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The Challenges of Developing Ghanaian Managers for Economy, Efficiency and Effectiveness

Abstract

The establishment of State – Owned Enterprises (SOEs) was perceived as one of the means to achieving economic progress. Unfortunately, SOEs have not performed as expected. The present government seems to be more rigorous in its approach to reform the public sector and encourage private sector participation. To improve performance the government introduced management development programs as part of the performance evaluation system. It therefore becomes a challenge to the training institutions in the country to assess training needs and design programs tailored to meet those needs. In the light of this, my project aimed at the establishment of training needs of the managers of eleven state organizations in Ghana. The survey revealed that improvement in skills that are pertinent for achieving value for money was urgently needed. It also indicated that most companies in the country use external consultants/ training companies for the training of their staff.

Introduction

Resources, that is men, materials, money and machines have to be effectively organized to ensure that business enterprises remain profitable at the lowest cost possible in running the enterprise in question. To achieve this, the management team of an organization must make the use of the right skills and expertise. This paper looks at the management development industry vis-à-vis State-Owned Enterprises (SOEs) in Ghana and the findings of a research conducted in 1993 as part of an MBA project involving eleven state organizations in Ghana. About thirty Ghanaian state-owned enterprises were placed on the divestiture list as part of the government's attempt to rehabilitate the Ghanaian industry. In 1988 the Performance Monitoring and Evaluation (PME) system was launched. It was aimed at the improvement of efficiency and productivity of the state – owned enterprises. The PME was to ensure that the state-owned organizations operate in a fully commercial and competitive manner to reduce reliance on government support. As part of the PME program, workshops, seminars, and training courses were organized. The focus was on finance, budgeting, corporate planning and other skills required for good corporate governance. Loss – making state enterprises that participated in the programme become profit-making organizations in 1990. These SOEs together increased sales revenue by 30% and recorded a 9% decrease in costs. For Ghanaian companies to remain competitive, profitable, and present value for money, there is the need for training institutions in the country to establish the training needs of industry and provide services to meet those needs.

Ensuring Economy, efficiency and effectiveness

Economy means doing things cheaply and without wasteful spending. It means attaining the appropriate quantity and quality of physical, human and financial resources (inputs) at lowest cost. An activity would not be economic, if for example, there was overstaffing or failure to purchase materials of requisite quality at the lowest available price. Efficiency means achieving the maximum output from a given quantity of resources input, or achieving a task with the minimum use of resources. It is the relationship between goods and/or services produced (outputs) and the resources used to produce them. An efficient operation produces the maximum outputs for any given quantity or quality of product or services provided. Effectiveness means the successful achievement of targets or goals. It is concerned with how well an activity is achieving its policy objectives or other intended

effects (outcomes). The performance Monitoring and Evaluation (PME) system launched in 1988 by the Government of Ghana is a strategy that helps create an environment within which training was seen as an essential element of ensuring effectiveness in state organizations.

General education in Ghana

The system of education in Ghana up to 1985 was of six years primary school, four years of middle school, five years of secondary school, two years of sixth form (that is "A" Level education), and three years of university education. In 1986 a program of educational reforms was launched, and this involved nine years of basic education. That is six years of primary education and three years of Junior Secondary School. The nine-year basic education is followed by a three-year Senior Secondary School and four-year university education.

The present Government has just launched the Education Reform 2007, to take effect from September 2007. Under the reforms the Universal Basic Education comprises 2 years of Kindergarten, 6 years of Primary School and 3 years of Junior High School (JHS). The emphasis at the basic level is on Numeracy, Creative Arts and Problem Solving Skills. The 11 years basic education will be followed by a 4-year Senior High School with electives in General Studies, Business Education, Technical Training, Vocational and Agriculture.

Higher Education and Management Development

One of the earliest higher education institutions was the School of Jurisprudence in Bologna. The school was run by students who had a significant impact on the resources of the University. They provided the financial resources needed for the operations of the University, employed the required manpower and elected the Head of the institution from among their number. The elected member of faculty then became the Rector of the University that is, a community of scholars who were mostly clergymen, studying Law. The Rector then became the Chief Magistrate of the city and the University. The running of a university by students became the accepted practice all over Italy and Spain. There were other forms of university systems including what Geoffrey Lockwood (1985) described as the "magisterial style of Paris" where whoever emerges as the Rector of the institution was regarded as first among equals (ie *primus inter pares*). The early universities educated the rulers and administrators of society and also produced the best theologians and lawyers.

The Framework of Management Development

Charles Margerison (1991), said management development is about how to improve productivity, performance and profit. He considers it as a learning process applied to all aspects of a service or product. He views it as a real work and not a substitute for work. I like to take Margerison's view further by saying that the organizations that consider management development as real work tend to be good employers. In my work I have come across management and other staff who stay with their employers because of the interest that the employers show in their career development. In the Institute of Professional Studies for example, it has been the philosophy of management that employees of the Institute attend courses being run by the Institute at no cost. There is a general policy that Heads of Directorate release their staff to attend lectures in IPS while they work full time with IPS. This has proved very successful and motivating to the staff of the Institute.

Analysis of the Management Education Industry in Ghana

In order to determine the competitiveness of the tertiary institutions in Ghana there is the need to analyze the forces that interplay within the management education industry. Michael Porter (1987) gives five competitive forces in the environment of a firm as follows:

- threat of new entrants
- threat of substitute products or services

- bargaining power of customers
- bargaining power of suppliers
- rivalry amongst current competitors

These environmental forces when applied to the management education industry in Ghana determines the competitive strategies that a player in the industry might select.

i) Threat of new entrants

Existing management education institutions in Ghana have built up image and strong customer loyalty over a period of time, through advertising and service quality. This creates a barrier to entry and new entrants will have to spend heavily to overcome the existing loyalty and image. However, in Ghana the amount of capital required by a new entrant to the management education industry is considerably low. This is because the new training company only requires finance for the rental of facilities from the renowned institutions and/or hotels. This weakens the barrier to entry by new training companies and institutions. The payment of deposits by trainees or their sponsors provides a good source of finance to both new entrants and players in the market.

ii) Threat of substitute services

Services provided by the players in the management education industry seem to have no close substitutes. This is especially the case when training programs are tailored to meet identified needs. A program aimed at developing special skills like negotiating skills cannot be a substitute for a program to develop skills in computer auditing. Sales and Marketing courses such as “Selling Skills Development” can also not be substitute for “Presentation Skills”. These make the services provided price-inelastic.

iii) Bargaining power of customers

Organizations looking for management development courses would want better quality services at lower prices. If they succeed in getting lower prices at better quality, profitability of the industry will be forced down. The strength of threat from organizations and individuals that demand courses in management development depends on the level of differentiation amongst the courses offered by various players in the market, and the price-awareness within the industry. There is a vast amount of differentiation in the courses offered by the training companies and institutions thus weakening any bargaining power that customers may have.

iv). Bargaining power of suppliers

Suppliers, that is, the training companies and institutions in the industry are very few. To some extent they can charge monopoly prices. Most of the suppliers have programs that are different from what others offer in the market. The programs offered by these suppliers are most often very important to the businesses of their customers. This makes it possible for suppliers to ‘lock in’ their customers. However, switching costs for buyers is quite low and can pose a threat to suppliers.

v) Rivalry amongst current competitors

Competition is less intense because of the small number of large organizations offering development programs. Besides, all the players in the market benefit from the growth in total market demand for their services. Rivalry is therefore less intense. The perception of businesses on the importance of development courses will be another factor that can create rivalry amongst the competing organizations and institutions. Market information is not perfect. I therefore expect that in future most players in the market will try to overcome uncertainty by applying competitive strategies. There are various exit barriers such as low break-up value of fixed assets, high cost of redundancy payments to employees in the event of withdrawal from the company.

The Market for Management Development

The market for management development programs is at its growth stage and this requires a strategy of the service. There is reasonable amount of state organizations that want and need training programs. Most suppliers serve a general market with no focus on a particular niche. Pricing has been solely determined by the suppliers of the services. It has not been based on market forces thus most customers are not able to afford the level of prices charged. Delivery methods vary depending on the type of program being offered. Most courses are run in first class hotels thus making the services more expensive. Promotion methods used take the form of newspapers adverts. Direct marketing is not very much used. The suppliers of management development programs in the country provide short, sharp courses which need extensive post-course back-up to ensure that skills acquired are retained and applied on the job.

A Look at State-Owned Enterprises (SOE's)

The establishment of State-owned Enterprises in Ghana commenced during the colonial period, when the government established a number of public utilities, i.e. Water, electricity, postal and telegraphic services, rail and road networks. In 1947 the most significant development in the establishment of SOEs in Ghana took place when the Cocoa Marketing Board was established to replace the West African Produce Marketing Board. In 1949 another body – the Agricultural Produce Marketing Board was established. The establishment of the Volta River Authority (VRA) in 1961 was one of the significant developments in the public sector. The Authority is a multipurpose agency. Its main function is the generation of electricity power by the development of the hydro-electric potential of the Volta River, and by the construction and operation of a transmission system which would supply energy for industrial, commercial and domestic use. Other responsibilities of the VRA are the development of the Volta Lake as a source of fish and means of transportation, and the administration of the Akosombo Township.

The National Liberation Council (NLC) regime which came into power in 1966 through a military coup, reduced emphasis on the use of SOEs as means for achieving economic and social growth. The Second Republic under the leadership of Dr. K. A. Busia (Prime Minister) saw the establishment of a few more SOEs including the Bast Fibres Board and the Food Distribution Corporation in 1970 and 1972 respectively. During the second military administration – the National Redemption Council/Supreme Military Council (“SMC I&II”), the Ashanti Goldfields Corporation, the Consolidated African Selection Trust, and the Ghana Bauxite Company were partially nationalized. The government took full control of many more companies including the Loyalty Group of Companies, Fattal Brothers, and R.T. Briscoe.

Perhaps what could be seen as the most significant development (if it had worked) in the SMC era was the setting up of Regional Development Corporations established for the purpose of transacting general business to help the development of the regions. Like most public sector organizations these corporations had multiple objectives which resulted in complexity of operations. Drawing on my background knowledge in public management, I tend to suspect that most of the objectives set for these corporations conflict with each other and that they were not clearly defined hence the failure of these corporations.

SOE and Public Sector Reforms

Reliance on government subvention by SOEs was in the region of 10% and 8% of government expenditure in 1982 and 1986 respectively. Most state enterprises did not only fail to break even but also were unable to meet tax obligations and pay social security contributions on behalf of their employees. Those granted government – guaranteed loans were unable to pay back, although most of these loans were interest-free. Indebtedness among SOEs was common in the 1980s.

Various governments, have been very much concerned with the state of SOEs in the country, hence the launching of Performance Monitoring and Evaluation (PME) system in 1988. Through the State Enterprises Commission (SEC) the government encouraged the introduction of standardized reporting accounting systems in state – owned organizations, in order to overcome the delays in the preparation of financial statements by SOEs. Success, I strongly view, as the ability of state enterprises in applying good financial and management techniques in their reporting system. It requires the use of systems that will bridge the gap between source document used in financial reporting, and documents or statements used at the reporting stage. In other words, the collection of data should be properly linked to the accounting statements. The accounting bases and policies chosen should be appropriate and relevant to each company's operations.

Management development and training programs in Financial Analysis, Budgeting, ICT & Business Applications and other analytical skills will enhance performance in the accounting and finance departments of public sector organizations. Much is being done to reform the public sector enterprise. The use of Business / Corporate Plans is encouraged by the government. This is evidenced in the statement made by Mr. Adda in the 1990s – “we've organized workshops, seminars and training courses to try to reintroduce the elements of budgeting, business strategy plans and corporate planning....”

A Divestiture Implementation Committee (DIC) was appointed to manage the divestiture of some state organizations. In October 1993 thirty-two companies for which proposals were expected were listed on the divestiture list. Some of the SOEs that were not listed for divestiture had performance agreements signed with the government. Good performance by these SOEs requires the application of skills that most managers of these organizations do not have. It requires that senior managers become more effective by having greater political skill in handling people, especially other people at high levels of seniority. To be successful the senior executives of the state organizations in the country should be acceptable to others, and yet have the power or character to cause things to happen. They should be seen as being able to make people work to some coordinated purpose.

In June 2004 the Cabinet of the present government approved a new strategy for the Public Sector Reform program. The strategy which is titled “Towards a New Public Service for Ghana: A Working Document” aims at the achievement of a strong partnership between the public service and the private sector. His Excellency John Agyekum Kuffour (Jan 2006), the President of the Republic of Ghana said ‘My over-riding desire is that my administration leaves behind a strong partnership between an efficient Public Service and a vibrant Private Sector’. The government's strategy focuses on the management processes for rapid and sustained economic growth as well as poverty reduction hence the creation of the Ministry for Public Sector Reform in May 2005. The development agenda and the vision of the government is to undertake human capital development, private sector development and good governance. All these require a process of continuous development. Development that will be tailored to the needs of individuals and their organizations. Top management development teams should develop strategies that will include management development and training. These have to be seen as part of strategy and should entail the development of middle-ranking managers and junior workers as well. Private sector growth continues to be encouraged by the present government hence the launching of the Private Sector Development Strategy (PSDS) in July 2004 by the President of the Republic of Ghana. The Private Sector is defined by the PSDS document (2003) as a ‘shorthand term for the system of the operation of markets; also used interchangeably with the term business sector; and often used in contrast to the set public sector; meaning institutions, organizations and entities under the control and management of Government, central, regional, district or local’.

Survey of State-Owned Enterprises (SOEs)

As part of an MBA Project supervised by the University of Strathclyde in 1993 questionnaires were sent to eleven State-Owned Enterprises in Ghana followed by personal calls on the managers of the organizations surveyed. The questionnaires were completed mostly by managers engaged in the

personnel function or general administration. The response rate was 90% of the total number of questionnaires sent.

Identified Training Needs of SOEs

For a successful assessment of training needs it is pertinent that a distinction is made between true training needs and wants (Alan Mumford, 1993). There is true training needs when an employee's proficiency or competency in a particular task is low although such proficiency or competency is important to the performance of the task in question. When the proficiency or competency in performing a task is low and at the same time not important to the task, a training want arises. It is interesting to note that in practice some employees want to be enrolled on courses that are irrelevant to the jobs they do. In my survey of Ghanaian State-Owned organizations, one manager said "there is the need for a training Need Identification to make training more relevant to the individuals job". Another manager was much concerned about the "ad hoc" approach to the identification of training needs in his organization. I would like to take these issues further by saying that true training needs can better be established if the process is carried out with the involvement of the trainee, and tied up to organizational goals. The process should be linked to corporate strategy. Departmental requirement need to be reconciled with organizational plans so as to promote goal congruence.

In one of the state organizations surveyed as part of the project one manager said his organization finds it difficult to establish the training needs of staff (especially those in the junior ranks), due to large number of staff and the methods used for keeping staff records. This is evidence enough to suggest that much has to be done about the keeping of personnel records in that organization. A development course in Office Administration and Management, I think, will help eliminate some of the problems encountered by the organization in connection with the keeping of personnel records.

It is important that the organizer of such course undertakes a careful diagnosis of the methods and processes involved and then design the course structure that will help to improve skills needed in the performance of the job or task within the personnel function. 90% of respondents said Strategic Planning is very important to their job and that much improvement is needed. They also said it is of priority and considered training in Strategic Planning as urgent. 50% of respondents indicated that the writing of memos, reports, business letters and proposals are very important to the job they do and needed some training in these skills. Respondents from organizations whose business is purely of service nature considered Customer Care as very important. They see development courses in Customer Care as an urgent need. 80% of those who responded indicated that Leadership and Motivating employees, Training/Developing employees for efficiency, and Teambuilding are of particular importance to their work. The respondents consider the development of these skills as urgent.

Findings of the survey

All the respondents of the organization surveyed indicated that lack of finance has been a major problem in implementing training programs. This prompts me to say that the suppliers of development programmes in the country have not addressed themselves to the issue of affordable prices (that is, course fees). The list given below represents the true training needs of the organizations that responded to the survey, that is, 90% of the total number of organizations that received copies of the questionnaire.

- Strategic planning
- Organizing and scheduling
- Financial Management & Budgeting
- Computing & Business Applications
- Problem solving/ decision making
- Writing memos, reports, business letters and proposals

- Interpersonal/human relations
- Customer care
- Making sales presentations
- Finding customers
- Leadership & Motivating employees
- Training/ developing employees for efficiency
- Teambuilding.

Urgent needs

The outline that follows gives a summary of the training needs that were considered as urgent by the respondents.

- Strategic Planning
- Organization and scheduling
- Computing & Business Applications
- Writing memos, reports, business letters and proposals
- Interpersonal/human
- Customer care
- Leadership & Motivating employee
- Training/developing employees for efficiency.

Training programs /methods

Given below is the rating of training programs and/or methods used by the companies surveyed:

	<u>% of companies using this method</u>
• External Consultants/Training Cos.	54
• In-company management training	27
• Post-experience management development courses (leading to formal qualification)	19

Factors inhibiting training

When respondents were asked to state which factors given below best describes the inadequacy of training in their organizations the results given below were achieved:

	<u>% selecting this factor</u>
Lack of finance	55
. Staff cannot be released due to pressure of work	22
. Top Management doesn't believe in training	12
Other factors like educational background	11

Conclusion

The principal findings of the organizations surveyed are that most training and development programmes are adhoc and unsystematic. There is lack of sufficient budgetary provisions to support training in most of the organizations surveyed. Training venues and/or environment is a contributing factor to the high costs of training in the country. Very few companies indicated that their top management teams don't believe in training. It therefore implies that most of the state organizations in the country see training as the way forward. Management Development and Training, if properly undertaken will help managers to learn their jobs quickly and effectively. It will help minimize the

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costs incurred by managers and other staff in the course of learning their jobs. Mistakes will also be minimized. Training programmes tailored to the needs of the organizations surveyed can help their managers improve work performance, and also keep up to date with information in their specialized fields. Trainers need to ensure that the training environment (that is the venue, training equipment and materials) they provide are motivating and conducive. They need to address themselves to true training needs rather than just selling off the shelf packages. A focus on niche markets by trainers will help improve the training process and ensure effectiveness. The use of direct marketing by trainers will help reduce cost of promotion and thus make training services less expensive. What I have known after the survey is that improvements in skills related to strategic planning, organizing and scheduling, computing, human relations, customer care, leadership and the development of employee are continuously required.

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