy to use, not detailed, unreliable tools and techniques being used by managers over time has resulted in major IT failures (Hochstrasser, 1992). Voss (1986) claims most Technology based projects do fail primarily because of economic justifications.

**Justifying tangible and intangible benefits**

One of the difficult areas that make managers shy away from IT evaluation is justifying intangible benefits. Tangible benefits are easily determinable by accounting measures, but intangible benefits are difficult to determine. This has led to a number of frameworks and models in literature worth discussing. There are numerous intangible benefits offered by IT, which are not of a quantifiable sort but rather basic to the perseveration of an organization (Gunasekaran, et. al, 2001). Intangibles can be observed from a process point of view when examining resources and activities, a legal viewpoint when talking about property rights, a standard setting stance when pondering about recognition criteria, and from a managerial angle when examining key or planned investments (Kristandl & Bontis, 2007). Oliver, Barrick and Janicki (2009) in their work called attention to the fact that persuading management regarding values for intangible items is truly a troublesome thing which should be overcome. They kept on to reveal the difficulty that IT supervisors/managers experience to create measurement techniques for intangibles, despite the fact that they comprehend the requirement for the estimation/measurement of intangibles. To cure this, they suggested that on a start, a couple of intangibles can be measured by getting management endorsement. This ought to be followed with a survey or review taking into consideration actual intangible value versus the project plan, and once this is done, the process may start again with more intangibles considered on ensuing projects. Oliver, Barrick, and Janicki (2009) again came out with recommendations and best practices for the inclusion of intangible items in IT projects. Firstly, they said the value of intangible benefits in every related IT project must be considered. This means a conscious effort must be made regardless of the difficulty, to consider intangible benefits from the scratch. Secondly, that the business unit manager should be the project champion. This is important because a Business Unit Manager’s primary responsibility is to ensure that a business unit – a particular segment of a company, is meeting goals that contribute to the overall success of a company. The position has a broad range responsibilities: From analyzing market trends and training and mentoring staff, to creating and
implementing strategies to reach targets, Business Unit Managers do it all. No wonder the third point requires that business unit managers must establish the value of intangibles. Fourthly, stakeholders are expected to build on a history of success previous projects. This should not only be in the minds of people, but must be documented to serve as models to be referred to in the delivery of current and future IT projects. The fifth point requires that intangibles be tied to corporate strategy. This will help managers appreciate better the intangible benefits, and can go a long way to help convince management easily of the need to embark on the project/s. Lastly, completed projects must be evaluated to ensure that intangible benefits were realized, show positive signs of realization or otherwise.

Gomez and Pather (2012) gave an alternate bend to the entire definition and comprehension of tangible and intangible benefits. They pitched their dialog on the encounters or experiences of ICT assessment/evaluation in the expansive business condition or environment, and prescribed that it is not adequate to concentrate on the effortlessly quantifiable tangible and quantifiable benefits of ICT. They motivate that the intangible benefits of ICT on development, for example, empowerment, confidence and social union or cohesion are more imperative from a formative point of view. As far as classifying benefits, they did a very good job. They said IT Benefits are either quantifiable (can be measured) or unquantifiable (cannot be measured or more difficult to measure), and both can be tangible or intangible. Quantifiable tangible may be objectively measured; e.g. increase in revenue; reduction in costs. Quantifiable intangible is difficult to measure objectively, e.g. obtaining information faster; improved customer satisfaction. Unquantifiable tangible is one that precise impact on profitability cannot be measured, e.g. better information; improved security, and unquantifiable intangible, one that is difficult to put a financial value to the benefit, e.g. increased customer confidence; customers or employees’ perception of the firm’s product. They also came out with the differences between Business IT and ICT and Development with respect to phases of Impact Evaluation. The early phase is considered quantifiable with tangible outputs. For Business IT, it is at the Automate level where we measure technical aspects of IT (rate of information flow, accuracy, timeliness), and for ICT and Development, it is at the Euphoria level where we have quantifiable outputs (number of computers, number of users, rate of bandwidth consumption, teledensity, illiteracy rate, and so on.). The Intermediate phase is considered to be measurable with mostly tangible outcomes. For Business IT, it is at the Informate level where we have IT production and project implementation, and for ICT and Development, it is at the Instrumental level where we have economic outcomes (income generation, business opportunities, and so on. The Mature phase is considered unquantifiable with intangible impacts. For Business IT, it is at the Transformate level where we have service perspective and intangible benefits (trust, loyalty, brand, and so on.), and for ICT and Development, it is at the Intangibles level where we have aspirational outcomes (empowerment, self-esteem and self-worth, social cohesion and social fabric); citizen empowerment (relationship with governments); Individualized motivator factors (achievement, recognition).

Gunasekaran, Love, Rahimi and Miele (2001) maintained that most IT investment benefits evaluation are based on tangible benefits due to the primary aim of IT investment: to improve operational efficiency of an organization so as to reduce costs and improve profit levels. Regardless of this trend, Gunasekaran, et. al. (2001) pointed out that there is a growing desire and appreciation in managers now to consider the wider strategic implications of an IT infrastructure, and making investments to help revamp their business processes. Because of this, many qualitative benefits are being appreciated, and usually include improved customer support and greater product flexibility, of which most of them may be difficult to evaluate and quantify, and which usually forces entities to even probably having to accept short-term losses, in order to reap long-term benefits (Hochstrasser, 1992; Wilner, Kock, & Klammer, 1992; Belleflamme, 2001; Kulatilaka, 1984; Lefley & Sarkis, 1997; Meredith & Suresh, 1986).

Irani et al. (1999), Farbey et al. (1993), Ward, Taylor, and Bond (1996), and Maskell (1991) therefore suggests that traditional quantitative techniques are unable to bring out the qualitative benefits of IT investments. The question then is how to differentiate between corporate investments whose benefits are largely measurable or quantifiable with strategic IT investments which delivers a wide range of
intangibles. Simmonds (1983) therefore suggest a shift from the former to the later, stressing on progress being measured against contribution towards the corporate strategy, and not how well it meets the criteria laid down by accounting/financial rules and regulations.

Gunasekaran, et al (2001) revealed that literature supports the fact that many companies are unaware of even the methods to evaluate IT investments, and those who do even use old methods like cost-benefit analysis and the like (Kennedy & Mills, 1992; Kumar, 1990; Primrose & Leonard, 1987; Willcocks & Lester, 1991). Again, Willcocks and Lester (1991) established that the most reputable sectors such as the financial services and manufacturing industries, with the exception of IT, have not changed their evaluation criteria since they first introduced IT. With this background, Gunasekaran, et. al (2001) proceeded to come out with a conceptual framework to deal with the problem of the existing techniques which do not merge all the aspects (tangible, intangible, and other benefits) of IT investments justification together. They took into account five input considerations that make for a complete justification of investments in IT projects. The considerations are: strategic considerations, tactical considerations, operational considerations, intangibles, and tangibles.

Tiernan and Peppard (2004) are of the view that in a typical organization, even non-tangible benefits should be converted into tangible measures to the effect that each unit/department should be able to make its own justification in a measurable way to merit IT investment. Doherty Mark (2005) supports this view, and went ahead to mention some of the intangible benefits (improved customer service, reduced wait times, increased public safety, decreased operational errors and attention to public health issues) which should be quantified or measured, though are difficult to do so. Varghese (2003) on the other hand thinks that basing everything on ROI is an exercise in futility, as ROI numbers do not ensure that technology investments will be in line with business strategy. He additionally recommends that ROI figures ought to just be utilized as a way to guarantee that the planning is comprehensive and that the entirety or wholeness of effect has been considered. McMahon (2004) agrees with Varghese (2003), but focuses specially on IT support in the human resources (HR) function. He does not seem to agree with researchers who also say that working to show positive ROI or developing a business case may be a waste of time. He explained that preparing a business case or estimating ROI involves fundamental planning and business thinking, which should be part of a basic business discipline. Lucas (1999), also taking the middle stance explained that the fact that profits from IT investments are not evident, does not mean they are non-existent. Lucas (1999) additionally posits that not all things are quantifiable by say, ROI, and to that effect, each type of benefit ought to be considered critically.

**IT investments evaluation methods and techniques**

A number of ways were proposed by Gibson, Arnott and Jagielska (2004) addressing how intangible benefits are evaluated in IT projects. Employing Value Analysis method, a ‘value’ is assigned to variables which would normally be classed as intangible and not included into traditional evaluation techniques. The benefits may be visualized through prototyping of proposed systems. The method allows for both monetary and utility measures of intangible benefits. Establishing these ‘values’ may be a drawn-out and costly process. There are repeatedly questions about subjective measurement methods that do not deliver exact financial measures (Keen, 1981).

For Total Cost Analysis, Tayyari and Kroll (1990) upheld that after the measures are known, conventional financial measures might be utilized to allocate or assign a monetary value to the benefits. This method relies on subjective, proxy measures, and there is no clear direction on how to undertake the identification of the surrogate indicators. Combination Net Present Value (NPV) and Discussion with personnel was also proposed by Anandarajan and Wen (1999). This method aims to overcome ‘esoteric’ evaluation methods by using traditional Net Present Value (NPV) models. It relies heavily on the opinion of discussion participants, and has the tendency of introducing bias into the categorization of intangibles.

Quantification Technique was also proposed by Hares and Royle (1994) who opined that the valuation of the intangibles is open to questioning, due to inevitability of judgment involved in applying the
technique. Return on Management (ROM) was also proposed by Strassman (1990); ROM as a comprehensive framework, delivered the postulation that the organization’s information costs are the costs of managing the enterprise/business/firm. Distinguishing between operational and management costs can be difficult. A lack of use (Willcocks & Lester, 1991) in industry suggest problems with the usability of the approach. Negotiation and Imputation as a method of IT evaluation relies heavily on subjective judgment. It gives a real dollar or monetary value to the asset, instead of a "solace" proclamation (Remenyi, et. al, 2000). For Information Economics as a method, Parker and Benson (1988) said that it is based largely on subjective scoring, and can be time consuming due to the number of steps involved. It includes both quantitative and qualitative measures. The Multi-objective, Multi-criteria (MOMC) method is best applied to multifaceted or difficult projects. It accommodates multiple stakeholders easily, and can incorporate intangible factors. This method does not include output for traditional ROI calculations (Kenny and Raiffa, 1976).

There are more than sixty methods of IT investment evaluations, and that they are varied and grouped into four main categories (Hamaker, 2009): They are Financial methods (i.e. Net Present Value, Internal Rate of Return, and Cost Benefit Ratio), Operation method/management science methods (i.e. Analytical Hierarchy Process (AHP), and Decision/Bayesian Analysis), Technique specifically designed for particular IT and/or organizations (i.e. Information Economics, Bedell’s Method, and Benefit/Risk Analysis) and Other methods (i.e. Balanced Scorecard, Critical Success Factors, and Value Chain Analysis). Regardless the variability of the methods, they all point to common goal, which is evaluating the value of IT investment.

**IT investments evaluation frameworks**

IT evaluation measures are different from frameworks/models or processes that are employed for IT evaluation. A number of the measures have already been discussed in detail. Touching on some of the frameworks, we start with Clemons and Weber (1990) who proposed seven principles in evaluating IT investment. It consists of the downside risks and upside opportunities, and among some of the benefits are: divisibility and expandability, marketing in-house systems, timing value, and flexibility and option value. Technology management classifications that explain three major benefits of IT investment were proposed by Irani and Love (2001), and they are strategic, tactical, and operational benefits. From these three categories of benefits, 23 metrics of IT values are realized or gathered. Bannister (2001) proposed a value categorization of IT value for public (non-profit) organizations. The values are put into six categories, and they are foundational, policy formulation, democratic, service, internal, and external. 30 metrics explain each of the categories of benefits.

Gunasekaran, Love, Rahimi and Miele (2001) and Chou, Chou and Tzeng (2006) uses considerations and benefits criteria to evaluate IT investment. The requirements to be satisfied in order for the IT investment to be successful is termed Consideration criteria, and the evaluation of values or benefits of the IT investment, benefits criteria. Gunasekaran, Love, Rahimi and Miele (2001) proposed five consideration criteria and one benefit criteria, while Chou, Chou and Tzeng (2006) proposed four consideration criteria and one benefit criteria. Together, both research groups came out with a total of ten and nine metrics for benefits evaluations.

Keramati and Songhori et al (2009) proposes a framework of IT evaluation that is established on input and output criteria. This is similar to the works of Gunasekaran, Love, Rahimi and Miele (2001) and Chou, Chou and Tzeng (2006): input is similar to consideration criteria whereas the output is the benefits of IT investment, and they further categorized into strategic, information, and transactional benefits. A list of nine benefits metrics of IT investment were identified under output criteria.

A framework that evaluate IT investment using business value and risk criteria was presented by Stewart and Mohamed (2002). They were able to identify four business values, and they are Return on investment, strategic match, competitive advantage, and strategic architecture alignment. 15 business value metrics are enumerated in this framework. Nasher, Kalantarian, Akbari, Sützangar, Kajbaf, and

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Madani (2011) came out with the ranked importance decision making criteria, which is a combination of the consideration criteria together with the benefits criteria in a same category. Under the category of strategic and operational and tactical, a total of ten decision-making criteria were listed.

Ross and Beath (2002) came out with a concept of four IT investment types and called them Process improvement, Experiments, Renewal, and Transformation. Process improvements dwell on operational outcomes of existing business processes. They explained that companies need a stable stream of business and technology experiments to learn about the capabilities and limitations of new technologies. They posit that renewal investments trade old shared technologies to more up to date, more intense or more lucrative ones. On transformation, they clarified that, transformation purposefully changes a company’s infrastructure in ways that not only enable, but usually demand process change.

Peacock and Tanniru (2005) additionally isolated IT investments into four sorts, yet in various classes along two measurements: Application of IT (recognizing general from centred) and Measurement Complexity (ordered as low or high). In justifying IT investments, they employed the accounting idea or concept Activity Based Costing (ABC). The fundamental thought here is to consider business performance before and after the IT investment by taking a gander at the effect of investments on business activities and performance.

Specialists/Practitioners Rau and Bye (2003) draws out an alternate view on IT valuation. They initially characterize four IT value scopes: Expense Containment, Process Improvement, Customer Advantage, and Talent Leverage. They additionally isolate each of them into its three noteworthy subcomponents: Capital and Operating Expense, People, and Innovation, the last two a clear augmentation of normal core interest.

Lee (2004) posits that whiles different organizations fail to receive guaranteed rewards from IT investment, others have been useful and that effective IT investment cases show that business process design issues ought to be tended to when IT investment choices/decisions are made. Lee fuses IT investment with business process design and suggests a four-stage IT assessment technique: Strategic investigation, Business process upgrade/redesign, IT configuration, Performance evaluation.

Lee also comes out with a simple Mathematical Model and a Simulation Approach to rationally estimate organizational benefits of business process-incorporated IT investments. Lee moreover recognizes two general classifications of performance evaluation: money related (financial) and non-monetary (non-financial), where the non-financial comprises of two noteworthy measurements: operational and strategic. While the operational extensions are commonly quantifiable (e.g., process duration, imperfection rates, and end-client fulfilment), the strategic scopes are generally not (e.g., product development/improvement capacity).

**Conclusion**

From the literature reviewed, it came out clearly that Intangible benefits are difficult to identify from the beginning and once identified, difficult to measure/quantify, and for that matter difficult to justify/evaluate. Tangible benefits are not enough to justify for IT investments as they mostly point to corporate benefits which are short term, and that intangible benefits justification must be included to make the justification process complete no matter how difficult it is. Again, intangible benefits are usually strategic in nature, requiring some time for realization, and must be seen as such; there should be no rush. It was also realised that no evaluation framework/model with its associated methods of evaluation is a panacea to the evaluation problem; evaluation depends on so many factors, and so is contextual. It depends on environmental factors such as the size of the firm, the type of IT investment, the industry the firm is operating in, the expertise of the stakeholders involved, the experience of key stakeholders involved, and so on. The process of evaluating IT is also the application and absorption of a range of input information which includes data, evaluation techniques, personal experience, personal knowledge, corporate or departmental politics, personal desires and intuition. This means that each firm should be able to access all these factors and factor them in their evaluation process. This will make each firm has a
unique process/framework/model that suits its best. Sometimes the firm should allow certain benefits, even though not a direct benefit, during the decision-making process to overcome the financial considerations (direct benefit). An example of such is customer satisfaction. This may not be easily measured, but can benefit the firm in the long term, and may translate into financial benefits in the end. To effectively do IT investment evaluation, the firm must also factor into the process its corporate and strategic objectives. To be informed about what the firm wants to achieve corporately and strategically will go a long way to inform stakeholders about the kind of tangible and intangible benefits that are expected; this will aid the evaluation process. IT investments is sometimes, and in fact, almost all the time seen as a must do, which requires that no justification is done. Every business is digitizing and going online. This requires huge investment in IT. Failure to tow this line will present your business as not serious and not ready for the competitive market. Customers will automatically drift to technology and innovation. This means that even though you may not be able to justify for the investment, you are bound to do if you want to stay in business and still have customers to serve.

In summary, the way forward for IT investments justification is that justification is unique to every firm, it is contextual, and so stakeholders must take into consideration environmental factors, corporate and strategic goals, experience and expertise of stakeholders, and so on, to design its own framework and measures to justify IT investments.

References


Delivering Successful IT Projects: A Literature-Based Framework

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Abstract

The general objective of this work was to contribute to the general body of knowledge and research work in the area of managing IT projects successfully. To achieve the general objective, the research was aimed at exploring the reasons why most IT projects fail from past literature, and come out with the most prevalent causes of failure, and then develop a framework to help manage IT projects successfully. The assumption this work was dependent on was that once the prevalent causes of failure are known, then conversely, we can propose what should be done to deliver IT projects successfully. This work only deals with secondary data, primarily from journal articles and newsletters of IT based institutions. About 32 categories/sets of research outputs were used as literature base for the analysis. No primary data was employed for this work. It was found out that for an IT project to be delivered successfully, there are four areas that are so critical: Skills of project manager/team members, Top Management Involvement, Proper Methodology/Processes, and Good Communication. This represents the success factors dimension. It was discovered that the success of IT projects depends so much primarily on the activities of the initiating stage followed by the planning stage, and then the executing, monitoring and controlling stage, and finally, closing stage. This represents the process dimension. A framework depicting all these was developed.

Keywords: Successful, Project, Information, Technology, Framework, Failure

Introduction

The general objective of this work is to contribute to the general body of knowledge and research work in the area of managing IT projects successfully. To achieve the general objective, the research is aimed at exploring the reasons why most IT projects fail from past literature, and come out with the most prevalent causes of failure, and then develop a framework to help manage IT projects successfully.

The Oxford English Dictionary defines “project” as “An individual or collaborative enterprise that is carefully planned and designed to achieve a particular aim: [e.g.] a research project/a nationwide project to encourage business development”

(http://pjpr-eu.coe.int/documents/1017981/1667915/2_project.pdf/f317e5f0-dbc5-4fc7-bd94-79d22a21683d). This is what the project management institute (PMI) defines a project: a temporary group activity designed to produce a unique product, service or result. It continued to explain that a project is temporary in that it has a defined beginning and end in time, and therefore defined scope and resources, and a project is unique in that it is not a routine operation, but a specific set of operations designed to accomplish a singular goal. Explaining further, PMI mentioned a few items that constitute a project, and they are development of a software for an improved business process, the construction of a building or bridge, the relief effort after a natural disaster and the expansion of sales into a new geographic market. It further established that all projects must be expertly managed to deliver the on-time, on-budget results, learning and integration that organizations need” (http://www.pmi.org/About-Us/About-Us-What-is-Project-Management.aspx).

In PRINCE2, a project is defined as “a temporary organization that is created for the purpose of delivering one or more business products according to an agreed Business
Case.” (http://www.cupe.co.uk/prince2-definition-of-a-project.html). These definitions are generic, and do not point to specifics.

IT Project Management differs slightly with traditional project management by the inclusion of systems analysis and design concepts/methodologies (System development life cycle-SDLC, etc) and management information systems principles (people concept in information systems) to reach higher levels of success of IT projects. One of the first findings about IT Project Success was the CHAOS study which was published in 1995 by the Standish Group. They reported that 31 % of IT projects were cancelled before completion, and 53 % of them were completed over budget/schedule which were also referred to as challenged projects; they did not meet all of the project requirements. Only 16 % of IT projects were successful (Standish Group, 1995).

In more specific terms, an IT project can be defined generally from different schools of thought. Three of them that feature prominently are as follows:

1. A project with at least one IS (information systems) or IT (Information technology) component amongst its outputs.
2. A project undertaken within the IS/IT functional unit.
3. Any project in which all outputs take the form of IS/IT artifacts.

(http://philica.com/display_observation.php?observation_id=36)

For the purposes of this research, we will go with definition item 3. Definition item three makes a lot of sense as the output or the deliverable must be substantially an IT or IS artifact. An artifact is one of many kinds of tangible by-product produced during the development of software. Some artifacts (e.g., use cases, class diagrams, and other UML models, requirements and design documents) help describe the function, architecture, and design of software


IT project management in institutions/industries is inevitable. Regardless of the fact that it still remains a paradox (Whilst some researchers have come out with positive relationships (Bharadwaj et al, 1999), others have found negative effects (Alpar & Kim (1990) (cited in Peslak R., 2003, pg 79) as to the positive effects or otherwise of IT investments in industry, it is not enough grounds for curtailment of IT investments. As it has been established already, industry heavily rely on IT systems and infrastructure for its services to customers. So far the discussion has focussed on value creation by IT investments, but this work focusses on the process aspect of the IT investments, that is project management. Research has also shown that most IT projects fail, and can be due to a number of reasons (Schmidt, Lyytinen, Keil & Cule, 2001). This development makes it more worrying since it involves huge sums of capital. A lot of reasons have been put forward by researchers in this particular subject matter, and basically they all point to correspondence failure, process failure, interaction failure, and expectation failure (Lyytinen & Hirschheim, 1987; Yeo, 2002; Goulielmos, 2003). Other research findings also point to governance issues as one of the main causes of project failure, as was revealed by the office of Government commerce of the UK Government together with the National Audit, in which they issued a guideline in 2007 which list out eight causes of project failures, of which six were attributed to governance issues (Aon, 2011). This work in tends to look into literature and enumerate the most prevalent causes of project failure and then propose a framework to help in delivering IT projects successfully. The framework will focus on the placement of these failure causes in the system development life cycle (SDLC) side by side the Project Management Life Cycle (PMLC). The assumption this work is dependent on is that once the prevalent causes of failure are known, then conversely, we can propose what should be done to deliver IT projects successfully.

Attributes of a project

Generally, the attributes of a project are:
• A project must be driven by a specific goal (objectives, deliverable/outputs, outcome)
• A project must have a start and finish dates
• A project has resource requirements
• A project is a one-time occurrence
• A project is mounted to achieve change.

Other sources (http://www.cs.odu.edu/~cs410/whatisaproject.htm) present it this way:
• A project has a defined beginning, end, schedule, and approach
• A project use resources specifically allocated to the work
• A project end results have specific goals (time, cost, performance/quality)
• A project follows planned, organized approach
• A project usually involves a team of people

When is an IT project said to be successful?

A project is said to be successful when:
• deliverables are according to specification
• deliver on budget
• deliver on time

This is the traditional viewpoint, but apart from that, there are a number of thoughts concerning what is termed a successful project, and for that matter an IT project. The PMO (Project Management Office) executive council, 2009 did some work on “project managing to business outcomes”, and they came out with some findings which are listed below:

1. On-time and on-budget project performance is necessary but not sufficient for attaining business outcomes.
2. Only a select number of project management activities drive business outcome attainment.
3. Project manager effectiveness is the number-one driver of business outcome attainment.
4. Re-center project planning around business outcomes to estimate and track benefits.
5. Over-manage stakeholder involvement at Concept Definition.

In conclusion, the council concluded that their project database reveals a disturbing reality: even among those projects that are delivered on time and on budget, the majority fails to deliver expected business outcomes (Gulla, 2011). This clearly shows that delivering IT projects on time and on budget does not guarantee successful projects. The key issue with IT projects is deliverables meeting specifications, and for that matter meeting expected business outcomes. This explains the key difference between IT projects and other projects. With IT projects, one of the keys things to watch out for is Requirement discovery, gathering, and analysis. This to a large extent help the project manager to deliver outputs that are in line with business outcomes.

Schmidt, Lyytinen, Keil and Cule (2001), a group of researchers, led one of the comprehensive studies that were deployed to study the root causes for IT project failure on experienced project managers in three different settings: Hong Kong, Finland, and the United States. The three panels of experts acknowledged initially a list of 53 IT project risk factors. The list was condensed to a set of 17 through ranking and paring down processes, and second on the list was “misunderstanding the user requirements”. Again, in their research work on organizations in Ghana on the topic “why IT projects fail”, Koi-Akrofi G, Koi-Akrofi J, and Quarshie (2013) established the same fact that most IT projects in Ghana do not meet user needs among other facts. For the purposes of this research, an IT project is successful primarily when deliverables are according to specifications, and meet user needs.

In addition to the normal problems that can cause a project to fail, factors that can negatively affect the success of an IT project include advances in technology during the project’s execution, infrastructure changes that impact security and data management and unknown dependent relationships among hardware, software, network infrastructure and data. IT projects may also succumb to the first-time, first-use penalty which represents the total risk an organization assumes when implementing a new technology for the first time. Because the technology hasn’t been implemented or used before in the organization,
there are likely to be complications that will affect the project’s likelihood of success (http://searchcio.techtarget.com/definition/IT-project-management).

According to Wilson and Connel (n.d), the characteristics of a successful IT project are:

- Project managed as a team – no one individual responsible
- Good communication within the team and between all players in the project
- Establishment of a project management office (PMO)

Other characteristics are:

- Risk management and acceptance
- The ability of the project manager to make changes to ensure deliverables were met
- Manage to milestones not details
- Standardised project terminology
- Regular meetings of the Project Management Office and project steering committee
- Most effort occurs in the planning stage
- Executive buy in
- Delivered business expectations

Materials and methods

A comprehensive literature review is conducted on causes of IT project failures to list the most prevalent causes. The focus is on IT projects from all sectors of industry. Projects that are not IT based in accordance with the definition this work subscribes to are eliminated from the list. After listing the most prevalent causes of IT project failures, a framework is developed from it to help in delivering IT projects successfully. This work only deals with secondary data, primarily from articles and newsletters of IT based institutions. About 32 categories/sets of research outputs are used for this work. No primary data is employed for this work.

Results and discussions

Table 1 below shows a summary of 32 categories/sets of research outputs by individuals, group of individuals and institutions on causes of IT project failures.

<table>
<thead>
<tr>
<th>Name of author/institution</th>
<th>Year</th>
<th>Title of paper</th>
<th>Findings/reasons why it projects fail</th>
<th>Comments/key statements from authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joseph Gulla (IBM Corporation)</td>
<td>2011</td>
<td>Seven Reasons why IT projects fail</td>
<td>1. Poor project planning and direction 2. Insufficient Communication 3. Lack of change, risk, financial, and performance management 4. Failure to align with constituents and stakeholders 5. Ineffective involvement of executive management 6. Lack of skilled team members in the areas of soft skills, ability to adapt and experience 7. Poor or missing methodology and tools</td>
<td></td>
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<tr>
<td>Isfahani</td>
<td>2010</td>
<td>Why projects fail: avoiding</td>
<td>1. Failure to align with constituents</td>
<td>Two other considerations:</td>
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<tr>
<td>Author</td>
<td>Year</td>
<td>Title</td>
<td>Reasons</td>
<td>Additional Notes</td>
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</table>
| Taimour         | 2005 | Why IT projects fail?         | 1. Poor planning  
2. Unclear goals and objectives  
3. Objectives changing during the project  
4. Unrealistic time or resource estimates  
5. Lack of executive support and user involvement  
6. Failure to communicate and act as a team  
7. Inappropriate skills | The most common cause for IT failures are related to project management. |
| Betts           | 2003 | Why IT projects fail?         | 1. Unavailability of data  
2. Unattainable objective  
3. Technical problems  
4. People  
5. Business problems | Ever wondered why IT project status reports are so upbeat, managers continue to fund loosing efforts, and some projects are doomed from the start? Interview with Sue Young, CEO ANDA. |
| Rosenfeld       | n.d  |                               | 1. Poor user input  
2. Stakeholder conflicts  
3. Vague requirements  
4. Poor cost and schedule estimation  
5. Skills that do not match the job  
6. Hidden cost of going LEAN and MEAN  
7. Failure to plan  
8. Communications breakdown  
9. Poor architecture  
10. Late failure warning signals | A failure is defined as any software project with severe cost or schedule overruns, quality problems, or that suffers outright cancellation. |
<p>| Bryce           | 2006 | Why does People seem to have a natural | | It must be |</p>
<table>
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<tr>
<th>Project Management Fail?</th>
<th>Aversion to the following attributes which project management presents: 1. Discipline 2. Organization 3. Accountability</th>
<th>Remembered that project management is first and foremost a philosophy of management not an elaborate set of tools and techniques.</th>
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<tbody>
<tr>
<td>Tan 2011</td>
<td>How to increase your IT project success 1. 42.5% did not deliver all benefits; 44% were delivered over budget; 42% were not delivered on time 2. Multiple attributes contribute to IT project success 3. Key attributes: (a) planning, (b) project management, (c) consultant/SI experience, (d) user management, and (e) soft skills  - Planning: Clearly defined realistic scope  - Project management: Frequent and open communication  - Consultant/SI experience: Industry specific  - User management: Realistic outcome expectations  - Soft skills: Problem solving and flexibility</td>
<td>IT project success continues to be below expectations. This research report recommends how to improve IT success rate based on data from a 845 project sample.</td>
</tr>
<tr>
<td>Wiklund &amp; Pucciarelli 2009</td>
<td>Improving IT Project Outcomes Action to consider: 1. Strong coordination between technology and finance organizations 2. Common understanding of metrics—payback period, NPV, IRR, etc. 3. Integration of risk into project planning using risk management tools</td>
<td>Research explains a new and different approach to improving IT project performance called Project Hedging Optimization (PHO). Methodology focus is on these risks: 1. Financial 2. Operational 3. Market 4. Sovereign (local political instability or terrorist events)</td>
</tr>
<tr>
<td>PMO Executive Council 2010</td>
<td>Agile at Scale The study is organized in six sections: 1. Establishing guardrails to ensure individual Agile projects are delivered on time, on budget, and within scope.</td>
<td>Study that presents practitioner solutions to help you broaden the scope of your Agile implementation in the project</td>
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</table>
| PMO Executive Council | 2009 | Project managing to business outcomes | The study in five findings:  
1. On-time and on-budget project performance is necessary but not sufficient for attaining business outcomes.  
2. Only a select number of project management activities drive business outcome attainment.  
3. Project manager effectiveness is the number-one driver of business outcome attainment.  
4. Re-center project planning around business outcomes to estimate and track benefits.  
5. Over-manage stakeholder involvement at Concept Definition. | An analysis of the PMO Executive Council’s project database reveals a disturbing reality: even among those projects that are delivered on time and on budget, the majority fails to deliver expected business outcomes. |
| Iman Attarzadeh and Siew Hock Ow (Department of Software Engineering Faculty of Computer Science & Information Technology University of Malaya, 2008 | Project Management Practices: The Criteria for Success or Failure | Poor planning and scheduling are the main reasons of project failure. Other important issues that must not be neglected are the quality of the team leaders and team spirits among the team members.  
The top three factors that cause project success are:  
1. User involvement  
2. Good planning and estimations  
3. Good leadership and team members’ technical skills. | A case study was conducted on a group of undergraduate computer science students from the Faculty of Computer Science and Information Technology, University of Malaya, who took the course WKES2202: Project Management. Forty-nine students are from the Department of |
50603 Kuala Lumpur, MALAYSIA)

| Matilda Alexandrova Liliana Ivanova | University of National and World Economy, Sofia, Bulgaria | 2012 | Critical success factors of project management: empirical evidence from projects supported by EU programmes | The evaluation approach was a version of the so called “project echo” procedure suggested at the early stage of project management development (Bavelas, 1968). The results obtained by the opinions of respondents served as the basis for the identification of critical success factors (CSF) in the framework of the conceptual model of the study. From the study, five CSFs out of the lot stood out: 1. Competence of the project manager 2. Compliance with the rules and procedures established by the operational program 3. Quality of subcontractor services 4. Competence of project team members 5. Top management support | Software Engineering and only one student is from the Department of Information Science. A questionnaire was designed to investigate the factors that contributed to project success and also factors that resulted in project failure. The questionnaire consists of two parts. Part A gathers information about the project title and team members. Part B contains assessment questions on project management issues.

Matilda Alexandrova Liliana Ivanova University of National and World Economy, Sofia, Bulgaria 2012 Critical success factors of project management: empirical evidence from projects supported by EU programmes The evaluation approach was a version of the so called “project echo” procedure suggested at the early stage of project management development (Bavelas, 1968). The results obtained by the opinions of respondents served as the basis for the identification of critical success factors (CSF) in the framework of the conceptual model of the study. From the study, five CSFs out of the lot stood out: 1. Competence of the project manager 2. Compliance with the rules and procedures established by the operational program 3. Quality of subcontractor services 4. Competence of project team members 5. Top management support 9TH INTERNATIONAL ASECU CONFERENCE ON “SYSTEMIC ECONOMIC CRISIS: CURRENT ISSUES AND PERSPECTIVES” NB: Bavelas, A., (1968), “Project echo: Use of projective techniques to define reality in different cultures”, Stanford University.

| Simon Rawlinson | 2006 | Successful Projects | Research on projects identified a number of common causes of project failure, including: | www.building.co.uk | Software Engineering and only one student is from the Department of Information Science. A questionnaire was designed to investigate the factors that contributed to project success and also factors that resulted in project failure. The questionnaire consists of two parts. Part A gathers information about the project title and team members. Part B contains assessment questions on project management issues.

50603 Kuala Lumpur, MALAYSIA)
Mike Thibado  |  2006  | Managing Successful Software Development Projects  | The five top reasons identified for the failures were:  
- Project objectives not fully specified.  
- Bad planning and estimating.  
- Technology new to the organization.  
- Inadequate or no project management methodology.  
- Insufficient senior staff on the team.  
|  |  |  | Ambient Consulting: Remember, for managing successful software development projects; use a strong project management discipline approach:  
1. Define the project in detail.  
2. Get the right people involved.  
3. Estimate the costs and time involved in the project for each phase of the development process.  
4. Establish a formal change procedure.  
5. Establish a formal acceptance procedure.  

Mark A. Taylor, President & CEO, TAYLOR Systems Engineering Corporation  |  2002  | The 5 Reasons Why Most Projects Fail: And what steps you can take to prevent it  | 1. The number one reason that most projects fail: Lack of Leadership.  
2. The second reason that projects fail: Lack of Clarity.  
3. The third reason that projects fail: Little or no Due Diligence is performed.  
4. The fourth reason projects fail:  
|  | | | According to research by The Standish Group, 74% of all information technology projects fail.  
REFERENCE: PC Week, December 5, 1999  

1. Lack of a clear link between the project and the organization’s key strategic priorities, including agreed measures of success  
2. Lack of clear senior management ownership and leadership  
3. Lack of effective engagement with stakeholders  
4. Lack of skills and proven approach to project and risk management  
5. Failure to break down projects into manageable steps  
6. Consideration of projects on the basis of initial cost rather than whole-life value  
7. Lack of client understanding and contact with the supply chain  
8. Poor project team integration
<table>
<thead>
<tr>
<th>Source</th>
<th>Year</th>
<th>Title</th>
<th>Details</th>
<th>Author/Publisher</th>
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<tbody>
<tr>
<td>An Oracle White Paper</td>
<td>2011</td>
<td>Why Projects Fail: Avoiding the Classic Pitfalls</td>
<td>Six areas in particular highlight the biggest and most common failure culprits. These are:</td>
<td>Oracle Corporation</td>
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<td></td>
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<td></td>
<td>- Constituent Alignment&lt;br&gt;- Proactive Risk Management&lt;br&gt;- Performance Measurement&lt;br&gt;- Project Scope Definition and Management&lt;br&gt;- Critical Project Communication and&lt;br&gt;- Methodology Usage.</td>
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<tr>
<td>Al Neimat, Taimour</td>
<td>2005</td>
<td>Why IT Projects Fail?</td>
<td>The following list the primary causes for the failure of complex IT projects:&lt;br&gt;- Poor planning&lt;br&gt;- Unclear goals and objectives&lt;br&gt;- Objectives changing during the project&lt;br&gt;- Unrealistic time or resource estimates&lt;br&gt;- Lack of executive support and user involvement&lt;br&gt;- Failure to communicate and act as a team&lt;br&gt;- Inappropriate skills</td>
<td>The Project Perfect White Paper Collection&lt;br&gt;<a href="http://www.projectperfect.com.au">http://www.projectperfect.com.au</a>&lt;br&gt;Project managers can position themselves to reduce the possibility for project failure by considering the following recommendations:&lt;br&gt;- Make sure to plan before starting the development or implementation&lt;br&gt;- Pay attention to tasks in the critical path&lt;br&gt;- Set up the necessary processes to calculate and</td>
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<td>inform the risk</td>
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<tr>
<td>• Ensure that the IT project has clear objectives</td>
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<td>• Understand project trade-offs when making decisions regarding objectives change</td>
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<td>• Use the duration instead of the time on task to estimate schedule</td>
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<tr>
<td>• Avoid using linear approximation when estimating time or resources</td>
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<td>• Get the support from the executive management and ask them to be open if they have any reservations about the project</td>
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<td>• Ensure and communicate regular about the progress, even if it seems invisible</td>
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<td>• Require that users participate in design and implementation of your project</td>
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<tr>
<td>• Make sure you have the appropriate planning, communication, and technology</td>
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</table>
| Dr. Paul Dorsey Dulcian, Inc. | 2000 | Top 10 Reasons Why Systems Projects Fail | A. There do seem to be three factors that all successful projects have in common. Each of these factors is key to any project’s success. Each project can be viewed as a tripod. All three legs must be in place for the tripod to stand sturdily. In a systems project, these “legs” or critical success factors consist of the following:  
• Top management support  
• A sound methodology  
• Solid technical leadership by someone who has successfully completed a similar project  
Without each of these solidly in place, the tripod will topple and the project will fail.  
B. List of the Top 10 Ways to Guarantee the Failure of a Systems Project:  
The following list has been inspired by actual mistakes encountered in real-world systems projects.  
1. Don’t use a specific methodology because coding is all that is really important.  
2. Create the project plan by working backwards from a drop-dead system completion date.  
3. Don’t bother with a data model. Just build whatever tables you need.  
4. Use a Technical Lead that has never built a similar system. Hiring such talent is too expensive.  
5. Hire forty developers to make the coding go faster.  
6. Build the system in Java, even though most of the development team still thinks that Java is coffee and you have no intention of ever deploying to the Web.  
7. Three months before the system In order to ensure system success, there are several factors to keep in mind:  
1. Don’t cut corners, methodologically. In the long run, this results in system failure or an inadequate system that doesn’t meet the users’ needs.  
2. Audit each major deliverable and step along the way for accuracy and correctness.  
3. Carefully monitor top management support for the project. Make sure that managers are aware of the progress of the team.  
4. Secure the correct technical lead for the project. |
8. Skip the testing phase because the project is way behind schedule.
9. Change the system to support critical new requirements discovered during final development.
10. Buy a commercial, off-the-shelf package and customize it … a lot.

<table>
<thead>
<tr>
<th>Brenda Whittaker Senior Consultant, KPMG Consulting, Toronto, Canada</th>
<th>1999</th>
<th>What went wrong? Unsuccessful information technology projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common reasons for project failure were:</td>
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<tr>
<td>1. Poor project planning (specifically, risks were not addressed or the project plan was weak)</td>
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<tr>
<td>2. Weak business case – that which misses several components</td>
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<td>3. Lack of management involvement and support.</td>
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<tr>
<th>Janet Laurie JISC infoNet</th>
<th>2003</th>
<th>Why Projects Fail: A University Accounting System</th>
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<tbody>
<tr>
<td>* Overspend * Lack of planning of project infrastructure * Senior staff changes and lack of accountability and involvement * Unrealistic deadlines * Lack of contingency plans</td>
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<tr>
<th>R. Schmidt, K. Lyytinen, M. Keil, and P. Cule.</th>
<th>2001</th>
<th>Identifying software project risks: An international Delphi study</th>
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<td>* Lack of top management commitment to the project * Misunderstanding the user requirements * Not managing change properly * Failure to gain user commitment * Lack of adequate user involvement * Conflict between user departments * Changing scope and objectives * Number of organizational units involved * Failure to manage end-user expectations * Unclear / misunderstood</td>
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Schmidt, Lyytinen, Keil and Cule, a group of researchers, led one of the comprehensive studies that were deployed to study the root causes for IT project failure on experienced project managers in three different settings: Hong Kong, Finland, and the United States. The three panels of experts acknowledged initially a list of 53 IT project risk factors. The list was
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<tr>
<th>Author(s)</th>
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| Godfred Yaw Koi-Akrofi, Henry Osborn Quarshie, Joyce Koi-Akrofi | 2013 | IT PROJECT FAILURES IN ORGANIZATIONS IN GHANA | i. No project management departments: Companies do not have project management departments/units where projects are run from, where professionalism is assured for project delivery, but projects being run by IT departments themselves, where the focus may not be on project management, but on IT operations to the detriment of IT projects that are delivered  
ii. No quality checks for IT projects  
iii. IT projects not completed according to schedule  
iv. No specific IT project management methodology followed  
v. Revision of scope very often for a particular project  
vi. IT projects not meeting users needs  
vii. Wrong estimates |
| Standish Group, Chaos Report | 1994 | IT Project failures/Success | Project success profiles in descending order:  
1. User Involvement  
2. Executive management support  
3. Clear statement of requirement  
4. Proper planning  
5. Realistic expectations  
6. Smaller project milestones  
7. Competent Staff  
8. Ownership |

For the purposes of the study, projects were classified into three resolution types:  
1. Resolution Type 1 (project success): The project is completed on time and on budget, with all features and functions condensed to a set of 17 through ranking and paring down processes.
9. Clear vision and objectives
10. Hard working, focused staff
11. Other

Factors that cause projects to be challenged in descending order:
1. Lack of user input
2. Incomplete requirements and specifications
3. Changing requirements and specifications
4. Lack of executive support
5. Technology incompetence
6. Lack of resources
7. Unrealistic expectations
8. Unclear objectives
9. Unrealistic time frames
10. New Technology
11. Other

Why projects are impaired and ultimately cancelled in descending order:
1. Incomplete requirements
2. Lack of user involvement
3. Lack of resources
4. Unrealistic expectations
5. Lack of executive support
6. Changing requirements and specifications
7. Lack of planning
8. Did not need it any longer
9. Lack of IT management
10. Technology illiteracy
11. Other

De Lone & McLean 1992 IT Project success factors 1. Post criteria like system and information quality
2. Information use
3. User satisfaction
4. Individual and organizational impact

Standish Group 2001 IT Project success factors 1. Executive Support
2. User Involvement
3. Experienced Project Manager
4. Clear Business Objects
5. Minimized Scope Standard
6. Software Infrastructure
7. Firm Basic Requirements
8. Formal Methodology
9. Reliable Estimates Other

as initially specified.
2. Resolution Type 2 (project challenged):
The project is completed and operational but over budget, over the time estimate, and offers fewer features and functions than originally specified.
3. Resolution Type 3 (project impaired):
The project is cancelled at some point during the development cycle.
<table>
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<tr>
<th>Author(s)</th>
<th>Year</th>
<th>IT Project Success Factors</th>
<th>Details</th>
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| Hartman & Ashrafi             | 2002 | IT Project success factors                                     | 1. Owner is informed of the project status and his/her approval is obtained at each stage.  
2. Owner is consulted at all stages of development and implementation.  
3. Proper communication channels are established at appropriate levels in the project team.  
4. The project has a clearly defined mission.  
5. Top management is willing to provide the necessary resources (money, expertise, equipment)  
6. The project achieves its stated business purpose  
7. A detailed project plan (including time schedules and milestones) with a detailed budget in place.  
8. The appropriate technology and expertise are available.  
9. Project changes are managed through a formal process.  
10. The project is completed with minimal and mutually agreed scope changes. |
| Robert N. Charette            | 2005 | IT Project success factors                                     | 1. Unrealistic or unarticulated project goals  
2. Inaccurate estimates of needed resources  
3. Badly defined system requirements  
4. Poor reporting of the project’s status  
5. Unmanaged risks  
6. Poor communication among customers, developers, and users  
7. Use of immature technology  
8. Inability to handle the project’s complexity  
9. Sloppy development practices  
10. Poor project management  
11. Stakeholder politics  
12. Commercial pressures |
| Joseph Gulla                  | 2011 | IT Project success factors                                     | Five Factor Model:  
1. Project Management |

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From Table 1, the following are the top 11 causes of IT project failure in descending order:

1. Poor requirements, objectives, resource estimates, and frequent changing of scope
2. Lack of skills of project manager/team members
3. Lack of top management involvement
4. Poor project planning
5. People factor/user involvement
6. Lack of proper methodology/process
7. Poor Communication
8. Unrealistic timescales/deadlines
9. Incorrect cost estimates
10. Outcomes not meeting business needs/objectives and user satisfaction
11. Technology Changes/Technology new to organization

- **Poor requirements, objectives, resource estimates, and frequent changing of scope**

  Requirement gathering is key for IT projects because it forms the basis for a good design and subsequently, a successful outcome of the project, to meet the satisfaction of users. Incomplete requirements will definitely result in something that users will not be happy about. Software developers as an example always stand the risk of not being told everything. This is so because users tend to think that anything left out could easily be included later. On the other hand the software developer may not understand fully the business situation and requirements. This is the more reason why for a successful IT project, there must be within the team a liaison between the technical lead and the business to ensure all requirements are gathered for a good design.

  Objectives are the specific deliverables, items, results, or outcomes the project team would like to achieve at the end of the day. This must be stated clearly without any ambiguity. If the objectives are not clear, or if they are poorly stated, it confuses the team as to what to actually deliver. This allows for introduction of personal ideas into the delivery of the project to the detriment of users and the business at the end of the day.

  Resource estimates when not done well will either cause for a demand in resources, which will ultimately cause an increase in cost, or will serve as a waste, that is if overestimated. Past information can be relied upon to do good estimates. Poor resource estimates again, can cause temporary halt in the project since the resources may not be adequate to complete the project at the scheduled time. Poor resources estimates can also affect quality of the outcome of the project, as the project team may be
forced to make do with what they have, especially when new provisions are not made. We realize that poor estimates can affect all the three criteria for IT project success: within time and budget, and deliverables according to specifications.

Frequent changing of scope is a very serious phenomenon in the project environment. It can cause an increase in cost, delay the project, and also affect the quality of the outcome of the project. Too much scope changing can also cause the team to lose focus of the objectives of the project. In as much as possible, this must be controlled to ensure a smooth running of the project. This also means that the team should know what they are about right from the beginning. They should not be confused about the scope of the project right from the conception of the project.

- **Lack of skills of project manager/team members**

The project manager and the project team as a whole must in the first place be knowledgeable about managing a project from the beginning to the end. The Project management Institute talks about knowledge in the 10 knowledge areas: cost management, time management, integration management, stakeholder management, procurement management, risk management, human resource management, quality management, communications management, and scope management. These knowledge areas are key for a successful delivery of a project. Lack in these knowledge areas for especially the project manager may pose problems in the total delivery of the project. The project manager must also be very familiar with the project management life cycle: project initiation, project planning, project execution, project monitoring and evaluation, and project closure. Again, the project manager must be very familiar with the project life cycle. Other forms of skills are also needed in the project environment. Understanding the project environment is another skill that can be very advantageous to the project manager. The project environment in a large extent affects the project, and is also affected by the project. The project environment consists of the cultural and social environment, the international and political environment, and the physical environment. General management knowledge is also key since project management is an aspect of management. General management knowledge will help the project manager understand the project management process groups better. The project manager should also be familiar with application knowledge areas, standards, and regulations. Knowledge in a specific application knowledge area like engineering is not a requirement to become a project manager, but can be very helpful, especially in the execution and monitoring and controlling stages of the process. Finally, the interpersonal relationship of the project manager is key. Some of them are as follows:

- **Effective Communication:** The exchange of information
- **Influencing the organization:** The ability to “get things done”
- **Leadership:** Developing a vision and strategy, and motivating people to achieve that vision and strategy
- **Motivation:** Energizing people to achieve high levels of performance and to overcome barriers to change.
- **Negotiation and conflict management:** Conferring with others to come to terms with them or to reach an agreement
- **Problem solving:** The combination of problem definition, alternatives identification and analysis, and decision making.

- **Lack of top management involvement**

Lack of top management involvement in the project is similar to a vote of no confidence in the project. This may pose a major risk to the project. This kind of behavior may stem from equally important issues management may be dealing with at that moment in time. If management is involved in a number of issues that border on the survival of the organization, attention of management shifts to those things and all other issues become secondary. Another reason could be that the project does not match with the goals of the organization at that time in question. It could have been smuggled in by some powerful/influential people in the organization, but is sure to suffer rejection once it is clear that it does not match.
organizational goals. The reason for lack of top management involvement could also be as a result of organizational politics. Regardless of the reason, it is not a good phenomenon, as it is a major cause of project failure.

- **Poor project planning**

  Poor planning is a recipe for failure. Project managers execute plans and nothing else. With poor planning, project managers get it wrong at the end of the day. Detailed plans such as Task Plans, Resource Plans, Risk Management Plans, Quality Control Plans, Communications Plans, Issues Management Plan, Change Control Plan, Test Plan, Deployment Plan, etc. are essential for the effective delivery of projects. Poor planning is as a result of poor estimates, incomplete analysis of issues, and decisions not well thought through. Various scenarios must be considered before coming out with good plans. Even though plans can be altered in the course of the delivery of the projects, it is something that should not be encouraged. This means that it is imperative on the part of the project team to do a good job right from the beginning to ensure that they are focused with minimal deviations from the plan.

- **People factor/user involvement**

  For IT/IS projects, user involvement is crucial especially at the requirement gathering and analysis stage of the project. Users must be involved from day one to appreciate what is being done for them. They must have a say in the output of the project since they are going to use it in the end. Failure to do that will result in the project in most cases being a “white elephant”; that is to say, they will not patronize it. The reason is simple: they see the outcome of the project as something being imposed on them rather than something they contributed to build. The users know their own problems, and for that matter what the new system should do for them. Rubbishing their input will spell disaster at the end of the day. The end project will not serve their purpose, and they will definitely not patronize it.

- **Lack of proper methodology/process**

  Project management thrives on good methodology or process. Any serious organization will have a project management office to start with, and then a major methodology it follows for delivering its projects. The PMI’s methodology of knowledge areas and process groups or the process based methodology of Prince2 as examples can be followed to deliver projects. Aside these major methodologies, there must be in place a governance team to ensure that the components or elements of these methodologies are followed judiciously. In the absence of these, the organization is just at the Initial or Repeatable levels of the capability maturity model. At these two levels, success is largely dependent on individual efforts and expertise as well as the scanty processes in place. The organization must be able to develop its own processes taking into consideration standardization.

- **Poor communication**

  In this era of increased forms of communication; e-mail, telephone, real-time online like skype, what Sapp, etc., there should not be any barrier to communication. The issue here is not the technology, but the “how” it is done. To have all these forms of technology available and still not communicate effectively is a problem. Project team members must always be updated on the progress of the project to enable them keep track of time, etc. Key stakeholders must be updated on the progress of the project to know where they have to intervene and where they don’t have to. Information on the progress of the project and any other information must be well managed to ensure that the project team keeps focus. People who should not be copied in mails should be left out to avoid unnecessary interference from them. Communication issues are very crucial, and if not managed well can throw the whole process of the project deliver into confusion. People who are not mandated to speak on the project should not speak to avoid confusions on completion time, cost of project, etc.
• Unrealistic timescales/deadlines
  Unrealistic timescales/deadlines can result in the project team doing a shoddy job and presenting a low quality product or output at the end of the day. No matter the pressure from management about the project, the team must always come out with realistic timelines since they are the very people who will be blamed if something should go wrong.

• Incorrect cost estimates
  Project costing is one of the criteria for project success or failure. Incorrect cost estimates can cause the project manager and the whole project team going back and forth in asking for increased quotations in the budget. This is not to be encouraged at all especially in a situation where budget is tight. The project in question can be halted for this reason, and that will be the end of that project.

• Outcomes not meeting business needs/objectives and user satisfaction
  If the outcome of a project does not meet business needs/objectives and user satisfaction, the deployed project becomes as good as nothing. It may represent a wasted investment, and this simply means that the project failed big time.

• Technology changes/Technology new to organization
  Technology changes can also cause projects to fail for the following reasons:
  • The outcome of the project may be obsolete at the time of deployment
  • There may be a lot of revisions in plans which can also affect cost considerably
  • Procured items may go waste as the team would have to procure a new set of items. Again it borders on cost
  • People or staff may have to be trained all over again because of the new technology. Again cost rears its head here.
  • Change management processes may have to be initiated to ensure the whole organization is in synchronism with the new technology
  In summary, Technology Changes/Technology new to organization demand an increase in cost, and this can force a project to be halted if the organization is not in good standing in terms of finances.

Placement of IT project failure causes in the project management institute’s (PMI’s) project management life cycle (PMLC) side by side the systems development life cycle (SDLC) frameworks
  Placing these failure causes in the PMI’s project management process group or project management life cycle (PMLC) alongside the Systems Development Life Cycle (SDLC), we have figure 1 below:
**Figure 1:** Placement of causes of IT project failures side by side SDLC (waterfall) and PMLC

**Source:** Author (Godfred Yaw Koi-Akrofi)

A summary of figure 1 is shown in figure 2 below.
From figure 2, we realize that the topmost cause of IT project failure according to this research work, designated “1” in this write-up, which is “Poor requirements, objectives, resource estimates, and frequent changing of scope”, is prevalent at the Initiating stage of the PMLC for the Poor requirements, objectives, and resource estimates, and at the Executing, Monitoring and Controlling stages for the frequent changing of scope. This means that an IT project’s high probability of failing is heavily dependent on the Initiating stage of the project life cycle due to poor requirements, objectives, and resource estimates, and also at the executing, monitoring and controlling stages, if frequency in scope changing is not controlled.

Again from figure 2, it is also clear that the Initiating stage has the greatest number of failure causes; eight out of eleven. This goes to strengthen the position that if the Initiating stage is not gotten right for IT projects, failure is inevitable. The planning stage too has seven out of the eleven causes of IT project failure identified in this research work. This means that the planning stage is second to the Initiating stage when it comes to IT project failure. Good project plans, etc. even though do not guarantee automatic success, are a recipe for success. The executing, monitoring and controlling has six causes, and the Closing stage has five causes. There is therefore a decreasing trend of number of causes of IT project failure from Initiating to Planning, to Executing, Monitoring and Controlling, and then to Closing.

It is also identified in the figure that four causes of IT project failure designated by numbers as “2, 3, 6, 7”, and corresponding to the causes: Lack of skills of project manager/team members, Lack of top management involvement, Lack of proper methodology/processes, and Poor Communication, respectively, are found in all the stages of the PMLC. This makes them critical causes that must be watched. In other words for an IT project to succeed, the following are critical:

- Skills of project manager/team members
- Top Management Involvement

**Source:** Author (Godfred Yaw Koi-Akrofi)
• Proper Methodology/Processes
• Good Communication

The success criteria framework based on the analysis so far is shown in figure 3 below:

Figure 3. IT projects success criteria framework (ITP-SCF)

Source: Author (Godfred Yaw Koi-Akrofi)

Figure 3 simply tells us that for an IT project to be very successful, the Initiating stage of the project should be taken as most critical to the whole process. Once that stage is gotten wrong, the whole project is bound to fail. Again, once that stage is gotten right, there is a high probability that things will be done right for the other stages, since the planning stage is dependent on the initiating stage as well as the executing, monitoring and controlling stages are also dependent on the planning stage. The closing stage is less critical in the sense that whether the project is successful or not, the project must be closed; a project has a definite start time and end time.

For the critical IT project success factors, this research work argues that the project manager/team members must have excellent skills which largely include knowledge in project management as a
discipline, and not just that, but also specific methodologies( for example PMP, Prince2, etc.) that are used to deliver projects. Previous experience with delivering projects is also an added advantage. They must have broad knowledge in management, finance, supply chain, procurement, contract law, etc. to effectively manage the project. They must also have good interpersonal skills.

Positive Top management involvement will ensure support in all aspects of the project for it to be successfully delivered. This is very critical since the project can suffer a setback anytime which top management may be needed to step in to bring it on track. There are some decisions on a project that top managers can only take regardless of the powers of the project manager. Every serious organization must have standard methodology/processes in place for delivering projects. Without them, things are done anyhow, and in most cases the projects do suffer. A well-structured governance team must be in place to ensure these processes/methodology are followed to ensure unison and standardization. The governance team is also responsible for developing various templates for the agreed processes, etc. This ensure sanity in the project management environment, and also for easy identification of flaws in the existing processes for improvement in the future.

Good Communication will keep all stakeholders updated in sync with whatever is happening as far as the projects are concerned. Bad communication leaves gaps in projects and this can cause a project to fail so easily. Effective communication can be achieved using e-mail, phone, social media, etc.

**Conclusion**

IT project management is quite different from the general project management because of the behavior of IT systems and the users of IT systems. It is not straightforward as to even the usage of a software or an IT system when it is constructed. It would have to take a lot of training and sensitization for people to want to use it. Again if the new system does not do what was intended for it to do, which necessitated its construction, users simply would abandon it. This makes IT projects very critical. The success of IT projects can be based on a number of issues, but from the analysis done so far in this research work, success of IT projects has two dimensions:

1. **The process dimension**: Where causes of IT projects were placed in the PMLC to see which process group is most critical and for that matter must be looked at very closely for IT project success, and in that order.
2. **The success factors dimension**: Where causes of IT projects which run through all the process groups of the PMLC were identified and the converse used for the analysis.

At the end of the day, the author developed the IT projects success criteria framework (ITP- SCF) to aid in the analysis. This framework can be used by practitioners as a guide when delivering IT projects to ensure success at the end of the day.

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The Unsatisfying Wellbeing of the Local International Company Worker in the Third World

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Abstract

Human resource has its challenges and sometimes those challenges are unique for each sector, however, the challenge of the local worker in an international company is unique, irrespective of the sector in which they fine themselves.

The challenge of any local worker in an international organization is struggling with some sort of dissatisfaction, after the knowledge that two persons doing the same job, with the same level of qualification can be earning different salaries. The difference is, in most cases, so wide to impose a morale issue; simply because of where you were employed.

This article sorts to bring to the lamplight the various areas of dissatisfaction, for the local worker; be they multicultural realities, benefit package or the social factor. I have also reviewed the motivational factors behind the staff management systems; be they in relations to work life balance, willingness to make personal sacrifice at work, desire promotion to senior levels of management, agree more with the statement “work life is more fulfilling than my personal life”, do not feel they have a lot on their plate.

Recommendations have been made, that the cynical local worker who feels they are victims should be identified and asked to leave, communicate more the vision of management for the local staff and avoid gaps, branding the local worker the patriot of the nation and permit, promote and publicize example of local workforce where the other motivational needs have been met.

This article is a must read for all companies with a multinational and international nature. It is also important for anyone hoping to get an international job and it can assist the local staff representatives to find a common ground, in settling staff related issues in an international setting.

Introduction

With the outbreak of international business and the goodies that accompany it, such as; increase in technological advancement, cultural diversity, economic advancement for the nation and the immediate environmental population, better infrastructure and increase number of employment opportunities; international business remains a challenge to the local worker in all sectors, in terms of true satisfaction.

Most international companies begin as a serious attraction for local labor with their attractive environments, office and charming communities with an admirable diversity to races and talents. However, for the local worker, the highly competitive salary is the most attractive factor since these well-funded giants strive to make their workers relatively happier than the competition. Entry pay scale is truly attractive and benefits are charming which makes these setups the best place of work for the local worker. Though employment, world over, is attractive, depending on who is your employer, however, international organizations in a third world setting enjoy and enviable attraction.

For this article, the term third world is limited to those economies that are plagued by poverty, underdevelopment, has no ability to utilize resources, they generally cannot support their high population growth, where governments are unstable and communication is a hassle. Though expatriate contracts are an attraction all over the world, the cases of these third world nations attract a higher level of envy. Local workers who gain employment in international companies cannot hide their joy because of the attractiveness of the compensation, work conditions, work environment and the new-found community.
The challenge

Nevertheless, countless cases show that this newfound haven is always in the short-term because the happy feelings at entry fade almost immediately, living the local worker with nowhere to turn to, other than supporting the status quo. Once the local international company worker settles in their new job and eventually gathers more information about policies, procedures and contract terms; they forget that they came-in so joyful. In some cases, old colleagues suffering the fate of the new worker, greet them with news of their dissatisfaction. The following factors turn the happiness at entry into premature happiness:

Multicultural Reality: When it becomes clear to the local worker that policies about workers are as varied as the cultural divide so that workers with the same qualification are rated differently and evaluated differently, morale begin to diminish. For some people this will not take long for this discovery, like those working under personnel or finance but for others it might take longer. Though, the local workers is still enjoying a higher rating based on local competition, his immediate work environment stifles this edge, making his new found job unsatisfying. Though multicultural variation demands that people be treated differently so they do not feel insulted, when it comes to how much we benefit from our daily sacrifices at work; people from all cultures know what they want.

Benefits Package: Most multinationals have lofty expatriate contracts (providing for flight benefit to country of record, free shipping, new language allowance, tuition allowance for all dependents under school going age, free 100% health insurance coverage, cost of living allowance, settling-in allowance, retirement allowance, free housing with gorgeously furnished homes, membership in recreational centers, free residency, free drivers’ license, free security, free vehicle plus running and maintenance cost, free light and utilities etc.,) to be able to attract the right kind of human resource to accept life in a third world economy. This is just right and understandable, nevertheless, their local counterparts feel left out in the distribution of system financial resources triggering a serious sense of dis-satisfaction in an opportunity that is comparatively attractive based on local market standards. In fact, the personnel cost including benefits for the expatriate staff compared to the local staff is strikingly wide. In some cases, it can be as much as 5 to 10 times.

In most cases the salary scales are different and it doesn’t matter if the local worker had spent years studying abroad and has the same or even better input as far as the system service delivery is concern. This is very sad for a system that was expected to be structured on skills and talents and not where people come from or were employed. Benefits package is the primary cause if discontent in these settings.

Social factor. Most multinational systems, drill their expatriate staff on the much-needed security precautions, to live overseas. These security drills from their local embassies and other contracted services, turn to instill a great sense of fear in the expatriate colleagues which makes them even feel uncomfortable relating socially with their local colleagues thereby creating a social issue. The feeling of “them and us” is created in a workforce that was supposed to be a team for better cohesion and efficiency. That strength that comes along with diversity and cultural exchange amongst a team is easily absorbed by a sense of insecurity. With Maslow’s hierarchy of needs in mind, the local worker who is focus on the life style of their expatriate colleague will always see themselves meeting just the physiological and safety needs while belonging/love needs, esteem and self-actualization needs remain a wild dream for many. The prospects of moving up the ladder of authority fade away each year, with the change of leadership team.

Maslow’s motivational theory as applied to the local International company worker

The general acceptance of the psychological principles advanced by the Abraham Maslow as appropriate tools to be exploited by managers for the workforce certainly helps bring to the lamplight the plight of the local international worker. The need-oriented motivation is as below:

1. Physiological needs, which are just survival needs like a salary and job safety. This is the expectation of the new local international company worker as they walk through a successful interview to a successful evaluation that eventually guarantee a place in a prestigious international organization. In some countries this period will vary from three months to one year. During this time the mover of the worker, I
mean, the local international company worker, is the salary that is higher than the market and the importance of securing it, month after month and year after year.

2. Security needs which are stable physical and emotional environment issues such as benefits, pension, safe work environment, and fair work practices. The local international company worker is motivated by the sustainability of the company or corporation, the associated benefits that are reviewed for their good year-in, year-out. Extra retirement or pension plan extended to local staff, which is a safe cushion on which the local worker can feel more blessed, compared to the peers in the purely local or government setups. Safety rules and work ethics that come along as common practice in international workplaces; the professional ethical conduct rules and policies are truly motivating too. The local worker immediately sees themselves completely cut-off from the sad local stories of corruption, bribery, names calling, stagnant or regressing pay scale. Common local climate is not the world of the local international company worker.

3. “Belongingness” needs which are social acceptance issues such as friendship or cooperation on the job. This is the challenge need of the local international company worker. Though, this might not be true for all multinationals, the effort to be accepted and befriended by your foreign colleagues is that need area that is unending and in some cases unattainable for the local international company worker. Farewell parties and gifts are celebrated and offered to others and you have to attend simply. Peer visits are made to lofty homes and apartments provided to the expat worker while the local peers struggle and depletes hard earn resources over long years of service to dream of a well-off place for themselves and the family. The level of social interaction a worker might expect is a function of whether they are an introvert or extrovert. Nevertheless, employees hope to work in environments where they are accepted and have some social interaction with others. Job settings that strive to make everyone feel like family are very motivational settings too.

4. Esteem Needs, which is positive self-image and respect and recognition such as job titles, nice workspaces, and prestigious job assignments. The local international company worker struggles to get the reciprocal sincere respect from the foreign colleagues. Certainly, you will find some respect based on the hierarchical organogram, however, peer-to-peer respect is a challenge. Sometimes decisions, core decision that relate to the direct line of management are taken and forced down from above without any consultation, compared with an expatriate peer in the same position. This accounts for the worker turnover of local international workers at the senior levels of management. This is even more common for the shop floor worker whose job description is constantly changing each time another foreign worker shows up on the scene. The achievement of goals from one executive head to another is usually closely linked to this need, especially in a case where local international company worker holds key responsibilities and heads a department.

5. Self-Actualization needs, which is achievement issues such as workplace autonomy, challenging work, and subject matter expert status on the job. Country leadership positions for most multi-nationals or international companies in the third world are held by expatriate personnel and so overall goal achievement praises and benefits are showered on the expert leader leaving the local international company worker in an assistant position, even if, the celebrated achievement was brought about by the latter.

Though many multi-nationals and international companies are exploiting Maslow’s motivational theories to keep well talented workers, be they expatriate of local, there is still much left to be done to keep the local international worker motivated to live their full potentials in a workplace where central management is not located in the same country as its operations country. The aforementioned discussion can be appropriately represented in Maslow’s motivational theory as outlined below. It is challenging to note that, based on Figure1 Maslow Motivational Theory for the local international worker; only the physiological and security needs are easily attainable. This leaves the worker with a more challenging work environment than his expatriate peers and even, his local industry peers. The benefit of being the base and institutional memory of the company do not accrue as they should have, elsewhere.
It is very important to highlight that in comparison to his peers in the local industrial setting, the latter, like the expatriate work can move up the ladder of power and self-actualization, have a more fulfilling career, be happier at work and eventually retire with better conditions. These folks might have started off their career in the local setting with smaller packages, for the smart and achieving ones, they eventually end up better off and happier. In industry, they may partake in profit sharing and/or set own their packages and benefits after years of great performance. If they are in government, they might become the political decision makers managing larger budgets than their peers in a multi-national setting. They might be the man or woman behind the picture that is aggressive pasted on the fence of your house scrambling for popular votes.

The local industry worker eventually ends up capping their career as the boss while the local international company worker, irrespective of their input, except under rare conditions, remain a subordinate. This has been appropriately represented in Figure 2-Maslow’s Motivational Theory for Expatriate/Local Industry worker.
Figure 1. Maslow’s motivational theory for expatriate/local industrial worker

Perspectives and recommendations

It was disheartening to read a bizarre letter from some staff representatives of an international company addressed, not to the management of the company but rather to the embassy, most represented in the expatriate workforce. The management was copied, though, outlining the gap in living conditions of its members compared to the others. Though, they ended up with some review of their situation, it significantly portrayed the plight of many who find themselves in international work environments where disparity in workforce living condition trigger sentiments that did not exist when they took the job.

In today’s business, staff engagement, where workers are ready to go out of their normal job description to give customers that product and service which the competition cannot afford; remain critical to ensuring customer loyalty. The power of the employee has significantly grown in the same direction as the power of the customer and any company that strive, as a matter of culture to improve both will drastically improve productivity and profits. Staff engagement is not only an issue of the western economies. All organizations have to do more if they have to recruit and retain the best workers. This is inevitable for the westerner where there exist many employment options. In addition to the employment options, because of a well-developed service sector, there are greater possibilities to build a portfolio of skills. The traditional view of “job for life” has changed and people can live conveniently on part-time or temporary job contracts. Apart from the salaries, there are other very important factors that drive the worker’s job demand. The following are critically important to a westerner making a job choice:
The level of work-life balance.
The level of personal sacrifice required by the job.
The willingness to be promoted to senior levels of management.
Whether they believe that “work is more fulfilling than my personal life”.
And, if they feel they have too much work to do.

Organizations have to work hard to win the loyalty of the foreign worker and manage the retention issues that come along with work far from home, under circumstances that are strenuous to live. This is especially true for those who begin work life abroad. To get these workers engaged, international employers must do more for these folks.

Actively engaged employees will have one of the following characteristics:

1. Cognitive engagement—where the work is focused hard on the job, is not distracted, is one minded with the job and exercise high energy.
2. Emotional engagement—where the worker is engrossed in his job, are “in the zone”, cannot be distracted to the extent that they live in the “here and now” while at work.
3. Physical engagement—where the employee is willing to go the extra mile, not just with the customer service but with themselves, like career advancement, learning better ways of doing their job and putting in discretionary effort at work.
4. Advocacy. The extent to which the worker is willing to recommend the organization to family and friends for employment and business. A key determinant is how the employee portray the organization to others when they are not at work. Do they take pride in the organization and when they talk about it, do they refer to it as “we” or “they”?

It can be conveniently said that where you have engaged employees, you find engagement customers as well and there is a direct correlation between the two. Does it matter where you were employed to exercise true engagement, in your job? Is it possible to say that the foreign or expatriate employee is more engaged in the job more than the local worker? Certainly, many factors point to the former being more engaged; no many friends or family to distract, not historical choices or decisions hunting them in the new environment, not political or ethnic influences challenging their right to work freely and the last, most important, they have everything provided to keep them engaged. For the local worker who is truly engaged, though is a stifling environment, much more is expected from the organization. Apart from the salaries, some organizations are moving into providing a career advancement or professional development budget, succession planning, profit sharing and all those benefits that make the engaged work feel their work is highly valued. They should be able to visualize the great potentials of moving up the management ladder and also have a sense of ownership. Almost all international accounting and audit firms I have worked with, in the last 15 years have this great structure enshrined in their management plan and policy.

The staff management system should motivate the work force based on cultural labor strengths. Workforce from emerging economies and the third world will be more satisfied with their work-life balance, more willing to make personal sacrifices at work, desire promotion to senior levels more, agree more with the statement “work is more fulfilling than my personal life”, do not feel they have a lot on their plate.

Cynical employees who feel more that they are victims should be identified; those with negative feelings should be gauged and replaced by more engaged and positive minded workers who are committed to making a difference and standing out from the crowd. Get more promoters than distractors!

Better communication channels be developed to formalize the good intentions of management and not abandon the workforce to cynical individuals who will take advantage of communication vacuum to sell those bad feelings to the uninformed workers.

Branding the local worker, the patriot of the nation in an internationally diverse workforce gives them a responsibility that is bigger than themselves, that of propagating the great positive values of their nation and culture which is better exhibited in a multicultural environment, like the one they find themselves.
Permit, promote and publicize good examples of local workforce where belonging/love needs, esteem and self-actualization needs have been significantly attained; at least locally and comparatively to build confidence and ignite hope in the workforce culture, as supported by the organization.

**Conclusion**

The local international company worker, might be unsatisfied in a more satisfying job compared with its local peers, however, that does not stop the local on-looker from their dreams and hopes of one day finding themselves in those international work circles. It remains one of the best option in an economy where everyone is looking more unto the government for a source of livelihood and sustenance.

Organizations should do more, in terms of opening opportunities for continuous learning and training, planned succession, and profit sharing if they should keep a talented and engaged workforce and win more loyal customers. The great essence of a plan that works and makes people happy, in a workplace, cannot be overemphasized, and the challenge of recruiting and retention of an engaged workforce is as important to the expatriate worker as it is to the local international company worker.

**References**

[1]. Staff Representative Letter, 2016.
The Role of Effective Leadership Style in Successful Merger and Acquisition Growth Strategy of Ecobank Ghana

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Abstract

The study examined how effective leadership style assisted in motivation employees of Ecobank Ghana towards the successful implementation of its merger and acquisition growth strategy. In conducting the study, purposive sampling technique was adopted to select key officials of the bank, key managers and supervisors of the bank whose leadership styles influenced employees to work hard towards turning the new consolidated bank around. Out of 120 questionnaires distributed, 104 returned safely which enabled the relevant to be collated and analyzed for strategizing the direction of the study. The study noted transactional, laissez-faire and transformational leadership styles were all brought on board to assist employees of the bank work hard towards achieving set targets thereby improving upon their financial performance. The relevance of the study lies in the fact that with the new minimum capital adequacy level increased by the central bank of Ghana from US$20 million as at December 2012 to US$100 million by December 2017, a lot more banks in the country have been slated for integration and will therefore need strong leadership styles to enable them to successfully undertake their mergers and acquisitions exercise.

Keywords: Leadership styles, organizational performance, mergers and acquisition, staff motivation.

Introduction

Companies worldwide have successfully used acquisition and mergers as strategies for achieving their developmental agenda. A few banks in Ghana have capitalized on this strategy to extend the scope of their operations within the last five years (Oduro and Agyei 2013). Players in the financial service industry continue to post huge profit and some have attributed this to the mergers and acquisitions that recently characterized the banking landscape of Ghana. Globally, organizations especially the corporate environments are capitalizing on mergers and acquisition to leverage on their strong leadership styles and human capital to increase their performance in the industries within which they find themselves (Sufian and Habibullah 2009).

For instance, in Nigeria the central bank recently came up with a directive which increased the minimum operating capital. A number of Commercial Banks sensed their limitation in meeting the new capital adequacy level and therefore the only option exercisable is to enter into a merger and acquisition (Adebayo and Olalekan, 2012). Ghana has also had its first share with banks undergoing merger and acquisition in order to enhance their capital base, human capital thereby competing more effectively in the industry. Of the three banks that embarked upon merger and acquisition, Ecobank appeared to be the most successful and this was large attributed to the leadership styles being exhibited by management members of the bank. Just before the demise of the last quarter of 2017, i.e. in the second week of September 2017, the central bank came up with new directives scaling up the minimum capital adequacy level from existing state of US$20 million to a whooping US$100 million which is way beyond the means of about 50% of industry players. A good number of the affected have proposed to the central to undergo mergers and acquisition strategies in order to consolidate their assets to remain operational in the industry. There is therefore the need to investigate how Ecobank succeeded in merging with the defunct Trust bank using effective leadership styles.
Objective of research

The study objective of the study is to examine how leadership style at Ecobank Ghana was used to influence employees towards working hard to improve upon financial performance of the bank under its growth strategy of mergers and acquisition. Specific research objectives include:

- To evaluate how leadership style influenced employee performance within a Merger and Acquisition growth strategy of Ecobank Ghana.
- To examine how leadership style was used to enhance financial performance under Ecobank’s growth strategy of merger and acquisition.
- To identify further strategies for improving upon leadership style in order to enhance employees performance under a merger and acquisition strategy.

Hypothesis

H₁  Leadership styles are relevant in ensuring sound financial performance in an M&A growth strategy.

H₂  Effective leadership style is responsible for its enviable financial performance at Ecobanks.

H₃  Effective leadership is indispensable for any successful M&A growth strategy in an organization.

Statement of the problem

In 2008 the central bank of Ghana came out with a directive instructing all commercial banks to step up their capital adequacy levels to the minimum of US$20 million by the end of 2012, in other words within four years time. In mid-September 2017, i.e. about five years on, the central bank has again increased the capital adequacy level from the US$20 million position to US$100 million. Even with the last increment, some banks had to merge in order to avoid being liquidated. This time around, 15 out of the 29 banks sensed their limitations in meeting the new minimum operating capital level and have therefore written to the central bank to allow them to undergo mergers and acquisitions. Owing to weak leadership styles, some previous banks did not perform too well when they emerged although Ecobank came out strongly, in financial performance as a result of effective leadership style. Merging two organizational cultures is not an easy undertaken and this is something that the 15 banks are contemplating on doing. There is the likelihood that the stronger of the merged groups will have its workers receiving better treatment in terms of emolument than others leading to organizational friction and its concomitant effect on productivity. It is difficult to evaluate how the turn of events will be for these banks which are planning to amalgamate their operations will be. Some study of the Ecobank success story is therefore necessary to guide these banks which are now going to integrate their operations and herein lies the thrust of the study.

Literature review

Theoretical framework on leadership

Leadership means different things to different people around the world, and different things in different situations. According to Brode (2012), leadership is the act of inspiring subordinates to perform and engage in achieving a goal. Unlike management, Kieu (2010) argues that leadership cannot be taught, although it may be learned and enhanced through coaching or mentoring. Someone with great leadership skills today is Bill Gates who, despite early failures, with continued passion and innovation has driven Microsoft and the software industry to success.

In the opinion of Kouses & Posner (2007), effective leadership also involves motivation, management, inspiration, remuneration and analytical skills. When all these are present, the organizations record increased employee satisfaction that positively that positively influences the productivity and the profits. The positive effect of leadership on organizational performance was measured by some researchers through human resources (turnover rate and job performance), organizational effectiveness (cost and quality) and financial performance (market share, profit, return on asset).
According to Moore (2007), leadership best practices are a powerful way to enhance individual growth and development, customer experience, employee performance, and organizational productivity. To increase the organizational performance a leader must have the ability to promote creativity and innovation, stimulate the subordinates to challenge their own value systems and improve their individual performance. A number of studies on leadership styles (Bass & Riggio 2006) suggest that the practices of the transformational leadership have a positive impact on the organizational performance.

Understanding the connection between transformational leadership and the organizational performance is an important factor for the development of effective organizations. Finding the methods to increase the performance of the employees is an important task for today’s leaders (Chen & Barnes, 2006).

**Theoretical and empirical literature on mergers and acquisition**

Merger is defined as an arrangement whereby the asset of two companies become vested in or under the control of one company (which may or may not be one of the original two companies), which has all or substantially all, the shareholders of the two companies (Weinberg and Blank 1979). Gaughan (2002) opined that merger is a combination of two companies in which only one company survives and the merged company ceases to exist, whereby the acquiring company assumes the assets and liabilities of the merged company.

Companies adopt M&A as growth strategy for different reasons. Hopkins (1999) classified the motives of M&A suggested in prior studies as four distinct but related motives: strategic, market, economic, and personal motives. Strategic motive is concerned with improving the strength of the firm’s strategy, example, creating synergy, utilizing a firm’s core competence, increasing market power, providing the firm with complementary resources, products and strengths. Market motive aims at entering new markets in new areas or countries by acquiring already established firms as the fastest way, or as a way to gain entry without adding additional capacity. Establishing economics of scale is included in economic motive; the agency problem and management hubris are included in personal motives.

Two main theories underpin the various reasons for M&A: value creation theories and redistribution theories (Berkovitch and Narayanan 1993, Frederikslust et al. 2000, and Vijgen 2007). **Value Creation theory** postulates that managers look after the interest of the shareholders since they strive to create surplus value. From an economical point of view, M&A makes sense when there is synergy; the value of the merged part is greater than the sum of the target and bidder alone (Vijgen, 2007). **Redistribution theories of Merger** comprise the hubris and the agency theories. The **hubris theory** supposes that managers are overconfident in their own ability of running a firm.

Although they pursue synergy in order to maximize the shareholder value of the firm, the synergy value is not as high as they expect because they suffer from an inflated ego (Frederikslust et al., 2005). Roll (1986), stated that M&A driven by hubris, in most of the cases, have a surplus value but that this value is lower than the takeover premium. **The agency theory** assumes that managers and shareholders have different interests because management and control of a company are separated. Therefore, managers will not always try to maximize shareholder value but act in their self-interest; pursue private benefits. According to Mueller (1989), empire building is a reason for conducting M&A. A big company gives a manager more status and his salary will also increase hence, managers do not strive to maximize the shareholder value of the company but pursue their own goal. Another reason for undertaking M&A is free cash flow. This money could be paid out as dividend to shareholders. However, in the agency theory this money will be used to acquire a company to satisfy the desire of managers.

Many studies have empirically examined the impact of M&A on corporate financial performance. Studies based on analysis of accounting data have attempted to assess the economic impact of M&A by testing for changes in the profitability of the merged firms (Altıok-Yılmaz 2011) and the results are inconsistent. Some studies reported improved performance after merger event. For example, Ismail et al. (2010) found that some measures of corporate performance, such as profitability, suggest statistical significant gains in the years following M&A. Studies conducted by Lau et al. (2008) which compared
pre-merger performance with the post-merger provided some evidence that mergers improve the post-merger operating performance.

Justification of the study

The findings of the study will not only add to existing body of study on how leadership style has been used to positively influence financial performance of banks in developing economies like Ghana but it will also go a very long way to help banks that are in the process of integrating their operations in order to avoid being liquidated by the central bank of Ghana. The findings will guide leaders of these banks which are planning to merge on how they should carefully harness and motivate the potentials of the two groups of employees that are likely to come on board to help strategize the direction of their new corporate entity. The central bank of Ghana could also use some aspect of the findings as tools within its supervisory apparatus to ensure sound cohabilitation of all emerged banks. Furthermore, banks in other developing countries especially within the sub region which might be privy to the findings of the study will compare notes and take the necessary remedial measures.

Methodology

Research design

Since the study attempted to investigate how leadership style was employed by Ecobank management to influence employees to work hard resulting in successful mergers and acquisition growth strategy. It was appropriate to adopt the descriptive research design which according to Adler & Clark (2008); Babbie (2013) focuses on how things are rather than why they look the way they do. On research design itself, research scholars like Zikmund and Babin (2010) see it as a road map or a blue print which guides the researcher towards picking up answers to research questions which emanated from research objectives.

Population of the study

The target area is Ecobank Ghana which is the leading bank in Ghana with the largest assets base as at 31st December 2016. The respondent base of the study was made up of key officials who are also leaders of such departments as corporate department, marketing department, treasury department, international trade department and finance department, who contribute in no small measure towards the success of the merger and acquisition exercise. The corporate department for instant monitors and administers commercial loans given out by the banks. The treasury department ensures that the liquidity levels of the bank are always adequate to cover the demands of stakeholders. The marketing department endeavours to bring in valuable customers whose borrowing propositions assist in growing liquidity levels of the bank. The international trade department also deals in letters of credit for exporters and importers and such endeavours also rope in adequate funds to beef up liquidity management efforts at the bank. The aforementioned key officials also constitute the membership of Ecobank’s Assets Liability Management Committee (ALMC). One should quickly add that the ALMC is charged with the liquidity management functions of the bank and therefore is responsible for the overall success story of the bank.

Sampling /sampling technique

In the opinion of the researcher, the kind of information needed to meet the objectives of the study can mainly be found with certain executives of these banks and therefore there was the need to employ purposive sampling technique to directly approach these officials for their views on the study. Dawson (2002) and Booth et al (2012) all indicate that, purposive sampling is also known as Judgmental or non-probability sampling technique in which an experienced individual selects a sample based on personal judgment about some appropriate characteristics of the sample member. Perhaps it might be worth noting that these respondents, upon understanding the purpose of the study, decided to participate although they did not constitute a fair representation of the population under consideration.
Research instruments

The questionnaire technique was adopted as the main research instrument. The choice was informed by the fact that it enabled respondents to use their leisure periods to co-operate with the study. Furthermore the potential respondents are all well educated people who should be able to read and understand the dictates of the questionnaire. Some of the key questions were: how did leadership styles influence employee’s aptitude towards increasing productivity to ensure the success story of the Ecobank’s Mergers and Acquisition strategy and how M&A benefited the banks by way of financial performance as well as identifying further leadership styles strategies that can be emulated to improve upon the bank’s performance following their merger and acquisition. Respondents were also asked in their views what role they think culture at the workplace play in ensuring successful merger and acquisition process. Also featuring are questions on the influence of leadership on organizational culture and productivity after the bank embarked upon M&A process as well as challenges management of the bank encountered in implementing the M&A processes. Also featuring are some figures to evaluate the bank’s performance of employees to compare productivity before and after the acquisition process.

Questionnaire administration

Having gone through the necessary protocol at the headquarters, such as establishing the researcher’s credentials and indicating the rationale behind the study to the HR directorate the researcher requested for the list of departmental leaders by way of managers, supervisors whose duties entail planning, executing, monitoring and evaluating the progress of Mergers and Acquisition implementation at the headquarters and the branches. The research examined the list and ascertained how many of them are at the head office and the number at the branch level. This helped in formulating a plan on who to pick up what kind of information based on the dictates of the questionnaire. Care was exercised to ensure that employees of the acquired bank are fairly represented in the administration of the questionnaire. Having decided on the respondents to approach the researcher met these officials personally to establish the necessary fraternity and also pick up the personal phone numbers in order to aid the monitoring process of the study. Fourteen days was agreed upon with each respondent within which the respondents were expected to complete answering the questionnaire.

Data collection strategy

A two-week period arrangement was worked out with the respondents under which each respondent had to complete his or her questionnaire. At the appointed time the researcher personally went round to pick up the answered ‘scripts’. Adequate care was exercised to ensure that all relevant questions were properly answered by the respondents except areas that were not applicable to particular respondents. Although most of the answered scripts were retrieved at the banking premises, some had to be returned at social gatherings such as church halls, children’s school premises and funeral grounds. In all these, sound arrangements were made to ensure that productive time was not wasted. The telephone facility was very helpful in getting these arrangements underway.

Data analysis

The Statistical Package for Social Science (SPSS) was employed to facilitate the analysis of data captured from the field. Tables, graph have all been neatly featured in the appropriated sections of the report.

Findings

This segment has been arranged in accordance with research objectives. It therefore begins with how leadership style at Ecobank enhances employee’s performance leading to the successful implementation of its merger and acquisition growth strategy.
Analysis of issues relating to how leadership style at ecobank influenced employees’ performance during their mergers and acquisition strategy

This section presents the findings in respect how leadership style at Ecobank shored up employees performance leading to successful turnout of its merger and acquisition growth strategy. This has been enshrined in table 1.

Table 1. Frequency table showing leadership style of managers and supervisors which assisted Ecobank to successfully implement its M&A strategy

<table>
<thead>
<tr>
<th>Leadership style</th>
<th>Leadership behaviour</th>
<th>n</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactional</td>
<td>Contingent reward</td>
<td>104</td>
<td>1.00</td>
<td>5.0</td>
<td>4.41</td>
<td>.887</td>
</tr>
<tr>
<td></td>
<td>Management-by-exception: active</td>
<td>104</td>
<td>1.00</td>
<td>5.0</td>
<td>4.03</td>
<td>1.032</td>
</tr>
<tr>
<td></td>
<td>Management-by-exception: passive</td>
<td>104</td>
<td>1.00</td>
<td>5.0</td>
<td>4.21</td>
<td>1.042</td>
</tr>
<tr>
<td>Laissez-faire</td>
<td>Laissez-faire</td>
<td>104</td>
<td>1.00</td>
<td>5.0</td>
<td>3.90</td>
<td>1.012</td>
</tr>
<tr>
<td>Transformational</td>
<td>Intellectual stimulation</td>
<td>104</td>
<td>1.00</td>
<td>5.0</td>
<td>3.05</td>
<td>.964</td>
</tr>
<tr>
<td></td>
<td>Idealized influence</td>
<td>104</td>
<td>1.00</td>
<td>5.0</td>
<td>3.11</td>
<td>1.051</td>
</tr>
<tr>
<td></td>
<td>Inspirational motivation</td>
<td>104</td>
<td>1.00</td>
<td>5.0</td>
<td>2.14</td>
<td>.943</td>
</tr>
<tr>
<td></td>
<td>Individualized consideration</td>
<td>104</td>
<td>1.00</td>
<td>5.0</td>
<td>2.67</td>
<td>1.401</td>
</tr>
</tbody>
</table>


Table 1 shows that 3 leadership styles notably, transactional leadership style, laissez-faire and transformational were tested as to how leadership at Ecobank really influenced employee productivity resulting in successful implementation of its M&A growth strategy. Under transactional leadership style, behaviours evaluated were contingent reward, management by exception through active involvement and management by exception employed passive involvement. It turned out that contingent rewards with mean score of 4.41 and standard deviation of 0.887 happened to be the most popular leadership behaviours which encouraged employees to put up their best. Under this kind of leadership style or behaviour, team work was encouraged and winning teams were accorded the necessary bonuses as means of motivating them to work harder.

It also came to light that leadership behaviour of management by exception through the active participation followed with a mean score of 4.02 and standard deviation of 1.032. Here, managers and supervisors of the bank issued out instruction and were actively in ensuring that such directives paid off as anticipated. Ranking third with a mean score of 4.21 and standard deviation of 1.042 was the leadership behaviour of management by exception through passive involvement. Here, instructions have been documented in the banks operational manual and employees are expected to be guided by the provision of these instruments. This is particularly in risky areas of the bank’s operations where care has been exercise to ensure that directives are not infringed which could cause serious loses to the bank.

The leadership behaviour of laissez-faire came fourth in ranking with a mean score of 3.90 and standard deviation 1.012. Here, employees have to consult supervisors and managers on issues that do not seem clear to them. This management behaviour paid off since it resulted in loss minimization leading to increase in bank’s financial performance. Under transformational leadership style, four management behaviours notably intellectual stimulation, idealized influence, inspirational motivation and individualized consideration were evaluated. Idealized influence came on top with a mean score of 3.11 and standard deviation of 1.051. Under this management behaviour, employees often learned the
prudential way their supervisors and managers (leaders) conducted their affairs at the bank and use the same system to undertake similar projects.

This way, the leaders’ behaviour influenced the way they conducted their assigned responsibilities thereby resulting in successful turnout of operations. Coming second under the transformational leadership is the intellectual stimulation with a mean score of 3.05 and standard deviation of 0.964. Under this leadership style, employees are challenged to use their discretion in certain areas of operations and this turn out to be very successful. Individualized consideration with mean score of 2.67 and standard deviation of 1.401 under transformational leadership also happens to be some of the leadership styles exhibited at Ecobank Ghana which assisted management in improving upon its financial performance after acquiring the defunct Trust bank under a M&A arrangement in October 2012. The leadership style of inspirational motivation with mean score of 2.14 and standard deviation of 0.943 happened to be not too popular management behaviour exhibited at Ecobank. Generally under this leadership style, employees mimic or emulate the shining behaviours of their managers and supervisors and this inspires them to work hard even when remuneration or emolument conditions have changed much.

Views on how leadership style influenced employees’ attitude towards productivity under the M&A strategy

Findings on how leadership style influenced employees’ attitude towards productivity under mergers and acquisition strategy have been presented in table 2.

Table 2. Frequency table on views on how M&A enhance employees’ attitude towards productivity

<table>
<thead>
<tr>
<th>Views on leadership styles influenced employee’s productivity</th>
<th>Frequency (Out of 104)</th>
<th>Percentage (%)</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>The leadership style harmonized two different work cultures which have helped to improve employee’s happiness necessary to enhance productivity.</td>
<td>86</td>
<td>82.7</td>
<td>1</td>
</tr>
<tr>
<td>Synergy emanating from integrating workforce through good leadership style, led to delighting customers’ thereby increasing retention and productivity.</td>
<td>67</td>
<td>64.4</td>
<td>2</td>
</tr>
<tr>
<td>Through good leadership style, employees of absorbed companies relatively receive higher salaries which make them work better to promote productivity.</td>
<td>64</td>
<td>61.5</td>
<td>3</td>
</tr>
<tr>
<td>Owing to good leadership styles, employees of the acquired bank did not feel marginalized leading to all employees working hard to better achieve corporate goals</td>
<td>59</td>
<td>56.7</td>
<td>4</td>
</tr>
<tr>
<td>Owing to good leadership styles, in terms of emolument, all employees are better off and this should enhance productivity.</td>
<td>57</td>
<td>54.8</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Field data (2017).

From Table 2, it can be gathered that, in the view of 86 (82.7%) respondents, the leadership style harmonized two different work cultures which have helped to improve employee’s happiness necessary to enhance productivity. This had the first ranking. The second ranking reflected the views of 67 (64.4%) respondents who noted that synergy emanating from good leadership styles stimulating workforce usually delight customers’ thereby increasing retention and productivity. Ranking third were the views of 64 (61.5%) respondents who indicated that owing to good leadership styles, employees of absorbed companies relatively receive higher salaries which make them work better to promote
productivity. The views of 59 (56.7%) respondents reflected the fact that owing to good leadership styles, employees of the acquired bank did not feel marginalized leading to all employees working hard to better achieve corporate goals. Their views were ranked fourth. Ranking fifth was the view articulated by 57 (54.8%) respondents that in terms of emolument, good leadership style ensured that all employees are better off and this was largely responsible of the apparent success story of Ecobank’s M&A growth strategy.

**Analysis of how leadership styles influenced employees’ productivity under ecobank’s M&A growth strategy**

The study deemed it appropriate to compare how leadership style influenced productivity per employee before and after the bank embarked upon mergers and acquisition. Here, an attempt was made to look at how each employee contributed towards the net interest income which constitutes the turnover of the bank. The net interest income was divided by the number of employees to arrive at productivity per employee. Results have been presented here-under.

**Productivity per employee of ecobank**

Figures obtained from financial statements of various years of Ecobank to facilitate the calculation of productivity per employee have been shown on table 3.

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2011</td>
</tr>
<tr>
<td>Net interest income</td>
<td>113,843</td>
<td>128,600</td>
</tr>
<tr>
<td>No. of employee</td>
<td>798</td>
<td>890</td>
</tr>
<tr>
<td>Productivity per year</td>
<td>142,660</td>
<td>144,500</td>
</tr>
</tbody>
</table>

**Source:** Financial statement of various years.

Ecobank acquired the defunct Trust Bank in the last quarter of 2012 and this is reflected in the leap in employee size from 890 in 2011 to 1,430 in 2012. It is therefore essential to compare how leadership style influenced productivity per employee for the period before and after the acquisition. Table 3 shows clearly that productivity per employee was much higher for Ecobank after the acquisition of Trust Bank. This clearly illustrates the notion that the leadership styles adopted by Ecobank have been beneficial and highly worthwhile. The pre and post-acquisition comparison of productivity has been depicted by figure 1. The growth in net interest income of Ecobank could not have resulted from inflation since inflation fluctuated over the period from 2010 to 2015. Moreover the bank also pays interest on fixed deposits and other financial assets accessed by customers and therefore there was some sort of compensation or set off between interest received and interest paid. The increase in net interest income certainly emanated from good leadership which resulted in the bank opening more branches and for that matter reaching out to more valuable customers with products and services. Perhaps it might be worth adding that its branch size rose from 51 as at 30th September 2012 when Trust bank was taking over, to 76 branches on 31st December 2016.
Figure 1. Graph of employee productivity of ecobank

Source: Analysis of field data (2017).

Figure 1, shows that management style in implementing the acquisition strategy, as a growth policy enabled the bank to assert its leadership position in the local banking industry. Calculated net interest income per employee, which was below GH¢200,000 per employee in the pre-acquisition from the period between 2010 and 2012 suddenly shot up to over GH¢260,000 to GH¢262,325 in 2003; GH¢367,300 in 2014 and GH¢444,167 in 2015. The branch size of the bank also moved up from 52 to 81 by the close of 2016.

Analysis of Issues relating to how leadership style influence financial performance of the bank under the M&A growth strategy of banks

Discussed under this segment is the analysis of how leadership styles influenced the financial performance of bank. Financial indicators examined are Net Profit Margin, Cost to Revenue Ratios, Return on Asset and Return on shareholder’s funds, etc.

Financial performance of ecobank ghana

Profitability Trends of Ecobank 2 years before and 2 years after the M&A strategy, has been featured in Table 4.

Table 4. Financial indicator of ecobank

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td>Cost to Revenue</td>
<td>53%</td>
<td>53%</td>
</tr>
<tr>
<td>Profit before Tax Margin</td>
<td>44.4%</td>
<td>45.4%</td>
</tr>
<tr>
<td>Return on Assets</td>
<td>3.3%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Return on Capital</td>
<td>27.9%</td>
<td>31.4%</td>
</tr>
</tbody>
</table>

Ecobank acquired the defunct Trust Bank during the last quarter of 2012. It was therefore appropriate to examine two years before and two years after the acquisition process. Figure 2 shows that Ecobank’s cost to Revenue ratio improved after the acquisition process. It reduced from average of 53% in 2011 and 2012 to 44% in 2013 and 46% in 2014. This presupposes that profit should increase over the period. Surprisingly the profit for the period only fluctuated without reflecting the gains made in reduction in cost to revenue ratios. It inched up from 44.4% in 2011 to 45.4% in 2012. It came down slightly to 44.9% in 2013 and shot up to 48.8% in 2014.

Return on Asset which shows how well leadership style has turned around the resources at its disposal improved appreciably over the period. It moved from 3.3% in 2011 i.e. prior acquisition period to 5.5% in 2014 i.e. post-acquisition period. This was slight higher than the industry’s average of 5.1 for 2014 (PWC, 2015). Return of shareholder’s fund also increased tremendously in the post-acquisition period than the pre-acquisition era. The ratio increased from 27.9% in 2011 to 31.4% in 2012 and further attained a 2% increment to 33.4% in 2013 and eventually shot up to 39.5% in 2014. The appreciation in the return on shareholder’s funds clearly demonstrated that the leadership styles which influenced the adopted M&A growth strategy of the bank have positively influenced its financial performance.

Discussion of findings

It came out unequivocally that management of Ecobank exhibit various forms of management styles notably, transactional leadership, laissez-faire as well as transformational leadership styles which enable them to successfully implement the acquisition of the defunct Trust bank as a growth strategy. The study noted that among management behaviours under transactional leadership style were the use of contingent reward, management-by-exception: passive as well as management-by-exception: active. These enabled the employees to examine their allotted responsibilities in the light of instructions handed down by their supervisors and managers. The contingent rewards management staff for instance was also seen by Brode (2012) as an effective way of motivating team work to perform in the service industry such as a bank.

This kind of leadership style in the opinion of Kadhim et al (2012) encourages individual members within a team to perform because the harder they all perform, the more likely they will win the bonus at stake. On laissez-faire leadership style Moore (2007) did not mince words in explaining that it gives employees the option of referring any unclear instruction back to the manager or supervisor for clarification prior to implementing such directives. Although transformational leadership styles were not too popular with Ecobank as evidenced by low mean scores, the exhibition of idealized influences as well as intellectual stimulation help the employees to take control of themselves and in most cases use their discretion to settle issues which were later defended admirably.
According to Kieu (2010) transformational leadership behaviours have the propensity of strengthening the capacity of subordinates to take up leadership positions within shorter periods. This is corroborated by Kouzes and Posner (2007) who pointed out in similar study that service sector managers who deployed transformational leadership often have their subordinates doing much better in their absence than in corporate entities where transformational leadership styles are played down. The findings that Ecobank was able to capitalize on good leadership to harmonize two different work cultures appeared highly commendable. Armstrong (2006) point out that bringing two different cultured organizational groups together could be a difficult task and for that matter managers and supervisors should endeavour to wield the requisite leadership skills for ensuring that employees easily understand and operate laid down regulations.

The study also found out that when two different organization cultures are brought on board, both positive and negative tendencies come into play and these can be properly monitored and sharpened to assist in achieving the corporate objectives using strong leadership styles. This finding was also came up in a similar study by Raiyami (2010) which examined the leadership styles and their effect within some service organizations which have undergone M&A in India. The source explained further that employees often see the enhanced entity as a bigger organization with larger assets base and more solid liquidity position as well as having relatively more branch size thereby leveraging these benefits to delight and retain customers.

Customer retention is an important asset in the service industry especially the banking industry where, according to Onaolapo et al., (2012) leadership skills are required to cut cost thereby offering products and services at competitive prices to attract and retain new customers. This finding also came up for discussion in a study initiated by Oghojafar and Adebisi (2012) which revealed that owing to strong leadership styles, some employees of banks in Nigeria which were taken over by stronger banks had their salaries increased by up to 100% and this boosted their morale thereby working harder than previously to ensure that target sets are achieved if not exceeded. Generally, Kithitu et al., (2012) are with the conviction that M&A strategies under strong leadership styles, work better in banks when employees in consolidated banks are exposed to enviable emoluments with fringe benefits. This according to the group of authors ensures that the environment is fertile for productivity to spring up appreciably. It was therefore recommended that any move towards acquisition in the service sector and financial institutions in particular must be guided with the fact that well paid employees facilitate the achievement of corporate goals.

Conclusions

The study can firmly conclude that through the adoption of strong leadership styles by management of Ecobank Ghana towards implementing their merger and acquisition strategy; the bank’s fortune has improved tremendously as reflected in its financial statement. By using strong leadership skills to integrate different corporate cultures and enhancing staff salary, employees felt motivated and therefore worked more diligently to improve upon the financial indicators of the bank. The absence of strong leadership style to implement the acquisition process will have resulted in some banks being liquidated and employees thrown to the streets. The central bank was really burnt on carrying out its decision to revoke the operating license of all banks whose operating capital level fell below the then new required minimum capital adequacy level of GHc60 million (US$20 million) i.e. by the close of December 2012. With the minimum capital adequacy level hiked again, in September 2017 to US$100 million, more mergers and acquisition will characterize the banking landscape of Ghana and for that matter the findings in the article is very timely and relevant.

References


The Role of Leadership in Combating Corruption in Decentralized Governance Structures of Ghana: An Empirical Study of GA South District Assembly

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Abstract

The study attempted to investigate how leadership can be used to combat corruption in decentralized governance structures of Ghana. In conducting the study, purposive sampling technique was employed to select key officials of GA south municipal assembly whose duties often promote corrupt practices. The questionnaire technique was the research instrument while a statistical package for social science was used to facilitate the analysis of data captured from the field. Findings of the study noted that under invoicing, over invoicing, payment for works not done among others are serious corrupt practices prevailing within the decentralized grassroots governance structures. It also came to light that political interference, appointing political operatives to key positions in governance units all promotes corrupt practices. The study noted that political interference can be removed in the administration of these decentralized structures, effective leaders who are mainly technocrats can offer sound management framework for carrying out the developmental agenda of these decentralized structures. The study called on government of African countries to endeavour to finance the activities of political parties so as to remove the need for amassing wealth through fair or foul means for strengthen political structures to win elections. Strong leaders are required towards combating corruptions, however there is the need to ameliorate completely the effect of political interference in the administration of decentralized governance structures.

Keywords: Leadership, Corruption, Value-for Money, Decentralization, Governance, Political Authority.

Introduction

Corruption is one menace which continue to be politicized in Ghana leading to it’s over decades. Political leaders often pride themselves with efforts at curbing its resurgence yet Ghana’s position on the corruption perception Index (CPI) table only improve marginally. According to transparency international, the global organization in charge of CPI, Ghana’s CPI for 2015 released in 2016 was 47 and this ranked the country 56th out of 167 countries. Although this was lower than the 2014 mark, the ranking improved from 61st to 56th position. The CPI index of the country has fluctuated over the decade sending the signal that strategies adopted so far have been sustainable.

The politicization of this social vice is really counter fighting efforts at curbing the menace. The fact was confirmed by Kan-Dapaah (2016) who noted that the first step towards genuinely fighting corruption in Ghana lies in refraining from politicizing issues of corruption. The source blamed the increase in corruption in public office at the doorsteps of parliament, the Judiciary and the Auditor – General. Members of Parliament especially those in the majority were fighting to catch the eye of the president for ministerial appointments or waiting for development project in the constituencies would never exercise their critical role of protecting the nations purse (Kan-Dapaah, 2016).

The head of the Judiciary and Auditor General are all appointees of the ruling political authorities and although there are stringent measures for uprooting corruption, these highly placed state officials do wish to seen as offending the executive arm of state through incurring their displeasure over taking disciplinary measures against political appointees and other officials. In order to ensure fair distribution of national revenue government of Ghana has partitioned the country into 242.
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Statement of the problem

Ghana’s corruption perception index (CPI) has fluctuated over the years since 2008. Although the country’s position on the world ranking somehow 2016, it scored only 47 points. This compares most unfavourably with other African countries like Botswana 63 and Rwanda 54 point (Asare-Boadu, 2016). According to Akomea (2016) political leaders in the country plot to create, loot and share the resources of the country. The source lamented over the fact during the election years Ghana blends from the wounds of corruption and that the country’s resources are not properly leveraged to provide the much needed infrastructure and social amenities for the citizenry. 

The establishment of the Economic and organized Crime outfit (EOCO) to prosecute economic saboteurs nearly a decade ago has not helped matters since the operations of this corruption combating unit have been politicized so much that the government of the day picks and chooses who should undergo prosecution.

From the foregoing it is evident that the country has a serious problem with leadership in all fronts of political framework. The district Assembly have been established to facilitate speedy dispensation of governance to rural and sub-urban areas close to 7½% of the national revenue is channeled through these 216 decentralized administrative units which have been classified into metropolitan, municipal and district assemblies.

Development projects on health, education, infrastructure, etc., are identified, brainstormed and executed by members of these Assemblies. Unfortunately guidelines for awarding contracts under the auspices of the country’s procurement laws are seriously flouted to the detriment of socio-economic growth of the people. Newspaper front pages continues to be inundated with reports of Metropolitan, Municipal and district chief executives and the finance and procurement directors embezzling funds meant for improving socio-economic systems of the down trodden. These decentralized agencies of governance lack effective leaders who will ignore pressure from political party members for contriving corruption stricken projects. Here-in lies the thrust of the study using GA South Municipal Assembly as the study.

Objective

The study examines how leadership can be employed to fight corruption which is endemic in the administrative fabric of Ghana’s decentralized governance structure. Specific objective include:

i. To identify areas within decentralized governance structures where effective leadership is required to combat corruptions.

ii. To examine how leadership can be employed to curb corruption within the district Assembly system.

iii. To explore further strategies for using leadership to reduce political influence on decentralized governance system so as to minimize corruption in their operations.

iv. To identify challenges facing leadership of decentralized organizations in curbing corruption.

Literature review

Leadership concept

Yukl (2006) defines leadership as “the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives”. Northouse (2007) defines leadership as “a process whereby an individual influences a group of individuals to achieve a common goal.” These definitions suggest several components central to the phenomenon of leadership. Some of them are as follows: (a) Leadership is a process, (b) leadership involves influencing others, (c) leadership happens within the context of a group, (d) leadership involves goal attainment, and (e) these goals are shared by leaders and their followers. The very act of defining leadership as a process suggests that leadership is not a characteristic or trait with which only a few, certain people are endowed with at birth. Defining leadership as a process means that leadership is a transactional event that happens between leaders and their followers.
Viewing leadership as a process means that leaders affect and are affected by their followers either positively or negatively. It stresses that leadership is a two-way, interactive event between leaders and followers rather than a linear, one-way event in which the leader only affects the followers (Barrett, 2006).

**Nature and traits of leadership**

With the needs of organizations keep changing Yukl (2006) argues that the concept of leadership will also continue to evolve. The attitude and behaviours of leaders play an essential role in molding employee attitudes especially in terms of job satisfaction and commitment to the organization (Collins, 2001). According to Kornor and Nardvik (2004) different leaders behave in ways that are also different yet their success or otherwise could be a function of their follower’s needs and the situation prevailing within the organization.

Leadership happens among people and usually involves the use of influence to attain goals (Barlow et al 2003). Influencing people imply that the relationship between leader and his people are not passive. Furthermore influence has been made to attain some specific end or goal. So when Fairhurst (2007) defines leadership as the ability to influence people towards the achievement of goals then he captures the idea that leaders must be involved with other people in the attainment of results or goals.

In an attempt to distinguish leadership from management, Byrne (2003) argues that while leadership cannot replace management, the two are all required to meet organizational goals. The source explains that good management is required to help the organization to meet current commitments while good leadership is essential to move the company into the future.

**Theories of leadership**

Leadership is a widely researched management subject owing to its role in meeting organizational goals. Various theories have been put forward to attempt to explain how leadership facilitates management processes. Some of these theories have been discussed below:

**Fiedler’s contingency theory**

Fiedler (1954) and his associates made extensive efforts to combine leadership style and organizational situation. The basic idea in this contingency theory is that when one matches the leader’s style with the most favourable situation, his or her success can be assessed. In other words when one is able to diagnose the leadership style and the company’s situation, it is possible to arrange a correct fit. Fiedler’s contingency theory’s cardinal factor has to do with the extent to which the leader’s style is relationship or task oriented. In plain words one can say that leadership can be judged from how well the leader performed his task or how well his relationship with the employees or team members has been. It can be inferred that the contingency theory on leadership enjoins team leaders to take their assigned tasks seriously so as to come out as successful leaders. Leaders who also maintain good relationship with team-members should be on their way to become successful leaders.

According to Fielder (1974) leadership situations can be analyzed in terms of three elements notably the quality of leader, member relationship, task structure and position power. The leader-member relation relate to group attitude and members activities which show how they accept the leader. A good leader-member relationship emanates from instances where employees or team members trust, respect and have confidence in their leader. Task structure concerns the extent to which jobs conducted by the group are clearly defined with laid down procedures and have clearly cut goals.

**Situational theory**

According to Morgeson & Ilies (2007) situational theory of leadership could be taken as behavioural theories. Co-researchers Hersey and Blanchard’s have been credited with extensive findings on situational theory. The approach here throws a great deal of light on the characteristics of employees in determining the appropriate leadership behavior.

The salient points in the Hersey and Blanchard situational theory are that there are various level in subordinate readiness. People who tend to be low in task readiness because they are exposed to little ability or training and therefore appear less secured in their jobs. Such people need different leadership
style as against those who appear high in readiness and therefore command, good ability, confidence, skills with strong aptitude to work.

**Path-goal theory**

A further contingency approach to leadership lies in the Path-Goal Theory. This theory, in the view of Collins (2001) is premised on the fact that the leader’s responsibility involves increasing subordinates motivation so as to encourage an earlier attainment of personal and organization goals. A leader could increase the motivation of staff or team members by facilitating the subordinate’s path to the kinds of rewards that are available or strategies to increase the reward level that the team members or subordinates value and desire. Path here refers to the need for the leader to successfully guide the worker to identify and pick up behavioural patterns that will ensure successful completion of task (Ngodo, 2008).

Project Team leaders are therefore expected to lead their team members to adopt behaviors that should help the team to stay on course and attain the set goals. The path-goal theory also suggests four (4) classes of leadership behaviours. These include supportive, directive, achievement-oriented and participative styles (Dyrne, 2003).

**Leadership and management**

Leadership is similar to, and different from, management. They both involve influencing people. They both require working with people. Both are concerned with the achievement of common goals. However, leadership and management are different on more dimensions than they are similar. Barret (2006) believes that managers and leaders are very distinct, and being one precludes being the other. He argues that managers are reactive, and while they are willing to work with people to solve problems, they do so with minimal emotional involvement. On the other hand, leaders are emotionally involved and seek to shape ideas instead of reacting to others’ ideas. Managers limit choice, while leaders work to expand the number of alternatives to problems that have plagued an organization for a long period of time.

Leaders change people’s attitudes, while managers only change their behavior. Mintzberg (1998) contends that managers lead by using a cerebral face. This face stresses calculation, views an organization as components of a portfolio, and operates with words and numbers of rationality. He suggests that leaders lead by using an insightful face. This face stresses commitment, views organizations with an integrative perspective, and is rooted in the images and feel of integrity. He argues that managers need to be two-faced. They need to simultaneously be a manager and a leader. Kotter (1998) argues that organizations are over managed and under-led. However, strong leadership with weak management is no better and may be worse. He suggests that organizations need strong leadership and strong management. Managers are needed to handle complexity by instituting planning and budgeting, organizing and staffing, and controlling and problem solving. Leaders are needed to handle change through setting a direction, aligning people, and motivating and inspiring people. He argues that organizations need people who can do both they need leader-managers.

Rowe (2001) contends that leaders and managers are different and suggests that one aspect of the difference may be philosophical. Managers believe that the decisions they make are determined for them by the organizations they work for and that the organizations they work for conduct themselves in a manner that is determined by the industry or environment in which they operate. In other words, managers are deterministic in their belief system. Leaders believe that the choices they make will affect their organizations and that their organizations will affect or shape the industries or environments in which they operate. In other words, the belief systems of leaders are more aligned with a philosophical perspective of free will. Organizations with strong management but weak or no leadership will stifle creativity and innovation and be very bureaucratic.

Conversely, an organization with strong leadership and weak or nonexistent management can become involved in change for the sake of change that is misdirected or meaningless and has a negative effect on the organization. Bennis and Nanus (2007) expressed the differences between managers and leaders very clearly in their often quoted phrase: “Managers are people who do things right and leaders
are people who do the right thing”. Implicit in this statement is that organizations need people who do the right thing and who do the “right things right”.

**Leadership style and organizational performance**

Relationship between leadership style and organizational performance has been discussed often. Most research, according to (Fu-Jin et al., 2010) showed that leadership style has a significant relation with organizational performance, and different leadership styles may have a positive correlation or negative correlation with the organizational performance, depending on the variables used by researchers. McGrath and MacMillan (2000) report that there is significant relationship between leadership styles and organizational performance. Effective leadership style is seen as a potent source of management development and sustained competitive advantage, leadership style helps organization to achieve their current objectives more efficiently by linking job performance to valued rewards and by ensuring that employees have the resources needed to get the job done. Michael (2010) compares leadership style with the leadership performance in schools and enterprises, and found that leadership style had a significantly positive correlation with the organizational performance in both schools and enterprises.

Broadly speaking, Derue et al (2011) point out that, leadership performance is identical with organizational performance. Business management attributes their successes to leadership efficiency, that is, the leadership style of administrative supervisors has a considerable effect on the organizational performance. Collins (2001) opine that when executives use their leadership style to demonstrate concern, care and respect for employees, it would increase interest of employees in their work and enable them to put up better performance, thereby affecting their job satisfaction positively. Fu-Jin et al, (2010) also confirm that there is a positive relation between leadership style and organizational performance.

**Corruption in africa**

Over the last few years, Mauro (2002) argue that, the issue of corruption- the abuse of public office for private gain- has attracted both academicians and policy makers. Corruption scandals, as well as other reasons, have toppled governments in both major industrial countries and developing countries. According to Bissessar (2009), corruption is dishonest or illegal behavior, especially by people in official positions, (misused power of the officials), while economists largely view corruption as a sand in the gear of the economy, political scientists view it as the grease in that gear. Positive effects of corruption can be looked at through the lens of the argument that corruption helps to overcome bureaucratic rigidities and helps maintain allocation efficiency when there is competition between bribers, but not between officials. Small side payments to officials could speed up bureaucratic processes and hence promote economic growth. Some justify corruption in the enforcement of property rights (Vogl, 2004).

Calderisi (2006) also lament that, certain illegal acts such as fraud, money laundering, drug trading, and black market operations do not constitute corruption in and of themselves, because they do not involve the use of public power; however, those activities seldom thrive without widespread corruption because people who are involved in those activities must include public officials and politicians.

In the large literature on corruption in Africa, often overlooked is the issue that corruption became endemic and chronic after most nations gained independence. To bridge this gap, we focus on each individual African country and examine its historical record of changes in leadership and corruption since attaining independence. Kan-Dapaah (2016) indicates that Africa’s corruption is a manifestation of its weak or bad governance, its undemocratic dictatorial leaderships, and its institutional ineptness post-independence.

**Types of corruption**

Three types of corruption can be identified in democratic societies:

**Grand corruption**
It generally refers to the acts of the political elite (selected officials) by which they exploit their power to make economic policies (Jain 2001). A corrupt political elite can change either the national policies or the implementation of national policies to serve its own interests at some cost to the populace; public spending is diverted to these sectors where gains from corruption are greatest; also little attention is paid to whether the needs of the collectivity are served by those works or services (Gray & Kaufmann, 1998). This type of corruption is difficult to identify and measure especially when at least some segments of the population will gain. This type of corruption may have very serious consequences for a society.

To study the link between this type of corruption and the cost of misdirected public policies is difficult because of the lack of precise measurements tools. However, the extreme situations of this type of corruption are somewhat easier to study where a dictator makes no distinction between his own wealth and that of the country or makes policy decisions that serve exclusively his own interests (Klitgaard, 1998).

Bureaucratic corruption

This, in the opinion of Lawal (2007) is the corrupt acts of the appointed bureaucrats in their dealings with either their superior (the political elite) or with the public. In its most common form, usually known as petty corruption, the public may be required to bribe bureaucrats either to receive a service to which they are entitled or to speed up a bureaucratic procedure. Corruption in the judiciary, where bribes can lower either the costs or the chances of legal penalties is another form of this type of corruption (Rose-Ackerman 1998). Models for this type of corruption have relied on equilibrium in markets for supply and demand of services which in turn leads to the analysis of costs and revenues associated with these services.

Legislative corruption

This refers to the manner and the extent to which the voting behavior of legislators can be influenced. Legislators can be bribed by interest groups to enact legislation that can change the economic rents associated with assets. This type of corruption would include "vote-buying" (Rose-Ackerman 1999).

Causes of corruption

Corruption, in the view of Bissessar (2009) is wide spread in developing countries, not because their people are different from people elsewhere but because conditions are ripe for it such as motivation to earn income is extremely strong due to: Poverty, Low salaries (wages), High risks of all kinds (illness, accidents and unemployment); (lack of insurance) etc. Opportunities to engage in corruption are numerous, more regulations lead to higher opportunities for corruption:

- Weak legislative and judicial systems:
- Law and principles of ethics are poorly developed.
- Population relative to natural resources is large.
- Political instability and weak political will.

Effects of corruption

One can summarize the consequences of corruption as follows:

- Lower investment, including foreign direct investment.
- Reduced Economic growth.
- A shift in the composition of government spending from more productive to less productive activities.
- Greater inequality and high incidence of poverty.
- Reducing the efficiency of aid.
- Exposing the country to currency crises.

Combating strategies for corruptions

To approach the question of how to combat corruption, it would be worthwhile laying out a framework that brings together economic and noneconomic factors. Mauro (2002) points out the difficulties of fighting widespread corruption; he refers to strategic complementarity "where if one agent
does something, it becomes more profitable for other agent to do the same.” The economic approach to preventing or at least limiting corruption consequences is by responding to the economic causes of corruption (Bardhan, 1997). As such, the approach does not seek quick remedies, but, by focusing on fundamental economic growth, tends to bring about conditions where corruption is minimized. Omani-Boamah (2016) reveal that, One of the root causes of corruption is the presence of heavy government intervention which is reflected in excessive and complex regulations and a high tax and tariff rates. One of the first tasks in the war against corruption must therefore be the rationalization of the role of the government in the economy.

**Research methodology**

This segment outlines the details of the research methodology. It commences by disclosing the research design, population of the study, sampling technique, research instrument, administration of research instrument and data analysis.

**Research design**

Taking cognizance of the fact that the objectives of the study could be achieved through questions and answers, the study adopted the sample survey research design the quantitative research approached helped in soliciting the relevant information from the study area.

**Population of the study**

GA south municipal assembly was the study area were primary data was obtained from public servants within such departments as finance, procurement, HR, projects, budgeting, building inspectorate etc. most of these personnel were sympathetic to the study because they seem to be tired to the kind of funds that politicians stash away from their outfit for political activities. In all 95 officials were slated as respondents for the study yet 84 positively responded to the study.

**Sampling procedure**

The study interviewed officials of all functionaries within GA south municipal assembly. Since, not all officials could grant the required information for meeting the objectives of the study, it was necessary to use purposive sampling technique for soliciting views. This ensured that all relevant and key personnel have been covered for their views on the study.

**Research instruments**

The questionnaire technique was adopted as the research instrument. The choice was informed by the fact that it enabled respondents to use their leisure periods co-operate with the study. Marczyk et al (2005) are also of the conviction that, the questionnaire technique affords an enlightened respondents the opportunity of employing their leisure periods especially in the comfort of their homes or offices to assist a research or an investigation.

**Administration of research instrument**

A time frame not exceeding two weeks was given to prospective respondents to honour the questionnaires. At intervals, the researcher kept reminding the interviewees of their responsibility to the study. The researcher personally went round to pick up the answered “scripts”. Care was exercised to ensure that all areas had been filled except where they did not apply to the respondent. Respondents who also sensed their limitation in answering certain questions were helped by the researcher.

**Data analysis**

The Statistical Package for Social Science (SPSS) was used to facilitate the analysis of data and the resulting tables and figures have been presented in the next paragraph.

**Data presentation and analysis**

Results in respect of information captured from the field have been presented and analyzed in the following paragraphs. Perhaps it might the worth noting that, these have been arranged in consonance with the order of specific of the objectives.
Issues relating to identifying areas within decentralized structures where effective leadership is required to combat corruption

Discussed here are the nature of corruption in decentralized governance structures as well as areas within these governance systems where leadership can be used to combat the menace.

Views on how corruption presents on the decentralized governance structure

Results of the manner in which corruption is perpetuated within the governance decentralized systems of Ghana have been presented in Table 1.

Table 1. Frequency table on nature of corruption in Ghana’s decentralized governance system

<table>
<thead>
<tr>
<th>Statement on Nature of Corruption</th>
<th>Sample Size</th>
<th>Mean Square</th>
<th>Standard Deviation</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over invoicing for personal gains</td>
<td>84</td>
<td>4.08</td>
<td>0.471</td>
<td>0.222</td>
</tr>
<tr>
<td>Under invoicing for private gains</td>
<td>84</td>
<td>4.07</td>
<td>0.597</td>
<td>0.356</td>
</tr>
<tr>
<td>Siphoning public materials for private use</td>
<td>84</td>
<td>4.00</td>
<td>0.538</td>
<td>0.289</td>
</tr>
<tr>
<td>Diverting public funds into private accounts</td>
<td>84</td>
<td>3.93</td>
<td>0.803</td>
<td>0.645</td>
</tr>
<tr>
<td>Promoting unqualified staff for private gains</td>
<td>84</td>
<td>3.86</td>
<td>0.747</td>
<td>0.558</td>
</tr>
<tr>
<td>Using state funds to finance private political activities</td>
<td>84</td>
<td>3.79</td>
<td>0.945</td>
<td>0.893</td>
</tr>
<tr>
<td>Granting contracts to unqualified people for private gains</td>
<td>84</td>
<td>3.71</td>
<td>0.886</td>
<td>0.785</td>
</tr>
<tr>
<td>Making payment for goods not supplied</td>
<td>84</td>
<td>3.64</td>
<td>0.9</td>
<td>0.811</td>
</tr>
<tr>
<td>Authorizing payment for contracts not executed</td>
<td>84</td>
<td>3.57</td>
<td>0.909</td>
<td>0.826</td>
</tr>
<tr>
<td>Keeping only ‘yes men’ around for private gain</td>
<td>84</td>
<td>3.5</td>
<td>1.125</td>
<td>1.265</td>
</tr>
<tr>
<td>Sending unqualified people on training for private gains</td>
<td>84</td>
<td>3.43</td>
<td>1.122</td>
<td>1.260</td>
</tr>
<tr>
<td>Taking money or other favours prior to promoting staff</td>
<td>84</td>
<td>3.29</td>
<td>1.036</td>
<td>1.074</td>
</tr>
<tr>
<td>Taking bribes prior to granting license</td>
<td>84</td>
<td>3.29</td>
<td>1.036</td>
<td>1.074</td>
</tr>
<tr>
<td>Pocketing part of internally generated fund</td>
<td>84</td>
<td>2.71</td>
<td>1.228</td>
<td>1.508</td>
</tr>
</tbody>
</table>

Source: Field data (2017).

It can be gathered from table 1 that over invoicing ranks first with the mean score of 4.08 and standard deviation of 0.471. The smaller the standard deviation suggests the accuracy of the statement in relation to the objective under consideration. Since the highest quantum within the likert scale is 5 and over invoicing scored 4.08, it presupposes that a good number of respondents shared the view that one of the most essential corrupt practices damaging the operations of decentralized, grassroots governance structures is over invoicing. In the opinion of Aziz (2016), equipments and other materials supplied to strengthen service delivery have their prices inflated so badly that sometimes public funds pay as much as double the normal price of these facilities. Dishonest government officials and suppliers often share the difference in price as their booty. Ranking second with a mean score of 4.07 and standard deviation of 0.597 is the statement that corruption in public institutions also presents in the form of under invoicing. A typical examine of under invoicing according to Anku (2016) presents in situations where public assets especially vehicles and other unserviceable equipments, which have had their utility optimized and for that matter ought to be disposed off. Here, the public officer colludes with the public.
auctioneer and sells the equipments to themselves at ridiculously low prices so as to enable them resell almost immediately at huge profit. In such circumstances, officials enrich themselves at the expense of public purse.

The corrupt practice of siphoning public materials for private use came third with a mean score of 4.00 and standard deviation of 0.538. In such circumstances, Baneseh (2017) note that building materials procured and stored for public rehabilitation projects are diverted to build private dwelling homes or in some cases even sold for personal gains. The danger here according to this source is that public offices and building can hardly be rehabilitated thereby leaving them in dilapidated state. The fourth ranking, with the mean score of 3.93 and standard deviation of 0.803, went to the statement that public funds received for use within the metropolitan, municipal and district assemblies are shared by a syndicate of public officials and sometimes aided by external politicians and lodged into their private accounts. This way, developmental projects can hardly be accomplished leading to a good number of uncompleted projects scattered within the communities.

The statement that corrupt practices within the decentralized governance unit also take the form of making payment for goods not supplied had a mean score of 3.64 and standard deviation of 0.9. This in most case according to Kan-Dapaah (2016) is perpetuated by the officials of the procurement department in connivance with the external suppliers. This also, the source explains, gravely adversely affects not only the financial position but also the service delivery ability of such governance unit. The corrupt practice of unscrupulous officials authorizing payment for works contracts not executed had a mean score of 3.57 and standard deviation of 0.909. Another disturbing trend of corrupt practice within the decentralized public service has to do with taking bribes prior to granting license for various purposes. It also came to light that, some officials in charge of collecting internally generated funds (IGF) often pocket huge portion of these important revenue to the detriment of public goods.

**Views on issues concerning areas in decentralized governance structures that require effective leadership to combat corruption**

Data on the above objective of the study have been shows on Table 2

<table>
<thead>
<tr>
<th>Statement on areas which require Effective Leadership</th>
<th>Sample Size</th>
<th>Mean Square</th>
<th>Standard deviation</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement department</td>
<td>84</td>
<td>4.07</td>
<td>0.538</td>
<td>0.289</td>
</tr>
<tr>
<td>Human resource directorate</td>
<td>84</td>
<td>4.00</td>
<td>0.889</td>
<td>0.089</td>
</tr>
<tr>
<td>Budgets and monitoring</td>
<td>84</td>
<td>3.86</td>
<td>0.747</td>
<td>0.558</td>
</tr>
<tr>
<td>Building inspection</td>
<td>84</td>
<td>3.79</td>
<td>0.945</td>
<td>0.893</td>
</tr>
<tr>
<td>Trade / Business licensing unit</td>
<td>84</td>
<td>3.79</td>
<td>0.777</td>
<td>0.604</td>
</tr>
<tr>
<td>Finance department</td>
<td>84</td>
<td>3.79</td>
<td>1.019</td>
<td>1.038</td>
</tr>
<tr>
<td>Projects monitoring</td>
<td>84</td>
<td>3.71</td>
<td>0.886</td>
<td>0.785</td>
</tr>
<tr>
<td>Protocol</td>
<td>84</td>
<td>3.64</td>
<td>0.9</td>
<td>0.0811</td>
</tr>
<tr>
<td>Presiding membership</td>
<td>84</td>
<td>3.57</td>
<td>1.185</td>
<td>1.404</td>
</tr>
<tr>
<td>Revenue collection sub-units</td>
<td>84</td>
<td>3.5</td>
<td>0.988</td>
<td>0.976</td>
</tr>
</tbody>
</table>

**Source:** Field data (2017).

It is clear from table 2 that one important area which requires effective leadership in the grassroots government structures is the procurement department. This had a mean score of 4.07 and standard deviation of 0.889. This is not surprising especially where most of the corrupt practices such as over invoicing, double payment, diversion of building materials etc., all take place (Yahaya-Jafaru 2016). The procurement department also has a hand in works contract and for that matter getting an effective leader will ensure that most of these corrupt practices are reduced drastically. Ranking second with a mean score of 4.00 and standard deviation of 0.538 is the statement that the HR department also controls
a lot of cash resources especially those that relate to staff cost. An ineffective leader often compromises his position and allows ghost names to infiltrate the wage sheet leading to serious losses to the grassroots unit.

Ranking third with a mean score of 3.86 and standard deviation of 0.747 with regards to areas where good leaders are required in the decentralized structures is the budget and monitoring departments where financial planning, projections are controlled to enhance the administrative set up of these grassroots governance units. Inflation of project cost according to Yukl (2006) and other corrupt practice emanate from this sector. A further area where the study noted that effective leadership is necessary lies with the issuance and renewal of business licensing and permit. Here, field officers connive with their supervisors and make away with a chunk of funds which ordinarily should have been routed through the organizations’ coffers. One key area for generating funds for the upkeep of the decentralized structures lies with registration of businesses fees and renewal of permits on annual basis. If adequate measures were taken to ensure that good leaders are positioned in the helm of affairs, then these governance units will be on the way towards gaining enough funds for their operations without having to always fall on central government for assistance.

More often than not, brainstorming sessions for projects prioritization at conducted at the assemblies where the presiding elders command some special powers. The statement on the need for having an effective leader as a presiding member had a mean score of 3.57 and standard deviation of 1.185. Effective leaders performing the role of presiding elders will ensure that value for money procurement activities are embarked upon. The study also noted that the revenue collection sub unit all require good leaders with strong will who will resist attempt at negotiations for sharing i.e. stealing substantial portions of revenue collected.

**Analysis of issues relating to how leadership can be employed to curb corruption within district assemble**

Results on how effective leadership can be used to reduce corruption within district, municipal and metropolitan assemblies have been shown in Table 3.

**Table 3:** Frequency table on how leadership can be used to minimize corruption in decentralized governance system in Ghana

<table>
<thead>
<tr>
<th>Statement on use of affective Leadership to Curb Corruption</th>
<th>Sample Size</th>
<th>Mean Square</th>
<th>Standard deviation</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Placing qualified professional at key places especially finance, procurement, HRM, revenue collection etc.</td>
<td>84</td>
<td>4.21</td>
<td>0.561</td>
<td>0.315</td>
</tr>
<tr>
<td>Exposing departmental head to regular capacity building sessions in leadership and patriotism etc.</td>
<td>84</td>
<td>4.08</td>
<td>0.417</td>
<td>0.222</td>
</tr>
<tr>
<td>Minimizing political influence in award of contracts in various functionaries of decentralized governance system.</td>
<td>84</td>
<td>4.07</td>
<td>0.597</td>
<td>0.356</td>
</tr>
<tr>
<td>District, municipal, metropolitan chief executives should be barred from contesting as parliamentarians for the areas they serve.</td>
<td>84</td>
<td>4.00</td>
<td>0.538</td>
<td>0.289</td>
</tr>
<tr>
<td>Heads of decentralized units need not be appointed by the political authorities. The position should be by election.</td>
<td>84</td>
<td>3.93</td>
<td>0.889</td>
<td>0.645</td>
</tr>
<tr>
<td>Civil and public servants within such district offices should be well remunerated.</td>
<td>84</td>
<td>3.93</td>
<td>0.803</td>
<td>0.79</td>
</tr>
</tbody>
</table>
Ensuring that key officials within the decentralized system declare their assets at least once a year.

| Source: Field data (2017). |

Presented in table 3 are statements in respect of how leadership can be used to reduce corrupt practices in the decentralized structures of governance in Ghana. Ranked first with mean score of 4.21 and standard deviation of 0.561 is the statement that the corrupt practices can be greatly ameliorated by placing qualified professional at key places especially finance, procurement, HRM, revenue collection etc. Ranking second with mean score of 4.08 and standard deviation of 0.417 is the statement that corrupt practices can be reduced if departmental heads were exposed to regular capacity building sessions in leadership and patriotism etc. Minimizing political influence in award of contracts in various functionaries of decentralized governance system was ranked third with a mean score of 4.07 and standard deviation of 0.597. A further strategy for using leadership to contain corrupt practices in grassroots governance has to do with exposing civil and public servants within such district offices to proper remuneration. The study also noted that minimizing corrupt practices within the decentralized structures entail ensuring that key officials declare their assets at least once a year. Northouse (2007) is of the view that when officers at the various stages of governance are made to declare their assets periodically, it will minimize the desire to amass wealth thereby embarking upon corrupt practices. Morgeson (2007) also spoke of exposing of officers of the decentralized structures to sound emoluments. According to the source paying them well will pre-empt any corruption tendencies thereby protecting public purse for improving service delivery to enhance the living standards of the people.

**Further strategies for reducing political interference so as to employ leadership to curb corruption at decentralized governance systems**

Table 4. Frequency table on reducing political interference in leadership to curb corruption at decentralized governance

<table>
<thead>
<tr>
<th>Statement on further Strategies for Combating Corruption</th>
<th>Sample Size</th>
<th>Mean Square</th>
<th>Standard deviation</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decentralized governance structure should not be used as dumping grounds for foot soldiers of political parties who win power.</td>
<td>84</td>
<td>4.07</td>
<td>0.597</td>
<td>0.356</td>
</tr>
<tr>
<td>Works and supply contracts should not be awarded based on instructions from highly placed political figures.</td>
<td>84</td>
<td>3.86</td>
<td>0.838</td>
<td>0.702</td>
</tr>
<tr>
<td>The state should fund activities of political parties so as to remove the need to direct their funding requirement at the decentralized governance structure.</td>
<td>84</td>
<td>3.86</td>
<td>0.643</td>
<td>0.413</td>
</tr>
<tr>
<td>Government should intensify efforts at empowering the private sector to create more jobs so as to pre-empt the urge to use membership of political party as job seeking avenue.</td>
<td>84</td>
<td>3.64</td>
<td>0.977</td>
<td>0.955</td>
</tr>
<tr>
<td>Generally, there is the need to conscientize the youth and adolescent against the crazy for quick wealth which breeds corruption at all fronts especially in the decentralized political structures.</td>
<td>84</td>
<td>3.36</td>
<td>1.453</td>
<td>2.112</td>
</tr>
</tbody>
</table>

Source: Field data (2017).
Presented in table 4 are statements on how political interference can be removed from the governance system so as to employ leadership to reduce corrupt practices. Ranking first with a mean score of 4.07 and standard deviation of 0.597 is the statement that decentralized governance structure should not be used as dumping grounds for foot soldiers of political parties who win power. Ranked second with a mean score of 3.86 and standard deviation of 0.838 was the statement that works and supply contracts should not be awarded on the basis of instructions from highly placed political figures. This often creates room for corrupt practices because, according to Aziz (2016) such outside instructions come with specified quantity bills which are often inflated and meant to align the pockets of a few selfish and scrupulous individuals. The statement that the state should finance activities of political parties so as to remove the need to direct their funding requirement at the decentralized governance structure was ranked another second with a mean score of 3.86 and standard deviation of 0.643. This, Anku (2016) explains will help minimize the edge to pile up funds in order to finance political party activities. This presupposes that, when a state finances political parties, incidence of over invoicing and payment for works not done etc., will all be minimized.

Ranking fourth with a mean score of 3.64 and standard deviation of 0.977 was the statement that government should intensify efforts at empowering the private sector to create more jobs so as to preempt the urge to use membership of political party as job seeking avenue. The statement that there is the need to conscientize the youth and adolescent against the crazy for quick wealth which breeds corruption at all fronts especially in the decentralized political structures was ranked fifth with the mean score of 3.36 and standard deviation of 1.453. The need for counseling the youth against “get rich quick attitude” is timely since a good number of them have resorted to even using devilish spiritual means to acquire wealth. Government in the opinion of Baneseh (2017) should strengthen the arms of the private sector to create more jobs for the youth. This can be done through the acquisition of concessionary rated loans for the benefit of enterprises.

**Analysis of issues relating to challenges facing leadership of decentralized organization in curbing corruption**

Data on challenges facing decentralized institutions in using leadership to curb corruption have been presented in table 5.

**Table 5.** Frequency table on difficulty in using leadership to curb corruption at decentralized governance structures in Ghana

<table>
<thead>
<tr>
<th>Challenges negating using Leadership to Curb Corruption</th>
<th>Sample Size</th>
<th>Mean Square</th>
<th>Standard Deviation</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political interference in the award of works contracts.</td>
<td>84</td>
<td>4.21</td>
<td>0.561</td>
<td>0.315</td>
</tr>
<tr>
<td>Ruling political party determining how budget should be spent.</td>
<td>84</td>
<td>4.08</td>
<td>0.538</td>
<td>0.289</td>
</tr>
<tr>
<td>Rivalry between parliamentarian and head of decentralized units.</td>
<td>84</td>
<td>4.07</td>
<td>0.471</td>
<td>0.22</td>
</tr>
<tr>
<td>Inadequate emoluments for staff.</td>
<td>84</td>
<td>4.00</td>
<td>0.597</td>
<td>0.356</td>
</tr>
<tr>
<td>Heads of decentralized unit trying to please God fathers in the political party.</td>
<td>84</td>
<td>3.93</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The need to contribute to strengthen the Financial base of the ruling political party.</td>
<td>84</td>
<td>3.71</td>
<td>0.886</td>
<td>0.785</td>
</tr>
<tr>
<td>Demand made on heads by foot soldiers of the ruling political party.</td>
<td>84</td>
<td>3.43</td>
<td>1.122</td>
<td>1.260</td>
</tr>
<tr>
<td>Society, family expectation from the heads of decentralized units.</td>
<td>84</td>
<td>3.29</td>
<td>1.036</td>
<td>1.074</td>
</tr>
</tbody>
</table>

**Source:** Field data (2017).
Presented in table 5 are the challenges facing leaders decentralized governance structures in reducing corrupt practices. Ranking first with a mean score of 4.21 and standard deviation of 0.561 is the statement that political interference in the award of works contracts is the worst challenge to leaders of decentralized governance structures in combating corruption. Ranked second with a mean score of 4.08 and standard deviation of 0.538 was the idea that ruling political party determining how budget should be spent also compromises on the integrity of leadership in the district assemblies. In the opinion of Kan-Dapaah (2016) such budgetary provisions are often inflated in respect of works and supply contracts. The statement that rivalry between parliamentarian and head of decentralized units constituted a huge challenge to leadership of district assemblies, was ranked third with a mean score of 4.07 and standard deviation of 0.471. The rivalry often stems from the fact that the local governance leaders often aspire to dislodge the parliamentarians in parliament and for that matter will attempt to block any project that is likely to brighten the prospect of the parliamentarian regaining his position in parliament. The Member of Parliament, with this at the back of his mind will also operate in such a manner that funds meant for the assembly is delayed in order not to give to the assembly leader an edge over him. Such a rivalry often works iminical in the interest of the local people. The study noted further that demand made on heads of district assemblies by foot soldiers of the ruling political party often disrupt financial provisions for enhancing operations within the decentralized grassroots structures. It also came to light that pressure from society especially family members’ expectations from heads of decentralized units often promotes corrupt practices. Such an unfortunate eventuality according to Kan-Dapaah (2016) has tribal connotations. In certain tribes, an ascension to public offices indicates that one should be in a position to cater for a broad spectrum of children within the school going age. Family members will therefore expect monthly stipends and other periodic payments for the up keep of their children. It is only by embarking upon corrupt practices that such external financial demand can be met.

Discussion of results

Amongst findings on nature of corruption prevailing within decentralized governance structures are over and under invoicing for official’s parochial interest. Under Over invoicing, prices of items procured are inflated in such a way that the supplier and the dishonest public officers share the difference in price to the detriment of the organization’s finances. This, according to Margeson & Illies (2007) constitutes one of the greatest patterns of corruption in the public sector. The source noted that some officials in government institutions form a syndicate for perpetuating such dishonest practices. Under invoicing occurs when assets, being disposed off, are deliberately given away at lower price than the certified values. The officials supervising the auction process liaises with the auctioneer to pick up and share the under-valued component of the price leading to serious losses to the governments.

Reacting to the seriousness of inventory based corruption in public establishments, Gupta et al (2000) lamented over the fact that some syndicates in the public system organize and pay for equipments that are hardly supplied to the public office. Anku (2016) also added that in some cases, he discovered that equipment in stock are actually taken out and re-supplied for payments. Such incredible practices are successful because patriotic leaders are non-existent and moreover civil servants often complain of unrealistic salary levels.

In a similar study, Yukl (2006) found out that in run up to electioneering campaign periods most ruling governments in developing economies, South of Saharan, capitalize on the incumbency advantage. This often takes the form of political chief executives making financial contributions directly to the political party and also giving inflated contracts to party members for very obvious reasons (Aziz, 2016). Other forms of corruption such as allowing only party-card bearing officials of decentralized organs of governance to attend capacity building programs and educational tours outside the country are yet to be mentioned in existing literature on the subject of corruption. These therefore constitute the contributions that the study seeks to make to the body of knowledge in this domain of the academia.

The study did seek to investigate areas within the decentralized governance system where leadership was required to combat corruption. Findings pointed to areas such as HR directorate, procurement departments, budgets and monitoring, sanitation and building inspectorate as well as trade licensing unit as potential areas in their governing system where strong leadership framework is required. Fualin et al (2011) are also of the view that governance units within the African sub-regions require strong
leadership so as to make these outfits function as anticipated. During his maiden visit to Africa in 2010 President Obama of the US called on African governments to ensure strong leadership to enable their institutions function properly.

The then US head of state expressed surprise at the way drug peddlers manage to scale through with the contraband goods at the African Airport only to be arrested and incarcerated in American and European prisons. He bemoaned the poor governance leadership structure within the sub-region and advised the powers that be, to endeavour to reverse this unhealthy trend. He noted that the US was ready to help Africa build the much needed transformational leaders.

On strategies for curbing corruption on decentralized governance system in Ghana, the study discovered that placing qualified professionals at key positions especially on finance, procurement, revenue collection etc., will help curb the surge of corruption in the Ghanaian fabric. Regular training of departmental heads builds their capacity in leadership and virtues of patriotism. Answering a question put to him by South African journalist on the merits of African leaders planning to pull out of International Criminal Court (ICC) in July 2017, president Trump of the US lamented over the lack of leadership qualities of Africa heads who shamelessly stash away the financial resources of their respective countries into their foreign accounts thereby worsening poverty levels on the continent. He retorted that Africa leaders “can’t lead by example, they are only interested in accumulating wealth from poor tax payers”.

Minimizing political influence in the award of both supply and works contracts could also go a very long way to help stamp out corruption in governance. Aziz (2016) also found out that award of contracts constitute on significance area where Africa leaders embark upon serious corrupt practices leading to keeping large amounts of money in foreign accounts and other investments. Anku (2016) also supports the findings that government needs to intensify effort at empowering the private sector to create more jobs. This will pre-empt the urge to use membership of political party membership as job seeking facility.

Northouse (2007) corroborates this finding and explain further that political parties upon winning power in Africa endeavour to keep their loyalty members in key governance position. This is often seen as creating job avenues for the boys and as such not much thinking goes into the leadership skills of such appointees. It did not come as a surprise when the study noted among others that challenges bedeviling efforts at employing leadership to combat corruption in decentralized governance structures include political interference, inadequate remuneration and rivalry between appointed decentralized heads and then elected counterparts i.e. parliamentarians. Banesh (2007) argues that political influence compromises discipline within the public service system so much so that technocrats are no longer able to assert their authority.

**Conclusion**

The study examined how leadership can be leveraged in decentralized governance structures of Ghana so as to curb the canker of corruption which continues to disrupt service delivery at these outfits. The study saw under and over invoicing, diversion of public funds, strategically positioning political operatives at sensitive places as well as awarding supply and works contracts to cronies and friends as the form in which corruption permeates in these decentralized governance structures. It is conclusive that if strong well qualified, experienced managers were appointed to lead functionaries like HR directorates, procurement department, budgets and monitoring, building inspection unit as well as business licensing departments of these decentralized structures, appreciable gains can be made in the fight against corruption in the public service system.

This way procurement, recruitment and other functions of decentralized grassroots structures can be effectively shielded from political interference. The effect of the latter can further be ameliorated if appointments to positions of chief executives of the units were made elective rather than being the sole prerogative of the political leaders of the country. Corruption could further be considerably abated if top executives of the decentralized structures were barred from contesting parliamentary seats in areas where they operate. The existing arrangement puts pressure on these executives to amass wealth so as to unseat the incumbent parliamentarian. Generally, the study is of the view that the state should fund
political party activities so as to remove the need to siphon state fund through corrupt practices for building political party structures. All these require strong leadership at all tiers of governance.

**Area for further studies**

A study ought to be conducted to investigate how political interference can be minimized if not eradicated completely from the governance of the decentralized system. The study stumbled on political interference as a huge force that promotes corrupt practices within the structures of governance in Ghana. It is even becoming increasingly clear that some strong leaders even bow to pressure from the political authority because of fear of losing jobs or being recycled within the public service. Certainly government influence on the operations must be minimized. Technocrats must be allowed to perform and this presupposes that a study ought to be conducted to explore the modalities for disengaging political authorities active involving in the administrative machines of these decentralized units of governance. The electoral commissioner, the chief justices are positions that are appointed by the government of the day yet the constitution of the Ghana grants them some insulation from political machinations. Some studies here will help to structure the grassroots governance in a way as to enable the virtues of leadership to promote productivity.

**References**

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