UGBS CONFERENCE ON BUSINESS AND DEVELOPMENT 2013

This book of proceedings features a mix of conceptual and empirical research papers which set the agenda for discussion on key themes in accounting; finance, banking & insurance; marketing and customer management; operations and management information systems; organisation and human resource management; and public administration and health services management.

Published 2013 in Ghana by University of Ghana Business School (UGBS)

Copyright © 2013 UGBS. All Rights Reserved.

ISBN: xxx-xxxx-x-xxxx-x

All rights reserved.

Published by University of Ghana Business School (UGBS)
P. O. Box LG 78 Legon,
Accra, Ghana
Tel: +233 302 501008
Email: ugbconference@ug.edu.gh

Printed in Ghana by
UGBS in collaboration with
Craft Concepts Limited
P. O. Box NB 649, Nii Boiman, Accra, Ghana
Tel: +233-302-925-762
Email: info.craftconcepts@gmail.com

Copyright©2013

Internet Version (30 April 2013)
The Internet version of this document can be accessed at:
• http://ugbs.ug.edu.gh/
Contents

Contents ................................................................................................................................. 1
Conference Welcome ............................................................................................................... 4

Chairs of Tracks, Workshop and Forum .................................................................................. 6
Conference Programme ......................................................................................................... 7
Breakout Sessions .................................................................................................................. 9

Accounting and Finance ....................................................................................................... 12
  Market Structure, Efficiency and Performance: Empirical Evidence from Ghanaian Life ................. 20
  Determinants of Interest Rate Spread in Ghana; Does GDP Growth Matter? .................................. 27
  Government Spending, Spending Discipline and External Debt Stock among HIPCs in Africa ................ 33
  Corporate Governance, National Culture and Corporate Debt Maturity Structure: Evidence from Sub- Saharan Africa ......................................................................................................................... 50
  The Effect of Funding Sources on Lending Patterns of Banks in Ghana ........................................... 53
  Corporate Governance and Transparency; Evidence from Stock Return Synchronicity .................... 56

Marketing and Customer Relationship Management .................................................................. 59
  Price Fairness, Customer Satisfaction and Behavioural Intention: Evidence from the Ghanaian Banking Industry .................................................................................................................................. 60
  Antecedents to B2B Relationships: Evidence from Ghana ............................................................... 67
  Corporate Social Responsibility Practices in Ghana: a content analysis of Daily Graphic ...................... 74
  The Role of Corporate Community Relations for a Strategic Approach to CSR in Ghanaian Banks ........ 79
  Examination of the Interplay between Product Innovativeness, Competitive Intensity and Channel Networking .................................................................................................................................. 83
  Developing a Strategic Model for Online Relationship Marketing .................................................. 86
  Brand Switching in the Mobile Telecommunications Industry of Ghana ........................................... 92
  Does Gender Matter on Family Buying Decision in a Developing Country Context ............................ 95
  Branding for the International Market; a conceptual model ............................................................ 98

Operations and Management Information Systems .................................................................... 100
  Political Dispensations and Efficiency of Agricultural Production in Ghana ..................................... 101
  Internet and Distance Education: an Evaluation of Readiness in a Ghanaian University .................... 108
  Dynamic Capabilities in Ghanaian Mobile Business Organisations ............................................... 111
  Internet Banking Deployment in Ghana: A Socio-Technical Analysis ............................................ 115
  Work System Analysis of Meteorological Information Flow: Evidence from Ghana Meteorological Agency .... 118
A Competitive Strategic Analysis of Developing and Deploying 3G Mobile Technology Services .......................... 121
User Perceptions of Information Security ........................................................................................................ 125
Internet Use amongst Fashion Designers ........................................................................................................ 128
Social Networking Tools in Organisational Learning ....................................................................................... 131
The Role of Web 2.0 in e-Participation in Developing Countries: the Case of Ghana ........................................ 135
Understanding Employee Behaviour on Password Management: Evidence from two Ghanaian Universities ... 140
The Role of Accounting Information Systems in Ensuring Effectiveness of Audit Procedures ....................... 144
Institutionalising Electronic Payment Systems in Ghana ..................................................................................... 148

Organisation and Human Resource Management ............................................................................................. 151
Organisational Involvement and Employees Consumption of New Work Practices in Transforming State Enterprise .......................................................... 152
Organisational Politics; Its Influence on Firms ..................................................................................................... 160
Strategic Planning and Corporate Performance: an Exploratory and Comparative Study of Leading Ghanaian Firms ........................................................................................................... 161
Work-Family Conflicts: a Study of Women in Managerial Positions in Ghana .................................................... 163
Determinants of the Performance of Acquisitions: Evidence from the Telecommunications Industry in Ghana ................................................................................................................................................ 166
Dynamics of Employee “Voice” on Job Satisfaction in the Ghanaian Mining Industry: an Exploratory Study ... 168
Leadership Styles and Organisational Climate in the Plastic Manufacturing Sector of Ghana ....................... 171
Job Satisfaction, Professional Commitment and Organisational Commitment in Ghana’s Health Sector ....... 174

Public Administration and Health Services Management ...................................................................................... 177
Effects of Workplace Politics in Hospitals on Nurses’ Behavioural Intentions in Ghana .................................. 178
An Assessment of Public Sector Quality Service Delivery from the Perspective of Private Sector Clients in Ghana .................................................................................................................................................. 186
Public Private Partnerships in Urban Water Service Delivery: a Political Analysis of Implementation Challenges .................................................................................................................................................. 192
Community Participation for Rural Development: an Example of the Keta Municipal Assembly .................. 197
The Challenge of Taking Baby Steps in E-governance in West Africa ............................................................... 201

Undergraduate Submissions ................................................................................................................................. 205
Customers’ Perception of Banks’ Customer Service ......................................................................................... 206
Social Media as a Human Resource Tool: Benefits, Challenges and the Way Forward .................................... 209
The Impact of Microfinance on Small and Medium-Scale Enterprises ............................................................... 212
The Impact of Service Quality on Customer Loyalty among Restaurants in Ghana .......................................... 215
The Impact of Corporate Social Responsibility on the Financial Performance of Businesses in Ghana .......... 218
The Impact of Insurance Regulations on Insurance Rates .................................................................................. 221
Welcome to the maiden UGBS Conference on Business and Development in Accra, Ghana. As part of the 50th anniversary of the University of Ghana Business School, the School is organizing its maiden international business conference titled the UGBS Conference on Business and Development. The UGBS Conference on Business and Development is a conference which seeks to review the past to determine the new or emerging connections between business and socio-economic development in Ghana and Africa. The conference theme is Business and Development in Africa: Determining New Frontiers.

Preface

Sustainable development has been conceptualized as ‘development that meets the needs of the present, without compromising the ability of future generations to meet their own needs.’ In September 2005, the United Nations World Summit identified three interdependent and mutually-reinforcing components of sustainable development, namely economic development, social development, and environmental protection. Beyond the Summit, governments, development agencies, private institutions and civil society organizations are striving to achieve these ideals of sustainable development. This concern for sustainable development is more pronounced in the context of developing and emerging economies. Over the last ten years, it has been reported that, Sub-Saharan Africa has shown strong levels of economic growth with countries like Ghana, Mauritius and Botswana standing out\(^1\). Despite the global economic crisis, it is estimated that Sub-Saharan African economies grew by more than five percent in 2011. Projections show that the continent as a whole is expected to grow by 4.8 percent in 2013\(^2\). There has also been some progress in building consensus on environmental protection as Africa recently hosted United Nations Climate Change Conference.

This conference seeks to address the issues of how business contributes to Ghana’s and Africa’s strive to achieve sustainable development. It focuses on the impact that different strategic choices of businesses have on economies and societies, and on the context in which those strategic choices are made. The questions being asked include how do businesses contribute to the socio-economic development of people and localities? What is the role of business in economic development and environmental protection? The conference will critically address these questions.

We invite you to join us, and look forward to welcoming you. We believe your invaluable experience and insight will add to what is an invaluable discourse for Africa and other developing regions. We have no doubt it will be challenging and thought-provoking, as well as an entertaining experience.

---


UGBS CONFERENCE ON BUSINESS AND DEVELOPMENT 2013

This book of proceedings features selected papers to be presented at the UGBS Conference on Business and Development. It covers a mix of conceptual and empirical research papers which set the agenda for discussion on key themes in finance, marketing, operations and management information systems, organisation and human resource management, and public administration. The authors of the papers include researchers, practitioners and university academics from institutions in Africa and the United Kingdom. Beyond the conference, a live version of the proceedings, capturing all other presentations, arguments and comments at the conference, will be featured on the UGBS website (ugbs.ug.edu.gh). We encourage you to become an active participant at the conference, sharing your views and constructively questioning these presentations to establish a consensus of how Africa can benefit from businesses in terms of socio-economic development.

Conference Submission Editors
Dr. Richard Boateng, University of Ghana Business School [richboateng@ug.edu.gh]
Dr. Mohammed A. Sanda, University of Ghana Business School [masanda@ug.edu.gh]
Dr. Godfred A. Bokpin, University of Ghana Business School [gabokpin@ug.edu.gh]
Dr. Adelaide Kastner, University of Ghana Business School [adekas@ug.edu.gh]
Mr. Francis Adzei, University of Ghana Business School [fadzei@ug.edu.gh]

Conference Secretariat Team
Joseph Budu [jbudu@st.ug.edu.gh]
Daniel Opoku [dopoku2@st.ug.edu.gh]
Chairs of Tracks, Workshop and Forum

Conference Co-Chairs
- Professor John Owusu Gyapong, Pro-Vice-Chancellor (ORID), University of Ghana
- Professor Kwame A. Domfeh, Dean, University of Ghana Business School

Tracks A-B: Accounting and Finance
- Dr. Mohammed Amidu, University of Ghana Business School
- Mr. Godfred Yaw Owusu, University of Ghana Business School
- Dr. Godfred A. Bokpin, University of Ghana Business School
- Dr. Lord Mensah, University of Ghana Business School

Track C: Marketing and Entrepreneurship
- Dr. Samuel C.K. Buame, University of Ghana Business School
- Dr. Bedman Narteh, University of Ghana Business School

Track D: Operations and Management Information Systems
- Dr. Francis Y. Banuro, University of Ghana Business School
- Dr. Kwaku Ohene-Asare, University of Ghana Business School
- Dr. Erasmus Addae, University of Ghana Business School
- Dr. John Effah, University of Ghana Business School

Track E: Organization and Human Resource Management
- Dr. Daniel Frimpong Ofori, University of Ghana Business School
- Dr. Obi Berko O. Damoah, University of Ghana Business School

Track F: Public Administration and Health Services Management
- Dr. Thomas Buabeng, University of Ghana Business School
- Dr. Kwame Asamoah, University of Ghana Business School
- Prof. Emmanuel Sakyi, University of Ghana Business School

Inter-Tertiary Forum
- Dr. Mohammed A. Sanda, University of Ghana Business School
- Dr. Richard Boateng, University of Ghana Business School
- Dr. Godfred A. Bokpin, University of Ghana Business School

Workshop: Structural Equation Modeling
- Dr. Nathaniel Boso, University of Leeds
Conference Programme

8th Monday April 2013

0730 Registration

CONFERENCE OPENING

0800 Performance by Ghana Dance Ensemble
0800 – 0830 Students/Staff/Faculty/ Guests Seated
0845 Arrival of Guest of Honour
0900 – 0905 Introduction of Chairperson
   Vice-Dean, UGBS Professor Joshua Abor
0905 – 0910 Chairperson’s Response
   Pro-Vice-Chancellor (ORID) Professor John Owusu Gyapong
0910 – 0920 Conference Introduction
   Dean UGBS, Professor Kwame Ameyaw Domfeh
0920 – 0940 Welcome Address
   Vice-Chancellor, UG, Professor Ernest Aryeetey
0940 – 0955 Performance (Seprewa), Mr. Osei Korankye
0955 – 1015 Keynote Address
   Business and Development in Africa: Determining New Frontiers
   Managing Director, CAL Bank, Mr. Frank Adu
1015 – 1020 Performance by Ghana Dance Ensemble
1020 – 1025 Chairperson’s Closing Remarks
1025 – 1030 Vote of Thanks by Ms. Adwoa Aidoo
1030 – 1100 Photography & Tea Break

MC: Dr Adelaide Kastner
8th Monday April 2013

**BREAKOUT SESSIONS**

1100 – 1230 **Breakout Session 1**  
Tracks AB – Accounting and Finance (Room F4)  
Track C - Marketing and Entrepreneurship (Room F5)  
Track D - Operations and Management Information Systems (Executive Hall)

1230 – 1345 Lunch

1400 – 1530 **Breakout Session 2**  
Tracks AB – Accounting and Finance (Room F4)  
Track C - Marketing and Entrepreneurship (Room F5)  
Track D - Operations and Management Information Systems (Executive Hall)  
Track E - Organization and Human Resource Management (Room MIS 4)

1530 - 1600 **Summary Session** (Auditorium)

9th Tuesday April 2013

0730 – 0800 Registration

0800 – 1030 Workshop: Structural Equation Modeling (Executive Hall)  
0900 – 1030 Inter-Tertiary Forum (R.S. Amegashie Auditorium)

1030 – 1045 Tea Break

1045 – 1230 Inter-Tertiary Forum (R.S. Amegashie Auditorium)

1045 – 1230 **Breakout Session 3**  
Track D - Operations and Management Information Systems (Room F5)  
Track E - Organization and Human Resource Management (Room F4)  
Track F - Public Administration and Health Services Management (Room MIS 4)

1230 – 1345 Lunch

1400 – 1530 Workshop: Structural Equation Modeling (Executive Hall)

1400 – 1530 Inter-Tertiary Forum (R.S. Amegashie Auditorium)

1400 – 1530 Tour of UG Campus/Networking

1530 – 1630 **Conference Closing**  
Rapporteur’s Report  
Summary Contributions  
Awards for Best Presentation per Track

1730 – 2000 **Conference Dinner**
Breakout Sessions

8th Monday April 2013

1100 – 1230  Breakout Session 1
Tracks AB – Accounting and Finance (Room F4)
   1. Exploring the Disclosure of Intellectual Capital in Ghana: Evidence from Listed Companies
   3. Determinants of Interest Rate Spread in Ghana; Does GDP Growth Matter?
   4. Government Spending, Spending Discipline and External Debt Stock among HIPCs in Africa

Track C - Marketing and Entrepreneurship (Room F5)
   1. Price Fairness, Customer Satisfaction and Behavioural Intention
   4. The Role of Corporate Community Relations for a Strategic Approach to CSR in Ghanaian Banks
   5. The Interplay between Product Innovativeness, Competitive Intensity and Channel Networking

Track D - Operations and Management Information Systems (Executive Hall)
   1. Political Dispensations and Efficiency of Agricultural Production in Ghana
   2. Internet and Distance Education: an Evaluation of Readiness in a Ghanaian University
   3. Dynamic Capabilities in Ghanaian Mobile Business Organisations
   4. Internet Banking Deployment in Ghana: A Socio-Technical Analysis

8th Monday April 2013

1400 – 1530  Breakout Session 2
Tracks AB – Accounting and Finance (Room F4)
   1. Corporate Governance, National Culture and Corporate Debt Maturity Structure: Evidence from Africa
   2. The Effect of Funding Sources on Lending Patterns of Banks in Ghana
   3. Corporate Governance and Transparency; Evidence from Stock Return Synchronicity

Track C - Marketing and Entrepreneurship (Room F5)
   1. Developing a Strategic Model for Online Relationship Marketing
   2. Brand Switching in the Mobile Telecommunications Industry of Ghana
   3. Does Gender Matter on Family Buying Decision in a Developing Country Context
   4. Branding for the International Market; a conceptual model
8th Monday April 2013
1400 – 1530  Breakout Session 2

Track D - Operations and Management Information Systems (Executive Hall)
1. Analysis of Meteorological Information Flow: Evidence from Ghana Meteorological Agency
2. A Competitive Strategic Analysis of Deploying 3G Mobile Technology Services in a Developing Country
3. User Perceptions of Information Security
4. Internet Use amongst Fashion Designers

Track E - Organization and Human Resource Management (Room F4)
1. Effects of Workplace Politics in Hospitals on Nurses’ Behavioural Intentions in Ghana
2. Organisational Involvement and Employees’ Consumption of New Work Practices
3. Organisational Politics; Its Influence on Firms
4. Strategic Planning and Corporate Performance: a Study of Ghanaian Firms

9th Tuesday April 2013
1045 – 1230  Breakout Session 3

Track D - Operations and Management Information Systems (Room F5)
1. Social Networking Tools in Organisational Learning
2. The Role of Web 2.0 in e-Participation in Developing Countries: the Case of Ghana
3. Understanding Employee Behaviour on Password Management in Ghanaian Universities
4. The Role of Accounting Information Systems in Ensuring Effectiveness of Audit Procedures
5. Institutionalising Electronic Payment Systems in Ghana

Track E - Organization and Human Resource Management (Room F4)
1. Work-Family Conflicts: a Study of Women in Managerial Positions in Ghana
2. Determinants of the Performance of Acquisitions: Evidence from the Telecommunications Industry
3. Dynamics of Employee “Voice” on Job Satisfaction in the Ghanaian Mining Industry
4. Leadership Styles and Organisational Climate in the Plastic Manufacturing Sector of Ghana
5. Job Satisfaction, Professional Commitment and Organisational Commitment in the Health Sector

Track F - Public Administration and Health Services Management (Room MIS 5)
1. Public Sector Quality Service Delivery from the Perspective of Private Sector Clients in Ghana
2. Public Private Partnerships in Urban Water Service Delivery: Analysis of Implementation Challenges
3. Community Participation for Rural Development: an Example of the Keta Municipal Assembly
4. The Challenge of Taking Baby Steps in E-governance in West Africa
9th Tuesday April 2013

Workshop: Structural Equation Modeling
- 0800 – 1030  Workshop: Structural Equation Modeling (Executive Hall)
- 1400 – 1530  Workshop: Structural Equation Modeling (Executive Hall)

Inter-Tertiary Forum

0900 – 1030  Inter-Tertiary Forum (R.S. Amegashie Auditorium)
1. Customers’ Perception of Banks’ Customer Service
2. Social Media as a Human Resource Tool: Benefits, Challenges and the Way Forward
3. The Impact of Microfinance on Small and Medium-Scale Enterprises

1045 – 1230  Inter-Tertiary Forum (R.S. Amegashie Auditorium)
1. The Impact of Service Quality on Customer Loyalty among Restaurants in Ghana
2. The Impact of Corporate Social Responsibility on the Financial Performance of Businesses in Ghana
3. The Impact of Insurance Regulations on Insurance Rates

1400 – 1530  Inter-Tertiary Forum (R.S. Amegashie Auditorium)
Seminar on Graduate Career Development
- Volunteering and Careers
- Finding Scholarship for Graduate and Doctoral Studies
- Entrepreneurship

1400 – 1530  Doctoral Consortium (F4)
- Starting A PhD
- PhD Requirements in UGBS
Tracks A & B:
Accounting and Finance

Key

<table>
<thead>
<tr>
<th>FP</th>
<th>Full Paper</th>
</tr>
</thead>
<tbody>
<tr>
<td>EA</td>
<td>Extended Abstract</td>
</tr>
</tbody>
</table>
Exploring the Disclosure of Intellectual Capital in Ghana: Evidence from Listed Companies

ABSTRACT
This study explores the state of Intellectual Capital Disclosure (ICD) by companies in Ghana. Drawing on annual reports of companies listed on the Ghana Stock Exchange (GSE) over a five-year period (2006-2010), results show that ICD is mainly descriptive and the rate of change over the years is relatively marginal. The study recommends the need for accounting regulatory bodies and oversight agencies (local and global) to develop specific standards or guidelines on identifying, measuring and reporting IC.

Keywords: disclosure, intellectual capital, listed companies, Ghana

INTRODUCTION
The term intellectual capital (IC) was first used in the 1960s, but became pronounced in the 1990s and as a result became an accounting/management practitioner-created concept (Atalay and Anafarta, 2011; Hormiga et al., 2010; Schneider and Samkin, 2008; Sullivan, 1999). Since then, organizations have attached increased importance to the recognition, measurement and reporting of IC especially in corporate annual reports (Wagiciengo and Belal, 2012). Moreover, other companies are also reporting on their IC in a qualitative or semi-quantitative manner in addition to the traditional and formally required financial reporting (Boekestein, 2009). This can partly be traced to the increased demand by stakeholders for relevant information, prompted by the many frauds and scandals of the last decade which has demonstrated the need for there to be better rules and practices for financial information disclosure to improve trust in accounting (Oliveira et al., 2006).

However, a substantial portion of this prior research especially its disclosures in annual reports have been undertaken in developed countries (Wagiciengo and Belal, 2012; Kamath, 2008; Seleim et al., 2004). Thus, Kamath (2008) calls for studies based on developing countries as part of the global attempt to develop disclosure guidelines on IC. In fact, there are no far-reaching regulations and guidelines that require companies to adhere to in disclosing IC (Bruegenet et al., 2009). Moreover, the International Financial Reporting Standards (IFRS) do not specifically and expressly require companies to report on IC, despite evidence that IC has become a key resource of value creation in today’s knowledge economy (Kansal and Singh, 2011).

This study therefore contributes to the literature by exploring the IC disclosure practices of companies in Ghana. The choice of Ghana stems from evidence that the country is one of the fastest growing countries; economically and democratically post World Bank and IMF sponsored reform programmes. Moreover, the country is considered by many scholars the veritable site for researching into issues on Africa and developing countries (Aryee, 2008).

This paper is organized as follows: the next section provides a review of literature in the area. This is followed by details of the research method. Empirical results are presented in fourth section and findings discussed in the penultimate section. The final section presents some concluding remarks.
LITERATURE REVIEW

There are various definitions of IC in the literature, but Stewart’s (1997) definition appears to have received appreciable attention in the IC literature (An and Davey, 2010; Atalay and Anafarta, 2011; An et al., 2011a). Stewart (1997) defined IC as intellectual material – knowledge, information, intellectual property and experience – that can be put to use to create wealth. Other definitions give impetus to the fact that IC can be used to boost the wealth creation and firm value to sustain a competitive edge. Moreover, human beings, organisational structures and capabilities, customer base, organizational rapport with other stakeholders are emphasized.

Over the years, a variety of approaches have been advanced to measure and report IC (Vafaei et al., 2011). A system for classifying IC developed by Edvinsson and Sullivan (1996) and Sveiby (1997) proposed 3 components of IC, which they defined as human capital (HC) - individual competence, structural capital (SC) - internal structure and relational capital (RC) - external structure respectively.

HC is generally concerned with the contribution of human resources to organisational success. It generates innovation – whether of new products and services, or improving business processes (Riahi-Belkaoui, 2003). Moreover, SC encompasses the structure, processes, procedures, routines and culture of the firm, including its databases, management tools, IT systems, strategies, structural design/mechanism, coordination mechanisms, policies, organizational learning capacity and networking systems (Sonnier, 2008). It also includes the complementary business assets that are often necessary to convert an innovative idea into a saleable product or service (Sullivan, 1999).

On the other hand, RC is based on the idea that firms are considered not to be isolated systems but as systems that are, to a great extent, dependent on their relations with their environment (Hormiga et al., 2010). Hormiga et al. (2010) explained that RC refers to the value generated by relationships not only with customers or shareholders, but with all stakeholders, both internal and external. This presupposes that in thriving as a firm, it is very important that the firm establishes and nurtures good and more progressive relationships with all its stakeholders.

Empirically, many of the ICD studies are based on evidence from the developed world and concentrated on organizations in the Nordic areas and English speaking countries, such as UK, USA, Canada and Australia (Kamath, 2008; Seleim et al., 2007). Moreover, studies have relied on various media of disclosure, such as company websites, presentations to analysts and IPO prospectuses, but the annual report remains the most popular medium (Abhayawansa and Abeysekera, 2008). Furthermore, ICD in annual reports cuts across several sections of the reports. The sections include Chairman’s Report (CR), Director(s) Report (DR), Auditor’s Report, Corporate Governance Report (CG), Corporate Social Report (CSR), Financial Statements (FS) and Notes to the Financial Statements (N).

From the Australian context, Guthrie and Petty (2000b) report that IC is poorly understood, inadequately identified, inefficiently managed and not reported within a consistent framework when reported at all. European companies have pioneered the IC measurement and reporting field, and this trend is extending to Japan where guidelines for disclosure of IC have been issued (Bismuth & Tojo, 2008). From the Scandinavia settings, many of the studies show sustained interest in accounting for the worth of employees, aptly identified via ICD (Roslander and Fincham, 2004). They find that IC accounting developments in the UK is limited, thus has become the focus of interest within the sample of companies. Vandemaale et al. (2005) report that Swedish firms disclose more on IC than their Dutch and English counterparts. Kansal and Singh (2011) and Guthrie et al. (2006) also find that levels of voluntary ICD by listed companies is low and in qualitative rather than quantitative form.

Focusing on intangible assets which IC is an example, Brannstrom and Giuliani (2009) report that firms with different background do not disclose intangible assets in the same way. These strengthen the view that ICD practices are not uniform across countries and firms. Abeysekera (2007) argues that differences in ICD practices can be attributed to economic, social and political factors. In spite of this, literature on the phenomenon in the context of developing countries and more specifically Sub-Saharan Africa may not be much to engineer evidence of ICD practices to international standard setters and stakeholders.

Recounting the few studies based evidence from Sub-Saharan Africa; Wagciengo and Belal, (2012) reported that ICDs by South African companies have increased over the 5 years study period with certain firms. Out of the three components, HC is the most disclosed. Based on listed companies on the Nairobi Stock Exchange, Abeysekera (2010) finds that those firms disclose more tactical SC and more strategic HC have larger boards. Tayib and Salman, (2005) also looked at ICR in Nigeria and found out that most of the IC indicators are not supported by accounting standards issued in Nigeria.
RESEARCH METHOD

This study is primarily exploratory; there are little empirical studies on ICD in the context of developing countries and more specifically Ghana. The study draws on companies listed on the Ghana Stock Exchange (GSE) as at the end of the year 2010. Out of the 36 listed firms as at that date, 25 were purposively sampled to include companies with at least five years annual report.

Annual report was the main source of data in light of evidence that it highly reliable and often used by managers of companies to signal what is important (Guthrie and Petty, 2000a). The 2006 – 2010 annual reports of the firms were gleaned and analyzed using content analysis method; widely used research methods in investigating the frequency and type of ICR (Guthrie et al., 2004).

There are several units of content analysis of ICD; word, sentence and paragraph count. Drawing on the advantages that sentence count has over other units (Gray et al., 1995; Milne and Adler, 1999), sentences are used as the recording unit just as previous studies. Wagiciengo and Belal (2012) also add the need for an ICD framework.

On account of the exploratory nature of the current study and also based on a country from SSA, Wagiciengo and Belal’s (2012) framework is adapted. Their framework was modified based on the Ghanaian regulatory environment, hence 30 indicators (i.e. 10 for each for the IC categories) assumed to be pertinent and applicable to all the firms were chosen (see table 1).

An arithmetical coding format was used; an indicator reported (even repeated) was scored one (1) and a score of zero (0) if the indicator is not referred to (e.g. Wagiciengo and Belal, 2012). The aggregate disclosure scores of IC indicators were aggregated to determine the ICD levels for a company and for each category of IC over the period.

Table 1: The IC Reporting Framework

<table>
<thead>
<tr>
<th>Human Capital</th>
<th>Structural Capital</th>
<th>Relational capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Career planning/ development</td>
<td>1 Corporate culture</td>
<td>1 Partnerships and Alliances</td>
</tr>
<tr>
<td>2 Education</td>
<td>2 Information systems</td>
<td>2 Community Involvement</td>
</tr>
<tr>
<td>3 Employee demographics</td>
<td>3 Intellectual property</td>
<td>3 Competitors</td>
</tr>
<tr>
<td>4 Remuneration Incentives</td>
<td>4 Management philosophy</td>
<td>4 Customer &amp; Supplier</td>
</tr>
<tr>
<td>5 Industrial relations</td>
<td>5 Management processes</td>
<td>5 Distribution channels</td>
</tr>
<tr>
<td>6 Innovation, Initiative, motivation</td>
<td>6 Organizational learning capacity</td>
<td>6 Favourable contracts</td>
</tr>
<tr>
<td>7 Know-how and experience</td>
<td>7 Organizational structure</td>
<td>7 Financial relations</td>
</tr>
<tr>
<td>8 Occupational health and Safety</td>
<td>8 Policies and procedures</td>
<td>8 Investors</td>
</tr>
<tr>
<td>9 Teamwork capacity</td>
<td>9 Quality services/products</td>
<td>9 Licensing / franchising</td>
</tr>
<tr>
<td>Training &amp; Work-related Competencies</td>
<td>10 R&amp;D</td>
<td>Organisation name/ brands</td>
</tr>
<tr>
<td>10</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

DISCUSSION OF FINDINGS

Drawing on the above framework, actual scores for a company and a category were out of a possible total disclosure score of 30 and 250 respectively. As can be seen from table 2, the study show that that Ghana Commercial Bank Ltd and Standard Chartered Bank Ltd report more on IC their annual report hence, have the highest average ICD score of 22.40 over the period. On the other hand, African Champions Industries Ltd had the lowest ICD score with an average of 11.00 compared to the overall average of 17.35 of the total ICD indicators over the period. The overall average ICD score was 57.89% of the IC indicators.

Moreover, firms in the banking, finance and insurance industry appear more conversant with IC issues. This could be attributed to their quest to achieve competitive advantage as a result of the competitive nature of that industry coupled with stringent regulatory regime of their industry.
Table 2: Rankings by Companies' ICD Scores

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ghana Commercial Bank Ltd</td>
<td>22.40</td>
<td>Benso Oil Palm Plantation Ltd</td>
<td>16.80</td>
</tr>
<tr>
<td>Standard Chartered Bank Ltd</td>
<td>22.40</td>
<td>Produce Buying Company Ltd</td>
<td>16.40</td>
</tr>
<tr>
<td>HFC Bank Ltd</td>
<td>21.80</td>
<td>Unilever (Ghana) Ltd</td>
<td>16.20</td>
</tr>
<tr>
<td>Enterprise Insurance Company Ltd</td>
<td>21.40</td>
<td>Cocoa Processing Company Ltd</td>
<td>15.80</td>
</tr>
<tr>
<td>SG-SSB</td>
<td>21.20</td>
<td>Fan Milk Ltd</td>
<td>15.80</td>
</tr>
<tr>
<td>CAL Bank Ltd</td>
<td>21.00</td>
<td>Starwin Products Ltd</td>
<td>15.60</td>
</tr>
<tr>
<td>Mechanical Lloyd Company Ltd</td>
<td>20.40</td>
<td>Golden Web Ltd</td>
<td>15.00</td>
</tr>
<tr>
<td>PZ Cussons Ltd</td>
<td>19.60</td>
<td>Camelot Ghana Ltd</td>
<td>13.20</td>
</tr>
<tr>
<td>Pioneer Kitchenware Ltd</td>
<td>19.60</td>
<td>Sam Wood Ltd</td>
<td>13.20</td>
</tr>
<tr>
<td>Total Petroleum Ltd</td>
<td>18.60</td>
<td>Clydestone Ltd</td>
<td>13.20</td>
</tr>
<tr>
<td>Aluworks Ltd</td>
<td>18.00</td>
<td>CFAO Ltd</td>
<td>11.20</td>
</tr>
<tr>
<td>Accra Brewery Company Ltd</td>
<td>17.20</td>
<td>ACI</td>
<td>11.00</td>
</tr>
<tr>
<td>Guinness Ghana Breweries Ltd</td>
<td>17.20</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td></td>
<td></td>
<td>17.37</td>
</tr>
</tbody>
</table>

With regards to the three categories of ICD, it can be seen from table 3 that SC (133 in 2006 to 157 in 2010) and HC (141 in 2006 to 153 in 2010) increased sporadically over the period, but RC (135 in 2006 to 158 in 2010) increased continuously, hence the dominant component (mean of 149.6). Though this findings differ from Wagiciengo and Belal (2012) findings; the doimance of HC, it is consistent with findings RC disclosures are relatively higher than HC and SC disclosures (Oliveras et al., 2008; Kansal and Singh, 2011).

Table 3: ICD Scores for IC Categories

<table>
<thead>
<tr>
<th>Category</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>HC</td>
<td>141.00</td>
<td>141.00</td>
<td>139.00</td>
<td>149.00</td>
<td>153.00</td>
<td>144.60</td>
</tr>
<tr>
<td>SC</td>
<td>133.00</td>
<td>131.00</td>
<td>137.00</td>
<td>148.00</td>
<td>157.00</td>
<td>141.20</td>
</tr>
<tr>
<td>RC</td>
<td>135.00</td>
<td>139.00</td>
<td>152.00</td>
<td>158.00</td>
<td>164.00</td>
<td>149.60</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td>136.333</td>
<td>137.000</td>
<td>142.667</td>
<td>151.667</td>
<td>158.000</td>
<td>145.133</td>
</tr>
</tbody>
</table>

The analysis of ICD by its locations in the sections of the annual reports basically revealed that the chairman’s report contains the most of ICDs (approximately 28% of the total ICDs over the period). 24% and 23% of all ICDs over the period were disclosed in notes to the financial statements and director(s) report sections correspondingly. The sections with the least amount of disclosures were the financial statements and corporate social report (i.e. 2% of total ICDs). The results for the directors report as against the chairman’s report and notes to the financial statements can be partly explained that considerable portion of what should be in the directors report and financial statements is dictated by the companies code 1963 and accounting standards respectively.

16  Accounting and Finance
Also, the disclosure of IC for all the sections of the annual reports increased irregularly over the period; pinpointing the gradual improvement with which ICDs in the various sections of corporate annual reports have been over the period. The low ICD in financial statements section certainly is clarified by the piece of evidence in this report that, most of the companies reported IC in qualitative form. According to Guthrie et al., (2006), this ought to be expected, as there are no corporation laws or accounting standards that require the quantification of IC. The fact is that generally intangibles do not meet the stringent criteria of the monetary measurement concept as stipulated in the GAAP and are voluntarily disclosed in discursive form.

Consistent with Guthrie et al., (2006), most of the ICDs were mostly in qualitative form (i.e. descriptive form); about 95% of total ICDs over the period (see Figure 1). This supports the general perception that ICDs in annual reports are mostly in in words or descriptive form.

**Figure 1: Proportion of Qualitative and Quantitative ICD**

![Figure 1: Proportion of Qualitative and Quantitative ICD](image)

**CONCLUSION**

This study sought to examine the level of ICD of listed companies via content analysis of their corporate annual reports. The ICD level was relatively high and mostly in qualitative form. These are dominated by RC indicators and are mostly in the chairman’s report section of the annual reports. The banking & finance and insurance industry as a knowledge intensive sector have comparatively high ICDs. On the whole, conclusion can be made that, the disclosure of IC in Ghana is improving but at a relatively low rate.

As there is no distinctive model for IC, various approaches have been adopted to measure and report IC in the specific context of the companies and industries; thus showing how disparaging the practice of ICD in annual reports is across the country. There should be harmonization of the practices across the world by accounting standards. Efforts by accounting regulatory bodies should be intensified in coming out with specific standards.

This study also looked at the extent and level of disclosure of IC. Future research could be made to ascertain the quality of the disclosed IC and the willingness of management to make such disclosures. The study concentrated on the disclosure aspect of IC at the expense of its measurement and management. This study was limited to selected listed companies on the GSE. Content analysis as a methodology, itself is subject to its own inherent limitations. The result of the study therefore may not necessarily represent the general situation in all companies in Ghana.
REFERENCES


Market Structure, Efficiency and Performance: Empirical Evidence from Ghanaian Life

Abdul Latif Alhassan  
Department of Finance  
lateef85@hotmail.co.uk

George Kojo Addison  
StarLife Insurance Company Ltd.  
gaddison@starlife.com.gh

ABSTRACT

This paper tests the structure-conduct-performance (SCP), relative market power (RMP) and efficient structure (ES) hypotheses on life insurance market in Ghana by using a multiple regression analysis on a sample of 14 life insurers from 2007 to 2011. A fixed effects model with first order correlations and heteroskedastic disturbances was used in estimating the model with return on assets (ROA) as the dependent variable whereas HHI and concentration ratios (2-firm and 4-firm CR's) used as proxies for market structure. Market share was used to proxy the Relative-Market Power (RMP) hypothesis with efficiency estimated using the DEA under constant and variable returns to scale (CRS and VRS) for the Efficient Hypothesis (EH). Underwriting risk and leverage were controlled for. Robust evidence was found for the ES hypothesis by using both VRS and CRS efficiency scores. Underwriting risk had a negative and significant impact of profitability. This is the first study to test the market power hypothesis in the insurance industry in Ghana.

Keywords: insurance, profitability, efficiency, market structure, Ghana

Cite As:

INTRODUCTION

The impact of market structure on firm pricing behaviour has received considerable attention in literature. The traditional SCP hypothesis posits that a firm’s pricing and conduct are determined by the structural features of the market where it operates (Bain, 1951) and that highly concentrated industry is characterized by collusion among the few large firms in setting prices to achieve abnormal profits. This theoretical view of the market structure hypothesis has been challenged by the efficient structure (ES) hypothesis of Demsetz (1973) who posits that more efficient firms can charge lower prices than their competitors to capture a larger market share, which will lead to an increase in market concentration. Thus, higher market concentration may benefit both firms and consumers; (efficient) firms can earn higher profits while consumers can benefit from lower prices. Subsequently, the Relative-Market-Power (RMP) Hypothesis, a variation of the SCP as proposed by Shepherd 1982) asserts that only firms with large market shares and well-differentiated products are able to exercise market power and earn supernormal profits.

Following the separation of life insurance business from non-life insurance business in Ghana with the passing of the Insurance Law, Act 2006 (Act 724), most of the insurance firms maintained their non-life businesses in the original companies and the set up of new companies to manage the life businesses. Since effective regulation requires realistic understanding of consumer and firm behaviour, there is a need for the regulator to better understand the dynamics of the new industry to formulate policies to shape its structure for a stable industry. The life market has been opened to keen competition among players since the enactment of the law and attracted new entrants with eighteen licensed firms.

Out of the Eighteen (18) life insurance companies operating in the market, the top five companies namely, SIC Life Insurance Company Limited, Enterprise Life Assurance Company Limited (ELAC), GLICO Life, StarLife Assurance Company Limited, and Provident Life Assurance Company Limited control over 70% of the total market share (NIC, 2010). It is, however, interesting to note that the other Thirteen (13) companies that control at most 30% of the market have been gaining some points in their share of the market. The need to understand firm behaviour in the new market motivates this study. To the authors’ knowledge, there is no empirical study examining the market structure, efficiency and performance relationship of the life insurance
industry in Ghana. Therefore, this research seeks to examine the drivers of life insurers profitability within the SCP, RMP and EH framework. The rest of the study is organized section 2 on literature review, section 3 on methodology and 4 empirical findings. Section 5 concludes the study.

RELATED STUDIES

Most empirical literature on market power hypothesis have mainly focused on banking institutions in both developed and developing countries with majority of the studies on USA and European banks having found evidence in support of the SCP hypothesis. Evanoff and Fortier (1988) used data of more than 6,300 US banks in 30 states in 1984 to examine the effect of regulation on bank performance by dividing the market into those with high entry barriers and those with low entry barriers. In markets with high entry barriers market share has a strong impact on profitability. However, in markets with low entry barriers market growth has a significant and negative effect on bank profitability. In general, their results support the efficiency hypothesis. Berger and Hannan (1989) analysed data of 470 banks in 195 local US banking markets. They analysed the relationship between market concentration and profitability using non-competitive pricing behaviour. The empirical evidence indicates a negative link between market concentration and deposit interest. In other words, banks in a highly concentrated market exercise market power by paying low deposit interest.

In the insurance industry, Choi and Weiss (2005) studied the relationships among market structure and performance in property-liability insurers in US over the period 1992–1998 using data at the company and group levels using the structure-conduct-performance, relative market power, and efficient structure framework. They found evidence in support of the ES hypothesis. Meanwhile, Jedlicka and Jumah (2006) applied the structure, conduct and performance (SCP) approach to a sample of 52 Austrian insurance firms over a “snapshot” of the insurance industry for the year 2003 over the year 2002. Their findings did not provide evidence in support of SCP hypothesis that in highly concentrated markets, dominants in the market engage in collusive behaviour and which in turn leads to higher industry profit rates, cannot be supported by the Austrian insurance industry.

With motivation from restructuring and consolidation of the European insurance markets, BerryStölzle et al. (2011) studied the SCP, RMP and ES hypotheses in the European property-liability insurance market covering twelve countries from 2003 to 2007. Their results strongly support the efficient structure hypothesis, and there is extremely little or no support for the SCP hypothesis or the relative market power hypothesis. The findings of the above studies provided strong evidence in support of the ES hypothesis. This could be explained in terms of anti-competitive legislation that promotes easy entry and exits which serves as a check on the collusive behaviour in concentrated markets in these developed countries as per Baumol (1982) contestable market theory. However in less than developed financial markets in developing economies like Ghana, the market imperfections makes collusive behaviour very likely.

DATA AND METHODOLOGY

This study uses a panel dataset which covers 14 life insurance companies in Ghana out of the 18 currently in operation covering the period 2007 to 2011 was sourced from the National Insurance Commission (NIC). The panel data methodology has certain benefits like using the assumption that firms are heterogeneous, more variability, less collinearity between variables, more informative data, more degree of freedom and more efficiency (Baltagi, 2001).

Several metric measures have been provided by literature on how to measure the market structure of an industry. Among these measures are the Herfindahl Hirschman Index (henceforth HHI), the Lerner index and the concentration ratios. For the purpose of the study, both the HHI and concentration ratios (2-firm and 4-firm CR) were used as measure the structure of the Ghanaian life insurance market. The HHI is measured as the sum of squares of the market share of firms with an industry. This was computed by the formulae below;

\[
HHI_t = \sum_{i=1}^{n} ms_i^2
\]

Where \(ms_i\) is the market share of insurer i.
The concentration ratios, which is common indicator for the market structure measures the degree to which few dominant firms within an industry account for greater portions of economic activities within the market.
This study uses both the 2-firm (CR2) and 4-firm concentration ratio (CR4), though the CR4 is the most preferred concentration ratios (Scherer and Ross, 1990).

**ESTIMATING EFFICIENCY**

In estimating efficiency, the DEA methodology was used. The DEA methodology is a technique for measuring the relative performance of firms by comparing multiple inputs and outputs. The efficiency score is estimated as the ratio of the weighted sum of outputs to weighted sum of inputs. The technique finds the weight that maximizes the efficiency for the most efficient firm. The efficiency score in the presence of multiple input and output factors is defined as:

$$\text{Efficiency} = \frac{\text{weighted sum of outputs}}{\text{weighted sum of inputs}}$$

Assuming that there are $n$ DMUs, each with $m$ inputs and $s$ outputs, the relative efficiency score of a test DMU is obtained by solving the following model proposed by Charnes et al. (1978):

$$\max \left( \sum_{k=1}^{s} v_k y_{ki} \right) / \left( \sum_{j=1}^{m} u_j x_{ji} \right)$$

subject to $\left( \frac{\sum_{k=1}^{s} v_k y_{ki}}{\sum_{j=1}^{m} u_j x_{ji}} \right) \leq 1, \forall i$

Where $v_k, u_j \geq 0 \forall k, j$

where

$y_{ki} =$ amount of output $k$ produced by DMU $i$,
$x_{ji} =$ amount of input $j$ utilized by DMU $i$,
$v_k =$ weight given to output $k$,
$u_j =$ weight given to input $j$.

In line with Ansah-Adu et al. (2010) and several others, the input variables considered were total capital and total expenses whereas the output variables considered were net premiums and net profit after tax.

**EMPIRICAL MODEL**

A panel data model was used to examine the impact market structure on life insurers on profitability. Based on the Structure-conduct-performance by Bain (1951) and the evidence provided by Carlton and Perloff (2000) of an empirical relationship between structure and performance, this study models a relationship between the measures of market structure (HHI, CR2 and CR4) and an indicator of life insurers profitability proxied as the return on assets while controlling for market share (proxy for relative market power), X-efficiency (EMH), risk, leverage and tangibility which have been identified in literature to affect life insurers profitability. In line with Weiss (1974), Smirlock (1985), Lloyd-Williams et al. (1994) and Molyneux and Forbes (1995, the relationship between market power and performance of life insurers will be modelled as follows:

$$Y_{it} = \alpha_i + \beta_1 \text{MP}_i + \beta_2 \text{MS}_{it} + \beta_3 \text{EH}_{it} + \sum_{k=1}^{n} \beta_k \text{Z}_{ik} + \epsilon_{it}$$

$\text{LIP}_{it}$ represents Life insurers performance proxied as return on assets for insurer $i$ for time $t$,
$\text{MP}_i$ represents the proxies for market power in Herfindahl-Hirschman index (HHI), $\text{CR2}_i$ is the 2-firm concentration ratio in time $t$, $\text{CR4}_i$ is the 4-firm concentration ratio in time $t$, $\text{MS}_{it}$ represents market share of insurer $i$'s premium to total industry premium in time $t$, $\text{Z}_{ik}$ is a vector of explanatory variables made up of $\text{RISK}_{it}$ is the underwriting risk proxied as the the ratio claims paid to net premiums for insurer $i$ for time $t$, $\text{LEV}_{it}$ is Short-term loans plus long-term loans divided by the total assets for insurer $i$ for time $t$ to measure leverage, $\text{TANG}_{it}$ is the ratio of fixed assets to total assets for insurer $i$ for time $t$ to capture tangibility of assets, $\text{EFF}_{it}$ is management efficiency measured as the ratio of staff and administrative expenses to gross premium income for insurer $i$ for time $t$, $\epsilon_{it} =$ The error term for firm $i$ for time $t$, $\alpha_i =$ The time-invariant fixed effect.

**ESTIMATION PROCEDURE**

The tendency for a correlation between the unobservable heterogeneity $\mu_i$ of each firm and the explanatory variables of the model makes the ordinary least squares (OLS) biased. If there is a correlation, $E(\mu_i x_{it}) = E(\mu_i x_{i1t}) \neq 0$ or $\text{cov}(\mu_i x_{i1t}) \neq 0$, it would be possible to obtain the consistent estimation by means of the within-group estimator of fixed effects. Otherwise (random effects) a more efficient estimator can be achieved by estimating the equation by generalized least squares (GLS). The normal strategy to determine whether the
effects are fixed or random is to use the Hausman (1978) test under the null hypothesis of random effects model. However, the individual behaviour of the error terms (non-sphericity) was considered in estimating the model.

**EMPIRICAL ANALYSIS**

**Descriptive Statistics**

Firm profitability, earnings before interest and taxation is on average 6% of total assets but witnessed a high variation of 16% within the range of -43% and 47% with the mean premium growth being 15.46%. Over the period, the concentration ratios for two biggest firms (CR2) and four biggest firms (CR4) were 45% and 65%, indicating implying that life insurance was not competitive. With regards to the Herfindahl Index as a measure of market structure, the index value of 0.14.

The concentration ratios indicates a highly concentrated market. The average market share of life insurers in Ghana was 7 percent of industry premiums. The leverage ratio was 67 percent to total assets with underwriting risk of 0.36 implying that 36 percent of premiums collected are paid out as claims. On the macroeconomic variables, inflation rate and GDP growth rate averaged 12.95% and 7.95% over the study period.

**Table 5.1: Summary Statistics**

<table>
<thead>
<tr>
<th></th>
<th>ROA</th>
<th>HHI</th>
<th>CR2</th>
<th>CR4</th>
<th>TES</th>
<th>MS</th>
<th>LEV</th>
<th>RISK</th>
<th>INF</th>
<th>GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>0.06</td>
<td>0.147</td>
<td>0.46</td>
<td>0.68</td>
<td>0.62</td>
<td>0.07</td>
<td>0.67</td>
<td>0.36</td>
<td>12.81</td>
<td>7.95</td>
</tr>
<tr>
<td>Std. Dev</td>
<td>0.16</td>
<td>0.279</td>
<td>0.02</td>
<td>0.07</td>
<td>0.22</td>
<td>0.08</td>
<td>0.22</td>
<td>0.18</td>
<td>3.77</td>
<td>3.23</td>
</tr>
<tr>
<td>Skewness</td>
<td>-0.50</td>
<td>-1.11</td>
<td>-0.24</td>
<td>-1.49</td>
<td>-0.53</td>
<td>1.49</td>
<td>0.81</td>
<td>0.32</td>
<td>0.71</td>
<td>1.00</td>
</tr>
<tr>
<td>Kurtosis</td>
<td>4.49</td>
<td>3.05</td>
<td>2.41</td>
<td>3.69</td>
<td>3.08</td>
<td>4.43</td>
<td>4.88</td>
<td>2.34</td>
<td>1.89</td>
<td>3.09</td>
</tr>
<tr>
<td>Minimum</td>
<td>-0.43</td>
<td>0.105</td>
<td>0.41</td>
<td>0.51</td>
<td>-0.01</td>
<td>0.00</td>
<td>0.23</td>
<td>0.02</td>
<td>8.73</td>
<td>3.99</td>
</tr>
<tr>
<td>Maximum</td>
<td>0.47</td>
<td>0.157</td>
<td>0.49</td>
<td>0.71</td>
<td>1.00</td>
<td>0.31</td>
<td>1.39</td>
<td>0.77</td>
<td>19.25</td>
<td>14.39</td>
</tr>
<tr>
<td>Observations</td>
<td>67</td>
<td>84</td>
<td>84</td>
<td>84</td>
<td>67</td>
<td>60</td>
<td>67</td>
<td>84</td>
<td>14.39</td>
<td></td>
</tr>
</tbody>
</table>

**Correlation Analysis**

The correlation coefficient is a measure of the degree of linear relationship between two or more variables. Table 5.2 shows the correlation matrix for the variables defined in the previous section. There is a significant negative correlation between the return on assets as a measure of profitability and underwriting risk and inflation. This demonstrates that life insurance profitability is affected by rising underwriting risk and inflation rates. However, a significant positive correlation was established between return on assets and technical efficiency scores and market share. For the measures of market structure (HHI, CR2 and CR4), highly significant correlation were found. With regard to the correlations between the independent variables to test for the presence of multicollinearity, correlation coefficients of less than 0.5 was found among pairs of the independent variables giving an indication that potential multicollinearity problems will not be encountered in using all the independent variables in the regression equation.

**Table 5.2: Correlation Matrix**

<table>
<thead>
<tr>
<th></th>
<th>ROA</th>
<th>HHI</th>
<th>CR2</th>
<th>CR4</th>
<th>TES</th>
<th>MS</th>
<th>LEV</th>
<th>RISK</th>
<th>INF</th>
<th>GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HHI</td>
<td>-0.095</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CR2</td>
<td>0.033</td>
<td>0.941***</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CR4</td>
<td>-0.152</td>
<td>0.982***</td>
<td>0.894***</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TES</td>
<td>0.804***</td>
<td>-0.153</td>
<td>-0.107</td>
<td>-0.164</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MS</td>
<td>0.405***</td>
<td>-0.132</td>
<td>-0.140</td>
<td>-0.168</td>
<td>0.435***</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LEV</td>
<td>-0.006</td>
<td>0.145</td>
<td>0.150</td>
<td>0.167</td>
<td>-0.242**</td>
<td>-0.118</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RISK</td>
<td>-0.424***</td>
<td>0.032</td>
<td>0.038</td>
<td>0.055</td>
<td>-0.388***</td>
<td>0.150</td>
<td>0.315***</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>INF</td>
<td>-0.251***</td>
<td>-0.046</td>
<td>-0.293***</td>
<td>0.086</td>
<td>0.021</td>
<td>-0.024</td>
<td>-0.049</td>
<td>0.093</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>GDP</td>
<td>0.184</td>
<td>0.456***</td>
<td>0.725***</td>
<td>0.373***</td>
<td>0.006</td>
<td>-0.108</td>
<td>0.103</td>
<td>-0.122</td>
<td>-0.410***</td>
<td>1</td>
</tr>
</tbody>
</table>

***', '**', and '*' indicate significance at the 1%, 5%, and 10% levels respectively.
Model Diagnostics
The characteristics of the model influences the type of the estimation technique to be used in estimation of the regression models. Various tests were done to test for the presence of heteroskedasticity, serial correlation, normality. As shown below, the significance of the BP/CW test for heteroskedasticity indicates that all the three (3) are heteroskedastic with the Wooldridge (2002) test of no first order autocorrelation was rejected at 1% in all the three (3) models. Additionally, the Doornik-Hansen multivariate normality test rejected the null hypothesis of normality in all the three (3) models at 1% significance. In order to examine whether relationship exists between the explanatory variables and the disturbance terms which help choose between either the random effects and fixed effects, the Hausman (1978) specification test used. It tests the null hypothesis of random effects. From the table, the null hypothesis was rejected as the probability greater than chi is less than 0.05 in all the three models at 5% significance. All the three models were thus estimated using the fixed effects (FE) estimator with autocorrelation and heteroskedastic disturbance terms.

Table 5.3:

<table>
<thead>
<tr>
<th></th>
<th>MODEL 1</th>
<th>MODEL 2</th>
<th>MODEL 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hausman $\chi^2$ (7)</td>
<td>16.8**</td>
<td>16.87**</td>
<td>15.91**</td>
</tr>
<tr>
<td>Breusch-Pagan/Cook-Weisberg Hettest $\chi^2$ (1)</td>
<td>9.84***</td>
<td>9.68***</td>
<td>10.14***</td>
</tr>
<tr>
<td>Wooldridge (AR-1 Test): $F$ (1, 13)</td>
<td>32.482***</td>
<td>30.437***</td>
<td>31.481***</td>
</tr>
<tr>
<td>Doornik-Hansen MV Normality Test $\chi^2$ (16)</td>
<td>148.392***</td>
<td>131.49***</td>
<td>230.073***</td>
</tr>
</tbody>
</table>

‘***’ and ‘**’ indicate significance at the 1% and 5%, levels respectively.

REGRESSION RESULTS
As shown in table 5.3, the SCP hypothesis was rejected in all three models using the three different measures of market structure. In all three models, the coefficients of market power (HHI, CR2 and CR4) are negative and statistically insignificant. This indicates that life insurers with large market shares do not collude in setting prices to earn supernormal profits. This result is consistent with the findings of Jedlicka and Adusei (2006) on Austrian insurance firms. However, evidence was found for both the Relative Market Power (RMP) hypothesis and Efficient Structure (ES) hypothesis as indicated by the positive significance of both the market share (MS) and technical efficiency (TES) variables. This implies that life insurers with higher market share are earning greater profits because of well-differentiated products are able to exercise market power and earn supernormal profits (Shepherd 1982) per the RMP hypothesis. This does not support the notion that profitability is raised due to collusive behaviour resulting from increased concentration. Additionally, profitability of life insurers results from efficient firms being able to lower per unit cost to sell more products to capture larger market. This is evident by the significant positive relationship between technical efficiency scores (TES) and return on assets at 5 percent significance level. Thus this study provides support for both the RMP and ES hypothesis but provides contrary evidence in respect of the SCP hypothesis.
Table 5.4: Fixed Effects Estimation with AR (1) and Heteroskedastic Disturbance Terms

<table>
<thead>
<tr>
<th>DEPENDENT VARIABLE: RETURN ON ASSETS</th>
<th>MODEL 1</th>
<th>MODEL 2</th>
<th>MODEL 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>0.296 (4.30)***</td>
<td>0.482 (3.59)***</td>
<td>0.332 (4.19)***</td>
</tr>
<tr>
<td>HHI</td>
<td>-0.858 (-1.15)</td>
<td>-0.699 (-1.02)</td>
<td>-0.232 (-1.07)</td>
</tr>
<tr>
<td>CR2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CR4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TES</td>
<td>0.180 (2.67)**</td>
<td>0.180 (2.65)**</td>
<td>0.180 (2.66)**</td>
</tr>
<tr>
<td>MS</td>
<td>1.563 (1.85)*</td>
<td>1.564 (1.84)*</td>
<td>1.565 (1.85)*</td>
</tr>
<tr>
<td>LEV</td>
<td>-0.132 (-1.22)</td>
<td>-0.131 (-1.19)</td>
<td>-0.131 (-1.2)</td>
</tr>
<tr>
<td>RISK</td>
<td>-0.487 (-7.29)**</td>
<td>-0.487 (-7.23)**</td>
<td>-0.487 (-7.25)**</td>
</tr>
<tr>
<td>GDP</td>
<td>0.0001 (0.04)</td>
<td>0.0015 (0.37)</td>
<td>-0.0005 (-0.17)</td>
</tr>
<tr>
<td>inflation</td>
<td>-0.006 (-2.84)**</td>
<td>-0.006 (-2.85)**</td>
<td>-0.006 (-2.73)**</td>
</tr>
</tbody>
</table>

R-squared 0.8094 0.8071 0.8079
Adj. R-squared 0.7733 0.7706 0.7716
F(7, 24) 14.56*** 14.35*** 14.42***
Observation 14 14 14
Number of Firms 45 45 45

Numbers in parentheses are t-statistics. ‘***’, ‘**’, and ‘*’ indicate significance at the 1%, 5%, and 10% levels respectively.

Additionally, risk captured by underwriting risk exhibited a significant negative relationship of with profitability indicating that underwriting risky policies increases the likelihood of high claims payout lowering underwriting profits, hence reduced return on the life insurers assets all other things being equal. The negative relationship between risk and life insurance profitability also indicates that high risk life insurers tend to generate low returns on its assets. Of the macroeconomic factors, inflation exhibited significant negative relationship with profitability.

CONCLUSION

Effective regulation requires realistic understanding of both consumer and firm behaviour. With literature examining the structure of financial institutions mainly focused on banks in both developed and developing economies, therefore this paper sought to examine how the structure of life insurance market in Ghana and how it impacts on the behaviour of firms with regards to their pricing policies. The study empirically examined the structure conduct performance (SCP), relative market power (RMP) and efficient structure (ES) hypotheses on the life insurance market in Ghana. Profitability of life insurers in Ghana were found to be driven by market leaders with well differentiated products and low-cost producing insurers who capture large share. Though there is high concentration in the life insurance market, evidence was not found for the collusive behaviour of the few market leaders in charging high prices to achieve high returns.

Therefore, profits in the life insurance markets were found to be driven by the relative market power (RMP) and efficient structure (ES) and not structure conduct performance (SCP) hypothesis. Of the other control variables, underwriting risk and inflation were also found to influence life insurers’ profitability.

Studies on market structure has both regulatory and economic implications for managers of firms and regulatory authorities. Life insurers managers can seek to increase profitability by being efficient and adequately differentiate their products from competitors. For regulators, though evidence was not found for SCP, anti-competitive policies should be strengthened improve upon competition within the market.

From a methodological perspective, a dynamic panel estimation can employed to deal with a potential of endogeneity common with panel data models as well as examine the persistence of life insurers profitability in Ghana. It is the recommendation of this study for future researchers to test the factors that drive profitability in non-life insurance market in Ghana.
REFERENCES


Determinants of Interest Rate Spread in Ghana; Does GDP Growth Matter?

Sarah Serwah Boateng
Department of Finance
University of Ghana Business School
ssboateng@ug.edu.gh

Matthew Ntow-Gyamfi
Department of Finance
University of Ghana Business School
matthewntowg@gmail.com

ABSTRACT

Higher levels of interest rate spread in the Ghanaian banking sector over the years signals some amount of inefficiency in the intermediation role played by these banks. Studies into the factors that account for interest rate spread in Ghana have usually neglected the possible effect that the growth in GDP could have on bank spread. In this study, we investigate the possible effect of GDP growth on bank spread in Ghana using data from 23 banks for the period 2005 – 2010. We find a statistically significant positive association between interest rate spread and GDP growth, advance to deposit ratio, capital adequacy, bank size, and concentration. Our results also show a significant negative association between interest rate spread and credit risk. We recommend that there should be parallel development of the capital market with GDP growth to ease the pressure on bank credit which has the tendency to increase bank spread.

Keywords: Bank Spread, Net Interest Margin, GDP growth, Ghana

INTRODUCTION

The prominence of financial intermediation in the development of economies cannot be overstated. The banking sector plays a critical role whenever financial intermediation is mentioned. Efficient financial intermediaries and an efficient banking sector is crucial to economic development. It is interesting to note that the level of interest rate spread is a proficient gauge for the assessment of banking sector efficiency. Regrettably, interest rate spread has been found to be higher in African, Latin American and the Caribbean countries than in OECD countries (Randall, 1998; Brock and Rojas-Suárez, 2000; Chirwa and Mlachila, 2004; Gelos, 2006; Crowley, 2007). In spite of financial sector reform programmes adopted among the developing economies, their banking sectors are still characterized by high interest rate spreads. It is held that Ghana is among the leading African countries with high interest rate spread; a situation that inhibits economic development. The financial liberalization adopted by most developing economies allowed banks the liberty to set their lending and deposit rates. It is then left to borrowers and savers to decide which banks they want to deal with and in what amounts. In a situation where the financial system is not well-developed, is inefficient and uncompetitive, banks' lending rates could be artificially high and deposit rates artificially low, making borrowers and savers reduced essentially to “price takers” in the markets. This is to say, the market has to accept rates thrown up by an uncompetitive and inefficient banking system. It is worth noting that the Ghanaian banking sector operates under such conditions.

The issue of Bank interest spreads in Ghana has generated considerable public debate recently as the gains of the macro stability have not been translated into significant decline in interest rate spreads. Interest rate spread is a key variable to investigate since it borders on the efficiency of banks in playing their intermediation role. In this paper, we investigate the determinants of interest rate spreads in Ghana while focusing attention on GDP growth. In literature, there have been numerous variables both endogenous and exogenous to the operations of banks that have been widely explored. However, only few have been done on the Ghanaian banking sector. For those that have considered the Ghanaian banking sector, the attention has been on macroeconomic factors other than GDP growth; hence this paper fills the vacuum. As Ghana’s banking sector positions itself to take advantage of government policies and GDP growth, it is imperative to examine the
relationship between interest rate spread and GDP growth. Findings of the study are of immense benefit to academics, practitioners and policy-makers alike.

The rest of the paper is structured as follows: Section 2 looks at a review of relevant literature; Section 3 concentrates on methodology; Section 4 discusses empirical results and; Section 5 concludes with policy recommendations.

LITERATURE REVIEW

In Ghana, interest rate spreads have been researched by some authors including Bawumia et al (2005) and Aboagye et al. (2008). They assert that the interest rate spread in Ghana has been the widest among a number of sub-Saharan African countries that have been liberalizing their economies. Explaining further on interest rate spreads in Ghana, Gockel and Mensah (2006) used an accounting approach to study bank income statements over the period of 1997–2004 and documented that ‘the economy of Ghana experienced high interest rate spreads that averaged 15.79 percentage points.’ They pointed out that the largest source of the interest rate spread was the operating costs of banks. Thus, the inefficiency among the banks resulting in high interest rate spread. Upon further analysis, they concluded that large banks were more efficient in terms of cost and exploit their size for better profitability. Given that the country’s macroeconomic environment has improved, stakeholders expect interest rate spreads to show signs of contraction; however, the case is quite different. For example, the central bank (Bank of Ghana, 2001) reports that ‘despite the fall in inflation and borrowing rates, the deposit money banks (DMBs) lending rates increased during the quarter, from June to September 2001; thus further increasing the spread in interest.’

Bawumia et al. (2005) investigated the impact of policy factors (inflation, Treasury bill rate and liquidity requirements) on bank interest rate spread in Ghana. They concluded that market share (their indicator of the structure of the industry), operating cost, indicator of lagged nonperforming loans, bank net worth, and inflation are important in explaining net interest margins (spread).

Endogenous determinants of interest rate spread

Researchers have noted that the specific characteristics of commercial banks that are usually theorized to have an impact on their spreads include the size of the bank, ownership pattern, the quality of the loan portfolio, capital adequacy, overhead costs, operating expenses, and shares of liquid and fixed assets (Demirguc-Kunt and Huizinga, 1998; Moore and Craigwell, 2000; and Sologoub, 2006). In the case of Robinson (2002), he pointed out that the incidence of fraud, the ease with which bad credit risks survive due diligence, and the state of corporate governance within banks all lead to higher operating costs, asset deterioration and ultimately wider interest rate spreads. In view of this, it is obvious that such bank-specific factors impact significantly on commercial banks’ net interest margins. In spite of this, Brock and Franken (2002) suggested that individual bank characteristics are often not tightly correlated with interest rate spreads. This may be because spreads are largely determined at the industry level, thus making industry characteristics more relevant to other variables, such as bank profitability.

Exogenous determinants of interest rate spread

The issue of macroeconomic factors has also been shown to explain significant variation in commercial bank interest rate spreads. Brock and Franken (2003) quote from a Moody’s report which argues that, “macroeconomic factors are certainly among the most influential sources for variations in credit spreads.” Chirwa and Mlachila (2004) concur and assert that macroeconomic instability and the policy environment have important impacts on the pricing behaviour of commercial banks. They note that the macroeconomic variables typically thought to be determinants of interest rate spreads include inflation, growth of output, and money market real interest rates. Brock and Franken (2002) include interest rate uncertainty and exchange rate volatility, and Randall (1998) also includes the share of commercial bank public sector loans in her list of determinants of spreads in the Caribbean. Tennant (2006) showed that macro policy variables, such as public sector domestic borrowing, discount rates and Treasury Bill rates, are commonly perceived to impact on commercial bank spreads.

A good number of studies have documented that interest rate spreads are widened by scale diseconomies due to the small size of markets (Demirguc-Kunt and Huizinga, 1998; Robinson, 2002; Moore and Craigwell, 2000; Chirwa and Mlachila, 2004; Jayaraman and Sharma, 2003). To this, there has been evidence in support of the fact that interest rate spreads are increased by: greater market power of banks (Barajas et al, 2000); less or
poorly-developed banking sectors (Demirguc-Kunt and Huizinga, 1998); high reserve requirements (Barajas et al., 2000); inefficient legal system and high corruption (Demirguc-Kunt and Huizinga, 1998).

METHODOLOGY

We employ the use of panel data methodology. This approach differs from a cross-sectional or pure time series approach and provides results that are simply not detectable in pure cross-sections or pure time-series studies (Abor, 2007). The generalized form of the panel model is stated as follows:

\[ Y_{it} = \alpha_i + \beta X_{it} + \epsilon_{it} \]  

(1)

Since the panel approach is a combination of the pure time series and pure cross-sectional approaches, the subscript \( i \) represents the cross-sectional dimension while the subscript \( t \) represents the time-series dimension. \( Y_{it} \) represents the dependent variable of the model. For the purpose of our study, the dependent variable is NIM which we use as a proxy for interest rate spread of the bank \( i \) at time \( t \). \( \beta \) is a vector of parameters of the explanatory variables to be estimated. \( X_{it} \) is a vector of explanatory variables comprising our GDP growth which is the focus of the study and other control variables. \( \alpha_i \) is constant over time \( t \) and specific to the individual firm \( i \). According to Abor (2007), the ordinary least square (OLS) provides a consistent and efficient estimate of \( \alpha \) and \( \beta \). Consequently, we estimate the following model for our empirical analysis:

\[ NIM_{it} = \alpha_i + \beta_1 GDP_{it} + \beta_2 ROE_{it} + \beta_3 ROA_{it} + \beta_4 ADEP_{it} + \beta_5 CADEQ_{it} + \beta_6 NPLG_{it} + \beta_7 INTINC{it} + \beta_8 SIZE_{it} + \beta_9 INF_{it} + \beta_{10} HHIASSET_{it} + \epsilon_{it} \]  

(2)

Where:

- NIM\(_{it}\) = Net Interest Margin of bank \( i \) in time \( t \)
- GDP\(_{it}\) = growth in Gross Domestic product at time \( t \)
- ROE\(_{it}\) = Return on Equity of bank \( i \) in time \( t \)
- ROA\(_{it}\) = Return on assets of bank \( i \) in time \( t \)
- ADEP\(_{it}\) = Advances to Deposits ratio of bank \( i \) in time \( t \)
- CADEQ\(_{it}\) = Capital Adequacy ratio of bank \( i \) in time \( t \)
- NPLG\(_{it}\) = ratio of Non-performing loans to Gross Loans of bank \( i \) in time \( t \)
- INTINC\(_{it}\) = ratio of Interest Income to Total Assets of bank \( i \) in time \( t \)
- SIZE\(_{it}\) = Size (log of total assets) of bank \( i \) in time \( t \)
- INF\(_t\) = inflation rate at time \( t \)
- HHIASSET\(_t\) = asset concentration at time \( t \)
- \( \epsilon \) = the error term

Sample and Variables

The sample of the study comprised all banks in Ghana that have been in existence for the six year period (2005 - 2010) under study. In all, a total of 23 banks were used in the study. These banks were selected purely on the basis of availability of data. Data on inflation and GDP growth are obtained from the Ghana statistical office while data on the all other variables are extracted from the financial statements of the banks from 2005 to 2010. The data used was an unbalanced panel data. This study aims to investigate the impact of GDP growth on the interest rate spread in Ghana. Our use of NIM as a proxy for spread stems from the fact that banks have multiple varying lending and borrowing rates which makes it difficult to determine the spread of a bank using these rates. In the light of same challenges studies by Aboagye et al. (2008) and Bawumia et al. (2007) have all used the NIM as a proxy for interest rate spread.

As the economy grows, there are several other growing opportunities that individuals may invest their funds in. This means that for banks to be able to attract deposits they should be willing to offer higher deposit rates for depositors in order to get individuals to forgo the other options available to them. In this regard, GDP growth is expected to impact negatively on the spread (lending rates – deposit rates) of banks. On the other hand, a growing economy will mean that there are several investment opportunities available. This will cause individuals to demand more of bank loans to be able to take advantage of these opportunities. An increase in the demand for bank loans ceteris paribus will cause banks to increase their lending rates; thus, a positive impact on interest spread by a growing economy. We posit that any of these relationships may exist and that we do not have an a priori expectation sign between these two variables.
EMPirical Results

Table I: Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Median</th>
<th>Standard Deviation</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROE</td>
<td>0.34325</td>
<td>0.17143</td>
<td>1.2405</td>
<td>-0.9977</td>
<td>12.918</td>
</tr>
<tr>
<td>ROA</td>
<td>0.04248</td>
<td>0.02153</td>
<td>0.1411</td>
<td>-0.209</td>
<td>0.9282</td>
</tr>
<tr>
<td>NIM</td>
<td>0.59796</td>
<td>0.58222</td>
<td>0.1977</td>
<td>0.27091</td>
<td>1.6645</td>
</tr>
<tr>
<td>ADEP</td>
<td>1.24978</td>
<td>0.65193</td>
<td>6.077</td>
<td>0</td>
<td>69.836</td>
</tr>
<tr>
<td>CADEQ</td>
<td>0.12217</td>
<td>0.11347</td>
<td>0.0588</td>
<td>0.02666</td>
<td>0.3593</td>
</tr>
<tr>
<td>NPLG</td>
<td>0.05103</td>
<td>0.02807</td>
<td>0.0734</td>
<td>0</td>
<td>0.6363</td>
</tr>
<tr>
<td>INTC</td>
<td>0.11685</td>
<td>0.11376</td>
<td>0.0309</td>
<td>0.0359</td>
<td>0.2337</td>
</tr>
<tr>
<td>SIZE</td>
<td>8.4076</td>
<td>8.52571</td>
<td>0.5247</td>
<td>5.71318</td>
<td>9.3235</td>
</tr>
<tr>
<td>GDPg</td>
<td>0.06624</td>
<td>0.0629</td>
<td>0.0114</td>
<td>0.04992</td>
<td>0.0843</td>
</tr>
<tr>
<td>INF</td>
<td>0.14058</td>
<td>0.1355</td>
<td>0.0325</td>
<td>0.107</td>
<td>0.193</td>
</tr>
<tr>
<td>HHIASSETS</td>
<td>0.08354</td>
<td>0.07878</td>
<td>0.0173</td>
<td>0.06604</td>
<td>0.1175</td>
</tr>
</tbody>
</table>

Summary of Descriptive Statistics

Table I shows the descriptive statistics of the dependent and the independent variables. The mean (median) of the NIM is 0.59796 (0.58222). Given that we measure NIM as (interest income – interest expense) / interest income, the mean shows that interest rate spread of banks is quite on the high side. The figures indicate that banks generally pay less than 50% of their interest income to depositors in the form of interest expense. The mean (median) growth in the gross domestic product for the period under study has been 0.06624 (0.0629) indicating about 6% growth rate in the GDP for the period under study. With a standard deviation of about 0.0114, the GDP growth has not varied much for the period. A high (0.5247) standard deviation for the bank size indicates a wide disparity between the asset base of Ghanaian Banks.

Regression Results

We employ the OLS regression in investigating the relationship between the interest rate spread and GDP growth. The results of the regression estimation are presented in Table II. Results show that cumulatively, the independent variables explain about 48.6% of the total variation in the dependent variable. The F-statistics also show that the estimation of the model is significant. This shows a valid statistical relationship between interest rate spread and the explanatory variables. We found the problem of multicolinearity among our measures of GDP growth and inflation. To solve this problem, we first estimated the model by dropping inflation. After which we estimated the model with inflation and dropped GDP growth. The results of the later still showed inflation to be insignificant determinant of spread; as such, we do not report results of this estimation.

Table II: Regression model results

<table>
<thead>
<tr>
<th></th>
<th>Coefficient</th>
<th>t- statistic</th>
<th>prob</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>-0.9800</td>
<td>-3.5600</td>
<td>0.0010</td>
</tr>
<tr>
<td>ROE</td>
<td>-0.0160</td>
<td>-0.7430</td>
<td>0.4590</td>
</tr>
<tr>
<td>ROA</td>
<td>0.2240</td>
<td>1.1510</td>
<td>0.2520</td>
</tr>
<tr>
<td>ADEP</td>
<td>0.0540</td>
<td>3.3260</td>
<td>0.0010</td>
</tr>
<tr>
<td>CADEQ</td>
<td>1.0490</td>
<td>4.9380</td>
<td>0.0000</td>
</tr>
<tr>
<td>NPLG</td>
<td>-0.3340</td>
<td>-2.5800</td>
<td>0.0110</td>
</tr>
<tr>
<td>INTC</td>
<td>-1.0420</td>
<td>-2.6030</td>
<td>0.0100</td>
</tr>
<tr>
<td>SIZE</td>
<td>0.1150</td>
<td>4.3530</td>
<td>0.0000</td>
</tr>
<tr>
<td>GDPg</td>
<td>2.4170</td>
<td>2.4580</td>
<td>0.0150</td>
</tr>
</tbody>
</table>
We find GDP growth to be positively related to interest rate spread; a relationship that is significant at 5%. This shows that as GDP continues to grow, banks’ interest rate spread increases. The findings suggest that as there is a continuous growth in the economy, new investment opportunities are created and these opportunities require capital investments. There is therefore an increased demand for funds to invest in them. In emerging economies like Ghana, where the capital market is still in its developing stage, the banking sector remains the key provider of funds for investment. This situation causes an increase in the demand for bank credit which in turn increases the rates banks quote on the loanable funds. The results show that ROE and ROA impact on interest rate spread negatively and positively respectively. However, we do not find these relationships statistically significant. This may be as a result of the fact that interest rate spread is a constituent of bank profitability rather than the inverse of that relationship.

We find a significant positive relationship between our dependent variable and the advance to deposit ratio. This suggests that as the deposits to a bank reduces relative to the advances made by the bank, there will be more pressure on the bank with regards to how to fund their advances. Put differently, reduction in the deposits implies a supply shortage of the advances which results in higher rates being charged on the advances that banks make. To ensure that spread is reduced, banks should embark on aggressive deposit mobilization campaigns to attract more customer deposits. Although capital adequacy ratio is by law expected to be at least 10%, the results of the study show that there is a very significant positive relationship between the capital adequacy and the interest rate spread. An increased capital adequacy ratio means that banks are increasing the equity component of their capital structure relative to their total assets held. As equity employed by the bank increases, there is an increased demand on the bank to make more profit to compensate the providers of equity which happens to be a very expensive type of capital.

Contrary to the expectation that an increase in credit risk will lead to an increased spread charged by banks, the study finds a significant negative relationship between NIM and the ratio of non-performing loans to gross loans. Aboagye et al. (2008) also found this relationship to be negative as well but not significant. The results confirm the suggestion of Aboagye et al. (2008) that the provisions for bad and doubtful debt made by the banks may not necessarily be in line with the credit risk that they face. One would expect that as a bank grows it will improve on its ways of doing business and also employ technology that could decrease its operating cost; hence lower spread. However, our results suggest that larger banks rather charge higher interest rate spread. We conjecture that in the Ghanaian banking industry the theory of economies of scale is not evident. We also find that concentration of assets in the industry is a significant positive determinant of interest rate spread. We conjecture that concentration increases monopolistic power making the monopolies charge higher interest rate spread. Lower concentration will mean increased competition which could cause banks to reduce the spread as an attempt to outwit competitors. This finding is consistent with the findings of Aboagye et al. (2008). Finally, we find a significant negative relationship between our dependent variable and ratio of interest income to total assets of bank.

CONCLUSIONS AND IMPLICATIONS

The study investigates the possible influence of GDP growth on the extent of bank interest rate spread in Ghana. The results show a significant positive relationship between the GDP growth and NIM which we employed as our measure of interest rate spread. The findings further indicate a positive relation between spread and advances to deposits, capital adequacy, bank size and concentration. We however found a negative relationship between the dependent variable and non-performing loans to gross loans and interest
income to total assets. The implication of the results is that it is in line with the argument that a growing economy creates several opportunities and that there will be an increase in the demand for bank loans to take advantage of these opportunities. The demand on bank loans increases particularly because in emerging markets such as Ghana, the capital market is not strong enough to provide adequate funding for investments. To ensure that banks do not charge higher interest rate spread with a growing economy, there must be a conscious effort to develop the capital market along with the growing economy. This will better place the capital market to provide the needed funds to take advantage of the investment opportunities that may come with the economic growth. There must be a conscious effort from all stakeholders to embark on policies that can encourage savings and investment in the banks so as to reduce interest rate spread. We recommend that future research interact GDP growth with capital market development to ascertain its impact on the interest rate spread of Ghanaian banks.

REFERENCES


Government Spending, Spending Discipline and External Debt Stock among HIPC’s in Africa

David Mensah  
Department of Finance  
University of Ghana Business School  
deamensah@gmail.com

Anthony Q.Q. Aboagye  
Department of Finance  
University of Ghana Business School

Joshua Abor  
Department of Finance  
University of Ghana Business School

Anthony Kyereboah-Coleman  
Formerly of the Department of Finance  
University of Ghana Business School

ABSTRACT

Purpose – The purpose of this paper was to investigate the relationship between government expenditure, government spending discipline and external debt stocks among HIPC countries in Sub-Saharan Africa (SSA).

Design/Methodology – Data were collected for 24 HIPC countries in SSA over the period 1980 to 2010. The data were obtained from diverse sources. The study employed variations of the General Method of Moments (GMM) estimation technique to arrive at its conclusions. Specifically, we employed the Arellano-Bond, and Arellano-Bover/Blundell-Bond GMM estimators.

Findings – Government expenditure has been on the rise following the introduction of the HIPC initiative. Government expenditure was also found to be positively related to external debt stocks even after controlling for the HIPC initiative. In spite of these developments the study found that periods in which governments have been disciplined in their expenditure have significantly contributed to the reduction of the external debt stocks among HIPC countries.

Research Limitations/Implications – Perhaps a more appropriate way to tackle the debt problem in HIPC’s is to take a holistic appraisal of the root causes of excessive external debts. We have relied on just one of the root causes but hope that future studies will focus on the revenue generation ability of the countries and the entire fiscal balance.

Originality/Value – This paper is the first to examine the behaviour of government expenditure following the introduction of the HIPC initiative.

Paper Type – Research Paper

Keywords: Government Expenditure, Government Spending Discipline, External Debt Stock

Cite As:


INTRODUCTION

The impact of the excessive external debt that plagued the African continent have been well documented (Scott (1994): Ofosu (2008): Shalishai (2008): Ndikumana and Boyce (2011): MohdDaud and Podivinsky (2012)). The economic impact of the excessive indebtedness attracted a pool of recommendation from academic and non-academic spheres (Osinibu et al (2010): Al-Fayoumi et al (2012)). The recent development in Europe concerning external indebtedness calls for a retrospective and holistic re-examination of the propositions that have been put forward to deal with Africa’s debt crisis. Debt burdens in Africa have significantly declined following the introduction and implementation of both HIPC and enhanced HIPC initiatives by multilateral and bilateral donors. Despite numerous rescheduling packages of external debt, the plights of most African countries have worsened (Nagasam (1991): Muhanj and Ojah,(2011)) and sustainability still remains a challenge notwithstanding the declines in debt levels (Yang and Nyberg, 2009).
Completion and exiting from the HIPC initiative is by no means a panacea to the debt sustainability problems of African countries (Yang and Nyberg, 2009). Several theories and solutions have been advanced for achieving sustainability of Africa external indebtedness with the majority of researchers calling for extensive structural reforms as a way of dealing with the problem. The first of these proposed solutions is in the area of export diversification. Low income countries are mostly dependent on revenues from the export of a single or few commodities such as gold (Ghana, South Africa), cocoa (Cote d’Ivoire), coffee (Ethiopia), petroleum (Nigeria) etc. such limited scope of export earning ability greatly impairs the revenue generation potential and debt sustainability of these poor counties. This state of affairs still lingers on in most African countries even after completion of all phases of HIPC program. Yang and Nyberg (2009) used Herfindahl Index (HI) defined as the sum of squared share of each particular export to assess the performance of exporting diversification in HIPC and non-HIPC countries. Their findings revealed that there are limited improvements in export diversification in HIPC completion point countries. The majority of HIPC still export specialized commodities and none of these countries could be classified as being highly diversified according to the HI used by Yang and Nyberg (2009).

Debt sustainability has also been endangered by poor fiscal reforms in recipient countries. The revenue generation and mobilization has also been called into question as to whether they have significantly improved in HIPC so as to prevent a cyclical debt problem. For instance Yang and Nyberg (2009) again found that although some HIPC have witnessed massive increase in government revenue to GDP ratios, other countries such as Mozambique and Zambia have experienced a decline in their fiscal revenue mobilization efforts. The cause of unsustainable external debt is not limited to only the two reasons above. The state of governance also leaves much to be desired as to whether external indebtedness can be sustained on the continent. Non-HIPC have been found to enjoy better policy and institutional framework (Yang and Nyberg, 2009). This finding remains a cause for despair and most definitely threatens the debt sustainability of HIPC in Africa. Perhaps these problems or issues with debt sustainability in Africa still linger on because the thresholds that earmark the HIPC and non-HIPC status of a country are in themselves incorrect. This latter position has been strongly emphasized by Muhanji and Ojah (2011). They argued that it is fundamental to get right what constitute sustainable debt level, most especially for African countries. It appears that the appropriate threshold for African countries has not been ascertained (Muhanji and Ojah, 2011: Manase and Roubini, 2009: Caliari, 2006). Given that the policy threshold for external debt has been wrongly quoted for Africa, its sustainability will still remain a strong challenge for the governments even after reaching the completion point of the HIPC initiative. In this study we investigate one of the root causes external indebtedness of a country. If debt levels are to remain sustainable, then the fundamentals should be rightly built. This study seeks to establish the relationship between government expenditure and external indebtedness after controlling for the HIPC initiative. Secondly and most importantly we seek to establish a link between government spending discipline and external debt stocks. This study is unique in that it provides an assessment of the HIPC initiative through the lens of government discipline and also tells whether the continent is likely to slip back into a cycle of debt despite the massive debt forgiveness.

LITERATURE REVIEW

Our discussion of the literature on external debts in Africa commences with definitions of some critical constructs regarding external debt and its sustainability. This is followed by a discussion on the evolution of external debts from a theoretical perspective. Finally, the section concludes by examining the plethora of empirical evidence on debt and debt sustainability in Africa and how our present study deviate from the earlier studies.

External debt is defined as the outstanding amount of actual current and, not contingent liabilities that require payment(s) of principal and/or interest by the debtor at some period(s) in the future and that are owed to non-residents by residents of an economy (IMF 2003:2008). The qualifying conditions for a debt to be qualified as external debt require that such liabilities should be existing and outstanding. The decisive issue is whether the creditor has financial claims on the debtor. Such claims may be created through value transfer, law and events that require future transfer of payments. (IMF, 2003:2008). For the purpose of the discussion in this paper it is also important to distinguish between the flow of and stock of external debt. The stock of external debt refers to the value of external debt measured at a specific period in time. This includes all previous accumulations of external debt. Flow of external debt on the other hand measures external debt over some defined time interval usually within one year. We employ the former concept (stock) in our discussions. Another important issue this study seems to uncover is the sustainability of external debt burdens after the HIPC initiative. Sustainability of external debt is generally defined as the ability of a country to settle its current
and future external debt obligations in full without recourse to debt rescheduling or accumulation of arrears (IMF 2003). Sustainability of external debt is a reflection of the liquidity and solvency positions of a country over the medium-term. Solvency refers to the ability of borrowers to pay its debt on continuous basis while liquidity is normally determined by the existence of liquid assets capable of meeting the debt obligations of the country. Clearly a worsening liquidity position creates solvency problems. Solvency and liquidity positions are normally examined via ratios that help indicate potential debt related risks. The ratios employed by the IMF and World Bank are either based on flow or stock variables. These include debt-to-export ratio, present value of debt-to-exports ratio, debt-to-GDP ratio, present value of debt-to-GDP ratio, present value of debt-to-fiscal revenue ratio, debt service to exports ratio and the ratio of international reserves to short term debt. The purpose of HIPC was to bring these ratios to sustainable levels for poor economies.

THEORETICAL NEXUS BETWEEN GOVERNMENT EXPENDITURE AND EXTERNAL DEBT STOCKS

A theoretical linkage between government spending and external debt stocks cannot be established without making reference to the government budgetary process. Governments attempt to strike a balance between revenues and expenditure. Government expenditure is typically made up of two components, the first comprise public spending on consumption and investments plus transfer payment. The second element of the government expenditure is interest payment on its debt stocks. The total amount of interest payment is given as the product of the rate of interest “i” and the stock of debt “B” in a given year. We also say that the government runs a budget deficit when its revenues from taxes “T” and other sources fall short of its expenditure “G”. In mathematical notation we represent the government deficit as:

\[ \text{Deficit} = G - T + iB \]  

(1)

There are at least three sources from which the government can finance its deficit. The first option is the issue more government bonds in the open market to raise the needed funds either locally or internally. The second option is to create more money through an autonomous monetary institution via seignorage. The final option which remains quite unpopular is to rely on the proceeds from the sale of state assets or divestiture. The use of debt to finance the use of debt to finance the persistent deficits in most African countries is the focus of this paper.

The stability of debt burdens depends on the government’s ability to match its revenues to its expenditure year after year. Total revenue from taxes, increase in debt stocks, and increases in money supply should be equal to the government’s expenditure (G) and interest on its total debt (B). In other words to prevent excessive accumulation of debt, the government must ensure that expenditure needs are sustainable by the revenue as shown in equation (2)

\[ T + \Delta B + \Delta M = G + iB \]  

(2)

Where:

- \( T \) = Revenue from taxes
- \( \Delta B \) = Changes in total debt stocks
- \( \Delta M \) = Changes in money stock
- \( G \) = Government expenditure
- \( i \) = interest rate on debt
- \( B \) = Total Debt stocks

From equation (2) we can decompose total debt stock (B) into Domestic Debt (D) and External or Foreign Debt (F). The evolution of the domestic debt (D) depends on domestic interest rates (c) whiles the foreign debt is determined by the foreign interest rate (r) and prevailing exchange rates. The product of the local exchange rate and the foreign denominated debt yields a local currency denominated foreign debt. A more elaborate form of equation (2) is given as:

\[ T + \Delta D + \Delta F + \Delta M = G + cD + rF \]  

(3)

Dividing both sides of equation three by nominal GDP (PY, where \( P \) = g general price levels and \( Y \) = output) and expressing variables as income shares by their lower-case letters yields:
Our interest lies in the dynamics of the foreign debt and its sustainability overtime.

Given that \( f = \frac{F}{PY} \) this implies that \( F = f(PY) \). Taking small changes in the foreign debt stock \( (F) \) yields

\[
\frac{\Delta F}{PY} = \frac{\Delta fPY + \Delta PfY + \Delta YfP}{PY} \quad \ldots \ldots \ldots \ldots (5)
\]

Dividing through equation (5) by \( PY \) yields:

\[
\frac{\Delta F}{PY} = \frac{\Delta f + \pi f + yf}{\Delta f + (\pi + y)f} \quad \ldots \ldots \ldots \ldots (6)
\]

Employing a similar substitution for the domestic debt results in the following equation:

\[
\frac{\Delta D}{PY} = \frac{\Delta d + \pi d + yd}{\Delta d + (\pi + y)d} \quad \ldots \ldots \ldots \ldots (7)
\]

If we should also re-write, from equation (4):

\[
\frac{\Delta M}{PY} = \frac{\Delta M}{M} \times \frac{M}{PY} = \mu m \quad \ldots \ldots \ldots \ldots (8)
\]

Where \( \mu \) = \( \frac{\Delta M}{M} \) = growth rate in money the stock and

\( m = \) the share of money stock in national income

Substituting the values of equations (6), (7) and (8) into equation (4) yields:

\[
\Delta f = g - t - \mu m - \Delta d - (\pi + y)(d + f) \quad \ldots \ldots \ldots \ldots (9)
\]

For a stable external debt stock, equation 9 proposes several remedies: the stability of external depends on the primary deficit \( (g-t) \), the share of money stock in national income \( (m) \) and growth rate in money stock \( (\mu) \). The change in domestic stock as a share of income is also a factor that needs critical attention. Changes in price levels, inflation, output growth rate \( (y) \) and the interest rate on foreign debt all play a significant impact on the stability of external debt.

Specifically, increases in inflation and real output growth leads to substantial reduction in the share of external debt to output ratio. A widening primary deficit increases the external debt ratio. A decline in money supply as a share of income leads to increase in external debts and finally increased levels of domestic borrowing also increase the share of external debt because governments come under intense pressure to meet local liabilities with external resources.

**EMPIRICAL EVIDENCE**

**GOVERNMENT SPENDING AND EXTERNAL DEBT**

The review of the theoretical literature on debt sustainability revealed the significant role of government spending and revenue collection for achieving debt sustainability. Significant reductions in government expenditure would lead to an improvement in the sustainable debt levels greatly; at least at this theoretical level. The mathematics may also hide some potential flaws in practice. Huge cuts in expenditure and increases in tax collection/revenue may have significant impact on national output/income and consequently price level (inflation). Notwithstanding this possibilities, the fiscal discipline interms of reduction in government expenditure and increased tax collection efforts is a sure way to achieve sustainable external debt.

On the empirical front, many researchers have investigated the influence of fiscal discipline in attaining sustainable debt levels. Abbas et al, (2011) relied on historical patterns and dynamics of public debt from a newly constructed data set spanning 1880-2007 to establish the fact that fiscal discipline specifically the
primary balance, plays a key role in the debt reduction process for 178 countries. Argenor and Yilmaz (2011) compared the performance of balanced budget rules that includes and excludes productive spending and primary surplus rules numerically. They found that primary surplus rules that exclude productive spending performed better in response to a variety of shocks. The reverse side of the fiscal discipline-external debt relationship has also been assessed by Bulut (2011). His findings show that net external debt affects current imbalances through their effect on private consumption. For developing countries, this led to the running 2.7% points wider current account deficit in the absence of a negative impact of net external debt.

The argument about the importance of fiscal discipline in the long-term stability of the overall economy remains unclear at the empirical level. Clinton et al (2011) demonstrated that well-targeted reduction in budget deficit can lead to a considerable increase in both growth rate and level of output. Gale and Orzag (2003) also pointed out that the evidence from the literature as whole remains mixed about the impact or effect of budget deficits on interest rates. In support of the findings of Clinton et al (2011), they found that long-term deficit reduces national savings and impose substantial long run cost on the economy regardless of whether interest rates are affected or not. Increased budget deficit reduces future income. The reduction in future income represents the true cost of a failure of fiscal discipline. Branch and Adderley (2009) used a calibration technique and data for the Bahamian economy to establish that despite some fiscal indiscipline in the latter part of their sample period, debt levels still remained sustainable.

We end the discussion on fiscal discipline with some cautionary note from Fischer and Easterly (1990) that although budget constraint points to the dangers that arise from excess budget deficits, inflation, exchange rate crisis, external debt crises, and high real interest rates with implications for the real exchange rate and trade balances, the fact that fiscal discipline is sustainable does not make it optimal for a given economy. The plethora of evidence on fiscal discipline has highlighted significant relationship with debt sustainability and other macro-economic performance variable. In this study we seek to examine the impact of fiscal discipline on pre and post HIPC era of African countries. To the end that we establish our like escape from future unsustainable debt levels.

RESEARCH METHODOLOGY

We follow a panel regression approach to uncover the relationship between government expenditure, government spending discipline and external debt accumulation in Africa after controlling for the HIPC initiative. The use of panel date greatly increases the sample size and thereby improves the reliability of coefficient estimates.

Following the review of the theoretical and empirical literature we adopt a model of the form:

$$EDGDP_{it} = \beta_0 + \beta_1 GovExp_{it} + \beta_2 CONTROLS_{it} + \epsilon_{it} \quad \ldots \ldots \ldots \ldots \ldots \ldots \ldots (10)$$

And

$$EDGDP_{it} = \alpha_0 + \alpha_1 GovDisc_{it} + \alpha_2 CONTROLS_{it} + \epsilon_{it} \quad \ldots \ldots \ldots \ldots \ldots \ldots \ldots (11)$$

Where:

$EDGDP_{it}$ = external debt stock to GDP ratio for country “$i$” in time “$t$”.

Govexp = government expenditure for country “$i$” and time “$t$”. Our measure of government expenditure is defined as the ratio of government consumption expenditure to GDP ratio.

GovDisc = Government Spending Discipline. This variable is a dummy that takes on a value of 1 in periods where governments have successfully reduced their spending budget from the previous year and a value of 0 where government expenditure have increased or remained the same from the previous year. In addition to the two variables of interest we include some standard determinants of external debt stocks as control variables. The list of control variables include; growth rate of per capita GDP (GROWTH), average interest rate on new external borrowings (INT), inflation (INF), money stock (M2), exchange rate (EXR), export earnings to GDP ratio (EXPORT), Government investment spending (INV), the terms of trade (TOT) and a dummy for the HIPC initiative (HIPC dum).

In more elaborate form, the two models appear as follows:
We employed the dynamic panel data model to uncover the link between government expenditure, government spending discipline, and external debt. The nature of such models are generally of the form:

\[ EDGDP_{it} = \beta_0 + \beta_1 \text{Govexp}_{it} + \beta_2 \text{INT}_{it} + \beta_3 \text{GROWTH}_{it} + \beta_4 \text{INF}_{it} + \beta_5 \text{EXR}_{it} + \beta_6 \text{MS}_{it} \\
+ \beta_7 \text{EXPORT}_{it} + \beta_8 \text{INV}_{it} + \beta_9 \text{TOT}_{it} \\
+ \beta_{10} \text{HIPC}_{it} + \varepsilon_{it} \quad \ldots \ldots \ldots \quad (12) \]

And

\[ EDGDP_{it} = \alpha_0 + \alpha_1 \text{GovDisc}_{it} + \alpha_2 \text{INT}_{it} + \alpha_3 \text{GROWTH}_{it} + \alpha_4 \text{INF}_{it} + \alpha_5 \text{EXR}_{it} \\
+ \alpha_6 \text{MS}_{it} + \alpha_7 \text{EXPORT}_{it} + \alpha_8 \text{INV}_{it} + \alpha_9 \text{TOT}_{it} \\
+ \alpha_{10} \text{HIPC}_{it} + \varepsilon_{it} \quad \ldots \ldots \ldots \quad (13) \]

Estimation

We employed the dynamic panel data model to uncover the link between government expenditure, government spending discipline, and external debt. The nature of such models are generally of the form:

\[ Y_{it} = Y_{it-1} \alpha + X_{it} \beta + \mu_i + \epsilon_{it} \quad \ldots \ldots \ldots \quad (14) \]

For \( i = \{1, \ldots, N\} \) and \( t = \{1, \ldots, T\} \).

By specification the lagged dependent variable \( Y_{it-1} \), is correlated with the unobserved country or individual level effects \( \mu_i \). This problem is effectively dealt with by first differencing both sides of equation (13) to remove the time-invariant individual specific effect. Taking the first difference of the models yields;

\[ \Delta Y_{it} = \Delta Y_{it-1} \alpha + \Delta X_{it} \beta + \Delta \epsilon_{it} \quad \ldots \ldots \ldots \quad (15) \]

The above transformation deals with the initial problem but again leaves us with another; the lagged dependent variable, \( Y_{it-1} \), in construction is a function of the \( \epsilon_{it} \) contained in \( \Delta \epsilon_{it} \) term. By implication \( \Delta Y_{it-1} \) and \( \Delta \epsilon_{it} \) are correlated. The way out of this problem is to resort to the use of instrumental variables estimation of equation (15).

There have been attempts to find appropriate instruments for the estimation of equation (15). Anderson and Hsiao (1981) proposed a Two Staged Leased Square (2SLS) estimator that relies on further lags of \( \Delta Y_{it-1} \) as valid instruments for \( \Delta Y_{it-1} \). The authors also suggested a 2SLS estimator that uses lagged levels of \( \Delta Y_{it} \) as valid instruments for \( \Delta Y_{it-1} \).

Holtz-Eakin et al (1988) and Arellano and Bond (1991) later on demonstrated how to construct estimators based on moment equations constructed from further lagged levels of \( Y_{it} \) and the first difference errors. The last two approaches leads to situations where we have more instruments than parameters, therefore there is the need to rely on the General Method of Moments, GMM, framework.

Given that the regressors, \( X_{it} \), are strictly exogenous then \( \epsilon_{it} \) has no relationship with the \( X_{it} \), for any “s” or “t”. If however when the regressors are considered endogenous, then the \( \epsilon_{it} \) may affect the regressors \( X_{it} \) for “s” > “t”. When variable are predetermined or endogenous that implies that the vector of first difference of observed \( X_{it} \) cannot be included in the instrument matrix. Only levels of \( X_{it} \) for those time periods that are assumed to be unrelated to \( \Delta \epsilon_{it} \) are included. The Arellano-Bond estimator forms moment conditions by using lagged levels of the dependent variables and predetermined variables with first difference of the disturbances. Arellano-Bover (1995) and Blundell and Bond (1998) found that if the autoregressive process are too persistent then the lagged levels are weak instruments. They proposed additional moments conditions in which lagged differences of the dependent variables are orthogonal with the levels of the disturbance.

The use of GMM estimators require that two conditions should be satisfied. First of all, there should be no autocorrelation in the error term and secondly, the model should be identified. We rely on the Arellano and Bond autocorrelation test and the Sargan test of overidentifying restriction in the test for autocorrelation and overidentifying restriction respectively. The current study appears to have covariates that are most likely to be endogenous. Secondly, the inclusion of a lagged dependent variable helps to deal with the potential bias in parameter estimates as a result of omitting some key variables in the model. In our estimation of the relationship between external debt and government spending, some variables have been omitted due to our inability to obtain the data on these variables. Lastly, the covariates in the model are mostly considered non-
stationary in levels. These variables are normally stationary after first differencing, a process that is inherent in
the GMM estimation approach.
Following the reasons enlisted above we rely on the Arellano-Bond (1991) and Arellano-BOver and Blundell
and Bond (1998) GMM estimators that assumes that covariates are endogenous as our main estimation
approach. The respective counterpart estimation techniques for strictly exogenous covariates are used for
robustness checks.

**ANALYSIS AND DISCUSSION OF FINDINGS**

*Descriptive Analysis*

Table 2 presents the descriptive statistics of the variables employed in the study. Average external debt to GDP
ratio for the entire sample of countries was 111.56%. The minimum debt ratio recorded was just a little over
10% of GDP and the maximum was 1021.01% of GDP as recorded by Liberia. These high ratios are not
surprising owing to the fact that these economies are Highly Indebted Poor Countries. We also recorded very
significant average deviations from the mean external debt to GDP ratio.

The revenue generation ability of HIPC counties leaves much to be desired. Average revenue from taxes was
11.99% with a standard deviation of 4.20%. The minimum recorded was 2.65% and the maximum was 21.75%
of GDP. Judging the revenue collection ability of these countries relative to their spending pattern reveals that
government consumption expenditure were on average in excess of their revenue. On average, HIPC countries
channel 13.79% of their GDP on government consumption expenditure. The minimum expenditure recorded
was 54.52% of GDP. The relationship between the spending patterns and revenue generation ability of the
HIPC counties reflects the persistent deficits that have been recorded over the period.

On average the deficit/surplus recorded by the countries under study for periods that data was available was -
1.80% of GDP. The highest deficit recorded was 9.47% of GDP whereas the highest surplus recorded was
32.06% of GDP. However the underlying data reveal that persistently HIPC countries have operated significant
budget deficits over the period under review.

A quick comment on some of the control variables points out that average interest rates on external
borrowings have remained significantly low at about 2.12%. This is particularly strange for a region that is
considered highly unworthy of credit. Most of the funds have been given on concessional terms. The growth
rate has on average outstripped the interest component on the debts. This is particularly good for the
continent as it struggles to disentangle itself from the doldrums of external debt. Finally, export, which is a
basic indicator of ability to pay external debt remained significantly high for most of these countries. On
average, export to GDP ratio was 22.04%. Although this figure is not close to the external debt burdens it
serves as a great means of meeting the interest component of the debt.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Obs</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>External debt/GDP</td>
<td>722</td>
<td>111.56</td>
<td>114.60</td>
<td>10.80</td>
<td>1021.01</td>
</tr>
<tr>
<td>Government Exp.</td>
<td>677</td>
<td>13.79</td>
<td>5.71</td>
<td>2.68</td>
<td>54.52</td>
</tr>
<tr>
<td>HIPC</td>
<td>744</td>
<td>0.35</td>
<td>0.48</td>
<td>0.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>675</td>
<td>2.12</td>
<td>1.67</td>
<td>0.16</td>
<td>12.00</td>
</tr>
<tr>
<td>GDP Growth Rate</td>
<td>729</td>
<td>3.01</td>
<td>7.80</td>
<td>-51.03</td>
<td>106.28</td>
</tr>
<tr>
<td>Inflation</td>
<td>639</td>
<td>68.13</td>
<td>961.17</td>
<td>-100.00</td>
<td>23773.13</td>
</tr>
<tr>
<td>Exchange Rate</td>
<td>743</td>
<td>441.94</td>
<td>688.59</td>
<td>0.00</td>
<td>5046.11</td>
</tr>
<tr>
<td>Money Stock</td>
<td>686</td>
<td>20.55</td>
<td>8.16</td>
<td>0.46</td>
<td>56.21</td>
</tr>
<tr>
<td>Export</td>
<td>679</td>
<td>22.04</td>
<td>12.26</td>
<td>2.52</td>
<td>64.34</td>
</tr>
<tr>
<td>Investment</td>
<td>569</td>
<td>7.84</td>
<td>4.55</td>
<td>0.10</td>
<td>39.08</td>
</tr>
<tr>
<td>Terms of Trade</td>
<td>503</td>
<td>106.73</td>
<td>29.09</td>
<td>48.85</td>
<td>249.61</td>
</tr>
</tbody>
</table>

*Correlation Analysis*
In this section we employ a pairwise correlation matrix to explore the extent of association between the variables included in the model. Table 3 provides a summary of the correlation between the variables on a pairwise basis. No two variables were had correlation coefficient in excess of 0.60 in absolute terms. External debt to GDP ratio was significantly and negatively correlated with internal revenue generation ability. This correlation was quite low (-0.2483), however statistically significant. The other two variables of interest, government consumption expenditure and deficits were both positively correlated with external debt; however these correlations turned out to be statistically insignificant and small in absolute terms. Government investment and Revenue; and export to GDP ratio and revenue were the most significantly correlated variables. Given that the correlation between variable remained small, we believe that issues of multicolinearity in not a issue to contend with in this paper.
<table>
<thead>
<tr>
<th></th>
<th>Ext.Debt/GDP</th>
<th>Gov. Exp.</th>
<th>HIPC</th>
<th>Interest</th>
<th>Growth</th>
<th>Inflation</th>
<th>Ex. Rate</th>
<th>Money</th>
<th>Export</th>
<th>Investment</th>
<th>Terms of Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ext. Debt/GDP</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gov. Exp.</td>
<td>0.02</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.56</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HIPC</td>
<td>-0.04</td>
<td>-0.06</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.30</td>
<td></td>
<td>0.13</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>-0.07**</td>
<td>0.14***</td>
<td>-0.37</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.04</td>
<td></td>
<td>0.00</td>
<td>0.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth</td>
<td>0.15***</td>
<td>-0.03</td>
<td>0.17***</td>
<td>-0.21***</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.00</td>
<td></td>
<td>0.38</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inflation</td>
<td>0.06</td>
<td>-0.07</td>
<td>-0.05</td>
<td>0.25***</td>
<td>-0.09**</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.10</td>
<td></td>
<td>0.11</td>
<td>0.23</td>
<td>0.00</td>
<td>0.02</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ex. Rate</td>
<td>-0.10**</td>
<td>-0.07*</td>
<td>0.39***</td>
<td>-0.27***</td>
<td>0.11***</td>
<td>-0.04</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.01</td>
<td></td>
<td>0.07</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.32</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money</td>
<td>-0.02</td>
<td>0.21***</td>
<td>0.28***</td>
<td>-0.09**</td>
<td>-0.03</td>
<td>-0.11**</td>
<td>-0.04</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.67</td>
<td></td>
<td>0.00</td>
<td>0.00</td>
<td>0.03</td>
<td>0.51</td>
<td>0.01</td>
<td>0.33</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Export</td>
<td>0.19***</td>
<td>0.30***</td>
<td>0.10**</td>
<td>0.10**</td>
<td>0.02</td>
<td>0.00</td>
<td>0.03</td>
<td>0.31***</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.00</td>
<td></td>
<td>0.00</td>
<td>0.01</td>
<td>0.01</td>
<td>0.64</td>
<td>0.01</td>
<td>0.51</td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invest</td>
<td>0.23***</td>
<td>0.12**</td>
<td>-0.05</td>
<td>-0.02</td>
<td>0.14**</td>
<td>-0.09**</td>
<td>-0.14***</td>
<td>0.16***</td>
<td>-0.07</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.00</td>
<td></td>
<td>0.01</td>
<td>0.24</td>
<td>0.64</td>
<td>0.00</td>
<td>0.04</td>
<td>0.00</td>
<td>0.00</td>
<td>0.10</td>
<td></td>
</tr>
<tr>
<td>Terms of Trade</td>
<td>-0.15***</td>
<td>0.08*</td>
<td>-0.19***</td>
<td>0.04</td>
<td>0.03</td>
<td>-0.07</td>
<td>-0.10**</td>
<td>-0.13***</td>
<td>-0.11**</td>
<td>0.13**</td>
<td>1.00</td>
</tr>
<tr>
<td></td>
<td>0.00</td>
<td></td>
<td>0.06</td>
<td>0.00</td>
<td>0.35</td>
<td>0.50</td>
<td>0.13</td>
<td>0.03</td>
<td>0.00</td>
<td>0.01</td>
<td>0.01</td>
</tr>
</tbody>
</table>
DISCUSSION OF REGRESSION RESULTS

The regression results for the two variables of interest; government spending and spending discipline, are reported in tables 4 and 5. For both variables, we relied on Arellano-Bover/Blundell-Bond Generalized Method of Moments estimation that treats the explanatory variables as endogenously determined within the model. We then employ the exogenous counterparts of both estimation approaches for robustness check.

The validity of the regression results depends on the outcome of two post estimation test for the Dynamic Panel Data (DPD) estimations. Dynamic panel data estimation results are biased in the presence of higher order autocorrelation. The estimation also requires that the model should be identified. For the first requirement of no autocorrelation, the results of the first and second order autocorrelation test are reported in the respective regression tables. In most cases the model failed the first order autocorrelation tests but did pass the second order test. This was expected because by specification there was a greater likelihood for the occurrence of first order autocorrelation. The Sargan Test of overidentifying restriction also passed the test as indicated by the P-values.

Table 4 shows the result for the relationship between government spending and external debt-to-GDP ratio. Government spending and has a statistically significant positive relationship with external debt stocks. The exogenous estimation approaches also confirm this relationship. This relationship is expected following the theoretical link between fiscal stance and external debt sustainability. The relationship is also indicative of the fact that governments that spend more do have higher debt stocks.

Besides the significance of government spending, variables are worthy on note. The lag of the dependent variable, external debt stocks, appears to be highly significant across all estimations. This controls for the possibility of an omitted variable bias within the model. The significance of the lagged dependent variable is also indicative of the fact that the previous levels of external debt contributes significantly towards the accumulation of future external debt burdens via accumulated interest payments and penalties for default. Another important variable within the model is the growth rate of GDP. Country growth rate is inversely related to the accumulation of external debts. This finding is also highly significant across the two endogenous estimations and their exogenous counterparts. The finding is also consistent with the theoretical link between external debt sustainability and Krumm (1985) observation about the causes of the African debt crisis.

The average interest rate on external debt was also negatively and weakly significant in explaining external debt burdens. This finding is consistent with finance theory on the valuation of debt instrument; the present value of debt is inversely related to the interest rate. Perhaps the most important variable that deserves attention within the model is the HIPC dummy. The study concludes that external debt levels have been significantly reduced following the introduction of the HIPC initiative in 1996. The magnitude of debt reduction recorded by the introduction of the HIPC initiative significantly outweighs that recorded for growth rate of GDP. This finding lends support for the success of the HIPC initiative.
### REGRESSION RESULTS

**Table 4: Regression Result for Government Expenditure and External debt stock to GDP ratio.**

GMM estimation of the relationship between government expenditure and external debt stocks:
Dependent Variable: External Debt-to-GDP ratio

<table>
<thead>
<tr>
<th></th>
<th>Endogenous Covariates</th>
<th>Exogenous Covariates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1) Arellano-Bover/Blundell-Bond</td>
<td>(2) Arellano-Bond</td>
</tr>
<tr>
<td>Debt/GDP(-1)</td>
<td>0.933*** (0.000)</td>
<td>0.849*** (0.000)</td>
</tr>
<tr>
<td>Growth</td>
<td>-2.050*** (0.000)</td>
<td>-1.939*** (0.000)</td>
</tr>
<tr>
<td>Interest</td>
<td>-1.206* (0.061)</td>
<td>-1.581* (0.071)</td>
</tr>
<tr>
<td>Inflation</td>
<td>-0.000373 (0.917)</td>
<td>-0.00233 (0.711)</td>
</tr>
<tr>
<td>M2</td>
<td>2.769 (0.314)</td>
<td>4.917 (0.296)</td>
</tr>
<tr>
<td>Ex Rate</td>
<td>-0.333 (0.147)</td>
<td>0.551 (0.730)</td>
</tr>
<tr>
<td>Export</td>
<td>0.0626 (0.525)</td>
<td>0.317 (0.116)</td>
</tr>
<tr>
<td>Investment</td>
<td>0.442* (0.065)</td>
<td>-0.799** (0.044)</td>
</tr>
<tr>
<td>Terms of Trade</td>
<td>0.00856 (0.806)</td>
<td>0.0185 (0.742)</td>
</tr>
<tr>
<td>HIPC</td>
<td>-10.52*** (0.000)</td>
<td>-14.95*** (0.000)</td>
</tr>
<tr>
<td>GOV. EXP</td>
<td>0.186 (0.332)</td>
<td>0.776*** (0.008)</td>
</tr>
<tr>
<td>Constant</td>
<td>3.652 (0.689)</td>
<td>-0.0981 (0.995)</td>
</tr>
<tr>
<td>(N)</td>
<td>376</td>
<td>376</td>
</tr>
<tr>
<td>Wald (\chi^2)</td>
<td>713.71 (0.000)</td>
<td>200.16 (0.000)</td>
</tr>
<tr>
<td>Sargan Test</td>
<td>100.82 (0.7872)</td>
<td>49.88 (0.2511)</td>
</tr>
<tr>
<td>AR(1)</td>
<td>-2.2377 (0.02585)</td>
<td>-2.3529 (0.0186)</td>
</tr>
<tr>
<td>AR(2)</td>
<td>0.04566 (0.9636)</td>
<td>0.124 (0.9013)</td>
</tr>
</tbody>
</table>

Table 5 shows the regression result for the link between government spending discipline and external debt stocks-to-GDP ratio. Our spending discipline dummy is inversely related to external debt burdens. Periods in
which governments have reduced their spending budgets from the previous period have on average lesser external debt stocks. The magnitude of the reduction varies significantly across the various estimation approaches. This finding provides evidence that a deliberate act by governments to cut down on expenditure is a sure way to achieving external debt sustainability.

We, again, find that the lagged dependent variable is a significant predictor of external debt stocks. On average previous debt burdens explains over 85 percent of current debt stocks. Growth rate in real GDP also significantly explains the level of debt among HIPC countries. The average interest rates on external borrowing loses its significance in this second estimation. Our HIPC dummy again remained very robust across all estimations approaches with the similar effect as recorded in the earlier estimation.

Table 5: Regression Result for Government Spending Discipline and External debt stock to GDP ratio.

<table>
<thead>
<tr>
<th>GMM estimation of the impact of government spending discipline on external debt stocks:</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1) Arellano-Bover/Blundell-Bond</td>
<td>(2) Arellano-Bond</td>
<td>(3) Arellano-Bover/Blundell-Bond</td>
</tr>
<tr>
<td>Debt/GDP(-1)</td>
<td>0.942*** (0.000)</td>
<td>0.855*** (0.000)</td>
<td>0.884*** (0.000)</td>
</tr>
<tr>
<td>Growth</td>
<td>-1.959*** (0.000)</td>
<td>-1.956*** (0.000)</td>
<td>-2.149*** (0.000)</td>
</tr>
<tr>
<td>Interest</td>
<td>-1.082*** (0.093)</td>
<td>-1.419*** (0.102)</td>
<td>-1.520 (0.124)</td>
</tr>
<tr>
<td>Inflation</td>
<td>-0.000659 (0.852)</td>
<td>0.00157 (0.798)</td>
<td>0.00142 (0.800)</td>
</tr>
<tr>
<td>M2</td>
<td>4.023 (0.143)</td>
<td>7.182 (0.128)</td>
<td>11.68*** (0.010)</td>
</tr>
<tr>
<td>Ex Rate</td>
<td>-0.412*** (0.075)</td>
<td>-0.384 (0.807)</td>
<td>-0.306 (0.565)</td>
</tr>
<tr>
<td>Export</td>
<td>0.0720 (0.453)</td>
<td>0.397*** (0.045)</td>
<td>0.379*** (0.029)</td>
</tr>
<tr>
<td>Investment</td>
<td>0.393*** (0.098)</td>
<td>-0.586 (0.137)</td>
<td>-0.261 (0.525)</td>
</tr>
<tr>
<td>Terms of Trade</td>
<td>0.000253 (0.994)</td>
<td>-0.00877 (0.875)</td>
<td>0.000449 (0.994)</td>
</tr>
<tr>
<td>HIPC</td>
<td>-11.62*** (0.000)</td>
<td>-15.96*** (0.000)</td>
<td>-18.78*** (0.000)</td>
</tr>
<tr>
<td>DISCIPLINE</td>
<td>-4.899*** (0.003)</td>
<td>-3.765*** (0.069)</td>
<td>-5.375*** (0.014)</td>
</tr>
<tr>
<td>Constant</td>
<td>4.916 (0.587)</td>
<td>7.315 (0.660)</td>
<td>-9.876 (0.507)</td>
</tr>
<tr>
<td>N</td>
<td>379</td>
<td>379</td>
<td>368</td>
</tr>
<tr>
<td>Wald χ²</td>
<td>765.37 (0.000)</td>
<td>208.51 (0.000)</td>
<td>592.65 (0.000)</td>
</tr>
<tr>
<td>Sargan Test Prob.</td>
<td>0.7673 (0.3439)</td>
<td>0.3326 (0.3527)</td>
<td>45.9043 (0.0153)</td>
</tr>
<tr>
<td>AR(1) Prob.</td>
<td>0.0209</td>
<td>0.0156</td>
<td>0.0171</td>
</tr>
<tr>
<td>AR(2) Prob.</td>
<td>0.1626</td>
<td>0.2246</td>
<td>0.49621</td>
</tr>
</tbody>
</table>
CONCLUSIONS AND RECOMMENDATIONS

This study examined the relationship between government spending, spending discipline and external debt stocks. The study sought to unravel the contribution of government spending budgets to the accumulation of external debt stocks and also how spending discipline or restrictive spending habit by government contribute to the external debt burdens among HIPC countries in Africa. The study employed variations of the dynamic panel data estimation approaches to arrive at its conclusions.

The findings of the study point to the fact that there is considerable evidence that government spending has a positive linkage with external debts even after controlling for the HIPC initiative. This finding was less robust across the endogenous estimation methodology. The paper also found that government spending discipline leads to considerable reduction in external debt stocks.

The results of this study have shed some insight on the achievement of sustainable debt levels among HIPC countries in Africa. The HIPC initiative has played a major role in this quest, however the longer term return to sustainable debt levels may still be an illusion if the fundamentals are not set right. This study is not calling for drastic reduction in government spending budgets as the way forward, rather, given the impact of growth rates on debt stocks the study recommends that government spending should be channeled through profitable investments to yield the necessary growth. More importantly, unproductive government expenditure should be eliminated. This latter proposition may call for the privatization of unproductive government units.

REFERENCES


Figure 1
DEBT RATIOS

<table>
<thead>
<tr>
<th></th>
<th>BEFORE HIPC</th>
<th>AFTER HIPC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt to GDP</td>
<td>105.43</td>
<td>106.07</td>
</tr>
<tr>
<td>Debt to Exports</td>
<td>576.12</td>
<td>433.95</td>
</tr>
</tbody>
</table>

Figure 2
INTEREST PAYMENTS

<table>
<thead>
<tr>
<th></th>
<th>BEFORE HIPC</th>
<th>AFTER HIPC</th>
</tr>
</thead>
<tbody>
<tr>
<td>interest pays (% of exports)</td>
<td>9.31</td>
<td>4.30</td>
</tr>
<tr>
<td>interest pays (% of GDP)</td>
<td>2.21</td>
<td>1.25</td>
</tr>
</tbody>
</table>
**Figure 3**
Debt-to-GDP

**Figure 4**
Debt-to-Export

**Figure 5**
Government Expenditure

![Debt to GDP](image1)

![Debt-to-export](image2)

![Government Expenditure](image3)
Figure 6
Trends in Government Expenditure

![Graph showing trends in government expenditure from 1980 to 2010, with percentage of GDP on the y-axis and years on the x-axis. The line graph indicates a decrease in expenditure over time.]

Figure 7
Histogram of Government Expenditure

![Histogram showing the distribution of government expenditure ratio. The x-axis represents the government expenditure ratio, and the y-axis represents frequency.]

Figure 8
Scatter Plot of External Debt and Government Expenditure

![Scatter plot comparing external debt to government expenditure ratio across different countries, represented by individual graphs for each country.]

Appendix A

Graphs by Country

External Debt/GDP ratio
Government Expenditure/GDP ratio
Corporate Governance, National Culture and Corporate Debt Maturity Structure: Evidence from Sub-Saharan Africa

Esther Afoley Laryea
Department of Finance
University of Ghana Business School
awolaryea@yahoo.com

SUMMARY

Choices about debt maturity structure have implications for firm value maximization; this study examines the impact of corporate governance and national culture on the debt maturity structure of firms in sub-Saharan Africa. A relatively unexplored area worldwide, the dearth of literature on debt maturity structure in Africa necessitates this study.

Keywords: debt maturity, corporate governance, national culture, debt maturity, sub-Saharan Africa

INTRODUCTION

Abor and Biekpe (2005) highlight the importance of capital structure decisions indicating that a firm’s choice of capital structure influences how well it deals with its competitive environment and also how well it maximizes returns to the firm. An important aspect of firm capital structure which has largely been overlooked by researchers is its debt maturity structure. Cai et al. (2008) define debt maturity structure as the choice a firm makes between short-term and long-term debt. Deemosak et al. (2009) reports that the choice of corporate debt maturity is one of the most important financing decisions a firm takes as a poor choice could increase agency costs. Empirically, debt maturity structure has been proven to play a pivotal role in alleviating the agency costs of the firm. Short-term debt is used as a disciplinary tool to reduce the agency problem between managers and shareholders (Brockman et al., 2010). Florackis (2008) identifies that there are both internal and external corporate governance mechanisms that alleviate the extent of agency costs and their negative impact on the value of the firm.

Studies on how corporate governance affects debt maturity structure have generated mixed results (Haford et al., 2008; Jirapon and Kitsabunnarat, 2007). Studies on the relationship between corporate governance and debt maturity are not only few on the international front, but also remain virtually unexplored in the African sub-region. Interestingly, research points out that even in countries where corporate governance ratings and financial developments are similar, national culture may cause corporations to choose different debt maturity policies as a result of varied perceptions of agency problems and value of financial flexibility, influenced by national culture, (Chang et al., 2012). Zheng et al. (2012) posits that the explanatory power of culture when studying financial practices overrides that of formal institutions such as legal, political and economic institutions.

RESEARCH PROBLEM

Institutional and macro-economic set up differences between Africa and countries in the developed world (Booth et al., 2001) necessitates a replication of debt maturity studies within an African context. Lemma and Negash’s (2012) is the only study to the best of our knowledge that addresses the determinants of debt maturity within an African context. This study extends their work by examining the role of culture and corporate governance in explaining debt maturity choices of African firms. The use of single measures of corporate governance in prior studies (Jirapon and Kitsabunnarat, 2007;Haford et al., 2008) warrants this study.
as there is a tendency for relevant variables that can help explain the relationship between debt maturity structure and corporate governance to be ignored. This study employs a much broader corporate governance index of board size, board composition, institutional ownership, and the presence of information intermediaries.

Culture has been established as an important explanatory variable in the study of corporate decisions (Stulz and Williamson, 2003), specifically, Chang et al. (2012) and Zheng et al. (2012) find that culture has an important role to play in explaining the debt maturity structure choices of firms. Despite this evidence, there is no study on the impact of culture on capital structure decisions in sub-Saharan Africa, to best of the researcher’s knowledge.

RESEARCH PURPOSE

This purpose of the study is to investigate the impact if any that corporate governance as well as national culture has on corporate debt maturity structure in sub-Saharan Africa.

RESEARCH QUESTIONS

The study seeks to answer the following research questions

1. In sub-Saharan Africa, do corporate governance mechanisms influence the firm’s choice of debt maturity structure?
2. Does national culture influence the corporate debt structure decisions of firms in sub-Saharan Africa

RESEARCH METHODOLOGY

The study sample includes listed firms from four sub-Saharan African countries namely, Ghana, Kenya, Nigeria and South Africa. The study period spans from 2005-2010. Data pertaining to firm specific variables will be extracted from the annual reports of listed firms in selected countries. Country level data will be obtained from World Development Indicators and Financial Structure Database of the World Bank. Data related to the national culture will be based on Hofstede’s (2001) cultural indices. The study will employ a panel data methodology, making use of two stage least squares regression models. The regression models to be used have been adapted from the regression models used by Chang et al. (2012) in their study. Chang et al., (2012) employ two-stage least squares regression analysis to avoid simultaneous bias in a standard ordinary least squares (OLS) regression.

RESEARCH OUTCOMES/IMPLICATIONS

The study hopes to add to the knowledge on corporate decision making by highlighting the pivotal role of culture in explaining managerial behaviour and how that impacts corporate decision making within the African context. The study will also highlight how important it is for multinationals wishing to expand into Africa to consider national culture as they decide on financing for their projects as national culture could affect both the debt contracting environment and a firm’s access to capital. The study also hopes to underscore the importance of debt maturity structure choice as a feasible way in which to reduce the agency problem that corporate governance seeks to address.

ORIGINALITY

This study would add to knowledge as the first study to the best of the knowledge of the researcher to examine the impact of culture as well as corporate governance on capital structure decisions in Africa either in a single country study or in a cross-country study.

REFERENCES


The Effect of Funding Sources on Lending Patterns of Banks in Ghana

Angela Azumah Alu
Department of Finance
University of Ghana Business School
angelaalu@gmail.com

K.A. Osei
Department of Finance
University of Ghana Business School
kaosei@ug.edu.gh

Mohammed Amidu
Department of Accounting
University of Ghana Business School
amidu@ug.edu.gh

SUMMARY

The paper investigates the effect that the various funding sources banks in Ghana use have on their lending patterns. Funding sources/liability structure has been found to influence bank lending.

Keywords: funding sources, lending patterns, banking, Ghana

INTRODUCTION

The commercial banking sector plays an important role in the mobilisation of deposits and disbursement of credit to various sectors of the economy. Banks and other financial intermediaries perform an important developmental function, especially in Africa, where capital markets are not very developed. Banks help institutions to take advantage of productive investment opportunities which may not otherwise materialize (Demetriades and Fielding, 2012). This makes the study of banks and banking systems in developing regions very necessary so as to understand clearly the role they play as tools for development. There is a large body of empirical evidence which suggests that the development of banking systems goes hand in hand with economic development (Levine 2004). Although the evidence on causality is mixed (Demetriades and Hussein, 1996), there is broad consensus that well-functioning banking systems promote economic growth (Demetriades and Andrianova, 2005). This suggests that it is very necessary to study any developments that may affect banking especially in Ghana where there is still a lot of underdevelopment.

RESEARCH PROBLEM

The Ghanaian banking sector over the last decade has seen appreciable growth and improvements in performance as a result of reforms instituted by governments before this period. The influx of banks into Ghana means that all banks are ‘scurrying’ for the same funding such as deposits, wholesale funds (non deposit funding sources) and internal capital. The question therefore arises as to whether the particular funding source bank makes use of in any way influences the kind, value and amount of loans it gives out to customers, given the competitive nature of the banking sector. How can a bank differentiate itself from other banks in terms of its funding and what difference does that make in the way it lends?

Berlin and Mester (1999) examine the relationship between deposits and relationship lending in the United States of America and conclude that access to deposits with inelastic rates (core deposits) permit a bank to make contractual agreements with borrowers that would be infeasible if the bank must pay market interest rates for funds. They provide empirical evidence for an explicit link between banks liability structure and their distinctive lending behavior. Olokoyo (2011) also shows that deposits constitute the most significant determinant of lending behavior of banks. Hyung-Kwon Joeng (2009) examines the procyclicality of bank lending and its funding structure in Korea and finds that for banks that depend more on wholesale funding, lending tends to be more sensitive to the business cycle. Norden and Weber (2010) investigate the funding modes of German banks and the implications for lending and profitability during 1992–2002. They find that at many banks, deposits from customers decrease in relative terms while interbank liabilities increase as a source
of funding. However, they do not detect a negative impact of the relative decline in deposits on lending. However, these studies have all been done in developed countries and not in a developing country such as Ghana. This study seeks to bridge the literature gap by examining the effect that funding sources have on lending patterns in Ghana. This is deemed necessary given the many changes that have occurred in the Ghanaian banking sector over the period. Furthermore, this study introduces internal capital as another source of bank funds as identified by (Amidu and Wolfe, 2012) in their study.

RESEARCH PURPOSE
The purpose of the research is to investigate the effect that funding sources have on the lending patterns of banks in Ghana.

RESEARCH QUESTION
What is the relationship between the funding sources and the lending patterns of banks in Ghana?

RESEARCH METHODOLOGY
The study will examine all banks in Ghana in for the period 2001-2010. This study will therefore employ a panel data methodology and makes use of an econometric model with lending patterns as the dependent variable and funding sources and other bank specific and country variables as the explanatory variables.

The model:

\[ LP_{it} = \beta_1 FS_{it} + \beta_2 AGE_{it} + \beta_3 OWN_{it} + \beta_4 MP_{it} + \beta_5 BS_{it} + \beta_6 INF_{it} + \beta_7 [\ln(GDP)]_{it} + \epsilon_{it} \]

\[ \epsilon_{it} = \mu_i + \nu_{it} \]

The dependent variable is LP which refers to loans given out to various sectors of the economy. These are divided into public and private lending with private representing loans made to firms and individuals; while public represents loans made to the government and state agencies. The independent variable is Funding Sources (FS). FS is a vector for funding sources which refers to deposits received by (total of savings, demand and time deposits) bank i in time t. It is measured as total deposits as a fraction of total assets, wholesale funds (interbank borrowings, repurchase agreements, etc.) received by bank i in time t which is measured as total non deposit sources as a fraction of total assets and internal funding made use of by bank i in time t which is calculated as the sum of the net profit before extraordinary items and loan loss to total assets.

Control variables are as follows. AGE refers to the age of the bank i. It is measured as the number of years the bank has been in operation. OWN is a dummy variable measuring bank ownership, 0 if the bank is state owned, 1 if it is locally domestically owned and 2 if it is foreign and private owned. BS represents Bank Size and measured as the logarithm of total assets. MP represents Monetary Policy which is measured as the yearly average of the Bank of Ghana policy rate. Country variables included are GDP and inflation. Ln (GDP) represents Gross Domestic Product which is measured by the natural log of GDP at time t. It measures the size of the economy. INF represents Inflation. This is measured by the Consumer Price Index (CPI). 

The study will shed more light on the effect of funding strategies on and lending patterns of banks in Ghana and thus provide input for policy makers and banks.

ORIGINALITY
The study is the first of its kind in a developing country.

REFERENCES
Amidu M. and Wolfe S. (2012), The impact of market power and funding strategy on bank-interest margins. The European Journal of Finance, DOI


Joeng, Hyung-Kwon (2009), Procyclicality of bank lending and its funding structure: The case of Korea *Bank of Korea*


Corporate Governance and Transparency; Evidence from Stock Return Synchronicity

Matthew Ntow-Gyamfi
Department of Finance
University of Ghana Business School
matthewntowg@gmail.com

SUMMARY
Corporate governance mechanisms employed by owners which set managerial constraints and their incentives can influence synchronicity (transparency) through the information environment.

Keywords: corporate governance, transparency, stock return synchronicity

INTRODUCTION
The main purpose of many of the corporate governance reforms that are made by stakeholders is to reduce the event that some parties will have more information about a firm than others do (informational asymmetry). In the reduction of information asymmetry, transparency is ensured. Morck et al. (2000) documented that Stock return synchronicity is the extent to which the return of the stock of a particular firm co-moves with the market return. Other studies after Morck et al (2000), such as Durnev et al. (2003) for instance found that firms whose stock exhibit less synchronicity tend to use more external financing and allocate capital more efficiently. Bushman et al (2004) in explaining corporate transparency documented that it is the availability of firm-specific information to those outside publicly traded firms or the dissemination of information to market participants. Jin and Myers (2006) put up a strong argument that R-square can be interpreted as the measure of corporate transparency because it represents how much market indices explain individual firm returns. In this study, we investigate the linkage between firm level synchronicity which we employ as a measure of transparency (Bushman et al., 2004 and Jin and Myers, 2006) and corporate governance mechanisms employed by firms in Ghana which have the ability to influence the release of firm specific information to the market. In our belief, corporate governance mechanism employed by owners which sets managerial constraints and their incentives can influence synchronicity (transparency) through the information environment. It is important to note that this position is undoubtedly supported by several finance literature (Bushman et al., 2004; Cremers and Nair, 2005).

RESEARCH PROBLEM
Jin and Myers (2006) and Bushman et al (2004) have all established that the R-square from the market model can be used as a measure of transparency. Albeit this new development of corporate transparency measure, previous literature that look at corporate governance and transparency/disclosure shows that various measures of governance and transparency are constructed in the international context. A typical case is that found in studies by Bokpin and Isshaq (2009), Aksu and Kosedag (2006) the Standard and Poor’s transparency and disclosure measure. However, the TDS method has some challenges. TDS rates companies on their ability to disclose information consistent with some financial statement disclosure practices but does not explicitly consider the quality of information within those disclosures. The TDS fails to investigate the extent to which the information provided is accurate. The measure requires that firms make certain information available but the degree to which such information is available is not investigated by the construct. Hence, TDS considers availability but fails to investigate quantity of such information. This study deviates from the use of TDS to one that can be verified through calculations with available data. Our use of synchronicity as a measure of transparency has the advantage of being objectively observable and reproducible (Li et al., 2004).
RESEARCH PURPOSE

The study seeks to:

i. Assess the extent of stock return synchronicity on the Ghana Stock Exchange.

ii. Compare the synchronicity levels of the various stocks on the exchange on the basis of firm size, years spent on the exchange, and industry type.

iii. Examine the influence of corporate governance on stock return synchronicity in Ghana.

RESEARCH QUESTIONS

i. What is the association between the size of a firm and its stock return synchronicity?

ii. Can the number of years spent on the GSE determine a firm’s stock return synchronicity?

iii. Does industry type determine a firm’s synchronicity on the GSE?

iv. What is the impact of corporate governance on stock return synchronicity?

METHODOLOGY

In our use of the R-square measure, we estimate the market model making two different assumptions. The first is that the ability of the market return to determine a stock’s return is contemporaneous and specifies the market model as follows:

\[ R_{it} = \alpha_i + \beta_j R_m, it + \epsilon_{it} \]  

(1)

\( R_{it} \) is the firm i return for period t, \( R_m, it \) is the market return of firm i for t period, \( \epsilon_{it} \) is the error term and \( \alpha_i \) and \( \beta_j \) are estimated parameters. We follow the work by Gul et al. (2010) and assume a non-contemporaneous effect of the market return on the individual return and estimate the market model as follows:

\[ R_{it} = \alpha_i + \beta_1 R_m, t + \beta_2 R_{m, t-1} + \epsilon_{it} \]  

(2)

This will help compare results under the two assumptions of efficient market and inefficient market. After the R squares are obtained, in order to correct for the bounded nature of R-square within [0, 1], we will use a logistic transformation of R-square as used by Gul et al. (2010) as follows:

\[ SYNCH_{it} = \log \left( \frac{R^2}{1 - R^2} \right) \]  

(3)

Where \( R^2 \) is the coefficient of determination from the estimation of Eq. (1) and (2) for firm i in year t. When a firm’s SYNCH_{it} is high, it means that such a firm is synchronous with the market; hence, less transparency in such a firm. We measure SYNCH_{it} base on daily returns of firm i. We hypothesize that corporate governance will influence the level of corporate transparency and that information efficiency. Consequently, we specify the following model for estimation:

\[ SYNCH_{it} = \beta_i \text{CopGov}_{it} + \gamma \text{Firm Controls}_{it} + \eta_i + \delta_i + \mu_{it} \]  

(4)

where i indexes firms and t indexes years. \( \beta_i \) is a vector of parameters to be estimated on explanatory variables. \( \text{CopGov}_{it} \) is a vector of observations on the corporate governance variables, \( \gamma \) is a vector of parameters to be estimated on control variables. \( \text{Firm Controls}_{it} \) is a vector of firm control variables that has been established in literature to influence transparency (synchronicity). \( \eta_i \) are firm fixed effects which control for time-invariant unobserved firm characteristics. \( \delta_i \) are year fixed effects which control for macroeconomic changes. \( \mu_{it} \) is the random error term of the equation.

FINDINGS

We do not have a priori expectations from the model since we are finding the determinants of synchronicity for the first time in Ghana.
RESEARCH OUTCOMES/IMPLICATIONS

The study also serves as a seminal study for further research into the determinants of synchronicity in Ghana and the sub-region. Since a synchronous market is informationally inefficient, findings of the study will help policy makers to understand what causes synchronicity in Ghana and what can be done to ensure that the GSE becomes informationally efficient.

ORIGINALITY

The study is the first to investigate determinants of stock return synchronicity in Ghana.

REFERENCES


Track C

Marketing and Customer Relationship Management

Key

<table>
<thead>
<tr>
<th>FP</th>
<th>Full Paper</th>
</tr>
</thead>
<tbody>
<tr>
<td>EA</td>
<td>Extended Abstract</td>
</tr>
</tbody>
</table>
Price Fairness, Customer Satisfaction and Behavioural Intention: Evidence from the Ghanaian Banking Industry

Bedman Narteh
Department of Marketing and Customer Management
University of Ghana Business School
bnarteh@ug.edu.gh

ABSTRACT

Even though pricing of retail bank services has an influence on consumer behaviour, little empirical knowledge exists on the relationships between price fairness, customer satisfaction and behavioural intention. Using data from 1800 retail customers drawn from the Ghanaian banking industry, the paper investigates the impact of price fairness on customer satisfaction and behavioural intention. The results indicate a positive relationship between price fairness, customer satisfaction and behavioural intention. The strategic implication of the findings for managing consumer behaviour in the retail banking industry has been discussed in the paper.

Keywords: Price fairness, Customer satisfaction, behavioural intention, retail banking

INTRODUCTION

As a component of the marketing mix, pricing is an important marketing activity which has significant implications for the success of any business. As such, how customers view prices charged by services providers such as retail banks has been postulated to correlate with positively with customer behaviour (Matzler et al., 2006). Scholars have argued that bank-customer transactions are often interlaced with different prices and customers perception of the perceived equity of these prices could impact on their satisfaction level with the service provider (Aurier and Siadou, 2007; Namkung and Jan, 2009). Price fairness thus command a central role in provider-customer relationships and it has become an interesting subject of research for a number of marketing scholars (Martin et al., 2007; Diller, 2008). Over the years, scholars have studied the concept of price fairness in the areas of DVD purchase (Cockrill and Goode, 2010) automobile purchase (Herrman et al., 2007) retail stores loyalty (Martin et al., 2009) and in the airline industry (Martin-Consuegra et al., 2007).

A search through the literature indicates a dearth of research on price fairness in the banking industry (Huber et al., 2001) even though it has been acknowledged that pricing can influence customer behaviour and their subsequent relationship with service providers (Martin-Consuegra et al., 2007). Specifically, a search through the literature indicates a paucity of research linking price fairness, customer satisfaction and behavioural intention even though unfair pricing has been found to be a major factor in customer switching of retail banks (Narteh, 2013, Garland, 2002). The current study proposes to address this research gap and to investigate customer’s perception of price fairness, customer satisfaction and behavioural intention in the retail banking sector. Such a study will provide bank managers with further insight into how pricing could be used to manage the behaviour of retail customers. The study is organized into six sections. After a brief introduction, section one continues with an exposition of the Ghanaian banking industry in order to provide the context of the study. This is followed by the literature review of the study on the three constructs, price fairness, customer satisfaction and behavioural intention. In the third section, the methodology guiding the study was presented. The findings of the study are then presented followed by the discussions. Finally, the implications, limitations and directions for future studies are then presented.
LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

The concept of Fairness

Bolton et al., (2003) defined fairness as a judgment of whether an outcome and/or the process to reach the outcome are reasonable, acceptable, or just. Fair services are mostly judged by customers to be reasonable and acceptable. As such, it has an effect on customer satisfaction levels and also affects their behavioral intention (Xia et al., 2004). Fairness is commonly understood as a broad, multi-faceted construct, encompassing three dimensions: distributive justice, procedural justice, and interactional justice (Martínez-tur et al., 2006). Later, Namkung et al., (2009) developed a four-factor dimension consisting of price fairness, procedural fairness, interactional fairness and outcome fairness. The current study will focus on price fairness because it has received very little academic research in the banking industry.

Price fairness, customer satisfaction and behavioral intention

Retail bank customers are subjected to different prices and fees such as interest on loans, periodic charges and COT charges and their perception of the fairness of these prices will affect their satisfaction with the services provided as well as their future intentions to continue to do business with the banks. Literature suggests that price fairness judgment involves a comparison of a price or procedure with a pertinent standard, reference or norm (Xia et al., 2004). When this conform to customers expectation, the price is said to be fair, otherwise the priced is judged unfair. Bolton and Alba, (2006) argues that price increases that are perceived to be justifiable will be viewed as relatively fair and vice versa. There is general agreement in the literature that customer satisfaction is a post consumption experience and as such, Olorunniwo et al., (2006) cited in Al-Eisa and Alhemoud, (2009) conceptualized customer satisfaction as a customer’s fulfillment response following the consumption experience. More specifically, customer satisfaction is defined as the individual’s perception of the performance of the product or service in relation to expectations (Torres and Kline, 2006). Similarly, Kotler and Keller (2009) opined that customer satisfaction is an evaluative process in which customers compare the level of service obtained with their prior expectations. Herrmann et al., (2007) postulate that pricing is a dominant factor influencing customer satisfaction.

The relationship between price and satisfaction has been well researched. There is some consensus that if customers perceived the price to be unfair, they are likely to react negatively by avoiding transactions, contacts with the provider or even engage in penalizing actions such as boycotts (Shehryar and Hunt, 2005; Choi and Mattila, 2004). Furthermore, researchers have found unfair pricing as a major factor influencing retail bank switching (Keaveney, 1995; Gerrard and Cunningham, 2004). Moreover, Martin-Consegra et al., (2007) argued that when consumers perceive prices paid for the goods and services to be fair, it is likely for them to display repeat purchase behaviour and other positive intentions. Hence, for the purpose of this study, it is hypothesised that:

**H1:** Price fairness is positively and significantly related to customer satisfaction in retail banks.

**H2:** Price fairness is positively and significantly related to retail customer’s behavioral intention

Customer satisfaction and behavioral intention

The concept of behavioral intention is derived from the Fishbein and Ajzen’s (1975) theory of reasoned action. The theory is predicated on the assumption that external variables such as personal values and beliefs produce actions with its accompanying intentions. Behavioural intention has been defined as the degree to which a person has formulated conscious plans to perform or not to perform some specified future behaviour (Ajzen and Fishbein, 1980; Liu and Jang, 2009). Researchers argue that behavioural intention sometimes correlates with actual behaviour (Ouellettes and Wood, 1998). Empirical evidence indicates that if customers perceive a sense of fairness in their business relationship with services providers, they will be satisfied, leading to positive behaviours such as positive word- of- mouth, recommendations to non-customers and repeat purchases (Bowen and Chen, 2001). Thus the study hypothesis that:

**H3:** There is a positive association between customer satisfaction and behavioral intention.
Building on the literature reviews above, the empirical study will be guided by the model depicted in Figure 1 below. The hypothesized relationships will guide the empirical investigation.

Figure 1 - Analytical model and hypothesis

Proposed Research model

RESEARCH METHODOLOGY

The study is quantitative, using the survey method to gather data from respondents. The sample frame for the study is all the 26 banks operating in Ghana as at June 2012. Letters were sent to all the banks, explaining the rationale of the study and requesting their permission to participate. 18 banks agreed to participate in the study and were used for the final study. A list of customers who have opened current or savings accounts with the banks for at least one year (so they can rate the banks’ price fairness) were obtained from the participating banks to serve as the respondents of the study. 1800 respondents (100 from each bank) were randomly selected and used for the data collection.

Questionnaires were used as the data collection tool. The questionnaire was divided into four sections and structured as follows: (i) personal information (ii) dimensions of price fairness and (iii) customer satisfaction and (iv) behavioural intention. The seven items measuring price fairness were adopted from the literature (Namkung et al., 2009; Martin-Consuegra et al., 2007; Diller, 2008) but modified to fit the banking context. Customer satisfaction was also measured with four items and adopted from the works of (Martin-Consuegra et al., 2007; Herrmann et al., 2007). Finally, behavioural intention was measured using three items and adopted from the study of (Xia et al., 2004). The variables underpinning the constructs were measured using a five point Likert scale anchored on 5 for strongly agree and 1 for strongly disagree. To reduce potential bias resulting from forced response, “N/A” was also included in each question as an option. Exploratory factor analysis using principal component method (Hair et al., 2006) was used to explore the dimensions of price fairness. Furthermore, multiple regression analysis was used to test the relationship between the dimensions of price fairness, customer satisfaction and behavioural intention.
RESULTS OR FINDINGS

The table below presents the demographic profile of 1800 sampled customers of the selected banks used for the study. The sample consisted of 54.4 percent male and 45.6 percent female. With respect to their ages, 4.6 per cent were 20 years or less, 35.3 were within the ages of 21 to 30 years whilst 39.2 per cent were also between 31 years and 40 years old. Approximately 18.3 per cent of the respondents were between 41 and 50 years with 2.5 percent above 51 years. Furthermore, the educational background of the respondents revealed that 7.3 per cent of the sampled respondents had a maximum educational level up to SSSCE level, 3.7 percent were diploma certificate holders, 52.1 per cent were degree holders whereas 36.2 per cent had post-graduate degrees. Additionally, 0.7 per cent had professional qualifications. It is evident from these statistics that majority of the sampled respondents (cumulatively 89.0%) had attained some form of higher education and therefore understood the implications of the study. With respect to the number of years the sampled customers had dealt with their respective banks, it was revealed that 14.0 percent had been with their banks for up to 5 years at the time of the data collection, 45.6 percent had dealt with their banks between 6 to 10 years with 29.1 percent having patronized their bank’s services within 11-16 years. About 1.6 percent of the sampled respondents had been dealing with their respective banks for 20 years and above. The statistics give an indication that the bulk of the sampled respondents have been patronizing bank services for more than a year and thus understand the various ramifications regarding bank service prices. The results appear in Table 1

<table>
<thead>
<tr>
<th>Profile of respondents</th>
<th>Sample composition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>979</td>
</tr>
<tr>
<td>Female</td>
<td>821</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age (in years)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>20 or less</td>
<td>83</td>
</tr>
<tr>
<td>21 – 30</td>
<td>636</td>
</tr>
<tr>
<td>31 – 40</td>
<td>707</td>
</tr>
<tr>
<td>41 – 50</td>
<td>329</td>
</tr>
<tr>
<td>Above 51</td>
<td>45</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Educational Qualification</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SSSCE</td>
<td>132</td>
</tr>
<tr>
<td>Diploma</td>
<td>67</td>
</tr>
<tr>
<td>Professional</td>
<td>13</td>
</tr>
<tr>
<td>Degree</td>
<td>937</td>
</tr>
<tr>
<td>Postgraduate</td>
<td>651</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of years dealt with bank</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5 years</td>
<td>252</td>
</tr>
<tr>
<td>6-10 years</td>
<td>821</td>
</tr>
<tr>
<td>11-16 years</td>
<td>524</td>
</tr>
<tr>
<td>16-19 years</td>
<td>173</td>
</tr>
<tr>
<td>over 20 years</td>
<td>30</td>
</tr>
</tbody>
</table>

**Note:** n=1800

**Exploratory Factor Analysis (EFA)**

The variables measuring the constructs used in the study frameworks (Price fairness, Customer Satisfaction and Behavioural intention) were checked for their loadings and reliability. Variables with loadings of at least 0.5 and factors with a reliability threshold of 0.7 (Hair et al., 2010) were accepted for further analysis. All the fourteen variables had acceptable loadings with reliabilities of 0.78 for price fairness, 0.862 for customer satisfaction and 0.794 for behavioural intention.

**Multiple regression analysis**
In order to test the relationship among the constructs, multiple regression analysis was conducted. The first regression analysis relates to hypothesis 1 whilst the second deals with hypotheses 2 and 3. In the first regression, the dependent variable is customer satisfaction whilst the independent variable is price fairness. However in the second regression, behavioural intention is the dependent variable whilst the independent variables are price fairness and customer satisfaction. Tables II and III provide graphical presentations of the analysis.

### Table II - Multiple regression for Price fairness and customer satisfaction

<table>
<thead>
<tr>
<th>Variable</th>
<th>β</th>
<th>S.E</th>
<th>t</th>
<th>Prob</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>.143</td>
<td>.484</td>
<td>11.478</td>
<td>.000</td>
</tr>
<tr>
<td>Price fairness</td>
<td>.484</td>
<td>.048</td>
<td>11.579</td>
<td>.000</td>
</tr>
<tr>
<td>S.E of estimate</td>
<td>.31420</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R-Square</td>
<td>.673</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adj. R-Square</td>
<td>.621</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Table III - Multiple regression for Price fairness, customer satisfaction and behavioural intention

<table>
<thead>
<tr>
<th>Variable</th>
<th>β</th>
<th>S.E</th>
<th>t</th>
<th>Prob</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>.142</td>
<td>.588</td>
<td>5.496</td>
<td>.000</td>
</tr>
<tr>
<td>Price fairness</td>
<td>.262</td>
<td>.050</td>
<td>7.221</td>
<td>.002</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>.588</td>
<td>.043</td>
<td>16.218</td>
<td>.000</td>
</tr>
<tr>
<td>S.E of estimate</td>
<td>.43180</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R-Square</td>
<td>.751</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adj. R-Square</td>
<td>.685</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The results from the regression analysis tables indicate that there is a strong and significant relationship between price fairness and customer satisfaction (from table II). The statistics (F= 132.458, Prob. F-stats <0.00) as well as (β=0.484, t=11.579, P=0.000<0.05) support this position. The R-Square value =.673 indicates that the independent variable – price fairness – explain 67.3% of the variance in customer satisfaction with an Adjusted R-Square of 62.1%. In the second regression, the study also revealed that there is a strong and significant relationship between the independent variables (price fairness and customer satisfaction) and the dependent variable (behavioural intention). This is evidenced by the statistics (F= 297.591, Prob. F-stats <0.00). However, in this regression, customer satisfaction was found to be the most important determinant of behavioural intentions of customers (β=0.588, t=16.218, P=0.000<0.05). Thus the two regression results provide support for all the three proposed hypotheses for the study.

**DISCUSSION OR ANALYSIS**

The current study was conducted to determine the relationship between price fairness, customer satisfaction and behavioural intention. The study found a positive relationship between the variables and demonstrates that price fairness predicts customer satisfaction and behavioural intention. The findings of the study are consistent with that of Martin-Consuegra et al, (2007) who found that price fairness influences customer satisfaction and loyalty. The study indicates that the absolute levels of prices, periodic price increases and how they are communicated to customers could affect their satisfaction and behavioural intention towards retail banks. The current study thus makes a contribution to the literature on consumer behaviour. The study demonstrates that when customers perceive prices charged by retail banks as fair, this could contribute to their satisfactions with the services of the banks and encourage repeat purchase and positive word-of-mouth. These twin goals are often at the heart of most marketing strategies.

**CONCLUSION**

The study shows that the price that retail banks charge, periodic increases in the tariffs and how they are announced to customers can influence consumer behaviour in the banks. There is therefore the need for retail bank managers to manage their price information in such a way so as to elicit positive response from customers. The current study was limited to the banking industry and therefore future studies should extend the findings across multiple industries in order to validate the results of the study across multiple industries.
Moreover, prior studies have shown that perceived price fairness influences customer price acceptance. This must also be investigated so that future studies must provide a comprehensive model for price fairness in retail banking. Finally, not much research has explored the consequences of price unfairness and customer behaviour. An investigation in this direction will be a good theoretical addition to the price fairness literature.

REFERENCES


Antecedents to B2B Relationships: Evidence from Ghana

Maapa Kwame Quansah
ishmael.quansah@gmail.com

Bedman Narteh
bnarthe@ug.edu.gh

Daniel Quaye
danquaye2002@yahoo.com

Department of Marketing and Customer Management
University of Ghana Business School

ABSTRACT

Even though b2b relationships have attracted a plethora of academic research, our search through the extant literature indicates that there is no comprehensive model on the antecedents of b2b relationships. The current study is conducted to address this knowledge gap. The study proposes the antecedents of b2b relationships. Investigation is carried out in a large multinational company and its supplier by the application of qualitative research design. The study finds that buying and selling firms consider different preconditions before establishing the b2b relationship. The strategic implications of the findings have been discussed in the study.

Keywords: preconditions, antecedents, b2b relationship

INTRODUCTION

Two groups of scholars have emerged regarding the development of b2b relationships, namely: the stages and the states traditions (Rao and Perry, 2002). While scholars from the stages tradition are of the view that b2b relationships develop progressively, those of the states tradition argue that b2b relationships only move from being new to being inert. The argument appears to have been laid to rest without consensus between the two halves. However, critical to these viewpoints is that both traditions failed to examine the preconditions that both buying and selling firms consider independently that their counterparts should satisfy before initiating and/or starting the b2b relationship. This study is aimed at addressing this gap in the literature. It answers the research question, what preconditions do b2b firms ensure that prospective buyers or sellers satisfy before initiating and/or starting a b2b relationship?

The study provides two major contributions. Firstly, it contributes to the literature by providing insights into the preconditions to b2b relationships, an issue which has been under-researched in the industrial marketing literature. Secondly, findings provide managers (i.e. Sales and Purchasing) the insights into what their organizations is expected to satisfy in their quest to either get reliable suppliers or buyers. The study is organized as follows: the next section reviews the relevant literature, followed by the methodology; whilst findings and discussions follow accordingly. Finally, the study ends with conclusions and implications for both theory and practice.

UNDERSTANDING B2B RELATIONSHIP

The starting point of b2b relationship is the intention on the part of either a buying or a selling firm to engage prospective selling or buying firms respectively to do business with. Kranton and Minehart (2001) noted that, a buyer and a seller must have a relationship, or “link”, to engage in the exchange process. Further, they claimed that the “link” is anything that makes possible or adds value to a particular bilateral exchange. (p, 485). This link is created through “Information exchange” (Harwood, 2005) which has been identified to play a pivotal role in the process of developing b2b relationships (Hill, 2010). Hill’s (2010) opinion is that deep relationships often occur as a result of effective information exchanges. Thus, communication is the process by which business relationships are formed (Grönroos et al., 2001).
Scholars of the stages theory (Ford et al., 2003; Damperat and Jolibert, 2009; Rajaobelina and Bergeron, 2009; Chong et al., 2011; Lin et al., 2011) opine that b2b relationships grow progressively over time. They argue that the initial stages of the relationships is very simple and as the firms get to know each other well and trust is built between them, they increase their commitment by investing more into the relationship. Ford (2002) notes that a b2b relationship evolves through a five-stage framework in which the relationship develops as a process over time. These stages are: pre-relationship, early development, long term and final. During the first stage, large amount of uncertainties exist between the parties, who are trying to learn about and adjust to each other. During the following stages, the parties try to reduce their mutual distance, as well as develop trust in each other (Rajaobelina and Bergeron, 2009).

Scholars of the states tradition (Holmen et al., 2005; Palmer, 2007; Rao and Perry, 2002) on the other hand, argue that dyads only move from being “new” toward being “inert” and that between the beginning and the starting point, three possible states of relationship exist, namely; growing, troubled and static (Holmen et al., 2005). A b2b relationship at any point in time may be found in one of these states. Contrary to the stages theory therefore, the states theory acknowledges that “relationship development is highly complex and unpredictable and that relationships can improve or deteriorate over time or remain static, but do not conform to a type of ‘processual’ model that can be managed from a practitioner perspective to improve the “quality” of the relationship” (Palmer, 2007; p. 440). Rao and Perry (2002) suggested that the nature of the relationship is influenced by the context within which it occurs.

**RESEARCH FRAMEWORK**

The primary goal of this research is to understand the antecedents to b2b relationships. The study postulates the following: firm reputation, technical service, price, firm flexibility and product reliability as the antecedents to b2b relationship. They are discussed below.

**Firm Reputation:** Both buying and selling firms are concerned about the reputation of the entities they deal with. Cretu and Brodie (2007) opine that the company’s reputation is likely to have an important influence on the buying processes. The firm’s reputation is “a particular type of feedback received by an organization from its stakeholders, concerning the credibility of the organization’s identity claims” (Whetten and Mackey, 2002, p. 401). Hingley (2008) posits that company reputation contributes to the attractiveness of their offerings. Thus, b2b organizations conduct background assessments on potential partners concerning their reputation before entering into business deals knowing that a firm’s reputation can have a direct impact on its association with others.

**Technical service:** “In many business markets the company’s service also plays a major role because there is a need for technical advice about the products” (Cretu and Brodie, 2007; p. 230). Buying firms consider that sellers have workable strategy to provide after sales services and any other services regarding their supplies when the need arises. The selling organizations in turn ensure that the buyers are convinced about their ability to provide such services as and when they are required at the buyers’ convenience.

**Price:** This concerns the value at which the initial transaction is conducted. Once a relationship is established over time, buying firms become less sensitive to price and concern themselves more with building relationship (Grönroos, 2001). The price issue is prominent during the period of initial contact and negotiation. The process of negotiation and the context within which it is conducted largely impacts on possibilities of building industrial buyer-seller relationship (Ford, 2002). As a precondition, parties ensure that they get the best price.

**Firm Flexibility:** This relates to the willingness of parties who intend to engage in b2b relationship to adapt to each other’s uniqueness for the relationship to work (Brennan et al., 2003). The selling firm needs to show the buying firm that in the event that it becomes necessary to alter its production process, it (i.e. the selling firm) will be willing and have the capacity to do so appropriately. Thus, b2b buying firms are interested in selling firms which have the ability and willingness to customize supplies for them (i.e. the buyer). The buying firm on the other hand, needs to show to the selling firm that in the event that it becomes necessary, it (i.e. buying firm) will be willing to agree to an adaptation process that will enable the selling firm to serve it (i.e. buying firm) better.
Product Reliability: The ability of the seller’s offering to perform expected function when employed into the buyer’s production process is the concern here. B2b firms insist on quality. They usually require industrial supplies to meet some specifications which are not compromised on due to the high cost involved (Hewett et al., 2002). In this light, selling firms seek buyers whose required supplies they (i.e. selling firms) have the technological competence to manufacture before they accept to supply. Buying firms in the same vein, seek suppliers whose competence to manufacture their required inputs is not in doubt.

The study is grounded by the framework proposed in figure 1. We argue that firm reputation, technical service, price, firm flexibility and product reliability are the antecedents of b2b relationship.

RESEARCH METHODOLOGY

Qualitative research design was adopted for this study. This was because the study was exploratory in nature and the insights sought for understanding the phenomenon under investigation were better unearthed using a qualitative research design (Hinson et al., 2009). Interviews were used to gather data for this study by the aid of an interview guide. It was fashioned to answer the research question the study was meant to answer. Respondents were asked the same questions. This was meant to test the robustness of the responses received. A multi-national company and its key supplier were selected for this study. Their selection was because the study saw their modus operandi to represent a good case for the subject studied (Cresswell, 2007). Also, one of the researchers is a former employee of the buying firm and that offered an unencumbered access (Cresswell, 2007). Two respondents were interviewed from each firm. The logistics manager and a buyer were interviewed from the buying firm while the sales manager and key account manager were interviewed from the selling firm. These respondents were selected because their routine jobs directly relate to the research question the study seeks. For triangulation purposes, an expert with about 15 years experience of working for companies such as Nestle Ghana Limited, Cadbury Ghana Limited and PZ Cussons in the supply chain field was also interviewed as a fifth respondent to corroborate information gathered. It is important to note that in the light of qualitative research employed for this study, the interest is to achieve thematic insights more than statistical generalizations (Yin, 2003).

For the purpose of confidentiality, pseudo names are used to refer to the firms studied. The buying firm is represented as the ‘buying firm’ while the selling firm is represented as the ‘selling firm’. The buying firm is a manufacturing firm in Ghana producing variety of consumer products and operated for 41 years in the country. The selling firm on the other hand, is a producer of surrogate papers and supplies and has operated in the country for more than twenty companies in Ghana and has 31 years in Ghana. It is worth noting that the buying firm buys about 60% of its surrogate needs from the selling firm. Data was analyzed inductively and themes fetched from the empirical results as they emerged. Data analysis was done concurrently with data collection in a spiral manner (Cresswell, 2007).
FINDINGS

Our proposition is that b2b relationships occur after actors are satisfied that prospects would be able to meet certain criteria. These criteria are classified as preconditions and this is what the study is designed to investigate. Below reports the findings as per the research question. We begin with the responses about the considerations of the buying firm followed by that of the selling firm.

Buying firm’s considerations

Our findings confirm the expectation we had that a buying firm assesses a prospective supplier against a set of criteria. These criteria are found not to be codified in any official document but are consensus that is shared by the respondents. These preconditions are informed by the goal of the firm about the particular goods involved. Specifically, we find that critical for the buying firm is that prospective selling firms should demonstrate their ability to deliver goods on time and produce them at the required specification. The buyer interviewed from the buying firm revealed:

“For me, before I engaged any supplier, I first ensure that they have the ability to supply us with the goods as we specify”

This was reiterated by his Logistics manager when he responded as thus:

“…on-time delivery is more crucial to us so that the production line will not stop; and the quality of the material as well. The quality is reflected in the suppliers’ ability to produce according to our specification. On-time delivery and quality go to the roots of any relationship we have with our suppliers.”

This viewpoint is further deepened by the expert respondent who intimates that selling firms seem compelled to show they are able to satisfy these preconditions. In his own words:

“…most selling firms are virtually compelled to prove that they can do the job. They do this not just because buyer firms demand it; but just so they can be effective at sales pitching. This is because other players are around and so must be more convincing. In enduring relationships, the absence of this is most likely to breakdown…”

The above position was confirmed by respondents from the selling firm about the buying firm but for them their action is influenced by competition. The sales manager of the buying firm affirmed the above viewpoint as he recalls:

“…we always have to prove to our buyers beyond doubts that we can deliver. That is why we give them samples to try or for testing and even invites them to our premises to show them our machines. We also have to let them know about our fleet of vehicles for deliveries and extra arrangements we are able to make with transport firms such as Prisco Limited… You see, because of competition, if you do not do this your competitors will take a swipe at you”

Probing further, we sort to understand why price is not an issue. Responding to this question, the Logistics manager of the selling firm indicates that the price is supplanted by the importance of the two criteria identified. He states as thus:

“…if a supplier’s price is low but delays your goods all the time, you will be inefficient in your production. If the supplier cannot also deliver according your specifications, you better not engage him because your production quality will be affected. So we are more interested in these two. However, making a choice between two supplies that will deliver on time and also supply according to specification, we will consider other factors such as the price to make the decision.”

On the question of how buying firms ensure that a new selling firm has the capacity to produce as per specification, we found that the quality division of the buying is instrumental as from sellers are subjected to quality testing. Approval to buy from particular suppliers cannot be given without the endorsement of the quality division. The strategic buyer adds:

“…our quality department tests samples to see whether they meet our standards and until a green light is given by quality we cannot engage the supplier…”

Documentary evidence show that before the two most influential preconditions are checked by the buying firm, the prospective supplier is required to have shown evidence that it has the legal right to operate in the
country and that it files its tax returns as required by law. We noticed that all authorized suppliers had their certificate of commencement of business and VAT tin number attached to their dossier.

**Selling firm’s considerations**

From the selling firms’ perspective, the buying firms’ ability to make regular high volume orders and pay on time is the most critical of their pre-relationship considerations. Respondents from the selling firm shared the same view. The sales manager reveals:

“We want to deal with buyers who assure us they will deal with us for the long term, buy more quantities and will not delay payments unduly... the public image of the buyer should be able to fetch us other credible businesses...”

Again, it turns out that, the reputation of buying firms is also important to suppliers in choosing which firms to supply to. A senior manager from the selling admits:

“...they say, show me your friend and I will show you your character’. This maxim is true in our line of business. Firms want to know whom you deal with before they consider working with you. As a result, we try as much as possible to work with firms of sound reputation...”

Commenting on selling firms’ reputation, the senior manager interviewed from the buying firm indicated that the reputation of a selling firm is not a major concern for them as buyers but concedes that his firm’s reputation could mean much to selling firms. In his own words:

“We are more concerned about the suppliers’ ability to deliver than the reputation they carry... I think that from the way and manner firms troop in here to want to supply us, our image could be an influencing factor”

DISCUSSIONS

The study was conducted to investigate the antecedents to b2b relationships. It is realized that buying and selling firms consider different factors as important prerequisites in seeking the parties. We find that the buying firm is more concerned with two major factors: on-time delivery and product specification. Price is found to be a factor only in situations where competing prospective suppliers have equally satisfied the two criteria. Our inference is that, the efficiency of the buying firm borders on its ability to produce quality products: and since production is more or less a garbage-in-garbage-out process, the manufacturer (i.e. the buyer) will rather prefer inputs that meet required criteria and even higher priced to the reverse. Consequently, to the buying firm the suppliers’ ability to satisfy these two criteria are more influential than any other factor such as the price at which the inputs are acquired. Thus, our findings contrast from the argument put forward by Gronroos (2001) that buying firms are price sensitive during initial negotiations and less sensitive to price in ongoing b2b relationships. We contend that the buying firm is less sensitive to price when the seller is able to satisfy the two criteria; and is likely to show price sensitivity only in cases when multiples suppliers have met criteria at the same time. To the buying firm therefore, a seller is quality when these two criteria are satisfactory and they anchor initial trust to do business with the buying counterpart. This confirms the argument put forward by Hewett et al. (2002) that when supplies is of expected quality, buying firm is able to trust that particular supplier to work with.

Conversely, the selling firm is more concerned about three major factors; on-time payments, high volumes purchases and assurance of continual rebuy. It is worth noting that the selling firm is interested in supplying buyers who have capacity to rebuy than to one off high volume buyers. This confirms the viewpoint that b2b firms prefer building long term relationships as opposed to one off sales that brings in one-time huge profits (Ford, et al., 2003; Damperat and Jolibert, 2009). Again, we find that the selling firm is interested in dealing with buyers who have good reputation. During sales pitches, selling firm show prospective buyers which
reputable companies are already buying from them to indicate to buying firms they will be able to deliver as required. While, it may be important and useful to them (the selling firm) to ride on the reputation of its customers to convince prospects, the buying firm considers such information as auxiliary to the two preconditions identified. In justifying their ability to supply, selling firms know that the two criteria by the buying firm are crucial even in enduring relationships and form the defining characteristics of most broken b2b relationships (Tähtinen and Vaaland, 2006). It is therefore reasonable to bear in mind that the reason for the dissolution of b2b relationship such as changes in the personnel (Alajoutsijärvi et al. (2000) and change management (Gronroos, 2001) may not be the most influential causative factors.

CONCLUSIONS

The results of the study point to the fact that the selling firm and the buying firm have different antecedents to the building of b2b relationships. The study is exploratory using only two companies making the result difficult to generalize. However, the initial insight should be used for more expanded study in order to validate the findings of this study.

REFERENCES


ABSTRACT

Corporate social responsibility (CSR) engagement and reporting has been gaining great attention by both scholars and practitioners. This study seeks to ascertain the kind of corporate social initiatives that Ghanaian banks report in the print media. The qualitative approach was employed in this study. It adopts the media content analysis approach to ascertain the corporate social initiatives that Ghanaian banks report in the Daily Graphic. The banking sector was chosen because of the increasing spending of thousands of dollars on several CSR activities. Findings of the study indicate that, CSR stories that the banks reported were corporate philanthropy.

Keywords: CSR, content analysis, social initiative

Cite As:

INTRODUCTION

The issue of corporate social responsibility (CSR) reporting is increasingly becoming a contemporary global concept leading to a paradigm shift in the ways businesses and organizations in societies operate. This is partly due to the rising need for sustainability of modern society (Espinosa and Porter, 2011). In addition stakeholders’ interest may go beyond financial performance to include socially, environmentally and ethically responsible behaviour by corporations (Zadek et al., 1997). This is evident in the growing importance of social investment funds and increasing media coverage of such activities (Dembinski et al., 2003). Corporate entities now report not only their financial performance but also social and environmental impacts along (Pearce & Doh, 2005; Ofori & Hinson, 2007). Despite the growing importance of CSR and its reporting, it appears there is no agreed definition for the concept. Forstater et al. (2002) define CSR as a company’s actions that contribute to sustainable development through the company’s core business activities, social investment and public policy debate. McWilliams and Siegel (2000), on the other hand, define CSR as actions that appear to further some social good beyond the interest of the firm which are required by law. Carroll (1979), one of the pioneers of the concept, indentifies four main dimensions of the corporate social responsibility, namely; economic, ethical, legal and discretionary. It appears these scholars share a common view as they all recognize social good as one of the key reasons for firms to engage in CSR. However, some businesses have adopted the concept as a business strategy to gaining competitive advantage (Kuada and Hinson, 2012). Scholars have identified various forms of opposing global standards for Corporate Social Responsibility (CSR) reporting, such as, the Global Reporting Initiative and the UN Global Compact (Unerman,1999), “triple bottom line” or conformed to the standards of nongovernmental organizations (NGOs) such as the Global Reporting Initiative or Social Accountability International (Dawkins and Ngunjiri,2008). According to the Impression management theory, firms make available information in order to control the perceptions of key stakeholders (Deegan, Rankin, & Voght, 2000; Elsbach, 1994; Hooghiemstra, 2000), meaning CSR reporting is critical in corporate communication strategy. Lindblom (1994) notes CSR reporting is beneficial to firms in the following ways; (a) it enlightens stakeholders about the intent of the company to enhance its social performance, (b) it manages to influence stakeholders’ expectations about corporate moves (c) guides attention away from negative events through communication of positive acts, and (d) attempts to manipulate stakeholders’ perceptions about certain events about the firm. A Plethora of research on CSR reporting exists. Most of these studies adopt a content analysis approach by analyzing annual reports of corporate institutions (e.g. Golob & Bartlett, 2007; Imbun, 2007; Jamali & Mirshak, 2007; Thompson & Zakaria, 2004; Douglas et al. ,2004) while others concentrate on how firms report their CSR activities online (Hinson et al.,2010; Hinson, 2011). This study
adopts the content analysis research design to assess the kind of corporate social initiatives that Ghanaian banks report in the print media. The rest of the paper reviews literature on corporate social initiatives, and then provides the methodology and findings of the study.

CORPORATE SOCIAL INITIATIVES

Kotler and Lee (2005) define corporate social initiative as “major activities undertaken by a corporation to support social causes and to fulfill commitments to corporate social responsibility.” Hess et al. (2002, p. 110), on the other hand define social initiative in the business context as any program, practice, or policy undertaken by a business firm to benefit society. Six major initiatives under which most social responsibility-related activities fall have been identified by Kotler and Lee (2005) as:

1. Cause promotions
2. Cause-related marketing
3. Corporate social marketing
4. Corporate philanthropy
5. Community volunteering and
6. Socially responsible business practices

Cause promotions: A corporation provides funds, in-kind contributions, or other corporate resources to increase awareness and concern about a social cause or to support fundraising, participation, or volunteer recruitment for a cause (Kotler and Lee, 2005). The corporation may initiate and manage the promotion on its own; it may be a major partner in an effort; or it may be one of several sponsors. Cause promotions commonly assist in creating awareness about social issues of concern to society such as HIV education programmes, contributing to support the fight against armed robbery, anti-drug campaign programmes.

Community volunteering: Hinson (2012) observes that when a service firm supports and encourages employees, retail partners, and/or franchise members to volunteer their time to support local community organisations and causes, community volunteering is being practiced. This activity may be a stand-alone effort or it may be done in partnership with a non-profit organisation. Community Volunteering can be seen as an extension of private behavior into the public sphere (Brudney, 1990)-this is how many emergency squad volunteers see their work (Gora & Nemerowicz 1985) other studies have suggested that there is little question that volunteering should include informal helping behaviors, such as driving one’s elderly neighbor for a medical check-up (Cnaan & Amrofell 1994). However, Sociological convention distinguishes being an active participant in a voluntary association from volunteering (Cutler & Danigelis 1993). There is something to be said for separating these roles. The first consumes the collective goods the organization provides, while the second helps produce those goods. Allowing this distinction, there is still some question as to whether people who help maintain the association they belong to should be counted as volunteers because the public good created is restricted to fellow members. But there seems to be no convincing reason to rule out such activities, although it might be useful to separate associational volunteers, who are members working for their organization, from program volunteers, who are members working on behalf of their organization (Smith 1997).

Cause related marketing: The practice of advocating corporate social responsibility in marketing communications activities is commonly known as cause related marketing. Cause-related marketing (CRM) is defined as the process of formulating and implementing marketing activities that are characterised by contributing a specific amount to a designated nonprofit effort that, in turn, causes customers to engage in revenue providing exchanges (Mullen, 1997). In the USA, CRM is used as a corporate term for ‘working together in financial concert with a charity, to tie a company and its products to a cause’ (Ptacek & Salazar, 1997). It is a ‘dramatic way to build brand equity ... as it creates the most added value and most directly enhances financial performance’ (Mullen, 1997). It can generate the long-term value needed for a company to survive and achieve competitive advantage (Collins, 1993).

Corporate philanthropy: An activity above and beyond what is required of an organisation and which can have a significant impact on the communities in which a company operates (Lerner & Fryxell, 1988; Mullen, 1997). It is the commonest and traditional of social initiatives. Most companies fulfill their social responsibility through Corporate Philanthropy (Kotler and Lee, 2005). Corporate philanthropy may be driven by altruistic and strategic motives (Matten & Moon, 2008; Du et al., 2010). Altruistic motives are a company’s selfless acts which promote the welfare of the community and environment in which the company operates (Matten &
Moon, 2008). Strategic motives, on the other hand, see, philanthropy to be more of a business investment, where corporate giving is expected to yield profitable returns (Lantos, 2001). Giving to charities in the form of a percentage of pre-tax earnings, it provides a concrete measure of the social effort of corporate managers. Corporate philanthropy is likely to enhance the image of companies that have high public visibility (Mullen, 1997).

**Social marketing:** Kotler and Zaltman (1971), defines social marketing as the application of commercial marketing technologies to the analysis, planning, execution, and evaluation of programs designed to influence the voluntary behaviour of target audiences in order to improve their personal welfare and that of their society. A corporation supports the development and/or implementation of a behavior change campaign intended to improve public health, safety, the environment, or community well being (Kotler and Lee, 2005).

**Socially responsible business practices:** A corporation adopts and conducts discretionary business practices and investments that support social causes to improve community well-being and protect the environment. Initiatives may be conceived of and implemented by the organization or they may be in partnership with others (Kotler and Lee, 2005).

**Ghana’s Banking Sector**
The Ghanaian banking industry in recent times has undergone various transformations especially in this era of globalization and information technology. There have been the introduction of various financial products and innovations such as the Automated Teller Machines (ATM), credit cards and mobile phone banking; among others. Most banks now employ cutting edge technologies to roll out their products to their Ghanaian customers. Competition has become keener especially with the influx of foreign banks in the Ghanaian industry (notably Nigerian banks such as Guaranty Trust Bank, Zenith Bank, Intercontinental Bank and United Bank for Africa) and has therefore necessitated the introduction of new products in order to gain competitive advantage and keep customers delighted. Because of the very fierce but healthy competition in the banking sector, daily newspapers are adorned with catchy adverts of re-branded or new products offerings in an attempt to lure new customers to their products and services. Recognizing the growing importance of CSR in Ghana and its effects on consumer choice of products, Ghanaian banks have employed the CSR as a strategic tool to win customers (Hinson, 2011). Almost all the banks in Ghana now engage in CSR which most of them report on their website (Hinson, 2011). Stanbic bank, for example, was received an award for the CSR activities and projects they implemented between 2011 and 2012 (www.todaygh.com). Also these banks constantly report their social responsibility activities in the daily news papers (www.todaygh.com). Bank branches also keep increasing every year. Currently, there are 26 banks in Ghana with Standard Chartered Bank being the oldest bank in Ghana.

**METHODOLOGY**
This study is qualitative in nature. It adopts the media content analysis approach to ascertain the corporate social initiatives that Ghanaian banks engage in. This approach has been used to analyse how firms report their CSR activities (Dawkins and Ngunjiri, 2008, Deegan and Rankin, 1997). Krippendorff, (1980) notes that the essential stage in any content analysis study is the selection of documents to be analysed. The study analyses CSR stories reported in the Daily Graphic from January 2012 to December, 2012 that relate to the banking sector. This period was found to be appropriate as it covers the third and fourth quarters of the financial year of these banks. In addition, the period is long enough to serve us evidence for CSR activities of Ghanaian banks. Daily Graphic a national news paper, was chosen because of data integrity and authenticity. In addition this paper is one of the most reliable sources of public information. Yoon et al. (2006) notes that media coverage of CSR is very critical because of its ability to reach enormous audiences and because CSR information reported by a dispassionate source like the media (Daily Graphic) is perceived as more credible. Media content analysis is a widely used approach. As summarized by Lasswell et al (1952) media content analysis is about, who says what, through which channel, to whom, with what effect. Scholars who have used this approach include (Hansen, et al., 1998; Neuendorf, 2002; Riffe & Freitag, 1997; Shoemaker & Reese, 1996). This approach is one of the fastest growing research techniques in mass communication research (Neuendorf, 2002). The banking sector was chosen because of banks increasing spending of thousands of dollars on several CSR activities (Hinson, 2011) in order to, among other things, enhance their reputation and gain competitive advantage.
FINDINGS AND DISCUSSIONS

The concept social responsibility has made enormous strides and has had a positive impact on several issues of concern to society in the areas of public health, safety, the environment, and community involvement. Fundamental principles underlying corporate social responsibility have been adopted by several service organisations to gain legitimacy and an improved public image in the societies within which these service businesses are located (Kotler and Lee, 2005). The study sought to ascertain the kind of CSR initiatives that Ghanaian banks report in the daily newspapers. Out of the fifteen (15) stories that were reported during the period fourteen (14) were Corporate Philanthropy while one was Cause Promotion. This means that most of the Social responsibility activities that were carried out and reported by Ghanaian banks during the period under review were philanthropy. This is not surprising since corporate philanthropy has been noted as the commonest social initiative that most organizations use to fulfil their social responsibility (Kotler and Lee, 2005). The beneficiaries of these initiatives were in the health sector, educational sector, and security service. The Table1 below provides the CSR activities of Ghanaian banks as reported in the Daily Graphic.

Table 1: List of Companies and Type of Social Initiatives Undertaken

<table>
<thead>
<tr>
<th>BANKS</th>
<th>DATE</th>
<th>TYPE OF SOCIAL INITIATIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stanbic, Others Give To SWAG</td>
<td>23/06/2011</td>
<td>Corporate Philanthropy</td>
</tr>
<tr>
<td>Agricultural Development Bank Donates Towards Okatsey’s Funeral</td>
<td>17/7/2011</td>
<td>Corporate Philanthropy</td>
</tr>
<tr>
<td>UniBank Supports The Children’s Eye Centre</td>
<td>3/7/2011</td>
<td>Corporate Philanthropy</td>
</tr>
<tr>
<td>Twife Rural Bank Assists Chiefs, Cape Coast Police</td>
<td>19/7/2011</td>
<td>Corporate Philanthropy</td>
</tr>
<tr>
<td>Stanbic Bank Promotes ICT At Agama Kwamea’s Senior High School</td>
<td>3/8/2011</td>
<td>Corporate Philanthropy</td>
</tr>
<tr>
<td>Rural Bank Assists Three Police Stations</td>
<td>1/8/2011</td>
<td>Corporate Philanthropy</td>
</tr>
<tr>
<td>Arkbotang Rural Bank Supports Worsace</td>
<td>28/09/2011</td>
<td>Corporate Philanthropy</td>
</tr>
<tr>
<td>StanChart Donates To 6th Correctional Institute</td>
<td>28/9/2011</td>
<td>Corporate Philanthropy</td>
</tr>
<tr>
<td>StanChart Commits To Build Capacity Of SMEs</td>
<td>26/11/2011</td>
<td>Corporate Philanthropy</td>
</tr>
<tr>
<td>Juaben Rural Bank Supports 100 Students</td>
<td>23/11/2011</td>
<td>Corporate Philanthropy</td>
</tr>
<tr>
<td>Barclays Paints Waibo-Assakie Junior High School</td>
<td>12/11/2011</td>
<td>Corporate Philanthropy</td>
</tr>
<tr>
<td>Fidelity Bank Sets Up ICT Centre For Danquame Basic School</td>
<td>27/12/2011</td>
<td>Corporate Philanthropy</td>
</tr>
<tr>
<td>CAL Bank Supports Orphanages</td>
<td>28/12/2011</td>
<td>Corporate Philanthropy</td>
</tr>
<tr>
<td>Investment Banker Supports AmaMater</td>
<td>23/12/2011</td>
<td>Corporate Philanthropy</td>
</tr>
<tr>
<td>Stanbic Teams Up With 2 Others To Raise Awareness Of HIV &amp; AIDS</td>
<td>16/12/2011</td>
<td>Cause Promotion</td>
</tr>
</tbody>
</table>

Conclusions and Recommendations

From the above findings, it is clear that banks in Ghana are committed to CSR. It is important to note that CSR activities by banks are influenced by the environment in which the bank is operating. Therefore, it can be concluded that a predetermining factor for what an organization engages in as its social responsibility is the environment including the culture of the people. Based on the findings too, it can be concluded that, CSR in the Ghanaian banking sector is purely philanthropic. To expand the scope of their CSR activities Banks Ghana should look at other areas where great opportunities exist for them to reap the benefits that come with CSR. This is also to enable the banks to have a broad view of practical CSR activities, a narrow perspective is undesirable. These areas include leadership, vision and values, market place activities, workplace activities, supply chain activities, stakeholder engagement and environmental activities. Although, the banks may be engaging in these activities but they are hardly reported. But these are areas that banks can leverage on in projecting how socially responsible they are. The banks need to set a clear direction and leading by putting CSR at the centre of the enterprise. The banks should communicate to the public how ethical they are.
REFERENCES


The Role of Corporate Community Relations for a Strategic Approach to CSR in Ghanaian Banks
SUMMARY

The presentation demonstrates the contribution corporate community relation offers to corporate social responsibility (CSR) through an approach based on stakeholder involvement strategies, and how Ghanaian banks could reach the objectives of integrating CSR activities in their corporate strategies.

Keywords: corporate community relations, strategic approach, corporate social responsibility, Ghana


INTRODUCTION

Over the decades, defining CSR has been a challenging one, as there are several areas of focus depending on which dimension it is looked (Fill, 1999). However, the different perspectives on CSR agreed on the fact that decisions and actions of organisations have varied impacts on the lives of the citizens (Porter and Kramer, 2006). For this reason, companies have progressively included a social purpose in their corporate mission and their CSR practice. This paper aims to analyse the contribution corporate community relation (CCR) offers to corporate social responsibility (CSR) through an approach based on stakeholder involvement strategies. The main objectives are: to explore CCR practices in Ghanaian banks, and investigate the increase and significance of CCR in communicating social responsibility. The implementation of CCR is studied in a sub-Saharan African context. The study indicates that generally the practice of CSR is not usually considered part of regular business operational activities. However, there is a huge interest towards the use of actions that involve communities and the necessity to integrate such initiatives in marketing communications strategies addressed to sustainability. The paper demonstrates that Ghanaian banks could reach the objectives of integrating CSR activities in their corporate strategies by involving communities.

RESEARCH PROBLEM

Several studies carried out in the last decade show that companies understand the importance of building up relations with communities but for the majority, CCR initiatives are not strategic. CCR actions seem to be implemented more on a “voluntary” basis, undertaken at the discretion of top managers and are controlled by the communications department (Porter & Kramer, 2006). Waddock (2001) on the other hand, argues that businesses are progressively moving toward engagement strategies focused upon processes of mutual responsibility, information-sharing, open and respectful dialogue and an ongoing commitment to problem solving. According to Dawkins (2004: 119), it is important to develop “a clear communications strategy, taking into account which aspects of the responsibility programme best fit with corporate reputation and with stakeholders’ concerns”.

Therefore, this paper highlights and analyses the CCR activities often put into practice by the Ghanaian banks though they are not directly part of their business or communication strategies, thus, leaving a gap between the banks’ CCR practices and the overall business strategy. The analysis in this paper also gives some indications on the future developments of CCR actions and how such activities can be integrated in the overall communications and business strategy.

RESEARCH PURPOSE

The purpose of this paper is to identify how Ghanaian banks can bridge the gap between the stakeholder’s perception and the communication of a company. According to research, a gap between stakeholder perception of a company’s socially irresponsible behaviour and CSR communication may lead to negative
effects for the company and its products (Brown and Dacin, 1997; Sen and Bhattacharya, 2001; Swaen and Vanhamme, 2003).

RESEARCH QUESTION

What role does corporate community relation play in contributing to the strategic approach to CSR communication in Ghanaian Banks?

RESEARCH METHODOLOGY

This is a multiple case study approach using four units of analysis which are domestic Ghanaian banks. The analyses of the cases are based on official publications, archived documentations and semi-structured interviews of top managers in each bank.

FINDINGS/RESULTS

This paper will use the five priority sectors – education, health, sport, art and environment - of these banks in the period 2008-2012 to position their CCR practice along a strategic framework. To analyse the banks CCR actions, Porter and Kramer’s (2006) framework will be useful to identify the intersection points between an organization and society. The authors distinguish three categories of impact (generic social issues, value chain social impact, and the social dimensions of competitive contexts) in CSR processes, based on their potential impact for creating shared value between company and society. On the lines of this framework, the banks different areas of CCR intervention (and specific objectives) are positioned to determine whether or not the activities are integrated in corporate strategy.

RESEARCH OUTCOMES/IMPLICATIONS

The study conducted on the capacity of the banks to integrate their CCR activities in the CSR strategy and communications in such a way that there is a clear and coordinated strategy that evaluates both the opportunities and risks addressed by the community stakeholders.

ORIGINALITY

This paper contributes to research into CSR by providing a model for bridging the gap between stakeholder’s perception and the communication of the Ghanaian banks.

REFERENCES


SUMMARY
This study develops a model of export performance outcomes of product innovativeness focusing on the potential for curvilinear association to be present, and the possibility for competitive intensity and channel networking to moderate the relationship. Results show that the impact of product innovativeness on export performance is U-shaped. The relationship becomes increasingly more positive as levels of channel networking and competitive intensity are both higher.

Keywords: public policy, MDG, good governance, Ghana

Cite As:

INTRODUCTION
Emerging markets offer substantial growth opportunities for emerging market firms, and researchers have begun to examine potential business strategies for firms competing from these markets (Sheng et al. 2011). Given the under-developed business supporting institutions in the emerging markets, recalibration of traditional theories and strategy models may be necessary before being applied to such markets. As such, some scholars have specifically called for focused research into the opportunities and challenges presented to conventional management theory and practice arising within emerging markets. Certainly, increasing our understanding of the beneficial effects of key business activities in emerging markets offers an opportunity to improve the effectiveness of international business research and practice. This study argues that product innovativeness, viewed from firm-level, is one key international business activity that needs additional attention from emerging market perspective. Accordingly, we draw on the organizational innovation literature to define product innovativeness as the ability of exporting firms in emerging markets to innovate or adopt product innovations and implement them successfully before the competition (Tuominen et al. 2004). Thus, this study seeks to achieve three research purposes.

PURPOSE OF THE RESEARCH
First, evidence regarding the form of the relationship between product innovativeness and performance is currently ambiguous, with the majority of prior studies indicating a positive linear relationship, but with some studies reporting a negative linear relationship, curvilinear association or no relationship at all. Despite the differences in results, the vast majority of prior studies have viewed product innovativeness at the level of individual product innovations, and out of the few studies that have examined the association between firm-level product innovativeness and firm performance in emerging market contexts (e.g. Li and Atuahene-Gima
2001), none have empirically examined the form this relationship takes in terms of its impact on firms’ export performance. In view of this, we argue that the benefits of product innovativeness may vary along different levels of innovativeness with low, moderate and high levels of product innovativeness having differential impact on performance. Given the dual market conditions emerging market exporters compete in (i.e. the need to produce low innovative new products that appeal to low income and risk-averse consumers and the requirement to satisfy the expectations of quality conscious and novelty-seeking high income consumers), this study seeks to test for the hypotheses that low and high levels, unlike moderate levels, of product innovativeness will be related to increases in export performance (H1 = U).

Second, past research suggests that the effectiveness of product innovativeness may be conditioned by the level of competition in firms’ targeted export markets. It is argued that under high competitive intensity conditions, firms must innovate more to ensure that customers’ changing needs and preferences are met better than competitors. In extending the existing literature, this study argues that emerging market exporters lack the human, financial, and experiential capacity to be able to compete with more resourced foreign competitors, and as such, under high levels of product innovativeness, the positive relationship between product innovativeness and export performance should become weaker (and negative) as competition in firms’ export markets increases in intensity (H2 = -).

Third, we draw on institutional and social network theories to reason that the negative relationship between product innovativeness and export performance in high competitive export market environments should be strengthened (positively) as levels of channel networking increases in magnitude. The logic is that networking with channel members at home and abroad can provide firms with greater access to export market information and social acceptance in export markets. Armed with strong ties with channel partners, emerging market exporters can minimize opportunistic behaviors of suppliers and distributors, facilitate knowledge transfer and external technology acquisition relevant to their new product development efforts. Accordingly, we also seek to test for the proposition that under higher levels of product innovativeness and high degrees of competitive intensity, the relationship between product innovativeness and export performance becomes stronger (and more positive) as channel networking increases (H3 = +).

RESEARCH METHODOLOGY

The sampling frame for this study was developed from the Ghana export promotion authority (GEPA) database and Ghana Business Directory (Acquaah 2007). Subsequently, we contacted, by telephone, 750 firms listed in the GEPA and Ghana business directory. We only focus on exporting firms that met the following requirements: (1) firms that were independent entities and not part of any company group or chain; (2) companies that were owned and controlled by individual (or a team of) entrepreneurs with majority ownership; (3) firms that employed a minimum of five full-time staff; (4) manufacturers of physical products or service providers that engaged in export marketing activities; (5) firms that had a minimum of five years exporting experience; and (6) firms that had complete contact information on the Chief Executive Officer (CEO) or someone with comparable seniority. In the first phase of the study, we contacted all 750 firms and obtained 332 responses (44.3%). Subsequently, the CEOs of the 332 firms were approached with a questionnaire, administrated in person. One hundred and sixty four valid responses were received. Three years later, the finance managers of the 164 firms that participated in the first study were approached to capture the export performance measures. Using the same interviewers, a hand-delivered questionnaire was administered, and 160 firms (97.6%) provided complete responses on the firms’ export performance. Subsequently, we rely on the 160 matched-sample for our analyses. The firms in our sample operate in multiple industries such as cookware, textiles and garment, food and beverages, crafts, agro-processing, security, engineering and financial services, which are representative of most developing economy industries. Having achieved reliability and validity of all measures in a confirmatory factor analysis, our hypotheses were subsequently tested using moderated regression analysis.

FINDINGS

In support of H1, the direct effect of product innovativeness on export performance is positive and significant ($\beta = .28; p< .01$), and the effect of the squared term for product innovativeness levels on export performance is positive and significant ($\beta = .26; p< .05$). Thus, the finding of H1 is generally supportive of the curvilinear relationship proposed, and adds credence to the conclusion that both low and high levels of product innovativeness are associated with superior export performance unlike moderate level, which is related to inferior export performance. We argue in H2 that the U-shaped relationship between product innovativeness
and export performance is weaker (and negative) when levels of competitive intensity increase in magnitude. We find support for H2 as the coefficient for the interaction between product innovativeness-squared and competitive intensity is negative and significant (\( \beta = -0.44; p< .01 \)). The study also finds that the shape of the relationship between product innovativeness and performance becomes more significantly positive when levels of product innovativeness and channel networking are both increasingly high ((\( \beta = .26; p< .01 \)). Thus, we conclude that high levels of channel networking work to facilitate the impact of product innovativeness on performance. Additionally, a higher order three-way interaction model was regressed on export performance to determine the beneficial effects of the inter-relation between product innovativeness, competitive intensity and channel networking. Specifically, we explored the possibility that high levels of product innovativeness, channel networking and competitive intensity may form a configuration to predict superior export performance. Findings indicate that the three-way interaction term is positively related to export performance (\( \beta = .31; p< .01 \)). This indicates that high levels of product innovativeness, channel networking and competitive intensity, in combination, are positively associated with superior export performance, providing support for H3.

RESEARCH OUTCOMES/IMPLICATIONS

The study concludes that emerging market exporters can benefit from high levels of product innovativeness in increasingly hostile export market environments when firms’ export channel networking is increasingly high. This is because as emerging market exporters incur extra new product development costs due to fierce competition from highly innovative new product offers from more resourced foreign competitors, and as investments in innovative new products produce diminishing returns, firms can minimize the impact of the competitive pressures by developing closer ties with export channel partners at home and abroad. In that way, emerging market exporters are able to benefit from favorable supply chain arrangements and be able to contain high development and launch costs in export markets. Thus, managers seeking export success in, or outside, emerging markets from increased product innovativeness should take both competitive environment context and channel networking activities into account, as these help to ensure optimal returns to product innovation capabilities.

ORIGINALITY

This study makes three contributions to the existing exporting literature. First, we provide evidence for the first time to show that the relationship between product innovativeness and export performance in an emerging market setting is curvilinear (i.e. positive quadratic). Second, this study adds to the literature by showing that high degrees of competitive intensity in firms’ export markets are associated with a weaker (and a negative) effect of product innovativeness on export performance. Third, the study argues that this negative association between product innovativeness and export performance in high competitive environments is strengthened (positively) as levels of channel networking increase.

REFERENCES


Developing a Strategic Model for Online Relationship Marketing

Lovia Sheena Boateng
Department of Marketing and Customer Management
University of Ghana Business School
loviaokai@gmail.com

SUMMARY

The purpose of this research is to develop a conceptual model to explain the constituents of online relationship marketing, as well as the gender differences in online relationship marketing practices in Ghana. Using a critical realism paradigm, the research will employ a survey and multiple case study approach to investigate online relationship marketing in the Ghanaian banking industry. A descriptive statistical analysis and pattern-matching logic will be used to analyze the survey and the case study data respectively. In terms of research significance, the study goes beyond current research on relationship marketing by examining the constituents of online relationship marketing practices in Ghana, as well as the online applications that are engaged in online relationship marketing practices in Ghana. The study will therefore provide guidelines to commercial and rural banks concerning gender issues in relationship marketing, and how to use effectively use internet applications, such as social media in relationship marketing. The study is original as it responds to the paucity of literature on relationship marketing and information technology in sub-Saharan Africa and seeks to develop a conceptual model to explain the constituents of online relationship marketing.

Keywords: strategic model, online, relationship marketing

INTRODUCTION

It is becoming increasingly important for firms to build relationships with their customers and other key stakeholders in the industries within which they operate. Relationship marketing as a strategy contributes immensely to the firm’s value proposition within the marketplace. It is an organizational process that involves the creation and maintenance of long term relations with a firm’s existing customers and stakeholders, and terminating some of these relationships where necessary in a manner that will be of benefit to all the parties involved (Grönroos, 1996; Harcker, 1999). Relationship marketing fosters partnerships which ultimately lead to profitable exchanges (Kanagal, 2009). It helps a firm to acquire, retain and adequately satisfy its clients. For example Starbucks, an international coffee company gave a voice to their customers on their website. This led to over 50,000 ideas being generated from their customers; a number of which the company has implemented, thereby making a conscious effort at partnering with their customers in order to meet their expectations (Jarvis, 2008). As observed from the Starbucks example, the advent of technology is changing the face of relationship marketing as practiced in many organizations. Wang, Head & Archer (2000) highlighted that the use of new technologies, influence the knowledge, attitudes and behaviors of consumers. Technological advances are affecting customer expectations (Armistead & Kiely, 2003). Their needs and wants are constantly evolving, and as a result the marketer must frequently evaluate their methods in order to keep up.

Firms stand a chance of leveraging new and emerging technologies like social media and mobiles to enhance the existing customer relationships or create new channels of interaction (Colgate, Buchanan-Oliver, & Elmsly, 2005). In the banking industry these new forms of interaction or the use of social media in extending banking relationships is becoming an increasing phenomenon. About 80% of active internet users in the United States use social networks and blogs. US internet users spend more time on Facebook than any other web brand (Nielsen, 2011). As a result of this a number of US banks have a presence on social media platforms like Facebook and Youtube. The Missouri Bank for instance has a Facebook page that acts as an online neighborhood for their customers to interact with each other and the bank (Cohen, 2009). This phenomenon is
not far from Africa. In Nigeria, GT Bank and Zenith Bank have a presence on Facebook; while indigenous Ghanaian Banks like Fidelity Bank also have a presence on Facebook and Twitter (Fidelity Bank Ghana, 2012). Beyond social media these African Banks also extend their relationships with consumers through mobile banking services.

As a result, relationship marketing is facing a myriad of opportunities and perhaps threats with the advent of these technologies. Firms, especially banks, must now inquire as to how they can leverage these new and emerging technologies like social media and mobiles for relationship marketing and what customer expectations are in the use of these technologies.

RESEARCH PROBLEM

Extant research in relationship marketing has examined a number of themes including the evolution of relationship marketing (Zineldin & Philipson, 2007; Rao & Perry, 2002), relationship marketing definitions and conceptual models (Dalziel, Harris, & Laing, 2011; Grönroos, 2004; Harcker, 1999), relationship marketing and emerging technologies (Johns & Perrott, 2008; Durkin, 2007; Durkin & Howcroft, 2003), relationship marketing implementation (Whyatt & Koschek, 2010; Ulaga & Eggert, 2006; Priluck, 2003), as well as antecedents, traditions and integration in relationship marketing (Ndubisi, 2007; Eiriz & Wilson, 2006; Payne, Ballantyne, & Christopher, 2005).

Much of the research, although valuable indicate that there is not one set acceptable definition for relationship marketing in the literature. Also, they identify that relationship marketing is a fairly new paradigm in the marketing literature; and firms are yet to come to grips with how to effectively utilize this concept for the purposes of developing a competitive advantage. The situation becomes more pronounced when looking at the conceptual link between new technologies and relationship marketing (Durkin & Howcroft, 2003; Johns & Perrott, 2008). For example it has been argued that there is growing uncertainty as to what are the relationship marketing best practices with regard to online platforms - what should be the constituents of relationship marketing practices when engaging the customer through new and emerging technologies like the internet (Durkin & Howcroft, 2003). Others also purport that technology holds both promise and unintended consequences; hence there is the need for more investigation when it comes to relationship marketing (Johns & Perrott, 2008). Of the models used in the above studies (Dalziel, Harris, & Laing, 2011; Grönroos, 2004; Harcker, 1999), none of them highlighted the role of the internet as a relationship marketing medium. A study which therefore seeks to review current relationship marketing conceptual models and incorporate the internet and its related technologies like email, websites and social media as media for the delivery of relationship marketing will provide firms and marketing practitioners direction on the constituents of relationship marketing practices and strategies online. As a result the research gaps identified above concerns the need for more studies on relationship marketing and new and emerging technologies (research issue gap) and the need for a conceptual model which explains the constituents of relationship marketing practices and strategies online (research model gaps).

On the other hand, there is also the need for firms to know how to develop relationship marketing strategies for the market segments, particularly, different gender and age groups. The 2011 Nielsen Social Media Report highlighted that females and 18-34 year olds are the most active social networkers in the United States (Nielsen, 2011). On the other hand, another report on social media usage – Facebook – notes that in both Ghana and Nigeria, though the most active age groups are 18-34 years, males tend to dominate the use of Facebook as compared to females (SocialBakersGhana, 2012; SocialBakersNigeria, 2012). Further in information systems research, it has earlier been suggested that men’s technology usage decisions are strongly influenced by their perceptions of usefulness, while women tend to be more strongly influenced by perceptions of ease of use (Venkatesh & Davis, 2000; Venkatesh, Morris, Davis & Davis, 2003). As a result, there tends to be a potential difference in gender and usage patterns with regards to the internet. These differences can even affect the practices of relationship marketing professionals, thus, male and female customers may respond differently to the use of the internet as a medium for relationship marketing. The gender differences can also exist when the gender of marketing professionals and practitioners are considered. Smith (1998) found that male purchasing professionals put more time and effort into managing

---

3 There are 68% male facebook users and 32% female facebook users in Ghana, as compared to 68% male users and 32% female users in Nigeria; compared to 49% and 51% in South Africa; and 46% male users and 54% female users in United States (source: SocialBakersNigeria, 2012; SocialBakersGhana, 2012; SocialBakersUSA, 2012)
working relationships and develop stronger bonds with sales men than with sales women. To the contrary, their female counterparts develop high quality relationships with both men and women. In effect they identified that the type of relationship formed (male-male, male-female, female-male or female-female) has a significant effect on relational bonds and relationship quality. In effect, relational bonds and relationship quality is influenced by the gender of both relationship marketer and customer. An exploration of gender differences in relationship marketing practices conducted through the internet and aimed at the age group (18-34), known as the millennials, is likely to generate interesting insights. This research in seeking to explore the gender and age dimensions of relationship marketing is arguably novel since studies about customer-firm relationship from the customer’s point of view are still rare in the relationship marketing literature (Su, Li, & Cui, 2009). In terms of research methods gaps, the study will explore the gender and age differences in online relationship marketing practices.

More so the few studies done in this area and mentioned above seem to focus more on the developed rather than the developing country context. Current relationship marketing studies on Ghana (Amoako, 2012; Mensah, Copuroglu, & Fening, 2012; Narteh & Owusu-Frimpong, 2011), have been quite silent on issues concerning the internet, gender and age. Amoako (2012) comes closer to the focus of this research by emphasizing that the speed, efficiency and quality of banking services would improve if banks could utilize cost-effective technology with a suitable mode of delivery. None of the studies, while valuable, have also attempted to develop a conceptual model to explore relationship marketing and the internet, hence, there is room for arguably a unique contribution to literature in both theory and practice.

**RESEARCH PURPOSE**

The purpose of this research is to develop a conceptual model to explain the constituents of online relationship marketing, as well as the gender differences in online relationship marketing practices in Ghana.

**RESEARCH OBJECTIVES**

To achieve this purpose the study outlines the following related objectives:

1. To investigate the constituents of online relationship marketing practices in Ghana.
2. To examine the online applications that are engaged in online relationship marketing practices in Ghana.
3. To investigate the gender and age differences in online relationship marketing practices in Ghana.
4. To examine the value (benefits) obtained by firms engaged in online relationship marketing practices in Ghana.

**RESEARCH QUESTIONS**

1. What are the constituents of online relationship marketing practices in Ghana?
2. Which online applications are engaged in online relationship marketing practices in Ghana?
3. What are the gender and age differences in online relationship marketing practices in Ghana?
4. What value (outcomes) is obtained by firms engaged in online relationship marketing practices in Ghana?

**METHODOLOGY**

The study will be conducted from a Critical Realism approach (Creswell, 2007). This approach will help to develop a better understanding of relatively enduring structures and mechanisms of online relationship marketing. It provides an example of the application of this research paradigm in an empirical research which sits on the confluence of relationship marketing and information technology. The study will begin with a quantitative approach in which a survey will be conducted in the Ghanaian banking industry involving 28 commercial banks and 10 selected rural and community banks. The rural banks will be selected from the Ghana Club 100 list. A survey of 150 bank customers will also be conducted to assess their experiences and gender differences in online relationship marketing. Based on the results of the survey, 4 banks will be selected for a qualitative research. The qualitative research will involve a case study of the 4 banks which will be developed through interviews with relationship managers and customers, as well as artifact examination of online applications (emails, websites and social media). Data will be analysed using descriptive statistical analysis for the survey and pattern-matching logic for the case study (Yin, 2003).
SIGNIFICANCE OF THE STUDY

The significance of the study can be viewed along three strands: research, practice and policy. In terms of research significance, the study goes beyond current research on relationship marketing by examining the constituents of online relationship marketing practices in Ghana, as well as the online applications that are engaged in online relationship marketing practices in Ghana. This is relevant as it responds to the paucity of literature on relationship marketing and information technology in sub-Saharan Africa. Concerning significance to practice the study will provide guidelines to commercial and rural banks concerning gender issues in relationship marketing, in addition to how to use internet applications, particularly social media in relationship marketing. Concerning significance to policy the study will provide guidelines to banks on formulating policies to effectively use internet applications to engage consumers through online relationship marketing.

REFERENCES


Brand Switching in the Mobile Telecommunications Industry of Ghana

Enyom Afua Ewoade
Department of Marketing and Customer Management
University of Ghana Business School
jwlewoade@gmail.com

SUMMARY
This paper presents a conceptual framework for investigating the factors driving customer-switching behavior in Ghana’s mobile telecom industry.

Keywords: brand switching, Ghana, telecommunication

INTRODUCTION
Brand switching or customer defection is a major concern for all businesses in various spheres. According to Colgate and Hedge (2001, pp. 201), ‘when a customer switches service providers, the potential for additional profits are lost (Reichheld and Sassar, 1990), the initial investment costs in the customer are wasted (Colgate et al. 1996) and the firm faces additional costs of acquiring a replacement customer (Fornell and Wernerfelt, 1987)’. Against this backdrop, it is abundantly clear that customer loyalty is very critical and that it is far more economical for firms in the keenly competitive industry of telecommunications to serve existing customers than it is to attract and serve new ones. As cited in Santouridis and Trivellas (2010), Gerpott et al. (2001) indicate that ‘in telecommunication services, it is frequently pointed out that once customers have been acquired and connected to the telecommunication network of a particular operator, their long-term relations with the focal operator are of greater importance to the success of the company in competitive markets than they are in other industry sectors.’ Indeed switching behaviour has been described as ‘particularly damaging for subscription- or membership-based service firms where customers commit to ongoing relationships and services are continuously provided e.g. insurance, banking and telecommunications (Keaveney and Partharasathy, 2001 pp. 375).

This highlights the need to identify and understand the factors that drive customer switching behavior in a mature industry like Ghana’s mobile telecom industry. Sporting six key players and a 98% market penetration (NCA, September 2012) coupled with the recent introduction of mobile number portability, switching behavior is becoming a major concern in this industry and this calls for a detailed research to understand the key issues involved.

RESEARCH PROBLEM
Telecom industry switching studies have been conducted in other countries such as France, Germany, and Korea (Gerpott et al., 2001; Kim et al., 2003; Lee et al., 2004) with interesting findings. In Ghana, studies in the telecom industry have hitherto focused on customer satisfaction, service quality and loyalty ((Boohene and Agyapong, 2011; Bamfo, 2009; Nimako and Azumah, 2009). Although these issues are related to switching, findings for these studies cannot be safely applied to switching because the focus is not switching. There is hitherto no study focusing on the drivers of brand switching in the telecom industry, its nature as well as the relative importance of the drivers.
RESEARCH PURPOSE

The purpose of this study is to
1. Propose a model for understanding the determinants of customer switching behavior in the telecom industry of Ghana.
2. To investigate the relative importance of the drivers of switching behaviour, the nature of switching (i.e. whether it is partial or total) and probable reasons for this. The study also examines the role of customer complaints in switching behavior.

RESEARCH QUESTIONS

1. How do we conceptualise customer switching behavior in the telecom industry of Ghana?
2. What are the factors responsible for switching behaviour in mobile telecom industry of Ghana?
3. What is the relative importance of the factors responsible for switching behaviour in the Ghanaian telecom industry.
4. Is switching in the mobile telecom industry total or partial? What reasons account for this?
5. Do customers who switch complain prior to switching? What are the reasons for this?

RESEARCH METHODOLOGY

A blend of qualitative and quantitative techniques will be employed in the data collection phase. Specifically, an interview with an expert, focus group discussions and self administered questionnaires will be used to collect data. The data will be analysed using Exploratory Factor Analysis and Multiple Regression.

RESEARCH OUTCOMES/IMPLICATIONS

This study will provide invaluable information for firms in the telecom industry on the factors that are likely to cause their customers to switch. This will provide invaluable advice to the managers and decision makers in the telecommunications industry on how to design products, services and packages to keep customers from switching. In addition, this study aims to make significant contributions to theory, policy and practice, being one of the few studies to be conducted on brand switching in the telecom industry of Ghana. The study will thus add to the body of knowledge on switching behaviour, especially in the Ghanaian context.

ORIGINALITY

This is the first paper investigating customer switching behavior in Ghana’s Mobile Telecom industry, the nature of switching as well as the role of complaining in switching behavior.

REFERENCES

Does Gender Matter on Family Buying Decision in a Developing Country Context

Mohammed Abdulai Mahmoud
Department of Marketing and Customer Management
University of Ghana Business School
amohammed@ug.edu.gh

Adelaide Naa Amerley Kastner
Department of Marketing and Customer Management
University of Ghana Business School

SUMMARY
This paper studies whether gender has any influence in the buying decisions of families in a developing country.

Keywords: Gender, Family, buying decision, and developing country

INTRODUCTION
Contemporary events have resulted in shifts in purchasing behaviours of families in developed and developing countries (Lee and Collins, 2000; Putney and Bengtson, 2005). The current study investigates the effect of gender on family buying decision making in a developing country context. The shifts in purchasing behaviours in a developing country context can be greatly ascribed to religion and religious beliefs, tradition and traditional practices, level of civilization, education and economic development. The essence and importance of educating the girl-child has recently become a prime issue. Hitherto, those educated highly were males with fewer females. Also, another contemporary event affecting the developing world today is the increase in female births, a strong indication of a surge in the production of feminine goods and services in contrast to male. The identification of the family as the primary socialization agent for every period in history has a socialization process which provides the development of a large set of skills and knowledge (Moschis and Churchill, Jr., 1987; Lee and Collins, 2000). This is relevant to gender in acting as successful consumers in a complex market place (Coley and Burgess, 2003). Research on family roles in buying decisions has become increasingly interesting to those engaged in the marketing of goods and services. The dynamism of consumers over the marketing age and era relating to their needs and wants, has developed complexities such that producers of such needs and wants are researching to satisfy them, and consequently, expand their consumer base (Armstrong, 1985). There is an upsurge of a phenomenon among producers and their competitors which is uncontrollably, automatically cycled by consumers undergoing tremendous revolution and evolution (Coley and Burgess, 2003). Marketers have recognised the need to factor gender issues into their programs. In this regard, researchers have factored gender issues in the scholarly marketing literature (Bhagat and Williams, 2008; Coley and Burgess, 2003; Pickren, 2010; Lee and Collins, 2000; Leventhal, 2010; Putney and Bengtson, 2005; Moschis and Churchill, Jr., 1987; and Tinson, et al, 2008). The study generally aimed at espousing the variables and constraints that had brought about the shift in purchasing behaviours. However, specifically, the study aimed at examining the role of gender in family buying decisions and determining the effect of gender in family buying decisions

RESEARCH METHODOLOGY
The study employed quantitative survey and gathered research evidence from a sample of 200 Ghanaian middle earning income group. Convenient sampling was employed to collect data from the literate class in the ministerial in Accra where most white color workers are found in the city. The data used for the study were primary and secondary data. The primary data was collected using the questionnaire; and the secondary data on the other hand was obtained from textbooks, journals, brochures, unpublished sources, articles and websites. The population involved both employed and unemployed, specifically referring to married couples, engaged couples and those in relationship and have some commitment to each other. The sampling frame was the determination of respondents who are able to show strong family commitments to buying behavior.
RESEARCH FINDINGS

The findings revealed that gender plays a very comprehensive role in the entire buying decision making processes. Also, it has been established that most of these family buying decisions are female based (feminine biased). However, it was also discovered that consensus, authoritative, and dictatorial tendencies were also found to have characterised in certain buying situations. It is also revealed that family problems will be gender biased, and so be affected by gender on the taking of buying decisions for the family. Gender effect can be experienced in normal human activities such as family preferences, hobbies and purchases; and most importantly, they are based on family consensus. High frequencies of female preferences indicate female dominance, greater influence and effects in taking family buying decisions. Most of these family buying decisions affect all aspects of the family managerial life, portraying the values of each individual in the family set-up, their importance and vitality in final decisions. The collation of family issues that informs the decisions that would have to be taken is mostly done by the females, as the study revealed. The level of education of the man or the woman, the study revealed, is crucial for it can affect gender to have an effect on the buying decision processes.

ORIGINALITY

This study brings new perspectives on the effect of gender in family buying situations. This paper is of value to marketers and consumers alike. First, it equips marketers on the approach to employ in marketing their goods and services to families. Second, hitherto women were having less voice in a family decision making, especially, in Africa. This is not the case for today. Thus, the study presents contemporary view of the women with the decision making units within the family. Thirdly, the African society has deep rooted uncompromised family beliefs that the man is the breadwinner where he works to provide for the family. This has changed, for the study again presents women being in the forefront, if not ahead in certain situations, in providing monetary gains and sources. Females have made some gains in controlling general expenditure of the family.

IMPORTANCE OF THE STUDY

The study is also relevant to the general public of the relevance of gender in family buying; in social status activities; in home management; and in the establishment of external family structures. The general public being members of their families would have a wide range of options in family decision making processes. The study is also very significant to marketers, producers and suppliers of commodities and products which are feminine biased, family based and organizations and bodies such as marketing researchers in academia. The study is expected to contribute to the research currently ongoing about consumers for these bring about the success of businesses, maximizes profits for companies which bring about expansion to such companies and development to the nation. A growth in industry provides for the creation of jobs and an improvement in the standard of living.

LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

The cross-sectional nature of the study poses a challenge to the study. In addition, there might be biases since issues concerning gender attract some sought of rivalry and competition, with males trying to show their supremacy and females eschewing all stumbling blocks to bring out points, facts and issues. The study is limited to a tendency of spouses with-holding or declaring information which has the potential of highly influencing others, inadvertently creating a source of knowledge pool for partners to dive in for solutions to problems about family buying decisions. A case in point is that ability and capability of women to save, but may endure varying misinterpretations and reactions from their husbands. High frequencies of female preferences indicate female dominance, greater influence and effects in taking family buying decisions. Future studies could employ mixed methods to explore the issues further to facilitate detail understanding of gender and its effect on family buying decision. The studies in future should examine the effect of gender in the traditional and cosmopolitan environment respectively. For marketing strategies development to be effective in realizing its intended goals, advertisements must target roles of family members (gender biased).
REFERENCES


Acknowledgement: The authors are grateful to Anthony Boadi and Zah John Adika, both final year students in Bachelor Science in Business Administration students of University of Ghana for their assistance in the data collection process.
Branding for the International Market; a conceptual model

Juliana Akushika Acquaye
Department of Marketing and Customer Management
University of Ghana Business School
shikamk@yahoo.com

SUMMARY

This study presents a conceptual model of how Non-Traditional Exporters in Ghana build brands for the international market and to explore the relationship between branding, brand performance and export firm performance.

Keywords: branding, international market, conceptual model

INTRODUCTION

Promotion of Ghana’s foreign trade has been central to all government plans to revive the economy since the introduction of the Economic Recovery Programme in 1983 (Kuada, 2004). Under this Programme, export-producing industries received the most support aimed at increasing export earnings through diversification and expansion. The government of Ghana diversified the content of Ghana’s exports with a focus on NTEs as the strategy for export growth (Buatsi, 2002). Despite government efforts to restore the productivity of the Ghanaian NTEs, actual levels of performance have fallen below targets set by the government (Sey, 1997). Though encouraging, the US$5 Billion dollars per year target set by government on NTEs by 2015 seem unattainable (Annual Review of Non-Traditional Export, 2010).

RESEARCH PROBLEM

In Ghana, the growth in export earnings reflects rising interest in exporting but it also indicates that NTE’s need to distinguish themselves from competitors in order to attract and retain customers, and thus generate more earnings to achieve the US$5 Billion dollars by 2015 (Annual review of NTE, 2010). Despite numerous studies on NTEs, there seem to be no empirical study investigating branding activities of NTEs even though research has suggested that marketing activities such as branding enables firms to distinguish themselves from the competition and ensure sustained competitive advantage thereby increasing export firm performance (de Chernatony and McDonald, 2003; Moore et al. 2000; Shocker et al. 1994). According to Douglas, Craig, and Nijssen (2001, p. 97) firms need to focus on their marketing activities across borders and a critical element of a firm’s overall marketing activity is branding. Brand building according to Xie (2012); Craig & Douglas (2000); Gillespie, Krishna, & Jarvis (2002) is crucial since possessing a strong brand is a key success factor for companies pursuing penetration into new foreign markets. It is therefore against this backdrop that this study presents the conceptualization of branding, brand performance and firm performance for the international market.

RESEARCH PURPOSE

1. To propose a conceptual model of branding for the international market.
2. To investigate the relationship between branding, brand performance and firm performance.
3. To investigate the relationship between brand performance and firm performance.

RESEARCH QUESTIONS

1. How do we conceptualize branding for the international market in the NTE sector in Ghana?
2. Does branding lead to brand performance and eventually firm performance in the international marketplace?
3. Does brand performance lead to superior firm performance?
RESEARCH METHODOLOGY

This study will employ the quantitative approach using the survey method to collect data from a large sample of NTEs in order to validate the proposed model (Robson, 2002).

RESEARCH OUTCOMES/IMPLICATIONS

This study seeks to conceptualize brand building for the international market from the Non-Traditional Exporter’s perspective in Ghana. In more specific terms the study is very significant for three main reasons: First, the study responds to the claim that marketing activities in SMEs have been under researched. By proposing a branding model and investigating it with NTEs in Ghana, the current study intends to address this research gap. This will provide deeper insight into SME international activities in emerging markets. Moreover, the empirical part of the findings could help improve policy making with the view of improving NTEs performance in Ghana.

ORIGINALITY

This study is the first of its kind to investigate branding activities and its impact on export performance among NTEs in Ghana. It thus sets the stage for more investigation into the marketing activities of NTEs in emerging markets such as Ghana.

REFERENCES

Annual Review of Non-Traditional Export (2010), Ghana Export Promotion Authority, Ghana.


TRACK D

Operations and Management Information Systems

Key

<table>
<thead>
<tr>
<th>FP</th>
<th>Full Paper</th>
</tr>
</thead>
<tbody>
<tr>
<td>EA</td>
<td>Extended Abstract</td>
</tr>
</tbody>
</table>
ABSTRACT

Ghana’s political leadership has oscillated between democratic and military leadership since independence. Amidst the growing theoretical debate over the efficiency of democracy, this paper investigates the relationship between political dispensations and technical efficiency (TE) in agriculture, a leading contributor to Ghana’s economy. Using stochastic frontier analysis to generate TE, and testing difference between means, the study found that democratic governments are more efficient in agricultural management than military governments. The results did not support statistically significant differences in TE among various democratically elected political governments. The paper contributes sectoral empirical evidence to the largely theoretical debate on democracy and efficiency.

Keywords: democracy, technical efficiency, agriculture, Ghana

INTRODUCTION

Agricultural production provides food for the inhabitants. Djokoto (2012) noted that the main legume crops grown are groundnuts, cowpea and soyabean. Cassava, yam, plantain and cocoyam constitute main starchy staple crops produced in Ghana. In respect of cereal production, the main crops include maize, sorghum, rice and millet. Ghana also produces industrial crops; mainly cocoa, coffee, rubber, sheanut and oil palm for export. Poultry on both small and medium scale dominate the livestock sub-sector. The rest are the production of cattle, pigs, sheep and goats. The fisheries sub-sector is largely marine. There is however, a growing attraction of fish culture especially, tilapia within Ghana’s main river, the Volta. These activities which provide employment for more than 60% of the labour force, makes the sector a significant contributor to gross domestic product (GDP) and foreign exchange earnings (ISSER, 2007). Though many farmers and political leadership expects the highest output possible, this has however, not been the case. The ratio between the actual output obtained and the optimal output obtainable is technical efficiency (Farrell, 1957). Technical efficiency (TE) is important as it measures the productive efficiency of agricultural operators at the primary level. At the aggregate level, it measures the efficiency of the sector. Alternatively, TE is a measure of how effectively operators combine productive inputs to generate output. Since TE relates to combination of factors of production, it connotes managerial productivity. At the aggregate level the managerial responsibility may be attributable to the sum of the individual operators or the political leadership of the time. Indeed, this leadership over the sector have assumed diverse political forms since Ghana gained independence from British rule in 1957.

The British government handed over the reins of Ghana to Dr. Kwame Nkrumah. He was however, overthrown by a military takeover in 1966. Since then, there have been changes between governments, from military to democratic and vice versa. In 1979, a military uprising led by Flt. Lt. Jerry John Rawlings handed over to Dr. Hilla Limann of the Peoples National Party (PNP). Not long after, in December 1981, Flt. Lt. Jerry John Rawlings regained power with a mix of military and civilian leadership under the Provisional National Defence Council (PNDC). During the 10 years period, far reaching economic developments occurred including deregulation and
liberalisation of the economy that impacted on the agricultural sector as well. On 7th of January, 1993, Ghana returned to democratic rule under a new constitution. Since then, there has been no break in the democratic dispensation but changes in government from National Democratic Congress (NDC) to New Patriotic Party (NPP) in 2001. However, in January 2009 leadership returned to NDC under the late Prof. John E. A. Mills.

Annually, political authorities have published information on output of various sectors including agriculture. The value or quantity of output and the increase or decrease of these has been the focus for political campaigns. However, as Ghana’s economy grows with associated urbanisation many persons who worked the land have also trooped to the urban areas. Agriculture is a rural phenomenon (World Bank, 2008), therefore; urbanisation reduces labour available for agricultural production and contemporaneously increases food demand by non-food producers. Land use for non-agriculture also increases. This increase will reduce the proportion of the fixed land available for agricultural production. Whilst increased food prices encourage better profits for farmers thereby increasing investments, this will create agitations towards political leadership for lower prices for food in urban areas. This leads political authorities to pursue policies that make food cheaper but sometimes disadvantages farmers. The only way farmers will remain in business is to make the highest output possible from the available inputs. Having traversed political dispensations and governments, how efficient has the agricultural sector performed over the years? Are there differences in efficiency among the political dispensations?

The study seeks to assess the relationship between TE and democracy. Specifically, identify if any, the differences in TE of the sector between democratic and military dispensations. And among democratic governments, assess the efficiency performance differences. Whilst the debate on the relationship between democracy and efficiency has been raging, in the large part it has been theoretical. Empiricists believe that empirical tests must support theoretical postulations. Yet empirical evidence of the nexus between democracy and efficiency is rare. Taposh (2009) examined this nexus for the whole economy of a panel of 76 countries and measured efficiency as total factor productivity (TFP) and real GDP per worker. The sectoral dimension for a country Ghana, for whom agriculture is a major contributor to the economy, and for a country that have witnessed a watershed in political dispensations, the need to examine this nexus for Ghana’s agriculture is relevant. Taposh (2009, 20) aptly puts it this way ‘There exist lots of opportunities to work in this area in the future. The main challenge is to build a comprehensive measure of efficiency...’ Unlike Taposh (2009) who used polity IV index to show this nexus, this paper comprehensively generated technical efficiencies and computes the means of the TE and compares them to show differences in TE between democracy and non-democracy as well as comparing various democratic parties. This paper contributes to the literature by providing empirical evidence to this largely theoretical debate.

The rest of the paper is organised into five sections. The next section covers review of scanty ex ante literature. Section 3 outlines the data and method. The results are presented in section 4. Discussions are taken up in section 5. The conclusions and recommendations are coalesced in section 6.

LITERATURE REVIEW

Economists and political scientists have long been interested in the relationship between democracy and the efficiency of an economy. Tullock (1967), Buchanan and Wagner (1977), Becker (1983) and Wittman (1989) among others have spilled ink on this subject. These discourses have crystallised into two schools of thought; the Chicago school and the Virginia school. The former believe that democracy produces efficiency whilst the latter holds the contrary view. The proponents of democracy and efficiency led by Wittman (1989) linked the political market to the economic market. Like economic market, there is a principal (voters) and agents (elected officials) in political market. While firms develop reputations in economic markets candidates develop reputations. As political parties are developed in political markets, firms develop franchise in economic markets. In economic markets there is threat of takeovers, whilst in political markets the threat of transformation of power to another party reduces the opportunistic behaviour of elected officials. In both markets, transaction costs are low and optimal contract design decreases the risky behaviour of the insured in economic market and compel the elected candidate to pursue a conduct that will guarantee victory in the next election. The last simile is that producers have incentive to inform constituents in political markets whilst voters benefit from political party’s incentive to provide information to them. The similarities presented show the two markets as separate entities and therefore show efficiency in them. In this paper, it is recognised that
political parties in their service of superintending over the economic market, must demonstrate first efficiency in political market and secondly, contribution of their leadership to efficiency in the economic market. Indeed, it is not uncommon to find politicians ascribing virtually every success to themselves or their parties. This drive to enhance efficiency in the economic market is based on two reasons as outlined earlier; fear of seeding power to another party and the need to inform the voters of other their capacity and achievements to warrant re-election.

There is sparing empirical evidence of efficiency and politics/democracy. According to Lam (2006), Scully (1988) is among the first to determine the relationship between political rights and efficiency by disaggregating the studies into measures of political, civil and economic liberties and their effects on efficiency and growth rate. The hypothesis is that the choice of the institutional framework of the economy has consequences for the allocation of resources (efficiency) in the economy. The measurement of the compound growth rates of per capita output and Farrell-type efficiency for 115 market economies over the period 1960-80 showed that the institutional framework had statistically significant effect on the efficiency and growth rate of economies. In terms of political institution, Lam (2006) reported that regime type per se is not significantly relevant, but its durability and the political rights enshrined matter for efficiency. Using efficiency measures provided by Miller and Upadhyay (2000) as dependent variables Taposh (2009) found no significant relationship between democracy and efficiency for the ordinary least squares (OLS) model. However, with the second stage of the 2SLS procedure there was a positive and significant relation. Using real GDP per capita as dependent variable, Taposh (2009) reported no effect in the fixed effect panel model but a significant positive effect in the random effects model.

RESEARCH METHODOLOGY

The methodology for the study involves the following steps; identifying and grouping the durations of various political dispensations in Ghana, generating TE and matching and comparing TEs for the various political dispensations by performing test of means.

The generation of the TE involves estimation of a production function to collect TEs for comparison. The production function estimated is:

\[ y_t = \frac{\beta_0}{\sum_{i=1}^{k} x_{it}} \]

where \( y_t \) denotes the output for the year \( t \) (\( t = 1, \ldots, N \)), \( X_t \) is a vector of the production inputs (land, labour, and machinery and equipment) as well as a column of ones, \( \beta \) is a vector of parameters to be estimated, \( v_t \) and \( u_t \) are error terms defined below. Both \( v_t \) and \( u_t \) cause actual production to deviate from this frontier. The statistical noise that cannot be influenced by producers represented by vt, is identically and independently distributed (iid) as N(0, \( \sigma^2_v \)). In the classical production process, management (entrepreneurship) combines factors of production namely; land, labour and capital to turn out output. The management factor is not represented as other factors. In this methodology, it is captured as the non-negative error term \( u_t \) which represents deviation from the maximum potential output attributable. The \( u_t \) is independent of \( v_t \). It is also assumed to be iid truncated in \( t \) instead of zero (half-normal distribution when \( \mu = 0 \)) as N(\( \mu \), \( \sigma^2_u \)). The stochastic terms \( v_t \) and \( u_t \) are assumed to be uncorrelated.

TE can be thus be expressed as:

\[ T\in = \frac{(I - (I + a)^{-1})}{(a + 1)} \]

So that \( 0 < u_t, > 1 \)

The TE effects model is:

\[ u_t = Z\delta \]

where \( t = 1 \ldots N \). The Z is a vector of variables hypothesised to explain TE. Equation 2 and 3 were estimated by maximum likelihood estimation (MLE) procedure. In addition to \( \beta \), the MLE procedure provides:

\[ \sigma^2 = \sigma^2_v + \sigma^2_u \]
\[ \gamma = \frac{\sigma_u^2}{\sigma_u^2 + \sigma_v^2} \]  

(5)

\( \gamma \) measures the share of total variation that is attributed to TE. If \( \sigma_u^2 = 0 \), it means that \( \gamma = 0 \), then, the stochastic production frontier is not a good specification, and the model could alternatively be estimated by OLS. Additionally, both restricted and unrestricted functional forms were tested. Equation 1 and 3 were estimated in one stage procedure in Frontier 4.1c (Coelli, 1996).

FAOSTAT (http://faostat.fao.org/site/291/default.aspx) is the source of all data unless stated otherwise. The agricultural output is defined as net production value of agricultural output at constant 2004-2006 prices in US dollars. Agricultural land is area under cultivation. Labour is defined as economically active population in agriculture for each year in Ghana. Data was available from 1980, hence the lower limit of 1980 of the data used. The flow concept of machinery and equipment was used. This was computed as the difference between consecutive annual net stock of machinery and equipment. The upper boundary of the data is 2007, since this series ended at 2007. The political dispensations: Democracy-1980-1981 (PNP); Military-1982-1992 (PNDC); democracy- 1993-2000 (NDC), 2001-2007 (NPP). The mean TEs for the various durations were computed and compared using a t-test for comparison of means with unequal variances since the periods were unequal.

RESULTS

Cobb-Douglas and translog counterparts of production functions were estimated. The TE effects variables; education and health were not significant. As a result they were dropped from the models. The only effect variable significant was land worked per agricultural employee (Model 1). The translog counterpart is model 2 (Table 1). Using log likelihood ratio test the latter was rejected in favour of the former. Rainfall though not under the control of the producer, it is conceptualised to be important to

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficients</th>
<th>Coefficients</th>
<th>Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Model 1</td>
<td>Model 2</td>
<td>Model 3</td>
</tr>
<tr>
<td></td>
<td>Coefficients</td>
<td>Coefficients</td>
<td>Coefficients</td>
</tr>
<tr>
<td>Production frontier</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>-14.081392***</td>
<td>-8066.5738***</td>
<td>-11.369108***</td>
</tr>
<tr>
<td>(0.59297138)</td>
<td>(0.99738255)</td>
<td>(0.32298341)</td>
<td></td>
</tr>
<tr>
<td>Land (H)</td>
<td>0.99357995***</td>
<td>1285.5435***</td>
<td>0.71468280***</td>
</tr>
<tr>
<td>(0.09093273)</td>
<td>(0.80083572)</td>
<td>(0.08513970)</td>
<td></td>
</tr>
<tr>
<td>Labour (L)</td>
<td>1.3795497***</td>
<td>-276.17583***</td>
<td>1.4970866***</td>
</tr>
<tr>
<td>(0.09602548)</td>
<td>(0.82512017)</td>
<td>(0.11200614)</td>
<td></td>
</tr>
<tr>
<td>Machinery &amp; Equipment (ME)</td>
<td>-0.08484133**</td>
<td>-52.179376***</td>
<td>-0.075136547***</td>
</tr>
<tr>
<td>(0.02129519)</td>
<td>(0.61577994)</td>
<td>(0.02732783)</td>
<td></td>
</tr>
<tr>
<td>Rainfall (R)</td>
<td>99.179376***</td>
<td>0.47215222</td>
<td>0.009813576</td>
</tr>
<tr>
<td>(0.61577994)</td>
<td>(0.66891484)</td>
<td>(0.05616343)</td>
<td></td>
</tr>
<tr>
<td>( \frac{1}{2} H^2 )</td>
<td>0.47215222</td>
<td>4.7215222</td>
<td>(0.11852958)</td>
</tr>
<tr>
<td>( \frac{1}{2} L^2 )</td>
<td>18.148563***</td>
<td>(0.29089604)</td>
<td></td>
</tr>
<tr>
<td>( \frac{1}{2} ME^2 )</td>
<td>4.6509603***</td>
<td>(0.33365426)</td>
<td></td>
</tr>
<tr>
<td>H*L</td>
<td>-1.4715153***</td>
<td>(0.33365426)</td>
<td></td>
</tr>
<tr>
<td>H*ME</td>
<td>18.148563***</td>
<td>(0.29089604)</td>
<td></td>
</tr>
<tr>
<td>L*ME</td>
<td>4.6509603***</td>
<td>(0.33365426)</td>
<td></td>
</tr>
<tr>
<td>Technical Efficiency effect Model</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constants</td>
<td>-0.46421339***</td>
<td>-1.137797***</td>
<td>-0.56357584***</td>
</tr>
<tr>
<td>(0.09751703)</td>
<td>(0.11149432)</td>
<td>(0.17394705)</td>
<td></td>
</tr>
</tbody>
</table>
Land worked per worker  | 0.15209006***  | 0.35984330***  | 0.17774187***
                        | (0.036198555)  | (0.08553391)   | (0.05141212)
Sigma squared           | 0.00681647     | 0.0051866185   | 0.0076702***
                        | (0.00176833)   | (0.00124525)   | (0.000919005)
Gamma                   | 0.999999***    | 0.9999999***   | 0.999999***
                        | (0.1009671)    | (0.00000138)   | (0.020600484)
Log likelihood function | 44.121679      | 48.861563      | 43.580249
LR Test for one-sided error | 13.348875*** | 37.508473***  | 9.6298201
Mean TE                 | 0.9188         | 0.8773         | 0.9203

Figures in brackets are standard errors. *,**,*** are significance at 10%, 5% and 1% respectively. *Model 1 is Cobb-Douglas production function. **Model 2 is Translog production function. Model 3 is the chosen translog counterpart estimation with rainfall data. The test between the means of model 1 and model 3 showed no significant difference at probability of 46.76%.

agriculture in Ghana. Inclusion of the variable did not yield a significant coefficient however (model 3). The test of difference between the mean TEs for model 1 and model 3 did not show any statistical difference. The significant gamma based on both the LR test and t-test show that there exists technical inefficiency in Ghana’s agriculture. The mean TE were categorised based on the tenure of the various political dispensations with summary statistics shown in Table 2. The tenure of NDC posted the highest mean TE and the least is military rule. This result is intriguing as the political leader who presided over

Table 2. Summary Statistics of efficiency of political dispensations

<table>
<thead>
<tr>
<th></th>
<th>Number of years</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ghana</td>
<td>28</td>
<td>0.73500</td>
<td>0.9998</td>
<td>0.91880</td>
<td>0.06640</td>
</tr>
<tr>
<td>Democracy</td>
<td>17</td>
<td>0.89572</td>
<td>0.9977</td>
<td>0.95361</td>
<td>0.03363</td>
</tr>
<tr>
<td>Military</td>
<td>10</td>
<td>0.73496</td>
<td>0.96458</td>
<td>0.86512</td>
<td>0.06859</td>
</tr>
<tr>
<td>PNP</td>
<td>2</td>
<td>0.90002</td>
<td>0.95428</td>
<td>0.92715</td>
<td>0.02713</td>
</tr>
<tr>
<td>NDC</td>
<td>8</td>
<td>0.89572</td>
<td>0.9977</td>
<td>0.96387</td>
<td>0.04036</td>
</tr>
<tr>
<td>NPP</td>
<td>7</td>
<td>0.92607</td>
<td>0.98091</td>
<td>0.94945</td>
<td>0.01838</td>
</tr>
</tbody>
</table>

the military rule was the same individual who led the NDC dispensation. The difference can obviously be attributed to democracy. The least is military rule. Among democratic tenures, NDC’s mean TE was the highest and PNP posted the lowest. The mean TE for NDC also exceeded the mean for democratic rule, Ghana and all other categories in Table 2. Since the main objective of the paper is to examine the differences in efficiencies for the varied political dispensations, the probabilities of test of means are shown in table 3.

Table 3. Test results of difference among means of efficiencies of political dispensations

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>NDC</th>
<th>Democracy</th>
<th>NPP</th>
<th>PNP</th>
<th>Ghana</th>
<th>Military</th>
</tr>
</thead>
<tbody>
<tr>
<td>NDC</td>
<td>0.96387</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Democracy</td>
<td>0.95361</td>
<td>28.39%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>NPP</td>
<td>0.94945</td>
<td>20.81%</td>
<td>33.81%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>PNP</td>
<td>0.92715</td>
<td>17.97%</td>
<td>26.12%</td>
<td>28.67%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ghana</td>
<td>0.91880</td>
<td>0.49%***</td>
<td>1.41%**</td>
<td>1.77%*</td>
<td>41.40%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Military</td>
<td>0.86512</td>
<td>0.08%***</td>
<td>0.11%***</td>
<td>0.16%***</td>
<td>8.60%*</td>
<td>2.38%**</td>
<td>-</td>
</tr>
</tbody>
</table>

DISCUSSION

The difference between democratic rule and military rule was statistically significant at 0.11% (Table 3). This means that Ghana’s agriculture was more efficient during democratic rule than otherwise. This finding confirms that of Scully (1988) and Taposh (2009) but diverges with Lam (2009). However, it must be noted that Lam (2006) emphasised the durability of political rights enshrined matter for efficiency. Ghana may be close to such, thereby enhancing efficiency. During democratic rule, there is better allocation of government resources.
Democratic governments are known to pursue better welfare packages. Since the leadership is accountable to the electorate, it is anticipated that greater effort will be made to provide support that will generate higher output through policies and programmes. It is instructive to note that during the military era, the economy was deregulated, this disadvantaged farmers. The adjustments of farmers to new policies may not have been quick enough. Therefore, lower outputs may have been recorded. Since the measure of TE is the ratio of actual output to the optimal obtainable, low outputs will reflect in low TEs.

The efficient performance of democratic dispensation notwithstanding, it was necessary to compare various democratic governments. The results show that there is no statistically significant difference among the mean TEs of democratic governments. This result reveals that the various democratic governments have not pursued policies that significantly differentiated them in terms of agricultural efficiency.

The TE of democratic dispensation and all democratic governments are statistically significantly different from those of military dispensation. Indeed, the mean TE for Ghana over 1980 to 2007 was different from those of democratic dispensations and all other democratic government tenures except that of PNP. Democratic tenures clearly showed higher TEs than non-democratic tenure. Since the deregulation policy did not change during the NDC and NPP tenures, one can safely conclude that democratic style of government is the way to go for Ghana’s agriculture, indeed, labour productivity in particular will release some labour into non-agricultural sectors thereby contributing to structural transformation of Ghana’s economy.

CONCLUSION

The paper set out to assess the relationship between democracy and efficiency in Ghana’s agriculture. The results showed that technical efficiency during democratic regimes were higher and statistically different from those of military regimes for the period 1980 to 2007. Among the democratic governments, the NDC showed the highest mean technical efficiency however, this was not statistically significantly different from the other democratic governments. The results point to the need for Ghana to continue with the democratic dispensation and enshrine civil liberties and political rights as this have been shown to enhance efficiency among several countries (Lam (2006). The nominal difference but statistically insignificant differences among political governments would continue to create close election results that may result in tension when there is dispute. As long as there is technical inefficiency, political parties must lead to catch-up or make up for the difference in output. Though NDC is nominally ahead of all the other parties, the statistical indifference among the TEs suggests that all parties must put their hand to the wheel of increasing TE in agriculture, a sector that makes great contributions to Ghana’s economy.

REFERENCES

Internet and Distance Education: an Evaluation of Readiness in a Ghanaian University

Sylveste=K. Tetey  
University of Ghana Business School  
sylveste@levelsmultimedia.com

Richard Boateng  
OMIS Department  
University of Ghana Business School  
richboateng@ug.edu.gh

ABSTRACT
This study empirically investigated what factors influence organizational adoption of the Internet as a tool for distance education. By integrating the innovation diffusion theory and the findings from prior studies on organizational adoption of the Internet into the TOE framework, this study developed a research model that posits predictors for internet adoption within organizational contexts that influence organizational adoption: technological, organizational, and environmental. The research model was tested using survey data from 130 respondents comprised of management, tutors and students of the Institute of Continuing and Distance Education of the University of Ghana.

The findings suggest that technological factors play a role in organizational intent to adopt internet. In addition, among the organizational factors, organizational readiness and top management support were found to play a role. This study also found that environmental factors play a key function in influencing organizational intent to adopt the internet. Notably, external institutional pressures in the form of competition were found to have strong effects on organizational intent to adopt internet. The conceptual framework extends the work on Technology, Organisation and Environment (TOE) in the adoption of information systems and innovations and may inform future research in the implementation of automated processes and new IT innovations.

Keywords: Internet, education, e-learning, Ghana.

INTRODUCTION
The World Wide Web is becoming wider at an increasing rate. It is virtually impossible to take any kind of accurate snapshot of the state of its development (Harding, 2005). Internet education with its sparingly increasing opportunities and characteristics is emerging as a new mode of teaching. With the focus shifting from teaching and the transfer of knowledge to learning and the facilitation of learning processes, supported by appropriate educational environments, learning communities will freely tap into dynamic global knowledge and participate in learning projects focusing on the development of skills such as problem solving and the interpretation of knowledge instead of the traditional mastering of subject content, (Johann et al., 2005).

Much has been written about introducing and improving e-learning in established organizations (e.g. Salmon, 2002; Derouin, & Salas, 2005), some of which literature has addressed particular issues facing developing countries (e.g. Van der Merwe & Mouton, 2005; Carr-Chellman, 2005). However, while there are numerous descriptive accounts of e-learning initiatives that aim for the development of e-learning expertise as a by-product, little research has been conducted into the conceptualization of the efforts of organizations engaged in the more specific challenge of building capacity in e-learning expertise (Aczel et al., 2008).

RESEARCH PROBLEM
Some of the gaps highlighted by earlier studies include:

1. Kramer et al. (2007) indicate that their research was limited only to the perspectives and opinions of a few educators spanning from selected regions thus making the findings and conclusions biased considering the fact that ICT as a tool to e-learning does not involve the participation of only educators but students, administrators, and other individual concerned with ICT projects. As such recommend that future research include/involve not just a few educators but students, administrators and other individuals concerned with such a project.

Cite As:
2. Mioduser (2001) identifies gender differences as having deep cultural and social-related roots, affecting both the motivation of girls to approach technology and their perception of their own competency in technology-related tasks. A high priority is for researchers and educators to address these issues and unveil the factors that may contribute to answer gender-technology-related questions.

3. Moore (2003) note that Online education may fail to go the distance of our expectations if, instead of being a new venue of scholarly work for mainstream academics, it becomes a second-class form of education (i.e., one suitable for others but not for ourselves). It may also fail to go the distance if technological solutions and pedagogical perspectives are imposed at the expense of diversity and variation. Finally, it may fall short of our expectations if, instead of aiming at the improvement of learning, it simply reproduces present educational deficiencies.

The internet topology as a technology, service and product is growing very fast, particularly in the social setting; this makes it prudent to call for further research to incorporate it in distance education so as to leverage and close the gap between distance and education. The focus of this research tends to be in response to the call for more research as emphasized by the above authors.

RESEARCH PURPOSE

The purpose of this study is to determine the readiness of the respective stakeholders (lecturers, students, and administrative staff) of distance education, in the adoption of internet as an e-learning tool to facilitate distance education in the University of Ghana.

RESEARCH QUESTIONS

How ready is the Institute of continuing & distance education of the University of Ghana to implementing the use of the internet? In lieu of this question, the three sub-questions used in this study to answer the underpinned research question are:

1. What are the organizational factors that affect the readiness of the use of internet for distance education in ICDE?
2. What are the technological factors that affect the readiness of the use of internet for distance education in ICDE?
3. What are the environmental factors that affect the readiness of the use of internet for distance education in ICDE?

RESEARCH METHODOLOGY

A combination of quantitative and qualitative methods was used to obtain data for the research. Primary data was obtained through survey instruments and interviews, which was complemented by secondary data collected through document reviews in order to achieve construct validity (Yin, 1994).

FINDINGS/RESULTS

The purpose of this study was to answer the research question; —How ready is the ICDE to using the internet as a pedagogical teaching and learning tool? Technological factors were found to influence the ICDE’s intent to adopt internet with security not being too significant a factor. Among the organizational factors, organizational readiness was found to have an influence on the ICDE’s internet adoption intent compared to top management support. Among the environmental factors, institutional factors (coercive and mimetic pressure from competitors) were found to influence organizational intent to adopt internet. Notably, those institutional factors were found to have stronger effects on organizational intent to adopt, than organizational readiness. Overall, these findings imply that the Institute of Continuing and Distance Education intends to adopt internet primarily because others in their external environment (their competitors, students, and members of their business and professional affiliations) have already adopted this technological innovation.

RESEARCH OUTCOMES/IMPLICATIONS

This study has several theoretical implications. First, it provides a better understanding of organizational adoption of internet by explaining empirically organizational intent to adopt internet. This study provides empirical evidence that it is important to examine environmental factors in studying organizational adoption of IT Innovation. For managers and policy makers, the empirical findings suggest that managers must pay
significant attention to their ability to adopt internet before they commit to such action. Further, they must bear in mind that their ability to adopt internet should be evaluated according to two dimensions; (1) Accessibility to tangible and intangible technical resources (i.e., physical IT infrastructure, technical skills, internet content development know-how, and developers and competent project leaders) must be evaluated; (2) assessing the availability of financial resources to support such technological innovation adoption. If institutions/organisations intend to adopt internet, they must ensure that they have sufficient capability to do so successfully.

The exploratory nature of this research has set the stage for future research intended to develop a better understanding of virtual world adoption. Since this study focused on intention to adopt, it would be interesting to re-examine the effects of the variables in this study on actual adoption behavior. As well, it would be interesting to evaluate the different effects of those variables between adopters and non-adopters. Furthermore, future studies could assess the implementation process and the impacts of internet on firm performance to gain a holistic understanding of internet and its use in the business and educational setting.

ORIGINALITY

This study is a contribution to earlier studies on adoption and use of technological innovation.

REFERENCES


Dynamic Capabilities in Ghanaian Mobile Business Organisations

Joseph Budu
OMIS Department
University of Ghana Business School
jbudu@st.ug.edu.gh

SUMMARY
This study is an investigation into how Ghanaian mobile business organisations create capabilities to withstand competition. It would explore the resources used, the capability-creation process, and the impact thereof.

Keywords: mobile business, content provider, dynamic capability, Ghana

INTRODUCTION
“The post-pc era is here!” (CiteWorld, 2009). Within this era, there is a shift from desktop computing to mobile computing. There is a worldwide transition to mobiles (Forbes, 2013). However, this transition is not happening only in developing markets. In fact, the top emerging markets for mobiles are those in developing economies; more specifically Africa (ITU, 2012; News24, 2012; BiztechAfrica, 2012). Due to this trend, there is a scramble for such new and emerging markets thereby creating high levels of competition amongst firms within the mobile business ecosystem. These firms referred to as mobile business organisations (MBOs) in this paper include mobile phone manufacturers, vendors, network operators, content providers and infrastructure providers (Choon, Hyung, & Dam, 2004). Globally, the resulting competition has resulted in patent wars between giants like Apple, Samsung and Motorola. Locally, whilst there are tariff wars between mobile network providers, manufacturers like Samsung are flooding developing markets with low-version smartphones, filling a need which Apple has ignored for a long time. The question that arises is: how do MBOs survive such high levels of competition?

RESEARCH PROBLEM
Based on a review of previous definitions (e.g. Fouskas, Giaglis, Kourouthanassis, Karnouskos, Pitsillides, & Stylianou, 2005; Giaglis, 2006; Schierholz, Kolbe, & Brenner, 2007; Woolfall, 2006), this paper conceptualises m-business as the exchange of and/or provision of either information or value between and/or amongst individuals or firms. The definition implies four thematic areas;

i. Business: i.e. business applications, organisational impact and implications of mobile/wireless technology for business

ii. Service: i.e. consumer applications, consumer behaviour, and implications of mobiles for consumers

iii. Technology: i.e. addresses those components of m-business research that deal with the technical issues that make mobile business applications possible

iv. Enablers: i.e. research challenges that are, essential requirements to successfully deploy a particular mBusiness application or service (Scornavacca et al., 2006; Fouskas et al., 2005).

There is room for more research into the organisational aspect of mobile business or m-business which. To verify the existence of the aforementioned research need this study this study conducted a survey of 100 journal articles published about mobiles between 2005 and 2012 to find out the dominant issues and theoretical approaches. The survey results a dominance of research in the Service theme. Encouragingly, some research exist on the business theme however they concentrate on firm-level adoption of mobiles (e.g. Lee &
Park, 2008; Liang et al., 2007; Schierholz et al., 2007; Rossi et al., 2007; Frempong, 2009; Chiware et al., 2008) and MBOs’ business models (e.g. Anderson & Kupp, 2008; Chang et al., 2009; Goncalves & Ballon, 2011; Isoherranen & Kess, 2011; Ghezzi, 2012). How MBOs create capabilities in response to competition remains an area to be explored.

To pursue this research gap, an appropriate theoretical approach is the dynamic capability framework (Teece, Pisano, & Shuen, 1997; Teece, 2007) because of the volatility within the m-business environment and the need to understand a process. This framework seeks to explain a “firm’s behavioural orientation to constantly to integrate, reconfigure, renew and recreate its resources and capabilities, and upgrade and reconstruct its core capabilities in response to the changing environment to attain and sustain competitive advantage” (Wang & Ahmed, 2007). The research problem thus is to understand how Ghanaian mobile business organisations develop such capabilities.

RESEARCH PURPOSE

Based on the research problem, the purpose of this paper is to understand how Ghanaian mobile businesses develop capabilities to withstand competition.

RESEARCH QUESTION

To achieve the research purpose, the underpinning research question to be answered is how do Ghanaian mobile businesses develop capabilities to withstand competition?

RESEARCH METHODOLOGY

This study seeks to investigate how Ghanaian mobile organisations develop capabilities. It adopts the critical realist (CR) paradigm which is helpful because the main aim is to explain how firms develop capabilities to overcome competition, and not to predict or generalise (Elster, 1998: 45). According to the tenets of CR, in order to better explain occurrences, data would be collected from multiple sources, multiple investigators, and at different times under different conditions.

Three case studies would be conducted with mobile content providers to explore how they develop capabilities, and the impact thereof. Information gathered from the case firms would be corroborated by the firms’ customers, competitors and industry regulators. In addition, the process of designing, collecting and analysing data for this study would be guided by the discussions by De Vaus (2001).

RESEARCH OUTCOMES/IMPLICATIONS

Concerning research implications, this study operationalises the dynamic capability framework in a mobile business and Ghanaian context in which this framework has arguably not been tested. However, because the framework is context-dependent (Collis, 1994; Winter, 2003), findings from other industries may not be readily generalisable to m-business. Hence, this study contributes in building a better theory capability-creation. This is in response to calls to test the framework in different industries and firms (Barreto, 2010; Winter & Szulanski, 2001).

For practice, managers of emerging and existing MBOs would know how firm capabilities are developed within competitive environments. This knowledge could be a stepping-stone for practitioners to develop higher order dynamic capabilities i.e. the capability to reflect on the whole process of developing and deploying capabilities, derive lessons from it, and use these in new rounds of generating new capabilities.

For policy, a better understanding would be gained by policymakers as to what to consider in creating legislations which affect mobile and allied businesses within the country. At the firm level, this study hopes to provide findings that could be used as input for organisational policy and strategy.

ORIGINALITY

This study extends the dynamic capability framework to the peculiar context of mobile business. The ensuing propositions may inform future empirical work which aims at generalising findings.
REFERENCES

Internet Banking Deployment in Ghana: A Socio-Technical Analysis

Michael Narrey Agbeko
University of Ghana Business School
nartty73@yahoo.com

SUMMARY

In today’s world, the Internet is one of several electronic platforms through which banks offer banking services. But the questions are what social and technological factors within the context of the countries especially Ghana influence the deployment process of such platform (Internet banking)? Also how do the banks react to these social and technological factors during the Internet banking deployment process? These are questions which the study seeks to answers.

Keywords: internet banking, socio-technical analysis, deployment, Ghana

INTRODUCTION

Many researchers have different definition for Internet banking also known as online banking. But for the purpose of this study the definition espoused by Malhotra & Singh (2009) is more appropriate. Malhotra & Singh (2009) defines internet banking as, the use of the internet as a delivery channel for the provision of banking services. Globally, 423.5 million people accessed Internet banking sites during April 2012, reaching 28.7 percent of the internet audience (ComScore, 2012). The global reach of banking sites such as Bank of America grew by 2.9 percentage points over the past year. Over 45 percent of the internet audience in North America accessed bank sites, an increase of 1.2 percentage points, making it the top region for these sites. Europe ranked second by penetration (37.8 percent reach) with Latin America (25.1 percent) rounding up the top three. Asia Pacific saw the strongest growth rate of 5.1 percentage points to 22.0 percent of the internet audience accessing bank sites while Middle East and Africa boast of only 8.8 percent of Internet banking usage in April 2012 (ComScore, 2012). Ghana is one of several developing countries whose banks in recent times have deployed their banking services through the Internet (Internet Banking). The increase in internet usage is one factor that has contributed to the deployment of Internet banking in the country (Abor, 2004; Woldie et al. 2008).
Context Gap

Studies on Internet banking in developing countries have paid less attention to the developing country context and its effects on internet banking deployment decisions. It is important therefore to understand how a developing country’s context, especially the social and/or technical contexts, impacts on Internet banking deployment decisions since the banks which offer the banking services through the Internet do so within the context of a country (Foley, 2000; Sathye, 1999; Yeap & Cheah, 2005).

Theoretical Gap

Since much of the studies on Internet banking have used technology deterministic theories as indicated above, it is important to use emergent theories such as the socio-technical theory to examine Internet banking in a developing country context and observe how the theory affects internet banking deployment decisions within the context (Tan & Teo, 2000; Liao et al., 2000; Gerrand et al., 2006).

RESEARCH PURPOSE

From the problem statement and the outlined research gaps, the purpose of this study is to understand the deployment of Internet banking in a developing country context such as Ghana from a socio-technical perspective.

RESEARCH QUESTION

1. What Internet banking services do banks in Ghana provide?
2. What are the reasons for the provision of Internet banking by banks in Ghana?
3. What social and technical factors shape Internet banking deployment in Ghana?
4. How do local banks react to the social and technical factors in Ghana and their consequences?

RESEARCH METHODOLOGY

The study employs the interpretive assumption as its paradigm and also has as its underlying research method the qualitative approach. Under this methodology, the study employs multiple case studies for its research design, data collection and data analysis. Fieldwork for the study is being carried out here in Ghana and is still ongoing. This involved the initial selection of cases and data collection. After producing findings from analysis on collected data, the author will go back to the field for clarification on emergent themes and concepts.

RESEARCH OUTCOMES/IMPLICATIONS

The study will provide insight into the socio-technical preconditions in developing countries for the deployment of Internet banking and will recommend to banks the need to pay more attention to these preconditions before they offer their internet banking services especially those banks that are intending to go into internet banking.

Finally, the study will add to the body of literature on why banks do internet banking in developing countries, how the socio-technical environment of developing countries shapes the deployment of internet banking, and how banks react to the socio-technical environment where they offer their internet banking services. Thus, the study will be useful to researchers and students intending to undertake similar studies.

ORIGINALITY

The study will identify a number of specific social and technical factors that Ghanaian banks could consider to maximize the deployment of internet banking.

REFERENCES

Work System Analysis of Meteorological Information Flow: Evidence from Ghana Meteorological Agency

Isaac Aidoo
OMIS Department
University of Ghana Business School
ikeaidoo@gmail.com

SUMMARY
The presentation of this paper concerns work system analysis of meteorological information flow in a developing country.

Keywords: information flow, meteorology, work system theory

INTRODUCTION
The phenomena of irregular patterns of the weather and climate have been recognized with its enormous effect on human activities and business (socio-economic) development (McMichael, et al, 2003; Economic Affairs, 2011). Organizations such as World Meteorological Organization have described the recent weather and the climate as a worrisome situation to human and business activities due to the increase in carbon dioxide emissions into atmosphere and the related effect of global warming (WMO/UNEP, 1990; IPCC, 2011).

In Africa, climate change and weather pattern irregularity have been felt in Sudan, Somalia, Tanzania etc (WCRP, 2011). The outcome according to meteorological information is especially climate change with more variability in weather conditions and prolong period of drought with potential devastating implication for water and food security, power supply, and Gross Domestic Product (GDP). For example, Ghana’s GDP consist of about 37% of agricultural commodities and most of these agricultural commodities depend on the rain and therefore largely depends on the climate (Africa Talks Climate, 2010). Information communication and technology for meteorological services is noted as one of the contributing factors to help understand and mitigate irregular weather pattern through information dissemination (Ospina & Heeks, 2010). Work systems analysis is the application of the work system framework (participants, information, technologies, processes and activities, products and services, customers, infrastructure, strategies and environment) to analyzing organizational business operations (Alter, 2008a; Alter, 2008b). The meteorological information flow process and activities consist of meteorological data supply, data acquisition, data creation, data processing, decision making, decision implementation, data/ information delivery and data/ information consumption deduced from KIBIS (2003).

RESEARCH PROBLEM
Few studies including Efe & Adogbeji (2006) indicated the assessment of ICT usage in data storage and information dissemination in Nigeria meteorological stations. He concluded that there is less automation of the Nigerian meteorological stations. However, the paper lays emphasis on the processes and activities, participants and strategies for meteorological information flow and dissemination to stakeholders. Estevez, Gavilan, & Giraldez, (2010) proposed a system that is capable of detecting several types of errors of meteorological data, enhances decision making such as replacement of sensors and screen and removal of bad data before their application in automatic weather stations. Nevertheless the paper did not recognise a framework that includes policies and strategies for detecting meteorological data errors in an environment for stakeholders. Haase, et al., (2000) presented range of meteorological visualization solution through information technology. Nonetheless, the paper did not highlight an apposite framework for integrating TV, web, virtual studio, augmented reality and video technology for public meteorological information broadcast. Studies reviewed shows that arguably none of the papers have considered work system analysis of meteorological information flow and management. Further literature survey indicates that 3 studies were conducted in Africa (Nigeria and Niger) and 10 studies were conducted outside Africa (North America-5 and
Europe-4). Therefore the research gaps for this paper include: 1. Lack of theoretical framework and research framework for meteorological information flow and management. 2. There is the need for clear information flow modeling for meteorological information flow and management. 3. Lack of meteorological information flow applying the work system framework in a developing country like Ghana.

RESEARCH PURPOSE

The purpose of this paper is to firstly explain the existence and application of the work system framework to meteorological information flow and management in a developing country such as Ghana. Secondly, is to apply the information flow model as suggested by KIBIS (2003) to the concept of meteorological information services.

RESEARCH QUESTION

The paper seeks to answer the following questions:
1. How are the components of the work system framework identified and used in meteorological information flow?
2. What are the specific processes and activities concerning information flow modeling which are used in the generation of weather and climate information for stakeholders?
3. What are the existing policies used in regulating meteorological information flow and dissemination to stakeholders?

RESEARCH METHODOLOGY

The research methodology for this study mainly consists of the research paradigm, the research methods for the study, research design and data collection methods. Research paradigm plays a relevant role in mixed methods research. This study applies the realism paradigm as an appropriate stance of the research due to its quantitative and qualitative nature of data collection and analysis. Realism is made up of positivism and constructivism. It suggests a world view of ascertaining the actual social phenomenon despite it imperfection and probabilistic comprehensiveness. This study also involves mixed methods of conducting research where it employs the case study design for studies in the Ghana Meteorological Agency and the survey design to reach customers of Ghana Meteorological Agency. Data collection methods include semi structured interviews from the workers of GMA and questionnaire administration and collection from the stakeholders (customers) of GMA.

RESEARCH OUTCOMES/IMPLICATIONS

The implications of this paper are categorized into implications to management, contribution to future research and contribution to policy and practice. 1. Implication of the study to the management of Ghana Meteorological Agency is to aid the managers and ordinary workers to better manage the operations of the Ghana meteorological agency by the understanding how work system works. 2. For future research, the integration of the work system framework (Alter, 2008a; Alter, 2008b) and the information flow modeling (KIBIS, 2003) can be used for further studies especially for work system analysis of organizations. 3. The implementation of the work system framework and the information flow modeling help achieve and establish policy formulations and regulations to help regulate the information flow activities of every organization to its customers. 4. This study further encourages the practice of using work system framework and information flow modeling for organizational work system analysis by professionals and practitioners.

ORIGINALITY

The paper shows how work system framework is identified and applied with information flow modeling to meteorological information flow and management in a developing (Ghana).
REFERENCES

A Competitive Strategic Analysis of Developing and Deploying 3G Mobile Technology Services

Daniel Opoku
OMIS Department
University of Ghana Business School
ideas4danny@gmail.com

SUMMARY
The study aims to examine the factors affecting subscriber’s intention towards using 3G technology mobile services and find out how Mobile network Operators develop and deploy the services. Cross sectional data were collected from 400 respondents and some interviews conducted among the six mobile network operators. In the theoretical framework of the study, Unified Theory of Acceptance and Use of Technology (UTAUT) are used as guidelines as well as porters five competitive five force model. Users’ of 3G mobile services need to be provided with more diverse and entertaining ways of communicating, which are at the same time easily accessible and convenient to use. This paper enhances understanding of user acceptance of 3G mobile communication services and Mobile network operators’ development and deployment.

Keywords: information flow, meteorology, work system theory

Cite As:

INTRODUCTION
Mobile phones have become a tool to facilitate communication in both developed and developing countries (Head and Ziolkowski, 2012). The number of people accessing internet through their mobile phones now is getting closer to those accessing the internet through their personal computers (Chong et.al, 2012). Statistics from the International Telecommunication Union (ITU) has indicated that the number of mobile phone subscribers in the world have reached almost 6 billion representing 86% of global mobile phone penetration (ITU, 2012). Africa has about 644 Million subscribers which form about 11% of the mobile penetration (Kujawski, 2012). Moreover, more than 50% of all “local” searches on the internet are done from a mobile device (ITU, 2012). The mass adoption of mobile phones by consumers has enabled competition in the Mobile Telecommunication Industry. Mobile Network Operators are now finding new ways of providing effective services to their users (Taskar, 2011). The development of 3G mobile technology by mobile network operators has added value to their network services which has helped them to retain their old customers and has paved ways for new customers (Taskar, 2011). 3G mobile technology came to enhance the mobile communication system by providing high speed transmission, advanced multimedia access and global roaming (Dugal & Bangstad, 2010). The technology provides a high speed bandwidth which allows users to download audios, videos, browse the internet at a very high speed. Many studies on mobile technologies (2G and 3G) have been done in developed countries like Japan (Abu, 2010), United Kingdom (Bohlin et.al, 2010), Finland (Harno, 2010), South Korea (Shin et.al, 2011) and very few studies in developing countries like Malaysia (Suki, 2011) and Turkey (Mardikyan et.al, 2012). Ghana as a developing country has six Mobile Network Operators licensed to do business in the country. The mobile Network Operators were regulated by the National Communication Authority (NCA) to promote free and fair competitive environment to enhance market operation in the country. Current statistics from the National Communication Authority (NCA) in December, 2012 depicted that the total Cellular/Mobile Voice Subscriber base in Ghana (i.e. 25,618,427) is now more than the country’s population (24,658,82). MTN as one of the mobile network operators in Ghana has the largest share of the total cellular/mobile voice subscribers. It was the first mobile network operator to offer 3G technology services to their consumers which brought competition in the Ghanaian mobile industry. Since, few studies on mobile technologies (3G) have been done in developing countries like Ghana, there is the need for academic research to understand how mobile network operators develop and deploy this services and also explore factors that influence consumers to adopt and use the services.
RESEARCH PROBLEM

Research problems are discrepancies that occur in the literature. As a result, the study categorized the research problem into three dimensions. The issue gap, model/theory gap and the method gap. With respect to the issue gap, most researchers have given much attention on user’s adoption on the use of any new technology (Abu, 2010; Chong et.al, 2012) and the impact of technology (Cheng & Sun 2012; Boateng, 2010). Most of these researchers classify users as “one piece” and don’t give much attention on the gender differences in the use of technology. This has made it difficult to know the kind services that influence the men or women in terms of technology adoption and usage. Wahid (2007) who studied internet adoption among men and women recommend that researchers should give much attention on gender difference in studying difference technologies as well as services (Rasheed & Shiratuddin, 2009). Some studies have also considered some factors that influence Organisation decision to adopt and use technology (Creswell & Sheikh, 2012). Research studies on how Organisation uses technology has emphasis on how the technology influences the Organisation performance (Cheng & Sun, 2012). There are few research studies in developing countries that have explored how Organisation develop and deploy some services for consumers especially in the mobile telecom industry (Xia, 2012). With respect to the model or theory gap, most theories and models have been used to study how users adopt and use technology. Technology acceptance model (TAM) has become one of the most widely used models to evaluate user acceptance of technology (Davis, 1989). Although TAM variables have been widely used, it only explains 40% of user technology acceptance (Chong et.al, 2012). Venkatesh et.al (2003) combined eight technology frameworks and came out with Unified Theory of Acceptance and Use of Technology (UTAUT) which was able to explain technology adoption up to 70% compared to the past technology frameworks. One of the UTAUT model variables is gender that will help to explain gender differences in technology use. However, the Technology-Organisation-Environment (TOE) has become a useful framework to explain the environmental factors that influence technology development and deployment in an organisation (Tornatzky and Fleischer, 1990). The model is used to explain technology development in an Organisation. The model will be used in the study to explore how mobile network operators develop and deploy 3G technology service. Lastly, looking at the method gap Much research on 3G technology services has been done in developed countries and very few has been done in developing countries like Ghana, hence there is the need to explore more of this studies in the country.

RESEARCH PURPOSE

The purpose of the study is to explore how mobile network providers develop and deploy 3G technology services and factors that influence consumer’s intention to adopt and use 3G technology services

RESEARCH OBJECTIVES

The objective of the study is divided into two parts. The first part investigates service provider’s rollout of 3G services and the second part also address consumers’ adoption of the 3G services

Management:

To investigate the type of 3G services offered by MNO’s

To investigate how Ghanaian MNO’s develop and deploy 3G services

Consumers:

To investigate the 3G services used by consumers.

To investigate factors that influences adoption of 3G services.

RESEARCH METHODOLOGY

The study adopted both qualitative and quantitative methods (Creswell, 2009). Survey approach was used to collect data from respondent that have adopted and use 3G technology services. Questionnaires including 19 questions were sent to 400 people. Data on demographic characteristics were collected. Questions on factors that influence consumers to use 3G technology services were also collected. Interviews were conducted in the six Mobile Network Operators to find out more about 3G technology services and how they develop the technology for consumers.

FINDINGS/RESULTS

The variables used in the study were tested for reliability analysis on a sample of 50 respondents who were using 3G technology services. SPSS 20 was used and a Crobach’s alpha of more than 0.8 was obtained. The study identified that the entrance of a new competitor, irrespective of its product lines, competitive pricing,
and better customer services could be a major driver of competition on the Ghanaian mobile telecommunications industry

RESEARCH OUTCOMES/IMPLICATIONS

The results of this study will be helpful to Ghana mobile telecommunication companies to adjust their corporate strategies and tactics for providing consumer 3G services for both potential and existing customers.

ORIGINALITY

This is the first study of this kind and should be read by academics or practitioners dealing with regulation, technology development and technology forecasting.

REFERENCES

Boateng, R. (2010). Enhancing Micro-Trading Capabilities through Mobile Phones: The Case of Women Traders in Ghana. Information Technology in Developing Countries, 20 (1)
Xia, J. (2012). Competition and regulation in China’s 3G/4G mobile communications industry—Institutions, governance, and telecom SOEs. *Telecommunications Policy, 36*(03), 5 – 21
User Perceptions of Information Security

Olivia Agyemang
OMIS Department
University of Ghana Business School
viagyemang@yahoo.com

Erasmus Addae,
OMIS Department
University of Ghana Business School
eaddae1@ug.edu.gh

SUMMARY
This paper studies the user perceptions of and personal initiatives to achieve information security in an educational institution,

Keywords: information security, employee perception, educational institution, Ghana

Cite As:

INTRODUCTION
Information is an organisation’s lifeblood in today’s global business environment making information systems truly pervasive throughout every enterprise. However, firms’ dependence on information systems comes with not only benefits and opportunities but also risks. The sources of information system benefits like faster processing of and access to information also increase the risk of computer intrusion, fraud and disruption (Mow, 2012). Worryingly, some of these risks emanate from within the organisation – whether deliberate or accidental (CSI, 2011). Hence, even though there are security professionals and tools to prevent or fix security breaches, one question that could be asked is whether information security should be left to professionals and technical tools only. Should (non-professional) end-users be involved? How can full user participation and involvement in information security be achieved?

RESEARCH PROBLEM
Humans and human behaviour are primary sources of security breaches in organisations (Lacey, 2010; Thomson and van Niekerk, 2012), and hence making perfect security elusive (Bodin et. al, 2008). There is thus the need to pay attention to the human element of information security. Previous research in this direction however seem to be dominated by managers’ perspectives (e.g. Bhattacharya, 2011; Choi, Kim, Goo, and Whitmore, 2008; Hagen, Albrechtsen, and Hovden, 2008; Johnston and Hale, 2009; Ifinedo, 2009; Nohlberg and Backstrom, 2007); and experts’ perpectives (e.g. Ma, Johnston, and Pearson, 2008; Sommestad, Ekstedt, Holm, and Afzal, 2011). But if there are different groups of people who have different view of information technology-related issues (Ifinedo, 2007; 2009) with different goals and requirements (Enescu et al., 2010), then there is a need to study (end) user perspectives in terms of IS awareness (Johnston and Hale, 2009). Such studies could serve as a source of input into increasing user awareness in information security (Bakhshi, Papadaki, and Furnell, 2009; Styles and Tryfonas, 2009). There also the need to capture end-user input in awareness programs instead of focusing on purely technical information (Stewart and Lacey, 2012). To add to the above need, information security threats are quite prevalent within educational institutions (Garrison and Ncube, 2011). IS research however seem to be focused on sectors including care homes (Harnesk and Lindstrom, 2011), business (Abu-Musa, 2010; Ifinedo, 2009; Bhattacharya, 2011), and energy (Styles and Tryfonas). Even though these studies have very relevant contributions, the uniqueness of information security needs across different organisations cannot be ruled out (Siponen and Willison, 2009), hence the need for IS studies in education institutions too. Encouragingly, some studies have been conducted in the educational sector, but have used students and/or teaching staff as respondents (e.g. Kruger, Drevin, and Steyn, 2010; Sun, Ahluwalia, and Koong, 2011; Jali, Furnell, and Dowland, 2010). These studies leave room for further researching using adminstrative staff as respondents. Similarly, there is room for more studies from a developing country context to bridge the seeming dominance of research from developed country context.
The purpose of this study is to explore the level of user awareness about information security. Towards this purpose, the study has the following objectives:
1. To explore the security needs of educational sector employees.
2. To examine how current security arrangements meet the employees’ needs.
3. To explore employees’ personal initiatives to ensure security.

Towards achieving the research objectives, the following questions would be answered:
1. What are the security needs of educational sector employees?
2. How does the current security arrangement meet the employees’ needs?
3. What are the employees’ personal initiatives to ensure security?

The purpose of this study is to explore the level of user awareness about information security in an educational institution. This study uses focus group discussions especially because the respondents are already in a group – a polytechnic’s administrative staff, and thus makes it easy to generate substantial data on the topic under study (see Wall, 2001). A total of 90 members of the polytechnic’s administrative staff would be given an oral presentation of the project and invited to volunteer as focus group members. Volunteers would be briefed and tape-recorded meetings arranged. This study provides the focus for the discussions at the meetings (about volunteers’ perception of information security in their setting, and their personal initiatives to ensure security). Their responses serve as source of data (Morgan, 1997), and would be analysed using the research questions and/or objectives.

Concerning research implications, this study fills the need for user perspective in the information security to understand user involvement in planning and implementing a successful information security programs. In addition, it is possibly a cutting-edge study, considering that literature about information security governance in sub-Saharan Africa country context like Ghana is arguably non-existent. This study should be of interest to practitioners, because in practice (for instance, during security training), the power and capability of technical protection mechanisms should not be exaggerated. Rather, emphasis should be on its limitations and drawbacks, so that end-users will adopt more cautious security practices and adhere to the requirements of the Polytechnic’s security policies. For policy, a better understanding would be gained by policymakers as to what to consider in creating legislations which affect information security programs in the Polytechnic.

This study provides new insights about user awareness of information security issues from an educational institution in sub-Saharan Africa.

REFERENCES


SUMMARY

This presentation is a research proposal on the use of the internet among fashion designers. The researcher intends to investigate how fashion designers use the internet in their business and the benefits they accrue from internet usage.

**Keywords:** Internet, usage, fashion designers, Ghana

Cite As:

INTRODUCTION

Internet use among individuals, organizations and nations is increasingly becoming an important societal as well as economic phenomenon worthy of investigation. The internet in a few years has translated from being the instrument of communication of scientists to a firsthand route for exchange of information for several people from fashion designers to financial analysts (Attaran & Attaran, 2002). Today, most organizations such as fashion houses use the internet to enhance their business processes both internally and externally. According to Pham (2011) fashion designers in California (USA) create fashion-themed blogs. These fashion-themed blogs serve as a medium of interaction between the fashion designer and his customers. The incredible growth of the usage of the internet (for example, countries such as Canada, South Korea, Sweden, New Zealand, UK, USA all have over 50 of households with internet access (Internet World Stats, 2004). A research carried out among fashion designers in Dakar discovered that fashion designers derive aspects of their visual experience elements from the internet (Grabski, 2009). In Ghana, the question of how organizations take advantage of the internet to improve business processes and to make tremendous profit among other benefits raised. Subsequently, there is the need to examine the business processes of fashion designers and the influence of the internet on these processes.

RESEARCH PROBLEM

Most of the research on fashion designers and the internet were carried out in developed countries (Pham, 2011; Mete, 2006). Little has been written on fashion designers and the internet in developing countries (Grabski, 2009) specifically Ghana. Also, from a theoretical perspective, most empirical studies on internet use identified demonstrates a tremendous skew towards other industries like the manufacturing industry, creating a big theoretical gap between manufacturing industry dominance over the fashion industry (Daud & Mohamed, 2011; Feher & Towell, 1997). Despite the fact that the subject of fashion designing has been well researched on, there is a paucity of literature on the relationship between fashion designers and the internet. In short, the above stated gaps can be categorized into two gaps namely context gap and issue gap. The context gap here refers to the fact that most of the research on fashion designers and the internet were carried out in developed countries (Pham, 2011; Mete, 2006). Little has been written on fashion designers and the internet in developing countries (Grabski, 2009) specifically Ghana. The issue gap identified is that most empirical studies on internet use demonstrates a tremendous skew towards other industries like the manufacturing industry, creating a big theoretical gap between manufacturing industry dominance over the fashion industry (Daud & Mohamed, 2011; Feher & Towell, 1997). Another issue gap is that there is a paucity of literature on the relationship between fashion designers and the internet.

RESEARCH PURPOSE

The purpose of this study is to examine the use of the internet among fashion designers and the benefits fashion designers derive from the internet in their business.
RESEARCH QUESTION

In order to achieve the research purpose and objectives, the following questions would be asked;
1. How do fashion designers use the internet in their business?
2. What are the benefits fashion designers derive from using the internet in their work?

METHODOLOGY

The research methodology describes the methods and procedures which will be used in conducting the study. Precisely, this section will include the research design, study population, sample size, and data collection.

Several research strategies exist, however for the purpose of this study, the survey research method will be used due to these reasons. First, survey research allows for comparison of responses on which conclusions can be drawn (Creswell, 2003). Also this method is comparatively easy to explain and understand as well as cost effective. Survey method further gives the researcher more control over the research process (Saunders et al., 2007).

For the purpose of this study, the cross-sectional survey method will be used. There are a number of research approaches, however the two widely recognized ones are the qualitative and quantitative approaches. However Aina (2002) postulates that each of the above mentioned approaches has its own biases and it is therefore appropriate to use multiple methods, in order to make up for inherent biases and generate balanced data. As such the researcher will adopt the triangulation approach which involves both qualitative and quantitative methods simultaneously.

The targeted population of this study will be selected fashion designers in the Greater Accra Region of Ghana. The convenience sampling technique will be used to select the samples for both management (CEOs of the selected fashion houses) and employees. Adams (2010) citing Paton (1999) posits that convenience sampling saves time, money and effort. This technique is chosen for the study because of the probability of encountering difficulty in tracking management in the fashion houses.

Questionnaires, interviews and observation will be used to collect data from respondents. The questionnaire will be the major data collection instrument for the study, which will be used to collect data from all respondents except the CEOs who will be interviewed with the help of a checklist. These will however be complemented with observation.

RESEARCH OUTCOMES/IMPLICATIONS

This study will first of all be of immense benefit to fashion designers in general, especially the Chief Executive Officers (CEOs) and the employees of the proposed selected fashion houses. It would further provide insight into the benefits fashion designers are expected to derive from the internet. In addition, the study will also bring policy makers (for instance: Association of Fashion designers) on board, acknowledging the essence of the internet in fashion designing and enact policies which will promote internet use among fashion designers in the future.

Lastly, the study will add to existing knowledge in the area. It will serve as literature to scholarly reference and as a guide for further research in other organizations.

ORIGINALITY

This is one of the few studies that analyzes the relationship between the use of the internet and fashion designers.

REFERENCES


Social Networking Tools in Organisational Learning

Dorcas Asanoa Tandoh
OMIS Department
University of Ghana Business School
asanoatandoh@gmail.com

SUMMARY
This study explores how social networking tools are used for organisational purposes.

Keywords: social networking, tools, organisational learning, Ghana

INTRODUCTION
Communication, connections and networks have become the social trend in our society today. People need to stay in touch in order to maintain relationships far and wide. More people now understand the essence of these social networks for various reasons, be it just for mere socialization or for enhanced business processes and productivity. Boyd and Ellison (2007) stated that online social network sites began in the late 1990s, and gained widespread popularity and broad media coverage in 2003. Twitter and Facebook allow a whole new type of communication to take place that has formerly been unknown to most businesses; businesses can create more unadulterated and direct relations with their customers using such social networking sites by creating profile pages for people to like and follow.

Emerging discussions have shown exponential growth in use of Social Networking tools such as Facebook and MySpace principally for personal purposes, yet the adoption of such tools in business has been a little more diffident (Baltatzis et al., 2008). Research by Pew Internet, suggests that 66% of online US adults use social media (Smith, 2011). A 2007 study of 200 companies by Info-Tech Research Group Inc. in London, Ontario, found that 46 percent of firms explicitly block access to such sites; while 49 percent tolerate employee use of such sites, and a rather small 3 percent encourage their use (McGillicudy, 2007). Conversely in a survey of approximately 700 Australian workers, almost half of those aged 16 to 34 stated they would prefer to work for an employer that allowed them to socialise on Facebook and MySpace, over one that did not, and also, Timson (2008) denoted that 75 percent of respondents in the same survey believed social networks would also benefit their company.

The impact on business due to this universal social occurrence may be important. The changes within society ultimately flow across organizational environments resulting in the requirement for organizations to change to remain competitive (Morgan, 2006). The questions one may ask then are that; how important are these social networking tools in the organization? And how do they add value to the organization in terms of profit and knowledge creation. Understanding only the factors that influence the use of social networking tools may not be sufficient; there is therefore a need to understand the factors which influence learning interventions in order for organizations to adapt the use of social networks to their context (Boateng et al., 2010).

RESEARCH PROBLEM
Empirical evidence suggests that when applied within internal contexts technologies such as blogs and wikis have the potential, for example: to support internal communication (Kosonen et al., 2007) and knowledge sharing (Hester, 2010). In order for an organization to develop, it has to be able to sense changes in signals from its environment and adapt accordingly. The use of Web 2.0 tools has been suggested as a platform that can be used to sustain the process of organizational learning (Baxter et al., 2010; Boateng et al., 2010). The issue gap could be identified as though empirical research on the use of Web 2.0 tools in organizations is gradually increasing; the majority of studies have thus far predominately focused on how these types of technologies have been used in organizations, in addition to the context of their use (Baltatzis et al., 2008). On the other hand, there appears to be a lack of empirical research explaining the background, decision-making
processes, and organizational factors affecting the impact on adoption and use of Web 2.0 tools, in addition to the steps taken by organizations when internally implementing them in the workplace through knowledge creation and sharing (Baltatzis et al., 2008). Boateng et al., (2010) pointed out that organizations need to understand how to adapt the Web 2.0 applications to their context and its adaptation process may require an understanding of the organizational factors that influence the learning interventions. As a method gap, some suggestions have also been made concerning the fact that there are quite a few empirically tested models to measure the impacts social network tools have on organizational learning (Baxter, 2012). While some guidelines and frameworks have been created to assist in this matter (McAfee, 2009; Bernal, 2010), further research is also required to propose fresh theoretical and conceptual guidance on this subject, to validate and further enhance these frameworks providing invaluable knowledge to management practitioners about how to implement Web 2.0 tools in their companies (Baxter, 2012).

The SECI model consists of four models or sub-processes. Each sub-process captures different character of knowledge’s transformation. They are socialization (from tacit to tacit knowledge), externalization (from tacit to explicit knowledge), combination (from explicit to explicit knowledge) and internalization (from explicit to tacit knowledge). The last component of this model is a spiral. It illustrates the need of a continuous and never ending transformation. If it stops on the point of externalization or combination, the explicit knowledge will easily degenerate into information (Ritcher, 2011). A great deal of effort has been put into investigating its practical applicability (with mixed results), but in recent years the applicability of the model has been linked strongly to culture, both organizational and national. The issue is whether culture is more than just an element in a Knowledge Management model, i.e. culture-in-the-model, but rather acts as a limiting factor for a model, i.e. culture-of-the-model (Andreeva & Ikhilchik, 2011). Therefore, a link between the factors of the SECI model and the Ghanaian culture in order to influence organizational learning must be established.

In summary, this paper identifies the issue gap which is a need to research into how social networking tools can be used to enhance organizational learning since there have been little empirical evidence to support and a method gap which would be done by adopting the SECI model by Nonaka and Takuechi in the Ghanaian culture.

RESEARCH PURPOSE

In relation to the research problem, this research seeks to define a strategic process through which organizations can adapt social networking tools in organizational learning.

RESEARCH QUESTIONS

1. What are the factors that drive the choice of social networking tools in organizations?
2. Which factors can influence the use of the social networking tools in organizations?
3. What are some of the organizational factors that can influence learning interventions?

RESEARCH METHODOLOGY

A qualitative research approach would be adopted during the research in a few Ghanaian-based organizations. It is to aid in capturing the diversity, richness and complexity in respondents’ perspectives on the themes relating to barriers and benefits of the use of a social networking tool in a business environment. The study population are organizations who have adopted the use of social networking tools.

RESEARCH OUTCOMES/IMPLICATIONS

Existing studies about social networking tools have not really explained the background, decision-making processes, and organizational factors affecting the impact on adoption and use of Web 2.0 tools, in addition to the steps taken by organizations when internally implementing them in the workplace through knowledge creation and sharing thus, this research will contribute enormously to research. It will also serve as the foundation to future research in this regard. In practice however, even if increased productivity and innovation are accomplished following the adoption of an online social network tool, it is often not viable to unquestionably attribute these benefits to the adoption of these tools (Baltatzis et al., 2008). One must be able to establish the fact that these social networking tools may be able to increase profits and enhance organizational learning as well and therefore makes this research significant.
Organizational policies and philosophies may pose as a less abrupt and concrete but more challenging barriers and risks in the implementation of social networks for business. This study seeks to define a strategic process through which organizations can adapt social networking tools in organizational learning and therefore desist from blocking access to social networking sites in their organizations. They need to recognize how important social networking is and understand how to constrain the amount and type of social networking activity. They should understand why policies are important, and what and why social networking is being used in organizations, and to describe organizational social network policies. The findings would reinforce the need to include social networking tools in organizational decision making to improve organizational learning.

ORIGINALITY

In order to assess the tools to enhance organizational learning, such as socialization, externalization, combination and internalization (Nonaka & Takeuchi, 1996) a framework would be adapted from Boateng et al., (2010) which posits that, as learning tools, Web 2.0 tools should be able to create interaction, enable knowledge sharing, access pre-knowledge, and generate and store new knowledge would be used to better understand these characteristics. A new conceptual framework would be developed from these models.

REFERENCES

Cone, E., 2007. Social Networks at Work Promise Bottom Line Results, CIO Insight magazine.Available at: http://www.cioinsight.com/article2/0,1540,2192575,00.asp


McGillicudy, S., 2007. Facebook, MySpace tolerated by businesses survey says” CIO magazine online. Available at: http://searchcio.techtarget.com/originalContent/0,289142,sid19_gcil275236,00


The Role of Web 2.0 in e-Participation in Developing Countries: the Case of Ghana

Ofoeda Joshua Kwaku
University of Ghana Business School
jkwaku97@gmail.com

Richard Boateng
University of Ghana Business School
richboateng@ug.edu.gh

SUMMARY
This study explores how Web 2.0 could enhance citizen participation in the governance process.

Keywords: Web 2.0, e-participation, developing countries

INTRODUCTION
Although the concept of Electronic Governance (e-governance) has emerged in the late 1990’s as a context within which to share experiences and skills among practitioners (Grönlund & Horan, 2004), it is viewed by many in Africa as a new field but e-governance has been in existence for some time now even though its design is seen as one that has been imported (Heeks, 2002). The information age has brought with it numerous advantages and various decision makers as well as stakeholders want to exploit all the benefits that these technologies bring including enabling effective citizen participation. According to Millard (2011), human beings in general are social by nature. This means we are connected, and we socialize as well. People expect to be heard and considered. Ideally citizens expect politicians and government to have their best interest at heart by listening to them and serving them as such.

Participation is a defining characteristic of democracy. There is however nothing essentially democratic about political participation as such or about political regimes that promotes participation as a tool of governance (Smith & Dalakiouridou, 2009; Åström, et.al. 2012). There is empirical research on e-participation in non-democracies and this is growing tremendously. (Heeks, 2003; Bussell, 2011; Åström, et.al. 2012). A recent research by (Axelsson, et.al. 2010) revealed that the e-government field can get inspiration and learn from methods and approaches in traditional IS projects concerning user participation. Substantive research has been done on e-government; literature discusses what governments offer online, essentially examining the supply of information and services that governments provide (Medaglia, 2007; Coursey & Norris, 2008; Reddick, 2011). However, there is less research that focuses on what citizens’ demand in regards to online government (Thomas & Streib, 2003; Moon & Welch, 2005). There is also a need for stream of research mainly focusing on developing a ubiquitous platform that allows citizens to be involved in government policy-making processes (Kamal, 2009). Furthermore, governments are doing less to stimulate demand for e-government which is intended to address issues of the digital divide, and provide for more open and transparent government (Reddick, 2011). There is the need to investigate the role web 2.0 technologies play in e-participation and how frequently they are used. This research seeks to respond to this need.

RESEARCH PROBLEM
E-Democracy takes place at different levels, ranging from local level to regional to state or national levels. It also takes different forms: voting, consultation and the participation in the construction of the alternative course of actions (Kersten, 2003). E-Participation, which is the area of focus encapsulates the following forms: government-to-citizen (G2C), citizens-to-government (C2G). User contribution is very paramount in E-Participation. However any form of contribution that citizens make need a feedback from the relevant and recognized institution. This deals with how technology supports governments to listen and respond to comments from individuals. Some might ask the need for e-governance in today’s dispensation. According to
Heeks (2002), a crucial key for e-government is that it offers increased convenience. In this case convenience for both citizens as well as government. There are several instances of governments engaging in e-participation. A typical example can be found on the rich Singapore e-government website which provides e-participation for citizens, businesses and for government (www.egov.gov.sg).

Various countries have ways by which they disseminate information to their citizens and how their citizens can aid and be involved in government’s decision-making. Some western worlds have successfully implemented e-Participation sites to help disseminate information (Pinteric, 2010). However, the potential for public involvement through government web sites has received relatively little notice, at least in the United States (Scott, 2006).

Unfortunately in Ghana the major source of information on government activities is the newspapers and usually, the newspapers for a particular day usually reach those far from the capital at least a day after they have been circulated (Boateng, 2011). To curtail these challenges, Ghana’s e-government project has taken new twist, with the first phase out of three phases been said to be completed (Dowuona, 2012). There are various gaps that have been identified in this work. Some of which are identified in the research background. For the purposes of clarity, we classify these gaps under issue, method as well as context gaps.

**Issue Gap:**

i. However, there is less research that focuses on what citizens’ demand in regards to online government (Thomas & Streib, 2003; Moon & Welch, 2005).

ii. There is also a need for stream of research mainly focusing on developing a ubiquitous platform that allows citizens to be involved in government policy-making processes (Kamal, 2009).

iii. Furthermore, governments are doing less to stimulate demand for e-government which is intended to address issues of the digital divide, and provide for more open and transparent government (Reddick, 2011).

**Method Gap:**

Most of the studies are also categorized and almost entirely macro-level survey works (Axelsson, et.al. 2010). Even though there are some done under the micro level (Reddick, 2011). Whyte & Macintosh (2008) revealed a major gap which we identify as the applicability of E-Participation tools to particular contexts

**Context Gap:**

SocialBakersGhana indicates that there are 68% male Facebook users and 32% female Facebook users in Ghana as compared to 46% male users and 54% female users in United States (SocialBakersGhana & SocialBakersUSA) introducing a breach in gender and to what extent this would affect E-Participation. The need to investigate the role web 2.0s play in this regard and help make government information accessible to citizens and allow citizens to contribute meaningfully to national issues through these web 2.0 tools is what this research seeks to achieve.

**RESEARCH PURPOSE**

The development of social media and the switch from web 1.0 to web 2.0 brought new possibilities in the field of political communication. Electoral campaigning on social media is a suggestively new phenomenon, which was introduced on Facebook during the electoral campaign for the 2008 US elections (Vesnic-Alujevic, 2012). The purpose of this study is to investigate and bring to the role of web 2.0s E-Participation on government web sites.

**RESEARCH QUESTIONS**

To help find answers to the supreme research topic the following underpinning questions have been raised and the researcher seeks to find answers to them in this thesis.

1. How are web 2.0 technologies enhancing e-participation?
2. How frequently are web 2.0 technologies used in eParticipation?
3. What is Ghana’s degree of engagement in citizen participation?

**RESEARCH METHODOLOGY**

Research methodology is a way to systematically ask and solve the research problem. This includes overall deliberations, general preferences for designs, sampling logic, data collections and analytical strategies (Teddlie & Yu, 2007). The researcher will deploy the use of a qualitative type of research method with survey
as the strategy to be deployed in the study. The data collection method to be used comprises interviews, review of documents and observation. The survey will be conducted at the micro level. A Phenomenological Research type which takes into consideration several individuals of their experiences of a using web 2.0s phenomenon. “A qualitative method has been approached to conduct this paper as the epistemological issue, that is, the attitude of stakeholders to the value of people’s participation, which can hardly be exposed by measuring “on a physical scale” (Waheduzzaman, 2010). The study targets, politicians (government agencies), Proficient Administrators (e.g System administrators/managers of websites), specialized Stakeholders, and randomly selected citizens. Primary Data would be collected using questionnaires administered to 300 respondents, as well as interviews and observation to ascertain the role web 2.0s play in eParticipation.

Secondary Data: Reports by target organization (government agencies) groups, company documents.

RESEARCH OUTCOMES/IMPLICATIONS

There is an arguments that E-Participation will completely revitalize democracy, giving more influence to the citizen, to the opposite position that it will do nothing more than enhance existing mechanisms to deliver government services in a more efficient manner (Riley, 2003). Further explained, in a democratic dispensation, power lies in the hands of the citizens since they decide who should lead over them. Hence they will keep the leaders on their toes regarding promises made to them. There are various past researches on participation. Some of these range between development of conceptual frameworks (Tambouris, et.al., 2007). In Ghana and some parts of Africa, little or nothing has been done on using the power of the internet to involve the citizenry in the governance process.

This research work presents a unique contribution to E-Participation. The research goes beyond the impacts and advantages of web 2.0s to looking at the roles they play in citizen participation. It is also aimed to contributing to the body of knowledge by considering a development of framework or concept to leverage E-Participation practices in general. With the citizen being a major stakeholder in governance process, there is the need for political parties to exploit the full benefits of the power of the web. The study also seeks to provide up to date information to government on what they should expect from their citizens. By using the web as a readily accessible tool the citizenry would not in any way feel neglected in the decision making process since they would have the opportunity to express their views on matters bothering on their welfare and future.

ORIGINALITY

This research is unique because it will extend frameworks and bring out the roles web 2.0s play in promoting effective participation by inculcating all the entities that are involved in the participation. It also uniquely identifies what citizens expect from their various leaders. Apart from campaign tours, this research seeks to identify what government will be expected to for their citizens.

REFERENCES


Understanding Employee Behaviour on Password Management: Evidence from two Ghanaian Universities

Fred Pobee
OMIS Department
University of Ghana
pobee.fred@yahoo.com

SUMMARY
This study is about how employees manage their passwords towards achieving information security.

Keywords: employee behavior, information security, password management, Ghana

INTRODUCTION
A guiding tenet of information is that information security is only as strong as the weakest link and the users are the weakest link (Schneier, 2000). As such information security is not only a technical issue but also a behavior issue involving users. Much research has been conducted to understand users’ security-related behavior, such as information system misuse (LaRose et al., 2008; Siponen and Vance, 2010; Bulgurcu et al., 2010). To get access to a website, each user usually has to go through an identification and authentication process (Pernul, 1995). The most prevalent website identification and authentication is the user ID/password. A password is a secret series of characters that enables a user to access a file, computer or program (Renaud and Smith, 2001). On multiple systems, each user must enter his/her password before the computer will respond to commands. Passwords help ensure that unauthorized users do not access the computer. In addition data files and programmes may also require a password.

A recent case in South Korea provides a clear example of the problem of a password breach and the subsequent crimes committed by using reused password (Ives et al., 2004). Managing of password by employees in an organization implies the avoidance of theft, loss of unauthorized disclosure of data. This may have financial implication either because the data lost can be converted into money by the person who takes that data (as in computer fraud) or because the data offer some competitive advantage to competitor (as in industrial espionage). Despite several attempts to manage passwords recent reports question how well employees manage their passwords. According to a study by the U.S Federal Trade Commission, (2003), twelve per cent of Americans had been victims of some sort of identity theft over the past five years. In Canada, 6.5 per cent of adults reported being victims of identity fraud in a single year. The out-of-pocket costs to Canadian victims amounted to 150 million dollars, and 20 million hours to recover from the resulting damage (Sproule and Archer, 2008b). If the benefits of password management are to be sustained, then, there is a need to review the needs and behavior of employees and how they can be addressed.

RESEARCH PROBLEM
Password management is often problematic among employees in many organizations (Gaw and Felten, 2006). While there are many attempts and practice to improve password management among employees, these goals have not been fully accomplished (Zhang et al., 2009). Security systems has both technological and user facet. Many studies have dealt with the user facet and more research is needed to understand limitations, needs and requirements of employee factors in security systems (Adams and Sasse, 1999, Bulgurcu et al., 2010, Renaud and Smith, 2001).

Previous research has shown that to gain access to a website account or even a systems account, each user (employee) usually has to go through an identification and authentication process (Pernul, 1995). Straub and Welke (1998) postulate that security enhancing measures generally falls into 4 distinct sequential actions called the security action circle which are deterrence, prevention, detection and recovery. The identification and authentication mechanism is representative of prevention action in the circle (Doherty et al., 2011;
Kankanhalli et al., 2003; Straub and Welke, 1998). The existing evidence, however, is largely based on the formalities for identification and authentication. Arguably very little study exists on how employees themselves manage their password for easy recall and use (Straub and Welke, 1998). Research has also showed that the strength and effectiveness of password is its ability to prevent guessing and brute-force attacks. This is achieved when the password is long, complex, and unpredictable (Burr et al., 2006; Horcher and Tejay, 2009; Weber et al., 2008). However the vulnerability of a password depends not only on the security level of the password but also on the behavioral pattern (Anderson, 2004). Furthermore, a strong password turns to be difficult to remember and that may lead to a security problem because an employee might keep an insecure written record of it (Yan et al., 2004). Both employees and system developers will need to understand techniques to quickly recall and use it. This study seeks to respond to this need. Previous literature has not dealt extensively on gender issues relating to password management. In order to bridge this gap, one of the questions to be answered includes gender differences in password management. For instance, information systems literature suggests that men’s technology usage decision are strongly influenced by their perception of usefulness, while women tend to be more strongly influenced by perception of ease of use (Venkatesh and Davis, 2000; Venkatesh et al., 2002). It may be concluded from the above statement that, men may prefer long, complex, and unpredictable password while women may also prefer passwords that are easy to recall and use. An exploration of gender differences in understanding password management is likely to generate interesting insights.

In formulation of a theoretical perspective for understanding employee behavior on password management, the theory that will be used is the theory of planned behavior. The theory of planned behavior is a theory about the link between attitude and behavior. It was proposed by Azjen to improve on the predictive power of the theory of reasoned action by adding a perceived behavioral control. The theory of planned behavior states the attitude towards the behavior, subjective norms and perceived behavioral control shape the behavioral intention and the behavior.

In short, the discussions above point to the following gaps;

a. Issue gap: many studies have dealt with the user facet and more research is needed to understand limitations, needs and requirements of employee factors in security systems, a call which Bulgarcu et al., (2010) made to extend their study. Such a study is also important because of the core significance of information systems awareness amongst an organisation’s employees (Adams and Sasse, 1999; Renaud and Smith, 2001).

b. Context gap: even though Doherty et al., (2011) study mentions the sectors from which survey respondents were obtained, it is somehow silent about the specific country. Nevertheless, there is still some void to be filled as seen in the issue and model gap. Hence, the study would explore user perspectives in a seemingly understudied context of Ghana, specifically in banks.

RESEARCH PURPOSE

The purpose of the study is to understand the limitation, needs, and requirement of employee factors in security systems, how employees themselves manage their password for easy recall and use and the context of understanding employee’s behavior on password management in an organization. The study will also explain factors responsible for employee’s behavior in an organization as well as how their behavior affects their password management.

RESEARCH QUESTION

1. What factors are responsible for employee’s behavior in an organization?
2. How does their behavior affect their password management?
3. What reasons are responsible to gender differences in password management?

RESEARCH METHODOLOGY

This session will present the methodology to be employed in the data analysis to achieve the set objectives. The study area and population, sample, data sources and approaches in data collection are defined. The exploratory variables and their expected effect on the dependent variable will also be defined. The study is an exploratory research about understanding employee behavior on password management; as such the focus of the study will be on employees in the banking sector in the Greater Accra Region of the Republic of Ghana. In Ghana, banks are predominantly situated in this area for which reason it was chosen as the study area. An
An interview guide will be designed which will then be administered to elicit relevant data from the respondents. For contingent evaluation study such as this, careful description and explanation needs to be given to the respondent in order to elicit accurate responses (National Oceanic and Atmospheric Administration NOAA, 1993). Therefore a careful explanation and description of employee behavior on password management and the purpose of the study will be carried out to respondents after which a one-on-one explanation will be given to each respondent before the interview is conducted. This is to ensure that respondents understand to the highest degree the nature of the study and to get accurate results due to the hypothetical nature of the study. All individuals or objects within a certain population usually have a common, binding characteristics or traits (Castillo, 2009). A target population refers to the entire group of individuals or objects to which researchers are interested in generalizing the conclusions. The target population usually has varying characteristics and it is also known as the theoretical population (Castillo, 2009). Thus, the target population for this study will be the employees of Zenith Bank in the Greater Accra Region of Ghana.

RESEARCH OUTCOMES/IMPLICATIONS

The study will contribute tremendously to research by adding to existing literature which other researchers can use as theoretical foundation for their research. Concerning significance to practice, the study will provide guidelines to other Universities on the factors which influence password management and act accordingly. Concerning significance to policy, the study will provide feedback on employee behavior on password management which management can use to draw rules and regulations to govern password management.

ORIGINALITY

Arguably, the study is one of its kind to explore the behavioral pattern that influences password management among selected Universities in Ghana.

REFERENCES


The Role of Accounting Information Systems in Ensuring Effectiveness of Audit Procedures

Alexander Ekow Asmah
OMIS Department
University of Ghana Business School
alexasmah@gmail.com

SUMMARY

This extended abstract is an ongoing work to assess new ways adopted by auditors to gain and provide confidence in the accounting information provided by company directors to shareholders as a result of the emergence of Accounting Information Systems (AIS) to replace the manual systems of recording transaction. When completed, the research will provide much insight on the effectiveness of the audit procedures adopted by auditors in auditing an AIS environment.

**Keywords**: accounting information systems, audit procedure, Ghana

INTRODUCTION

Audit procedures are designed by auditors to detect material misstatements in the financial statements at the assertion level. According to the international standard on auditing, the objective of the auditor is to design and perform audit procedures in such a way as to enable the auditor to obtain sufficient appropriate evidence to be able to draw reasonable conclusions on which to base the auditor’s opinion (ISA, 2009). The auditor obtain evidence to draw conclusions on which to base the audit opinion by performing procedures to obtain and understanding of the entity and its environment, test the operating effectiveness of controls in preventing, detecting and correcting material misstatement. In fact, the agency problems through the separation between those who control and those who own the residual claims and also information asymmetry between managers and shareholders necessitate an external audit service to assure all stakeholders about their investment (Lin and Hwang, 2010). The overall audit process is therefore required to perform procedures necessary to gather sufficient appropriate audit evidence to be able to draw reasonable conclusions and give the shareholders reasonable assurance about the activities of those parties within the company who control the resources owned by the investors.

However, today’s organizations rely heavily on sophisticated electronic data processing (EDP) systems to manage their daily business transactions and strategic accounting records in order to meet the challenge of fierce international competition. The increasing dependence on EDP systems has raised serious concerns from auditing practitioners and professional organizations such as AICPA (1997). For example, transaction and account information is kept in electronic form, which is readable only to computers (Williamson, 1997). Furthermore, audit trails exist only for a limited period or even do not exist at all since the transactions are automatically processed by EDP systems (McKinzie, 1994). Therefore, it is difficult to uncover unauthorized transactions and/or other exceptions at later time if they are not detected on a timely basis. It is therefore necessary to review the impact of accounting information systems (AIS) on the effectiveness of procedures performed by auditors to provide reasonable assurance to the shareholders about the activities of the parties in control of resources.

RESEARCH PROBLEM

Over a decade ago Poston and Grabski (2000) reported that there was the paucity of AIS-related research published in the 'top-ranked' AIS journals. Recently, Ferguson and Seow (2011) reported a dramatic increase in AIS-related research appearing in these three journals due to the continuing upward trend in experimental and archival research. Despite the paucity of research in the area, few of the existing research have tried to
establish the relationship between information technology and the overall audit process. Conclusions drawn by these researchers attested to the facts the emerging information technology requires changes in audit procedures to suit the dramatic change in technology (Moorthy et al., 2011; Bierstaker et al., 2001; Zhao et al., 2004; Zabihollah et al., 2001). They failed to consider the new information system in accounting and its relationship with the audit process. However researchers who reflected the accounting information system considered its impact on the organization and its performance measures. They indicated that AIS is an important factor in building an organizational performance and have an impact on the decision making process, quality of accounting information, performance evaluation, and internal controls (Soudani, 2012; Grande, et al., 2011; ALSarayreh et al., 2011). Arguably little or no research has tried to scientifically analyse and clearly establish the impact of AIS on the work on the external auditor. Perhaps none of the existing research in AIS have used the DeLone and Mclean Model of information systems success to assess impact of the system and most of the research in the area was conducted in developed countries. The researcher thereby seeks to empirically determine the impact of AIS on the effectiveness of procedures adopted by auditors in a developing country such as Ghana and using an extended version of the DeLone and Mclean Model.

RESEARCH PURPOSE
The purpose of this study is to determine the effectiveness of audit procedures adopted by auditors as a result of AIS.

RESEARCH QUESTION (REQUIRED)
What is the impact of AIS on the effectiveness of audit procedures adopted by auditors?
   1. What is the quality of information, systems, controls, and evidence provided by AIS?
   2. How do the audit procedures change in response to the implementation of AIS?
   3. To what extent does the auditor get the needed assurance in order to provide reasonable conclusion on the financial statements?

RESEARCH METHODOLOGY
The research would adopt the quantitative approach to research. A survey research using questionnaire to record answers from a sample would be conducted. The research population would be the total number of employees, of the various audit firms in Accra. Out of the population, hundred (100) would be sampled for the research. This number of respondents would be used because given a population; it is believed that this sample would be a fair representation of the total population. A research questionnaire would be designed and administered by the researcher. The questionnaire would comprise closed-ended and open-ended questions framed in a simple language so that the required responses would be elicited. The data that would be collected would be coded and analysed with the use of Statistical Package for Social Science (SPSS) software programme. Descriptive statistics like percentages and averages would be the statistical instrument that would be used for the analysis.

RESEARCH OUTCOMES/IMPLICATIONS
Concerning the research significance, this study goes beyond the current research on AIS by examining its implications on the work of the assurance providers. Literature establishing the relationship between AIS and audit procedures is arguably non-existent on Ghana and perhaps this spread to the whole Africa. Concerning significance to practice, the study will guidelines to audit firms on factors that hinder the effectiveness of audit procedures conducted on organizations using AIS. This would encourage them to perform procedures that would give the needed assurance. Concerning significance to policy, the study will inform the International Auditing Standards Board (IASB) on the defect in the current auditing standard which is mostly based on the manual system of operations.

ORIGINALITY (REQUIRED)
Several researchers have researched on areas involving AIS, arguably none of the existing researches in AIS have used the DeLone and Mclean Model of information systems success to assess impact of the system on audit procedures and most of the research in the area were conducted in developed countries. The researcher thereby seeks to empirically determine the impact of AIS on the effectiveness of procedures adopted by
auditors in a developing country such as Ghana and using an extended version of the DeLone and Mclean Model.

REFERENCES


Institutionalising Electronic Payment Systems in Ghana

Prince Kwame Senyo
OMIS Department
University of Ghana
kpsenyo@gmail.com

SUMMARY

This extended abstract is an ongoing work to assess new ways adopted by auditors to gain and provide confidence in the accounting information provided by company directors to shareholders as a result of the emergence of Accounting Information Systems (AIS) to replace the manual systems of recording transaction. When completed, the research will provide much insight on the effectiveness of the audit procedures adopted by auditors in auditing an AIS environment.

Keywords: electronic payment, e-payment, systems, Ghana

INTRODUCTION

Technological advancement has caught up with us in the developing world and there is a need to rapidly change and focus on how best we can make optimum use of this opportunity. Payment for goods and services have been simplified and expedited by the introduction of new technological innovations. Statistics from the World Payment Report (2011) indicates there is a global increase in the volume of non-cash payments transactions by 5% in 2009 to 260 billion in 2011. The payment for goods and services in Ghana is mostly cash based and characterized by long queues and delays. A study by Abor (2004) pointed out that, before the introduction of electronic payment in Ghana customers will have to go to their banks to perform all transaction and with the long queues in most of our banks, payment became a problem.

Heeks (2002) described information system in developing economies like Ghana as questionable and coupled with different challenges. However, Boateng (2011) implied that, the government of Ghana has made significant strides to elevate the country to a “knowledge base-economy” over the last decade through information communication and technology (ICT). This idea was backed by a policy with its objective to accelerate the socio-economic development process with ICT in 2003.

The environment of payment system consists of institutional infrastructure and processes that exist in a particular society for initiating and transferring of monetary claims in the form of commercial and central bank liabilities. The environment includes: payment instrument, the network arrangement, institutional players, market convention, legal and regulatory framework (Bank of Ghana, 2012). The payment industry in Ghana has players such as Bank of Ghana (BoG), service providers (SP), banks, consuming firms (CF) and the general public (GP). The Bank of Ghana plays the regulatory role in the payment industry whiles the banks receive payment for payment systems (Bank of Ghana, 2012). The service providers on the other hand are the firms that develop, rollout and provide the needed infrastructure for electronic payment systems. The consuming firms are the organization that adopt and use the payment systems in the business transaction and also serves as intermediaries between the service providers and the general public that use the payment system.

Firms become popular, visible and closer, and deepened their transactional interaction with their suppliers and customers through electronic commerce development (Boateng et al., 2011). Firms who adopt and use electronic payment systems enjoy benefits which includes optimize and shorten cash lifecycle, reduction in operational, logistics and infrastructure cost, security enhancement and most importantly increase in revenue. Nevertheless, their customers tend to be satisfied in their dealings with the firm in terms of product or service delivery (World Payment Organization, 2011). The recent introduction of mobile money transfer services by Telcos in Ghana has ease the trouble of sending money domestically in Ghana but the question remains is how do firms harness and establish this innovations into the Ghanaian society for rapid economic growth? Thus, there is a need to look at how electronic payment systems are developed and rollout by service firms and subsequent adoption by consumer organization.
RESEARCH PROBLEM

There has been significant research in the area of electronic payment worldwide. In Ghana and West Africa, there has been couple of research into e-payment especially into the use of mobile payment systems in financial services. Prominent among the studies are; Mobile phones and micro-trading activities by Boateng (2011) which studies how traders use mobile phone at various stages of their trading activities to generate strategic, relational and operational benefits. Another study by Tobbin & Kuwornu (2011) investigated the key factors that influence consumers’ acceptance and use of mobile money transfer technology using key constructs from the Technology Acceptance Model (TAM) and Diffusion of Innovation theory (DOI). In the developed world, there have also been extant studies into consumers use and adopt electronic payment systems (Venkatesh et al., 2003; Antonides et al., 1999; Federal Reserve System, 2010; Özkan et al., 2010). These studies mainly focus on the individual users (consumer) and little attention has been extended to the service providers and firm that adopt the payment systems into their business operations. In addition, most of the available studies have been attributed to the developed world whereas, the structures, norms, legislation, technological infrastructure and literacy rate in those economics cannot be use to address issues in a developing country like Ghana. Most studies, especially in the developing countries (Duncombe & Boateng, 2009; Dahlberg et al., 2008) including those mentioned above are mostly attributed to only one aspect of electronic payment. The dominance of literature on using mobile payment systems in financial services outweighs other electronic payment systems such as card payment and online payment thus, this study seeks fill this gap by focusing more on the card and online payment systems.

There is rapid upsurge of studies into electronic payment especially mobile payment nonetheless, as yet there has been no systematic study to investigate how firms develop and rollout electronic payment systems (Duncombe & Boateng, 2009), problems associated, and how best we can overcome this hurdle to establish electronic payment in Ghana so that retailers and other entities can integrate e-payment into their operations. Most studies over the past two decades have used a variety of theoretical perspectives towards individual adoption of information technology innovations using the concept of Behavioural Intension (BI) proposed by (Ajzen & Fishbein, 1980), the Technology Acceptance Model (Davis, 1989) and Diffusion of Innovation Theory (Rogers, 1995) to mention a few but organization are said to formed by social structures and are influence by both internal and external environment which consists of norms, rules and structures that have a great impact in a firms’ decision to adopting a new technology (Scott, 2004). In addition, the institutional theory takes a firm or industry level approach that focuses on the aggregated effect of people’s decisions rather than individual opinion. The institutional theory is relevant because it provides analytical tool to understand the rules adopted in society with respect to commercial transactions. It in this light that this research wishes to adopted the institutional theory. Lastly, most research into the use of electronic payment in financial services as put out by Duncombe & Boateng (2009), are practitioner based. A call was made for an empirically driven research into electronic payments.

RESEARCH PURPOSE

This research seeks to provide theoretically–grounded and empirical explanation to how electronic payment systems are develop and rollout by service provider firms and to investigate the reasons why there is lack of desire to adopt and use electronic payment systems by consumer firms.

RESEARCH QUESTION

The following research questions would aid in achieving the purpose of this study:
How do service provider firms develop and rollout electronic payment systems?
What factors hinder consumer firms from adopting and use of electronic payment systems?

RESEARCH METHODOLOGY

In order to explore the consistency of findings and obtain richness and details to understand institutionalizing electronic payment systems in Ghana, a mixed methodological study will be conducted using both qualitative
and quantitative approaches (Creswell, 2003). Data will be collected from interviews with Vodafone and InCharge Global two key firms that develop and rollout electronic payment systems. However, to complement the interviews to be conducted on service provider firms, a survey consisting of questionnaire will be administered to Mr. Price at the Accra Mall, Total Ghana and Zenith Bank Ghana, merchants that adopt and accept electronic payments.

RESEARCH OUTCOMES/IMPLICATIONS

This study will serve as a roadmap for research, practice and policy. In respect to research, the study will strive beyond existing literature that only focuses on the adoption and use of electronic payment and in most cases the developed world. Thus, this research will contribute to arguably non-existing literature in this area of electronic payment. Also a conceptual model will be developed to add to and validate existing models such as the Institutional model (INT) and Diffusion of Innovation model (DOI).

As the electronic payment industry in Ghana is still at its infancy stage, this research is being undertaken in the hope that, the findings will be constructive to its development and growth. In addition, this study will inform merchants thinking of venturing into electronic payment to know how to redesign their business processes to take advantage of the numerous benefits of electronic payment.

With significance to policy, the study will provide a feedback to government and businesses to guide and drive regulations that support and encourage electronic payment establishment for outmost economic returns.

ORIGINALITY

The conceptual framework expected from this study extends the work on institutional Theory and Diffusion of Innovation in information systems and may inform future research in electronic payment development and adoption.

REFERENCES


World Payment Organization, 2011. World Payment Reports. Capgemini.

TRACK E

Organisation and Human Resource Management

Key

<table>
<thead>
<tr>
<th>FP</th>
<th>Full Paper</th>
</tr>
</thead>
<tbody>
<tr>
<td>EA</td>
<td>Extended Abstract</td>
</tr>
</tbody>
</table>
Organisational Involvement and Employees Consumption of New Work Practices in Transforming State Enterprise

Aminu Sanda  
Department of Organisation and Human Resource Management  
University of Ghana Business School  
masanda@ug.edu.gh

Kennedy Ewontumah  
World Vision International Ghana  
bigkenmah@yahoo.com

ABSTRACT

The existence of a favourable organizational involvement in a transforming state enterprise will lead to positive employees’ consumption of new work practices underlining the transformation process. This observation was made from a study that explored the challenges faced by management of Ghanaian state enterprises in managing conflicts and disturbances associated with their attempts to transform their organizational activity system by implementing new work practices to enhance their capabilities of operating as commercial entities. The purpose was to understand the extent to which organizational involvement influences employees’ consumption of new work practices in transforming state enterprises. Using self-administered questionnaires, data was collected from one hundred eighty (180) employees of a Ghanaian state enterprise and analysed using both descriptive and inferential statistics. The results showed constraints in organizational involvement factors which prevented the positive consumption of new work practices by employees in the organization. It was concluded that the organization’s employees failed to consume the new practices being implemented because they perceived the process as non-involving and as such did not encourage empowerment, teamwork and capability development. The failure of management to create opportunities for organizational learning constrained their ability to get employees adapt to changes professed by the transforming organization.

Keywords: Organizational Involvement; New work practices; Employee’s practices consumption; Transforming state enterprises

Cite As:  

INTRODUCTION

Public expenditure for the up-keep of state owned enterprises in most African countries and especially in Ghana have been observed to be less productive since these enterprises have failed to yield a corresponding positive return both directly and indirectly. In Ghana, State-owned Enterprises (SOE) have a long history of poor performances requiring continuous massive subsidies but deliver only intermittent and sub-standard services. The SOE’s were assessed based on their disposition to suffer from mismanagement, poor operational performance, managerial incompetence, resulting in poor economic efficiency and low returns on investment. Lack of technical expertise and poor management meant that many of these Ghanaian SOE’s were not operational and were a serious drain on limited government resources. The rational for commercialization of SOE’s in Ghana was to relief their financial burden on the state budget and improves the efficiency of Ghanaian SOE’s through cost reduction and efficient allocation of resources as well as effective utilization of human and physical capital. Thus with the reduction in government subsidies, management of State-owned Enterprises in Ghana needed to transform their organizational activity system by implementing new work practices to enhance their capabilities of operating as commercial entities (Sanda, 2006). The implementation of new work practices often creates conflicts and disturbances within the organizational activity system, as some elements of the new work practice collides with other elements of the existing work practice within the organization and thus shaping the perceptions and attitudinal behaviours of employees in the organization. The challenge for management of Ghanaian SOE’s, is how to manage these conflicts and disturbances so that employees develop positive perceptions and attitudes towards the new work practices for effective implementation and consumption by the community to ensure the success of the commercialization process.
The purpose of this research therefore, was to understand the extent to which organizational involvement influences employees’ consumption of new work practices in transforming state enterprises. The pursuit of such understanding was guided by the following research question; to what extent does employees involvement influence their consumption of new work practices in transforming state enterprises?

LITERATURE REVIEW

Organizational culture has been a dominant theme in management literature for the past four decades and has been defined from various perspectives by several authors (Barney, 1986; Schein, 1990; O’Reilly, Argyris, 1999; Alvesson, 2002; Carroll & Nafukho, 2006). Organizational culture has been viewed as the dominant values in an organization (Deal & Kennedy 1982), a consistent perception within an organization (Robbins 1998), and a system of values and norms that define appropriate attitudes and behaviours for the organization’s employees (Sorensen, 2002). Organizational culture may also imply structural stability, and deal with matters that organizational constituents share or hold in common (Peters & Waterman, 1982; Schein, 1992) or it may indicate the taken for granted values, underlying assumptions, expectations, collective memories, and definitions present in an organization (Cameron & Quinn 1999). According to Schein (1990), culture defines what a group learns over time in the process of solving its own problems of internal integration and also survival in an external environment. Thus, organizational culture is a dynamic phenomenon that changes over time and becomes more embedded into the ‘out-of-awareness’ functioning of an organization (Schein, 1990). In this regard therefore, organizational culture, consciously as well as subconsciously, affects the way people think, feel and act (Lok & Crawford, 2004), and by implication influences how people set personal and professional goals, perform task and utilizes resources to achieve them. The Denison Organizational Culture Survey is a tool that assesses organizational focus (internal and external focus) and organizational flexibility (flexible and stable). Denison (1997) argues that this approach allows for assessment of the ways in which organizations (or sub-groups within organizations) deal with seemingly contradictory or paradoxical goals and demands. Denison (1997) regards the understanding of such conflicts as essential to developing sustainable adaptive organizational behaviour, and a number of studies have reported that the pattern of cultural traits of high-performance organizations can be clearly distinguished from those with lower performance (Fisher & Alford, 2000). Organizational culture, under such a model, might be viewed as the system that permits organizations to make coordinated adaptive responses to the myriad competing and even paradoxical demands.

RESEARCH METHODOLOGY

Data was sourced from staff and managers in a state enterprise in the communication industry. The rational for selecting the organization is based on the fact that, the firm has been striving for success in its efforts to commercialize. The firm had been engaged in an effort to implement and internalize a new work practice termed “In House Training Model” to help transform it from a fully subsidized institution into a profitable income generating organization, the consumption of which remains a challenge within the corporation. Data was collected using a self-administering questionnaire adapted from Denison’s Organizational Culture Survey questionnaire. The questionnaire was divided into two sections. Section A collected demographical information and Section B collected information on employees’ perceptions of organizational involvement. In all, one hundred and eighty (180) questionnaires were administered. Prior to the questionnaire administration, it was piloted among fourteen randomly selected staff members of the organization. After piloting, the questionnaire was refined and then sent to the training manager of the organization for distribution to the respondents. The duration for the data collection was one month. The data was collated and analyzed using both descriptive and inferential statistics. In the inferential statistics, the analysis of variance (ANOVA) was carried out on the organizational involvement variables. The unit of analysis was employees’ involvement. The Statistical Package for the Social Sciences (SPSS) Software was used as the analytical tool.

RESULTS OR FINDINGS

Out of the 180 questionnaires that were administered (staff = 160; management = 20), 160 completed questionnaires were retrieved (staff = 150; management = 10). Hence, the response rate was 88 %. According to Sekaran (2000), a response rate of 30% is regarded as acceptable for most research purposes. The 88% response rate could be a result of participants having been informed in advance of the purpose and objectives of the research, support from management and the cooperation of department heads for allowing time for employees to complete the survey.
Analysis of Respondents Demography
The gender distributions of both managers and staff showed that seven (70%) managers were males and three (30%) were females. The implication is that there are more males in management positions than females. On the other hand, 108 (72%) of the staff members were males and 42 (28%) were females. The implication is that, there were more males than females with respect to staff members in the organization. The age distributions of the managers showed that none of the managers was aged between 15-34 years. Majority of the managers were aged between 35-44 years. The results also indicate that majority of the staff members were aged between 15-34 years. The implication is that the corporation had a workforce that was quite young. The educational level distributions showed that all the managers had tertiary education. For the staff, 14 (9.3%) of them had primary level education, 33(22%) had secondary education, 41(27%) had post secondary education, 31(20.7%) had Diplomas, 25(16.7%) Higher had National Diploma, 3(2%) are university Degree holders and 3(2%) hold PhDs. This result shows that the smaller number of the staff members hold Degree and PhD in relation to their educational background. The distributions of the length of service in the organization for both managers and staff showed that 2 managers had spent more than 10 years in the organization. Four (40%) others had spent between 9-11 years, with another 4 (40%) spending between 6-8 years. The implication is that the managers have in depth knowledge about the operations of the organization due to experience and were in a better position to take effective decisions in the organizations interest. For the staff, 23 (15.3%) of them had spent two years in the organization with 103 (68.7%) others spending between 3-5 years. Fourteen (9.3%) of the employees had spent between 6-8 years, with three (2.0%) others spending between 9-11 years. Seven (4.7 %) of the staff were found to have spent more than 12 years working in the organization. The result shows that majority of the staff members had spent less than 6 years working in the organization. The implication is staff may lack in depth knowledge about the operations of the organization.

Analysis of Respondent’s Perceptions on Organizational Involvement

The perceptual of managers and staff on organizational involvement variables such as empowerment, team orientation and capability development relative to decision making in the organization is appraised and discussed. The statistical measure of the perceptual differences between staff and managers on the issue of involvement in the organization is shown in table 1 below.

Table 1: Statistical measure of the perceptual differences between staff and managers on the issue of involvement in the organization.

<table>
<thead>
<tr>
<th>Variables</th>
<th>STAFF</th>
<th>MANAGERS</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean (M)</td>
<td>Standard Deviation (SD)</td>
<td>Mean (M)</td>
</tr>
<tr>
<td>Empowerment</td>
<td>4.23</td>
<td>1.32</td>
<td>11.54</td>
</tr>
<tr>
<td>Team Orientation</td>
<td>5.76</td>
<td>4.38</td>
<td>12.12</td>
</tr>
<tr>
<td>Capability Development</td>
<td>6.98</td>
<td>3.22</td>
<td>13.23</td>
</tr>
</tbody>
</table>

* P ≤ 0.05 = significant
** P≤ 0.01= very significant

As indicated in table 1 above, the perceptual differences between the managers and staff of the organization on the prevalence of empowerment, team orientation and capability development in the organization were very significant, indicating that there was no involvement in the culture of the organization.
**Appraisal of respondent’s perceptions of empowerment**

The distribution of managers and staff member’s perceptions on empowerment in the organization is shown in figures 1 below.

![Distribution of staff and management views on empowerment](image)

The distribution highlighted by figure 1 above shows that majority of the staff members agreed that there was no empowering mechanism in place in the organization to enhance organizational involvement. As it is indicated in the chart, a total of 119 (79.33%) of the staff members disagreed to the empowerment of employees to be involved in organizational issues. On the part of the managers, they all agreed to the existence of such empowering mechanism. The results showed that, where as majority of management strongly agreed that there was empowerment, majority of staff members were of the view that there was no empowerment in the organization. A sense of this difference is supported by the statistical measure of the perceptual differences between staff and managers on the issue of involvement in the organization which showed a very significant differences (p=0.00) between staff and management with regard to empowerment. The implication is the emergence of a very big tension within the organization leading to a contradiction between management and staff. As explained in chapter two, contradictions are a source of tension in an organizational activity system that indicates misfits between elements within an activity, and or between different activities. These contradictions manifest themselves as problems, ruptures, breakdowns, and clashes. Such contradictions generate not only disturbances and conflicts, but also innovative attempts to change the activity.

**Appraisal of respondent’s perceptions of team orientation**

The distribution of management and staff member’s perceptions on team orientation in the organization is shown in figure 2 below. It is indicative from figure 2 that majority of the staff members agreed that there was no teamwork mechanism in place in the organization to enhance organizational involvement. A total of 121 (80.37%) of the staff members disagreed that the team approach is used as a means to enhance employees involvement in organizational issues. For the managers, team working is encouraged in the organization and used as a tool to encourage employees’ involvement in organizational issues.
The result thus shows that the managers’ view the organization as encouraging teamwork among employees, whereas the staff members held the contrary view. A sense of this difference is supported by the statistical measure of the perceptual differences between staff and managers on the issue of involvement in the organization in table 1, which showed a very significant difference (p=0.01) between staff and management with regard to team orientation. The implication is the emergence of great tension within the organization between the management and staff.

**Appraisal of respondent’s perceptions of capability development**

The distribution of management and staff member’s perceptions on capability development in the organization is shown in figure 3 below.
It is observed from figure 3 above that majority of the staff members agreed that there was no mechanism for capability development in place in the organization to enhance organizational involvement. A total of 102 (68 %) of the staff members noted the absence of capability development plan which could be used to upgrade employees capacity towards involvement in organizational issues. For the managers, opportunities for employees to develop their capabilities in order to enhance their involvement in organizational issues existed in the organization. The results portray the managers as viewing the organization providing opportunities for the staff to develop their capabilities, whereas the staff members held the contrary view. A sense of this difference is supported by the statistical measure of the perceptual differences between staff and managers on the issue of involvement in the organization, which showed a very significant differences (p=0.00) between staff and management with regard to capability development. The implication is the emergence of great tension within the organization, leading to a contradiction between management and staff.

DISCUSSION OR ANALYSIS

From the results, it was evident that tension exists on the issue of employee’s involvement in the activities of the organization. This is reflected in figures 1, 2 and 3 respectively, that whereas managers were of the view that there was involvement, staff members did not. The results from the dimensions on involvement indicated that management strongly agreed that, there was more of empowerment, team orientation and capability development in the culture of the organization than staff members. The picture that emerged from the data on empowerment in figure 1 and supported by the statistical measure of the perceptual differences between staff members and management on the issue of involvement, showed very significant differences (p=0.00) between management and staff relative to the issue of employee empowerment in the organization. Majority of management were of the view that, employees were given the necessary power to make decisions and take actions on their own, staff members felt they could not take decisions on their own without authorization and approval from their superiors and as a result of which they could not use their own initiatives to pursue opportunities that could have had positive impact on the organization. This confirms the findings of Benko (2001) that, if employees were not constrained by rules, regulations and limitations, they were able to work more promptly and effectively. Access to information is an essential part of employee empowerment. The findings from the study suggest that, access to adequate and relevant information was highly restricted to management and that decisions were usually not made at the level where the best information was available. It therefore appears to suggest that, staff members did not participate in the decision making process of the organization and thus failure on the part of management to tap into the collective array of staff members’ talents, skills, knowledge and their abilities to elicit their commitment and support towards the successful implementation of the new work practice (In-House Training Model) in the organization. The evidence from the study supports the findings of Sharma (2006), which indicated that employee empowerment is associated with improved knowledge in the decision making processes, improved skill in evaluating successes or failures, improved implementation of organizational programs, improved customer satisfaction, improved job satisfaction, improved quality of services and improved revenue growth.

The data on team orientation as shown in figure 2 and supported by the statistical measure of the perceptual differences between staff members and management on the issue of involvement, showed very significant differences (p=0.01) between management and staff relative on the issue of team orientation in the organization and thus indicating the existence of tension between management and staff members. The results showed that majority of the managers were of the view that, the organization places high value on employees working together collaboratively towards the achievement of organizational goals. Management therefore, perceived teams to be the main primary building blocks that were used to get work done in the organization. Contrary to the views of management, staff members perceived that, the leadership of the organization uses the hierarchical structures to get work done instead of teams. This evidence of tension between management and staff is in line with the literature suggestion that organizations with hierarchical cultures uses structures that focuses on the use of specific rules, procedures, and minimal autonomy and discretion over work processes to ensure that they are compliant at all times (Cameron and Freeman, 1991; Dellana and Hauser, 1999; Stoica and Schindehutte, 1999). From staff member’s perspective, the low level of trust within the organization did not encourage cooperation across different parts of the organization, which could have created a supportive climate within its internal environment. This finding validates the position of writers such as Webb (1991) that trust is pivotal to collaboration and that attitudes of mistrust and suspicion are the primary barrier to cooperation within the functional units of organizations. The findings on capability development as reflected on figure 3 and collaborated by the statistical measure of the perceptual differences
between staff members and management on the issue of involvement showed very significant differences (p=0.00). The picture that emerged showed clearly that, whereas management were of the view that the organization provided employees with opportunities for developing their capabilities within the organization, staff members felt that management tended not to see the need to upgrade their capability to enable them contribute positively towards the successful implementation of the new work practice. This finding is supported by that of Mobley, Wang and Fang (2005) which showed low scores for perceptions on capability development. Such low perceptions were a result of employees not receiving adequate training opportunities. From Denison cultural model, perception of high involvement in the culture is one in which employee involvement is strongly encouraged and where a sense of ownership and responsibility exists. In such a culture, employees rely on informal, voluntary, and implied control systems, rather than on formal, explicit, bureaucratic control systems. Out of this sense of ownership grows a greater commitment to the organization and an increasing capacity for autonomy. Employees tend to be more involved and dedicated to positive organizational outcomes. Managers' who solicit input from organizational members increase the quality of the management decisions and heighten members' participation in their implementation (Denison, 1997, 2000) because of increased collaboration and leveraging of broader operational knowledge. Thus, this cultural trait focuses on employee participation and empowerment as a response to rapidly changing conditions in the external environment of the organization. From the perspective of Denison, there should be strong relationship among empowerment, team orientation and capability development for employees to perceive involvement in the culture of the organization. The picture that emerged from the results showed that there is sense of incompatibility in the relationship among the variables by virtue of the very significant differences (p=0.00) among the sub-variables and hence the perception of low involvement by staff members. According to Denison et al. (2006), low perception of involvement usually indicates an organization in which employees are disconnected from their work, unaware of its importance and its connection to the rest of the organization, unwilling to accept greater responsibility, and are hesitant about working with people outside of their immediate circle.

CONCLUSION

From the discussion above, the study has shown that the level of staff involvement in organizational issues was a bit constrained. This might have contributed significantly to the transformational challenges faced by the organization studied during its new practices implementation process. Appraisal of the organizational involvement factors including, empowerment, team orientation and capability development showed managers as thinking that there was involvement in the organization whereas the staff think there is none. This indicates the existence of a tension between management and staff relative to involvement. It is therefore concluded that for employees to consume new work practices in transforming state enterprise, the organization must put in place the requisite organizational involvement mechanism to promote employee empowerment, teamwork and capacity building. By implication, the existence of only a favorable organizational involvement in a transforming state enterprise will lead to positive employees’ consumption of new work practices underlining in the organization’s transformation process.

REFERENCES


Organisational Politics; Its Influence on Firms

Irene Akuamoah Boateng,
Department of Management Studies
Valley View University
ohewah180@yahoo.com

Albert Agyei
Department of Accounting
Valley View University
agyeialbert74@vvu.edu.gh

John Louis Opata
Department of Management Studies
Valley View University

ABSTRACT
Organizational politics plays a large role in how most businesses function are run. People are political animals and it is hard to prevent politics from entering the work place. Organizational politics have so many influences on the affairs and behavior of employees in an organization. However, there has been limited study on the influences of organizational politics on organizations in Ghana. The purpose of this study was to examine the influence of organizational politics on Advans Savings and Loans Limited and Tobinco Pharmaceutical Limited, all within the Accra metropolis, Ghana. In addition, forty (40) questionnaires were distributed to forty (40) respondents thus; twenty (20) for each. It was concluded that among the influences that organizational politics have on the organization, the ones that portray negative influences such as increase anxiety and stress, create hostile organizational environment and create climate of mistrust came first. The researchers recommended both management and employees to set aside their personal interests and go along with the mission of the organization for the achievement of stated goals.

Key words: organisations, organisational politics, political behaviour

Cite As:
Strategic Planning and Corporate Performance: an Exploratory and Comparative Study of Leading Ghanaian Firms

Daniel Ofori, 
Department of Organisation and Human Resource Management 
University of Ghana Business School 
dofori@ug.edu.gh

Freda Addu 
Department of Organisation and Human Resource Management 
University of Ghana Business School

Damoah Obi Berko, 
Department of Organisation and Human Resource Management 
University of Ghana Business School 
obiberko@yahoo.com

SUMMARY

This paper explores the relationship between strategic planning and corporate performance.

Keywords: strategic planning, corporate performance, Ghanaian firms

Cite As:

INTRODUCTION

The planning – performance relationship remains one of the core debates in the strategic management field. It is argued that strategic management practice; for example, repeatedly monitoring the influence from the external environment and ensuring a fit between the firm’s structure and its strategy impacts positively on a firm’s performance. Several reasons account for the popularity of the planning-performance argument. For instance, whereas in the past, corporate bodies were able to adjust themselves to changes in technology, competition, and markets through intuitive leadership, changes in today’s environment are too many and too complex to be marshaled through intuitive method (Jain, 1993). The essence of strategic planning therefore is to match an organisation’s capabilities and competencies to the competitive conditions of the external environment and achieve its performance objectives (Thompson et al., 2008). Aldebayyat & Anchor (2008) maintain that strategic planning brings together all business units’ strategies within an overall corporate strategy and acts as control by reviewing performance and progress towards objectives. Moreover, firms undertake strategic planning because firms are able to identify and exploit future marketing opportunities as well as enhancing internal communication among all constituents in the firm. David (2009) contends that strategic planning prevents firms from being taken by surprise concerning rapid changes in the operating arena or by actions of competitors that could put the organization at a sudden disadvantage. Following above arguments the planning – performance relationship argument continues to attract policy makers, practitioners and researchers’ attention.

RESEARCH PROBLEM

However, regardless of the increased in interest in the topic, its empirical front remains inconclusive and divided with majority of the studies concentrating on the western economies (e.g. the USA, UK, and Europe) (Hopkins & Hopkins 1997; O’Regan & Ghobadian 2007; David, 2009). However, because the context between the western and the developing countries differ, it will be hasty for the practitioners and the public policy makers from developing countries to copy and paste recommendations based on western studies to their context. Currently, it is not known whether or not studies from developing countries on the topic compare favourably or otherwise with the studies from the western economies. Consequently, because of this gap;
public policy formulation from developing countries (e.g. Ghana) has been affected. To shed light on the gap above, this study sought to examine the planning-performance relationship from the Ghanaian perspective.

RESEARCH PURPOSE

The purpose of this study is to examine the performance-planning relationship from the Ghanaian context.

RESEARCH QUESTIONS

1) What is the relationship between strategic planning and firm performance?
2) What is the relationship between strategic planning formality and firm performance?
3) What is the relationship between intensity and firm performance?
4) To what extent does strategic planning intensity depend on the planning expertise?
5) To what extent does strategic planning intensity depend on the planning-performance beliefs?
6) To what extent do the nature and practice of strategic planning differ between the local and the internationally connected firms in Ghana?

RESEARCH METHODOLOGY

The study uses a cross section of the leading firms from the Ghana Club 100. It applies the Person Correlation, t-test and ch-square test statistic to examine the issue.

RESEARCH FINDINGS

By applying the Person Correlation, t-test and ch-square test statistic to examine the issue, no clear relationship was established between strategic planning and performance, although a significant relationship was established between strategic planning formality and performance. Strategic planning intensity was also found to significantly depend on strategic planning expertise and planning performance beliefs of management. Furthermore, with the exception of the use of the tools and techniques of strategic analysis (e.g. PESTLE, SWOT), no significant differences were established in the nature and practice of strategic planning between the local and the internationally connected firms.

RESEARCH OUTCOME

The findings imply that Ghanaian firms need to deepen the planning formality of their firms if they are to achieve the full benefits of planning. In order for the belief in strategy to become a shared culture among every unit of a firm, top management in Ghanaian firms must have a strong belief in strategic planning.

ORIGINALITY

The study creates a new opening for future researchers from the developing country context in the light of the planning-performance relationship research.

REFERENCES


Work-Family Conflicts: a Study of Women in Managerial Positions in Ghana

Akosua Nketsia Somuah
University of Ghana
nabelso@hotmail.com

SUMMARY
This paper presents a study of work-family conflicts among Ghanaian women in managerial positions.

Keywords: women, managerial positions, Ghana


INTRODUCTION
For many women, as well as their spouse, balancing work life with family responsibilities and parenting presents an enormous challenge. Over the centuries, women presumably traded off work effort and income for more time and energy to devote to domestic labour (Becker, 1985). The greater the family demand on a working woman, and the less help she receives, the more time she spends on housework (Silver and Goldscheider, 1994). Although men’s roles in the society have been changing, women still adopt the bulk of family responsibilities, including homemaking, child care, and care of elderly parents.

But today, the story of women has taken a different dimension. Women are now striving for the same positions society felt were meant for men and arguably doing better than their male counterparts. According to a 1993 survey conducted by the US Federal Glass Ceiling Commission (1995), the average stock value for Standard and Poor’s firms with female managers was 2.5 times that of companies without. A recent study (Catalyst, 2004) also revealed that financial performance (both in term of the return on equity and the total return to shareholders) in the second half of the 1990s was higher for companies with more women in executive positions. Despite such positive results, women still face entrenched gender stereotypes in their quest to fill top management positions. Although women now represent more than 40 per cent of the world’s labour force, national surveys consistently show that women’s overall share of management jobs rarely exceeds 20 per cent, and that only 2-3 per cent of the uppermost positions in the world’s largest and most powerful organizations are filled by women (International Labour Organization, 1998).

Organisations today are also grappling with providing scope for employees to balance what they do at work and with responsibilities and interests they have outside work. As Kodz et al (2002) explain the principle of work-life balance is that: ‘There should be a balance between an individual’s work and their life outside work and that this balance should be healthy’. A career woman therefore can be successful if she is able to effectively balance her family and work responsibilities hence this research.

RESEARCH PROBLEM
In Ghana one major area where inequality between men and women is arguably evident is in management. The Encyclopedia of Nations as at the year 2000 gave a 34 percent of economically active women as professionals, technicians, administrative and managerial personnel in Ghana and that same year the population census of Ghana revealed 49.7 percent of women in the labor force. The number though small is undoubtedly an improvement over the past. The 1992 Constitution, Article 24 clause(1) states that each person has the right to work under satisfactory, safe, and healthy conditions and shall receive equal pay for equal work without discrimination of any kind. A female manager in Ghana who succeeds in securing a top-level position faces a huge task of combining her work and family roles efficiently or she risks encountering difficulties at work or her home. It’s so common to see some female managers live their homes as early as 5am to 6am in the morning, drop their wards at school and return home as late as 8pm in the evening. Most studies of gender inequality in the workplace demonstrate quite clearly that much of women’s disadvantage can be traced back to their dual role. This goes a long way towards explaining their concentration in low paid, part-time employment and their absence at the most senior levels of management where “commitment” to the organisation (generally translated into working long hours and acting in a way which indicates that work is more important than family) is seen as an essential requirement (Dickens, 1998). Very little research has been
conducted on the effect of work life conflicts on the life and family of the female manager in Ghana, this paper would thus examine the impact of work on their social and family life among others. Also most of the literature to date on this topic has dealt with the theoretical issues, especially in Ghana little has delved into the practical organizational implication on the strain created by the conflicting demand of work and family here is also the problem of balancing time with the family and that of work. It so happens that there may be a spill-off of whatever happens at work affecting the family and vice versa. For women, work-life tensions have been compounded by factors such as work intensification, long working hours (Green, 2001; Taylor, 2001) as well as extended shift working and unpredictable (and often unpaid) overtime to meet extended work schedules (Hyman et al., 2003). Perhaps in consequence of the interplay between these factors, reported levels of stress-related illness and absence have reached significant levels (Cooper, 2000). If she happens to be stressed at work it might end up affecting her family and the other way round. Therefore, this research is being undertaken to establish challenges faced by female manager at work and repercussions on her organisation.

RESEARCH PURPOSE
The purpose of this research is to identify work life challenges among women in managerial positions in Ghana and identify the effective ways management in organizations can adopt to curb challenges arising from this phenomenon.

RESEARCH QUESTIONS

- What are some of the imminent challenges facing today’s Ghanaian female manager as a result of work-life conflicts?
- What kind of motivational packages is being given by some Ghanaian organizations to women in top management so as to encourage them to climb higher heights in their career in the face of work life conflicts?
- Is one’s level of work life conflicts influenced by the kind of organization one is working in?

RESEARCH METHODOLOGY
The study will be carried out in the Greater Accra Region specifically Accra, because it is the hub of economic activities in the country. Both primary and secondary data will be used by the researcher. Structured questionnaires consisting of open, closed ended and likert scale questions as well as in depth personal interviews will be used to collect relevant data from respondents. The interview would be conducted with ten female managers, five each from different sectors. The questions based on the objectives of the study would not be a structured interview although a guide would be used in other to avoid drifting from topic. Critical observation of the interviewee, the job environment would be keenly taken into consideration. The population sample would be divided into two strata that is media and finance industry. These sectors would be chosen due to the somewhat demanding nature of their work. One hundred and fifty (150) female managers would be sampled for the study; seventy each from the financial and the media sectors. A stratified sampling technique would be used.

RESEARCH OUTCOMES/IMPLICATIONS
This research could serve as a useful source for women interested in pursuing higher laurels or positions in their careers and for companies and governments seeking to help such women.

ORIGINALITY
This research would give detailed information on the unique challenges Ghanaian female managers face at home and at work by virtue of the position they occupy. This research would discuss extensively measures Ghanaian organizations can undertake to effectively manage work life conflicts among employees especially female managers.

REFERENCES


The 1992 Constitution, Article 24, clause (1).
Determinants of the Performance of Acquisitions: Evidence from the Telecommunications Industry in Ghana

Linda Opoku
Department of Organisation and Human Resource Management
University of Ghana Business School
aphracomah@gmail.com

Obi Berko,
Department of Organisation and Human Resource Management
University of Ghana Business School
obiberko@yahoo.com

SUMMARY
This paper examines the relationship between motives behind acquisitions, organizational culture and communication and acquisition. It is a quantitative study of four Ghanaian telecommunications companies that have undertaken acquisitions. This is to help realize the full benefits associated with acquisitions in Ghana.

Keywords: performance, acquisition, telecommunication industry, Ghana

Cite As:

INTRODUCTION
As globalization increases, competition for market share also grows. Businesses worldwide have adopted acquisitions as one of the means to gain and maintain competitive advantage in this highly competitive and dynamic business environment (Lodorfos & Boateng, 2006). Businesses in Ghana have similarly adopted this phenomenon to beat the pressures of the market. The efficacy of this antidote has however been intensely contested both in academia and in practice. Acquisitions have often been described as an overrated phenomenon which barely lives up to its reputation of attaining organizational efficiencies and consequently maximizing shareholder value. In the light of this, it is imperative to understand how acquisitions add and create value for organizations that undertake them.

RESEARCH PROBLEM
Acquisitions have a very high failure rate (Lodorfos & Boateng, 2006). Many authors have found a number of reasons explaining this failure rate. Out of all these reasons, this research will focus on motives behind acquisitions, communication and organizational culture. Schraeder and Self (2005) have named organizational culture as the make or break factor in acquisitions. Schoenberg (2000) however says the impact of organizational culture in acquisitions have not been fully understood in spite of the volume of literature in that area. Motives behind acquisitions have equally been well researched into. However, a comparison of research findings has indicated mixed and inconsistent results. Similarly, most of these studies have employed accounting and stock market measures that leaves out private companies. Also all the telecommunications companies that will be used in this research are private companies. Communication is also one of the important factors determining acquisition performance (Papadakis 2005). Its effectiveness is critical to the acquisition change process (Mittleton-Kelly, 2006). Various authors have examined certain characteristics of communication and its impact on acquisition performance. This research however, attempts to measure the effectiveness of communication. In addition to the above, there appears to be very little on the determinants of acquisition performance in Ghana. This research therefore seeks to find as answer to this problem and the others outlined above. The upsurge of acquisitions in Ghana with its attendant high failure rate, its inconclusive reasons for failure and incomprehensive means of measurement prompted the researcher to inquire into the factors that are critical to the success of acquisitions.

RESEARCH PURPOSE
The purpose of this study is to examine determinants of the performance of acquisitions from the Ghanaian telecommunication perspective.
RESEARCH QUESTIONS

What are the determinants of acquisition performance in the telecommunication Industry in Ghana? The specific questions to be answered are;

1. What are the relative strengths of the motives behind acquisitions?
2. Which motives significantly influence acquisition performance?
3. What is the relationship between organizational culture and acquisition performance?
4. What is the relationship between communication and acquisition performance?

RESEARCH METHODOLOGY

This is a quantitative study of telecommunication companies in Ghana that underwent acquisitions between the years 2000 to 2008. Purposive sampling will be used to select Vodafone Ghana limited, Airtel Ghana Limited, Expresso Telecom Limited and Scancom Ghana Limited (MTN). A representative sample of individual respondents will be drawn using 10%-20% of each company’s staff population. It uses the survey method to gather data from both employees and management of these four companies regarding motives behind acquisitions, organizational culture and communication and its impact on the performance of acquisitions.

Research in acquisitions often adopts accounting or financial measures to assess post acquisition performance. This research however attempts to assess acquisition performance from the subjective perspective of the manager. It uses a scale developed by Schoenberg (2004). Motives behind acquisitions are measured with a questionnaire synthesized from the ones used by Banga and Gupta (2012), Ingham, Kran and Lovestam (1992) and Walter and Barney (1990). The Denison Organizational Culture Scale is used to measure organization culture. Communication is measured using Spence’ Effective Organizational Communication Audit Scale. The relationship between these variables and acquisition performance is examined using Pearson’s Product Moment Correlation and standard and stepwise regression in SPSS.

RESEARCH OUTCOMES/IMPLICATIONS

This research will add to literature on acquisitions, the combined effects of the three independent variables (motives, organizational culture and communication) in this research on acquisition performance from a Ghanaian perspective. Again this research will add to the methodology of calculating value created by motives underlying acquisitions for the performance of the acquisition with a questionnaire method. Again practitioners will be informed through this study by identifying which factors are critical and need rapt attention during and after the acquisition process.

ORIGINALITY

Out of all the determinants of acquisition performance advanced in literature, this research will examine the impact of motives behind acquisitions, organizational culture and communication.

REFERENCES

Dynamics of Employee “Voice” on Job Satisfaction in the Ghanaian Mining Industry: an Explorative Study

Angela Hagan  
Department of Organisation and Human Resource Management  
University of Ghana Business School  
abazoe@yahoo.com

Aminu Sanda  
Department of Organisation and Human Resource Management  
University of Ghana Business School  
masanda@ug.edu.gh

SUMMARY

Employee “voice” has become a topic of growing interest in other parts of the world in recent years although less in Africa especially in Ghana. Hence this paper is aimed at establishing the relationship between Employee “voice” and job satisfaction in the mining support industry of Ghana.

Keywords: employee voice, job satisfaction, mining industry, Ghana

Cite As:  

INTRODUCTION

The mining sector is an important segment in Ghana and plays an important role in the Ghanaian socioeconomic development. According to Tsikata, (1997), Ghana accounted for 36% of the total world gold and was ranked first in producing gold between the periods of 1493 and 1600. That however is different from current statistics, where Ghana is ranked tenth in the whole world and second in Africa. With mining of oil in commercial quantities the mining sector has become a viable sector in our economy and also account for about 0.7% of the employment in Ghana (Baah, 2005). All these cannot be achieved without the support of the mining support services. Increased mining activities due automatically comes with increased demand for expert mining support services (Global Business Forum, 2010). The key to successful management of the Ghana’s mineral resources is based on principles of democratic participation of citizens in decisions making (Global Business Forum, 2010). This “citizens participating in decision making” will definitely include employees of these mining support organisations. “The say employees have in matters of concern to them in their organization” has been defined by Armstrong (2006) as employee “voice”. Hirschman (1970), who first coined the term, described it as speaking up and remedying the effect. Hirschman (1970) implied that, instead of employees escaping (exit) when they are dissatisfied, choosing to stay and change situation through speaking up (“voice”) should be considered. Ainspan and Dell (2000) indicated that good employee communication at the workplace will lead to job satisfaction.

RESEARCH PROBLEM

From the above discussions it can be noted that, the issue of employee voice is of significance in organizational development. Despite this little study has been done in the area. Though Dwomoh (2012) did some study on employee voice with Electricity Company of Ghana, little studies have been done in the area of employee voice in both the mining and the mine support organisations in Ghana and Africa as a whole. According to Orimalade (1978), the rate of study done in the western world about worker’s participation is higher than what is pertaining in Africa. As noted in a Society of Human Resource Management (SHRM) poll, conducted by Parks (2005), only 46% of human Resource professionals reported that their organizations regularly collected feedback from employees, an overwhelming majority of those who did collect feedback felt this practice was beneficial to their organizations. This represents a gap which needs to be explored, considering the socioeconomic development that mining brings to the nation.
RESEARCH PURPOSE

This study will seek to find how employee voice is tolerated in the Ghanaian Mining Support organisations and the various voice categories pertaining in this sector. The purpose of this research is to determine how organizational tolerance for voice impact employee job satisfaction and the responses of employees towards such satisfaction/dissatisfaction.

RESEARCH QUESTIONS

The research questions, relative to the work environment in the mining support sectors of Ghana are as follows: (i) Are employees aware of ways to “voice” out in the work environment? (ii) Is employee “voice” tolerated at the workplace? (iii) How does employee “voice” lead to employee job satisfaction?

RESEARCH METHODOLOGY

Purposive sampling was used in selecting the mining support sector and convenience sampling was also used to select three Ghanaian mining support organizations. The survey approach will be used in the study, and will provide quantitative description about some aspects of the population and the study. The questionnaire for the study will be adapted from other “voice” measures, such as, Organizational Tolerance or Dissent Scale (Schultz, 1992), Measures of Voice scale (Rusbult, 1988) and The Generic Job Satisfaction Scale (Macdonald & MacIntyre, 1997).

Inferential statistical analysis will be carried out with the SPSS program (SPSS version 17). Regression will be used to measure the mediating effect of Organisational tolerance for “voice” between employee ‘voice” and job satisfaction. The Pearson product moment correlation coefficient will be used to determine relationship between employee voice behaviours (exit, loyalty and neglect) and job satisfaction. All ethical practices for conducting a research are being observed in carrying out this research.

RESEARCH OUTCOMES/IMPLIEDATIONS

The findings of this study will help organizations in the mining industry in their management of employee participation in decision making, thereby resulting in job satisfaction. The employees in these organisations will gain adequate knowledge in managing their “voice”. The research will also serve as a base for future academic works by researchers, students and academicians.

ORIGINALITY

This study seeks to address a gap in the literature by adding to knowledge, the influencing relationship between Employee “voice” and employee job satisfaction in the extractive industry in developing economies, such as Ghana.

REFERENCES


Leadership Styles and Organisational Climate in the Plastic Manufacturing Sector of Ghana

Isaac Nyarko Adu
Department of Organisation and Human Resource Management
University of Ghana Business School
iadu10@yahoo.com

Damoah Obi Berko, PhD
Department of Organisation and Human Resource Management
University of Ghana Business School
obiberko@yahoo.com

SUMMARY
This paper seeks to establish the relationship between leadership styles and organizational climate in the plastic manufacturing sector of Ghana. In an attempt to create an enabling working environment for employees the paper sought to find how the autocratic, democratic and laissez faire leadership styles influence the climate at the work place.

Keywords: leadership styles, organisational climate, manufacturing sector, Ghana

Cite As:

INTRODUCTION
Today’s business or organization is seen as a social set up, which has a boundary that detaches it from its environment, pursues its own collective goals, and controls its own success. In a formal organization, interactions are rationally coordinated and directed through time on a continuous basis. The person at the helm of affairs is usually the leader (Dartey-Baah, 2009). For this reason, the concept of leadership cannot be exempted from our discussion on how to build a receptive and enabling climate for workers to ensure growth and sustainability of businesses. Leadership, or more specifically effective leadership, is every bit as crucial to the development of a good climate for work in the Ghanaian manufacturing sector as it is in other sectors of the economy throughout the world. With Ghana’s status as a developing country, there is a lot of pressure on manufacturing companies to meet the growing needs of inhabitants and hence require leaders to create a good climate in their organizations in order to achieve this purpose.

In an attempt to define leadership it is necessary to differentiate between leadership as an organization function and as a personal quality. According to Bowery (2004) the later entails special combination of personal characteristics, which brings to light qualities and abilities of individuals. The former refers to the distribution of power throughout an organization and it brings to focus the pattern of power and authority in the organization. Hellriegel, et al. (2004:286) defines leadership as being “the ability to influence others to act toward the attainment of a goal”. This influence that leaders exert on their subordinates has some repercussions on various facets of the organization including its climate. According to (who???) organizational climate refers to individual’s frame of reference, perception of the nature of the way in which he or she perceives and reacts to the atmosphere at work. Maintaining a good climate at work is essential for the growth and sustainability of every business.

RESEARCH PROBLEM
The concept of leadership has seized the attention and concern of many researchers in the fields of management, psychology, sociology, anthropology, and others in the last century. Such a concern is due to the important roles leaders play in facilitating organizational effectiveness and performance through their behaviors or styles they exhibit and competencies they possess. Indeed, in this context, one of the major outcomes of leadership is organizational climate (Robbins, 2009).

In Ghana, most manufacturing companies are owned by foreigners who per their cultural background exhibit different leadership styles in the management of their businesses (Amoako-Gyampah, 2003). It is therefore
necessary to establish the influence that leadership has on organizational climate in the context of the Ghanaian manufacturing sector, in order to ascertain the best leadership practice in business. Further more, the dept of research in leadership cannot be over emphasized, indicating that leadership concept is a fascinating subject to explore. Research has discovered several outcomes of leadership (Higgs and Aitken, 2003). However, very little is known regarding the influence of leadership style on organizational climate in developing countries (e.g Ghana). In order to contribute to this gap, the present study examines the effect of leadership styles on organizational climate from a Ghanaian context. The purpose is to ascertain the extent to which evidence from Ghana matches with extant studies.

**RESEARCH PURPOSE**

The purpose of the study is to determine the relationship between leadership styles (autocratic, democratic and laissez faire) on organizational climate in the plastic manufacturing sector of Ghana

**RESEARCH QUESTION**

What is the influence of leadership styles on organizational climate in the plastic manufacturing sector of Ghana?

**RESEARCH METHODOLOGY**

The paper is an exploratory study which will employ a quantitative design to reach its objectives. The quantitative research method is characterized by the use of close-ended questionnaires, the selection of the study sample and the presentation of the research results usually in numbers (Rasool 2000). The target population in the study will be all employees of the Plastic Manufacturing Sector of Ghana. The study will focus on the two major plastic manufacturing companies in Ghana namely Interplast Company Limited and Duraplant Company Limited. Whereas Interplast Company Limited has an employee base of about 622, Duraplant Company Limited also has about 381 employees constituting a total population size of 1,103 employees for the study.

The study will employ the purposive sampling technique to select the two major plastic manufacturing companies in Ghana due to the researcher’s prior knowledge of the two institutions being the biggest plastic manufacturing companies in Ghana in terms of size and production capacity. The main data collection tool to be employed in this study will be questionnaires which will be self-administered to respondents. Leadership Style Survey developed by Lewin, Llippit & White (1939) will be chosen to measure leadership styles of the leaders of work teams at the chosen institutions. Organizational Climate will be measured by five out of fourteen dimensions of the Organisational Climate Questionnaire (OCQ) developed by Furnham and Godstein (2007). The SPSS program (SPSS version 17) will be used to carry out the statistical analysis. The stepwise regression analysis will be used to determine hierarchically the extent of influence of the various leadership styles on organizational climate. The Pearson product moment correlation coefficient, will be used to determine relationship between leadership styles and organizational climate. After obtaining ethics approval, a pilot study was conducted to determine the reliability of the instruments chosen for the measurements of constructs of the study and to find out whether potential respondents would have difficulties in understanding or interpreting questions in the questionnaire (Creswell, 1994)

**RESEARCH OUTCOMES/IMPLICATIONS**

To policy makers in manufacturing companies the findings of this study can serve as a basis for decision making with regards to which leadership style to be adopted in a given situation to improve on the climate of the organization.

The results from this study will add up to the existing body of knowledge and give more insight into the relationship between leadership styles and organizational climate in the manufacturing sub-sector of Ghana, thus providing empirical evidence in explaining the relationship between these two constructs. The research will also serve as a reference source for future academic works by researchers, students and academicians.
ORIGINALITY

Different leadership styles have emerged from literature over the years, however this study examines the relationship between the leadership styles, specifically autocratic, democratic, and laissez faire leadership styles and organizational Climate.

REFERENCES


Bowery C. J. (2004) Profiles in leadership from the battlefields of Virginia, AMACOM


Job Satisfaction, Professional Commitment and Organisational Commitment in Ghana’s Health Sector

Lawrence Dzikunoo  
Department of Organisation and Human Resource Management  
University of Ghana Business School

Damoah Obi Berko,  
Department of Organisation and Human Resource Management  
University of Ghana Business School  
obiberko@yahoo.com

SUMMARY

This paper explores the relationship between job satisfaction, professional commitment and organisational commitment.

Keywords: job satisfaction, professional commitment, organisational commitment, health sector

Cite As:  

INTRODUCTION

Over the years, dissatisfaction among health workers has continued to rage on. This has not only affected the main teaching hospitals but also other hospitals of which 37 Military Hospital is no exception. Various government, organisations and individuals have undertaken studies to determine the causes of dissatisfaction among Ghana’s health workers which over the years have impacted negatively on health care and health service delivery.

According to studies the dissatisfaction among the country’s health workers is associated with a number of challenges:

- The Ghana Integrity Initiative Report (2006) bribery, fraud, petty thievery, extortion, distortion of health Policy and funding are problems associated with the Ghana health sector.
- Asante et al (2006) noted with respect to financial reforms that, delays in the release of funds to the health sector present potential challenge to the reforms.

Inspite of attempts made by successive governments to deal with the challenges, the problems still persist. The challenges have been the major cause of dissatisfaction and numerous agitations by health sector workers in the country.

RESEARCH PROBLEM

There are a number of factors causing dissatisfaction and lack of commitment in the Ghana health Service which have persisted over the years. In the case of the Military hospital the following factors can be cited; discrepancies in salaries of civilian and military health workers after migration to Single-spine; obsolete medical equipment; delays in repairs/replacement of parts of faulty equipment; inadequate accommodation for medical staff in or close to the hospital. Doctors have to travel long distances from home to the hospital to attend to emergencies; absence of career development opportunities; frequent procurement of medical supplies and equipment without consultation of medical Personnel resulting in the purchase of unsuitable supplies and equipment. A case in point is the purchase of x-ray forms that were not suitable for the exiting machine; shortages in medical supplies for the laboratory as such Doctors often resort to external laboratories for medical investigations.

The main motivation driving this study is that, in recent times health workers at 37 Military Hospital have been expressing their level of dissatisfaction regarding the conditions of their job. This study therefore seeks to address causes of Job dissatisfaction among the core (professionals) health workers and how this affects organisational and professional commitment. The study will also identify the relationship between Professional and Organisational commitment.
RESEARCH PURPOSE
To identify the relationship between Job Satisfaction, Professional Commitment and Organisational Commitment at the 37 Military Hospital.

RESEARCH QUESTIONS
1. Will Job satisfaction lead to affective organisational commitment among workers at 37 Military Hospital?
2. Will Job satisfaction lead to continuance organisational commitment among workers at 37 Military Hospital?
3. Will Job satisfaction lead to normative organisational commitment among workers at 37 Military Hospital?
4. Is there a negative relationship between Job satisfaction and affective Professional commitment among workers at 37 Military Hospital?
5. Is there a negative relationship between Job satisfaction and continuance Professional commitment among workers at 37 Military Hospital?
6. Is there a negative relationship between Job satisfaction and normative Professional commitment among workers at 37 Military Hospital?
7. Is there a positive relationship between Professional commitment and organisational commitment.

RESEARCH METHODOLOGY
This study will adopt the Case Study approach. Data collected will be analysed to determine the relationship between Job Satisfaction, Professional Commitment and Organizational Commitment. For the purpose of this study, the simple random sampling method will be adopted where necessary. Due to the small numbers involved, the entire population of Pharmacists, Laboratory Assistants and Technologists will be given the Questionnaire. In the case of Doctors and Nurses a sample of sixty (60%) and seventy (70%) percent respectively of the population will be selected for the study.

Questionnaires will be used as Data Collection Instruments. The data collected will also be used to establish the relationship between Job satisfaction, Professional and Organisational Commitment. Organisational commitment will be measured using the three-dimensional Meyer, Allen and Smith (1993) instrument originally developed by Allen and Meyer (1990). Professional Commitment will also be measured using the extended version of the three-dimensional model developed by Meyer and Allen (1990). The Job Satisfaction Survey (JSS) (Spector 1997) will be used to measure Job satisfaction of workers at the hospital. The SPSS Program version 17 will be used in the statistical analysis of data collected. The Pearson’s Correlation Coefficient will be used to test each hypothesis.

RESEARCH OUTCOMES/IMPLICATIONS
The literature review will reveal finding by various researchers on how Job Satisfaction influences Organisational and Professional Commitment. It will also establish the relationship between Organisational and Professional Commitment. The findings and recommendations of the study will assist management of the hospital to determine the causes of Job dissatisfaction and how these impact on Organisational and Professional commitment. Recommendations will be made to Management of the Hospital on how to deal with causes of Job dissatisfaction among the health Professionals.

ORIGINALITY
A number of studies have been conducted to determine the causes of dissatisfaction among professionals in the Ghana Health Service. This study will in addition to the generally known causes of dissatisfaction among health workers in Ghana, reveal those that are peculiar to the selected institution.
REFERENCES

Asante, Augustine D., Zwi, Anthony B., Ho, & Maria T. (August 17, 2006): “Getting by on credit: How District health managers in Ghana cope with the untimely release of funds”; BMC Health Services Research, Vol. 6.105

Ghanaian Chronicle, Ghana; Corruption Rife in Health Sector- Gil Report 2 February 2006 (published by Transparency International)


Likert, R.; A technique for the measurement of attitudes. Arch Psychol 1932; 140 : 1-55.


TRACK F:

Public Administration and Health Services Management

Key

FP  Full Paper
EA  Extended Abstract
Aim: To examine the effects of perceived politics on nurses’ job satisfaction, commitment, exit intention, job neglect, absenteeism and performance.

Background: One of the factors contributing to nurses’ poor advancement in clinical practice is the existence of petty politics which has given rise to competing self-interest. However, little evidence exists to inform policy direction on the implication of politics on nurses’ behaviour.

Methods: 610 nurses comprising health assistants, community health and registered general nurses completed a structured questionnaire modeled on workplace politics and its outcome variables. A multivariate regression model was computed to examine association between perceived politics and nurses’ behavioural intentions.

Results: Politics perception potentially leads to a decline in job satisfaction, commitment and performance but increases the potential for turnover intention (OR = 1.14), negligent behaviour (OR = 1.25) and absenteeism (OR = 1.77).

Conclusion: Structural attempts aimed at improving nursing management and healthcare delivery should be directed at minimising the use of politics to promote self-interest.

Keywords
Perceived politics, job satisfaction, commitment, performance, nurses, Ghana

Cite As:

INTRODUCTION
The organisational context in which nurses practice is important in explaining the nature and quality of care administered to patients (Aiken et al., 2011). Every nurse would prefer to work in a very conducive setting that enables him or her provide adequate healthcare to patients. Unfortunately, hospital nurses are often confronted with stress and burnout in the execution of their duties (Sagie and Krausz, 2003). These stressful conditions get complicated by the general poor interpersonal relationships in the nursing profession (Duddle and Boughton, 2007), the high rate of bullying (Katrinli et al., 2010) and the current infiltration of politics into the profession (Des Jardin, 2001).

Politics in the nursing profession arises from the fact that nurses typically represent the largest employee group in hospitals and health systems (WHO, 2007) and this has greatly generated incentives for competing interests and power play within the ranks of the profession. Globally, there is insufficient health workforce to address the health needs of populations, but nurses’ density per 1000 population appears to be narrow when compared with physicians, except in some few countries such as China, Bangladesh, Lebanon and Columbia (WHO, 2007). In Ghana, nurses constitute about 55 percent of the total number of health workers directly providing healthcare to patients (Ministry of Health, 2011). Institutional figures from primary, secondary and tertiary facilities also show that nurses dominate all categories of health workers in the country. As their numbers continue to rise in the face of an increase in the number of training institutions, it increases the phenomenon of both vertical and horizontal politics where power and influence are used to determine ‘who gets what, when and how’ (Lasswell, 1958). Organisational politics in this context delineates behaviour strategically designed to maximise the self-interest of individuals or groups in the workplace and
which conflicts with the collective organisational goals as well as the personal interest of other individuals (Vigoda-Gadot and Kapun, 2005). It has also been conceptualised as the use of influence among individuals to determine resource allocation. Cohen and Vigoda (1999) wrote that, “work occurs simultaneously with politics and both work and politics are formally structured”. Politics is thus a continuous process that takes place within the context of what an individual gets at a particular point in time and the means used to achieve that.

Workplace politics may produce undesirable effects on individual and organisational development. According to Kacmar et al., (1999) if the more qualified employee such as a nurse perceives that politics is used to cheat him or her out of a deserved opportunity, such a nurse may exhibit negative reactions such as dissatisfaction, apathy, anxiety and turnover. Generally, studies have documented the detrimental effects of workplace politics to include undesirable relationship among individuals, feelings of a sense of guilt, lower productivity, hatred, lack of credibility, absenteeism and lower levels of job satisfaction (Ferris et al., 1998; Vigoda, 2000). Beyond these negative consequences, resignation or exit from the organisation could also be end products of workplace politics. Ferris and Kacmar (1992) concluded that the higher the perception of politics in the workplace, the lower the level of justice, equity and fairness in the eyes of employees.

Politics in the workplace is not new. Burgeoning literature suggests the proliferation and interest in workplace politics both actual and perceptual in public and private organisations (Bozeman et al., 2001; Huang et al., 2003). Despite the proliferation of research, the literature lacks comprehensive attempts at broadening our horizons on how politics manifest and distorts work processes in healthcare settings. Given the uniqueness of the healthcare industry and the pervasiveness of ethics in nursing, understanding the consequences of political behaviour among nurses is vital since such behaviours adversely affect hospital management (Ringer and Boss, 2000). Additionally, given that the nursing profession is built on the fundamental principles of individuality, dignity, uniqueness, human rights and responsibilities (Gallagher, 2007), understanding the likely effect of workplace politics on these very principles is vital not only to inform policy direction but to reduce the many pockets of tension in the nursing profession.

RESEARCH METHODOLOGY

Data was collected in hospitals from two urban settings, Accra and Kumasi in the Greater Accra and Ashanti regions respectively. We tailored the study towards urban centres because nurses are concentrated in cities and towns to the disadvantage of the peri-urban and rural communities. More than 40 percent of nurses in Ghana work in urban boroughs especially in Accra and Kumasi (Awofeso, 2010). This has provided a platform against which politics is used as a weapon to advance the interest of some nurses.

A total of 10 health facilities were selected for the study. The facilities were classified into Level 1, Level 2 and Level 3. Level 1 comprised polyclinics. Level 2 comprised hospitals and Level 3 consisted of teaching hospitals. Total numbers of sample health facilities in each level are shown in Table 1. For the purpose of this study, nurses are defined to include nursing professionals (registered general nurses) and nursing associate professionals (all other nursing professionals). They are classified in order of ranks as Registered General Nurses (RGNs), Community Health Nurses (CHNs) and Health Assistants (HAs). Nurses in level 1 hospitals were sampled from the outpatient department and all the inpatient units including male, children and maternity wards. A total of 48 nurses were sampled in each facility at level 1. In level 2, nurses were selected from outpatient departments and at least four inpatient units including emergency, intensive care unit, medical and post-operative units. A total of 65 nurses were selected in each facility classified under level 2. 100 nurses from each hospital classified under level 3 were selected (Table 1).

Table 1: Number of nurses selected within the strata of each hospital type

<table>
<thead>
<tr>
<th>Facility type</th>
<th>Description</th>
<th>Unit of selection</th>
<th>Number of respondents selected</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>Polyclinics (n = 3)</td>
<td>OPD</td>
<td>36</td>
<td>5.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inpatient units</td>
<td>90</td>
<td>13.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Maternity</td>
<td>18</td>
<td>2.7</td>
</tr>
<tr>
<td>Level 2</td>
<td>Hospitals (n = 5)</td>
<td>OPD</td>
<td>75</td>
<td>11.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inpatient units</td>
<td>175</td>
<td>26.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Emergency, ICU, ENT</td>
<td>75</td>
<td>11.2</td>
</tr>
<tr>
<td>Level 3</td>
<td>Teaching hospitals (n = 2)</td>
<td>General OPD</td>
<td>40</td>
<td>5.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inpatient units</td>
<td>80</td>
<td>11.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>All others</td>
<td>80</td>
<td>11.9</td>
</tr>
</tbody>
</table>
A wealth of literature demonstrates that workplace politics is related to employee job satisfaction, organisational commitment, turnover intentions, negligent behaviour and absenteeism and job performance. Therefore we developed a questionnaire for data collection based on these dimensions associated with workplace politics (Table 2).

Table 2: Description of constructs

<table>
<thead>
<tr>
<th>Construct</th>
<th>Description</th>
<th>No. of items</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived workplace politics</td>
<td>Existence of favouritism, preferential treatment, biased reward systems, unfair treatment etc.</td>
<td>9</td>
<td>Vigoda (2000)</td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>Satisfaction with relationship with co-workers and supervisors, salary, opportunities for promotion, managerial fairness etc.</td>
<td>9</td>
<td>Aiken et al., (2008)</td>
</tr>
<tr>
<td>Organisational commitment</td>
<td>The desire to remain loyal to the health facility, willingness to accept values of the health facility, feeling proud to be employees of the health facility etc.</td>
<td>5</td>
<td>Porter et al., (1974)</td>
</tr>
<tr>
<td>Turnover intention</td>
<td>Intention to quit, intention of considering job offers elsewhere, applying for reposting.</td>
<td>3</td>
<td>Farrell and Rusbult (1992)</td>
</tr>
<tr>
<td>Job neglect</td>
<td>Putting less effort at work, postponing important duties for unlimited time period</td>
<td>4</td>
<td>Farrell and Rusbult (1992)</td>
</tr>
<tr>
<td>Absenteeism</td>
<td>Lack of enthusiasm to work, number of times absent from work, reasons for absence</td>
<td>3</td>
<td>Vigoda (2000)</td>
</tr>
<tr>
<td>Self-rated performance</td>
<td>Personal evaluation of performance, knowledge of clinical procedures, quality of care provided etc.</td>
<td>5</td>
<td>Parker and Kulik (1995)</td>
</tr>
</tbody>
</table>

The questionnaire was pilot tested among 9 nurses working in the typology of level 1, 2 and 3 health facilities. The pilot study was helpful as nurses identified items within the performance, absenteeism and politics perception constructs that needed clarity to enhance understanding. Others took steps to reduce information overload associated with some of the items and measures. Sampled nurses in the actual study were made to complete questionnaires either after working hours or at home and return them to the researchers the next day. Nurses who were unable to complete the questionnaire within 24 hours were given the opportunity to complete and submit it in a sealed envelope to a designated nurse in the health facility. A total of 610 out of the 669 nurses completed and returned the questionnaires representing a response 91% rate.

Data was analysed by comparing the mean difference of workplace politics and its outcome variables between the different nursing professional groups. Multivariate regression model was then computed to examine possible associations between perceived politics and the covariates - job satisfaction, turnover intention, negligent behaviour, absenteeism and performance. We controlled for age, educational level, ethnicity, job tenure and rank in order to check spurious relationships. To account for clustering of nurses in the health facilities, robust procedures were used to adjust for standard errors. Data was analysed with the aid of SPSS v16.

RESULTS OR FINDINGS

Many of the nurses were female (n = 333, 54.6%). The mean age of nurses was 33 years. Nurses differed significantly by their highest level of education of entry into clinical practice. 32.1% were graduates from community health nursing schools, 16.7% from health assistant training schools while 21.1% graduated from universities. Sampled nurses possessed sufficient work experience (M = 8.7 years) and were found to be mostly senior staff nurses (n = 194, 31.8%). In terms of ethnicity, majority were Akans (n = 242, 39.7%) followed by Ewes (31.8%), Gas (14.6%) while all others represented the least number (n = 85, 13.9%).

HAs had high mean scores (M = 4.59, SD = 1.655) on politics perception indicating the presence of politics in the hospitals (Table 3). A similar view was shared by CHNs. Job satisfaction was perceived to be fairly high for CNHs (M = 3.83, SD = 1.689) and RGNs (M = 3.17, SD = 1.540) compared to HAs (M = 2.71, SD = 1.608). The results further demonstrate that CHNs are more inclined to be committed to work than HAs and RGNs. Significant difference was also observed in turnover intentions among nurses. The propensity to exit from the
present work setting was fairly high for HAs and RGNs but low for CHNs (M = 2.55, SD = 1.451). Nearly all the nursing professional groups reported low acts of negligent behaviour and absenteeism. Nurses in each group however rated their performance as fairly high.
The results further clearly indicate that politics perception significantly predicts reduced job performance. This pattern is consistent with the notion that perceived workplace politics leads to low self-rated performance, in part because the physical and mental spirit to work hard diminishes when the workplace is perceived to be unjust and unfair.

### DISCUSSION OR ANALYSIS

Results of the study suggest politics perception is high among the ranks of nursing associate professionals compared to nursing professionals. Many reasons may account for these discrepancies. Nursing associate professionals rarely form part of decision making in hospitals. In practice, hospital managers, physicians and nursing professionals constitute the most powerful force in healthcare management in Ghana. They take critical decisions sometimes in isolation from the input of nursing associate professionals. Thus when decisions taken seem to favour some segment of the nursing staff, the tendency to perceive the hospital setting as highly political cannot be discounted.

Job satisfaction was high for CHNs and RGNs compared to health assistants. This finding is consistent with previous research that structural and individual characteristics of nurses explain job satisfaction (Chen-Chung et al., 2003; Ma et al., 2003). The results further extend and provide significant insight into how sampled nurses in general were less likely to be satisfied with their job (Ravari et al., 2012). It is possible that nurses may find satisfaction with aspects of the job that bring greater rewards but exhibit dislike for other aspects such as the exercise of unfair tactics to promote personal interest. In both scenarios, an integrated approach is needed to clearly balance reward systems with fair management practices to enhance job satisfaction.

Employees form perceptions about their workplace based on the extent to which the organisation cares about their well-being and places value on their contribution (Rhoades and Eisenberger, 2002). Such a support system functionally promotes greater level of commitment and reduces the propensity to exit. We found that CHNs appeared to be more positive about commitment and therefore expressed low intention to exit compared to HAs and RGNs. Perhaps, politics perception may be regarded as a less critical issue among
CHNs. RGNs appeared to be less positive towards commitment and more assertive about exit intention. This echoes the substance of the literature linking workplace environment and its associated variables to turnover (Estryn-Behar et al., 2010).

Generally, nurses reported low acts of negligent behaviour and absenteeism but this was lower for health assistants in the case of the former. The seemingly convergent results across all the three nursing professional groups demonstrate that politics perception does not cause significant changes in both job neglect and the decision to be frequently absent from work. Perhaps the fear of being eliminated from the payroll is likely to drive all nurses to exercise greater control over their work and therefore minimise improper conduct even if politics manifest. Scores for job neglect and absenteeism reflects the perception of performance among all the nursing groups. This offers a unique opportunity to continuously discourage negative attitudes to work in order to increase output.

Our results suggest that politics perception is negatively linked to nurses’ job satisfaction and commitment to work (Breaux et al., 2009; Ram and Prabhakar, 2010). Nurses who perceive the hospital setting to be characterised by political behaviours are more likely to report low job satisfaction and commitment. The relationship between politics perception and job satisfaction is underscored by the fact that politics lowers personal accomplishment and this affects how nurses feel about their job. A coping strategy lies in neutralising perceived politics by institutionalising a self-governance model to enable nurses provide significant input into clinical and management decisions (Hess, 2004).

Consistent with extant literature politics perception heightens the propensity of employees to exit or sanction the organisation through deviation from formal rules and rational procedures (Miller et al., 2008; Ram and Prabhakar, 2010). Nurses generally abhor politics because ‘it belongs to a world of which they do not feel nor want to be part of it’ (Salvage, 1985). In this regard, high level of politics perception may be seen as something that reduces nurses professional values, identity and integrity leading to turnover intentions and job neglect. A priority of nurse managers in this context should be the development of interventions to minimise exit intentions and job neglect.

Findings of the study confirm that politics perception is linked to employee absenteeism (Vigoda-Gadot and Kapun, 2005) and reduced performance (Rosen et al., 2009; Chang et al. 2009). Different political factors may be seen as potential reasons for low performance of nurses. It may be that perceived politics kills initiative, morale and the energy to embark on meaningful and effective engagement in the hospital. Perceived politics may also create barriers that weaken social support systems and prevent nurses from helping each other at work; a situation that can translate into lower output. Additionally, when politics is used to enforce selective justice and isolationism, nurses are more likely to rate their own performance as low. This finding necessitates implementing work group performance-based appraisal systems to stimulate checks and balances. Our findings further throws a challenge to nursing managers to encourage teamwork among nurses while at the same time recognising individual nurses for task accomplishment.

CONCLUSION

Our findings show that a politically charged healthcare environment causes greater decline in nurses’ job satisfaction, commitment and performance. Such an environment also allows nurses to consider exiting or indulging in improper conduct. Our findings suggest the need to put in place structural measures that will improve both vertical and horizontal relationships among nurses. Perhaps discouraging or neutralising political behaviours by instituting transparency and accountability in nursing management holds promise for improving nurses’ performance.

A limitation of the study is the use of self-assessment as a proxy measure for performance. It has been shown that individuals may feel reluctant to report negative events involving themselves (Watson and Pennebaker, 1989). However we also need to tread with caution when applying an objective measure of assessment in the context of the subject matter under investigation. Indeed, since self-performance measures have been extensively applied in previous studies (Parker and Kulik, 1995; Suliman, 2007), its application in this context does not imply a deviation from conventional practice.

REFERENCES


An Assessment of Public Sector Quality Service Delivery from the Perspective of Private Sector Clients in Ghana

Yahaya Abdul-Rahman  
University of Ghana Business School  
hajyahaya@yahoo.com

ABSTRACT

Purpose: Service quality has not been taken seriously by many in Ghana and the culture of measuring service quality is yet to be developed in Ghana. The study was conducted to assess how private sector clients assessed the service quality they were obtaining from the................. (GPHA) as compared to how Aviance Ghana was assessed by its clients. The comparative study of the two institutions was done so as to confirm or nullify the hypotheses i) that monopolistic service providers do not care about service quality and ii) that private sector monopolistic service providers provide better service quality than state-owned monopolies.

Design/Methodology/Approach: The assessment of service quality was conducted along twelve dimensions of service quality, similar to the SERVQUAL model. Cluster and quota sampling methods were used to interview eight categories of respondents. The responses were along the Likert scale of 1 to 5. The service quality scores were the mean values of the responses.

Findings, Implications and Limitations: Both service providers had ratings of marginal service quality or less than good rating even though the private service provider had a slightly better service quality score. The study’s findings showed that whereas a state-owned monopoly may not provide quality services to its service users, a private-sector monopolist or a duopolist may not necessarily provide good services to its service users especially if its service users are captive customers who are ‘locked’ in term-contracts for the provision of services by the duopolist over a period before the arrangement can be reviewed. The low ratings or service quality scores indicate that service users expect more from service providers. The findings also showed that there were wide quality perception gaps between the scores of the service users and service providers and this means that the service providers need to improve their services and engage their clients more often to ensure that there is convergence of expectations between service users and service providers. Failure of respondents to provide further comments and the fact that the findings could not be compared to earlier findings for the same service providers constrained the study’s ability in making trend analysis in terms of improvement or deterioration in their service quality.

Originality: The findings of low service quality are similar to those of earlier surveys that were conducted about a decade ago or more in some developed countries where public sector agencies were found to be providing unsatisfactory services to their citizens.

Key words: service providers, service users, service quality and service quality score.

Cite As:  

INTRODUCTION

Highlights of some past research in the area of study: Various studies have been conducted to assess the quality of government services and public agencies in many countries. Examples include surveys on government services in Canada’s public sector agencies (Marson, 2007); surveys on citizens’ satisfaction in the USA (Blake, 2011); survey of public service in Australia (KPMG, 2009); comparative surveys on the public services of Australia and other OECD countries (KPMG 2009); survey on e-Government Services in Singapore (Singapore Government, 2011); survey on residents’ satisfaction with local government services in Tasmania (EMRS, 2006); study on public service in Malaysia (Nor et al, 2010) conducted a study among a group of customers of a public sector organization in Malaysia in order to examine service quality as a determinant of customer satisfaction; survey on Mauritius’ public service: (Ramseook-Munhurrren et al, 2010); surveys on university education in Kenya that compared student satisfaction with public and private universities (Kimani,
S.W et al, 2011); surveys on the perceptions of citizens about the quality of health Services in South Africa (Mpinganjira, 2011) and in Nigeria (Uzochukwu et al, 2004). A survey was conducted in Ghana to assess the impact of public sector reforms (Ruyan Consult, 2011).

Gaps in previous research: Almost all past studies involved the measurement of customer satisfaction of private companies or citizens’ perception of public agencies. This study is unique because it assessed the service quality of a public sector institution from the perspective of its private sector clients. Almost all past studies computed the customer satisfaction index but in this study the measure of service quality was the service quality score. Many past studies that measured service quality did not conduct perception gap analyses as was done in this study.

PURPOSE OF THE STUDY

Service quality has not been taken seriously by many in Ghana and the culture of measuring service quality is yet to be developed in Ghana. The study was conducted to assess how private sector clients assessed the service quality they were obtaining from the GPHA as compared to how Aviance Ghana was assessed by its clients. The comparative study of the two institutions was done so as to confirm or nullify the hypotheses i) that monopolistic service providers do not care about service quality and ii) that private sector monopolistic service providers provide better service quality than state-owned monopolies.

Structure of the paper: This study has been organized into seven chapters. In addition to this introductory chapter are the additional six (6) chapters which are as follows: chapters two and three both cover literature review. Chapter four (4) presents the profiles of the surveyed institutions, namely the GPHA and Aviance Ghana; whilst chapter five (5) looks at the methodological issues of this study. Chapter six (6) focuses on the research findings; and chapter seven (7) focuses on the summary of findings, conclusions and recommendations.

LITERATURE REVIEW

This section begins with the theories of the State such as the Marxist theory (Wright, 2002), the rational theory, the fragmented state, the hollow state (Frederickson and Smith, 2002), the pluralist state, and the market state (Peters, 1995). These theories talk of power struggle, multiple actors seeking to improve their interests and the fact that persons act rationally to enhance their welfare. The premise is that when the quality of state governance is good, public sector institutions will be well-managed and they will then be responsive to the needs of the citizenry in general and the needs of their customers or service users in particular.

Perspectives of Governance were explored because it is the view of this study that the delivery of quality service by public institutions to the public is also a governance issue; and efforts are made to find a theoretical link between good governance and the extent to which the needs of the service users are satisfied by public service providers. Essence of good governance has been raised by many including the EU (2009), Ewalt (2001) and the ECA (2003).

Examples of Public Sector Reforms were mentioned in various countries in order to bring out the essence of efforts being made to improve the performance of the public sector agencies. Examples of reforms were mentioned in USA, UK, Canada, Australia, Ireland, Jamaica, Jordan, Singapore, Malawi, Kenya, Tanzania, Uganda, Mozambique, Botswana, and elaborate reference to the public sector reforms (2005-2008) in Ghana Chapter 3 dealt with service delivery. Apart from explaining basic concepts such as quality, service, client and so on; models such as the SERVQUAL and TQM were explained. The literature also explained in detail the 12 service quality dimensions. Methodological issues of measuring customer satisfaction were covered and several examples were cited of past studies that surveyed the perceptions of customers on the quality service provided by some private organizations as well as public sector agencies. The literature references on various past studies on customer perceptions include studies in countries such as Canada, USA, Australia, Malaysia, Mauritius, Kenya, Nigeria, Tasmania, Taiwan, India, Malaysia, Qatar, and South Africa. The reason for exploring those literatures references is to show that there is a global trend in assessing the quality of provided services (mainly through the perceptions of service users); and therefore providing a further justification for this study since such studies are virtually non-existent in Ghana.

Gaps in earlier research works were stated in the introduction and included the fact that this study assessed the service quality of a public sector institution from the perspective of its private sector clients; this study measured the service quality score; and this study involved perception gap analyses as was done in this study.
Previous studies in Africa in this area were scanty and non-similar because many of them were internally-focused assessment whereas this study is an externally-focused assessment.

RESEARCH FRAMEWORK

The quality of a service depends on the following service quality dimensions: assessment of needs of service users, communication with service users, cost of doing business, fairness in service delivery, customer convenience in doing business, timeliness/promptness in service delivery, staff courtesy, knowledge and honesty of the staff, adequacy of service facilities/equipment, quality of service facilities/equipment, complaints handling, and service adaptability. The framework for this study is that customer satisfaction is a function of all the dimensions of quality service being delivered by service providers. This is illustrated in fig 1.1

**Figure 1.1: Theoretical Framework**

<table>
<thead>
<tr>
<th>Assessment of needs of service users</th>
<th>Level of Service Quality that can lead to Customer Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication with service users</td>
<td></td>
</tr>
<tr>
<td>Pricing/cost of doing business</td>
<td></td>
</tr>
<tr>
<td>Fairness in service delivery</td>
<td></td>
</tr>
<tr>
<td>Customer convenience in doing business</td>
<td></td>
</tr>
<tr>
<td>Timeliness/promptness in service delivery</td>
<td></td>
</tr>
<tr>
<td>Staff courtesy, knowledge and honesty</td>
<td></td>
</tr>
<tr>
<td>Adequacy of service facilities/equipment</td>
<td></td>
</tr>
<tr>
<td>Quality of service facilities/equipment</td>
<td></td>
</tr>
<tr>
<td>Complaints handling</td>
<td></td>
</tr>
<tr>
<td>Service adaptability</td>
<td></td>
</tr>
<tr>
<td>Service spontaneity</td>
<td></td>
</tr>
</tbody>
</table>

Hypothesis 1: monopolistic service providers do not necessarily care about customer satisfaction and therefore provide unsatisfactory quality service to their service users.

Hypothesis 2: state-owned monopolistic service providers provide poorer quality service than privately-owned monopolistic service providers.

RESEARCH METHODOLOGY

The research questions that were asked covered the twelve dimensions of quality service as listed above so as to assess service users’ perspective of the service quality provided by both the GPHA and Aviance Ghana in the areas of assessment of needs of service users, communication with service users, cost of doing business, fairness in service delivery, customer convenience in doing business, timeliness/promptness in service delivery, staff courtesy, knowledge and honesty of the staff, adequacy of service facilities/equipment, quality of service facilities/equipment, complaints handling, and service adaptability.

- In all, eight (8) sets of questionnaires were distributed to one hundred and eighty (180) groups of targeted respondents and the details were as follows:
- Ship owners and agents that use GPHA’s services: they were given thirty six (36) questionnaires for their responses;
- Freight forwarders that use GPHA’s services: they were given forty three (43) questionnaires for their responses;
- Stevedoring companies that use GPHA’s services: they were given seventeen (17) questionnaires for their responses;
UGBS Conference on Business and Development – Conference Proceedings

- GPHA Management personnel were given twenty (20) questionnaires for their responses;
- Cargo Airlines that use Aviance Ghana’s services: they were given ten (10) questionnaires for their responses;
- Freight forwarders that use Aviance Ghana’s services: they were given thirty four (34) questionnaires for their responses;
- Passenger Airlines that use Aviance Ghana’s services: they were given ten (10) questionnaires for their responses;
- Aviance Management personnel were given ten (10) questionnaires for their responses.

Data collection: majority of the questionnaires were self-administered.
Context: All the service users of the GPHA were located at the Tema Port area and its adjoining communities; whilst the service users of Aviance were located at the Kotoka International Airport and its adjoining communities.
Units of Analysis: The analyses were done at the meso and macro levels. The analyses of responses were done for the various service user groups such as the score that freight forwarders or ship owners provided for GPHA’s handling of complaints. The analysis that was done at the macro level focused on the overall rating or score for a service provider from all the three service user groups that were surveyed.

Data Analysis: The study was purely a quantitative one. Responses of 1-5 were used to obtain the mean scores which were ranked as follows: i) less than 3.0 meant low service quality; ii) 3.0-3.49 meant marginal service quality; iii) 3.5-3.79 meant good service quality; and iv) 3.8-5.0 meant excellent quality.

Statistical method: The research data (responses) were analyzed to obtain the statistical mean score or average of the responses that ranged from the minimum of 1 to a maximum of 5. The mean obtained for the responses was used as the service quality score for each service quality dimension. The range of 1 to 5 was in line with the Likert Scale.

RESULTS OR FINDINGS
The findings of the study are captured in the table below.

<table>
<thead>
<tr>
<th></th>
<th>Ghana Ports &amp; Harbours Authority</th>
<th>Aviance Ghana</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Users</td>
<td>Composite Service Quality Score</td>
<td>% of services rated “good to excellent” quality</td>
</tr>
<tr>
<td>Ship owners</td>
<td>3.03</td>
<td>31%</td>
</tr>
<tr>
<td>Stevedoring companies</td>
<td>3.79</td>
<td>69%</td>
</tr>
<tr>
<td>Freight Forwarders</td>
<td>2.89</td>
<td>17%</td>
</tr>
<tr>
<td>All service users</td>
<td>3.20</td>
<td>12%</td>
</tr>
</tbody>
</table>

SUMMARY OF FINDINGS ON PERCEPTION GAPS
The GPHA’s management personnel rated the service quality of GPHA as good with a score of 3.68; and the Avince’s management personnel also rated the service quality of Avince excellent with a score of 4.05. When the scores of management personnel of the service providers were compared with the scores of the service users, the following findings were made with respect to perception gaps:

a) There was a perception gap of 15% between the GPHA and all its service users. The number of service areas with gaps was 23.

b) There was a perception gap of 23% between the Avince Ghana and all service users. The number of service areas with gaps was 31.

c) In terms of comparative satisfaction levels, the stevedoring companies were the most satisfied among the service users of the GPHA, whilst the freight forwarders were the least satisfied with the GPHA.
On the part of Aviance Ghana’s clients, the cargo airlines were the least satisfied (or most dissatisfied with Aviance’ services, whilst the passenger airlines were the most satisfied.

DISCUSSION OR ANALYSIS

What the findings tell about the research: The findings show that service providers tend to rate their service highly but service users know what they want and will provide a low rating if they are not receiving good quality service. The study also shows that a monopolist or a duopolist (i.e. a near-monopolist) may not provide quality service whether it is a public or private organization.

Comparing the findings with previous studies highlighted in the literature review: As was found in this study, the rating was good in some quality dimensions and poor in others. The study to assess the impact of public sector reform found out that the impact was not good. Improvements in certain public agencies in Canada and other places confirm the fact the service quality used to be poor and it was now improving. “Citizens’ satisfaction with USA federal government services dropped for the second straight year and still lags behind customer satisfaction in the private sector (Blake 2011). A comparative analysis on high education in Kenya indicated (among others) that the rating of Rural Private University was better than that of Urban Public University. The findings on public education in Kenya and the findings on the 2011 survey in Ghana (on the impact of public sector reforms in Ghana) and the findings in other similar studies tend to be generally similar in terms of the fact that public sector institutions need to improve their service quality. The findings on the GPHA’s service quality (as a state organization) follow the pattern in many of the findings from similar studies in the past; and the fact that this study also found out that the rating of the GPHA (a public institution) was one of marginal quality and slightly lower than the rating of Aviance Ghana.

The key and new lessons: Ghana needs to further pursue its public sector reform

How the new lessons relate to the theoretical framework: From the literature on the dimensions of service quality and from the reforms that were undertaken by some countries, it was found out that the period of the public sector reform in Ghana was too short. Secondly, the service charters that were developed in Ghana only focused on one dimension of service quality, i.e. timeliness. The service charters did not cover many areas such as communication, needs assessment, fairness, customer convenience, complaints handling, tangibles, spontaneity and adaptability.

CONCLUSION

The ’takeaway’: The study assessed the service quality of a state institution and a private institution. The study achieved the following: i) improved consciousness of private sector clients in assessing a big state institution; ii) state monopolist and non-state near-monopolists can provide less than good quality service to their clients; and iii) the development of the service quality scores and the perception gaps in service quality

Limitations: Scanty literature in Ghana on similar studies in the past constrained the researcher’s ability to do some trend analysis in order to establish any improvements and deteriorations in service quality or prevented the benchmarking of service quality scores.

Implications for practitioners: those interested in the assessment of service quality will need to conduct further studies in the surveyed institutions and in other institutions so that the culture of service quality assessment can be quickly developed and extended to many in the service industry in Ghana.

Implications for future research: There is the need to gradually develop a culture of and literature references for measuring service quality in Ghana as a whole. The Ghana Government through ministries and regulatory agencies should create units for measuring service quality in various public sector institutions on annual basis. Similarly, private sector bodies such as the Private Enterprise Foundation, the Ghana Chamber of Commerce, Ghana Chamber of Mines, Ghana Employers’ Association and other similar bodies should establish internal units for measuring service quality in their member organizations on annual basis. When these are in place, trend analysis and inter-institutional comparisons can be made using the service quality scores from annual surveys. Surveyed organizations can then begin seeing which of their service quality dimensions are improving or deteriorating and which ones are stagnating both in terms of inter-temporal comparison and in terms of benchmarking with other institutions.
REFERENCES

EU Governance Paper (2009) Stocktaking On The Notions Of “Good Governance” And “Good Administration” (Venice Commission)
Public Private Partnerships in Urban Water Service Delivery: a Political Analysis of Implementation Challenges

Maliha Abubakari
Department of Public Administration
University of Ghana Business School
maliha2008@yahoo.com

ABSTRACT

The study was generally on the Public Private Partnership - PPP involving the government of Ghana represented by GWCL and partnered by Aqua Vitens Rand Ltd - AVRL from 2005 to 2011. The objective was to investigate how politics influenced the implementation process of the PPP between GWCL and AVRL. In order to achieve the above objective the paper set out to answer two main research questions: Was there any form of political interference in the implementation process? And how could PPPs be improved in the future?

The case study approach within the qualitative method to conducting research was employed in the study and the research instrument used was the interview technique. A sample size of 20 respondents was targeted for the study. The interviews were conducted over a period of three months, December 2011 to February 2012 in Accra. The organisations that took part in the study included the study GWCL and AVRL since they were the main partners in the management contract. The Ministry of Water Resources Works and Housing as well as the PURC, were also covered in the study since GWCL falls under their domain. The scope also covered some CSOs including ISODEC, CONIWAS and NCAP. The Public Utility Workers Union (PUWU) of TUC was also included in the study because workers of the GWCL and AVRL are members of PUWU. The findings of the study revealed there was a thin line between political support and political interference. The management contract tended to enjoy the support of both the executive and legislative arms of government right from the formulation stage to the point of implementation. However, the political support given by various governments under the NPP and the NDC easily turned into manipulation. In other words, the support was rather excessive that it easily became political interference. Government should consider developing options to promote adequate and sustainable delivery of water in urban areas. This can be done in concert with other stakeholders such as international partners, civil society groups in the area of water as well as policy implementers.

Key words: politics, interference, public private partnership, implementation

Cite As:

INTRODUCTION

According to Grindle and Thomas (1991) the public choice theory holds that public interest will never be achieved as long as public officials remain in power, henceforth, the need to introduce privatisation. The diversion of public policy from state controlled to private sector participation in the production and delivery of public services stems from the belief that the private sector gets better results in terms of performance than the public sector (Rivera 1996; Tati 2005; Andres, Guasch, Haven and Forster 2008). These perceived benefits associated with private sector participation in public services delivery have led to the privatisation of public services delivery in most countries.

It is however noteworthy to mention that the success of privatisation like any public policy depends on how effective the implementation is done. For Ayee (2000) there are cases where policies are not implemented at all and can lead to what he referred to as “implementation failure”. Similarly, the increasing numbers of policy failures suggests that many implementation challenges remain salient in the world of action (O’ Toole 2000). Thus, there is increasing desire for research on public policy implementation which makes this study more interesting as that it concerns itself with the impact of politics on implementation of public private partnerships. It is against this background that this paper investigates the impact politics had on the implementation of the public private partnership in the delivery of urban water service in Ghana in respect of
the management contract between GWCL and AVRL. In order to achieve the objective the paper attempts to find out whether there was any form of political interference in the implementation process?

The remainder of the paper includes empirical and theoretical literature, followed briefly by a conceptual framework drawn from the theoretical literature. This is followed by the methodology, analysis and discussion of findings whilst the final part constitutes lessons from the study and the final section concludes the chapter.

IMPLEMENTATION MODEL

The following models provided the framework within which the data was analysed. The framework holds that politics and leadership have the tendency of influencing the effectiveness of the implementation of the management contract between GWCL and AVRL. For Grindle (1980), the task of implementation establishes a link that allows the goals of public policies to be achieved as outcomes of governmental activity. She explains that it includes the creation of “policy delivery system” in which specific means are designed and pursued in the expectation of arriving at particular ends. Sabatier and Mazmanian (1979 cited in Sapru 2004) identified 5 conditions for effective policy implementation. However, the point which is of interest to this study is that part which stresses on the need for a programme to be actively supported by organised constituency groups and by a few key legislators (or the chief executive) throughout the implementation process, with the courts being neutral or supportive and finally, the relative priority of statutory objectives is not significantly undermined over time by the emergence of conflicting public policies or by change in relevant socio-economic conditions that undermine the statute’s ‘technical’ theory or political support”

It is much more difficult to ensure successful implementation in the developing world than in the developed world because it is unusual to have according to Ayee (2000) progressive and committed politicians and bureaucrats in the developing world. For him, a major challenge to policy implementation in Africa is the lack of good leadership who will be ready to shoulder and champion the risk of formulating and implementing public policies no matter how unpopular they may be. By leadership, the researcher refers to the top hierarchy of the two major implementers namely GWCL and AVRL. It is also extended to cover political leaders directly involved in the implementation (The Minister for Water Resources Works and Housing). Grindle (2000) also argued that public policy implementation is much more difficult to achieve in the third world because of the nature of the political system. She maintains that policy making is remote and inaccessible to most individuals and extensive competition propelled by widespread needs and scarce resource. In the developing world, political parties, interest groups and individuals see the implementation process as means of promoting group and individual interests.

METHODOLOGY

In order to achieve the objectives of the study, the case study strategy within the qualitative methods was adopted. This is because the approach gave respondents the platform to express themselves on issues concerning the implementation of the partnership between GWCL and AVRL. It also afforded the researcher an opportunity to be involved in a sustained and intensive interaction with the participants. The sampling method used for selecting institutions and respondents for the study was purposeful sampling and convenient sampling. The institutions were selected because they were either directly or indirectly involved in the implementation process of the management contract. The institutions that took part in the study were GWCL, AVRL, PURC, the Ministry of Water Resources Works and Housing. Some Civil Society Organisations (CSOs) were also included in the study. These CSOs were ISODEC, CONIWAS and NCAP. The Public Utility Workers Union of TUC was also included in the study. A total of twenty (20) informants were targeted. However, nineteen (19) were interviewed from December to February 2011 and 2012 respectively. The research instrument used for this study was the interview method. The analysis involved the rendering of a detailed description of the data in a form of a narrative. Through the analysis, the researcher identified the findings inherent in the data, thereby bringing out her personal understanding of the data as well as lessons and conclusions drawn from the study.

RESULTS AND DISCUSSION

POLITICAL INTERFERENCE: EXCESSIVE SUPPORT OR UNNECESSARY INTERFERENCE

Under this section, the researcher raised issues relating to the interventions the management contract benefited from the political system. Intervention from the political system is used to mean the extent to which
the implementation of the management contract was supported by the executive, legislature and the judiciary. It also covers the level of political interference if there was any.

Sixteen of the respondents were of the view that the management contract had the support of the legislature, executive and the judiciary. The remaining three did not respond on the issue of support for the management contract.

Also, the study sought to investigate whether there was any form of political interference in the implementation process. Out of the nineteen respondents, nine were of the view that there was political interference, six said they did not witness any political interference during the process and four respondents were not sure if there was political interference or not. Despite the divided views, it was widely agreed that there were some political interferences in one way or the other. The excerpt below depicts one of such views.

“They enjoyed the support of the executive but I think it was more of interference than support. At any small thing, one of the parties runs to the ministry and the minister gives some directives. I thought the contract should have been allowed to operate”

This view portrays that the support the operator and the grantor had from the government turned to be a breach of the contract document. As it were parties in the contract no longer followed the laid down procedures to address issues rather they resorted to making complaints at the ministry. The illustration below asserts the argument made above.

“There was an overly support to the extent that some of the structures were disregarded. GWCL had a lot of concerns because the ministry was dealing directly with the operator and not through them as the case should have been. I wouldn’t say that there was lack of political support but that could affect you when the support becomes so overt and undermines government structures put in place to administer the contract. That was partly interference”

The second illustration specifically makes reference to the GWCL as a company and how it has had to grapple with political interference as a governmental institution. The excerpt exposes how political interference was perpetuated right from the appointment of the sector minister to the appointment of a Managing Director. With these positions made political appointments, the government sought to have control over the sector and not even the introduction of PPP could insulate the GWCL from government’s undue machinations.

Another area of political interference that was alluded to was the role of the Public Utility Regulation Commission (PURC). Per the data collected from the field, PURC is responsible for approving tariffs proposed by the GWCL. With the commencement of the contract, AVRL proposed tariffs to the GWCL which it in turn presented it to the PURC for approval. The issue respondents raised here was whether the PURC was independent enough to approve tariffs without political interference from the government. The issue of independence of the PURC is contained in following extract.

Analysis of the political dimension of the implementation process reveals two dominant views: that the management contract had the support and cooperation of the political actors in the country; that there was political interference in the implementation of the management contract.

The management contract was supported enormously by political actors in the country. The project implementation started in 2006 and ended in 2011. This means that the management contract was implemented in a period over which the country witnessed two different two different political administrations under the New Patriotic Party (NPP) and the National Democratic Congress (NDC). The NPP started the process while the NDC took over the implementation until the management contract expired in 2011. The argument here is that, even though the partnership witnessed two different administrations under two different political parties, it enjoyed the support of government and was able to run its course of five years regardless of the party that was at the helm of affairs.

Furthermore, the support the management contract enjoyed from the government turned to undermine the institutions that were established for the implementation of the management contract or partnership. Nine of the respondents agreed that the support of government amounted to political interference as the
management was not allowed to run independently. For example, the dispute resolution processes were no longer adhered to. The management contract document (2005) provided for a dispute resolution mechanism as contained in section 11 of the document. The mechanism makes provision for three stages of resolving a dispute between the operator and the grantor. The first stage makes reference to amicable settlement, where the parties fail to resolve an issue amicably, then, the second stage is introduced. This had to do with the appointment of an expert and if this also failed, then the last stage is brought in, which is settlement under the Rules of Arbitration of the International Chamber of Commerce in Geneva.

The study revealed that, the parties never exhausted the mechanisms enshrined in the management contract document in matters of dispute. It was said by informants that the sector ministry turned to the “arbitration centre” where every complaint was sent and resolved. This could probably explain why the implementation was not too smooth. This finding corresponds with the assertion of Bayliss (2003) that the contract in Guinea did not go as planned as a result of myriads of factors including political interference. The breach of the dispute resolution mechanism could be attributed to the suspicion and internal wrangling that persisted between the GWCL and the AVRL. Data collected from the field revealed there were suspicions on the part of both partners. Responses gathered also showed that AVRL was of the view that GWCL did not want them to succeed thereby frustrating their efforts. This internal wrangling was said to be at the leadership levels.

LEADERSHIP AND SUPERVISION: A TOOTHLESS BULL DOG

The researcher sought the views of respondents with respect to leadership at two different levels. These were senior management and the kind of leadership provided by the grantor (GWCL). The latter specifically investigated the supervisory role played by the grantor.

Two major views can be associated with the discussions relating to leadership. One of the views was lack of continuity as a result of the unstable management at all levels of implementation and the other view was the ineffective supervision on the part of the GWCL.

The first view makes reference to the frequency at which senior staff was changed. It also suggested that most of these staff were in acting capacities and as such did not have much say when it came to taking tough decisions or even initiating long-term programmes. Responses of some implementers suggested that the circumstances of the acting directors may have compelled them to sing the praise of government. The following quote illustrates the above view.

“I wouldn’t say leadership per say but I noticed that during the five years life of the contract there was rapid changes in all the leadership levels of the three major implementers. From the AVRL, GWCL and the ministry. For example within GWCL there were five managing directors”

The second view suggests that the GWCL did not perform its supervisory role effectively and that GWCL failed to sanction AVRL whenever it failed to meet its target. An instance was when a staff of GWCL complained that the operator did not actually come with the staff it mentioned in the bidding document. Then the question that comes to mind is, if GWCL was effective, why did they have to accept the staffs brought by the AVRL who were deemed unqualified. According to a senior staff of PURC, GWCL claimed they could not find the document that contained the staff the operator initially mentioned in the bidding document. The foregoing statement should help the reader make an informed decision about the level of seriousness GWCL attached to their role as a supervisor. This could probably explain why there were no major improvements in the urban water sector at the end of the fifth year. The data showed that the supervisor was oblivious to many issues and as such the operator escaped sanctions from a careless supervisor. The issue of poor supervision as a result of the absence of an independent regulator is in line with findings of Bayliss (2001) that a number of problems were cited for the outcome of the contract in Guinea including unclear responsibilities, weak regulation, and no independent regulator resulting in poor performance. The quote below elucidates the above view.

“... yes and no. yes they had a unit at GWCL, water operators, monitoring and asset management unit. Their main task was to monitor performance but to say that operator you are to do this but you haven’t done it, why haven’t you done it was lacking and the operator got away with lapses. Even though they were doing their checks, holding the operator to key performance indicators, applying sanctions, paying incentives and things like that nothing happened”
CONCLUSION

The study was centered on the implementation of the PPP between the GWCL and AVRL. It specifically researched into the political challenges that implementers encountered during the implementation of the management between GWCL and AVRL. Apart from the political dimension to the implementation, the study also visited the impact of leadership of the main implementers on implementation.

In order to accomplish the objective of the study, various implementation models were employed from scholars such as Grindle, Ayee, Barrett and Fudge to help in structuring and analysing the data. Politics and leadership were seen as important factors that had the ability to influence the effectiveness of implementation according to the implementation model.

The study offered practical insights into how the implementation of the management contract fared. The results of the study contributed to the understanding of how politics influenced the implementation of the management contract. Its implications are inherent in the dominant views or results obtained from the analyses. It was revealed that as much as policies require support from politicians to succeed, it is equally important for politicians to allow policies to run their course with minimal interference. This is because, political interference in public service delivery leads to ineffective performance.

In the area of leadership, there is the need for continuity in policy implementation which depends on the stability of tenure of office of senior level staff to provide direction and leadership for lower level staff for a relatively stable and longer period.

A management contract is supposed to be a typical alternative to public provision of utilities by trying to be more competitive in the capitalistic sense. In other words, when institutions are allowed to operate freely from government interferences, which unduly swing prices in favour of poor neighbourhoods; all in the name of social interventions and for their parochial political interests, they are likely to produce better results.

REFERENCES

Community Participation for Rural Development: an Example of the Keta Municipal Assembly

Constance Sorkpor
University of Ghana Business School
cconstancesorkpor@gmail.com

SUMMARY
Public policy has identified strict adherence to governance principles as a means of attaining sustained rural development efforts. Attaining the Millennium Development Goals (MDGs) and targets is therefore a function of the commitment and affirmation of local governments in developing countries to the principles of good governance. This study’s premise is that the persistence failure of development projects/programmes and the increasing apathy in local governance provide justification for the involvement of local citizenry at the project monitoring and evaluation stage of the development process.

Keywords: public policy, MDG, good governance, Ghana

INTRODUCTION
Since the needs based approach to development gained currency during the UN development decades of the 70s and 80s, third world and transitional developing countries began to embrace the concept of development governance. Prior to this, development had been envisaged solely in terms of economic growth. While the economic growth conceptualization of development took a purely and exclusively economic perspective and tended not to be multidimensional and holistic (Riggs, 1966; Awedoba, 2005), the processes of participation and representation which are crucial components of the needs based approach ensures that poor people exercise voice through new forms of inclusion, consultation and mobilization designed to inform and to influence larger institutions and policies (Cornwall and Gaventa, 2005).

Although not a panacea for solving the ills of rural communities, community participation has in part widely been considered as a sine qua non for an enduring and consistent rural development effort (Shrimpton, 1989, Stone, 1989; Chirazi, Linder and Bashardoost, 1997; Aref & Sarjit, 2009 and Allahdadi, 2011). Whereas Stone (1989) argues that people’s participation in development effort concerning them may help bring effective social change rather than impose an external culture on a society, Aref and Sarjit (2009) averred that unless communities meaningfully participate in development efforts, the objectives that underscore the process of development cannot be achieved and could be considered a distant reality. For instance TANGO International (2009) found that communities in Philippines that were involved in the design of agricultural projects have demonstrated an enduring capability of sustaining such projects after their benefactors withdraw from the community.

While the above indicates the general impact of participation on rural development, the emphasis by extant literature (Mohammad, 2010; Sutiyo, 2012: Preston et al 2010; Mogaladi, 2007) nonetheless largely explored citizen participation at the planning and execution level of projects in communities. However, if one is to draw lessons concerning how communities could achieve the greatest ownership and sustainability of projects/programmes through their involvement in project appraisal, monitoring and evaluation, only a relatively little research exist to support the achievement of this in developing countries.

RESEARCH PROBLEM
Participation as conceptualized by extant literature (Cohen & Uphoff, 1980; Oakley, 1991) constitutes the active involvement of community in every stage of its development programmes. In the Ghanaian context, the pursuance of this collective action is organized around the local government system. The prime objective is to involve people in decision making process to enlarge the scope of the governance process.
In order to attain positive outcomes of each stage within the development process, strategies and tools of participation peculiar to each stage has been called for (Oakley, 1988, Lowe et al, 1998; Cherrett & Moseley, 2001). However, despite this enlarged options of participatory tools at each stage, their effectiveness has been researched more at the planning and execution stage of development with only a relatively few studies (Gibson et al, 2003; Beebeejaun, 2006; Cawley 2009) exploring community participation in monitoring and evaluation of projects in the developed countries. Very little has however been done to assess the effectiveness of community participatory tools at the project monitoring and evaluation stage in sub-Saharan Africa.

Apart from the above, although a measure of central control is both inevitable and desirable, the vast array of controls has given rise to deep concern about central domination and subordination of Ghanaian local governments over their control and involvement of the community in resource mobilization and allocation. In so far as people perceived local government institutions as a little more than puppets dancing at the end of central government string, public interest and participation in local government often diminishes (The Maud Committee, 1967 and Antlov, 2000). Consequently, the bulk majority of people most of whom are poor and disadvantaged enjoyed little or no scope for participation except in electing their representatives (Siddique, 1994). Subsequently the benefits characteristic of community participation is undermined leaving the development of rural areas undivided and often reflecting the views of a few elite representatives.

RESEARCH PURPOSE

This study is therefore purposed to assess the role of community participation at project/programme monitoring and evaluation stage in enhancing rural development. In the light of this, the study shall adopt the Keta Municipal Assembly as a context within which this phenomenon shall be studied.

RESEARCH QUESTIONS

In pursuance of the study objectives, this study shall answer the main research question: what is the role of community participation in rural development at the Keta Municipal Assembly. Specifically, the study shall answer the following questions

i. What are the participatory tools and strategies that could enhance project monitoring and evaluation at the Keta Municipal Assembly?

ii. How do local people in the Keta Municipal Assembly Participate in the monitoring and evaluation of development projects?

iii. What are the major issues that affect the extent of participation of local people in the Keta Municipal Assembly?

RESEARCH METHODOLOGY

The study shall be qualitative in nature and the case study approach shall be adopted to that effect. The study shall be conducted and analysed by critically examining both primary and secondary data. The primary data for the study shall be collected through interviews, discussions and observations specially designed along the research questions and objectives of the study whiles the secondary data for the study shall be collected from published and unpublished materials. A sample size of twenty (20) shall be drawn using the purposive sampling technique. Fourteen shall be drawn from selected cases of rural cooperatives whiles the remaining six (6) shall be drawn from the Keta Municipal Assembly.

RESEARCH IMPLICATIONS

The study may inform and contribute significantly to research, practice and policy. In this regard, it shall delve into the dynamics of community participation for rural development using Ghana’s decentralized local government as the main instrument to drive sustainable local development and governance. For reasons of making development all inclusive and consistently sustainable, donors who significantly complement governments’ effort in financing rural development effort has been demanding a marked integration and institutionalization of participatory culture in local government-citizen relationship. It is thus anticipated that the study may provide worthy information not only to the academic community but also to practitioners that may facilitate their decision making. Apart from this, the study through its findings and detailed analysis may help bring out the latest scenario of development governance at the grassroots level to help shape public policy.
ORIGINALITY
In the context of developing countries, relatively little is known about participation at the monitoring and evaluation stage of development projects. This study is an attempt to fill this gap.

REFERENCES
TANGO International (2009), Sustainability of rural development projects: Best Practices and lessons learned by IFAD in Asia, Philippines Case study, Eight Occasional Paper produced by the Asia and the Pacific Division, IFAD.
The Challenge of Taking Baby Steps in E-governance in West Africa

Richard Boateng
Operations and Management Information Systems
richard.Boateng@gmail.com
University of Ghana Business School

SUMMARY

This purpose of this study is to explore e-governance efforts in five countries in sub-Saharan Africa in order to define the appropriate approach to advance beyond the readiness to adopt e-governance.

Keywords: e-governance, e-government, e-democracy, Ghana, Nigeria, Burkina Faso, Senegal and Cameroon.

Cite As:

Electronic governance is a global phenomenon but one with an unequal impact. At present, it has comparably gained more ground in developed countries as compared to developing countries. To address this inequality, we must find ways for developing countries to harness this innovation more effectively. That is the purpose of this study – to establishing a better understanding of e-governance in five countries sub-Saharan Africa in order to define appropriate approach for pragmatic support. The study presents case studies on e-governance in five ECOWAS countries, namely Ghana, Nigeria, Burkina Faso, Senegal and Cameroon.

CONCEPTUALIZATION OF E-GOVERNANCE

The study defines e-governance as the use of information and communication technologies (ICTs) to continuously transform the internal and external relationships of governments, the public sector and other governance stakeholders in a manner that is citizen-centric, cooperative and polycentric (Saxena, 2005; Ghayur, 2006; Ray and Mukherjee, 2007). Within this conceptualization, e-governance encompasses e-democracy and e-government. E-democracy entails the structures and processes which enable government to communicate and interact electronically with citizens in order to foster democratic processes; while e-government refers to the electronic delivery of government services to the public. These two dimensions embrace six core interrelated components which define e-governance applications in relation to the principles of good governance – e-information, e-service, e-commerce, e-administration, e-voting and e-participation.

However, without a conducive environment or the three enabling components (cross-cutting), – access to ICT and connectivity, access to information, and regulation and political environment - the promise of e-governance remains far-fetched. The study proposes the need for a paradigm shift, that is, the need to have a government with a citizen-centric approach which is more focused on the outcomes and impact of governance. Such an approach tends to make e-governance more responsive and seeks to establish efficient policies, regulations and procedures to achieve e-governance. The focus should, therefore, be on the needs of citizens and businesses as compared with computerization, or technology infrastructure.

METHOD

From a review of literature and the conceptualization of e-governance, the study presented a conceptual framework for e-governance assessment which comprised of five interrelated components e-governance objectives, e-governance policies and programmes, e-governance applications, e-governance adoption (and participation) and e-governance impact. These five interrelated components were used to assess e-governance.
in the case countries. For each case country the study presented a case study covering a) E-governance Objectives; b) E-governance Policies; c) E-governance Programmes and Projects; d) Online Presence of Government Ministries, Local Government and Political Parties; e) E-governance Impact on key stakeholders including: National Development Agenda, Millennium Development Goals, Principles of Democracy Local Government Climate Change and Citizens and Society. Primary data was collected through interviews with a minimum of 15 key stakeholders and experts on e-governance, ICTs and development in each of the case countries. A review of websites related to e-governance in the case countries was also conducted. Secondary data was also collected on ICT and e-governance policies and industry studies in each country. The research team triangulated data from the case study studies and the literature review to map out e-governance assimilation in the case countries.

FINDINGS

E-Governance Objectives
There is evidence which suggests some substantial progress is being made by governments and civil society organizations to achieve the goals of good governance and transparency and efficiency in the delivery of government services. E-governance objectives across the five countries tend to be developed from a background of ICT-enabled reform processes in the public sector and also from policies in which ICTs were envisioned as the recourse to the challenges of achieving socio-economic development in these countries. Thus, ICTs are either used as enablers or drivers to the development of e-governance objectives. In Ghana and Cameroon, ICTs were conceptualized as an enabler to achieve national development goals; which include e-governance. In Senegal and Burkina Faso, ICTs were conceptualized as the lens to define national development goals. In Nigeria ICTs were, arguably, earlier conceptualized as an enabler of development goals but later became the driver through its e-governance strategies policies. These findings suggest that, Government readiness to reform its public sector operations and pursue an ICT-led development agenda tends to be the major enabler or driver of e-governance goals and objectives.

E-Governance Policies and Programmes
E-governance policies and programmes detail how government seeks to achieve the objectives of e-governance agenda. In reference to the case countries, the policies which have been critical to the establishment of e-governance objectives are primarily, the national ICT policies which were envisioned as impetus to development and a means of reforming the public sector and government’s operations. These national ICT policies underpinned the roll-out of e-governance programmes and projects which facilitated the implementation of e-governance objectives. Concerning the achievements of these policies, the findings present mixed results. Though some measure of success have been attained, there are still a number challenges which continue to stall the effective implementation e-governance policies and programmes. The primary achievement across all the case countries is the establishment of an implementation agency which has began the roll-out of e-governance initiatives in the countries. Despite the fact that a number of policy initiatives have been formulated, most of them are still at the implementation stage. For example, in Nigeria the National IT Policy dates back to 2001, but the act that establishes the primary implementation agency, NITDA and the IT Development fund was launched in 2007. In Burkina Faso, the 2004 strategy document to operationalise the development plan of the national information infrastructure and communication was later operationalised through the 2011 National e-strategy. As such, there is sometimes a big gap between what is on paper ‘as policy’ and what is actually being delivered in actual implementation. These findings suggest that e-governance policies tend to work in tandem with implementation agencies, which are empowered with a legal framework and requisite resources to enact the policies.

Online Presence of Government Institutions
The online presence of government ministries and other institutions were evaluated. Twenty-four of the 25 websites of the government ministries in Burkina Faso were found to be active (96%). Fourteen of the 16 websites of the ministries in Senegal were found to be active (87.5%). In Nigeria, nine of the 26 websites of the ministries were found to be active (35%). In Cameroon 11 websites out of the 14 ministries were found to be active (79%). In Ghana, 14 websites out of 17 ministries were found to be active (82%). Though Burkina Faso has the least number of internet users per 100 inhabitants, it tends to demonstrate a higher online presence of government ministries as compared to all the four other countries. An e-governance programme to create
websites for government ministries and departments has been deployed under the auspices of the Prime Minister’s Office. Arguably, the clearly defined e-governance objective on the online presence of government ministries and the demonstration of commitment from the President’s office played a critical role in the strategic use of the Internet to enhance the visibility of the government of Burkina Faso. The study found it quite questionable for a number of key ministries to have inactive websites in Ghana. For example, the website of the Ministry of Communication was notably among the inactive government websites. Concerning the level of sophistication, a majority of websites reviewed across the case countries are informative in nature and offer little room for interactivity between government (agencies) and citizens. Web 2.0 technologies are more likely to be found on websites of political parties and personal pages of politicians. A number of the websites were also poorly managed and out-dated with information. Poor updates of websites are a recurrent issue in Cameroon and Ghana where the delays in administrative processes have been identified as a hindrance to regular update of website information. Concerning online presence of local government institutions, the findings from the case countries tends to demonstrate a low adoption of internet technologies. There is also low incentive to build a website since there is a lack of understanding and awareness of the importance of the website and a lack of infrastructure in terms of energy (regular power supply) and internet connectivity especially for rural communities. Coupled with low levels of literacy and lack of local content in local languages, it becomes challenging to develop citizen-centric services which are affordable and accessible.

IMPACT OF E-GOVERNANCE

Concerning e-governance impact, there is evidence of contribution of e-governance to the national development agenda. Aligning e-governance objectives to the development initiatives enhances the visibility of the use of e-governance initiatives to support national development agenda. However, in relation to the achievement of the MDGs, the contribution of e-governance to MDGs tends to be more about the potential impact which is also not directly measurable as of now. An assessment of the potential impact may be considered more relevant since most e-governance initiatives tend to be low in maturity and apparent lack of clearly defined objectives directly linked or tied to the MDGs, especially during the conceptualization of e-governance initiatives. But there are good examples of e-governance impact on the principles of democracy: computerization electoral register in electronic voting in Nigeria and Ghana, establishment of national identity cards in Senegal, and projects to network public sector agencies or create government intranets in Burkina and Cameroon. Concerning the impact of e-governance on local government agencies, there tends to be the need for legal policy or act mandating local government areas and municipalities to improve their e-readiness. This may be coupled with adequate financial resources and educational programmes to empower the leadership of local government. On e-governance and climate change/environmental protection, it tends to be that, the path lies in government demonstrating willingness to adopt green technology practices and also promote an eco-spirit among the citizenry.

Though there a number of e-governance initiatives across the case countries, there is a common challenge of poor participation by citizens. The few e-governance initiatives which have been deployed are studied to have opened the door for more transparency in government services and better decision-making by previously less or uninformed citizens. However, government-led efforts (readiness) in policy development tend to have no direct effect on the extent of usage of e-governance adoption and usage by citizens. The poor participation and usage of e-governance initiatives is factor of a number of challenges including the irregular power supply and poor internet connectivity, and high levels of illiteracy. Further, there is also the challenge of poor promotion and marketing of e-governance initiatives. This challenge was recurrent in Nigeria, Ghana and Senegal. Poor promotion contributes to a general lack of awareness and knowledge among citizens on e-governance initiatives. Arguably, most donor-funded development projects and programmes have little or no budget slated for dissemination, promotion and marketing. Funding tends to be focused on implementation and since e-governance initiatives tend to follow similar cow-paths, measures to promote these initiatives are often non-existent. It is therefore necessary to introduce measures to promote awareness and educate citizens on e-governance initiatives. These findings suggest that adequate resources and contextually-relevant strategies are, therefore, required to promote e-governance initiatives to stakeholders in order to encourage participation, adoption and usage.
NEXT STEPS

Arguably, it can envisaged that the case countries have are gradually migrating from an ‘emerging presence’ towards a networked presence’ in consonance with the services provided online. Networked presence tends to be the state where every government office is online and data is automatically shared and sent to respective agencies. Citizens have access to the Internet and government services online. Though progress is being made, the state of networked presence is yet to be achieved due to the nascent stage of e-governance initiatives, the current infrastructural challenges and the poor uptake by citizens. The study proposes six steps to be taken to address challenges and sustain the progress towards citizen-centric governance:

a) Revision of Current Policies - National ICT policies and other related e-governance policies need to be revised to make to make e-governance objectives and implementation strategies more contextually relevant. These may include measures to address climate change and the environment, accessibility for persons with disability and opening up to free and open source software.

b) Ensuring Sustainability - Exploring public-private partnerships and encouraging participation and joint definition of project goals at the local level is essential to ensure sustainability, ownership through participation and also commitment to initiatives.

c) Going Mobile - Each of the countries has witnessed a minimum increase of 85 per cent in mobile phone subscribers since the early 2000s when a number of e-governance initiatives were first rolled-out. There is a strong case for mobile governance (m-governance) or mobile government initiatives - a higher opportunity of adoption and perhaps, higher participation.

d) Interoperable Platforms - There is the need for standards and policies to govern the nature of information to be shared, the processes or procedures for information sharing, and the security of the sharing platforms.

e) E-governance Education – Formal and informal educational strategies need to be harnessed in order to improve citizen knowledge and encourage participation, adoption and usage of e-governance initiatives.

f) Local Content Production and Multilingualism - Consistent efforts and resources need to be exerted to ensure that e-governance content is relevant and appropriate to all communities, and also available in their languages.

g) Contributing to MDGs - Arguably, it is at the local level that the gaps in development priorities are most pronounced. If e-governance can encourage citizen participation and inclusion in good governance processes at the local level a major hurdle would have been removed. The development of contextually-relevant technologies and content to make e-governance services more accessible may, therefore, also create the opportunity to close the gaps between e-governance initiatives and other development goals including the MDGs.

REFERENCES


Undergraduate Submissions
(From Research Methods Class – UGBS 304)

Key

<table>
<thead>
<tr>
<th>FP</th>
<th>Full Paper</th>
</tr>
</thead>
<tbody>
<tr>
<td>EA</td>
<td>Extended Abstract</td>
</tr>
</tbody>
</table>
Customers’ Perception of Banks’ Customer Service

Acquah Jacqueline
University of Ghana Business School

Agyenim-Boateng Samuel
University of Ghana Business School

Adjabeng Stephen
University of Ghana Business School

Borquaye Mariam
University of Ghana Business School

SUMMARY

This paper studies how the customers of banks operating in Ghana perceive the customer service they receive from these banks, and whether it has any influence in retaining them.

Keywords: customer service, banking, Ghana, perception

Cite As:

INTRODUCTION

The banking sector, in contemporary times, has been characterized by increasing competition caused by the infiltration of various banks and other micro finance entities. This current trend is now a major concern for many banks as they strive to attract and retain customers. Yavas, Bilgin & Shemwell (1997) posit that, the banking sector in many developing countries is undergoing change in order to keep up with current trends. Statistical research in Ghana revealed that there are about 27 banks registered in the books of Bank of Ghana (web source: myjoyonline; BOG.gov.gh). The proliferation of banks has caused a surge of a competitive cycle and an improved dimension to finding supplementary solutions and actions to boost the level of patronage of the various banks in Ghana. This need has caused various researchers to emerge with the philosophy that, customer satisfaction is the key to service patronage (Louis & Kurtz, 1995; Jamal, 2004; Wang, Lo, & Hul, 2003). Customer satisfaction according to Kotler and Armstrong (2003) is defined as the extent to which a service or product’s perceived performance matches the customers’ expectations. Hitherto to this, banks in Ghana are now adopting the use of providing quality customer service in their service packages (Coskun & Frohlic, 1992). The bone of contention in this philosophy is that, quality customer service is arduous to measure as customers have diverse views of what is considered as quality customer service (Wang & Zhou, 2006). Feigenbaum (1991) propounded that, quality is what the customer says, therefore to find out what customer service is, ask the customer. Donnelly et al (1995) promulgated that, quality service is the degree of excellence or superiority of an organization’s goods and services. Prabhakaran and Satty (2003), further confirmed this by saying that “the customer is a king and hence must be treated as such!” In relation to all these researches, one can attest to the fact that customers are now not satisfied with just the service rendered by banks but they gain maximum satisfaction in a more humanized banking system (Coskun & Frohlic, 1992).

There have been many researches into the relationship between customer satisfaction and quality customer services. Many academicians have propounded various theories and have put forward notions and concepts concerning how the provision of quality service affects customer satisfaction and invariably its link to customer retention (Bloemer and Kasper, 1995; Sharmo and Patterson, 2000; Bedi, 2010; Lee and Hwan, 2005). Tumi-Dei (2005) argued that, effective customer service quality depends on the existing relationship between the service provider and the customer. Parasuraman et al (1992), in contradiction to Tumi-Dei (2005) propounded that, quality service depended only on two variables; expected service and perceived service. Kotler and Armstrong (2003) stated that quality service depended on the individual customers and was not to be taken from the perspective of the service provider himself. Quality customer service is an irreplaceable element in the system of service providers and therefore must be treated as an issue of serious trepidation (Colgate and Varki, 2001). Naeeem and Saif (2009), Lee and Hwan (2005) also concur to the fact that quality service is the antecedent of customer satisfaction. However, Bartner (1990) and Bolton & Drewl (1191) in contradiction to
the aforementioned arguments of Naeem and Saif (2009) postulated that, customer satisfaction comes before service quality, and that, the service quality can only exist when the customer is thoroughly satiated with the service provided. Bedi (2010) also provided arguments that supported Naeem and Saif’s theory on customer satisfaction and quality service. There is a positive relationship between customer satisfaction and bank patronage (Reicheld, 1996). Statistics has proven that, overall banks in Ghana generated 23% to 25% from 2003 to 2008 and increasing at a steady rate because of their activities and their predominant source of revenue being from the customers. According to Hinson et al (2010), bank service provision can be grouped into 3 categories; Bank customer, bank technology and bank service knowledge. All these factors come together to ensure the satisfaction and retention of customers. Even though research into customer satisfaction, customer service quality and customer retention has been marginally exhausted, fair studies and research have been done in reference to the relationship between bank customer satisfaction and the generation of revenue of banks Ghana. This research work, aims to address extensively, the issues regarding customer satisfaction, as a result of quality customer service provision and hence, establish clearly, the relationship between the provision of quality customer service and its impact on customer retention and acquisition as well as revenue generation.

RESEARCH OBJECTIVES

This research seeks out to expatiate on 3 main objectives, namely;
1. To ascertain the true delineation of quality customer service and the determinants of customer satisfaction.
2. To explain and give practical illustrations of how banks in Ghana go beyond providing services and enhancing customer relationship management and its impact on customer acquisition and retention.
3. To elucidate the impact (both positive and negative) of quality customer service to revenue generation of banks in Ghana.

RESEARCH QUESTIONS

1. What factors determine quality customer service and customer satisfaction?
2. How do banks in Ghana provide humanized customer service and how it affects customer retention and acquisition?
3. What is the impact of quality customer service on revenue generation in banks in Ghana?

REFERENCES


Social Media as a Human Resource Tool: Benefits, Challenges and the Way Forward

Abigail Addae
addae.abigail@gmail.com

Lawrendar Dieudonne Adjei
lawadj@gmail.com

Jeanette Karikari
jeanettekarikari@yahoo.com

University of Ghana Ghana Business School

SUMMARY
This paper studies the use of social media as a human resource tool in the workplace.

Keywords: social media, human resource, benefits, challenges

INTRODUCTION
People of all races utilize social media and its complementary applications and information systems because of its many benefits. Social media contains internet-based operations that are based on Web 2.0 technology, enabling users to interact and exchange the content or information. (Kaplan et al., 2010). In other words, social media describes a collection of technological platforms that enable people to create content, share information and interact with other user. Its use cuts across all age groups and is not limited to the youth only as purported. A Pew Research report released in August 2010 showed that the use of social media sites like Facebook and LinkedIn by adults aged fifty to sixty-four grew by 88% between April 2009 and May 2010 (Elefant, 2011). The diverse nature of users’ interests in social media has led to the creation of different social networks including Facebook, Twitter, MySpace (which are used largely by individuals and some organizations) and LinkedIn which is engaged by professionals; video hosting websites like YouTube, and interactive media such as web logs (Hunt, 2010).

Social media is employed in a wide range of sectors including business, entertainment, medical practices, communication, research and education. From a business perspective, the growing influence of social media in the areas of sales, advertising, public relations and especially, human resource, cannot be disregarded. For example, a survey conducted by the Society for Human Resource Management reported a 23% increase in the use of social networking sites as human management tool between 2006 and 2008 (Bing, Davison, & Maraist, 2011; SHRM, 2008). According to the 2012 Jobvite social recruiting survey, 70% of the employers have successfully recruited a candidate through social media and over 43% of the companies have seen an increase in the quality of recruitment (Nair, 2012). Human resource professionals and job seekers alike attest to the simplification of the cumbersome recruitment process.

RESEARCH PROBLEM
Majority of social media users engage it for mostly personal and social issues. The use of social media in business is an emerging innovative trend being employed in marketing (Almeida, 2012; Asiur, 2012; Athalye and Mehta, 2012; Malhotra, 2012), customer relationship management (Rao, 2012). Due to the numerous social networking sites, Hunt (2010) advised that businesses should “streamline” their social media tactics to avoid getting “bogged down”. Madia (2011) stated that organizations are moving from the use traditional recruitment approaches towards using social media as part of their recruitment strategy as this offers “a new pipeline of talent”. However, she noted that this is still in the process of being “formulated, adapted and adopted”. Hence, there is the need to analyse the shift. To a large extent, social media offers prodigious potential that has not been fully harnessed for human resource management due to the sparseness of research. Bing, Davison, & Maraist (2011) stated that the use of social media as a human resource tool is an up-to-the-minute development and affirmed that there is little empirical research to “guide practitioners in deciding on how best to use social networking sites for human resource decision-making”. It appears that although the use of social media in human resource management is growing, further knowledge is required by employers in order to boost their competitive...
advantage. Lievens et al. (2002) indicated that very little research has been conducted into online recruitment and that the studies they came across focused primarily on the standpoint of job applicants. Parry and Wilson (2007) asserted that there is more research from the perspective of candidates than employers. Furthermore, almost no research has been conducted to measure the return on investment for using social media in making human resource decisions so as to ascertain whether the benefits derived exceed both the explicit and implicit costs involved in using social media as opposed to engaging traditional sources such as print (Pearson, 2010; Bing, Davison, and Maraist, 2011). The different social media are used selectively by individuals and organizations depending on their goals (Brennan, 2010), whether social or professional. Pyrillis (2011) believed that the use of social media for recruiting is not for everyone. Thus, it is essential to consider the downsides of recruiting via social networking. Field and Chelliah (2012) acknowledged the fact that there are risks associated with separating the use of social media for personal purposes from professional ones. Madera (2012) cautioned organisations who depend on social media for selection decisions to thoroughly examine the accuracy and reliability of information from those social networking sites. Consequently, there is a need to address the fair use of social media in diverse human resource decisions (Sinha, Subramanian, Bhattacharya & Chaudhuri, 2012).

RESEARCH PURPOSE

The purpose of this study is to examine social media as a Human Resource tool and its impact on employers, prospective and existing employees.

RESEARCH OBJECTIVES

The objectives of this study are to identify:

1. The benefits of social media as a human resource management tool to the employer, prospective and existing employees.
2. The challenges faced by employers, prospective and existing employees in the use of social media and how they can be addressed.

RESEARCH QUESTIONS

The research questions include the following:

1. What are the benefits that accrue to employers, potential and existing employees for the use of social media in the recruitment process?
2. What are the drawbacks of using social media as a human resource management tool?
3. What appropriate measures can be taken to curb these drawbacks?

REFERENCES


The Impact of Microfinance on Small and Medium-Scale Enterprises

Esther Kyeremaa
28amak@gmail.com

Jiopa A.A. Nimako-Mensah
jiopee92@gmail.com

Prince Akonor Asare
princeakonor@gmail.com

Emmanuel Obutey
emmaobutey@gmail.com

University of Ghana Ghana Business School

SUMMARY
This study explores the impact of microfinancing on small and medium-scale enterprises.

Keywords: microfinance, SMEs, Ghana

Cite As:

INTRODUCTION
Microfinance Institutions (MFIs) are undoubtedly becoming one of the most widespread non-banking financial institutions in Ghana and many developing countries at large. According to the Ghana Association of Microfinance Companies (GAMC) 2012 report, members with good standing have risen from about 278 as at 2009 to over 500 as at December, 2012. The idea to establish microfinance institutions dates back to Muhammad Yunus, who advanced it to alleviate poverty in Bangladesh (Yunus, 2003). In 1983, he instituted Grameen Bank, the first institution which defined the parameters of the concept and started to operate in the microfinance business in the proper sense. Although the MFIs were basically involved in only providing loans and offering savings opportunities in the past (Counts, 2008), their activities have evolved over time to include an array of functions like investment advisory, with perhaps their most pervasive and highly acclaimed service rendered being the provision of financial assistance to small businesses (Asiama, 2007). Levy (2003) argued that, Small and Medium Enterprises (SMEs) in both rural and urban centres usually have very limited access to deposits, credit facilities and other financial support services provided by Formal Financial Institutions (FFIs). This financial constraint can largely be attributed to factors like poor financial management, inadequate and irregular information and bank credit rationing. The extant literature is also clear on the fact that small businesses mostly have problems accessing funds from finance providers to finance fixed assets and working capital for their operations (Tucker & Lean, 2003). Lader (1996) assets the study by pointing out that banks do not want to offer loans to SMEs because the nature of loans required is too small and those banks find it more expensive to recover the high cost involved in dealing with small firms. Furthermore, the associated risks involved in lending to SMEs coupled with the difficulty in providing the necessary collateral security demanded by these formal institutions make it unattractive to the banks to deal with them (Buatsi, 2002). The inadequacy of government and traditional banks support account for the failure of most small businesses especially in their year of inception (Biekpe, 2004). This makes it difficult for lenders to assess accurately the viability of their enterprises, the abilities of the entrepreneur, and the likelihood of repayment (Coleman, 2000).

In Ghana, SMEs have the propensity to contribute substantially to the economy in diverse ways (Steel & Webster, 1991). Previous studies have shown that SMEs contribute about 85% of manufacturing employment. They represent about 80% of the private sector and also account for about 92% of businesses in Ghana. The system developed by Littlefield, Murduch, & Hashemi (2003) showed that globally, economies are usually characterized by the poor being omitted from the financial service sector. Microfinance Institutions have therefore emerged to serve this market niche in a bid to address the market letdown. Microfinance Institutions can become a part of the formal finance sector of a country in their attempt to tackle the existing market gap in a financially sustainable manner, thus, it enables them to gain access to capital markets to fund
their lending portfolios, allowing them increase the number of Small and Medium Enterprises they can reach out to (Karlan & Goldberg, 2007). However, some schools of thought remain cynical about the role of MFIs in supporting SMEs. Why then should SMEs continue to source microfinance?

PROBLEM STATEMENT

A paper by Lashley & Lord (2002) argues that the Microfinance industry has become the mainstay in sustaining SMEs. Microfinance Institutions make funds available for SMEs to work with. They provide SMEs with their needed startup and working capital. In addition to these financial services, MFIs also provide non-financial services like business training, financial and business management, and reviewing of business plan to help improve the capacity of their clients in effectively and efficiently utilizing the loan resources granted them. Activities of MFIs such as provision of access to financial and business development services is the key to aid SMEs grow and develop (Shaw, 2004). Hence, financial and non-financial services are essential ingredients to enable SMEs in becoming productive and profitable. Imai, Arun & Annim, (2010) argued that, MFIs are a necessary condition to ensure poverty reduction through the provision of requisite financial assistance.

Binks & Ennew (1994) maintained that, MFIs are generally considered to be a rather cheap source of finance for SMEs. However, very little is known on the actual cost for microfinance clients to access these services in the long run (Berhane & Gardebroek, 2011). Nevertheless, interest rate is not the only cost of credit incurred by SMEs in securing loans. Transaction costs; the process of obtaining information about the services and the whole process of applying for the loan, cost of getting transportation to make loan payments, time spent obtaining loan and tracking the debt all come into play. Cook & Nixon (2000) asserts this argument in their study by revealing that, to get loan from MFIs involves high transaction cost due to bureaucratic procedures and time involved in processing the loan. Mosley (2002) affirmed their study, pointing out that due to lopsided information between the SMEs and MFIs, the latter tends to impose a high monitoring and supervisory roles on the former, making their operations difficult rigid.

Despite these high transaction costs and asymmetric information setbacks, a great deal of SMEs in Ghana still patronize the services of MFIs and thus makes it worthwhile asking the question: what are the impacts of MFIs on the growth of SMEs in Ghana, taking into consideration the direct and indirect costs involved?

RESEARCH OBJECTIVES

This study is intended to gain an in-depth understanding of the challenges that SMEs face in their efforts towards sustainable growth and development in Ghana, with a particular interest in the contributions of micro-finance institutions to ensuring that this is achieved.

The specific objectives in this study are:

1. Investigate the problems and challenges faced by SMEs and the contribution of MFIs in addressing these issues.
2. Identify the direct and indirect cost involved in accessing loans from these MFIs by the SMEs.

RESEARCH QUESTIONS

In order to be able to meet the above objectives, these key guiding questions have been adopted:

1. What are the problems and challenges faced by SMEs and the role of MFIs in addressing them?
2. What are the direct and indirect costs borne by SMEs in accessing loans from MFIs?

RESEARCH PURPOSE

This area of study has been viewed by most researchers as being very important to the development of the socio-economic activities in developing countries like Ghana. First, it will add up to the body of knowledge on the impact of MFIs activities on SMEs development, taking into account other cost aside the interest cost. Secondly, the study will identify the effect of MFIs on SMEs in relation to the livelihood of the people in the Accra Metropolis for government agencies and policy makers.

IMPLICATIONS

This study is important because it would enlighten government and the public on the contributions of MFIs to SMEs.
REFERENCES


The Impact of Service Quality on Customer Loyalty among Restaurants in Ghana

SUMMARY
This study explores the impact of service quality on customer loyalty in the Ghanaian restaurant industry.

Keywords: service quality, restaurant, Ghana

INTRODUCTION
Service quality has become more pronounced in the today’s globalised world. Typically, the success of any service entity depends on the extent to which that entity is successful. Consequently, as identified by various researchers, it is crucial for businesses to build customer satisfaction and brand loyalty through the provision of quality service in order to survive in an increasingly competitive world (e. g. Kish, 2000; Newman, 2001; Hinson, Amidu & Mensah, 2006). According to Hinson et al (2006), in order to improve retention of customers, attract new customers through word of mouth advertising, increase productivity, improve market shares, lower employee turnover, motivate employees, and remain profitable, businesses must provide quality service to their customers. By implication, the extent to which customers continue to patronize the services of a particular service provider depends largely on the quality of service provided. A lot of research has been done on service quality in both developed (Parasuraman, Zeithaml & Berry, 1985, 1988; Richheld & Sasser, 1990; Cronin & Taylor 1992; Rao, Youssef & Stratton 2004; ) and developing economies (Hinson et al., 2006; Eshgi, Roy & Ganguli, 2008; Negi, 2009), although research on the issue in developing economies is more recent. Also, some studies have been done specifically on the level of customer satisfaction in restaurants (Inkumsah, 2012; Adaleeb & Conway, 2006; Kumaran, Maran & Anbazhagan, 2011; Shaik & Khan, 2011).

In Ghana, service quality is increasingly becoming a concern for academics; hence some research has been done especially considering the growth of the restaurant industry. According to Ashitey (2008), the Ghanaian food service sector was valued at $1 billion (as cited in Inkumsah, 2012). Despite the major strides made by researchers in the study of service quality in Ghana, in areas such as banking (Hinson et al., 2006; Osei-Poku, 2012) and quite recently, telecommunications (Boohene & Agyapong, 2011; Iddrisu, 2011), very little work has been done on service quality among restaurants in Ghana. However it is worthy to note that Inkumsah (2012) did a study on the quality of service in the local Ghanaian restaurant industry. It seems that there is a lack of a comparative study of local restaurants and exotic restaurants in this regard. Consequently, this study seeks to comparatively investigate the service quality in local and exotic restaurants operating in Ghana and how it impacts customer loyalty using the SERVQUAL model developed by Parasuraman et al. (1988)

RESEARCH PROBLEM
As already stated, there is intense competition in the service sector due to increased globalization. According to Blanchard & Galloway (1994), customers have become knowledgeable and this has gradually led to a greater degree of consumer sovereignty when making a choice (as cited in Osei-Poku, 2012). Restaurants, just like other businesses in the sector are faced with the same challenge. Essentially, because services are abundant, organizations need to put more proactive strategies, in place in order to be competitive (Blanchard & Galloway, 1994). As a result, making service quality must be the cornerstone of an organization's marketing strategy in order to ensure successful business (Asubonteng, Mcleary & Swan 1996; Kish, 2000; Newman,
Studies on service quality in Ghana have indicated a low level of perceived service quality among consumers (Hinson et al., 2006; Boohene & Agyapong, 2011; Osei-Poku, 2012; Inkumsah, 2012). The hospitality industry in Ghana has seen tremendous growth over the years and with it, restaurants have sprung up all over the country. As already indicated according to Ashitey (2008), the Ghanaian food service sector was valued at $1 billion and the expectation is that the industry will continue growing (as cited in Inkumsah, 2012). Service quality is especially important for the smaller restaurants that have to compete with the large, exotic restaurants. Comparatively, such local, smaller restaurants may seem weaker and would be unable to compete with the large exotic ones. Inkumsah (2012) highlighted this in his study of service quality in local Ghanaian restaurants when he indicated that there is a low level of service quality among such restaurants. However, research on service quality has not been concentrated on restaurants, hence making it difficult to determine if the level of service quality among restaurants in Ghana is high or low.

In the future, service quality will play a bigger role in consumers’ choice of restaurant since according to Hinson et al. (2006), service quality is important in determining the extent to which customers remain loyal to a service organization and restaurants are also part of the service sector, it is important for operators of restaurants to understand the level of service quality in the industry and how customers respond either through patronage or otherwise. Furthermore, Cronin and Taylor (1992) argued that service quality ensures customer satisfaction and retention. Burns and Neisner (2006) also indicated that customer satisfaction leads to customer retention. In this study, we will comparatively investigate the service quality in local and exotic restaurants operating in Ghana and how it impacts customer loyalty using the SERVQUAL (service quality) model developed by Parasuraman et al. (1988)

RESEARCH PURPOSE

The purpose of this study is to comparatively understand, examine and measure the level of service quality in local and exotic restaurants operating in Ghana and how it impacts customer loyalty using the SERVQUAL model developed by Parasuraman et al. (1988)

RESEARCH OBJECTIVES

The objectives of this study are:
1. To measure the level of service quality in local and exotic restaurants in Ghana
2. To determine the extent to which the level of service quality impacts the retention of customers by restaurants

RESEARCH QUESTIONS

1. What is the level of service quality in local and exotic restaurants in Ghana?
2. To what extent does the level of service quality influence customers’ loyalty to the restaurants?

REFERENCES


The Impact of Corporate Social Responsibility on the Financial Performance of Businesses in Ghana

Akvetteh Naa Tsotoo  
hetteuka06@yahoo.com

Ruth Opokua Ofori  
hipky1@yahoo.co.uk

Osei Awoh Bemah  
zawogh@yahoo.com

University of Ghana Ghana Business School

SUMMARY
This study explores the impact of corporate social responsibility on the financial performance of firms in Ghana.

Keywords: corporate social responsibility, financial performance, Ghana

INTRODUCTION
Corporate Social Responsibility (CSR) is the ability of a company to include the development of solutions to societal and economical problems in their responsibilities (Volkswagen, 2000). Corporate social responsibility has become an important aspect of several multinational companies around the world. Sloan (1964) stated that,” . . . the strategic aim of a business is to earn a return on capital, and if in any particular case the return in the long run is not satisfactory, then the deficiency should be corrected or the activity abandoned for a more favourable one.” In view of this, most companies have channelled their efforts towards CSR activities as a means of seeking customer trust and confidence, which in the long run can yield returns. Most companies in the advanced world over the last few decades have shown keen interest in carrying out CSR activities in their respective communities. For instance, in the United States of America, Smith (2012) in her Forbes report stated that Microsoft, a Washington-based software giant, was adjudged the No. 1 among ten other companies for actively undertaking CSR activities for the past 30-plus years. Furthermore, companies in Malaysia have been indulged in CSR activities since the mid-nineties and as such resulted in the institution of the Environmental Quality Act in 1974 to enforce against problems of environmental safety and pollution (Zabid & Saadiatul, 2002).

In recent times, companies in developing countries are tapping into the CSR concept. This is as a result of the increasing demands on their firms exporting to Europe and other western countries to document adherence to high ethical standards in order to be competitive (Hinson & Ofori, 2007). Also, local entrepreneurs are taking cues from foreign-owned companies in these developing countries who are undertaking CSR activities as a way of gaining a larger percentage of the local market. For example, Johnson and Johnson has a track record of actively participating in CSR programmes in South Africa in several ways and pioneering innovative programs that address the core needs of less developed societies, and making a significant contribution in areas like education and training, social welfare and healthcare (www.jnjsouthafrica.com). Recently in Ghana, the Chronicle newspaper published an article on a CSR activity undertaken by MTN. It read, “As part of its Corporate Social Responsibility (CSR) programme, mobile telecommunications giant MTN, has commissioned a newly-constructed six-unit classroom block with office and store at Zujung, a peri-urban community in the Tamale Metropolis” (Gyebi, 2013).

One of the mind-boggling issues is whether a company will improve its financial performance or not if it behaves more socially responsible. That is, if there is actually a relationship between CSR and a firm’s financial performance. Due to the absence of any theoretical guidance, some companies hesitate in investing their resources into corporate social responsibility since they cannot guarantee any returns on their investment.

RESEARCH PROBLEM
Samy, Odemilin and Bampton (2010) argued that Corporate Social Responsibility is beneficial not only to the stakeholders but businesses as well. CSR does not only give these businesses a competitive advantage but also leads to good returns on their investments. Can this be the case with all businesses? Extant research from different countries mainly developed countries such as Italy (Maccarrone, 2009), China (Chen and Wang,
2011), Spain (Prado-Lorenzo et al, 2008), Croatia (Vitezic, Vuko & Morec, 2012) and Malaysia (Zabid & Saadiatul, 2002) have emphasised on the positive returns on investment as a result of corporations partaking in Corporate Social Responsibility activities but can this be the case in developing countries? The success of these companies in developed countries in their CSR activities should not push us to conclude that Corporate Social Responsibility has a positive relationship with financial performance. We have to take into consideration many factors such as the country, its society and people, their morals and values and the way they are socialised before we make any hasty generalisations.

Cheng and Wang (2011) studied Corporate Social Responsibility from the viewpoint of stakeholders namely customers, employees, shareholders, suppliers, creditors and others. They made mention of the fact that Chinese companies fear partaking actively in socially responsible activities and so are quite hesitant in doing so. But their research pointed out that CSR can bring positive returns on investments not only in the current year but in the subsequent years as well. Furthermore, a research conducted on selected Spanish companies revealed that their main aim of practising Corporate Social Responsibility activities was to differentiate themselves from their competitors and improve their company image, which in the long run increases their economic advantages (Prado-Lorenzo et al, 2008). In the research conducted by Hinson and Ofori (2007), their findings revealed that domestic companies are less moral and ethical in their Corporate Social Responsibility practices as compared to their rival multi-national firms in Ghana who take CSR seriously. This might be due to the fact that there are strong legislations backing the performance of Corporate Social Responsibility in the advanced countries. They recommended that future research should delve into the establishment of a CSR framework and also analyse the plausible relationship that may exist between Corporate Social Responsibility and financial performance of companies. In spite of all these studies, a few research papers to our knowledge have focused on the impact of CSR on the financial performance of companies in developing countries. This research proposal seeks to highlight the impact of these corporate social responsibilities on the financial performance of corporations in Ghana.

RESEARCH PURPOSE

The purpose of this study is to examine the nature of socially responsible programs undertaken by Ghanaian firms as well as the relationship between corporate social responsibility and the financial performance of these companies.

RESEARCH OBJECTIVES

1. To investigate the impact of CSR on financial performance of firms in Ghana.
2. To analyze the nature of CSR activities undertaken by Ghanaian firms.

RESEARCH QUESTIONS

1. Is there a relationship between a firm’s CSR programs and its financial performance?
2. What are the main forms of CSR activities undertaken by Ghanaian firms?

REFERENCES


The Impact of Insurance Regulations on Insurance Rates

Edward Kwadwo Owusu
EdwardKwadwo@gmail.com
University of Ghana Ghana Business School

Emerald Deku
EmeraldDeku@gmail.com

Hannah A. Koomson
EmeraldDeku@gmail.com
University of Ghana Ghana Business School

SUMMARY
This study explores the impact of insurance regulations on the setting of insurance rates in Ghana.

Keywords: insurance regulations, insurance rates, Ghana

Cite As:

INTRODUCTION
Insurance regulation has been steeped in controversy over its 200-year history. In its early history, industry and regulatory failures prompted reforms and the coalescence of insurer oversight into the state regulatory framework. Insurance regulations are the practices of laws surrounding insurance in totality engulfing both non-life (automobile insurance, home owners policy, fire insurance and marine insurance) and life insurance (health insurance, pension planning). The economic foundation for regulation is based on the possibility (or realization) of market failures (Spulber, 1989; Viscusi, Vernon & Harrington, 2000). Just like any other business in the service industry, insurance business is regulated to enhance the smooth operations of businesses in both developed and developing countries. For instance, in the United States the business of insurance is regulated principally by the state (Grace & Phillips, 2008), while in Europe, the European Union Insurance Commission coordinates and regulates the affairs of the insurer and the policy holder. Further, in Africa, specifically in South Africa, the Financial Service Board (FSB) under the short term insurance act regulates insurance (Norton & Ross, 2013). Locally, the National Insurance Commission of Ghana controls and regulates the insurance industry in Ghana.

Notwithstanding the virtues that trailed the introduction of insurance regulations in the 20th century, there has been serious concerns about the adequacy of the state regulatory oversight on the insurance industry. This has been due to the significant increase in the frequency and size of insurer’s failure in the later part of the 1980’s. Hence, it is well noted that much focus has duly been placed on effective insurance regulations over the past decades (Klein, 1995). Granted, the nature and internal operations of the corporate structures of the insurance enterprise must be subject to legal control, to the end that reasonable expectations of policy holders must not be frustrated (Kimball & Boyce, 1958). Noteworthy is the fact that much weight has been placed on some regulatory factors which includes opening of a subsidiary of an insurance company, its foreign ownership restrictions, controls approvals, minimum capital requirement, risk-based capital among others (Dannie, Bracer & Rodrigues, 2013). However, with notable exception of Butler (2002) few empirical studies have considered the effects of regulations on insurance pricing.

RESEARCH PROBLEM
Agreeably, open and unrestrained price competition generally does not work in the insurance market because prices must be set long before the final costs are known. Inadequate prices, which may not be determined until years after they have been used, often result in insurer insolvency. Unnecessarily, high prices result in a clear loss of consumer welfare. Thus, rate regulation has been substituted for unrestrained price competition in the insurance market (Dorman, 2004). The classical goal of insurance regulation is that rates be adequate but not excessive or unfairly discriminatory (Harrington, 1984). It is no wondering then that the most prominent and criticized policy is rate regulation. The extent and stringency of rate regulation varies significantly by line and by state. The lines subject to the greatest rate regulation are personal auto, homeowners, and workers’ compensation insurance. The reality is that in most states and markets, at a given point in time, regulators do not attempt to impose severe price constraints. The problem arises when strong cost pressures compel insurers to raise their prices and regulators resist market forces in an ill-fated attempt
to ease the impact on consumers. Inevitably, severe market distortions occur and regulators are forced to switch course when a major crisis develops. (Grace & Klein, 2009)

Interestingly, there have been disagreements on whether insurance regulations on insurance prices are necessary to maintain efficiency in the insurance industry. In line with this, many states have deregulated rates for commercial lines of insurance, they reason that businesses do not generally need the protection that is provided to consumers, and allows insurers to develop policies that satisfy the specialized needs of businesses (Spaulding, 2010). Fairly though, research has been made involving the examination of factors associated with premium changes in the pre and post regulation periods as well as tests to determine whether these factors differ across the two time periods. The results have proven that factors influencing premium changes are significantly different for the pre and post deregulation periods, indicating that the regulatory environment affects insurance pricing (Grace & Klein, 2009)

RESEARCH PURPOSE

The purpose of this study is to ascertain how prices or rate regulations affect insurer solvency. It will also determine the extent to which consumers are protected by these regulations. Furthermore, the study will also delve into the relationship between insurance price regulations and the availability of insurance products to policyholders. Lastly, we will also want to find out how these pricing regulations can mitigate the incidence of adverse selection.

RESEARCH QUESTIONS

The following research questions would be explored for answers.

1. Which aspect of insurance is mostly affected by insurance price regulations?
2. How has insurance price regulation affected competition in the insurance industry?
3. To what extent are industry players cooperating with the insurance regulator with regards to pricing?

REFERENCES

Kimball, spencer and Ronald Boyce (1958), the adequacy of state insurance rate regulation: the m.c carran Act in Historical prospective. Michigan law review.
This book of proceedings features selected papers to be presented at the UGBS Conference on Business and Development. It covers a mix of conceptual and empirical research papers which set the agenda for discussion on key themes in finance, marketing, operations and management information systems, organisation and human resource management, and public administration. The authors of the papers include researchers, practitioners and university academics from institutions in Africa and the United Kingdom. Beyond the conference, a live version of the proceedings, capturing all other presentations, arguments and comments at the conference, will be featured on the UGBS website (http://ugbs.ug.edu.gh/).

We encourage you to become an active participant at the conference, sharing your views and constructively questioning these presentations to establish a consensus of how Africa can benefit from businesses in terms of socio-economic development.

A PUBLICATION OF THE UNIVERSITY OF GHANA BUSINESS SCHOOL (UGBS)
Submission Editors:
Dr. Richard Boateng
Dr. Mohammed A. Sanda
Dr. Godfred A. Bokpin
Dr. Adelaide Kastner
Mr. Francis Adzei

http://ugbs.ug.edu.gh/

ISBN: 978-9988-1-4764-8