Management Strategies and Economic Development in Ghana

Doctoral Dissertation Volume 2

Kuada, John

Publication date:
2014

Ghana has experienced a tumultuous political and economic history since its independence in 1957. But today it is among the handful of African nations that showcase the dreams and aspirations of Sub-Sahara Africa. In 2011 it achieved an impressive economic growth rate of 14.6 per cent and ranked as number 2 on the World Bank's world economic growth list. It has also scored high on measures of civil liberty, political rights and political stability among other nations on the West African sub-continent. But Ghana still faces serious economic and social challenges and is, therefore, in search of new development models just like other SSA countries. It has also followed many other African countries in embracing private enterprise development as a model for growth.

This volume of the dissertation draws on three decades of research I have conducted into enterprise formation and management in the country to provides illustrations of the usefulness of the *human capability development framework* presented in volume one as a foundation for sustainable and inclusive economic development in SSA. It also highlights the challenges that the country continues to grapple with and provides some directions for further research.

About the Author

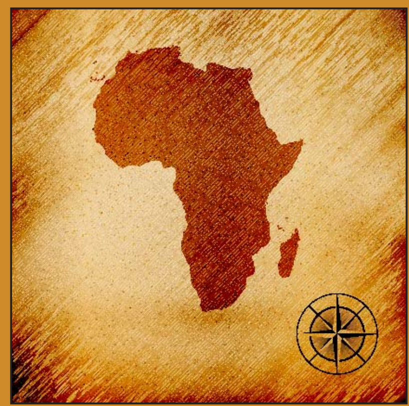
John Kuada is Professor of International Management with the International Business Centre, Department of Business and Management, Aalborg University in Denmark. He has 30 years of teaching and consultancy experience in areas of management, marketing and cross-border inter-firm relations in Europe and Africa. He is author and/or editor of some 12 books on management and internationalization of firms and has written over 100 articles in refereed scholarly and professional journals on a wide range of international business issues including international marketing, intercultural management, leadership and strategy. He serves on the editorial review boards of a number of marketing/management journals focusing on business and management in Africa and Asia. He was the founder and former editor of *African Journal of Business and Economic Research* and founder and current editor of *African Journal of Economic and Management Studies* (published by Emerald).

MANAGEMENT STRATEGIES AND ECONOMIC DEVELOPMENT IN GHANA

JOHN KUADA

MANAGEMENT STRATEGIES AND ECONOMIC DEVELOPMENT IN GHANA

VOL.2



JOHN KUADA

BREAKING NEW GROUND

AALBORG UNIVERSITY

MANAGEMENT STRATEGIES AND ECONOMIC DEVELOPMENT IN GHANA

John Kuada

A DISSERTATION SUBMITTED TO THE FACULTY OF SOCIAL SCIENCES, AALBORG UNIVERSITY, IN FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF *DOKTOR* IN BUSINESS ECONOMICS (*DR. MERC*.) DEGREE

VOLUME 2

Contents

PART 1

CONTEXTUAL CONSIDERATIONS AND THEORETICAL PLATFORM

CHAPTER 1
INTRODUCTION

Volume 1 of the dissertation ends on the conclusion that private enterprise-driven economic growth provides a greater promise for absolute poverty reduction by lowering the levels of real unemployment and strengthening individuals' capacity to care for themselves and their families (Fafchamps *et al*., 2001). It also allows businesses to increase their contributions to revenues necessary for anti-poverty policies of governments. Finally, I have argued that growth policies in Sub-Sahara Africa (SSA) must be tilted in favour of the poor in the sense that the income growth of the poor should exceed the average income growth in a given Sub-Sahara African (SSA) country for growth to make a real dent on poverty (Klasen, 2008).

Leading scholars in development economics also share the above perspectives. The main argument forwarded in this stream of research is that demand plays a critical role in shaping national competitive advantages. Where demand for a particular product is high and buyers are sophisticated, firms are encouraged to innovate faster and achieve more sophisticated competitive advantages. Furthermore, serving large markets allows local firms to reap economies of scale and learning. It also spurs them on to invest and upgrade their production technologies since they are almost certain about recouping their investments relatively quickly. Conversely, when demand stagnates or is declining, firms will be reluctant to embrace new technologies.

Building on the theoretical understanding that demand drives rapid private enterprise development in market economies, it can be argued that economic growth in African countries mainly hinges on the integration of their economies into the global economic structure. Three reasons support this observation. First, the domestic demand for nearly all goods and services in individual African countries is very small. Second, due to the limited domestic demand for consumer goods, support industries that should serve the producers of the consumer goods are virtually non-existent in most African countries. Thus, African manufacturers must either produce their own inputs or import them from Western industrialised countries. Third, Africa's colonial past has resulted in the creation of an infrastructure that links them commercially to Europe and hampers intra-African trade (Fafchamps *et al.,* 2001). Thus, initially, production in Africa tends to serve consumers in Europe more easily (in terms of logistics) than consumers in other African countries. As such, exports to Europe can create resources necessary for investments in Africa.

The Focus and Objective of this Volume

Building on this understanding, I have developed a theoretical framework that places human capability development at the centre stage of enterprise-driven economic development processes in Africa (in volume one, chapter 4 of the dissertation). The framework identifies four principal factor conditions that shape human capability development. I stated that this framework derives from my reflections over three decades of empirical investigations into enterprise development and management, mainly in Ghana and a few other African countries. In other words, the framework in volume one has been developed ex-post and has been inspired by the knowledge I have gained from three decades of empirical studies.

The task initiated in this volume of the dissertation is therefore to present the results of some of these empirical investigations as **illustrations** of some of the arguments presented in volume one. Readers must therefore not expect that the results presented will constitute an empirical **test** of the framework.

Furthermore, it is important to inform readers that the chapters in this volume do not provide a coherent illustration of all of the four sets of factor conditions in the framework. My main focus in the chapters is to give some indication of the manner in which specific enterprise management functions have been undertaken in small businesses in Ghana and how the Ghanaian culture and institutional set-ups have influenced the results of the management decisions and activities. Apart from illustrating aspects of the arguments in the framework, my ambition in this volume is also to move the discussions of Africa's economic development from the continental level to a country-specific level.

Structure of the Volume

The choice of Ghana as an empirical context for the dissertation has good justifications. Ghana mirrors all the challenges of a typical SSA country but has also shown some evidence of growth in recent years. Chapter 2 of this volume provides an elaborate profile of Ghana and serves as a platform for discussing the results of the specific empirical investigations. But to preempt parts of the discussions below, it is worth noting that like most other African countries, Ghana has been through a tumultuous past. Five military governments have ruled the country for a combined period of 20 years and the economy has been on the brink of total collapse on several occasions during this period. Fortunately, these trying years have so far been replaced by more than 20 years of unbroken civilian administration and the economy has improved significantly. In 2011 Ghana achieved an impressive economic growth rate of 14.6 per cent and ranked as number 2 on the World Bank's world economic growth list. The country's GDP, which was 1.2 billion US dollars in 1960, climbed to 31 billion US dollars in 2010 and to 38 billion in 2013. Inflation has been tamed to a single digit, from an uneviable record of 120 per cent in the early 1980s. Today (i.e. in 2014), Ghana is seen by observers at home and abroad as an open society and with a vibrant media that is helping to change the political culture as well as civil society and institutions. It scores high on measures of civil liberty, political rights and political stability among other nations on the West African sub-continent. This is indicative of the consolidation of democratic rule in the country. Thus, Ghana is among the handful of African nations that showcase the dreams and aspirations of all SSA nations.

Chapter three provides a summary of the main theoretical arguments that have informed the issues addressed in the empirical studies reported in the subsequent chapters of the volume. The theoretical discussions have been premised on the understanding that strategic decisions taken by managers within Ghanaian enterprises have determined influence on the extent to which actors tend to impact the performance and growth of businesses. It then draws on models and theories that have been presented in volume 1 of the dissertation to discuss what management strategies are or should be adopted in the process. I then discuss issues in human resource management, stakeholder management (with specific reference to corporate social responsibility), marketing management, and collaborative management processes. I have argued that these management functions are at the centre of the strategic management space that engages the strategic attention of owner-managers of small businesses.

Chapter four reports and discusses the results of a qualitative study of the strategic orientation of owners of ten growth-oriented small businesses in Ghana in 2003. The study adopted a critical incident technique to interview 10 owner-managers and 8 of their top managers (i.e. those who had worked with the owner-managers since the formative years of the businesses). The results reveal the extent to which kinship and non-kin relations impact the resource management processes of these firms and influence their growth possibilities and trajectories.

Chapter five also reports the results of a study of the extent to which gender impacts enterprise formation and growth of small businesses in Ghana. The gender factor in entrepreneurship in Africa has received some research attention in recent years due to the changing demographic profile of the continent – with the relatively large younger segment of the population without jobs. This places additional pressure on the contribution of female members of the households to the overall household budget. Thus, I consider an understanding of the opportunities and challenges of female entrepreneurs to start and grow their businesses to be of importance to the overall poverty alleviation strategies of the country. The study finds no significant difference between male and female Ghanaian entrepreneurs with respect to their motives for establishing their businesses and the lines of business they choose to operate in. The study once again demonstrates the importance of social relations in understanding the process of enterprise development in Ghana.

Chapter six presents the results of two sets of studies that I conducted in 1994 and 2002 into leadership styles, organizational climate, and managerial behaviour in Ghana. The overall objective of the two sets of studies has to empirically examine the links between Ghanaian culture and the preferred leadership styles of Ghanaian managers and how the leadership styles influence the managers' relationship with their subordinates directly (and other employees indirectly). The results suggest that many managers in Ghanaian organizations show high preference for authoritarian management styles. Furthermore, the degree of authoritarianism a manager is likely to exhibit is found to depend partly on his age, managerial position, and education - the younger and more educated managers are less inclined to favour authoritarianism.

The relationship between marketing and development has received limited attention in development studies in Africa. This has motivated the empirical investigations reported in chapter seven. It builds on the understanding provided by previous researchers that effective marketing systems allow a swift flow of goods and services to producers and consumers and therefore provide additional stimulus to the dynamic forces in an economic development process. The results suggest that market-oriented firms in Ghana perform better and have higher growth potentials. Furthermore, internal factors such as top management behaviour, reward systems and organizational structures, play an important role in the adoption of market-oriented activities among Ghanaian firms.

We have noted in volume one that cross-border interfirm collaboration can facilitate knowledge generation and dissemination within firms as well as stimulate technological upgrading and enhance organizational capabilities. This understanding has motivated the study reported in chapter eight. The chapter presents the results of an investigation into the reasons, challenges and consequences of collaborative relationships between foreign and Ghanaian businesses. It also provides evidence of relational governance arrangements that the collaborating firms have crafted to address some of the challenges. The results show that firms' decisions to collaborate are influenced by such factors as institutional pressure, perceived cost reductions, and the freeing of internal resources for deployment on core activities. Cultural differences seem to influence the ability of firms to generate and share knowledge through their collaborations.

Chapter nine extends the findings in chapter eight by reporting the results of Danida-sponsored collaborations between Danish and Ghanaian firms, with a special focus on their motives, managers' behaviour, and the cultural factors that influence the outcomes of the relationships. Thus, the studies reported here are in line with some of the themes recurrently discussed in this dissertation – i.e. how human factors (including culturally accepted rules of behaviour) impact strategic decisions and outcomes within the business community and thereby influence economic growth and poverty alleviation. The results further underscore the importance of cultural differences in the management of interfirm collaborative arrangements.

Chapter ten discusses export sector development and management strategies in Ghana. It builds on the theoretical discussions in chapter fourteen of volume one of the dissertation. I argued there that exports contribute to upgrading an economy as a whole through diffusion of technical knowledge and learning-by-doing. Furthermore, export sector development in an economy will increase the degree of competition among exporting firms and encourage the development of firms that supply them with inputs and thereby increasing the spillover effect of growth into other sectors. The chapter reports a summary of the results of two separate empirical investigations that I conducted in 1998 and 2004. The first study involved structured interviews of 20 owner-managers of small exporting firms. This was followed by a study of four high-growth exporting firms in 2004, two of which were in the first study. Issues covered in the first study included export motives of firms, export triggers, market selection and export mode decisions, and strategies. The four case studies in 2004 seek to gain a deeper understanding of the decisions and strategies that owner-managers adopt to grow their businesses. The results show successful

Ghanaian exporting firms emphasize market knowledge acquisition through face-to-face contact with importers and distributors. However, the managers tend to exhibit some degree of *business environmental unawareness* that curtails their ability to act proactively within their business opportunity space.

Chapter eleven reports a comparative study of the key motives underlying CSR practices of foreign and local firms operating in Ghana and the societal as well as business outcomes of these practices. The issue of CSR is central to the redistribution of economic resources, development of social infrastructure and creation of a solid foundation for sustainable poverty alleviation initiatives in developing countries. This justifies its inclusion in the present study. The results show that while the CSR decisions of foreign firms are mainly guided by legal prescriptions, those of their local counterparts are guided mostly by discretionary and social considerations. The socially-oriented CSR practices of the local firms are consistent with cultural expectations in Ghana that those with extra resources should support the less privileged members of the society.

Chapter twelve provides a cross-cutting reflection on all the empirical findings in relation to the central theme of the dissertation. It also discusses what I consider to be major knowledge gaps in entrepreneurship, enterprise formation and the export sector management in Ghana and provides some suggestions for further research in the field.

CHAPTER 2

POLITICAL, ECONOMIC AND SOCIOCULTURAL PROFILE OF GHANA

Nearly six decades after her political independence from Britain, Ghana appears to be at the threshold of an economic and political take-off (to borrow Rostow's terminology). It has been ranked the 4th investment destination in Africa by the African Business Panel survey of 2011 and 7th largest recipient of foreign direct investment (FDI) in 2011.[1] The Global Competitiveness (GCI) Report 2011-2012 on Sub-Saharan countries ranked Ghana highest in Institutional Capacity and Goods Market Efficiency [2]. Transparency International's 2011 Corruption Perceptions Index (CPI) ranks Ghana 69 out of 183 countries (8th in SSA, but with countries like Botswana, Cape Verde, Mauritius, Seychelles, Namibia, Rwanda, and South Africa pulling ahead). These are impressive records by SSA standards. But the journey has been chequered and tortuous and major problems remain. Major drivers in the Ghanaian economy could be considered as: (i) overseas development assistance, (ii) remittances from Ghanaians in the diaspora and (iii) agricultural production - which is the backbone of the economy, accounting for about 40% of GDP and employing 55% of the labour force.

This chapter provides an overview of the political and economic history of the country and provides a contextual framework within which the results of the empirical investigations reported later must be understood. It starts with a

[1] http://www3.weforum.org/docs/WEF_GCR_Report_2011-12.pdf

[2] The Global Competitiveness (GCI) Report 2011-2012 on Sub-Saharan countries published by the World Economic Forum ranked Ghana 12 out of 30 countries (after South Africa, Mauritius, Rwanda, Botswana, Namibia, Gambia, Kenya, Benin, Ethiopia, Senegal and Zambia). In West Africa, Ghana ranks 4 after Gambia, Benin and Senegal ahead of its neighbours Cote d'Ivoire (129), Burkina Faso (136) and its biggest competitor Nigeria (127). The report further commends Ghana for exhibiting strong public institutional and governance capabilities with relatively high government efficiency, particularly by regional comparison.
See http://www3.weforum.org/docs/WEF_GCR_Report_2011-12.pdf

presentation of a cultural profile of the country and continues with a discussion of the political history that has guided the economic development experiments.

The Country and its Culture

Ghana is a West African country located in the middle of the Guinea Coast between latitudes $4\frac{1}{2}^{o}$ north and $11\frac{1}{2}^{o}$ north. It is bordered to the east by Togo and to the west by Cote d'Ivoire. It also shares borders with Burkina Faso to the north while the Gulf of Guinea forms its southern border. It covers an area of 238,537 square kilometres, stretching 672 kilometres from its northern to southern borders and 536 from east to west.

Most Ghanaians still remain firmly attached to their traditional cultural roots. Role definitions based on ascriptions and other traditional prerogatives have not been entirely obliterated even in the urban areas, although contacts with Western culture have created opportunities for achieved status mobilities and adoption of Western patterns of behaviour, especially in the urban areas. For example, recruitment to traditional political offices (e.g. chiefs) is still based on descent, and the exercise of authority remains validated by traditional religious beliefs. An example of this is the profound veneration for ancestors by family members. In general terms, it is believed that ancestors look over their descendants and in reciprocation are propitiated. Thus, customary rites of passage and propitiation of ancestors are taken seriously, even in communities where the details of such rites have been modified as a result of cultural change.

The influence of traditional values on the enculturation process is also eminently seen in the relationship between elders and their juniors. In the rural areas, in particular, children are still expected to maintain a low profile in the presence of their seniors in age. They must not argue with their seniors let alone quarrel. As Assimeng (1981:74) observes "almost invariably, when children quarrelled with elders, children were adjudged guilty, not so much because of the substantive nature of the case, but because it is held to be impudence and uncustomary behaviour for children to dare challenge their elders in public." The prominence of age as an ascribed social status in Ghana is demonstrated in a popular Akan proverb that *"Yewo panyin ansa na yeawo ohene"*, (Ackah, 1988) literally meaning "the elder was born before even the chief." This enculturation process, in general, has a strong effect on the average Ghanaian personality (Sarpong, 1974). In the words of Assimeng (1981: 76) the Ghanaian personality is characterized by:

1. Conformity and blatant eschewing of individual speculations
2. Unquestioning acquiescence
3. Lack of self-reliance, owing to the pervading influence of the extended family system
4. Fetish worship of authority and charismatic leaders
5. Hatred for criticism.

With such a personality profile, many Ghanaians will be found to show a strong preference for status quo or be hesitant to alter situations that they find unfavourable, if their actions will involve substantial risk to themselves, their family members and friends. Furthermore, age and other ascribed status determinants are likely to influence inter-personal relationships, in general. The extent to which these features characterize Ghanaian work organizations is an issue taken up in the empirical investigations.

As will be noted subsequently (see chapter 6), Ghanaian employees are quite able and willing to tolerate delays in their rewards and promotion. They tend to accept the notion that rewards delayed are better than no rewards at all. The willingness of workers to wait patiently for their turn is a mark of trust not in their superiors' good nature or benevolence, but in the metaphysical forces that are believed to override human beings' decision-making abilities. Patience is a virtue emphasized not only in organized religious circles but also during the process of normal upbringing of children. Rewards are usually given to children who are patient and obedient.

But although individuals may wait patiently for their turn, they are keen observers of their organizational environments and are quick to snatch opportunities that can give them immediate personal financial rewards. Advantages that group solidarity can produce (e.g. through collective strike actions) may be sacrificed for personal advantages through patronage and “connections”.

The Political Heritage of Ghana's Economy

Since independence, the macro-economic strategies pursued in Ghana have been influenced by both the mainstream economic development thoughts of the day and the political ambitions of the leaders of the country. The heightened expectations that pre-independence nationalist agitations brought about compelled politicians to hurry the pace of economic growth after independence. Jobs had to be created, infrastructure developed and dependence on imports reduced.

There has also been a general political mistrust of private capitalism and the reliance on the state machinery for resource generation and distribution (Huq, 1989; Hutchful, 2002). Both ideological and rational economic arguments have been advanced by influential power brokers in the successive governments to support dominant state involvement in the economy. Kwame Nkrumah, the first Prime Minister (and subsequently President 1957 - 1966) of the country had neo-Marxist ideological inclinations that recognized the state as the legitimate custodian of national wealth. The Nkrumah political project, in the words of Hutchful (2002:15) was a cocktail of "colonial paternalism, nationalism, Pan-Africanism, Marxist modernism, European welfare statism, traditional Ghanaian communitarianism and redistributionism." At the heart of these ideological combinations is the belief that the state can directly assume the responsibilities for wealth creation and distribution. In practical terms, it made individuals of the society passively dependent on the state as a major employer and dispenser of social goods and services. As Nugent (1995) informs, the attitudes exhibited by most Ghanaians to their politicians have deep historical roots in the Asante state machinery which was built on the principle that those chosen to exercise power also have the responsibility to actively further the economic prosperity of their subjects. Hence kinship relations with top politicians and civil servants have enabled a limited segment of the society to make enormous quick returns by off loading imported goods on the black market, particularly in the 70s and early 80s where import licenses were issued under the pretext of import restriction. Corruption, therefore, flourished within the public sector and has tainted the image of the state machinery.

The ideological legitimacy aside, the technocrats that advised successive military and civilian governments up to 1983 endorsed the view that in the absence of a dynamic middle class, the state must assume the role of capital mobilisation and development. In consonance with this assumption, over one hundred (100) state enterprises were established in the early 1960s. The administrative apparatus of the state itself expanded in size despite government intentions and rhetorics to scale it down (Hutchful, 2002). The state became a substitute for the market system. Furthermore, being dominated by import-substitution factories, the manufacturing sector relied mainly on imported inputs and technology and therefore exerted severe strain on the foreign exchange resources of the country. Naturally, this sector became grossly inefficient and remained a drain on the country's resources for several decades.

In sum, Ghanaian employees and managers cultivated a "state-dependency mindset" during the first three decades of the post-independence era. Their social expectations and assessments of state capacity were unduly inflated. Organised groups within the society (the military, the civil service and trade unions) made demands and were ready to back them up with all means available to them. Soldiers became trigger happy, sometimes with the support and blessings of external governments. Consequently, changes in government were effected more quickly through the barrel of the gun than through the ballot. Ordinary Ghanaians, being witnesses to excessive and flagrant displays of privileges by the political and administrative classes and their associate, nurtured a general reluctance to make sacrifices that economic reform policies might demand.

Another notable policy development in the 1960s was a deliberate rejection of foreign private involvement in the Ghanaian economy. Any attempt at basing

Ghana's economic policies on market guidelines or inviting foreign involvement in the economy was branded as an unpatriotic surrender to external interests (Gyimah-Buadi and Jeffries, 2000). In line with this, when colonel Acheampong (later General) usurped power in 1972, one of his first key decisions was an outright repudiation of all foreign debts that the government suspected were tainted with fraud or corruption. A number of foreign companies were nationalised or threatened to be. Foreign governments acted vigorously to register their protest, these actions capturing the international political headlines, particularly in Western Europe and North America[3]. It also took over majority shares in mining and other foreign-owned industries, and promulgated an Investment Policy Decree that favoured local ownership of key economic activities. In a similar vein, Rawlings, on assuming power the second time in 1981, argued rhetorically against international capital, which he accused of strangulating the Ghanaian economy. Foreign companies again came under the threat of nationalisation.

The rapid pace with which public enterprises and bureaucratic institutions were created in the 1960s and 70s had two major negative consequences on management. Firstly, there was an acute dearth of skilled managerial staff to fill the various vacancies. Many of them were filled with less qualified people who were offered the jobs as a token of gratitude for political favours. The organizational cultures existing in many Ghanaian institutions were initiated and nurtured under such an atmosphere. Secondly, the volume of investment and the foreign exchange required to import the necessary inputs exerted strain on the balance of payments position of the economy and set in motion a spiral of economic problems that have since then characterized the social and economic environment in Ghana.

Partly for these reasons, the immediate post-independence optimism of the 1960s was quickly replaced by rapid economic decline, high rates of inflation, and unemployment. Real GDP per capita first stagnated and then fell steadily from the

[3] Ghana was, however, not alone in chastising foreign investors in the 1970s. The period marked an era of political and ideological shifts in many developing countries leading to spiralling expropriation and elevating tensions on the international arena (Kline and Ludema, 1997).

early 1970s and onwards. The stagnation or decline was evident in all the productive sectors of the economy. Between 1970 and 1984, for example, it was estimated that value added within the agricultural sector fell by 14%; manufacturing by 43%, mining by 17% and construction by 37% (Loxley, 1988). The food self-sufficiency ratio fell from 83 in the mid - 1960s to 71 in the late 1970s and to only 62 in 1982. Merchandise exports fell steadily in both volume and value in the 1970s. Capacity utilization fell to 20-25% in most manufacturing enterprises, mainly due to the lack of foreign currency to import raw materials and other inputs (Hutchful, 2002). The state budget was consequently destabilized as a result of the low ebb of economic activities. For example, cocoa duty which accounted for 37% of government revenues and grants in 1970 fell to 0.8 per cent of the 1980 real value (Loxley, 1988). At the same time the population was growing at an annual rate of 3% (with the urban population growing at about 5%). The pressure on the supply of all goods and services led to a rapid rate of inflation which reached 120% annually in the early 1980s.

A vast majority of people in the Ghanaian society experienced substantial reductions in real income (Huq, 1989). Thousands of highly educated Ghanaians left the country to look for jobs whereever they could find one. For those who stayed on, the inflationary erosion of their purchasing power meant that monthly salaries barely could cover a week's living cost. As Loxely (1988: 9) reports, "at the peak of the drought-induced inflation of food prices (in 1983), the minimum wage was estimated to cover only 2.6 per cent of a minimum socially acceptable household budget for a family of five, while salaries of middle level civil servants covered just 5.6 per cent...... Illicit means of raising money such as theft, corruption and black marketing also became more common." The ultimate consequence of this dismal economic climate was the decline of moral probity within Ghanaian work organizations. Public property became euphemistically termed *abandea*, (an Akan expression) with the connotation of a "free good". This, by inference, meant that such properties could be stolen, abused or destroyed with no direct consequence to the individual. The machinery of control within the public sector was also rendered non-operative since those who would normally be expected to enforce the formal rules of behaviour were also involved in the practice. In addition to this, huge cuts in budget allocations to schools, hospitals and health centres as well as to the maintenance of roads and transport systems, resulted in a deterioration in public sector services in general. Frustrations among workers in these sectors, both as a result of the decline in their personal living standards and their inability to provide the services for which they had been trained meant work morals were very low. These conditions further accentuated the problems of indif-ference and irresponsibility in work organizations.

From a management point of view, the drastic and persistent economic decline through three decades had produced a non-congenial climate for managerial performance. With incomes not meeting requirements for survival, the productivity of workers declined and this further weakened the capacity of the work organizations to attain their objectives. With poor results, organizations' ability to mitigate the economic plights of their workers also weakened. Jobs became very scarce within the formal sector of the economy as successive governments resorted to retrenchment policies in order to maintain some degree of sanity in their budgetary policies.

A policy turnaround came about in 1984 when the Rawlings military government accepted to implement an Economic Recovery Programme under the auspices and support of the World Bank and the IMF. The highlights of this programme included a shift in relative prices and incentives in favour of production, fiscal and monetary discipline and encouragement of domestic savings and investment (i.e. the adoption of neoclassical economic policies outlined in volume 1, chapter 3). Market forces were given the chance to regulate the demand and supply of goods and marketable resources, import quotas were abolished and foreign exchange restrictions were lifted. Deliberate policy initiatives were taken to encourage foreign direct investments in the country. The liberalisation of the trade and payments system, for example, enabled entrepreneurs to transact international trade without going through the cumbersome procedure and anxieties of securing an import licence.

The abolition of price controls led to an improvement of the financial health of private enterprises as a result of the opportunity to apply realistic pricing policies, and the re-alignment of prices of production inputs helped improve the allocation of resources within the private enterprises. Moreover, the end of exchange controls and the adoption of a flexible exchange-rate system provided a strong incentive for private enterprises to access foreign exchange to import raw materials and machinery, and to produce for export.

The results of this policy change have been mixed. By the early 1990s, Ghana was acclaimed by the World Bank and other international economic monitors to be at the thresholds of economic lift-off. A decade or so later, these claims disappeared and Ghana opted to join the unenviable list of Heavily Indebted Poor Countries (HIPC), a debt servicing relief initiative from the World Bank. The macroeconomic distortions re-emerged, inflation jumped to 40%, public revenue fell, budget deficits soared and export earnings declined creating debt-servicing crisis.

Hutchful (2002) offers two explanations for the abortive lift-off experience. First, the ruling government in the 1990s was unable to forge a synthesis between economic liberalisation and democracy. The argument here is that democratization has empowered those forces within the society (such as the unions and other urban voters) who experienced the brunt of the structural adjustment. This has encouraged them to press demands that have been out of tune with the modest economic gains that the policy changes produced during the early stages of the structural adjustment programme. Furthermore, the formation of political parties to compete in democratic elections produces a shift of decision-making power from technocrats to political brokers who are more concerned with patronage and quick political gains than market rationality. The politics of internal resource distribution resurfaced in Ghanaian politics bringing with it corruption (both within the state and the bureaucracy). Second, despite the good political intentions, key actors within the state apparatus had been unwilling (or unable) to forge a synergy between the state and private businesses, due to the rigidities within their mindset. Thus, the bureaucratic institutions continued to frustrate entrepreneurs in their business efforts.

Thus, the policy changes have not translated into significant local resource development. Empirical investigations have, for example, shown that the growth of the "formal" financial system (banks, credit associations, etc) has not been commensurate with the financial demands of the growing private sector. Bank credit to the private sector averaged less than 5% of GDP in the early 1990s (Brownbridge, Gockel and Harrington, 2000). The few enterprises that received bank loans were unable to fulfil their repayment obligations, partly as a result of the constraints within the domestic economy.

Recent Experiences

On the political front, Ghana has continued to consolidate democratic rule, and now enjoys a more open society, with a vibrant media and strong public dialogue. Civil society organizatins have found a more congenial atmosphere to grow. As a result of these and other political and societal achievements, Ghana outperforms most countries in West Africa and in the continent on measures of civil liberty, political rights, and political stability.

The broader economic indicators have also been very encouraging. At 8.2%, Ghana's GDP growth in 2012 was one of the highest in West Africa. Its GDP rose from US$ 1.2 million in the 1960s to US$ 38 billion in 2013. Ghana's economy is therefore the second largest in West Africa, after Nigeria. Inflation rate in the country has declined consistently during the past ten years and this has created a conducive environment for businesses to plan on a long-term basis. Ghana's growth prospects have been assessed to be positive up to 2015, with average growth projected at 8 per cent (ISSER, 2012).

Economic growth is expected to be further stimulated by the discovery of oil and gas in commercial quantities in 2007 with production starting in December 2010. Production reached an average of 110,000 barrels per day by December 2012 and revenues received constituted 21% of total export earnings for that year.

Despite these positive developments, Ghana still faces major economic challenges. Unemployment is predicted to remain a key challenge, and opportunities for employment in the industrial sector is judged to remain limited. Creating additional jobs for young Ghanaians will therefore continue to put strain on the economy with the usual social challenges. Population growth and urban migration also mean that the provision of transport services, urban housing, health and education facilities will continue to pose enormous challenges.

Explaining Ghana's Recent Economic Growth

How can we explain the recent positive economic growth trends in the country, and what are the prospects for its sustainability? In discussing the economic growth experiences of the high growth SSA countries in volume 1 (chapter 2) of the dissertation, I drew attention to the following three factors that most commentators have highlighted as explanations for the spectacular growth in these countries:

1. High commodity prices due to increased resource demand,especially from the BRIC countries
2. Impact of Chinese trade and investments in Africa
3. Remittances from the Diaspora.
4. This section discusses the contribution of these three factors to Ghana's growth experience.

Commodity Export's Contribution to Growth

As noted above, Ghana has joined the league of oil producing nations with estimated oil reserves of about 490 million barrels. Compared to Nigeria's 37,200 millions barrels of oil reserve and Angola 9,500 million barrels, Ghana is a junior partner in the petroleum exporting league. This means that the country may benefit from some immediate windfalls from oil exports but cannot depend on it as a major driver of economic growth in the long run.

Furthermore, despite the production of oil, the composition of the country's foreign trade continues to be dominated by gold and cocoa as major commodity exports. As will be discussed later, Ghana has made significant progress in diversifying the country's export base with non-traditional export products, including fresh fruits and vegetables contributing over US$ 2 billion to export earnings. Government's vision is to raise this amount to US$ 16 billion in 2020. Thus, policy makers are aware of the need to broaden the activity base of the economy in order to sustain growth.

The China Factor

Relations between Ghana and China date back to 1960. But until the early 1990s the nature of the relationships has been more political than economic. Ghana has provided substantial diplomatic support to China – e.g. by lobbying within the UN for China's reinstatement in the United Nations. The Ghanaian government also supported China during the China-India war in 1962. But Ghana's strong economic relations with China are of recent origin. In 2010, Ghana signed a series of multi-billion dollar deals with China to finance infrastructure projects and transform its economy. For example, the Ghanaian Government signed a total of US$ 13 billion in agreements with the China Development Bank and the China ExIm Bank[4].

China's trade relations with Ghana have also significantly increased from the beginning of the century in tandem with China's economic prosperity. Available evidence shows that China's trade with Ghana has now eclipsed that of Europe and the US, who until recently have been the principal trading partners of Ghana. For example, Chinese imports from Ghana have grown more rapidly than European and US imports. In 2001, China imported goods worth US$ 37 million from Ghana. This figure went up to about US$ 360 million in 2011. Again, in 2001, China's exports to Ghana were valued at US$ 146 million. But this figure shot up more than 20-fold, to US$ 3.1 billion in 2011. China now exports consumer goods such

[4] The deals included a US$ 3 billion China Development Bank facility for the Western Corridor gas commercialization project, a US$ 9 billion deal with the China ExIm Bank for road, railway and dam projects, and a US$ 250 million deal for the rehabilitation of the Kpong water works.

as electronics, textiles and garments, and industrial technology and equipment necessary for upgrading Ghana's manufacturing sector and improving the competitive position of its companies within the West African regional market.

The Sino-Ghanaian economic relations, however, had negative side effects as well. For example, the Ghanaian media has written extensively about widespread illegal gold mining activities by Chinese merchants and businessmen in Ghana, This has ignited debate about China's investments and growing business interest in Ghana. Critics have also argued that like other African countries in which the Chinese presence is strong, the nature of Chinese investments with Ghana does not favour Ghana's industrialization in terms of both capacity and jobs.

Notwithstanding these critiques the Ghanaian government and its advisors agree that the benefits of the relationships outweigh the costs. The argument is that if Ghana uses the short term economic gains prudently, it will stand to benefit in the long run through improvements in its infrastructure at relatively lower costs than loans from other countries and multilateral financial institutions.

The Diaspora's Contribution

Estimating the size of Ghanaian diaspora is difficult and the current range is from 1.5 million to 3 million persons. Remittances have therefore emerged as one of the major contributors to the country's GDP. Bank of Ghana figures indicate that remittances contributed nearly US$ 1 billion to the Ghanaian economy in 2012. This development has motivated policy makers to incorporate the concept of "migration management for national development" into the country's medium-term policy framework in 2010. A Diaspora Support Unit (DSU) has also been established at the Ministry of Foreign Affairs and Regional Integration to serve as a platform for Ghanaian enterprenuers who have returned from abroad to exchange ideas on how to grow their businesses.

In sum, all the three factors have impacted Ghana's recent growth achievements in various ways. But it is important to bear in mind that the three factors are all exogenously driven. I have argued earlier that sustained economic development is usually grounded on endogenous triggering cues, with knowledge, creativity, and innovation emerging as key identifiers of these triggers. I view innovation as a collaborative endeavour whose results can be attributed to specific individuals. As such, it is the undercurrents of social change and their innovation-enabling trends that we need to watch in order to predict the sustainability of economic growth in Ghana. It is therefore regrettable that the role of the emerging dynamics within the civil society space on the economy (i.e. the democratization process, the increasing press freedom, and the general desire to debate) has not received any serious academic attention. In line with my earlier arguments, one can only speculate that the socio-cognitive processes that are stimulated within the social space are sowing the seeds of an enduring change within the civil society and this can create the foundation for sustainable growth and development.

Summary

The evidence presented in this chapter suggests that Ghana's post-independence economic history has been chequered. A combination of ideological experiments, political instability, policy errors, and civil society disengagement resulted in persistent weak economic performance between 1960 and 1990. Recent developments have, however, produced promising signs and potentials for sustainable turnaround. Political institutions are becoming increasingly inclusive, the civil society is becoming more dynamic, and economic policymakers have endorsed entrepreneurship and private enterprise growth as a key contributor to Ghana's overall economic development. It is therefore important to investigate the manner in which the political, economic, and sociocultural environment can facilitate enterprise formation and growth in the country.

The results of the empirical investigations reported in chapters four to eleven of the present volume of the dissertation seek to provide some illustrating evidence of the processes and results of enterprise formation and management during the past three decades. These investigations have been guided partly by the theoretical discussions in volume one of the dissertation, but also by the management theories summarized in chapter three of the present volume

CHAPTER 3
THEORETICAL PLATFORM FOR THE EMPIRICAL INVESTIGATIONS

Introduction

Chapter 2 ends on a positive note, showing that Ghana's economic growth trends have been quite impressive and consistent in the light of the general deceleration experienced in major economies of the world. Private enterprises have been key drivers in this economic growth.

Building on the conceptualization offered in volume one of the dissertation, I submit that an understanding of enterprise-led economic growth process requires a sufficient number of the critical actors that effectively fulfill management functions in the firms. The critical actors usually identified in the management literature include domestic and foreign customers, competitors, suppliers, institutions, and civil society organizations. Together, they constitute the key stakeholders whose decisions and actions shape the destiny of enterprises. This understanding provides the point of departure for the discussions in this chapter.

My ambition here is to draw on models and theories that have been presented in volume 1 of the dissertation to help us understand how enterprises are formed and nurtured to grow in Ghana (and other African countries) and what management strategies are (or should be) adopted in the process. I have done so by pulling together theories from apparently diversified streams of research in business management. I have initiated the discussions with a quick overview of the concept of strategic management which serves as the platform for managerial actions and decisions discussed.

The Strategic Management Process

All along, the discussions in the dissertation have been premised on the understanding that societies hold different views about what is of worth in life and what is not, and different assumptions regarding the environment. These views may influence what managers may consider to be important issues when considering strategies. Businesses see strategy as a process of aligning a company's resources to its visions and values and taking appropriate actions to achieve their overall goals. Strategic management therefore provides overall direction for the company through a regular assessment of stakeholders' needs and expectations. Good strategies also require assessments of stakeholders' satisfaction with existing actions and those of competitors.

Management scholars describe strategies as being composed of two essential characteristics: (1) they are made in advance of the actions to which they apply, and (2) they are developed consciously and purposefully. The strategy formulation process is therefore supposed to start with the formulation of what leaders of the organization "plan" to do, and then followed by the actions. This conventional understanding implicitly assumes a separation between those with the talent and skills to formulate strategies and those who implement them.

In contrast to this plan-oriented view of strategy, we noted in volume one of the dissertation that Mintzberg and Waters (1982, 1985) see strategy as a pattern in a stream of decisions. That is, to them, strategies need not be deliberately planned but can emerge as patterns or consistencies in streams of decisions and behaviours which managers and other key employees take. They therefore draw a useful distinction between intended and emergent strategies. They describe top management plans as intended strategies while the emergent strategies represent the multiple decisions at many levels (particularly those taken by middle management) that emerge from the complex processes in which individual managers adapt to changing external circumstances and make modifications in the intended strategies.

One aspect of strategy that has not received substantial attention in the works of Mintzberg and his colleagues, but is considered important in this dissertation is culture. The argument here is that management structure and practices including leadership style, forms of coordination, and control and various aspects of human resource management are influenced by the manner in which managers and employees understand organizational reality and behave in it. Scholars of management culture have argued that strategic decisions are frequently influenced by various context variables, including culture (Noorderhaven, 1995). We have earlier described organizational culture as a form of collective interpretative scheme shared by the members of an organization. It has also been noted that the magnitude of the influence of national culture on the individual impacts his or her foundation for decision making (DiStefano and Maznevski, 2000). In other words, socialization imposes certain "taken-for-granted" assumptions and ways of behaviour on managers and employees in every organization. These assumptions are hardly challenged and therefore define accepted decision-making models and affect people's ability to contemplate new options and new solutions. Green (1988:123) writes, "if we recognize that the whole strategic management process is rooted in people, then 'cultural blinkers' may also constrain strategy formulation".

The concept of *social engineering* has been coined in management literature to describe how organizational culture can be changed to improve strategic alignment and performance (Green, 1988) Enduring and value-enhancing change may necessitate a change in existing core-values of a society. I subscribe to the view that different and opposing sets of values can well co-exist. It is often through such differences that change is catalyzed. These observations have informed the empirical studies reported in subsequent chapters.

Some Key Management Functions

My main concern in the empirical investigations is to explore how Ghanaian companies and their managers adopt strategies to enhance their performance. I have done so by examining the links between the following six key functional areas of business management that I consider to be essential for firm growth. These are:

1. Entrepreneurship and Business Formation Processes
2. Leadership and Human Resource Management
3. Marketing Management
4. Collaborative Management
5. Export Management
6. Stakeholder Management

The rationale underlying the selection of these management functions is that together they constitute the determinants of enterprise performance and growth. First, enterprises have to be formed before they can be managed to contribute to societal goals of poverty alleviation. Second, human resources constitute the most important assets of any business. As noted above, it is the creative, innovative, and committed employees of a company that create its value, provide its identity and legitimize its existence in a given community. Third, the stream of revenues a company is able to generate depends on the nature of values it creates for its customers and the degree of satisfaction of the customers with the value delivered. This is the function of management.

Fourth, customer value creation and delivery depend, to a large extent, on a company's ability to leverage both internal and external resources. Collaborative relationships provide an effective and efficient way of leveraging resources. Companies with effective collaborative capabilities have been found to perform highly on such parameters as innovation, new product and service development, market growth, returns on investment and export growth.

Fifth, internationalization provides firms with the opportunity to fulfill the twin objectives of resource leveraging and market growth. For example, cross-border collaborations allow firms to tap into new knowledge and technology outside their locational confines (Driffield and Taylor, 2002; Mathews, 2006). They also give them access to new markets. Thus, it is often argued that innovation requires insight but it also requires even keener outsight. When an organization keeps its doors to the outside world open, ideas and information can flow freely into the organization.

Finally, all firms operate within a broader environment consisting of other stakeholders than their employees and owners. Government institutions and the civil society, in general, constitute the main sources of resources that the firms exploit. Thus, an understanding of the interactions between business and stakeholders provide a good basis for growth-oriented strategy formulation.

Admittedly, this list of six management functions is not exhaustive. But it provides the foundation for most strategic actions that I expect will be adopted by Ghanaian business managers. Furthermore, it is purposeful to note that each of these management functions constitutes an integral part of the overarching model presented in volume 1 of the dissertation and relates directly to issues of leadership, management, good governance as well as internationalization processes.

The Human side of Strategic Management

In line with the central theme of this dissertation, I see human resource management as particularly critical to the effectiveness of the other functions of management noted above. In order to function effectively, firms must identify, select, recruit, develop and retain talented employees and motivate them well enough that they can contribute their level best to organizational goal attainment. The processes frequently adopted to achieve these are discussed in the human resource management (HRM) literature.

In line with the discussions above, it is important to note that HRM generally assumes that strategy is formulated in a rational way. Distinction is frequently drawn between ‘hard’ and ‘soft’ models of HRM. The ‘hard’ version of HRM is primarily concerned with the business performance and is widely acknowledged as placing little emphasis on workers’ concerns. This perpective is akin to the “task-oriented” leadership style discussed in volume 1. In direct contrast to this is the ‘soft’ version of HRM, which (although still primarily concerned with the performance of the organization) is also likely to advocate equal concern for the well-being of its employees – an approach that subscribes to the “employee-oriented” leadership style and the philosophy of developmental humanism (Guest, 1999). It endorses the view that the human resource manager works on behalf of both the organization and its people, seeking to serve the best interests of both.

Job satisfaction is a key indicator of the degree to which the HRM function in an organization is effectively performed. Previous studies have shown that job satisfaction impacts an employee’s turnover intention, absenteeism and overall commitment to their organizations (Koh and Boo, 2000). It therefore impacts employees’ overall contribution to organizational goal fulfilment and therefore organizational performance (Russ and McNeilly, 1995; Benkhoff, 1997; Laschinger, 2001). The prevailing understanding is that when an employee is dissatisfied with his or her work, the individual is less committed and will look for opportunities to quit. If opportunities are unavailable, the employee may emotionally or mentally “withdraw” from the organization.

This strand of research has been partly guided by the Person–Organization (PO) Fit construct which highlights the compatibility between people and the organizations in which they work – i.e the extent to which the organization and the individual are similar or have a *fit* on certain characteristics (Da Silva, Hutcheson and Wahl, 2010). Typical characteristics that are examined include the individual’s and the environment’s values, goals, and traits (Cable and Judge, 1996). The general understanding provided by P-O studies is that the subjective assessments of the match between job seekers’ own values and characteristics and those of the job and organization influence initial attraction to the organization. If the potential candidates apply for the jobs, their decision to go through the selection process will also be guided by this perception (Carless, 2005). When employed, a person’s motivation to contribute to the attainment of the organization’s goals will partly depend on the strength of the fit. Where the level of fit between employees’ personal values and values endorsed by the organization is high this will result in higher levels of commitment. But if the fit is low this may produce lethargic and unmotivated employees (Verquer, Beehr and Wagner, 2003).

Moving the discussions forward, it can be argued that the concepts of *convergence* and *divergence* can be instructively applied in discussing the relationship between organizational and personal goals and the consequence they have for individual behaviour and organizational performance. Where the organizational *goal-set* does not accommodate the personal goals of its members, the organizational and personal goals may be described as being divergent or incongruent. A manager may accept a job in these organizations, being fully aware of the divergence of goals, simply due to the lack of alternatives. He is, however, less motivated to make a maximum contribution to the attainment of the organizational goals and engage in various types of behaviour that maximise his personal goal attainment within and/or outside the organization. But where an organizational *goal-set* accommodates the personal goals of its members and specific policies are formulated to that effect, one can say that the goals are convergent and mutually attainable within the same framework. In such a situation, organizational members are likely to show greater motivation to do something extra towards the attainment of both goals. To illustrate this point: a young ambitious junior manager with a craving for high academic laurels will show a stronger commitment to an organization which is prepared to sponsor his academic pursuit. But if no interest is taken in his aspirations, he is likely to adopt a purely instrumental relationship to the organization, using it merely as a stepping-stone. Similarly, a manager whose interest lies mainly in improving his short-term financial gains will enjoy his work to a greater extent if he is placed in positions where he can achieve maximum financial rewards. If such opportunities are unavailable within the organization, it will be in the best interest of the organization to encourage such individuals to leave. Thus, matching personal goals with organizational opportunities is an essential requirement in recruitment and placement decisions.

I will argue subsequently that employees usually derive their personal goals from their cultures. Thus, a misalignment between an organizational value-set and the value-set of the society in which the organization is located may produce goal divergencies that may necessitate coping strategies among its employees. Furthermore, organizational members differ in terms of their ability to pursue their personal goals. Two factors determine an individual manager's ability (or inability) to do so: (1) the degree and severity of preventive sanctions accepted in a given society against side-stepping organizational goals; (2) the position, authority and power of the individual manager to override any such sanctions. The first factor relates to the enshrined values within any given society. If a society condones or encourages the use of organizational resources or position to attain personal goals, no amount of formal sanctions can discourage such behaviour unless the values supporting such behaviour change. Regarding the second point, it must be remembered that a manager with dominant power of influence can impose his definition of the organizational situation upon others and through a combination of coercion and negotiation secure compliance of other managers to his will. He will persist in such behaviour until a higher authority sanctions it. Less powerful organizational members who do not consider the directives of the powerful ones as being reasonable in terms of their own values may opt out of the organization.

Summary

Strategic decisions taken by managers within an enterprise constitutes the organizing framework for all other functional decisions and activities. They also play a key role in a company's overall performance. Thus, discussions of key management functions such as human resource management, stakeholder management (with specific reference to corporate social responsibility), marketing management, and collaborative management processes must be anchored on a clearly defined and communicated corporate strategic intent. But not all aspects of an intended strategy manifest themselves in the daily realities of companies. The empirical investigations will therefore determine the extent to which Ghanaian businesses are able to translate their intended strategies into operational realities and what contingencies shape the strategic paths that they follow.

PART 2

EMPIRICAL INVESTIGATIONS AND RESULTS

INTRODUCTION TO PART TWO

Part two presents the results of empirical investigations that I have conducted into the six strategic business management issues discussed in chapter 3 above. They are presented in nine chapters. The results of most of the studies have been published in various forms. The discussions here revisit the data and the earlier analyses and reflect on them in the light of the central themes of the present dissertation.

I have collected additional data for some of the chapters in order to update the information presented and bring the discussions in line with current knowledge. I have also consulted empirical investigations conducted by other scholars as well as the theoretical and conceptual literature in my discussions in the final sections of the chapters. Again, this has enabled me to situate the issues addressed within contemporary management discourses and to guide future research in the field.

I have mostly relied on quantitative data collection methods in these investigations in order to provide knowledge that allows for a higher level of generalization that I consider appropriate in the studies. But there are also chapters that are based solely on case studies. I have used the case method in investigations that have an exploratory objective (i.e. as precursors of more generalizable investigations). The case method has also been used in those studies where richer and personal experiences of the respondents are required.

Readers will notice that the levels of statistical sophistication presented in the chapters vary widely. This must be seen as a reflection of the progression in my own statistical knowledge during the three decades that I have conducted these studies rather than the quality of the data on which the chapters have been based.

CHAPTER 4
SMALL ENTERPRISE MANAGEMENT STRATEGIES IN GHANA: SOME CASE EVIDENCE

Introduction

Previous studies of entrepreneurship in developing countries have suggested that survival-oriented business owners differ in their strategic orientations from growth-oriented owners in terms of the manner in which they perceive and respond to the inhibitors and enablers of business growth in their operational contexts. Survival-oriented business owners unwittingly adopt coping strategies that keep them within the strong grips of business growth inhibitors (including culturally-prescribed expectations of family members). The growth-oriented business owners do the opposite. Granting that growth-oriented businesses are more likely to create jobs, contribute to government revenue and thereby enhance the overall growth of the Ghanaian economy, I decided to carry out multiple case studies into the strategic orientation of owners of growth-oriented small businesses in Ghana in 2003. The studies involved the use of critical incident technique to interview 10 owner-managers and 8 of their top managers (i.e. those who have worked with the owner-managers since the formative years of the businesses). This chapter presents the results of the investigation, but with a specific focus on the stories of four of these businesses and their strategic orientations.

Methodological Considerations

The 10 businesses involved in the study were purposively chosen to reflect geographical dispersion, industry, size, and age of operation. I have endeavoured to have a gender balance in the selection, but this has proved difficult since few Ghanaian companies with high profiles on the business landscape were owned by women during the time that this study was done.

I interviewed the 18 participants using *the critical incident technique* (CIT). This is a useful technique in gaining insight into people's experiences and the impact of such experiences on their perceptions and behaviours. Flanagan (1954:333) describes the critical incident technique as "an observable human activity that is sufficiently complete in itself to permit inferences and predictions to be made about the person performing the act". The technique is composed of two facets: (1) the critical incident itself, and (2) reflections. The critical incident may be a snapshot, a situation, or an encounter which the person has been engaged in. The reflective component involves engaging with and exploring the incident with the person that you are interviewing, on both intellectual and emotional levels. The aim of the reflection is to reach a new understanding of the experience with the person. Thus, CIT allows the people being interviewed to describe freely their experiences and unreservedly express their feelings and to reflect on their experiences while they are talking to the interviewer. In this way, the interviewer and the interviewee will be able to explore new dimensions of the investigation.

I started every interview process by asking the participants to describe some critical incidents which they experienced personally in the field of activity being analysed. They then narrated the event naturally, just as they would do in a conversation with friends or acquaintances. They may not remember the events in chronological order and may go back and forth in narrating their experiences. I allowed them to do so and took notes as they spoke in order to maintain the momentum of the conversations and capture the emotions that went with the narratives. I wrote the interview transcripts within 24 hours in order to reduce the incidence of memory decay (in situations where the respondents disallowed taping the interviews). I sent the transcripts back to the respondents to read through and to make sure that I had fully captured their experiences.

Summary of the Results

My initial investigations sought to understand the main motives for the establishment of the businesses. Seen in terms of the classificatory model offered in volume one (chapter 13), I will describe seven of the entrepreneurs as lifestyle business owners while the other three can be described as “eye catchers”. Five of the lifestyle businessowners have been successful at using their positions within their networks of social and political relations to leverage resources for their economic gains; one can be conveniently described as an “aid monger”. He has developed exceptional skills in writing convincing applications to aid organizations and has successfully leveraged financial resources from different aid organizations to support his business ambitions. The “eye catchers” have entered businesses that are in new sectors that have not previously been explored by local entrepreneurs. Two of them have been presented as illustrative cases below.

All ten businessowners have relied on a combination of personal savings and loans to start their businesses and then financed their growth organically – i.e. through ploughing back profits from the busisnesses. Two of the respondents obtained initial funding from overseas friends, and five of them obtained some loans from local financial institutions. Three of them depended entirely on their own savings. Respondents who received bank loans emphasized that they were able to obtain the loans because friends and/or church members referred them to the bank managers. Their growth is therefore a reflection of a combination of their business acumen, good timing, strong network relations, and excellent choice of sectors. Each of them has been a pioneer in their lines of business and have therefore been faced by the challenges that their pioneer status carried.

Social networks, in particular, also represented a major source of business information and knowledge. These relationships have contributed to the formation and growth of the businesses in the following ways:

1. Facilitating accessibility to marketable resources such as bank loans and business information.

2. Direct contribution of economic resources outside the market system, e.g. expert advice, information and financial grant from friends and spouses as well as the award of contracts by churches.

3. Offering psychological resources such as moral support or prayers that helped the new entrepreneurs weather the storms of initial setback in their entrepreneurial activities. Added to this, membership of a network such as a church organization was a source of moral obligation to succeed in order to maintain their image and integrity within their social groups.

4. The use of unpaid family labour as a business survival and cost minimizing strategy .

   Some respondents informed that friends and religious colleagues provided the entrepreneurs with information about business opportunities and linked them up with sources of professional assistance and knowledge. The same sources acted as initial markets for their products. I have considered it purposeful for the discussions in the chapter to provide detailed descriptions of the business strategies of four of the ten firms.

Four Illustrative Cases

Danso Fruit Drinks (DFD)

DFD was the first registered Ghanaian company to produce tropical fruit juice. It all started when Mr. Charles Danso attended an enterprise development seminar in 1985. This seminar entirely changed the direction of his life. One of the speakers at the seminar talked about the local fruit production and marketing system in Ghana at that time. He informed the participants that fruits and vegetables produced in Ghana were harvest-dependent seasonal products, available only during certain periods of the year, and have a limited storage life. Thus, the domestic market was usually glutted during the harvest season – prices were low and the post-harvest losses were very high. Consumers hardly got fresh fruits to buy for the rest of the year and those which reached the market were sold at extremely high prices. Thus, year-round fruit consumption was a luxury that only the relatively rich consumers could afford. In his view, one of the supply-related challenges faced by the sector was to design a production system that could ensure a year-round production. Furthermore, the local fruit processing industry was under-developed with only a handful of small-scale processing activities. Large volume fruit processing for the mass market did not exist. There was therefore a marketing gap that needed to be filled.

After the seminar Mr. Danso became obsessed with the idea of creating his own business and it should be in the fruit processing industry. He decided to retire from his position as a bank manager. He was at the time in his late-forties. With all his children in their early 20s, he felt he could venture into new spheres of life with the uncertainties that come with entrepreneurial ventures.

The first challenge, in his view, was to set up a fruit processing facility of a significant size and to find someone knowledgeable in fruits processing to handle the production. He would also need to organise the purchasing, transportation, and storage of fruits during the harvest seasons. He discussed his ideas with his uncle, Mr. Alfred Amanea, a chemistry lecturer from the University of Ghana who had some working experience from the Ghana Standards Board (GSB). They agreed to establish the business together. They also agreed that it would be wise for the company to establish its own farms in order to reduce its dependence on the local fruits producers, since there were no recognized commercial fruits farms in the country at that time. This would help ensure a year-round supply of the fruits for the processing factory.

The company was established in 1987 and was named Danso Fruit Drinks (DFD). Danso was the name of a popular TV Evangelist in Ghana at that time. Although Mr. Danso did not have any family relationship with the preacher, taking on the name provided the company and its products with unaided and instantaneous brand identification. But, at the same time, it conveyed an association of ethical probity.

Thus, DFD became a front-runner company in the cultivation, processing, and marketing of tropical fruit juice in Ghana. By 1995 the company had 5000 hectares of pineapple, 1000 hectares of orange and 300 hectares of mangoes under cultivation. Mr. Danso became the majority shareholder with 60% of the equity. His uncle's contribution was 30% of the equity, while Mr. Danso's wife, Cathrine, bought 10% equity. In 2003, the company's farms had been expanded to 7000 hectares of pineapples, 5000 hectares of oranges, 2000 hectares of mangoes, 1000 hectares of papaya in addition to guava, passion fruit and a few other exotic tropical fruits cultivated on experimental basis.

DFD started production of a small batch of pineapple juice in 1989. The product was sold in 1 litre Tetra Pak containers, mainly to the catering sector and to hotels in Accra. In 1992, it added mango and orange juice to its products. By 2003, the variety of tropical fruit juices produced by the company had increased to include papaya, guava, citrus, and various combinations of these fruits into different types of juices. Sales began to grow rapidly from 1995 when the company began to sell its products to the broader market segment in 200 ml Tetra Pak containers and changed its distribution system to serve this market segment.

As production increased, it became clear to management that the company could not expand its farms at a rate necessary to meet its input supply requirements. In 1995, management therefore decided to enter into a series of agreements with a selected number of small farmers to produce and supply fruits to DFD. Under these agreements DFD was to offer the small farmers with some financial support to cover their immediate operational expenses and to supply them with selected inputs on credit.[5] In addition to this, DFD provided the farmers with training in improved farming practices and sent technical officers to the farms on a regular

[5] The operational costs of most contract farmers consisted primarily of (1) land preparation, (2) usage of soil nutrients such as fertilizers to make up for soil deficiencies, where necessary, (3) buying seedlings, (4) planting, (5) spraying with herbicides, (6) harvesting and post-harvest handling.

basis to provide advisory services. The costs of the inputs and services were deducted from the proceeds from fruits supplied to DFD. Prices for the fruits were negotiated at the beginning of the growing season and reviewed periodically to reflect prevailing prices within the sector. This arrangement significantly reduced the farmers' operational costs.

In 2001, the company experienced a major setback that temporarily stalled its growth. The immediate cause of the problem was the contamination of a batch of its pineapple juices in 2000. A number of people who claimed to have drunk the juice reported influenza-like symptoms of fever, headaches, muscle pain, vomiting, and sore throat. Although subsequent laboratory investigations by the Department of Food and Nutrition did not find any direct evidence of contamination, the media coverage of the event caused severe damage to the image of the product and the company's reputation of delivering top quality products to consumers. The results were disastrous. Profits collapsed by 70%, and the company came to the verge of liquidation. The owner had to make some quick strategic decisions in order to restore the company's image within the domestic market, retain its existing distributors, and re-build profitable business.

DFD has now left this setback entirely behind it. It has regained its position as a leading local producer of tropical fruit juice and has started sporadic exports to neighbouring markets in West Africa and the Sahel region as well as to some selected European countries. Looking back, the Managing Director commented on the events of 2000-2001 in this way, "It was a major challenge for a young company like ours. We did not have any time-tested way of addressing such an issue. We had to learn the hard way and we are happy to have done so."

DFD's management is now considering many different strategies that will enable it to build further on the consolidation. The new strategic moves have been prompted partly by the appointment of the son of the founder of the company as the new Managing Director in 2003. Management is to consider adopting a new organizational mindset and leadership style as well as a new product development strategy aimed at sustaining the competitive advantages of DFD in the wake of increasing competition on the domestic market. As the new Managing Director puts it, “DFD’s challenge in the first decade of the 21 century is how to provide better value to customers than the competition (both from local and foreign producers). DFD must also effectively communicate this superior value to its customers and build a strong brand identity within the market.”

Case 2: Environmental Development Group Ltd. (EDG)

The owner of Environmental Development Group (EDG), Mr. Gideon Ekpe, is an architect by profession. He began his business life by establishing a bakery. The bakery was set up with a bank loan obtained through social ties he established with some bank managers. He explained the emergence of the ties this way, “I happened to be in a company of some bank managers who were contemplating opening a branch in my town. The managers commissioned me to find a building to house the new branch as well as accommodation for the first branch manager to be posted to the town.” Using his contacts within the social network in the town, he was able to find a suitable building for the bank within a short time. The bank managers were extremely satisfied with his assistance and decided to offer him a bank loan as a token of appreciation, provided he could find an economically feasible investment project.

Mr. Ekpe came up with the bakery project because there were no modern bakery in a town of 10, 000 people. The project was assessed to cost USD 60,000. The bank agreed to give him a loan of USD 56,000, but required an immovable property as collateral. He pleaded with his father to use the family house as a collateral security for the loan and asked a cousin to contribute the remaining USD 4,000 for the project to take off. Thus, Mr. Ekpe made no direct financial contribution to the project.

The bakery started business in 1974 with the assistance of a handful of family members who provided relatively cheap labour at the initial stages. After 7 years of hard work the loan was paid off to the bank. The bakery became successful and provided jobs to a handful of young people. However, at this time his cousin started demanding greater influence and interfering unduly in the management of the company. As tensions between him and the cousin increased and spilled into the broader family affairs, he allowed his cousin to take over the bakery.

With this experience the entrepreneur decided to enter into a construction business, which would enable him to make direct use of his education as an architect. He approached his bank manager friends with his new project idea. The strength of his social relations, combined with his previous record of speedy loan repayment made it relatively easy for the managers to grant him a loan of US$75000 to import the required equipment to start a wood joinery business as a platform for his construction business.

Mr. Ekpe's first client was again one of the local banks, for which he built branch offices, bungalows and staff houses. This was immediately followed by a series of contracts with his parish. His work for the parish brought him into contact with the head of the second largest religious body in the town, the Presbytarian Church. The moderator of the church requested him to prepare project documents to enable the church apply for funds from a German organisation. Through his efforts, the church obtained DM 1.6 million to construct a number of schools in the region. He was awarded the contract for the project.

These contracts did not only solidify Mr. Ekpe's capital base; it also enabled him to build a good working experience and to invest further in building his network of relations. He built schools and renovated the parish buildings with his own funds. He strengthened his position within the social network even further by involving himself in politics. He ran for parliamentary elections in 1979 and represented his district in the constituent assembly, which drew the national constitution in 1991-92.

He agrees with views expressed by several other Ghanaian entrepreneurs that family members could be sources of both blessings and challenges to the growth of entrepreneurial activities. He felt compelled to employ some of his relatives in his businesses. But not all the family employees had the required business skills and experience. However, once they were employed it became extremely difficult to fire them, even those who were caught using business assets for their own personal purposes. The older ones depended on him (his company) several years after their retirement and after he had paid them their gratuity and other entitlements "But what else can I do?" he asked inviting my understanding during the interview. He explained the situation further as follows:

"Our Ghanaian culture has an inbuilt taken-for-granted birth-rights for family members. Many assume that it is their birthright to have a share of the wealth of the relatively better-off members of their families without giving anything in return…. As a person, I am soft by nature. This makes it difficult for me to reconcile the needs of my business with the expectations of family members".

His own children have not as yet involved themselves seriously in his business. But he felt the need to get them involved if the business should grow beyond its present level. "There are too many people out there to cheat you", he explained as a justification.

Case 3: Private Hospitals Limited (Nyaho Clinic)

Nyaho Clinic is the premier private hospital in Ghana. It was founded by Dr. Kwami Nyaho Tamaklo born in 1927 into a relatively well-to-do family. His father was an agent of Millers Limited (now Unilever) and his mother was an elder sister of a Cabinet Secretary under the Nkrumah government. He took his medical education at Trinity College of Dublin and worked as a medical officer in England for 3 years before returning to Ghana in 1960. On his return to Ghana, he joined the Ministry of Health, from where he was seconded to the Ghana Armed Forces.

This took him to Congo as part of a surgical team in 1960, when Ghana supported the independence struggles of the country.

He ascribed his motivation to start the hospital to a childhood illness. He was inflicted with a severe infection of his right leg (osteomyelitis of the right tibia). This infection defied all treatments until he was “crudely” operated upon by a French surgeon in Lome (as he described the experience). To him, this was a remarkable critical incident in his life. The incident nursed his desire to become a surgeon in order to help other children not to suffer the same fate. But the triggering cue for the hospital business itself came from reading a book entitled *The Mayo Brothers* which vividly described the history the Mayo Clinic in Minnesota and the determination of two brothers to build it up. He discussed the idea with some of his medical colleagues and received profound moral support from them to get it started. He then acquired a large plot of land in one of the well-to-do suburbs of Ghana’s capital, Accra. A cousin prepared the feasibility study for the clinic and helped him secure a loan through the Africa Project Development Facility (APDF). Another bank manager friend assisted him in getting an additional loan from the Ghanaian subsidiary of Barclay’s Bank. It however took him a great deal of time to get those loan facilities arranged. In the meantime the Lands Department decided to reclaim the land on grounds of delays in developing it. He then turned to another friend with good political connections to intervene by pleading to the Minister for Lands on his behalf. The construction of the initial buildings for the clinic was done by another friend in construction business while colleagues and friend abroad helped him acquire the most essential medical equipment to start with.

The hospital commenced operations in 1975. Its overall mission was to provide holistic healthcare to patients and promote public health in Ghana as a whole, using state-of-the-art facilities of that time. His immediate target clients were defined as those with money to pay for top quality medical services that they could not get from the public hospitals. At the same time, he envisaged that profits that he would make could be ploughed back into the development of the health sector to the benefit of the broader segment of the population.

Dr. Tamaklo described himself as a meticulous person who would think almost all issues relating to the hospital carefully through before taking a decision. Once the decision was taken, he always made a determined effort to carry it through. His main challenge, at the initial stages of the hospital business was finding capable and dependable hospital administrators. He therefore spent a lot of time reaching out to peers for insights on their experiences about how to handle Ghanaian patients and how to manage the business. "We get together and discuss best practices. This was a real learning experience," Dr. Tamaklo said during the interview. Gradually, he was able to train his immediate subordinates and began to delegate responsibilities to them and to build an organizational culture befitting a top quality hospital.

One of his main concerns was how to improve the quality of diagnosis at the hospital. This required having improved laboratory technology to do necessary tests quickly and reliably. But since none of the public hospitals in the country, at that time, was well equipped with state-of-the-art facilities their diagnosis were unduly delayed and were most often based a lot more on judgement and experience than accurate information. For example, it took a day or longer for out-patients or in-patients to obtain examination results. The improved facilities at Nyaho meant that laboratory results could be viewed instantaneously in the medical room as soon as they were available.

He was also very concerned with the need for patients to feel that their human dignity was upheld while they were under treatment. He reasoned that while clinical outcomes appeared to be very important for patient satisfaction (as expected), the handling and management of care was what actually determined the lasting memory of the experience and the overall judgment of the quality of the service. In his view, a hospital should be a better place for a sick man than his own home, however rich that home could be. Since nurses have a constant presence in patients' care environment, they have potentially greater impact on patients' experiences of care, including their dignity. Thus, it was (and still is) the hospital's goal to train the nurses in seeing dignity as a central focus in their interactions between them and patients. He entered into a collaborative relationship with a hospital in the UK to train senior nurses at Nyaho in patient-care management.

As an entrepreneur, he was also keen in building relationships with external stakeholders – friends, politicians, peers, and other influencers. To him, forging relationship is one thing, nurturing and maintaining it is another. Not only does he know how to develop relationship and friendships; he also knows how to nurture them to ensure continuity. This he does by organising occasional get-togethers, cocktail parties, and also by attending such occasions as and when invited by friends. To him, it pays to value every individual.

For employment of relatives, Dr. Tamaklo believes in two things, qualification and sense of duty. He employs only relatives that arequalified for the jobs and have a sense of diligence and hard work. Apart from his wife, who has been made the Executive Director of the hospital, and a nephew who is a medical officer, no family member has been employed by the hospital. His reasons for not employing family members echoes those offered by other owner-managers interviewed for this study. As he explains,"*Ghanaian family members participate with zeal in wealth consumption, but not with the same zeal in wealth creation*".

In 2003, Nyaho hospital's management considered it imperative to scale up its operations in order to solidify its position in the local market as the preferred health service provider for the growing Ghanaian middle class and to serve patients from the neighbouring countries. Management was of the opinion that higher total revenues and margins might be achieved by focusing on a more limited set of services for which prices were higher. One of the strategic approaches under consideration (at the time the case was written) was to increase in-patient specialty service volume, particularly in cardiology, oncology, and orthopedics. There were also plans to provide additional diagnostic testing services to the increasing number of private clinics in Accra and the major towns. Doing all these required additional funding. Thus the hospital floated shares as a public company in 2003.

Case 4: Databank

Databank was established in 1990 by three Ghanaians, Ken Ofori-Atta, Keli Gadzekpo and James Akpo. It started its operations from a small room in the UTC building in Central Accra with a short term (money market) loan of US$25,000. Its initial goal was to compile and collate research data for the financial sector and the emerging capital market. It quickly became a useful source of information on the Ghanaian stock market which started its operation about the same time by computing and publishing the first indices of the Databank Stock Index (DSI) and Databank Stock Average (DSA). This became the only reliable performance measures until the Ghana Stock Exchange was able to compute its own index the GSE All-Share Index from 1994. The three entrepreneurs therefore identified a service gap within the emerging financial sector and created a service package that could serve potential customers even before the industry as a whole became aware of the importance of these services.

Databank has evolved into a full-service investment banking firm offering stock brokerage, corporate finance, asset management, equity research, and private equity services. The company has established distinctive but complementary strategic business units which include Databank Brokerage Ltd. (DBL), Databank Asset Management Services Ltd. (DAMSEL), Databank Financial Services Ltd., (DFS), Databank Private Equity (DPE) Ltd., Databank Research and Information Ltd. (DRIL), and Databank Client Services (DCS) Ltd., each run by its own Executive Director. It now has its own corporate headquarters and three country subsidiaries – Databank Securities Ltd. in The Gambia, Sierra Leone and Liberia. The vision is to emerge as a regional investment bank with a primary focus on asset management and other investment banking services. The company has also set the pace for financial journalism by publishing regular features and articles that now shape the financial policy and strategy agenda in the country.

Each of these business units has been at the forefront of the development of new investment services in Ghana. For example, DAMSEL started the first licensed mutual fund in Ghana EPACK. From a modest beginning of an initial 250,000 Cedis from five people in 1996, EPACK has grown to over 330 billion Cedis and over 40,000 shareholders as at October 2006, a growth of over 5,600% over the period. Currently, EPACK is probably the only Pan African Mutual Fund on the African continent, investing in Ghana, Nigeria, South Africa, Botswana, Kenya, Mauritius, Zambia, and Malawi. There are plans to invest in the buoyant Egyptian and Tunisian markets. In 2004, DAMSEL also licensed the first fixed income (money market) mutual fund MFund, another industry first.

Discussions and Conclusions

We have earlier noted that since African entrepreneurs are the sole proprietors of their businesses, they are under immense and constant pressure to hire family members, occasionally taking them on even when there is no job for them. But family employees hardly demonstrate the drive to work diligently under the leadership of a family member in order to build a viable enterprise. Family business is seen more as a source of refuge for family members rather than a source of collective growth and prosperity. This study provides additional evidence in support of this observation. Illustrative case two (the EDG case) attests to this.

Fortunately, since growth-oriented entrepreneurs are driven not so much by immediate limited economic returns as by bigger long-term gains that can sustain growth, they are able to weather the challenges that family obligations present. In terms of resources, the evidence from this study shows that growth-oriented businesses in Ghana are more able to rely on personal savings and bank loans in order to finance their initial investments and grow organically. Previous studies have shown that firms endowed with a richer resource platform tend to experience a superior performance (Cooper *et al*., 1994; Gilbert *et al*., 2006). Substantial financial capital also tends to help young firms to overcome their initial disadvantages and mistakes (Chrisman *et al*., 1998). Thus, the financial resources at the disposal of the firms have been a significant contribution to their growth.

I have discussed the link between personality and entrepreneurship in volume one of the dissertation. This link plays out very clearly in the strategic choices and decisions of owner managers in Ghana. Management literature draws attention to five broadly defined dimensions of personality – namely extraversion, conscientiousness, openness to experience, agreeableness and neuroticism – that impact the strategic choices (Bergner et al., 2010). *Extraversion* represents sociability and expressiveness. Individuals high in extraversion are generally considered to be outgoing and tend to stimulate social interactions (House and Howell, 1992). They are therefore better at building networks of social relations and leveraging substantial resources through these social ties. *Conscientiousness* is a personality that reflects thoroughness, a high sense of responsibility and dependability. People who are conscientious are found to be hardworking, achievement-oriented, and their behaviours are goal-directed (Nadkarni and Herrmann, 2010). Entrepreneurs with such characteristics hold impulsive urges in check. *Open-mindedness* is associated with traits such as originality being thoughtful, insightful, imaginative, and flexible. Entrepreneurs with this attribute adopt unconventional approaches to their strategic choices. They adopt value-oriented strategies – i.e. seek out new ideas and think creatively. Their strategies are therefore more of the emergent type than plan-oriented. *Agreeableness* describes a cluster of personality traits that include empathy, courtesy, cooperative capability, and conflict avoidance. Entrepreneurs having such dominant personality characteristics adopt friendly, compassionate, and employee-centred leadership styles. They also demonstrate an exceptional eagerness to help others. They therefore have immense difficulties in resisting family expectations to have a disproportionate share of earnings from the business without making corresponding contributions to the business. *Neuroticism* refers to the tendency of an individual to experience unpleasant emotions including anxiety, depression, anger, embarrassment, worry and insecurity. Non-neurotic individuals are generally able to adjust their emotional states to different situations in life. As entrepreneurs, they are more able than others to take risks and remain calm during the vicissitudes of the growth trajectories of their businesses. For this reason, these entrepreneurs are more prepared to venture into international markets and/or collaborate with foreign firms.

The results of this study provide some evidence of these personality traits and how they impact strategic management decisions in the firms under investigation. Mr. Danso of Danso Fruit Drinks demonstrates conscientiousness and openmindedness in his business relations. Mr. Ekpe of Environmental Development Group is both agreeable and conscientious. He also has some traces of extraversion that helped him leverage external resources. Mr. Tamaklo of Private Hospitals Limited appears to be very conscientious and diligent at his work. He also demonstrates some traces of agreeableness in dealing with his clients. Finally, Ofori-Atta, Gadzekpo, and Akpo appear to be highly conscientious and meticulous with their business analysis and planning of their strategic decisions. In a word, conscientiousness appears to be a recurrent personal characteristic of the high-growth businessowners covered in this study.

These personality traits are, however, not always sufficient to help businesses grow. We have also noted that there have been situations in the history of the businesses studied where succession may be necessary to move a business from an entrepreneurial stage to a sustainable growth stage. Following Boston and Boston (2007) there are four reasons why entrepreneurs who are successful at starting new ventures are unsuccessful at scaling their enterprises. These include a blind loyalty to colleagues who were around at the founding of the enterprise; excessive attention to the task at hand rather than focusing on the larger view; tunnel vision that fails to overcome the single-mindedness that was important when the organization was founded; and a failure to interact with customers, investors, analysts, reporters, and others.

In terms of ownership, it is worth noting that all the entrepreneurs interviewed made their spouses and children shareholders or partners in their businesses already during the formative stages of the businesses. Some sent their children to business schools in order to prepare them effectively for the succession. These decisions were deliberately taken as part of their succession strategies. All ten entrepreneurs started their businesses after they turned 40 or 50 years. As they thought of their businesses 10 or 20 years down the road and considered their retirement, they felt it was necessary to plan for their successions in good time. Tamaklo of Nyaho clinic married quite late – in his 50s. He therefore made his relatively younger wife the executive director of the hospital.

The case evidence also eloquently demonstrates how growth-oriented Ghanaian entrepreneurs make conscious use of the external relations that they have established with influential others in order to leverage both tangible and intangible resources for growth. They also appear to be more able (than the survival-oriented businesses) to read the environment and adjust their strategies accordingly. Furthermore, they are not typically planning-oriented. Their strategies seem to exist in their heads as a thought process or as a form of long-term vision for their firms. They tend to adopt strategies that take advantage from pockets of market position rather than taking the entire forces of competition head-on. This approach to strategy is consistent with Mintzberg and Water's perception of strategy as a logical incremental learning process based on the strategy maker's perception and interpretation of the seen world.

Concluding Remarks and Implications

One important conclusion from the study is that networks of social relationships can create useful avenues for social ties and socially embedded resources that can be harnessed by entrepreneurs with limited economic resources of their own. Furthermore, an awareness of the increasing role of non-kin relations in business activities in Ghana provides a new policy parameter to public institutions established to promote the creation and growth of entrepreneurial activities. Business promotion institutions can channel their support through social institutions such as churches and other religious units that have specific policies and activities for strengthening the entrepreneurial capacities of their members. An example of such types of support can be to place the technical and managerial expertise of the public institutions at the disposal of churches and other civil associations for purposes of training and counseling of entrepreneurs.

Furthermore, the results of this study lend credence to Mintzberg and Walter's perspective that strategy formation has two critical forces acting simultaneously: one is deliberate, the other is emergent. Deliberate strategy is required because managers need to provide a sense of purposeful direction to the organization. Emergent strategy implies "learning what works - taking one action at a time in search for that viable pattern or consistency. Emergent strategy means no chaos, but unintended order".

In addition to these observations, the present study also highlights the following issues requiring further research attention. First, the relationship between the nature of entrepreneurial activity and the degree of importance of social ties need to be addressed. Entrepreneurs who are engaged in constructional businesses in Ghana have consistently stated that contracts are not necessarily awarded to companies with the best track record and bids; personal relations with key decision-makers and good political connections tend to play a decisive role.

We also need to gain a deeper insight into how emergent strategic decisions are made in the growth-oriented firms. As we will note subsequently, the conventional management wisdom in Ghana is that managers must be in perpetual control over activities of their employees. This fetish-like need for control is inconsistent with the concept of "unintended order" in incremental strategic management processes. The challenge of being "open, flexible, and responsive" within the Ghanaian business environment requires empirical investigation.

CHAPTER 5
GENDER CONSIDERATIONS AND ENTERPRISE FORMATION IN GHANA

Introduction

The discussions in chapter four have produced different insights into entrepreneurship and enterprise development in Ghana. They have also underscored the role of social networks in the resource allocation processes of nascent businesses. The available evidence suggests, in particular, that social structures allow some individuals to gain greater access to resources than others. Apart from social network's role in enterprise formation and management, previous studies have also revealed that gender is an important factor in understanding small business formation and success (Hisrich and O'Brien, 1981, 1982; Hisrich and Brush, 1984, 1986, and 1987; Jalbert, 2000). But this stream of research has not received any appreciable attention in African entrepreneurship literature. This awareness has prompted me to conduct the study reported in this chapter. The study seeks to investigate whether the determinants of small business formation, resource leveraging opportunities and performance in Ghana are in any way gender-specific. In economies where job opportunities are limited and women's contributions to household incomes are of existential importance to their families, such a study is important to our understanding of the role of entrepreneurship in the poverty alleviation discourse. The importance of the gender factor in Ghanaian entrepreneurship is further reinforced by the demographic profile of the continent – with the relatively large younger segment of the population without jobs. This places additional pressure on the contribution of female members of the households to the overall household budget.

The rest of the chapter is structured as follows. First, I discuss the theoretical arguments supporting the specific hypotheses tested in the study. This is followed by a discussion of the methods used in the data collection process. I then present and discuss the findings and tease out their implications for policy, strategy, and future research.

Theoretical Considerations and Hypotheses

Business Motives and Industry Choices

I have earlier offered a framework that classifies African entrepreneurs into the following four categories: *survivors*, *opportunists* or *lifestyle business owners, eye-catchers* and *orphans.* This classification sees business owners in terms of two dimensions: (1) entrepreneurial motives, and (2) the degree of creativity and innovation. This typology provides a useful basis for studying gender impacts on small business ownership, management, and performance. As argued in volume one of the dissertation, many African businessowners aptly can be classified as survival entrepreneurs. That is, they are forced into entrepreneurship not by choice but by necessity. They most typically will be found in sectors that are overcrowded and with potentially lower profits. I have used the concept of "push effect" to explain this type of business formation, meaning that, some individuals are "pushed" by the lack of stable income opportunities to start their businesses. Similarly, Global Entrepreneurship Monitor (GEM) draws a distinction between necessity-based and opportunity-based entrepreneurship (Bhola *et al.*, 2006). They argue that opportunity-based entrepreneurs tend to engage in high-expectation entrepreneurial activities and are driven by growth ambitions, while necessity-based entrepreneurs are driven by economic survival requirements. This observation is consistent with findings from previous studies in other parts of the world. The available research knowledge is that women are usually pushed into self-employment for family reasons and tend to prefer businesses that have low technical and financial barriers (Hisrich and Brush, 1986).

Previous studies have also demonstrated that women's motivations for starting a business were remarkably similar across countries. In Norway, an exploratory study of gender differences of entrepreneurs in the start-up process concluded that women emphasized independence as a reason for start-up. They also acknowledged and emphasized a high degree of social support during the process (Ljunggren and Kolvereid, 1996). Studies in Eastern Europe suggested that privatization tended to limit women's opportunities for wage employment and this had driven them to start their own businesses (Kuada and Januleviciene, 2003). In Ghana, a study of 171 female entrepreneurs (Saffu and Manu, 2004) showed that 75 per cent of them were in the service industry, 19 per cent were in retailing and only 6 per cent were in manufacturing. Most of the businesses were small and were located in their owners' homes or premises. Their motives for starting their own businesses included their desire to support themselves economically and to enjoy the flexibility that self-employment provides.

Many studies of gender gaps in business success have also focused attention on the psychological profiles of male and female entrepreneurs, although the empirical results of these studies have produced no conclusive evidence on similarities and differences. On the one hand, Neff and Citrin (1999) found that many women entrepreneurs possess specific characteristics and skills that promote their creativity and generate new ideas when compared with male entrepreneurs. Most of them demonstrated the following skills in the management of their businesses: (1) sharp communication skills (2) consensus building competence, and (3) nurturing and integrating abilities. Jalbert's (2000) study corroborated these findings and showed further that women have a high level of energy, social adroitness, and interpersonal skills in business situations. On the other hand, Schwartz (1976), Brockhaus (1980) as well as Master and Meieir (1988) found the characteristics of male and female entrepreneurs to be highly similar. Furthermore, studies of British female businessowners found them to have educational and experiential levels similar to their male counterparts (Watkins and Watkins, 1983; Westhead and Cowling, 1995).

Studies that identified gender-based differences attributed these differences to the operational contexts of the entrepreneurs. In societies where social structures and cultural values endorse distinct gender role definitions, male and female business owners differ significantly in terms of their attitudes and strategic dispositions (Hisrich and Brush, 1984). In Ghana, women and men are expected to play distinctly different roles in the civil society (Assimeng, 1981) although these differences have been somewhat reduced in recent years. Based on the results of the previous studies we seek to examine the following hypotheses.

Hypothesis 1

There would be gender differences in the sizes and types of the businesses in Ghana. Ghanaian male entrepreneurs would mainly be found in relatively larger production-related businesses, while the females would be found in the service sector.

Hypothesis 2

Male and female entrepreneurs will differ in terms of their propensity to take risks and grow their businesses; men would be more growth-seeking in their entrepreneurial activities while women would be necessity-based in their business ambitions.

Financing Small Businesses

Women's choice of business appears to relate to difficulties in leveraging financial resources for starting and growing their businesses. Several studies found that women-owned businesses were smaller, newer, and less likely to be judged qualified for bank loans. Schwartz (1976) showed that the greatest barriers faced by female entrepreneurs were financial discrimination against them by established financial institutions, combined with inadequate business knowledge. Buttner and Rosen (1988) found that lending institutions perceived women businessowners to be less successful than men, primarily due to inadequate financial resources. Furthermore, studies by the World Bank in 1994 indicate that small business owners in Ghana, in general, and women, in particular, had serious difficulties accessing finance to start their businesses and this seriously constrained their performance.

The discriminatory practices of formal financial sector operations have triggered the growth of the informal financial sector in many developing countries. Unlike the formal financial sector, informal lenders are generally more flexible in the screening of clients and in their demands of security. In spite of this flexibility, the informal financial sector (managed mostly by women) has noted remarkably lower default rates. Part of the explanation has been found in the exceptional loyalty and integrity of the women combined with the use of "reputational governance" in the management of financial relationships within the informal sector. Following Nooteboom (2001), reputational governance can be seen as an obligational contract that encourages people to behave decently in order not to lose reputation and forego fruitful relations in the future. The degree of trust generated by reputational governance mechanism allows the female dominated credit systems to reduce or avoid reliance on costly formal monitoring mechanisms.

The strength of reputational governance mechanisms derives from social ties and network relations (or what we have earlier identified as social capital). As Unger (1998) conceives it, social capital is simply a social infrastructure created by groups of individuals through their social ties. These personal relationships provide basis for trust, cooperation, and collective action in most communities (Nahapist and Ghoshal, 1998) and can enhance people's ability to negotiate and/or create and share economic and non-economic resources. From the entrepreneurial perspective, social capital may facilitate access to finance, distribution networks, labour, expert advice, and information. It also provides new entrepreneurs with such other social resources as the moral and psychological support that reduce anxieties experienced during the start-up phases of businesses. These observations lead to the following proposition.

Hypothesis 3

Ghanaian female entrepreneurs are more likely to face greater difficulties in accessing bank loans and would tend to depend a lot more on friends and family members for initial capital generation than their male counterparts.

Social Obligations and Business Growth

As hinted earlier, several scholars of African business culture have suggested that social values and obligations in some African societies tend to have negative impact on business development. That is, African family relations may tend to create economic dependency of the majority on the few. In simple terms, this means that family members who are in need are socialized to believe that they have the right to demand assistance from those they perceive to have the means to assist. Paying for the education of family members, hospital bills and providing initial working capital for small business formation are popular examples of what is classified in African societies as "needy" situations in which family members may demand and expect support from the richer members of the family (Garlick, 1971; Blunt and Jones, 1997; Sørensen, 2003; Kuada, 2003). Feelings of obligations are, at times, so great that family enterprises tend to serve as "relief organisations" for family members and friends. This means owner-managers may use their resources to support the weaker members of their families at a rate that outpaces their capacity to recoup them for organisational goal attainment (Sørensen, 2003). In worst cases, this behaviour may lead to the collapse of the businesses.

We have noted in chapter 4 that family members expect their self-employed relatives to employ them in their businesses. Those who choose to do so find the consequences to be rather unpleasant. Since family members employed in the business come easily to the jobs and take their job security for granted, they scarcely feel obliged to improve their skills or to do a good job (see Himbara, 1993; Kuada, 1993). Furthermore, personnel development policies are usually lacking in such enterprises, partly due to the lack of long term goals and resources, but also because the proprietor is unable to decide on whom among the numerous relatives to support for development without jeopardizing his relationship with the other family members. The net effect is that productivity is low and business opportunities go unnoticed because none apart from the proprietor is seriously concerned about the survival of the business. In case of collapse, the distant relatives join businesses of other relatives that appear to be doing well or return to subsistence life on the family land. This scenario suggests that the collectivism of

African family life is hardly translated into collective responsibility to work diligently under the leadership of a family member in order to build a viable enterprise. Based on these observations we submit the following proposition:

Hypothesis 4

There are no substantial gender based differences in the manner in which Ghanaian entrepreneurs cope with culturally induced obligations.

Methods

The theoretical observations outlined above provided the basis of the questionnaire drawn for this study. The data were collected from a convenient sample of 38 businessowners and their managers. I administered the questionnaires to the respondents myself and this gave me the opportunity to ask additional questions based on the responses provided on the various questions in the questionnaire. The combination of survey questions and interviews provided a better basis for interpreting the results of the survey data. The questionnaire used for data collection was pre-tested through interviews with a group of respondents within the research population in order to reinforce the questionnaire's content validity.

Findings

Profile of the Enterprises

The thirty-eight entrepreneurs covered were composed of 26 males and 12 females (Table 5. 1). Nineteen of the companies were established between 1990 and 2004, and eleven of them were established between 1980 and 1989. Nine of the respondents have up to 9 years of formal education, 14 have senior high school education, and 15 have university level education (Table 5. 2). The data suggest that male business-owners have university level qualifications while a higher proportion of the female respondents have senior high school level education. Two of the women had a Higher National Diploma (HND) qualification from polytechnic institutions. These results are consistent with the findings from Saffu and Manu’s (2004) study in which 13 per cent of the respondents had up to 9 years of education and 67 per cent had senior high school education or above.

Female business owners in this study have fewer years of work experience in both paid jobs and in managing previous businesses. They also have relatively lower levels of formal education. They have, however, been engaged in socially-related activities and are active in religious networks that provide them with additional social ties compared to their male counterparts. Their backgrounds could have encouraged them to make greater use of small-business management training programmes available in the country. But the evidence shows the contrary. Although the present study does not provide any empirical explanation for this unexpected disposition, one can speculate on the general knowledge that women (more than men) have a greater share of the family responsibilities at home and this may contribute to their lack of time to take training courses that require leaving their homes for several hours, two or three times per week.

The entrepreneurs are engaged in nine main lines of business - fish processing, publishing, processed food and restaurant, timber/furniture, health services, livestock/food production and processing, textiles, educational services, and construction. Apart from construction, health services and timber/furniture businesses, women entrepreneurs are engaged in all the other businesses (Table 5.3).

In Ghana, businesses with 5 employees or less are defined as *micro* enterprises, while those having up to 29 employees are defined as *small* enterprises (McDade and Spring, 2005; Puplampu, 2005). All other businesses are considered to be medium or large-size enterprises. Based on this classification, only one of the enterprises would be described as micro, while 23 (15 male-owned and 8 female-owned) were small enterprises (Table 5.4). This means 9 of the 12 female-owned businesses would be classified as either micro or small enterprises. Three of the four relatively larger companies are owned by men and have assets ranging from US$ 5 million to US$20 million. They were, at that time, among the high-growth companies in the country.

The evidence supports the proposition that female-owned businesses tend to be smaller than those owned by men (Saffu and Manu, 2004). It does not, however, support the expectation that distinct gender-based differences would be found in the entrepreneurs' choice of industry. Apart from the medium-sized firms, the women were fairly well represented in sectors in which male entrepreneurs chose to invest.

Table 5.1: Year of establishment of firms by gender

Year	Male	Female	Total
Before 1970	4	-	4
1970 – 1979	2	2	4
1980 – 1989	10	1	11
1990 – 2004	10	9	19
Total	26	12	38

Table 5.2: Level of formal education

	Male	Female	Total
Pre-senior High School (Up to 9 years)	6	3	9
Senior High School	8	6	14
University Education	12	3	15
Total	26	12	38

Table 5.3: Previous work experience

	Male	Female	Total
None	-	4	4
Junior civil servant	3	2	5
Senior civil servant	4	1	5
Teaching	3	4	7
Junior employee in a private	5	-	5
firm	4	-	4
Manager in a private firm	5	1	6
Others	2	-	2
Total	26	12	38

Table 5. 4: Types of industry

Industry	Male	Female	Total
Fish processing	1	2	3
Publishing	3	1	4
Processed food and restaurant	3	2	5
Timber and furniture	3	-	3
Health services	3	-	3
Livestock, food production and	6	2	8
processing	1	2	3
Textiles	2	1	3
Schools and educational services	4	-	4
Construction	-	2	2
Others			
Total	26	12	38

Table 5.5: Size of business

Number of Employees	Male	Female	Total
5 or less	-	1	1
6 – 29	15	8	23
30-50	7	3	10
Over 50	4	-	4
Total	26	12	38

Motives and Growth Ambitions

As indicated above, business growth is a strategic choice that businessowners make. Those who enter business mainly with a survival motive will be satisfied with earning enough to meet their family obligations. Table 5.5 provides an overview of the main motives that have triggered the establishment of the businesses. All the respondents gave expected economic benefits as their primary motive for starting their businesses. But 10 of the 12 female (compared to 10 of the 26 male) respondents gave the desire to "balance work and family life" as a secondary motive. Six male entrepreneurs gave personal achievement as an additional motive.

Table 5. 6: Motives for entering business

Motives	Male	Female
Primary motives		
Economic gains	26	12
Secondary motives		
Balancing work and family life	10	10
Personal achievement	6	2

Table 5. 7: Specific growth ambitions

	Male	Female	Total
Moderate growth objectives from the beginning	10	2	12
Initial fast growth, later slow growth as an objective	-	-	-
Initial slow growth, later fast growth as an objective	8	2	10
Fast growth during the whole existence	4	-	4
No answers	4	8	12
Total	26	12	38

Resource Leveraging

Table 5.8 reports on the major problems faced by the respondents during the initial stages of their business. Ten of the twelve female entrepreneurs and 16 of the 26 males had initial financial difficulties. Other difficulties encountered included inadequate technology (which could also be traced to the problem of finance), lack of qualified skilled labour, and difficulties in following government regulations, particularly with respect to exporting.

Table 5.9 provides some insight into the extent to which social capital has been used to access the market-based resources. Although personal savings were mentioned by many respondents as the main source of start-up capital, 13 respondents (11 women) depended partly or wholly on funding from family members. Four women stated that they obtained bank loans 3-5 years after the commencement of their businesses. Two women also obtained financial assistance from overseas donor organizations to expand their businesses.

In addition to family members, micro-financing served as a major source of financial support for the women entrepreneurs. This confirms results of previous studies which showed that over 70 per cent of the clients of most micro finance institutions in Ghana in the late 1990s were women (Januleviciene, 2003). The general understanding from the interviews is that religious or socially-based trust acted as a more powerful control or sanction mechanism than legally enforceable loan agreements, since the entrepreneur tended to place a high premium on her image within a church or social network. These findings are therefore consistent with the case evidence presented in chapter four.

Table 5.8: Main obstacles to satisfactory business performance

Obstacles	Gender	
	Male	Female
The economy	16	10
Finance	16	10
Competition	2	2
Government regulations	8	2
Taxation/Import duty	10	4
Liquidity/ cash flow	10	8
Supplies	4	2
Technology	12	6
Skilled labout	6	2
Others	-	-

Table 5.9: Sources of initial capital

	Male	Female
Personal savings	10	2
Banks	4	2
Capital from spouses	-	4
Capital from children	-	2
Capital from parents and other family members	2	2

Table 5.10: Non-economic resources

Socially-derived sources	Male	Female
Moral support from family members	2	8
Moral support from non-family members (friends, church members and priests)	-	6
Recommendations by “influential people”	2	6
Labour from children and other family members	-	4

As shown in Table 5.10 social ties also provided other non-economic resources that greatly supported the development of the businesses. Moral support was cited by most women as an equally important resource as capital. Male respondents drew attention to the debilitating consequences of close ties to members of their extended families. Consistent with the case evidence in chapter 4, they noted that Ghanaian entrepreneurs are generally under pressure to hire family members.

Discussions

In sum, the results provide additional insights into gender impacts on motives, barriers, and opportunities of entrepreneurs in Ghana and the extent to which they depend on social ties as a resource leveraging mechanism. Both sexes operate in the same economic sectors. In terms of education, Ghanaian businesswomen appear to be catching up with their male counterparts. Furthermore, there are no major differences in the primary motives of male and female entrepreneurs – both groups are triggered by expected financial gains to start their businesses. But they differ, to some extent, in their secondary motives. Women tend to cherish the flexibility that self-employment allows them in coordinating their domestic life and work life; the men appear to have personal achievement as a secondary motive. The study further suggests some differences in the barriers experienced by male and female entrepreneurs; the women experience greater difficulties in accessing bank loans than the men and therefore rely a lot more on the family as a major source of capital.

The study also demonstrates, once again, the importance of social relations in understanding the process of enterprise development in Ghana. It has been noted that social resources may strengthen the capability of firms to tap other people's resources. Finally, while the family remains a key source of resources for Ghanaian entrepreneurs, the study suggests that the family obligations can become predatory as well. The superior performance of new entrepreneurs may therefore require shifts in the ordering of family relations during the initial stages of their business formation. Thus, seen in terms of the hypotheses formulated to guide the study, the results support hypotheses 2, 3, and 4.

The results are therefore consistent with studies done in several other countries. For example, Carter *et al.* (2001) found that American male and female entrepreneurs tend to enter business for financial gains as well as pursue intrinsic goals such as flexibility in balancing their business and domestic lives. Other studies have also shown that female entrepreneurs rely to a larger extent than their male counterparts on human capital, social networks in the establishment and management of their businesses (Bird and Sapp, 2004).

One major contribution of this study to the existing literature is the insight it provides into the degree to which non-kin social ties impact economic resource leveraging processes among Ghanaian entrepreneurs. The female respondents informed that church membership is an important avenue for non-kin social interaction with positive economic implications. Some respondents indicated that friends with whom they worshipped helped them to obtain bank loans and credits; others relied on church members for moral support during the initial stages of their business development. Three respondents specifically mentioned “divine wisdom” acquired through joint prayers and “fellowship” as important qualitative resources that they have obtained through their church membership. The main point here is that the importance of psychological and metaphysical resources to the formation and development of entrepreneurial activities in Ghana must not be underestimated. This deserves more elaborate future research attention. The evidence produced in this study is therefore consistent with the results reported in chapter 4.

Research Implications

These observations carry implication for future research. First, to the extent that women and men tend to possess different resources and are active in different networks of relationships and therefore have the potentials for leveraging different socially embedded resources requires further investigation. One plausible hypothesis that may be tested is whether businesses owned jointly by male and female entrepreneurs will have greater prospects of succeeding due to the potential gender-based complementarity of their resources and personality traits. It is, however, conceivable that gender-based partnerships may harbour potential sources of tension and conflicts that may overshadow the resource advantages that gender differences may offer.

The construction of such partnerships also deserves attention. For example, will women and men engage in equal ownership arrangements, or will men necessarily want to have majority ownership in these partnerships? Can spouses enter into partnerships and what implications will such arrangements carry for the management of the businesses? Prior research has shown that women tend to be more supportive of men's business endeavours than vice versa (Nelson and Smith, 1999). This is likely to be the case in a relatively masculine dominated country like Ghana, and this will have implications for how entrepreneurship promotion policies must be crafted and implemented in the country.

Second, the present study suggests that female business owners in Ghana are less likely than their male counterparts to use formal training opportunities, although they have lesser business and management experiences before starting their businesses. This is in contrast to studies in developed countries such as the USA. Our investigations have not provided cogent explanations. Further studies are required to provide a better understanding of factors that constrain female entrepreneurs' propensity to participate in training programmes. Knowledge from such studies should help in the design and implementation of small business promotion programmes in Ghana.

Third, the differences between male and female businesses in rural areas compared to urban areas of Ghana have not received research attention. Since difference in job opportunities for men and women in rural areas can influence their motivation and propensity to establish businesses and their contributions to household incomes, it is important to undertake such studies in order to gain a more comprehensive insight into how economic activities can be stimulated in different parts of the country. It is also important to investigate whether the size of the gender gap in small business success is the same in rural and urban parts of Ghana.

CHAPTER 6
LEADERSHIP STYLES AND HUMAN RESOURCE MANAGEMENT PRACTICES IN GHANA

Introduction

I conducted an empirical investigation into leadership styles, organizational climate, and managerial behaviour in Ghana in 1994. Data for the 1994 investigation were collected through self-administered questionnaires to which a total of 357 managers responded (see appendix 1 for a sample of the questionnaire). This was combined with interviews with 25 managers aimed at gaining deeper insights into some of the issues investigated through the survey instrument. The overall objective of the study was to empirically examine the links between Ghanaian culture and the preferred leadership styles of Ghanaian managers. I also examined how the leadership styles influence the managers' relationship with their subordinates directly (and other employees indirectly). Finally, I sought to explore how the dominant management practices influence worker commitment, human resource development, and organizational performance.

The highlights of the investigations are reported in this chapter. In terms of structure, the chapter continues with a quick review of the theoretical arguments and hypotheses that have guided the investigations. It then presents and discusses the findings, noting their implications for management strategy and further research.

Theoretical Considerations

The empirical investigation presented in this chapter has been guided by the theoretical viewpoints presented in volume 1 of the dissertation, particularly with respect to discussions of the impact of culture on managerial behaviour in Africa (see chapters 5 – 8 in part two of volume 1). Bulding on the understandings gained from these discussions, I expected Ghanaian managers in general to consciously exhibit authority and power due to the high power distance and social class structure in the country. Conspicuous exercise of power in Ghana is generally believed to be a source of respect and status within the immediate environment. Being a status symbol, power may be displayed for its own sake and not necessarily as a means of influencing situations and attaining specific organizational goals. Characteristics of such leadership behaviour include close supervision of subordinates, elaborate instructions on all matters, and disapproval of deviations from such instructions. This is not to say that such exercise of power is always to the disadvantage of the organization in which the leader participates. For example, in matters of resource acquisition within muddled political and administrative systems, the relative power differences of leaders representing the competing organizations or units within a given organization can determine the amount of resources they can bring home. In such situations, the manager may consciously be exercising his power to support the attainment of specified organizational goals.

We noted in volume one of the dissertation that although authoritarian directives are generally administered, managers are selective in their patronage of subordinates, providing extra opportunities and privileges to those closest and subservient to their interests. In more specific terms, Ghanaian managers must be expected to use the opportunities within their scope of authority to reward the "pleasing" subordinates, for example, by selecting them to attend overseas training programmes, advancing their promotion, approving their loan applications, and providing them with other services that partially blunt the rough edges of their life experiences. It is this reciprocity of support and benefit that sustains superior-subordinate relationships, performance being of secondary importance.

Theoretically, age and gender are believed to have an impact on managerial behaviour. As noted in chapter 2 of this volume, the Ghanaian value system holds that the older an individual, the wiser and more powerful he or she is likely to be. Since age in itself is a source of ascribed power and authority within the traditional communities, older managers are likely to subscribe to and/or practise an authoritarian leadership style. But younger managers with higher formal education and some degree of foreign exposure are more likely to reject an authoritarian leadership style.

Authoritarianism is not entirely a cultural phenomenon. Some people have strong inclinations to exhibit authoritarian dispositions. An American experiment reported by Deutsch (1960:140) reveals that people who are suspicious of others tend to be "more authoritarian, less intellectually sophisticated, less liberal in their political views, and more cynical”. Although the influence of such personal characteristics may be present in the behaviour of Ghanaians, it has not been the subject of this study. My concern has mainly been to find out if there is any general pattern of behaviour among managers and workers in the Ghanaian organizations with respect to the degree of trust and openness that characterizes inter-personal relations at the workplace. I was also interested in the extent to which the authoritarian dispositions of Ghanaian managers tend to influence the degree of honesty with which their subordinates relate to them. For example, if managers obtain the wrong signals and information from their subordinates, this will greatly impair their judgement and decision-making and finally jeopardize the organization's ability to attain its declared goals. I did not expect to obtain specific evidence of mistrust and dishonest behaviour, since such evidence is not normally disclosed to outsiders. But a general perception of the organizational climate can be gleaned from the responses to statements related to openness and trust.

I also explored the relationship between fairness, motivation, and the commitment of Ghanaian workers to their organizations. As indicated above, the collectivist characteristics of African socio-cultural systems enjoin fathers and clan heads to treat their children and other family members fairly in order to ensure a harmonious life within the family. In effect, there is no conflict between the management literature's demand for fairness and African culture. In the light of these understandings, the earlier discussions on family and ethnic commitments and their implications for recruitment practices in Ghana should suggest that managers are likely to have different personal attachments and obligations to their workers. Pressures to find jobs for family members can be resisted by only a few. Naked favouritism can therefore not be totally ruled out in Ghanaian managers' behaviour. Workers' awareness of this possibility may create a situation in which nearly all managerial decisions relating to promotion, nomination for training courses, and the assignment of tasks are subject to suspicion. That is, although a manager would be acting fairly on the basis of his assessment of the opportunities and situations, the general lack of trust would lead subordinates who feel by-passed to attribute the manager's decisions to favouritism. Thus, while superiors see themselves as fair, their subordinates may see them as unfair. Based on the above theoretical considerations, I tested the following hypotheses in the study.

Hypothesis 1

Managers in Ghana are likely to adopt or endorse leadership styles that combine authoritarianism with benevolence.

Hypothesis 2

Ghanaian managers are likely to maintain a social distance from their subordinates and are therefore unable to *interpret the real feelings and expectations of their subordinates.*

Hypothesis 3

Seeing themselves as playing a "fatherly role" for their subordinates and workers in general, Ghanaian managers are likely to see themselves as being fair to all.

Hypothesis 4

Demographic characteristics of Ghanaian managers (e.g. gender, age, education, and international exposure) are likely to influence their leadership preferences.

Hypothesis 5

Ghanaian managers will show keen awareness of the necessity of their subordinates to acknowledge and manage their wider social obligations to the extended family and kinship system. Subordinates will, in turn, show higher expectations about their organizations' ability and willingness to accept responsibility for their welfare (including obligations to their families)

Data Collection Methods

As mentioned in the introduction section, two sets of research instruments were used to collect the data analysed in this chapter – a questionnaire and semi-structured interviews. The items included in the questionnaire are presented in the box below (see appendix 1 for a sample of the questionnaire). A stratified sampling approach was adopted in the selection of the respondents. I first used a combined membership list of the Ghanaian Association of Industries and Ghana Chambers of Commerce as a sampling frame. From this list I selected a random sample of 300 organizations and sent them a letter inviting them to participate in the study. One hundred and thirty six organizations agreed to participate. I then sent out an average of 10 questionnaires to each organization to be filled in by a convenient sample of managers in each organization within two weeks. I decided to send personal couriers to hand out and pick up the questionnaire because the mail system in Ghana is unreliable and because prior experience has shown that this approach improves response rates. I collected 384 filled questionnaires after three separate visits to the selected organizations. Out of this number 357 were assessed to be properly filled and suitable for analysis.

The structured interviews covered issues of leadership styles, superior-subordinate relationships, alignment between employees' and organizational goals, organizational commitment as well as the impact of various aspects of Ghanaian culture on managerial behaviour. Each interview lasted between 2 and 3 hours, with detailed interview write-ups completed within a period of 24 hours after the interviews. All write-ups were reviewed for omissions and clarity problems with follow-up data collected, where necessary. This approach to research is known under various terms, the popular of them being triangulation (Kuada, 2012). I have chosen this approach to avoid the danger of overlooking exciting views and perspectives by holding my nose too close to the empirical grindstone (so to speak). The underlying assumption of triangulation is that "the weaknesses in each single method will be compensated by the counter-balancing strengths of another" (Jick, 1979:604).

BOX 6. 1
Sample of Items in the Questionnaire

- Good managers must give ready and clear-cut instructions.
- Good managers must supervise their subordinates closely.
- Good managers must be impersonal and decisive.
- Good managers must be firm, frank, and fair (even if such behaviour hurts subordinates).
- People who do well in management in this country are shrewd, authoritative, and have a strong drive for power.
- Good managers must be generous and indulgent to their subordinates.
- Good managers must be concerned with – and responsive to – the personal needs of their subordinates.
- Good managers must provide a leadership model for their subordinates.
- Good managers must allow subordinates a free hand to manage.
- Good subordinates are compliant with – and loyal to – the interests of their superiors.
- Good subordinates must avoid actions which surprise or embarrass their superiors, even if such actions are in the interest of the organization.
- Good subordinates must give first priority to their duties and requirements of their role, even if such types of behaviour are against the personal demands of their superiors.
- Assignment to leadership positions in an organization must first and foremost be based on the knowledge and skill that individuals have for the task at hand.
- Subordinates generally trust top management.
- Subordinates are usually open and genuine in their work relations.
- When employees receive administrative directives with which they do not agree, they usually conform without dissent.
- Older managers feel threatened by younger, competent staff members or subordinates who may have more knowledge and education.
- All managers are fair and just with employees, using competency only as their evaluative criterion for performance.
- Personal initiatives and risk-taking are not encouraged by managers
- The organization is hierarchically structured - everyone knows his position.
- The organization is able to adapt to changes in society and culture at large.
- It is usual to employ people on the basis of their relationship with managers in the organization.
- Praying to God can improve one's career opportunities.
- Traditional chiefs and leaders must be accorded due respect, even if they are junior employees in one's organization.
- Respect for age must be preserved, even in management. Age and experience in life are worth more than "paper" qualifications.
- It is sensible to fear threats of "juju" from one's subordinates and peers when one is taking decisions unpleasant to them - e.g. firing a subordinate.
- Employees' (subordinates') obligations to their families must be given due consideration in decisions affecting them.

Findings and Discussions

Demographic Profile of Respondents

In terms of age classification 78 per cent of the respondents were 50 years old or below (43.5% were between 27 and 40 years, 45% were between 41 and 50 years) while the remaining 22% were over 50 years old. The higher proportion of the relatively younger respondents in the sample was partly due to the use of convenience sampling within the organizations selected. In many of the organizations, filling in questionnaires was considered a task that younger people should undertake. This awareness has encouraged me to do the interviews – i.e. to gain deeper insight into the managerial behaviours of the older managers.

With respect to gender and educational classifications, 13% of the respondents were women, 15% had only pre-university education (i.e. up to senior high school level), 30% had professional qualifications such as accounting, a little over 17% had first degrees or diplomas, and a little over 30% had higher qualifications such as master's degrees, postgraduate diplomas or PhDs. About two-thirds of the respondents had all their formal education in Ghana, while the rest studied both in Ghana and abroad, mostly in North American and Western European countries (See Tables 6.1a and b).

Table 6.1a: Age distribution of respondents

	Freq.	%	Cuml. freq.	%
up to 35 years	59	16.5	59	16.0
36 - 40	96	27.0	155	43.0
41 - 45	93	26.0	248	69.0
46 - 50	67	19.0	315	88.0
above 50	42	12.0	357	100.0

Table 6.1b Distribution of the levels of education of respondents				
EDUCATION	Freq.	%	Cuml. freq.	%
No answer	23	6.4	23	6.4
Pre-university only	55	15.4	78	21.8
Pre-university + profession	107	30.0	185	51.8
Pre-university + 1st degree	63	17.6	248	69.5
Higher degrees	109	30.5	357	100.0

Leadership Style Preferences

As the results presented in Table 6.2 show, 83% of the respondents subscribe to the view that good leaders are those who give ready and clear-cut instructions to their subordinates. Their view was that subordinates have a right to be instructed clearly. They can therefore justifiably refuse to perform their tasks if the instructions given are not clear. This observation accords with Hofstede's (1980) expectations of behaviour in societies with strong uncertainty avoidance. Members of such societies tend to feel uncomfortable with unfamiliar situations.

The evidence is somewhat ambivalent on whether it is best for subordinates to have a free hand to manage or to be supervised closely. Forty-two per cent of the respondents favour close supervision while 46% favour wider degrees of freedom for subordinates (Table 6.2). The views of those against close supervision are that once instructions are very clear, one should expect subordinates to adhere to them, in which case close supervision is considered unnecessary. This may be a reflection of the belief that it is in the best interest of subordinates not to deviate from instructions given to them since this will go against them in their superiors' evaluation of their performance or in their general relationship. The interview results, however, suggest a widespread preference for close supervision. This implies that, in practice, clear-cut instructions are not seen as good substitutes for close supervision. The need for close supervision lies not in the fear that assigned tasks would not be accomplished because subordinates make mistakes, but in the indiscipline, absenteeism, and loitering (during non-break periods) which result in substantial delays in task schedules. This, by inference, means managers resort to close supervision in order to solve problems that are probably due to lack of worker motivation and organizational non-commitment.

Table 6.2 Distribution of responses to various statements on leadership

Statement	Response						
	No answer	Fully Disagree	%	Partially Agree	%	Fully Agree	%
Good managers must give ready and clear-cut instructions	-	19	5	41	12	295	83
Good managers must supervise their subordinates closely.	1	91	26	114	12	151	42
Good managers must be impersonal and decisive	-	26	7	59	17	272	76
Good managers must be firm, frank and fair (even if such behaviour hurts subordinates)	-	3	1	25	7	329	92
People who do well in management in this country are shrewd, authoritative and have a strong drive for power	4	76	21	83	24	194	55
Good managers must be generous and indulgent to their subordinates	1	208	58	106	30	42	12
Good managers must be concerned with and responsive to the personal needs of their subordinates	1	46	13	82	23	228	64

Good managers must provide a leadership model for their subordinates	-	5	1	8	2	344	97

Statements	No answer	Fully Disagree	%	Partially Agree	%	Total	%
Good managers must allow subordinates a free hand to manage	1	86	24	104	29	166	47
Good subordinates are compliant with and loyal to the interests of their superiors	1	107	30	73	21	176	49
Good subordinates must avoid actions which surprise or embarrass their superiors, even if such actions are in the interest of the organization	2	126	35	85	24	144	41
Good subordinates must give first priority to their duties and requirements of their role even if such types of behaviour are against the personal demands of their superiors	3	46	13	69	19	239	68
Assignment to leadership positions in an organization must be based first and foremost on the knowledge and skill that individuals have for the task at hand	5	75	21	78	22	199	57

Table 6.3: Age and response to the statement that "Good managers must give ready answers and clear-cut instructions"					
Age Classification	Response				
	Fully Disagree	Partially Agree	Fully Agree	Total	%
up to 35 years	21	13	25	59	16
36 - 40 years	31	35	29	95	27
41 - 45 years	22	36	35	93	26
46 - 50 years	14	23	30	67	19
above 50 years	3	7	32	42	12
Total Total %	91 26%	114 32%	151 42%	356	100%

Chi-square; DF = 8; Value = 32.538; Prob. = 0.000; Kendall's Tau-b; Value 0.180

Seventy-six per cent of the respondents supported the views that Ghanaian managers must be *impersonal and decisive*; while 92% agreed that they must be *firm, frank and fair* and 97% agreed that they must provide a *leadership model* for their subordinates. Furthermore, over 50% were of the view that shrewdness, authoritarian-orientation, and power are requirements for success as managers. All these attributes considered together suggest that Ghanaian managers favour an authoritarian leadership style. Toughness is believed to command fear; leniency is equated with weakness. Some of the respondents interviewed defended the authoritarian style of leadership on grounds of necessity rather than desire. The managers argue that an alternative can be disastrous since subordinates may interpret it as a weakness and take undue advantage of it. "Rule by fear is better than no rule at all", as one of the managers put it. But there are others who firmly believe that close supervision leads to greater task accomplishment. As another of the interviewed respondents expressed it, "Ghanaian workers perform better when they are *inspected* rather than *expected*." The results therefore support hypotheses 1 and 2. The interviews also suggest that threats of records of employees' unauthorized behaviours are sufficient to discourage them from indulging in these behaviours. As one of the senior managers put it, "Ghanaians basically fear written records of their behaviour. One can therefore get a lot out of them by threatening them that their unacceptable behaviours will be placed on file".

Authoritarian leadership style appears to have roots in the Ghanaian culture. In traditional communities, relationships between leaders and followers are defined by the rights and obligations of the various age sets within the communities. Seniors, either in age or position, are generally expected to give direction and guidance to their juniors, who in turn are expected to respect the wisdom underlying such guidance and to follow instructions given them dutifully. It is true that the traditional culture expects leaders of the local communities to consult their members when contemplating major decisions that affect life in the community as a whole. But such consultations are neither required in superior-subordinate relationships nor between family heads and members of their households. The authoritarian dispositions in the traditional relations have been reinforced in the post-independence era through education, bureaucratic institutions and formalized work patterns that have produced achieved status mobilities. People with no ascribed status in the traditional societies are now able to enjoy high status privileges through education and organizational positions and expect their subordinates to accord them the respect due their new status.

The interview results suggest that authoritarianism invokes resentment rather than respect among some subordinates. But since subordinates in general expect their superiors to be authoritarian, they only grumble quietly and privately about excesses. What is perhaps even more striking is subordinates' response to non-authoritarian leadership. It became evident from the interviews that managers who have experimented with participative and consensus styles of leadership in predominantly authoritarian organizational cultures have found their efforts ridiculed. The general experience is that the individual who changes his style of leadership goes against the familiar pattern of superior-subordinate relationships. Initially, his subordinates welcome the change as refreshing and enjoy the pleasant surprise, feeling that their boss is "one of them". But over time, their attitude turns into complacency, and some surbordinates tend to "take undue advantage of their superior's openness", as one of the senior managers put it. But reverting to authoritarian leadership after such an experiment is difficult. The inconsistency in style becomes confusing to subordinates. Seen from this perspective, junior and middle-level managers may waver to change their leadership styles, even if they find participative leadership styles to be intellectually appealing.

Paternalism as a Leadership Style

Hypothesis 3 suggests that senior managers in Ghana would think that their subordinates expect them to play a "fatherly role" for them. The results are mixed on this issue reflecting the problems of interpretation of what the various statements cover. Only 12% of the respondents hold the opinion that generosity and indulgence to subordinates are good leadership attributes (Table 6.2). But 64% of the respondents were of the view that "concern for and responsiveness to the personal needs of subordinates" are essential attributes of good leadership (Table 6.2). Putting the results from these two statements together, it is fair to assume that managers are against the imagery of being seen as "baby-sitting" for their subordinates since such an image conflicts with the more appealing one of toughness and frankness. At the same time, the majority subscribe to the culturally prescribed imagery of an assisting "big brother/sister".

As expected, benevolence is selectively administered, implying inconsistencies in the application of personnel policies. That is, the content and extent of help that a subordinate expects depends on the strength of his relationship with his boss. While managers closest to the boss are leniently treated in cases of violations of or-ganizational rules, others face the full consequences of their violation. Such discriminatory application of rules naturally induces mistrust and disrespect of the judgement of those practising them.

Not all managers see the superior-subordinate relationship in a positive light. Some respondents see it as a reflection of a weakness in the Ghanaian culture and collective personality. This observation is brought home quite clearly in the words of one of the interviewed managers who explained that "Ghanaians lack the courage to hurt, since it may give them bad names within their immediate work environment. As a result serious offenses are left unpunished by immediate bosses .... They are willing to overlook offenses or give verbal warnings several times ,although a disciplinary action will be most appropriate. When situations are out of hand, they ask their superiors to take the required action because the latter can afford to be impersonal since they are not in daily contact with the subordinates concerned." This quotation illustrates the problems of determining the scope of how cordial a relationship with subordinates should be. In order not to be regarded as being too soft on subordinates closest to them, some managers prefer to distance themselves from all their subordinates.

Paternalism was one of the issues that I discussed at length with the managers I interviewed. I asked, for example, what factors they would take into account when considering dismissing (or recommending the dismissal) of a subordinate for disrespect or a grievous infringement of the rules of their organizations. Most of the respondents stressed that laid-down regulations existed for dismissal in their organizations and most often the decisions were not taken by any single individual. The majority, however, conceded to giving in to some pressures from the family of the subordinates involved. As one manager explained, "for cases in which I am not certain in my mind that an outright dismissal is justifiable, I take all the intervening factors into account, including the person's background, previous offenses, and the implications of his dismissal for his immediate family and other dependants. If the relatives of the worker would like to talk to me, I listen to them with interest and attention. Such conversations give me better insight into the person's background, personality as well as circumstances surrounding his unacceptable behaviour.... I have frequently suggested rehabilitation of some kind - e.g. transfer to areas where he will not be a risk." Thus, the manager's first concern is the individual and his family's well-being; the goals of the organization come second, but are not ignored. As discussed subsequently in this chapter, good interpersonal relations at the workplace receive greater priority than performance as such - e.g. dishonest and disloyal behaviour from subordinates are punished more severely than inefficiency.

The interview evidence confirms the view that the obligations that familism, clanism, and ethnicity invoke form the foundation of selective benevolence as a leadership style. If a subordinate is a family or a clan member (which is not unusual), the superior sees his obligation towards him in a reciprocal light. That is, he is committed to protecting the subordinate's interests within the work environment, granting him privileges and giving him disproportionate opportunities for advancement through the ranks. The subordinate, on the other hand, is obliged to grant his superior unqualified loyalty and protection within the organization to the extent possible within his spheres of influence. In this regard, the relationship between superiors and subordinates assume a highly personal and subjective character. The degree of benevolence accorded a subordinate depends on the strength of affinity. Family members tend to be treated more warmly than distant kinsmen, and ethnic links are looser than clan links. But like any other situation in human societies, there are exceptions to this general observation. Differences in managers' personality, training as well as religious commitments tend to influence their views of what is fair and just or an acceptable professional conduct. As we shall see subsequently, various approaches are adopted to reduce incidence of naked nepotism in the recruitment, placement and career development of subordinates.

Analysis of the survey data does not, however, produce any clear-cut agreement on how subordinates are expected to respond towards their superiors. Forty-nine per cent believe that subordinates must be compliant with and loyal to the interests of their superiors; 30% disagree and 21% partially agree (Table 6.2). Sixty-eight per cent of the respondents are, however, of the opinion that subordinates must give priority to their tasks rather than please their superiors.

In summary, the above discussions suggest that the relationship between superiors and subordinates in Ghanaian work organizations is one of reciprocity between persons of unequal power. Superiors feature autocratically in their relationship with their subordinates; close supervision, clear-cut instructions, decisiveness, and firmness are among the preferred leadership attributes. In the main, many managers expect subordinates to be compliant with – and loyal to – the interests of their superiors and to avoid actions that embarrass their superiors, even if such actions are in the interest of their organizations. In return, the most loyal subordinates are given preferential treatment in personnel policy matters and are therefore offered better opportunities for career advancement. Benevolence is selectively administered, based on the culturally prescribed obligations towards kinsmen. Thus, the primary considerations in superior-subordinate relationship are not so much organizational goal attainment as the fulfilment of the needs of respect, status, and obligations of managers within the broader social framework. The above evidence therefore provides support for hypothesis 3 – i.e. leadership style preferences can be strongly influenced by cultural values and expectations in the ambient society.

Managers' Profile and Leadership Orientation

There are good reasons to argue that age, level of education, position in the managerial hierarchy, gender, and the degree of exposure to foreign culture can influence an individual manager's leadership orientation.

Taking age first, the results reveal a significant association between the age group within which the respondents have been classified and their views on statements 2, 4, 9, 10, 11 and 12. The association between age and the statement that "good managers must give ready and clear-cut instructions" is statistically significant (Table 6.3). The Kendall's tau-b value is 0.180, indicating that the older managers in the sample are much more in favour of giving clear-cut instructions to their subordinates than the younger managers.

Turning to how the respondents within the different age groups expect subordinates to relate to their superiors, the results show disagreement between the elderly group of managers and the younger ones. As Table 6.4 shows, there is a significant association between respondents' age and their opinion about the statement that "good subordinates must avoid actions that embarrass their superiors" (Table 6.4).

Judging from the statistical evidence so far presented, it is justifiable to conclude that the elderly managers favour authoritarian leadership and are likely to practise it. The younger managers share the opposite orientation. But saying that there is an association between age group and leadership styles does not imply a causal relationship between the two variables. It is therefore important to undertake a deeper analysis of the variables to determine (if possible) reasons for the differences in the leadership style preferences of the two group

Table 6.4: Age and response to the statement that "Good subordinates must avoid actions which surprise or embarrass their boss, even if they are in the interest of the organization"

Age Classification	Response				
	Fully Disagree	Partially Agree	Fully Agree	Total	%
Up to 35 years	30	11	17	58	16
36 - 40 years	35	27	34	96	27
41 - 45 years	35	27	34	93	26
46 - 50 years	17	18	32	67	19
Above 50 years	9	5	28	42	12
Total	126	85	144	355	
Total %	35%	24%	41%		100%

Chi-square; DF = 8; Value = 23.880; Prob. = 0.002; Kendall's Tau-b; Value 0.181

A significant association is also found between managerial position of the respondents and their views on the statement that "good managers must be firm, frank, and fair....". (Table 6.5). The Kendall's tau-b value of this association is negative (-

0.167), indicating that junior and middle level managers endorse this view to a greater extent than the senior/top level managers. Again, junior managers differ from their seniors on the view that "good managers must be generous to and indulgent of their subordinates" (Table 6.6). Most senior managers are in full support of the view while most junior managers fully disagree. Furthermore, the junior managers are of the opinion that the most successful managers in the country were shrewd, authoritative and had a strong drive for power; while the senior managers tend to disagree .

Table 6.5: Management position and response to the statement that "Good managers must be firm, frank, and fair (even if their decisions hurt subordinates)"

Management Position	Response				
	Fully Disagree	Parti-ally Agree	Fully Agree	Total	%
Junior/Middle level	10	26	168	204	57
Senior managers	16	33	103	152	43
Total	26	59	271	356	
Total %	7%	17%	76%		100%

Chi-square; DF = 2; Value = 10.433; Prob. = 0.005; Kendall's Tau-b; Value = -0.167

Table 6.6: Management position and response to the statement that "Good managers must be generous to and indulgent with subordinates"

Management Position	Response				
	Fully Disagree	Parti-ally	Fully Agree	Total	%

		Agree			
Junior/Middle level	36	54	114	204	57
Senior managers	9	28	114	151	43
Total Total %	45 13%	82 23%	228 64%	355	 100%

Chi-square; DF = 2; Value = 16.908; Prob. = 0.000; Kendall's Tau-b; Value = 0.207

Table 6.7: Management position and response to the statement that "People who do well in management in this country are shrewd and competitive with a strong drive for power"

Management Position	Response				
	Fully Disagree	Parti-ally Agree	Fully Agree	Total	%
Junior/Middle level	48	37	116	201	57
Senior managers	28	46	77	151	43
Total Total %	76 22%	83 24%	193 54%	352	 100%

Chi-square; DF = 2; Value = 7.162; Prob. = 0.002; Kendall's Tau-b; Value = -0.026

Many senior managers that I have spoken to held the view that workers' commitment to organizational goals depends on their sense of attachment to the organization. The stronger their perceived dependence on the organization, the greater their commitment. Dependence seems to be seen in terms of the extent to which organizational policies and culture provide them with opportunities to satisfy their personal and socio-cultural needs. Since a managerial position by itself carries status, the families of managers expect them to acquire all the tangible status symbols that are associated with upper income groups of the population. This they must do in addition to taking care of the extended family's contingency expenses.

Some of the organizations in Ghana have elaborate and innovative policies towards the satisfaction of these socio-cultural demands from their workers. The policies included giving workers interest-free loans to meet their contingency expenses, such as hospital bills and funeral expenses. The smaller (interest free) loans were payable within a year. A worker could, however, obtain bigger loans, the payments of which stretched over several years. Such loans attracted nominal interest rates. Few organizations gave housing loans as well as loans for durable consumer goods such as cars and refrigerators. Where a worker found it impossible to meet his financial obligations despite these facilities, he could be allowed to trade in his accumulated annual leave - i.e. convert it to cash payment. These elaborate financial arrangements were made on the understanding that the productivity of the workers were likely to fall drastically if they were not relieved of the psychological burden that their household budgetary deficits could bring about. As a Personnel Manager put it, "it is a good investment for the company to take proper care of its workers. This gives them peace of mind to concentrate on their work......The alternative will be to subject them to the humiliations of the money-lender." But definite limits are placed on the loans. The policy in one of the organizations is that the total loan of a worker at a given time must not exceed 40% of his annual salary. In another organization, loans were not given for non-contingency expenses such as rent, and childrens' school fees because it was assumed that the worker should be able to plan for such expenses.

Just as elaborate provisions were made to assist workers financially, arrangements were also made to enable them to attend to those family occasions for which their presence is absolutely required. Thus, in addition to annual leaves, workers in some Ghanaian organizations had opportunities for "casual" leaves of up to 7 days in a year to attend to family matters. In addition to that, special permissions were granted workers to attend funerals of their close relatives.

Discussions

The evidence presented in this study suggests that the predominant leadership styles found in the organizations are of the authoritarian variation. But there are distinctive differences between the leadership style preference between junior and middle level managers, on the one hand, and top/senior managers, on the other. However, these differences do not imply that their types of leadership behaviour differ in practice. Expressed in other words, one should not expect two opposing leadership styles in practice in a given organization. The younger managers silently accept the practice of authoritarian leadership styles by their seniors. The obvious question to ask is: why do the younger managers accept a leadership style they intellectually and conscientiously consider to be plain wrong?

Contemporary management literature provides no clear-cut guidance on this issue. There are in fact suggestions to the effect that the onus of change in leadership style in an organization lies with subordinates. According to the *situational leadership theory*, a manager's leadership orientation depends on the level of maturity of his subordinates. Thus, a manager can allow greater participation and freedom when subordinates crave independence and freedom of action, want to have decision-making responsibility, identify with the organization's goals, and are knowledgeable and experienced enough to deal efficiently with the problem and have experiences that lead them to expect participative management. Where these conditions are lacking, managers may have to lean toward the authoritarian style. They can, however, modify their behaviour once subordinates gain self-confidence (Stoner and Freeman, 1992). From this observation, it is tempting to argue that the younger generation of Ghanaian managers waver to demand a change in leadership style from their superiors because they lack the capacity, experience and an adequate identification with the goals of their organizations and are therefore unwilling to assume responsibility for their actions. This argument, however, fails to take cognizance of the culturally prescribed rules that define the relationships between superiors and subordinates in Africa, particularly when these superiors are of an elder generation. Said differently, the reluctance of junior managers to seek change in leadership style must be examined within the context of cultural prescriptions.

Taking our point of reference in the cycle of life, it can be argued that the transition from student life to work life in Ghana is usually marked by a substantial change in behaviour; the young managers are normally reminded by their seniors that their school days are over, and new rules must guide them in their behaviour within their work organizations if they intend to make any career headway. Many young managers take such "fatherly guidance" to their hearts and desist from any significant complaints.

Carrying this argument further, it is instructive to note that organizational members differ in their motivation to comply with the cultural prescriptions of their organizations. A distinction can be drawn between those whose compliance is calculatively oriented and those who identify with their organizations through a moral commitment (Hopfl, 1992). The evidence presented above suggests that most of the younger managers have a calculative orientation to relationship with their superiors. They believe that the acceptance of authoritarian dispositions of their seniors is more likely to produce specific personal rewards in terms of job security and improved career prospects.

The above discussions must not be construed to mean that none of the junior managers protest against authoritarian leadership styles in situations where they evidently produce poor relations and results. The reaction of younger managers to the leadership styles they experience in their work environments can be classified in four broad categories:

1. Unequivocal adherence
2. Strained adherence
3. Secret non-adherence
4. Open non-adherence

Unequivocal adherence is adopted by managers who believe that their personal aims are best served by toeing the prescribed guidelines of the organization's top leaders. Their behaviour reinforces the organizational cultural stability. This group is typically composed of managers with poor family backgrounds who are struggling to honour their extended family obligations against the odds within the socioeconomic environment. They do not have "uncles" or "godfathers" within or outside their organizations who can speak on their behalf in case they run into trouble at their work place or find them new jobs if they have to quit their current jobs on account of disagreement with their bosses. Although these managers may be brilliant at their jobs, they are not likely to raise objections on issues with which they professionally disagree for fear of incurring the displeasure of their bosses. Such managers cannot be relied upon to introduce change and stimulate organizational development due to their utmost cautiousness as a result of the handicap imposed on them by their socioeconomic background.

Strained adherence can be expected from younger, but fairly experienced, managers who consider it necessary to adhere to the rules of behaviour and guidelines of the top leaders, but who experience tension in doing so. That is, they do not completely share the prescribed rules for action but are willing to go by them. These managers are typically in their forties with a fair amount of managerial experience and are therefore capable of raising their voices against issues that they consider nakedly wrong without immediate jeopardy. But if stronger interest groups within the organization appear on the scene, advocating adherence to the rules, they willingly succumb to avoid any further disturbance of the equilibrium. Again, their evaluation of the personal costs of protest is a deciding factor in their behaviour.

The ***secret non-adherence*** consists of overt adaptations to the rules of behaviour but covert departures from them. Such managers are dangerous since they are likely to give conflicting signals to their peers and subordinates through their inconsistent and clandestine behaviour. It was, however, evident from the interviews that such types of behaviour are found in only very few managers and are dealt with quite seriously when they come to light. One of the top managers explained his attitude and possible reactions as follows, "I will generally never punish inefficiency as much as I will punish dishonesty and disloyalty ... a dishonest person is a serious risk to other managers and workers. He can tell lies and put innocent people into trouble, even seeing them being punished for offenses they have not committed. A worker that is honest but careless or ignorant is less dangerous. His productivity may be low for some time. But with training, encouragement and proper placement, he will become an asset to the work organization. A dishonest person will not."

Open non-adherence behaviour can be expected from a few daring individuals whose personality cannot contain or accept rules that run contrary to their convictions. Such managers are usually well-educated and experienced; they have fairly high managerial positions as well as some degree of international exposure. They are most often brought up in urban areas and come from well-known families whose members are in relatively influential positions in society. The risk of losing one's job and daily bread is quite remote for these people.

Taking these discussions a step further, it is important to examine how managers perceive the degree of stratification within their work organizations and the implications that such structures carry for their behaviour. Hofstede (1980) suggests in his analysis of work organizations that socialization is an essential pre-requisite for task performance in collectivist societies, under which category Ghana presumably falls. He argues that in individualistic work organizations, the task comes before the relationship; in collectivistic work organizations, the relationship has precedence over the task. Relating this observation to Ghanaian work organizations, one should expect a higher degree of socialization among the workers, granting that societal norms and modes of association are carried over to formal work organizations. Such an expectation must, however, be modified by the power distance and class structure within the work organizations. As argued above, Ghana is not a class-free society. Ascribed and acquired status attributes vie to differentiate most social groupings.

In most of the organizations covered in this study, socialization of workers takes place within confined sub-cultural groups. While some groups are willing to receive new entrants, others are only semi-open or exclusive. The management staff is clearly isolated socially from the workers. They have their own canteens located apart from the workers' canteens; even in some company club-houses, the workers sit far away from the management staff. Among the management staff there are also inner groups of senior managers, middle-level managers and junior managers, all adhering to the unwritten rules of interaction. The top managers that I have interviewed defended this type of social stratification. One of the respondents explained it this way, “It is a status to be a manager and this must not be thrown over board ....Junior workers feel more comfortable interacting with their colleagues than with the managerial staff, the managers feel likewise.” My impression is that top managers with lower levels of formal education tend to take their status more seriously than their colleagues who have attained higher levels of formal education. To the former, being on the top management team is the climax of their long, often very tedious and uncertain career paths. Such an achievement must be jealously guarded. Some even believe that their behaviour can motivate those at the lower levels of the hierarchy by raising their expectations within the organization.

The social stratification within the organizations can, however, produce deleterious consequences for management. Without regular social contacts and with the tradition for respecting authority and seniors at the back of their minds, junior managers find it highly problematic to protest decisions by individual senior managers, even if they consider such decisions not to augur well for task performance and organizational goal attainment. The social stratification may also have constraining consequences for learning and innovation in Ghanaian organizations.

Conclusions

In sum, many managers in Ghanaian organizations show high preference for authoritarian management styles. The degree of authoritarianism a manager is likely to exhibit depends partly on his age, managerial position, and education. It is quite evident, however, that the younger and more educated managers are less inclined to favour authoritarianism. But no causal relationship between the variables has been established in the present study.

Managers in Ghana are likely to temper authoritarianism with paternalistic dispositions towards some of their subordinates; - i.e. they consider themselves obliged to accommodate their subordinates' personal needs. In return managers expect absolute loyalty and compliance from their subordinates. The best subordinate, in their view, is the one who refrains from taking actions that could embarrass his superior. Here again, these tendencies are more pronounced among the elderly managers than among the younger ones.

I have coined the term *authoritarian benevolence* to describe the dominant leadership style discussed above. I have also advanced a number of culturally founded arguments for the leadership style preferences described. As well as this, the point has been made that although the younger managers, given the chance, would adopt leadership styles that are less authoritarian (i.e. in agreement with their intellectual convictions) they are likely not to do so in the organizational cultural contexts within which they currently operate. The reason is simple; such "aberrations" may make them appear as weak managers before both their bosses and subordinates and may therefore cost them very dearly. Furthermore, it is highly improbable for a manager to behave subserviently towards his boss without him expecting his own subordinates to behave in the same way towards him.

CHAPTER 7
MARKET ORIENTED STRATEGIES OF GHANAIAN[6] FIRMS

Introduction

Another management function that has a bearing on entrepreneurship and enterprise development is marketing. Studies conducted on marketing activities of Ghanaian firms during the past two decades have indicated that an increasing number of Ghanaian firms is adopting market-oriented strategies due to the changes in the operational environments and the competitive pressures these changes produce (Adu-Appiah and Blankson, 1998). However, while many firms in the developed economies consider market orientation as a natural approach to business management, market orientation represents a radical break from past approaches to sales management in developing economies such as Ghana (Adu-Appiah, 1999). Building on this body of knowledge, I have conducted an empirical investigation into the link between market orientation and firm performance in Ghana. This chapter provides a sysnthesis of the knowledge produced in these studies.

Market Orientation and Firm Performance

The marketing literature has established a strong link between the degrees of market orientation of firms in various parts of the world and the economic performance of these firms and the countries in which they are located (Grinstein, 2008). This stream of research started with two seminal studies by Kohli and Jaworski (1990) as well as by Narver and Slater (1990). Since then a long stream of empirical investigations has been conducted in different countries to replicate their findings. The foundational arguments in these studies are that the first step in a firm's market-oriented strategy is to understand the factors that determine the

[6] The data on which the discussion in this chapter are based were collected in 2004 with a colleague, Professor Seth Buatsi of University of Ghana Business School. The chapter revisits that study in the light of new knowledge that has emerged during the past ten years after the study was conducted.

customers' actions. In this regard, the manner in which a firm manages its market intelligence systems can be a good indication of its overall market orientation. For example, Kohli and Jaworski (1990) define market orientation as being composed of three components:

1. Organization-wide generation of market intelligence, pertaining to current and future customer needs
2. Dissemination of this intelligence among departments of the organization
3. Organization-wide response to the knowledge derived from the market intelligence.

That is, market-oriented firms are expected to gather, interpret and use market information in a more systematic, thoughtful and anticipatory manner than less market-oriented firms. These scholars, therefore, see market orientation in terms of functional activities that specific units of organizations perform (Lafferty and Hult, 2001; Hyvonen and Tuominen, 2006).

Other scholars see market orientation from a philosophical or cultural perspectives. To them, market-oriented culture is composed of customer-orientation, competitor-orientation, and inter-department collaboration (Harris, 1998; Kohli and Jaworski, 1990; Narver and Slater, 1990). When effectively developed this organizational culture will maintain a high level of firm performance by effectively and efficiently executing actions required to gain customer value (Narver and Slater, 1990). Thus market-oriented culture is a pragmatic, action-oriented translation of the marketing concept, which emphasizes the importance of the customer not just within the marketing organization but throughout a firm (Harris, 1998; Hooley *et al.*, 1999; Webster, 1995; Grinstein, 2008). These studies have identified the key antecedents of market orientations of firms to include the following:

1. Top management support of market orientation
2. Top management attitude to risk
3. Organizational structure and degree of inter-departmental connectedness
4. Nature of reward systems in the firm

Top Management's Role

Several studies of market orientation have pointed out that top management commitment to the development of market-oriented attitudes and the implementation of market-oriented activities enhances the degree of market orientation in the firm and thereby the firm's competitive position (Egeren and O'Connor, 1998; Farrell, 2000, Celuch *et al.,* 2000; Conduit and Mavondo, 2001). Top managers are believed to have the overall responsibility for the conduct and performance of organizations and are therefore pivotal in the understanding of what happens within any organization. They constitute an interface between the organization and the environment. They do so by creating context – i.e. through staffing, reward and measurement systems as well as culture and style – within which other employees work. The understanding is that employees show greater commitment to learn when top management support is available, when they have training opportunities, and when they are rewarded for the application of new knowledge to solve problems (Baker and Sinkula, 1999; Hyvonen and Tuominen, 2006).

Management's Attitude to Risk

With respect to risk management, some scholars have argued that top management's willingness to take risks will encourage and facilitate organization-wide commitment to market orientation. On the other hand, a risk aversion policy adopted by senior management will tend to inhibit the process (Brunsson, 2000).

Management's attitudes to risk have been found to vary with culture (Hofstede, 1991). Shoham and Rose (2001) suggested that the impact of risk on market orientation should be stronger in high uncertainty avoiding nations than in low uncertainty avoiding nations. Since African countries have been described in cultural studies as highly uncertainty avoiding (Hofstede 1980), one should expect attitude to risk to have a significant impact on market orientation behaviour due to the investments that market orientation entails. For example, Chelariu et al (2002) found that top managers' attitude to risk negatively impact market intelligence generation in the Ivory Coast. Their explanation was that, being risk avoiding, the

Ivorian managers appeared reluctant to make the investments required for the implementation of market-oriented strategies.

Inter-Departmental Conflict and Connectedness

Two aspects of interdepartmental dynamics have also been foud by Jaworski and Kohli (1993) to impact on market orientation of firms. The first is the degree of interdepartmental conflict present in the organization. The second is the degree of interdepartmental connectedness. Conflict situations are those in which one party perceives its interests to be negatively affected by another party. Antecedents of conflict include poor co-ordination, inadequate communication, unclear job boundaries, organizational complexity, and incompatible personalities or value systems. Low level conflict may strengthen the degree of inter-departmental connectedness.

Task-related conflicts can, however, be constructive in the sense that they help people recognize problems, identify a variety of solutions and understand the issues involved. Conflicts can therefore improve team dynamics by strengthening their cohesiveness and task orientation when organizations face external threats.

Following Hofstede (1991) managers in different countries handle conflicts differently. Organizations located in low power distance countries tend to be more co-operative and show preference for a consultative management style. Where high power distance prevails, employees tend to accept autocratic management styles as a mediator in inter-personal and inter-departmental conflicts. Furthermore, organizations located in individualistic cultures see conflict as healthy, on the basis that everyone has a right to express his views. People are encouraged to bring contentious issues into the open rather than suppress them. Collectivist cultures place greater value on social harmony and therefore discourage open confrontations.

Organizational Structure

Beker and Hombrug (1999) argue that a comprehensive analysis of a firm's market orientation, and the effect of its market-oriented behaviour must include the entire management system of the firm. Management system in this regard should include the organization system, the information system, the planning system, the controlling system, and the human resource management system. Organizations must adopt deliberate strategies to generate and disseminate information. This may be achieved through the creation of formalized organizational structures. Managers are able to maintain centralized control in young and small organizations that operate in relatively stable environments. But as organizations grow larger and their operational environment becomes complex and unpredictable, centralization constrains the organizations' innovative capacity, customer orientation, and performance (Jaworski and Kohli, 1993). Improved and sustained market orientation may then require putting in place such coordinating structures that enhance management's ability to manage uncertainties in a rapidly changing environment. Decentralized structures, on the other hand, permit flexibility and variety in the choice of knowledge acquisition methods as well as interpretations that organizational members bring to the information generated. Liason positions, integrator roles, and matrix organizations are among the most popular examples cited in the literature to achieve this purpose (Slater and Narver, 1995).

Coordination within organizations may also be accomplished through formalization. The concept of formalization is used in the management literature to connote the degree to which employees are guided by formal rules and regulations in discharging their responsibilities. Rule-bound organizations are expected to respond less quickly and effectively to changes within their operational environments. The impact of rules and regulations on market orientation depends both on the nature of the rules and the manner in which they are enforced. It is possible that properly designed rules can facilitate rather than hinder a market orientation (Jaworski and Kohli, 1993). For example if the rules mandate employees to meet and discuss matters pertaining to their customers at stipulated intervals or to respond to customer complaints within a specific time frame after receiving the complaints, these rules will naturally lead to higher customer focus within the organization. Formalization procedures are, therefore, expected to nurse the development of market-oriented behaviours in firms when such practices are initiated. But when employees have internalized the relevant set of attitude and behaviour, formalization may constrain the further development of market-oriented practices (Chelariu *et al.,* 2002; Grinstein, 2008).

Reward System

Finally, the methods of performance appraisal and reward system applied in a firm have been posited to impact on market orientation. Management evaluation systems and rewards tend to condition employees' motivation and learning (Salaman and Butler, 1990). Rewards reflect top management's perception of an individual's contribution to organizational goal attainment and condition individual behavior.

Reward systems influence employees' loyalty to their companies. To be motivating, employees must perceive reward systems as fair, equitable, and related to performance. A competency-based reward system, for example, indicates management's priority on the acquisition of skills and knowledge rather than task performance. It enables firms to satisfy variations and changes in their customers' needs since the requisite skills and knowledge for serving these needs exist within the company. The effectiveness of reward systems in motivating employees depends on the cultural values of the society within which the organization is located (Hofstede, 1991). Team-based reward systems are found to be effective in collectivist societies, but less so in individualist societies.

Hypotheses

The theoretical discussions above have provided justifications for the following hypotheses that have been tested in the empirical investigation reported in the remaining sections of the chapter.

H_1 The greater the top management emphasis on market orientation in Ghanaian firms, the greater the (1) market intelligence generation, (2) intelligence dissemination, and (3) responsiveness of the Ghanaian firms to customer needs.

H_2 The greater the risk aversion of top management, the lower the (1) market intelligence generation, (2) intelligence dissemination, and (3) responsiveness of the Ghanaian firms.

$H_{3:}$ The lower the interdepartmental conflict in Ghanaian firms, the higher the (1) market intelligence dissemination, and (2) responsiveness of the organization.

$H_{4:}$ The greater the interdepartmental connectedness in Ghanaian firms, the greater the (1) market intelligence dissemination, and (2) responsiveness of the organization.

$H_{5:}$ Ghanaian industries with high degrees of formalization would be less market oriented than those with low degrees of formalization. The greater the degree of customer-oriented formalization, the higher the intelligence generation, dissemination, and responsiveness of firms will be.

$H_{6:}$ The greater the degree of centralization in Ghanaian firms, the lower the intelligence generation, dissemination, and responsiveness.

$H_{7:}$ Ghanaian industries with high degrees of centralization would be less market-oriented than those with low degrees of centralization .

$H_{8:}$ Ghanaian industries with good (market-based) reward systems would be more market oriented than those with poor reward systems.

Research Methodology

Data were collected using a questionnaire composed of a number of items measuring the all the dimensions of market orientation listed above. Respondents were required to comment on the degree to which each dimension of market orientation was present in their firms using a Likert-type scale in responding to the various items. Each item was scored on a 5-point scale ranging from "strongly disagree" to "strongly agree" (see appendix 2 for a sample of the questionnaire).

A 32-item scale was used to measure market orientation. Of this, 10 relate to market intelligence generation, 8 to market intelligence dissemination, and 14 to responsiveness. Consistent with the Jaworski/Kohli (1993) framework, the items measuring responsiveness were divided into two, 7 items pertained to the design of responses while the remaining 7 related to the implementation of responses. In addition to measuring the three constructs of market intelligence generation, dissemination and responsiveness, this study included a separate set of 18 items measuring overall market orientation. This approach is consistent with studies on market orientation in developing countries (Chelariu *et al.* 2002) where overall market orientation items were inserted to assess consistency in respondents' opinion about market orientation, in general, and the constructs that measured implementation. The underlying argument is that firms may endorse market orientation as a philosophy but may fail in its implementation.

Another 41 items measured the antecedents of market orientation. Of this, 4 items measured top management's emphasis on market orientation, 6 measured top managers' attitude to risk. The remaining items measured interdepartmental conflict, (7 items); interdepartmental connectedness, 6 items; degree of formalization, (7 items); degree of centralization, (5 items); and finally reward system, (6 items).

The data were collected in 2002 from a sample of 300 Ghanaian firms randomly selected from a list of 1000 manufacturing firms registered with the Association of Ghanaian Industries.[7] Questionnaires were personally handed out to the selected firms along with a covering letter explaining the objectives of the study and requesting the CEO or a senior manager in charge of marketing and related tasks in

[7] This sampling frame represents an up-to-date official list of manufacturing firms in the country at the time of data collection. Most of the Ghanaian manufacturing firms are located around Accra, the capital, and this facilitated the adoption of the "drop-and-pick" data collection method.

the firms to fill it out within two weeks after which date they were to be picked up. The decision to send personal couriers to hand out and pick the questionnaire was adopted since the mail system in Ghana was unreliable and past experience has shown that response rates increased with the use of such a data collection method. Reminder telephone calls were made to the firms four days prior to the collection deadline. Those who claimed to have lost the questionnaires were given replacement copies. Of the 300 questionnaires distributed, 220 were retrieved. Thirteen of them were, however, rejected due to too many missing data, leaving 207 usable responses. All respondents included in the final data set held either top or middle level management positions and were involved in overall business/marketing strategy formulation or implementation of marketing plans. Their responses therefore provide a good indication of their firms' strategic orientations and marketing philosophy.

Results

This section starts with a discussion of the degrees of market orientation reported in the Ghanaian firms and tests the hypotheses presented above. We then discuss the relevance of the various antecedents in explaining the market-oriented behaviour reported. The results were also compared with a similar study done in Ivory Coast (another West African country) and the original study by Kohli and Jaworski in order to determine the consistencies (or lack of consistencies) of the findings.

But before addressing the questions and hypotheses, attention is given to the reliability of the variables used to measure market orientation. Cronbach's alpha is often proposed as a measure for scale reliability. The results are given in Table 7.1. For the market orientation measures, all the components included in this analysis (in exception of those measuring responsiveness) had coefficients larger than 0.60. The lower reliability of the responsiveness measures and its implications are discussed subsequently. For the antecedents, top management emphasis on market orientation and attitude to risk as well as formalization, centralization and reward system had Cronbach's alpha above 0.6. The coefficients for inter-departmental conflict and connectedness are slightly under the 0.6 level, indicating some variations in respondents' perception of the extent of interdepartmental cohesion in their firms. The implications of these variations are also discussed below. But on the whole, the reliability coefficients found in this study compare favourably with those achieved in a number of similar studies (See for example, Narver and Slater, 1990; Slater and Narver, 1995; Greenley, 1995

Table 7.1 Descriptive statistics of overall market orientation

Item		Mean	STD Dev	Factor Loadings	Cronbach Alpha	Eigen values	Proportion
Overall Market Orientation					0.80		
	Measurement of customer satisfaction	3.88	1.02	0.75	0.78	3.27	0.46
	Market information collection	3.83	1.22	0.71	0.78	0.79	0.11
	Interdepartmental sharing of market knowledge	3.74	1.18	0.69	0.77	0.70	0.10
	Quick response to competitors' actions that threaten the firm	3.75	1.20	0.67	0.79	0.67	0.09
	Target marketing	3.97	1.03	0.66	0.77	0.61	0.08
	Close collaboration among all departments to serve customers	4.02	1.01	0.64	0.78	0.50	0.07
	Interdepartmental knowledge sharing to gain competitive advantage	3.74	1.16	0.63	0.79	0.44	0.06
Intelligence Generation					0.80		
	Customer need analysis	3.27	1.39	0.77	0.76	3.04	0.50
	Emphasis on in-house market research	3.08	1.25	0.76	0.78	0.79	0.13
	Product quality assessment through focused group studies	3.16	1.41	0.74	0.76	0.63	0.10
	Interviews with distributors on consumer needs	3.56	1.27	0.71	0.75	0.56	0.09
	Generation of information about competitors by all departments	3.05	1.30	0.66	0.79	0.49	0.08
	Review of the effects of changes in business environment	3.77	1.12	0.64	0.77	0.47	0.07
Intelligence Dissemination					0.78		
	Informal "hall-talks" about competitors strategies/tactics	3.45	1.16	0.77	0.76	2.70	0.54
	Marketing staff discuss customers' needs with other departments	3.50	1.28	0.77	0.74	0.68	0.13
	Periodical circulation of information about customers	3.31	1.37	0.73	0.73	0.59	0.11
	Quick circulation of information about events relating to	3.69	1.25	0.69	0.72	0.51	0.10

	key customers						
	Quick circulation of information about customer satisfaction	3.06	1.30	0.69	0.76	0.49	0.09

Table 7.1 continued							
Responsiveness					0.59		
	New product development is driven by market segmentation	3.12	1.19	0.70	0.49	1.80	0.45
	Product development efforts are periodically reviewed to be in line with customer wants	3.43	1.23	0.68	0.51	0.81	0.20
	Inter-departmental meetings to plan responses to changes in business environment	3.03	1.30	0.67	0.51	0.73	0.18
	Coordination of departmental activities in response to customer needs	3.66	1.22	0.61	0.55	0.63	0.16

Level of Market Orientation

The results of the analysis indicate that Ghanaian firms in this study were very much concerned with market orientation as a business philosophy. The mean scores of the overall market orientation items are between 3.7 and 4 with standard deviations around 1 and alpha of 0.8, indicating consistency in respondents' views on their firms' market-oriented dispositions. The results of the intelligence generation, intelligence dissemination, and responsiveness measured show fairly high mean scores, between 3.03 and 3.77, with standard deviations around 1.2. The items that load highly on the dependent variables reveal that Ghanaian firms engage in activities that improve their understanding of customer needs (e.g. formal and informal processes of market information collection and dissemination) and they use such information primarily in determining what to produce and market. The results are consistent with those from the Ivorian study in which Ivorian firms appeared to be actively engaged in "collecting and disseminating information, in all likelihood largely by informal means" (Chelariu *et al* 2002:463). However, the ability of the Ivorian firms to use the information to respond to opportunities and threats from the environment was found to be weak. Similarly, organizational responsiveness in the present study has produced a low Cronbach alpha, indicating a relatively low internal consistency in the items. Thus, like the Ivory Coast study, the Ghanaian data suggest that respondents are uncertain about the manner and extent to which their firms use the intelligence generated about customers in marketing strategy formulation and implementation. The items that loaded high under the responsiveness construct suggest that responsiveness, to most firms, relate to meetings to discuss customer needs, resulting in new product development/modification decisions.

An assessment of how well the data "fit" the Jaworski/Kohli model was done using confirmatory factor analysis (CFA) with PROC CALIS. Out of the original 32 items measuring the three constructs of market orientation, 15 have been found to have factor loadings higher than 0.6. These include, 6 items on intelligence generation, 5 items on intelligence dissemination and 4 on responsiveness. Of the 18 items measuring overall market orientation, 7 of them came out with factor loadings above 0.6. Similarly, the antecedents were factor analyzed. Twenty-nine of the original 41 items had factor loadings higher than 0.6; 4 items for top management emphasis on market orientation, 4 for top management attitude to risk, 4 for interdepartmental conflict, 4 for interdepartmental connectedness, 5 for reward system, and 4 each for centralization and formalization. The antecedents were then regressed on the market orientation components in order to test their relationships. In order to build on the earlier study and enhance our cumulative understanding of market orientation within an African context, the findings in the present study were compared with the US study conducted by Jaworski and Kohli (1993) using two samples and the Ivorian study conducted by Chelariu et al (2002). Table 7.3 provides a summary of the regression analysis from the three studies. The comparison reveals both similarities and differences. These are discussed below.

Item	Mean	STD Dev	Factor Loading	Cronbach Alpha	Eigen value
Top Management Emphasis				0.78	
Emphasis on adaptation to market trends	3.96	1.04	0.85	0.79	2.43
Emphasis on sensitivity to competitors activities	3.45	1.32	0.83	0.70	0.73
Emphasis on response to customers' future needs	3.61	1.26	0.77	0.67	0.44
Emphasis on consistent customer service	3.97	1.18	0.66	0.74	0.37
Top Management's Attitude to Risk				0.74	
Top managers consider financial risks as important to success	3.06	1.25	0.80	0.67	2.28
Top managers accept new product failures as normal	2.91	1.18	0.78	0.72	0.66
Top managers take financial risks	2.42	1.22	0.74	0.65	0.56
Top managers accept failure of innovative marketing strategies	2.93	1.28	0.70	0.70	0.48
Interdepartmental Conflict				0.59	
All employees feel that their departmental goals are in harmony with goals of other departments.	3.51	1.14	0.645	0.66	1.45
Each department fights for its interests*	2.96	1.17	0.600	0.49	0.96
Marketing goals are perceived as being incompatible with goals of other departments*	3.55	1.24	0.535	0.53	0.88
Limited inter-departmental conflict	3.24	1.19	0.518	0.51	0.68
Interdepartmental Connectednes				0.58	
Easy access to all people in the organisation regardless of position	3.51	1.20	0.81	0.59	1.73
Employees feel comfortable calling each other	3.89	1.03	0.64	0.55	0.92
Interdepartmental discussions are discouraged*	3.32	1.14	0.61	0.54	0.78
Interdepartmental communication is highly practised	3.70	1.05	0.55	0.53	0.55

Table 7. 2 Continued

Item	Mean	ST Dev	Factor Loading	Cronbach Alpha	Eigen value
Formalization				0.77	
Decentralised decision making is practised	3.04	1.27	0.91	0.64	2.46
Limited formal control	2.71	1.26	0.84	0.67	0.86
Limited supervision	2.23	1.18	0.81	0.62	0.43
Limited rules and procedures	2.21	1.24	0.52	0.71	0.23
Centralization				0.77	
Independent decision making is discouraged	3.02	1.19	0.85	0.77	2.41
Organisations are hierarchically structured	3.27	1.35	0.82	0.67	0.74
Superior’s approval is required for all decisions	3.22	1.28	0.73	0.69	0.49
Superior’s permission is required for all actions	3.12	1.25	0.70	0.75	0.34
Reward System				0.70	
Employees’ sensitivity to competitor moves is rewarded	3.35	1.13	0.76	0.70	2.31
Employees’ provision of market intelligence is recognised and rewarded	3.01	1.29	0.73	0.61	0.89
Sales performance and reward is measured by customer relationship	3.29	1.23	0.68	0.63	0.64
Sales peoples’ compensation is entirely based on sales volume*	2.69	1.31	0.68	0.65	0.59
Sales people are evaluated on the basis of customer poll	2.98	1.31	0.52	0.65	0.55
* Reverse coded items					

Determinants of Market Orientation

Top Management Emphasis: Top management emphasis appears as a significant predictor of overall market orientation ($\beta = 0.29$, $P = 0.01$). Compared with the previous studies from the US and the Ivory Coast, top management emphasis stands out as a relatively robust antecedent across the three nations. In the US study, top management emphasis on overall market orientation produced a beta value of 0.24 ($P = 0.01$) in both samples, while the Ivorian study showed a beta value of 0.31.

The impact of top management emphasis on the remaining three dependent variables has, however, been statistically not significant in Ghana. With regard to intelligence generation, the impact is negative, while intelligence dissemination and responsiveness showed positive but non-significant impact (Table 7.3). Hypothesis 1 is therefore not supported. The Ivorian study showed a positive and significant link between top management emphasis and intelligence generation as well as dissemination. The link with responsiveness is, however, not significant. For the US study, top management emphasis showed a significant and positive relationship with all of the four dependent variables (Table 7.3). Thus, in terms of top management emphasis, Ghanaian results differ from the other two. It would appear that in the case of Ghana, while top management endorses the need for market orientation, their support to its implementation was weak, presumably due to the short history of transition form regulated to liberalized economic system at the time these data were collected. [8]

Top Management Attitude to Risk: As shown in Table 7.2, top management risk aversion had positive but no significant relationship with overall market orientation, intelligence generation, and dissemination ($\beta = 0.007$, $\beta = 0.001$ and $\beta = 0.21$ respectively). The relationship with organizational responsiveness is, however, positive and significant ($\beta = 0.20$, $P = 0.05$). The Ghanaian evidence therefore does not lend support to hypothesis two, which predicts an inverse relationship between

[8] Ghana started to liberalise its economy from 1984.

top management risk aversion and intelligence generation, dissemination, and responsiveness. Table 7.3 shows that there are some consistencies in the results of the three studies. Top management risk aversion has shown no significant impact on overall market orientation and intelligence dissemination in the other two studies. The Ivorian study showed a negative relationship between intelligence generation and risk aversion while the US study showed no significant relationship. The evidence concerning the link between organizational responsiveness and risk aversion is mixed; the US study showed negative and significant relationship, the Ivorian study showed no significant relationship while the Ghanaian study showed significant and positive relationship. The inconsistencies in the results suggest that our theoretical understanding of risk aversion as an antecedent of market orientation requires a closer examination. It is possible that in developing countries, top management may respond frantically to changes in the operational environment (i.e. immediate increase in competitive intensity due to trade liberalization) by adopting customer-oriented strategies that are expected to minimize risk. Thus, uncertainty avoidance dispositions may encourage actions that organizational members perceive to be customer-oriented.

On the face of it, there would appear to be some contradictions in top management's weak emphasis on the implementation of market-oriented activities and its uncertainty management behaviour. But a plausible explanation for these results is that senior managers in Ghana are driven by the uncertainties generated by changes in their operational environment (i.e. the fear of poor performance) to accept market orientation as a guiding business philosophy. But they had not adjusted their actions to its full implementation during the time this study was undertaken.

Inter-departmental conflict and connectedness: Hypotheses 3 and 4 predict an inverse relationship between interdepartmental conflict and market intelligence dissemination and organizational responsiveness while the relationship between inter-departmental connectedness and the two dependent variables was predicted to be positive. The Ghanaian results (Table 7.3) show that the link between conflict and overall market orientation is positive but not significant ($\beta = 0.04$). Conflict also impacts positively and significantly on the other two dependent variables, intelligence dissemination and responsiveness ($\beta = 0.12$, $P = 0.10$; and $\beta= 0.15$, $P = 0.10$ respectively). Hypothesis 3 is therefore not confirmed. These results are in contrast to those obtained in the US study where conflict negatively impacted overall market orientation as well as intelligence dissemination and responsiveness. The Ivorian study showed that the link between conflict and overall market orientation, intelligence dissemination and responsiveness has not been significant.

With respect to inter-departmental connectedness, the Ghanaian results showed a positive and significant link with overall market orientation. The links with the other two variables (i.e. intelligence dissemination and responsiveness) were not significant. Hypothesis 4 is therefore not clearly supported. In comparison, the US study showed a positive and significant link between inter-departmental connectedness and overall market orientation while the Ivorian study found no significant link. The link was positive and significant in sample 2 of the US study (for intelligence dissemination) but not significant in sample 1; the Ivorian study showed a positive and significant link. For responsiveness, the link was found to be non-significant across the three studies.

The inconsistency across the three studies creates difficulties for interpretation. Granting that conflict generally reduces interdepartmental communication and therefore information dissemination (Shohan and Rose, 2001), one would expect a high incidence of conflict in organizations to hinder organizational responsiveness towards changing market needs (Kohli and Jaworski, 1990). Inter-departmental connectedness logically would be assumed to have the opposite effect. But the impact of conflict potentials on organizational strategy must be understood in terms of the degree of top management influence on organizational decision-making and behaviour of organizational members and the power distance between the various organizational hierarchies (Hofstede, 1980; Shohan and Rose, 2001).

Where the power distance is high, decision-making is usually centralized and top management instructions can override incidents of conflict at lower levels of organizations. Under such conditions one would expect routine-based communication to take place between organizational members and this could facilitate formalized information dissemination and actions. Thus, the formal structures could support market-oriented behaviours without such actions becoming firmly rooted in the organizational spirit and mindset. Jaworski and Kohli (1993) arrived at the same reasoning in their study. They argued that organizations may use rules to mandate that the various departments meet every month for purposes of 'market assessment' and such meetings are likely to enhance intelligence dissemination.

Formalization and Centralization: Formalization is found in the Ghanaian study to be a positive (but non-significant) predictor of market orientation ($\beta = 0.03$). It is also positively (but not significantly) linked to intelligence generation ($\beta = 0.08$) and significantly linked to intelligence dissemination ($\beta = 0.15$, $P = 0.10$). Its relationship with responsiveness is negative but not significant. In contrast to the Jaworski/Kohli hypothesis, we predicted a positive relationship between formalization and market orientation. In this regard the direction of the relationship is consistent with my prediction except for responsiveness. My argument has been that at early stages in the transition from non-market oriented strategies to market-oriented strategies, formalization would facilitate the acquisition of market-oriented skills and routines by organizational members. This argument seems to hold for Ghana, particularly with respect to the dissemination of market information. As noted above, formalization can reduce the potential negative impact of inter-departmental conflict on information dissemination and the adoption of customer-oriented actions.

Centralization in the Ghanaian study is positively linked to overall market orientation ($\beta = 0.10$, $P = 0.10$). It is also positively correlated with intelligence generation ($\beta = 0.06$ not-significant), intelligence dissemination ($\beta = 0.22$, $P =$

0.01), and responsiveness (β = 0.12, P = 0.10). Hypothesis 6 is therefore confirmed. In comparison, the US study expected centralization to negatively impact all the dependent variables. The US results showed a negative link between centralization and overall market orientation in sample 1 in the study, but a non-significant link in sample 2. Similarly, the Ivorian study showed no significant link with overall market orientation. For intelligence generation, the link was found not to be significant in sample 1 of the US study but significant and negative in sample 2. The Ivorian study showed no significant link with intelligence generation. Again, the relationship between intelligence dissemination and centralization was mixed for the three studies. The US study showed a negative and significant relationship for sample 1 but no significant relationship for sample 2; the relationship was non-significant in the Ivorian study as well. The link in the Ghanaian study between centralization and intelligence dissemination was positive and significant.

Reward System**:** The present study shows that the relationship between a reward system and overall market orientation is positive and significant (β = 0.29, P = 0.01). Reward system also has a positive relationship with all the three other components of market orientation; intelligence generation (β = 0.44, P = 0.01), intelligence dissemination (β = 0.40, P = 0.01), and organizational responsiveness (β = 0.18, P = 0.05). These results are consistent with those obtained in the US and Ivorian studies, except that the Ivorian results found no significant link between reward system and intelligence dissemination.

Table 7.3: Regression Analysis of Dimensions and Antecedents of Market Orientation				
	Overall Market Orientation	Market Intelligence Generation	Market Intelligence Dissemination	Market Intelligence Response
Top management emphasis on market orientation	0.29882***	- 0.03561	0.05258	0.12532
Top management risk aversion	0.00720	0.00143	0.02155	0.20125**
Interdepartmental conflict	0.04518	0.13629*	0.12251*	0.15361*
Control	0.13764*	0.07514	-0.06340	0.05197
Formalization	0.03765	0.08402	0.15809*	-0.06166
Centralization	0.10135*	0.06658	0.22714***	0.12496*
Reward system	0.29156***	0.44466***	0.40268***	0.18659**
R2	0.3384	0.2592	0.2960	0.2782
Adjusted R2	0.3151	0.2331	0.2712	0.2529
F ratio	14.54***	9.95***	11.395***	10.96***

*- 10% level of significance;
** - 5% level of significance;
*** - 1% level of significance.

The data were further analysed to determine inter-industry differences in the degree of market orientation. The results showed that centralisation was negatively correlated with customer orientation for the manufacturing firms, while it was positively correlated with the distribution firms. The association was also positive and significant for the service firms. The link between centralisation and competitor orientation follows a similar pattern; negative for manufacturing firms, negative for the distribution firms, but positive for the service firms. With respect to inter-functional coordination, the link was positive for the manufacturing firms, but otherwise negative for both distribution and service firms (see Table 7.4).

Formalisation, on the other hand, was negatively linked to customer orientation for all three groups of firms. The link between formalisation and competitor orientation was positive for manufacturing firms, negative for distribution companies, and positive for service firms. With respect to inter-functional coordination, the link was negative for the manufacturing firms, positive for distribution companies, and negative for service firms (Table 7.4).

The results also produced mixed evidence on the relationship between reward system and the three sub-orientations. With respect to customer orientation the relationship was positive and significant for manufacturing firms. It also had a positive relationship with the two other groups of firms. The relationship was also positive for manufacturing and distribution firms with respect to their degrees of competitor orientation. The relationship was, however, negative for service firms. The relationship was also positive with respect to inter-functional coordination for all three groups of firms (Table 7.4).

Table7.4 : Inter-sector regression analysis of market orientation and internal determinants

Independent Variable	Customer orientation			Competitor Orientation			Inter-functional orientation			Overall Market Orientation
P=Manufacturing firms D=Distribution firms S=Service firms	P	D	S	P	D	S	P	D	S	
Management emphasis on market orientation	.30	.41**	.23	.47**	.63**	.54***	.07	.14*	.13	.01
Management risk aversion	.10	.25**	-.08	.07	-.01	.24	-.05	.08*	.06	.00
Interdepartmental conflict	.31	-.04	-.13	.06	.05	-.14	.23	.04	.32**	.22
Interdepartmental connectedness	-.09	.38**	.00	-.15	-.04	.09	.66**	.86***	.55	-.04
Formalisation	-.17	-.08	-.09	.22	-.09	.02	-.10	.08	-.15	.04
Centralisation	-.09	.07	.32*	-.32	-.09	.16	.02	-.02	-.08	.14
Reward System	.31*	-.10	.27	.09	.16	-.11	.23**	.11	-.00	.40***
R^2	41.4	49.7	26.5	42.5	62.0	47.4	82.2	89.1	86.3	.30
Adjusted R^2	24.2	43.7	11.3	28.1	57.4	36.9	77.8	87.8	83.6	.26

*10 % level of significance; ** - 5 % level of significance; *** - 1 5 level of significance.

Discussions and Implications

The principal findings of this study suggest that the core framework proposed by Jaworski and Kohli (1993) may be generalised to developing countries such as Ghana. As noted earlier, Jarwoski and Kohli found that market orientation is dependent on top management involvement, and the willingness to reward employees for being market-oriented. That is, irrespective of country, firms with strong top management commitment to market-oriented philosophy and actions and reward employees on the basis of factors such as customer orientation and building customer relationships will become more market-oriented. Thus, stronger top management support is required for the Ghanaian firms to fully and consistently implement market-oriented strategies.

Aspects of the Ghanaian findings do not, however, accord with the dominant expectations about the impact of organizational design (structure, systems, and processes) on market orientation. Taking organizational structures first, earlier empirical research findings have shown that the greater the degree of centralization and formalization, the lower the ability of companies to acquire a diverse range of information or to disseminate and utilize such information (Deshpandé, 1982; Deshpandé and Zaltman, 1984). Thus, firms that keep an informal and decentralised organizational framework tend to adopt market orientation strategies (Avlonitis and Gounaris, 1999).

The findings in this study are also mixed with respect to differences in the degrees of market orientation of firms in different industries or lines of operation. Some differences have been noted, and these differences may be attributable to the manner in which the operational environment impacts the activities of the different businesses. The evidence here shows that the distribution firms in Ghana appear to be more customer-oriented than the service and manufacturing firms. All firms, however, appear to be competitor-oriented due to the liberalisation of the Ghanaian economy and the resultant intensity of competition.

Building on insights from previous studies, we should expect the high growth sectors in the Ghanaian economy to demonstrate a higher degree of professionalism and to invest in the development of their employees to a greater extent than sectors experiencing slower growth. That is, while the manufacturing sector may continue to practice instrumental and authoritarian leadership styles, the distribution and service sectors could be expected to show a clearer tendency towards the development of participative and supportive leadership styles (see Sanda and Kuada, 2013).

This is not to say that Ghanaian firms must refrain from working towards decentralization of their organizational structures. Avlonitis and Gounaris (1999) argue that market orientation is a state at which a firm arrives, passing through several phases that represent different levels of adaptation. This process entails significant human resource development, organizational re-structuring, and re-allocation of other resources within a firm. The present centralized organizational structures in Ghana may stimulate the development of market-oriented behaviour in the short run, when top management guidance is important in moving the firms from a non-market-oriented disposition to one of market orientation. But building on the understanding that market orientation is an organization-wide responsibility, it is important that efforts must be made in those Ghanaian firms that have embraced the concept of market orientation to decentralize their decision- making structures, improve the skills, competencies and authority of middle level managers and to empower front-line staff to gain insights into customer problems and needs and to respond to them with adequate promptitude.

Will market orientation become an enduring feature of the Ghanaian business culture? It is suggested in the literature that changes within the operational environment of firms generally impact their degree of market orientation. Appiah-Adu and Singh (1998), for example, argue that market orientation has a relatively stronger impact upon performance under conditions of low demand. In situations where demand tends to outstrip supply, firms pay lesser attention to market-oriented activities. In the same vein, Avlonitis and Gounaris (1999) observed that when companies operate in tranquil and predictable market environments, they show lesser propensity to adopt market-oriented behaviours. But when the market environment shows lesser degree of predictability and the competition is intensive, the desire of companies to adopt market orientation behaviours increase. Studies done in some African countries have given credence to this observation. For example, Winston and Dadzie (2002) showed that the level of competition in Nigeria and Kenya impact the degree of top managements' emphasis on market orientation in the two countries.

Building on evidence from these earlier studies, it may be argued that the degree of market orientation that Ghanaian firms exhibit in the future will depend partly on changes within the business environment. Until the mid 1980s, the Ghanaian economy was dominated by state control; both private and state-owned enterprises operated within a highly regulated market system. Ghana's experience with economic liberalization is therefore barely two decades old. This is too short a time frame for companies to fully implement market orientation as an integral part of their businesses. As Greenley (1995) observed, transition from non-market oriented dispositions to that of market orientation is a difficult process, particularly for firms located in countries without prior market-oriented business cultures. Some of these firms may acquire the "trappings" of market orientation but may remain non-market oriented at the core. It is therefore too early for us to answer the question posed above. That is, the sustainability of market-oriented behaviour in Ghana is an issue requiring future research attention.

Several other directions for future research arise from the findings. First, we need to understand the extent to which the market-oriented dispositions of the Ghanaian firms translate into superior business performance. The market orientation-performance link has not been tested in the present study. But much of the market orientation literature has suggested a close association between market-oriented behaviours of firms and their performance. Future research from developing countries such as Ghana may be able to contribute to this debate by providing evidence from other market environments where performance determinants can be multidimensional, involving various combinations of micro, industry and macro initiatives.

Second, the relationships between the degree of market orientation of Ghanaian firms and their organizational structures and management practices require further explanation. I expected formalization and centralization to positively impact on market-oriented behaviours of firms at the early stages in their transformation from low to high levels of market orientation due to the culturally prescribed management practices in Ghana (Kuada, 1994). But future studies are required to determine the extent to which this is the case. Furthermore, it can be argued that centralization is a necessary consequence of the dearth of qualified middle-level managers in countries such as Ghana combined with economic liberalization that increases the level of competition within the entire economy (Appiah-Adu, 1997, 1999). Under such operational conditions, decentralized and informal structures can weaken control and increase firms' exposure to the risks that environmental turbulence engenders. Centralization therefore offsets some of these risks. Thus, the extent to which Ghanaian managers deliberately adopt centralization as a risk minimization strategy deserves future research attention.

Third, since Ghana has embraced an export-led growth policy and the export sector has witnessed a rapid growth in recent years (Kuada and Sørensen, 2000), it will be useful to investigate the degree of market orientation among exporting firms. Several scholars have suggested that market orientation is a key determinant of export performance (Cadogan *et al* ., 1998). The extent to which this applies to Ghanaian firms requires elaborate investigation.

Finally, this study, like most others on market orientation, have relied on self-reports of the sampled companies. As Langerak (2001) argues, self-reports may constitute an inadequate basis for assessing a firm's level of market orientation. Subsequent research must therefore include the perception of external stakeholders such as customers and suppliers in the assessment of the market orientation of the focal firms. It is also important for future research not to rely on respondents' statements about market-oriented behaviours in their firms but to probe into the manner in which the market-oriented activities are actually performed in the focal organizations.

Conclusions

In sum the results of the present study suggest that internal factors such as top management behaviour, reward systems and organizational structures, play an important role in the adoption of market-oriented activities in Ghanaian firms. By comparing evidence of market orientation in two African countries with Jaworski and Kohli's (1993) US study, our research contributes to an understanding of role of firm-specific factors in transforming the market-oriented dispositions of firms. However, the differences in the patterns of the results across the three countries suggest a more rigorous discussion of the constituent constructs of the market orientation models (e.g. attitude to risk, formalization, centralization, conflict, and inter-departmental connectedness) when applied across countries. It is important to be mindful of the fact that organizational behaviours are context-specific. Thus the manner in which top managers behave in their firms and the impact of their behaviour on organizational members will differ across countries. There are reasons to believe that in large power-distant organizations, top management may use rules and patterns of formalization to facilitate the generation and dissemination of market information and reduce the potential negative impacts that inter-departmental conflicts may have on organizational responsiveness.

CHAPTER 8
RESOURCE LEVERAGING AND MANAGEMENT OF CUSTOMER-SUPPLIER RELATIONSHIPS[9]

Introduction

It is now generally acknowledged in the development economics literature that foreign firms are triggered by the following four sets of motives to enter developing economies: (1) the search for new and cheaper resources, (2) the search for new markets, (3) restructuring existing production activities, and (4) seeking strategic assets (see Narula and Dunning, 2000; Khamfula, 2007; Sushanta and Tomoe, 2008). The first three of these motives tend to focus on asset-exploitation – i.e. generating economic rent through the use of existing firm-specific assets in the home country; while the last one is mainly asset-augmenting in nature – i.e. enriching existing assets by investing in foreign locations and/or tapping into host country knowledge sources (Chen and Guido, 2006).

The resource-seeking motives of foreign investments have received extra attention in the literature in recent years due to the emergence of outsourcing as one of the tools for sustaining efficiencies and competitive advantages of firms all over the world. These developments have produced profound changes in the organization of the global economy with more industries, functions, and countries being integrated through increasingly complex value-creating relationships (Kakabadse and Kakabadse, 2000). As a result, a new role has been carved for developing country economies in the global value-creation process with many Asian economies becoming major offshore sourcing destinations for developed country firms.

Related to these discussions, another stream of research has drawn attention to the spillover and demonstration effects of collaborations between foreign and

[9] The data on which the discussion in this chapter are based were collected in 2008 together with Robert Hinson and Daniel Ofori of University of Ghana Business School. The chapter revisits that study in the light of new knowledge that has emerged after the study was conducted.

developing country firms (see Hansen and Schaumburg-Müller, 2006). The study reported in this chapter is based on this thinking. It seeks to make three contributions to the existing literature. First, it discusses the impact of interfirm collaboration on enterprise development in Ghana. Second, it provides an insight into the challenges faced by collaborating firms and their suppliers in the Ghanaian operational environment (and, by extension, in Africa) and the relational governance arrangements that they have crafted to address some of the difficulties. Lessons from Ghana may provide guidelines for firm operations in similar environments. Third, it compares the behaviours and strategies of Ghanaian-owned firms with those of the foreign-owned firms in their collaborative process. This comparison is meant to determine the impact of ownership and operational history on the relational behaviours of firms operating in an African business context.

The remainder of the chapter is organised as follows. The next section provides some insight into the theories on which decisions on interfirm collaborations are usually anchored. It then presents the hypotheses tested in the empirical part of the study. This is followed by the discussions of the study findings.

General Theoretical Foundations of Interfirm Relations

Interfirm collaborations are commonly studied in terms of structural relationships between firms involving contract-based transactions that regulate the flow of goods, services, and resources between and among the participating firms. They may occur between firms within the same national borders (usually referred to as *inshore collaborations*) or between firms located in different nations (i.e. *offshore* or *cross-border* collaborations). Seen from an internationalization theoretic perspective, the cross-border collaborations may be found in either upstream or downstream internationalization processes.

Jiang and Qureshi (2006) divided empirical studies on interfirm collaboration into three categories: (1) *determinant-oriented studies*, focusing attention on the drivers or motives behind a firm's decision to collaborate, (2) *process-oriented studies*, being concerned with issues such as contract negotiations, partner selection and relational governance, and (3) *outcome* or *result-oriented studies*, focusing on consequences or impact of outsourcing on firm activities. This classification has guided issues addressed in the present study. Their theoretical rationale and related hypotheses are presented below.

Upgrading of technological and managerial capabilities of local firms has been presented in the literature as one set of benefits that foreign firms bring to developing countries. The benefits arise partly through demonstration effects and partly through spillover effects (Driffield and Taylor, 2002). The argument of the "demonstration effect" is that since the products and technologies that foreign firms bring in have already been tested in foreign markets, even their mere presence in the developing countries can inspire and stimulate local innovators to develop new products and processes. That is, the trial-and-error process that usually characterizes innovation of local firms will be shortened when innovative efforts are built on the proven methods of the foreign firms. Spillovers take place through vertical and horizontal linkages between foreign and local firms. Vertical linkages motivate the acquisition of improved technology, the transfer of technological know-how through staff training and the adoption of managerial behaviours that enable local firms to satisfy the contractual obligations that they may have with the foreign firms.

Similar perspectives have been presented by Mathews (2006) who argues that in the context of globalisation, late-comer firms are faced with new opportunities for linking up with emergent institutions and networks. Through linkage, the late-comer firms can acquire knowledge, technology, and market access. This opportunity to leverage external resources enables these firms to improve their competitive positions within the domestic and global market. Mathews (2006:323) presents this viewpoint in the following words, "In the strategic management literature, there is a clear way of dealing with the lack of resources that prevents firms from reaching their strategic goals. It is to fashion strategies that enable the firms to access these resources by offering other firms something in return. If resources are lacking, then their leverage from external sources is the obvious way to proceed" He argues further that the more the global economy becomes interconnected, the more possibilities there are for such linkage. Beekman and Robinson (2004) also argue that small local firms tend to experience "liabilities of newness" and a higher risk of failure, and they tend to reduce these risks through partnering with more established firms. Similarly, Gulati (1999) suggests that new and smaller firms establish partnerships with other companies in order to facilitate entry into an industry and to co-create new resources. Such relationships serve as signals of legitimacy, social status, and recognition within the industry (Hudson and McArthur, 1994; Stuart, 2000).

Based on these arguments I hypothesise as follows:
H_1: Firms located in Ghana will engage in buying inputs from each other under the following conditions: (1) if there is increased institutional pressure, (2) if the net cost reductions are assessed to be positive, and/or (3) if the decision frees internal resources to be deployed on core activities.

H_2: Foreign firms located in Ghana will buy inputs that they consider to be non-core value adding, but require local knowledge or other local-specific resources.

H_3: Firms in Ghana will engage in co-value creation with local suppliers that have complementary resources.

The Collaborative Process

The collaborative process is most often initiated by either or both prospective collaborating partners who perceive some potential added economic value in the collaborative arrangement. Motives that have featured prominently in previous studies include the need to minimise the costs and risks of innovation (Mowery *et al.,* 1996), to enhance competitive advantage (Zinn and Parasuraman, 1997), and to leverage financial resources, technology and expertise (Beamish, 1987). In the case of cross-national collaborations, additional motives such as access to local markets and knowledge, as well as the need to meet government requirements for local ownership and to gain political advantage may underlie their formation (Stopford and Wells, 1972; Datta, 1988). Firms then search for partners that will help them fulfil these motives and look for partners with similar values, beliefs, and practices in order to minimise tensions during the process of collaboration (Weitz and Jap, 1995). Firms may develop "search properties" (i.e. attributes to be verified prior to the selection) in order to reduce the risk of wrong partner choice. In the selection process of joint-venture partners, factors such as financial resources, technology, international experience, complementarity of resources and management styles have been noted as important search properties (Datta, 1988; Lorenzoni and Lipparini, 1999). These factors may be of varying importance to firms in different industries, countries and with different ownership policies. Where the key motive is learning and capacity upgrading, firms make deliberate efforts to identify partners with the required competencies and knowledge to transfer and/or show commitment for joint knowledge generation and sharing.

The second phase is one of "exploration", where partners lay the groundwork for a lasting relationship in the form of norm adoption for mutual conduct and "set the ground rules for future exchanges" (Dwyer *et al.*, 1987 p: 17). However, the relationship at this stage is assessed as being very fragile, still with minimal investment and interdependence, leaving a very easy outlet for quick dissolution. At this stage, serious partners start building a common culture to speed up the social bonding process critical for achieving mutual goals. In addition to this, partners' learning needs expand and various learning processes are called into operation, including the transfer of institutionalized practices and procedures from the two partners. As Iyer (2002) observes, there emerges (towards the end of the phase) a systematic effort by the partners to vicariously learn deeply embedded knowledge such as skills, processes, and routines. Phase three is described as the expansion phase, where partners acknowledge their interdependence and mutual vulnerability as a result of investment and technology sharing as well as adaptation of processes and products/services to satisfy each other's requirements. As partners tap into cumulative experience of each other, they gain the opportunity to improve productivity in their respective firms (Levitt and March, 1988). At the fourth and most advanced stage in the interfirm collaboration, structural bonds as well as norms and values are established to such an extent that the relationship is further institutionalised, making it very difficult to terminate.

Kumar and Nti (1998) have extended this conceptualisation of the dynamics of inter-firm relationships by separating factors relating to contributions made by the partners from factors concerning their psychological attachment to the relationship. The contributions refer to the resources and efforts that partners make to build the relationship. The psychological dimensions of the relationships are evaluated in terms of *process discrepancies* in the relationship (i.e. differences between what is anticipated and what actually happens within any given time period). The contributions and the processes lead to the concrete outcomes of the relationship. Favourable process and outcome discrepancies engender further commitment to the relationship. Unfavourable discrepancies produce a reverse impact, i.e. low motivation of the partners to make the relationship work. These observations legitimise the following hypothesis:

H_{4a}: *Firms in Ghana are likely to engage in upgrading the technological, financial and managerial capabilities of the local suppliers in order to strengthen their ability to deliver quality products and services.*

H_{4b}: *The smaller locally-owned suppliers are likely to enjoy a lot more support from foreign-owned firms due to their resource limitations than the larger local firms.*

Choice of Suppliers

The resource-based theory draws attention to the resource profiles that make specific firms attractive supplier candidates. To be a suitable partner the supplier must fulfil a number of conditions. First, the firm must possess the competencies and capabilities that are lacking in the customer firm. Second, it must have the organizational capability to respond to the evolving need of the customer firm. Third, it must show commitment and ethical business orientation that allow the customer to honour its contractual obligations (Jennings, 2002). That is, suppliers must possess the "best-in-world" bundle of resources that would deliver the inputs, components and/or resources that customers require (Quinn, 1999). In this regard, firm size has been considered a good proxy for selecting suppliers. The argument here is that larger firms would, other things being equal, enjoy economies of scale and thereby produce at a lower cost (Jiang and Qureshi, 2006). They will also be less sensitive to risk than smaller firms (Walker, 1975; Delone, 1988), have better technical expertise (Barry and Milner, 2002), and more substantial capital (Raymond, 2001). These characteristics enhance their abilities to fulfil the delivery expectations of customers.

Other scholars have an opposite view. They argue that the flexibility, lower overhead costs, resource advantages and innovative capabilities of small firms enable them to deliver specific services at substantially lower costs than larger firms. In other words, smaller firms may enjoy "economies of skill" even if they do not benefit from scale economies (Quinn, 1999; Jennings, 2002). In other words, while certain types of products and services are best supplied by larger firms, smaller firms may be most suitable for supplying other kinds of goods and services.

Previous studies of enterprise development in Ghana have shown that the smaller manufacturing firms have weak technological capacities and suffer from irregular supplies of local raw materials and inputs (Lall and Wignaraja, 1996). What is more, their qualities are unpredictable and they are channelled through a long chain of intermediaries thereby unduly raising their costs (Fafchamps, 1996). Puplampu (2005) also showed that foreign-owned firms in Ghana tend to have greater ability to develop the competencies of their employees than local firms. Based on these arguments I hypothesise as follows:

H_5: Firms in Ghana (both local and foreign firms) are likely to select larger and/or foreign firms as their suppliers due to their relative resource advantages and reliability.

Relational Governance

The importance of the quality of supplier-customer relationship for effectiveness of collaborative arrangements has been extensively discussed in the interfirm relationship literature (Quinn and Hilmer, 1994; Murray and Kotabe, 1999; Kakabadse and Kakabadse, 2000). The general understanding is that conflicts are inevitable in all kinds of inter-organisational relationships (Dwyer *et al*., 1987; Mohr and Spekman, 1994). Conflict in a collaborative arrangement is especially problematic, given the complexity of technology and the level of detail in many contracts (Kern, 1997; Lee and Kim, 1999; Chin, 2005).

It has been suggested that the characteristics of the services that firms provide are important elements in determining the governance structure. The more important the outsourced value creation activities supplied, the more likely it will be that the customer firm develops relational contracting that will provide flexibility over the provision of the service. In the case of the supply of non-core but essential services, such as accounting, it is argued that parties seek to set up closer relationships with each other and resist the temptation to make short-term gains at the expense of their partners. Here, emphasizing mutual trust and commitment between the parties may be a key element in reducing the risks and uncertainties of the relationship, especially in the case of adaptations to changing conditions and in updating the levels of service provided over time (Kingshott, 2005).

Where foreign firms depend on supplies from developing country-based firms with a limited tradition for maintaining consistent product quality, they will design governance arrangements that strengthen commitment to quality. This may be achieved through obligational contracting, involving rigorous quality checks and sanctions combined with upgrading the quality improvement skills of local suppliers.

The above discussions justify the following hypothesis:

H_6: The more important the value creation activities purchased by a foreign firm in Ghana, the more likely it will be for the firm to develop relational governance mechanism with the local supplier.

Methodology

I have adopted a quantitative approach to this study, using a structured questionnaire with a five-point Likert scale ranging from 1 = fully disagree to 5 = fully agree. The instrument was composed of 43 items all measuring aspects of the relational behaviour of the organizations covered by the study. Of these, 9 items relate to motives for collaboration, 8 to choice of suppliers, 5 to types of products/services delivered, 12 to management/governance of the relationships, 5 to assessment of the suppliers' capacity, 4 to the assessment of the importance of the relationship to customers (see appendix 3 for a sample of the questionnaire).

Respondents were required to provide information about the ownership of their organizations, the types of sectors within which they operate, size (in terms of number of employees), performance (in terms of EBIT), and country of origin (if a foreign company/organization).

A sample of 200 organizations was drawn for a list of organizations in Ghana Employers' Association's database. The sample was composed of private and public-owned firms as well as Not-For-Profit organizations. A pilot study was conducted among ten managers in our target respondent organizations to ascertain the clarity and reliability of the questionnaire, and to identify any issues relating to the administration of the instrument. All statistical and demographic analyses were performed with the Statistical Package for the Social Sciences (SPSS 16.0).

Presentation and Discussion of Findings

The presentation in this chapter starts with demographic characteristics of the organizations in the sample. The rest of the results are then organized according to the following themes of the study hypotheses: relational decision motives, locally purchased products/services, selection of suppliers, suppliers' gains from participating in collaborative arrangements, and governance and importance of customer-supplier relationships. For each theme, descriptive statistics are presented, exploring their nature across the various demographic characteristics of the sample organizations (origin, type of firm, age, number of employees and EBIT). Only statistically significant differences are reported.

Three approaches are adopted in testing the various hypotheses. These are Principal Components Analysis (PCA), Analysis of Variance (ANOVA) and Regression Analysis. Where the hypothesis just makes generalizations about supplier-customer relationships and behaviour across organizations, PCA is employed. This first approach was adopted to test H_1, H_4, H_{5a} and H_{5b}. Where the behaviour is hypothesized to be different for different demographic groups of firms, PCA is first employed and ANOVA used to establish differences. This second approach has been adopted for testing H_2 and H_3. Where different behaviour is expected of organizations at different levels of items, an index of the behavioural items is developed after data reduction by PCA. PCA is again employed to extract underlying components of the influential items which are then used as independent variables for a regression model with the behavioural index. This third approach has been adopted for testing H_6.

Characteristics of Sample

Out of the original sample of 200 organizations, 190 filled in the survey instrument but three of them were rejected during the data editing stage, due to large numbers of non-response items, leaving us with 187. Local organizations constitute 68.8% of respondents while foreign organizations constitute 31.2%. The majority of the organizations (72.9%) were established between 1950 and 1999. Table 8.1 presents the distribution of organizations with respect to origin (local or foreign), type of organization, year of establishment in Ghana, number of employees, and earnings before interests and taxes (EBIT).

Table 8.1: Profile of respondents		
Ownership	N	%
Foreign	53	31.2
Local	117	68.8
Type of Organization		
Private Firms	71	38.6
Public Sector Organizations	47	25.5
Not-For-Profit Organizations	39	21.2
Others	27	14.7
Year of Establishment in Ghana		
1850 – 1899	6	4.2
1900 – 1949	10	6.9
1950 – 1999	105	72.9
2000+	23	16
Number of Employees		
0 – 10	22	13.3
11 – 100	63	38.0
101 – 250	27	16.3
251 – 1000	35	21.1
Above 1000	19	11.4
Earnings Before Interest and Taxes in 2005(US$)		
Up to US$ 50,000	26	13.9
US$ 50,001 - 250,000	14	7.5
US$ 250,001 - 500,000	14	7.5
US$ 500,001 - 1,000,000	11	5.9
US$ 1,000,001 - US$ 5,000,000	13	7
US$ 5,000,001 - 10,000,000	5	2.7
US$ 10,000,000	16	8.6
Not provided	88	47.1

Supplier-Customer Relational Motives

Table 8.2 presents the descriptive statistics of the supplier search motives. It shows that 9 items were used to investigate the motives for collaboration. Further analysis of the data shows that there is some difference between public and private sector organizations in their response to the statement that "*we buy some products/services from local suppliers because the government requires it*". Public sector organizations had a mean score of 2.95, indicating indifference on the item while private companies had a mean score of 1.94 (Mean difference = 1.014, p = 0.003). Collaborations by private organizations therefore appear to be triggered to a lesser extent by institutional pressures than it is the case with public institutions.

There appears to be general agreement among the respondents that collaboration is useful in situations where they do not have in-house resources to produce required products or provide needed services (Q6), or where collaboration will help them conserve their own resources (Q11), or where they believe that collaboration helps grow the Ghanaian economy (Q1

Table 8.2.: Supplier search motives (descriptive statistics)

Motives	N (Valid)	Mean	Std. Dev
We buy some products/services from local suppliers because we cannot produce them ourselves (Q6)	164	4.07	1.36
We buy some products/services from local suppliers because we want to support the local economy (Q10)	160	3.93	1.27
We are able to focus our resources a lot better by outsourcing some of our activities (Q11)	162	3.81	1.28
We buy some products/services from local suppliers because it is cheaper than producing them ourselves (Q5)	160	3.58	1.48
We buy some products/services from local suppliers because their production requires local knowledge (Q9)	161	2.59	1.44
We are able to reduce the problems of industrial disputes by buying from local suppliers (Q12)	160	2.56	1.14

We buy some products/services from local suppliers because the government requires it (Q7)	163	2.27	1.45
We buy some products/services from local suppliers to take advantage of the government incentives (Q8)	164	2.26	1.36
Our suppliers appear suspicious about our motives (Q13)	155	1.72	1.07

I applied Principal Component Analysis (PCA) with varimax rotation to the data in order to analyse the relative importance of the statements. This resulted in the extraction of three factors. I labeled the factors *local advantages, resource advantages* and *cost advantages.* I then performed various statistical tests on the data to determine their suitability for further analysis. The results were satisfactory. (The Cronbach's alpha values for the factors were 0.732, 0.482 and 0.477 respectively. Bartlett's Test of Sphericity is significant (χ^2 = 158.083, $p \leq 0.001$) suggesting suitability of data for PCA and Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO-MSA) is 0.663). The results are preseted in Table 8.3. In sum, the results support hypothesis 1, indicating that organizations located in Ghana will find local suppliers for some of their products and services under the following conditions:

- There are local advantages (such as government incentives or local knowledge content of services)
- There are resource advantages (e.g. the decision frees internal resources to be deployed on core activities)
- The net cost reductions are assessed to be positiv

Table 8.3: Factors analysis of motives for collaboration

Factors	Factor Loads	Eigen Values	% of Var. Explained	Cuml. % of Variance	Cronbach's α
Factor 1 (*Local advantages*)		2.33	29.15	29.15	0.732
Q7. We buy some products/services from local suppliers because the government requires it	0.816				
Q8. We buy some products/services from local suppliers to take advantage of the government incentives	0.847				
Q9. We buy some products/services from local suppliers because their production requires local knowledge	0.682				
Factor 2 (*Resource advantages*)		1.23	18.82	47.96	0.482
Q10. We buy some products/services from local suppliers because we want to support the local economy	0.672				
Q11. We are able to focus our resources a lot better by outsourcing some of our activities	0.868				
Factor 3 (*Cost advantages*)		1.10	18.51	66.48	0.477
Q5. We buy some products/services from local suppliers because it is cheaper than producing them ourselves)	0.756				
Q6. We buy some products/services from local suppliers because we cannot produce them ourselves	0.840				
Notes: Principal component analysis with varimax rotation, KMO-MSA = 0.663, Bartlett's test of sphericity = 158.083 ($p < .0001$)					

Locally Purchased Products/Services

I did an analysis of variance (ANOVA) on the extracted factor scores by the origin of organizations (local and foreign classification) in order to test H_2 and H_3 concerning the nature of locally purchased products/services. The results are presented in Tables 8.4, 8.5. and 8.6. The initial PCA ran on the items resulted in the extraction of two factors that explained 75% of the total variation in the items. I labelled the factors as *core/complex products/services services with local resource content* and *non-core products/services with local resource content*.

Table8. 4: Locally purchased products/services (descriptive statistics)			
Item	N	Mean	Std. Dev.
Q24. Products we buy from local suppliers have substantial local resource content	164	3.21	1.154
Q23. We buy very important products or services from local suppliers	165	3.08	1.254
Q26. We buy only simple and standardized items from local suppliers	164	2.90	1.290
Q25. We produce part of the items or services in-house and buy the rest from local suppliers	162	2.80	1.486
Q22. We buy very complex products or services from local suppliers	164	2.49	1.270

The ANOVA results showed that both core and non-core value adding goods and services were purchased by both local and foreign organizations from Ghanaian firms, especially when their local resource contents are high. There are however statistically significant differences between foreign and local firms with respect to these decisions (see Table 8.6).

Table 8. 5: Factors of locally purchased products/services

Factors	Factor Loads	Eigen Values	% of Var. Explained	Cumulative % of Variance	Cronbach's α
Factor 1 (Core/complex products/services)		1.706	42.66	42.66	0.73
Q22. We buy very complex products or services from local suppliers	0.853				
Q23. We buy very important products or services from local suppliers	0.879				
Factor 2 (Non-core products/services with local resource content)		1.285	32.12	72.78	0.435
Q24. Products we buy from local suppliers have substantial local resource content	0.734				
Q26. We buy only simple and standardized items from local suppliers	0.846				

Notes: Principal component analysis with varimax rotation, KMO-MSA = 0.528, Bartlett's test of sphericity = 98.824 ($p < .0001$)

Table 8.6: ANOVA for factors of locally purchased products and services by local or foreign organizations

Factor	Source of Variation	Sum of Squares	df	Mean Square	F	Sig.
Core/complex products/services	Between Groups	3.4	1	3.4	3.43	.066
	Within Groups	155.2	157	0.9		
	Total	158.6	158			
Non-core products/services with local resource content	Between Groups	.372	1	0.3	.37	.542
	Within Groups	156.5	157	0.9		
	Total	156.9	158			

Selection of Suppliers

Table 8.7 presents results of responses to statements related to the selection of partners. Statements related to delivery track record (Q 20) and quality control (Q 21) emerged as two of the criteria that customers emphasize in their choice of suppliers. However, they appeared indifferent to cost considerations (Q 18, and 19). Furthermore, the results suggest that customers are not very much impressed with Ghanaian suppliers' willingness to learn (Q 17), reliability as suppliers (Q 14), trustworthiness (Q 16), and commitment to the partnerships (Q 15).

Table 8.7 : Selection of suppliers (Descriptive statistics)			
Item	N	Mean	Std. Dev
Q20. We select suppliers with the most reliable delivery track record	164	4.57	.880
Q21. We select suppliers with the best quality control facilities	165	4.53	.859
Q19. We select the cheapest supplier for our products or services	164	3.26	1.417
Q18. We believe that it is less costly to deal with Ghanaian-owned suppliers than foreign-owned suppliers	163	3.10	1.348
Q17. We believe that Ghanaian-owned suppliers are more willing to learn than foreign-owned suppliers	163	2.63	1.207
Q14. We believe that Ghanaian-owned suppliers are more reliable than foreign-owned suppliers	165	2.41	1.088
Q16.We believe that Ghanaian-owned suppliers are more trustworthy than foreign-owned suppliers	163	2.23	1.004
Q15. We believe that Ghanaian-owned suppliers show stronger commitment to contracts than foreign-owned suppliers	164	2.19	1.000

A principal component analysis (PCA with varimax rotation) of the data produced two sets of factors, accounting for 64.5% of the total variation in the items. I have lablled the factors *local supplier capabilities* and *local supplier reliability.* The results are shown in Table 8.8. They confirm hypothesis 4 – i.e. that customer organizations in Ghana (both local and foreign) are more likely to select larger and/or foreign organizations as their suppliers due to their relative resource advantages and reliability

Table 8.8: Selection of suppliers

Factors	Factor Loads	Eigen Values	% of Var. Explained	Cumulative % of Variance	Cronbach's α
Factor 1 (Orientation about local suppliers' capabilities)		2.777	31.67	31.67	0.781
Q14. We believe that Ghanaian-owned suppliers are more reliable than foreign-owned suppliers	0.752				
Q15. We believe that Ghanaian-owned suppliers show stronger commitment to contracts than foreign-owned suppliers	0.785				
Q16.We believe that Ghanaian-owned suppliers are more trustworthy than foreign-owned suppliers	0.839				
Q17. We believe that Ghanaian-owned suppliers are more willing to learn than foreign-owned suppliers	0.732				

Q18. We believe that it is less costly to deal with Ghanaian-owned suppliers than foreign-owned suppliers	0.595				
Factor 2 (Resource advantages and reliability)		1.736	24.8	64.5	0.831
Q20. We select suppliers with the most reliable delivery track record	0.902				
Q21. We select suppliers with the best quality control facilities	0.907				

Notes: Principal component analysis with varimax rotation, KMO-MSA = 0.702, Bartlett's test of sphericity = 343.145 ($p < .0001$)

Supplier's Gains from Their Collaborations with Customers

Table 8.9 presents results of responses to statements related to the types of investments that customers are willing to make in the relationships and how these investments are likely to benefit the suppliers. The results generally reflect a weak degree of willingness among customers to commit resources to the relationships. The mean response to the statements: *we are willing to support other innovations in our local suppliers; we are willing to transfer superior management knowledge to our local suppliers;* and *we are willing to support our local suppliers financially to upgrade their technology*; are 3.6, 3.5 and 3.0 respectively. Customers are even less willing to provide management support services to local suppliers or to help them financially to upgrade their technology.

I did PCA on the data to determine the relative importance of the items. The results produced one factor which explained 67% of the total variation in the items. The extracted factor was labelled *financial, managerial and technological support*. I again performed the relevant statistical tests to determine the reliability of the factor, and found it to be fairly reliable. (The Cronbach's Alpha was 0.876 and Bartlett's Test of Sphericity was significant. KMO-MSA was 0.784 and individual MSAs ranged between 0.745 and 0.878). The results are presented in Table 8.10. The low scores on the items as shown in the descriptive statistics indicate the indifference of customer organizations in Ghana in engaging in upgrading the technological, financial, and managerial capabilities of their local suppliers. The evidence is therefore not strong enough to support H_{5a} and $H_{5b.}$

Table 8.9: Supplier's potential gains from participating collaborative arrangements (Descriptive Statistics)			
Item	N	Mean	Std. Dev
Q29. We are willing to support other innovations in our local suppliers organizations	157	3.60	1.213
Q28. We are willing to transfer superior management knowledge to our local suppliers	157	3.54	1.243
Q27. We are willing to support our local suppliers financially to upgrade their technology	158	3.04	1.359
Q31. We have provided management support services to our local suppliers	156	2.94	1.301
Q30. We have provided financial support to upgrade the technology of our local suppliers	155	2.77	1.352

Table 8.10: Principal components analysis of suppliers' potential gains from collaborative arrangements

Factors	Factor Loads	Eigen Values	% of Var. Explained	Cumulative % of Variance	Cronbach's α
Factor (Financial, managerial and technological support factors)		3.39	66.98	66.98	0.876
Q27. We are willing to support our local suppliers financially to upgrade their technology	0.820				
Q28. We are willing to transfer superior management knowledge to our local suppliers	0.769				
Q29. We are willing to support other innovations in our local suppliers organizations	0.821				
Q30. We have provided financial support to upgrade the technology of our local suppliers	0.816				
Q31. We have provided management support services to our local suppliers	0.863				

Notes: Principal component analysis with varimax rotation, KMO-MSA = 0.784, Bartlett's test of sphericity = 429.229 ($p < .0001$)

Governance and Partner Relationship Management

An analysis of the relational governance items showed a relative uniform agreement among the respondents. As shown in Table 8.11, apart from Q34 "We have been compelled to take our local suppliers to court for non-compliance of contracts" which scored 2.12, indicating disagreement, the mean scores of the other items ranged from 3.84 to 4.29. Governance mechanism that the customers endorse include close monitoring (Q 32), in-house competence to handle disagreements quickly (Q 38), effective cooperation with various departments in the supplier organizations (Q 37), and in-house quality control arrangement. Furthermore, as shown in Table 8.12, while the respondents agreed that they can get the products or services that their local suppliers produce for them elsewhere (4.25), they were neutral about being major customers to their local suppliers (3.63) and did not believe that their local suppliers depended very much on sales to them (3.36).

Table 8.11: Governance of the collaborative relationships (Descriptive Statistics)			
		Mean	Std. Dev
Q32. We closely monitor our local suppliers in order to ensure compliance with contracts signed with them	161	4.29	1.1
Q38. Our departments have the competence to handle all matters relating to our suppliers	161	4.20	.93
Q37. Our departments cooperate effectively with all relevant departments of our suppliers	158	4.11	1.0
Q33. We do our quality control in-house in order to be sure the quality of our supplies	158	4.11	1.1
Q36. Our local suppliers have high commitment to relationships with us	160	4.01	.9
Q35. We have resolved all conflicts with our local suppliers through negotiations	158	3.84	1.1
Q34. We have been compelled to take our local suppliers to court for non-compliance of contracts	156	2.12	1.3

Table 8.12: Importance of the Collaborative Relationships - Descriptive Statistics			
	N	Mean	Std. Dev
Q46. We can get the products or services that our local suppliers produce for us from elsewhere.	164	4.25	1.0
Q44. As far as we know, we are a major customer to our local suppliers	164	3.63	1.2
Q45. As far as we know our local suppliers depend very much on their sales to us	165	3.36	1.1
Q47. If our local suppliers decide not to produce for us we can produce these goods or services ourselves	160	2.26	1.4

In testing the hypothesis concerning governance of supplier-customer relationships, an index of governance was developed by summing five governance items that loaded strongly on two factors extracted from the seven items measured under governance of the collaborative relationships. The five items are Q32, Q33, Q35, Q37 and Q38. The two factors were then used as independent variables for a regression model with the governance index. Table 8.13 shows the results of the PCA. As shown in Table 8.14, the regression analysis also produced significant results ($F=19.635$, $p<0.0001$), thereby supporting hypothesis H_6 - i.e. customers adopt elaborate relational governance mechanisms when the goods and services they outsource are of strategic importance to them.

Table 8.13: PCA of importance of supplier-customer relationships

Factors	Factor Loads	Eigen Values	% of Var. Explained	Cuml % of Variance
Factor 1 (Importance of relationship to suppliers)		1.752	43.79	43.79
Q44. As far as we know, we are a major customer to our local suppliers	0.922			
Q45. As far as we know our local suppliers depend very much on their sales to us	0.916			
Factor 2 (Resource advantages and reliability)		1.098	27.45	71.24
Q46. We can get the products or services that our local suppliers produce for us from elsewhere.	0.716			
Q47. If our local suppliers decide not to produce for us we can produce these goods or services ourselves	0.766			

Notes: Principal component analysis with varimax rotation, KMO-MSA = 0.510, Bartlett's test of sphericity = 118.223 ($p < .0001$)

Table 8.14: ANOVA for regression of governance score					
Source of Variation	Sum of Squares	Df	Mean Square	F	Sig.
Regression	371.975	2	185.988	19.635	.000
Residual	1364.025	144	9.472		
Total	1736.000	146			

Discussions

Our literature review has indicated that firms' decision to collaborate is usually guided by the strategic and/or operational importance of the resources and value-added functions that are in focus for a prospective collaboration. Where these functions are assessed to be highly important both strategically and operationally, the firm would seek to collaborate intensively with a strategic partner that has complementary competencies and capabilities and may be willing to undertake asset-specific investments during the period of collaboration (Dwyer *et al*., 1987).

The literature has also suggested differences between foreign firms and local firms in terms of their collaboration motives and strategic focus. Both categories of firms may take cost considerations into account in their decisions to collaborate. But while non-core resources may be the foundational concern of foreign firms operating in countries such as Ghana (Hansen and Schaumburg-Müller, 2006), local firms may look for partners that have the resources they lack (Nohria and Garcia-Pont, 1991) and seek to leverage core resources in order to strengthen their competitive positions in the local and foreign markets.

The results of the present study are consistent with the contemporary knowledge about collaborations. Firms located in Ghana appear to engage in collaborations where they do not have in-house resources to produce required products or provide needed services, or where collaboration will help them conserve their own resources. Private companies in general, but foreign companies, in particular, cannot be pressurized by government directives to engage in collaboration. They appear to respond to their own strategic needs. This implies that the Ghanaian government can only provide incentives to promote collaboration, but cannot force companies and organizations to do so.

Scholars of inter-firm collaboration have shown that partners enter their relationships with a set of initial conditions that define the tasks, interface structure and expectations (Doz, 1996). They then cycle through a sequence of learning, re-evaluation and re-adjustment stages during the period of their collaboration. Each event in this cycle provides additional knowledge of the preparedness of the co-partners to make the necessary efforts and contribute the required resources to fulfill the objectives of the collaboration. The duration of a collaborative arrangement is determined, to a considerable extent, by partner perception of one another's performance in relation to their expectations. Where partners experience the initial stages of the relationship as rewarding, they increase their commitment and efforts to progressively develop the relationship. Gronross (1984) has suggested a distinction between *instrumental* (functional) and *expressive* (social) performance in interfirm relationships.

Seen in the context of this study, instrumental performance relates to the tangible equipment and machines delivered by the partner and the fulfillment of the contractual obligations of the buyer. Expressive performance relates in this case to the manner and degree of interaction between the partners over the duration of the relationship as well as services exchanged, i.e. the social and psychological attributes of the relationship. The results have revealed a general reluctance among customers (foreign companies, in particular), to invest in the relationships. Their willingness to help local suppliers to upgrade their technology and management capacity or improve their innovative capabilities in any significant manner is limited.

The existing literature also draws a distinction between relational *scope* and *intensity* (Zinn and Parasuraman ,1987). Scope is usually defined in terms of the range of activities performed, or services offered by the partners during their interactions in order to build trust and fulfill the objectives of the relationship. It may be either broad or narrow, and may have both social and economic dimensions. The relative weight of the social or economic content of interactions may differ from one relationship to another and at different stages in a given relationship. Intensity, on the other hand, relates to the frequency and extent of direct interaction between the actors whose involvement is decisive to the technology capacity enhancement process. The present study has not fully explored these aspects of the collaborative processes. We can speculate that there may be industry differences in the collaborative arrangement, and the country of origin of firms and organizations may play a role. These differences need to be explored in future studies.

Concluding Remarks

The empirical evidence presented in this chapter supports the theoretical argument that inter-firm collaboration can enhance the development of organizations in Ghana. Customer organizations appear to engage in collaborations with suppliers in Ghana in order to free internal resources and allow them to use such resources on core activities within their organizations. Local suppliers would like to adopt a collaborative approach to upgrade their technological capabilities and to leverage other essential resources for growth. Customer organizations are, however, uncomfortable with local suppliers' ability to absorp new knowledge and to maintain trustworthy relationships with their suppliers. They also appear to have a limited willingness to help upgrade the managerial and technological competencies of local suppliers. Since upgrading is a process and time-dependent endeavor, it is necessary for the institutional environment to provide incentives and resources that can facilitate the collaboration. The longer the duration of the relationship between suppliers and their customer organizations, the greater the upgrading is likely to be.

CHAPTER 9

CROSS-BORDER COLLABORATIONS: THE CASE OF DANISH-GHANAIAN BUSINESS RELATIONS[10]

Introduction

Chapter 8 provided a general discussion of collaborative relationships between customers and supplier organizations in Ghana, with particular reference to relationships between local and foreign firms. The present chapter builds on these discussions and extends them by reporting a set of studies covering another type of interfirm collaboration – i.e. institution-facilitated collaborations. I had the opportunity to be associated with Danish International Development Agency (Danida) sponsored private-sector development programme in Ghana between 1995 and 2005. This provided me with a good opportunity to follow some of the interfirm collaborative arrangements over a period of time and to conduct a series of investigations into these relationships, paying special attention to their motives, managers' behaviour and the cultural factors that influence the outcomes of the relationships. Thus, the studies reported here are in line with some of the themes recurrently discussed in this dissertation – i.e. how human factors (including culturally accepted rules of behaviour) impact strategic decisions and outcomes within the business community and thereby influence economic growth and poverty alleviation.

---

[10] Studies that form the basis of the present chapter have been published in the following outlets:

1. *Journal of Business & Industrial Marketing* Vol. 17 No.6, 2002; pp: 538-557 under the title "Collaboration between developed and developing country-based firms: Danish-Ghanaian experience"
2. In Michael W. Hansen and Henrik Schaumburg-Müller (Eds) *Transnational Corporations and Local Firms in Developing Countries – Linkages and Upgrading* (Copenhagen Business School Press) pp: 91-114 under the title "Donor Intervention and the Promotion of Inter-Firm Linkages in Ghana"

The chapter makes three contributions to the discussions in the dissertation. First, it discusses the underlying rationale of the policy instruments for supporting the private sector and the modalities for forging linkages between firms in developed and developing countries. Second, it summarises and analyses some of the experiences of inter-firm collaboration in Ghana sponsored by Danida, noting the challenges of playing facilitative roles in these linkages. Third, it discusses the policy implications that can be drawn from the Danida experience for other donor agencies taking similar initiatives in other developing countries.

The Danida private-sector development programme in Ghana

Danida established the private-sector development programme (PSDP) as an instrument for encouraging and facilitating long-term business linkages between Danish firms and those based in developing countries. Through these linkages, it is expected that the Danish firms will transfer technology and management skills to their developing-country partners, thereby enhancing the latter's commercial capacities and performance. Ghana was selected in 1993 as one of the countries in which the PSDP model was to be tried. Since then, the programme has been extended to twelve other countries including Egypt, India, Uganda, and Vietnam. Danida's facilitative role has been designed in three stages. First, Danida supports the pre-partner phase by screening prospective partner firms in developing countries in order to ensure that those who apply for assistance are in serious business. Suitable Danish partners are then identified and arrangements made for initial contacts between the prospective partners, ending with the signing of 'a letter of intent' between them. The second stage involves the 'start-up', a one-year period in which partners familiarise themselves with each other's mode of operation and explore the possibilities of working together on longer-term projects. Firms that are satisfied with the start-up phase (and are motivated to continue with their collaboration) are granted facilities for long-term projects. Danida's support to the second and third phases includes funding feasibility studies, arranging negotiations between partners, and assisting them in a variety of ways in building collaborative relationships.

Records from the PSDP office in Ghana showed that about 60 collaborative projects between Danish and Ghanaian firms received support by 2006. The discussions in this chapter have been based on three sets of data. The first is a survey of 34 Danish firms that have taken advantage of the PSDP to establish collaborative arrangements with Ghanaian firms. Respondents in this survey have been Danish managers who have been directly involved in the collaborative arrangements and therefore have substantial knowledge about the motives of the collaboration, the expectations underlying them, and the experiences acquired at the present stage of the projects. The Danish data were supplemented by a survey conducted in Ghana in 2003 focusing on the factors that Ghanaian managers considered to have positive or negative impact on their collaboration with Danish co-partners. I have also had access to the results of a study conducted by Kragelund in 2002, of the performance of 45 of the 60 PSDP projects in Ghana. The issues addressed in the three sets of data are discussed comparatively. Together, these sets of data provide a comprehensive examination of the types of collaborative arrangements that the PSDP has sponsored between Danish and Ghanaian firms, the motives underlying partners' acceptance to collaborate, their expectations, and their assessments of the outcomes as well as key factors accounting for the perceived results.

The results are presented in this chapter under three themes, each focusing on a set of issues that reflect the nature of collaboration and challenges faced. First, I present a profile of the Danish and Ghanaian firms involved in the collaborations, noting the nature of businesses in which they are engaged and their resource commitment to the projects. This is followed by an analysis of their motives for involvement and the expectations of the partners. Finally, an analysis of the performance of the collaborations is presented and compared with their motives and expectations.

Profile of the Collaborating Companies

Table 9.1 provides an overview of the nature of the business activities in which the 34 Danish firms have been engaged. It also shows the structure of the ownership and resource commitment as well as their sizes measured in terms of number of employees.

Nature of Business

Most of the Danish firms are involved in agricultural or food-related businesses, mostly with some degree of processing. Examples include the production of malt drinks in one of the major breweries in Ghana, and the production of milk products such as yoghurt drinks and ice cream. Other key sectors include wood and furniture production, transport services, garbage collection, liquid waste collection, printing, and activities within the fishing sector. Nineteen of the firms classified their activities as involving production/manufacturing while 10 classified them as belonging to the service sector. These are all activities within which the Danish firms considered themselves to possess superior competencies and therefore believed they could contribute to the improvement of the operations of their Ghanaian partners. It is important to note that out of the 34 firms only 2 stated that they were involved in any form of raw material extraction/production in Ghana. Thus, the linkages are mainly of a horizontal nature, i.e. between firms producing and marketing similar products. The Danish firms are engaged in downstream internationalisation, taking advantage of static efficiency generating resources in Ghana and targeting the Ghanaian customers with the products manufactured through the joint projects.

A distinctive characteristic of the Danish firms is their relative small sizes. Thirteen of them reported on their number of employees. Out of this number, five had between one and ten employees, three had between eleven and fifty employees, and five had between 51 and 250 employees. Their relative small sizes would suggest that they would have limited resources (financial and personnel) to be devoted to the Ghanaian projects, especially if management does not consider the projects to be of significant strategic importance to their overall business operations. An earlier study indicated that the Ghanaian partner firms are also small, most of them having less than 50 employees (Kuada, 2002). Both Danish and Ghanaian partners are therefore highly dependent on the PSDP for resources to initiate and nurture their projects.

Ownership

Fourteen of the Danish firms reported the ownership composition of their businesses in Ghana (see Table 9. 1). Out of this number, five had no equity ownership involvement at all while five operated on joint ventures in which Ghanaians hold equity majority. Only two held majority equity in their joint ventures. Even in these two cases, the contracts made provision for Ghanaian take-over of the Danish equity at specified dates. One firm (with nearly 40 years of operation in Ghana) was a wholly owned subsidiary. Evidently, the Danish firms have opted to limit their resource commitment to the Ghanaian projects to the barest minimum permissible. This evidence is consistent with previous studies of the PSDP in Ghana. Kuada (2002) has shown that the Ghanaian partners have been grossly disappointed when Danish partners have rejected their invitation to undertake financial investments in their businesses. To the Ghanaians, such rejections have been tantamount to low commitment on the part of their Danish partners. This, as it is argued subsequently in this chapter, has negatively impacted trust and the overall spirit of collaboration between the partners.

Table 9. 1: Ownership, Size and Activities of PSDP-Sponsored Danish Firms in Ghana		
	Frequency	%
Ownership (n= 14)		
Fully owned subsidiary	1	7.14
JV with non-local partner	1	7.14
JV, local majority	5	35.71
JV, local minority	2	14.29
No ownership	5	35.71
Number of employees (n = 13)		
1-10 employees	5	38.46
11-50 employees	3	23.08
51-250 employees	5	38.46
Nature of business (n = 34)		
Extraction of raw materials	2	5.88
Manufacturing/Production	19	55.88
Installation	1	2.94
Services	10	29.41
Sales and marketing	-	-
Procurement	1	2.94
Key Sectors (n = 34)		
Food & agriculture	6	17.65
Wood & furniture	4	11.76
Road & transportation	5	14.71
Fishing	2	5.88
Waste collection/control	2	5.88
Others	15	44.11

Motives of Collaboration

The previous section has registered an apparent reluctance by Danish partners to commit resources to their joint projects in Ghana. What are the plausible explanations for this reluctance? As hinted above, the reason could partly be found in the resource limitation suggested by their relative small sizes. But the explanations may also be found in the motives underlying the collaborations. Twelve of the 34 firms have provided information on the factors that have triggered them into the linkages. The results are reported in Table 9. 2. They clearly show that all of the twelve firms joined the projects because of the prospects of Danida assistance. The evidence here corroborates Kuada's (2002) study in which several Danish partners recounted that they did not have any prior interest in seeking business partners in Africa or Ghana before they became aware of the PSD programme. They accepted the invitation to participate in the collaborative arrangements out of a desire to contribute to development activities in Ghana by means of assisting in the transfer of superior technical and managerial knowledge to their Ghanaian partners. That is, their motives have not been strategic in nature, and the Ghanaian projects have not been intended to make any major contribution to their overall performance goals. It is therefore important for the Danish firms that the PSDP covered all financial costs involved in the projects.

Apart from the anticipated Danida support, nine of the firms stated market access as a reason for entering into the collaborations. The understanding here is that the Danish companies considered the Ghanaian market to be relatively attractive to their products and services, granting the PSDP support. Working with Ghanaian firms in a joint project helped them fulfil the twin goals of market access and contribution to the development of the poorer regions of the world. This understanding is further reinforced by the fact that four firms mentioned proximity to Ghanaian customers and five mentioned labour cost advantages as reasons motivating their operations in Ghana. Both proximity and lower labour cost would tend to reduce the overall cost of selling Danish products in Ghana compared to exporting them in finished form from Denmark. Coupled with this, the 10 firms, which were engaged in services had no other option than to locate in Ghana if they are to make their services available to Ghanaian customers. Table 9.3 provides additional evidence of Danish firms' belief that location in Ghana would improve their competitiveness on the Ghanaian market (compared with exporting to Ghana). Five firms expected their prices to be lower as a result of the collaborative projects, three expected improved quality and four expected regularity in the flow of supplies.

Table 9. 2: Motives for PSDP-sponsored Danish firms' linkage with Ghanaian firms (Multiple motives allowed)

Declared Motives (n = 12)	Frequency	%
Market access	9	75.0
Access to raw materials / natural resources	2	16.6
Proximity to suppliers	3	25.0
Proximity to customers	4	33.3
Access to expertise and know-how	2	16.6
Labour cost advantages	5	41.6
Subsidies / Danish government support	12	100.0
Subsidies / Ghana government support / tax benefits	3	25.0
Others	-	-

Table 9. 3: Expected advantages of collaboration of Danish firms with Ghanaian firms (Multiple motives allowed)

Expected advantages of collaboration (n = 7)	Frequency	%
Lower prices	5	71.4
Improved quality	3	42.8
Regular supplies	4	57.1
Minimization of stock	2	28.5
Access to expertise and know-how	1	14.3
Co-financing of business activities	1	14.3
Market access / outlet for production	-	-
Facilitates contacts with local authorities	3	42.9
Cultural advantages	-	-

Compared with their Danish counterparts, the Ghanaian partners considered the projects strategically important to their competitiveness and overall business performance. The projects provided them with opportunities for technological and managerial capacity enhancement as well as access to offshore financial resources (Kuada 2002). By upgrading their technologies and management skills some hoped that they could enter markets within the European Union with their products. There has, therefore, been a discrepancy in the strategic orientations of the partners to the collaborative relationships. It is this difference in strategic orientation that underpins the disappointments of the Ghanaian partners regarding their Danish partners' reluctance to undertake equity investments in the projects.

Challenges of Collaboration

Danish respondents have been reluctant in specifying factors that have negatively impacted their collaborations. Only six of the 34 respondents answered this question. The results are presented in Table 9.4. Four of the six respondents indicated that the problems they faced could be attributed to cultural differences and four mentioned limited technical know-how as sources of some of the difficulties.

In comparison, the analysis of the Ghanaian data shows that three categories of factors impact the collaborative relationships. (See Table 9.5). These are (1) the personal characteristics of the Danish managers involved in the projects, (2) the degree of professional qualifications of the Danish partners, and (3) the willingness of the partner firms to commit resources to the projects. Since the issue of resource commitment has earlier been discussed, the focus in this section is on the first two issues. Personal characteristics such as openness, mutual respect, and sincerity were seen as promoting collaboration while disrespect, poor communication, and excess complaints were listed among the factors that inhibited collaboration. The evidence here is consistent with the earlier findings in the literature on cross-border inter-firm collaborations (Datta, 1988; Sørensen and Reve, 1998; Gulati, 1998). The Ghanaians ascribe excessive complaints by Danish partners to culturally-induced misunderstandings regarding attitude to time and work within the

Ghanaian work culture in general, but within the administrative systems, in particular. The Danes are reported of complaining that the Ghanaians were unduly slow in making critical decisions and therefore delayed the implementation of the projects. The Danish partners' choice of words while communicating with Ghanaians has also been noted as evidence of disrespect and errors in communication.

Interview responses further suggest that there have been cases in which equity contributions promised by Ghanaian partners could not be paid or that some Ghanaian partners overestimated local input sources. There have also been cases where some Ghanaian partners believed that their Danish partners promised to send them new machinery but it turned out that they received used (and, in their assessment, obsolete) machines. The resultant disappointments appeared to be caused by errors in judgement, misunderstandings, and general communication breakdowns rather than deliberate and opportunistic behaviour.

These incidents of misunderstanding have, in several cases, posed serious challenges to the governance of the relations. They engendered mistrust and provided justifications for the establishment of rigorous control measures in some of the relationships. In some projects novel solutions to the cultural problems were found in the form of hiring local firms to act as project administrators in the absence of the Danish partners. One firm contracted the services of a local firm established by Germans who have lived and worked in Ghana for several years and therefore have a fairly good understanding of the Ghanaian business culture but, at the same time, also a good understanding of the expectations of the Danish partner.

It is important to note, however, that although the cultural factor apparently has had a determined impact on the quality of relationships between the Danish and Ghanaian partners, earlier studies have shown that the planning and implementation of the individual projects have not given adequate thought to this factor, let alone provide resources that could help mitigate its negative impact (Sørensen and Kuada, 2000; Kuada, 2002).

Table 9. 4: Perceived disadvantages of collaboration of Danish firms with Ghanaian firms (Multiple motives allowed)

Perceived disadvantages of collaboration (n = 6)	Frequency	%
High prices	1	16.7
Communication difficulties	3	50.0
Problems attributable to cultural differences	4	66.7
Lack of / limited financial capacity of local firms	3	50.0
Lower / fluctuating quality of products	-	-
Inability to meet delivery deadlines	-	-

Table 9.5: Factors influencing Danish-Ghanaian inter-firm collaboration

Factors	Positive	Negative
Personal Characteristics	Fairness and openness, Mutual respect Sincerity and frankness Friendliness Personal initiative	Disrespect Delays in communication Exessive complaints Naivity
Professional Characteristics	Effective communication Decisiveness Good technical and managerial knowledge	Poor knowledge about the partners' mode of operation Lack of precision Doubt about partner's capabilities
Resource Considerations	Business information, particularly on the EU market Financial commitment Transfer of high quality technology Transfer of managerial skills and knowledge	Delivering sub-standard technology Evidence of low commitment Misusing Ghanaian partners' dependency on the Danish partner

Performance

Interviews of various stakeholders of the PSDP (Ghanaian and Danish partners as well as the PSDP officials) suggest that the overall performance of the projects has been modest. There has been some upgrading of the technical and management capacity of the Ghanaian firms; some of them have experienced modest improvement in productivity and volume of production and some have introduced new product lines. But these improvements have not been translated into consistently high levels of profit. Some of the firms have even experienced decline in profits or outright losses as well as declines in the levels of employment. This section of the chapter relies on a study undertaken by Kragelund (2005).

Kragelund's data cover 27 projects under "start-up facility", and 18 on full project facility. Of the 18 full facility projects, all but one had exhausted the facility, and PSDP's involvement in the projects had ceased at the time of the study. Out of these six of them continued the collaboration and have been judged to be highly successful. The remaining eleven had various degrees of success/failure, and the partners had discontinued their collaboration after PSDP's involvement ceased. Sixteen of the 27 "start-up facility" projects had completed their one-year phase at the time of data collection. Nine of them did not apply for full project facility, presumably because the partners could not agree to continue their collaboration. The other seven had achieved satisfactory levels of performance and applied for full project facility. Table 9.6 provides an overview of the levels of performance of the 45 projects, evaluating them in terms of employment generation, product quality improvement, productivity improvement, change in product range, turnover/profit, investment capacity, and linkages with other local firms. It shows that 19 of the 45 companies increased the number of their employees as a result of the collaboration, ten experienced product quality improvement while another ten experienced productivity improvement. Eleven increased their product range while only five recorded improvements in turnover or profitability. Furthermore, the added resources improved the investment capacity of seven firms (i.e. in the form of acquisition of additional local resources), 18 firms experienced increase in production capacity leading to increase in the use of local inputs. Thus, nine firms strengthened their linkage with local input suppliers while three increased their importation of inputs. The evidence therefore suggests upgrade in the technological capacities of about one-fifth of the firms involved in the projects.

The reasons for this modest performance were varied and project specific. As indicated earlier, difficulties in obtaining local inputs constrained production in some cases; some projects ran into financial difficulties due to the inability of the Ghanaian partners to honour their financial obligations to the project. Some of the projects never got started due to disagreements between the Ghanaian and Danish partners on modalities of governance.

Table 9.6: Assessment of the Impact of Linkages on Ghanaian Firms (Peter Kragelund's data)

		Frequency	%
Performance improvements (n = 45)			
	Employment generation	19	42.2
	Product quality improvement	10	22.2
	Productivity improvement	10	22.2
	Increase in product range	11	24.4
	Improved turnover and/or profit	5	11.1
Capacity upgrading (n = 45)			
	Investment capacity	7	15.6
	Production capacity	18	40.0
	Linkage capacity	9	20.0
Shortcomings /negative impacts (n = 45)			
	Delayed loan repayment	4	8.9
	Losses	5	11.1
	Increased importation	3	6.7

Discussions

How should we interpret the empirical data presented above? What implications do they carry for improving Danish-Ghanaian inter-firm linkages in particular, and donor-promoted linkages in general? These questions are addressed in this section of the chapter. The discussions are presented under three themes. First, I discuss the challenges of knowledge transfer and the cultural aspects of the transfer process. This is followed by a more extensive discussion of the cultural challenges of inter-firm collaborations, focusing on problems of mistrust and interpersonal conflict between key actors in the collaboration processes. Finally, I discuss the challenges of linkage governance, again building on the cultural factors. This section also discusses the prospects of using third parties as trust brokers in the inter-firm relationships.

Discussions in chapter 8 have shown that developing country firms expect collaborations with counterparts in the developed countries to provide them with opportunities for upgrading their technological capacities and enhancing their managerial capabilities through knowledge transfer. A requirement for successful technology and knowledge transfer is the mutual commitment of partners involved in the collaborations. The present study showed that Danish partners have demonstrated a relatively low level of commitment to the collaborations, apparently because of the low strategic importance of the relationships to their operations. The low level of commitment by the Danish firms has resulted in various collaborative challenges and limited upgrading effects.

A useful distinction may be drawn in the literature between *allocative* support and *accommodative* support when analysing the manner in which foreign firms may help to upgrade the capabilities of developing country firms. Allocative support refers to the resources which are actually provided by foreign firms to their developing country partners while accommodative support refers to the degree of tolerance of the initial errors that developing country partners may enjoy in their relationships with foreign firms (see for example Yilmaz *et al*., 2004). When commitment is low, foreign firms are reluctant to provide both allocative and accommodative support to their developing country partners. The results of this study bear witness to this.

These observations call for a re-examination of the overall objectives of the PSDP and similar donor-sponsored private enterprise support projects. For the donor organisations, private enterprise development is seen as an important avenue for poverty alleviation in the developing countries. Inter-firm linkage constitutes one of several strategies for private enterprise capacity enhancement. Since neither the Ghanaian nor the Danish firms have any other motivation for linking than securing Danida support, it may make sense for Danida not to rely solely on inter-firm linkages to achieve its declared objective of enterprise development in developing countries such as Ghana. This does not mean that Danish expertise must not be used to support enterprise capacity enhancement in Ghana. Far from it. The point here is that Danida must explore other avenues for channelling Danish technical and managerial knowledge to Ghanaian firms. An avenue worth exploring is to draw on the pool of retired managers and engineers as well as previous business owners who may be willing to place their knowledge and experience at the disposal of such projects. Compared with the active Danish business-owners who are the targets of the current PSDP, the retired professionals have all the motivation and time to nurture developing country-based businesses to success. Bearing in mind that private enterprise culture is at its formative stages in Ghana, the presence of Danish supporting professionals over a longer period of time would contribute to establishing the operational foundation of some of the enterprises and improving their capacities to absorb new knowledge and technology.

Added to this, efforts must be made to pull together the rich pool of experiential knowledge that has been accumulated by Danes that have worked in Ghana on the 60 PSDP projects. A network of these professionals would help convert the implicit knowledge that they have acquired from working with Ghanaian firms into codified knowledge that can guide other Danish managers and technical staff on similar assignments.

Cultural Challenges in Inter-firm Collaboration

The empirical evidence has also suggested that cultural differences can have a prominent impact on the process of collaboration. Problems of miscommunication and mistrust have been repeatedly presented. These are familiar problems in the literature. Research in intercultural relationship suggests that when people from different cultures interact, the differences among them become salient and sometimes exaggerated (Bouchner and Ohsako, 1977). Meanings are not context-free. They depend on the culturally prescribed interpretations that communicants attach to them. Thus, in spite of their good intentions, it must be expected that Danish and Ghanaian partners will run into interpretational difficulties in their communication. This may explain why some of the projects were aborted or ran into difficulties during the implementation processes. We noted, for example that some Ghanaian firms expected to gain entry into the European market through the collaboration and believed they had an agreement with their co-partners on that issue. But exports into Europe never materialised and the Ghanaian partners were disappointed. The Danish partners, on the other hand, felt that exports to Europe by their partners would be far into the future and were not considered immediately attainable goals. The reason, in their view, was that the Ghanaian producers could not meet the product quality expectations of European customers. The Danes considered the Ghanaian workers to view the European quality standards as beyond their levels of attainment and therefore did not strive for such targets. But this awareness appeared not to be explicitly communicated to the Ghanaian project managers resulting in false expectations on their part.

The possible cultural blunders committed by Danish partners might have other explanations. First, some Ghanaian managers sawtheir Danish partners as highly risk averse and ethnocentric in their orientation to business, i.e. playing it safe and adhering to those practices that had proved successful in Denmark. The ethnocentric disposition of the Danes also appear to have constrained their ability to sense, interpret and understand the local influences underlying some of the decisions and behaviour of the Ghanaians. Their ethnocentric dispositions may have made them unaware of the socio-cultural embeddedness of their behaviour and decisions. Since the relationships had limited strategic importance to their businesses as a whole, the Danish managers would expect the Ghanaians to act appreciatively in the relationship.

Ghanaian owner-managers who appear to have satisfactory working relationships with Danish partners have a combination of the following attributes: (1) international exposure, (2) profit-orientation (3) ambitions for growth. These attributes are not radically different from attributes of entrepreneurs elsewhere. They reflect underlying attributes that defy the constraining effects of some local culturally prescribed rules of behaviour. But studies elsewhere suggest that the successful Ghanaian entrepreneurs have not entirely rejected their local cultures. They are rather more capable than other Ghanaians to navigate their businesses through the constraints that the Ghanaian culture may exert on them. The present study has not specifically explored these issues in the Ghanaian-Danish collaboration.

Conclusions

The present study demonstrates that inter-firm collaborations between developed and developing country firms may require the support of a facilitative institution or catalyst. The importance of such an institution can be justified on several grounds. First, the low resource capacities of developing-country firms, combined with the high level of uncertainty that characterizes their business environment, make them unattractive candidates for collaboration with firms in developed countries. Second, the socio-cultural differences between the prospective partners may seriously constrain the implementation of collaborative agreements between them. Facilitative institutions therefore play a vital coordinating role during the initial stages of inter-firm collaborations. They assist firms in identifying appropriate partners and managing the selection process. This entails helping the prospective partners to assess the strategic advantages of forming the relationship and selecting their partners. Facilitative institutions also help them manage the implementation process, encouraging the partners to demonstrate commitment in their interactions with each other, and to design and apply appropriate trust-building mechanisms.

The chapter also highlights the challenges that facilitative institutions may face in initiating and nurturing linkages between firms located in dissimilar cultures. Collaboration difficulties are likely to be more pronounced when partners' objectives are divergent and their operational backgrounds are different. Under such conditions, contractual agreements alone are not sufficient to guarantee fruitful relationships. Facilitative institutions must, therefore, design creative governance mechanisms that minimize the uncertainties that partners may experience. Finally, it is important to point out that donor institutions that seek to support private enterprise development in Africa may consider other mechanisms of support alongside the facilitation of interfirm collaborations. The encouragement of retired entrepreneurs to place their experience and professional knowledge at the disposal of African firms remains an option with largely unexplored potentials.

CHAPTER 10
EXPORT SECTOR
DEVELOPMENT AND MANAGEMENT

Introduction

I have argued earlier that African countries can enhance their growth prospects through export promotion strategies. This statement is predicated on the understanding that a vibrant export sector allows economies with relatively small and slow-growing domestic markets to overcome size limitations and to reap economies of scale and/or scope in the production and marketing of goods and services. Furthermore, higher exports can help ease foreign exchange constraints and thereby permit higher imports of capital and intermediate goods that will boost the productive capacity of African economies. It has also been argued in export sector development literature that exports lead to an improvement in economic efficiency by increasing the degree of competition among exporting firms and their suppliers. Furthermore, exports contribute to upgrading an economy as a whole through diffusion of technical and managerial knowledge and learning-by-doing (Kuada and Sørensen, 2000).

Ghana's export development policies and strategies during the past two decades have been guided by the anticipation of the economic benefits listed above. As noted in chapter two, Ghana has experienced several decades of economic decline during her post-independence history with private and public consumption showing consistent decline. Real GDP per capita actually declined from 100 points in 1960 to 83 in 1994. In order to reverse this trend Ghana crafted a 25-year development plan (1995-2020)[11] and assigned the export sector a key role in the realization of its objectives. The government expected the export sector to diversify its product range, and a new product group called "non-traditional export products" (to distinguish them from commodities such as cocoa beans, minerals and timber that have hitherto dominated the export sector) were to be identified

[11] The plan was dubbed "vision 2020"

and promoted. The total value of the non-traditional export products, which was US$23.8 million in 1986, was envisaged to grow to US$16 billion in 2020.

As part of this strategy, new export promotional institutions have been formed and the operational capacities of existing ones have been strengthened. An example is the *Export Development and Investment Fund* (EDIF) which has been formed to provide exporters with short-term loans at lower interest rates in order to improve their cash flows. An Export Processing Zone (EPZ) has also been established to stimulate investment/capital inflows and technology transfer from foreign firms, and to create positive spillover effects that can set off a dynamic economic growth process. Furthermore, the Ghana Export Promotion Council, (GEPC) was provided with additional resources to strengthen its promotional capacity.

These initiatives have resulted in some modest export performance improvements; export earnings from the non-traditional export products increased from its US$23.8 million level in 1986 to US$62.34 million in 1990. A follow-up export development programme was implemented from 1991 to 1995, again with some modest success. By the end of 2000, export earnings from the non-traditional export sector had increased to US$400.65 million (an impressive rise when compared with the meagre figure of US$ 23.8 million in 1984). Since then, the non-traditional export sector has grown consistently at an average rate of about 14% with a value of US$1.34 billion in 2008 and US$2.423 billion in 2011 but far away from the US$ 16 billion target (Hinson, 2013).

What are the reasons for this apparent slow growth? The aim of this chapter is to provide an overview of the management of the export sector in Ghana, drawing attention to both positive and negative experiences and to provide suggestions that will move the sector forward.

One of the sub-sectors that has shown an impressive growth during the last decade is the horticultural subsector. The chapter therefore focuses attention on the management process and challenges within this sub-sector in order to identify best practices with transfer potentials to other sectors of the economy.

The discussions in this chapter are based on results of two separate empirical investigations that I conducted in 1998 and 2004. The first study involved structured interviews of 20 owner-managers of small exporting firms done in collaboration with colleagues from University of Ghana Business School. This was followed by a study of four high-growth exporting firms in 2004, two of which were in the first study. Issues covered in the first study included export motives of firms, export triggers, market selection and export mode decisions, and strategies. The four case studies in 2004 seek to gain a deeper understanding of the decisions and strategies that owner-managers adopt to grow their businesses.

Conceptual Framework

Both investigations discussed in this chapter were grounded on perspectives in the management literature introduced in volume one of the dissertation and further developed in chapter 3 of this volume. I have done so for three main reasons. First, these theories are to guide a more focused discussion of how firm level management practices have helped owner-managers define the growth opportunities of their firms within an international value chain. The key argument here is that firm level activities are of cardinal importance in determining the growth trajectories of firms in a dynamic operational context. Second, emphasis on strategies is consistent with the prevailing understanding in management literature that the performance of small firms depends, to a large extent, on top managers' characteristics and behaviour (Finkelstein and Hambrick, 1996). Third, it also allows us to discuss not only what firms are currently doing, but also what they can do to improve their competitive positions, create new opportunities and take advantage of opportunities provided by the environment. This means that I share the understanding that firms which adjust their strategies to the external environment are more likely to succeed than those that are unable to cope with the requirements of their environment. Stated differently, firm growth opportunities are derived from both internal and external sources and firms may act either proactively or reactively, or a combination of both ways in order to take advantage of the opportunities. These dimensions provide what I label *strategic opportunity space* shown in Figure 10.1. These are:

1. Proactive-Internal Strategic Opportunities
2. Proactive-External Strategic Opportunities
3. Reactive-Internal Strategic Opportunities
4. Reactive-External Strategic Opportunities

Figure 10.1: Strategic Export Opportunity Space of Firms

		Source of Strategic Opportunities	
		Internal	External
Nature of Strategic Response	Proactive	Strategies triggered by top management growth ambition, and organizational agility	Strategies triggered by new market opportunities, industry technological shift, and resource availability
	Reactive	Strategies in response to positive and negative behaviours of lead firms in a value chain	Strategies triggered by government's industrial growth policies, emergence of clusters, and regional economic development policies

Proactive Strategic Opportunities

Proactive strategies in this framework describe managerial behaviours that seek to understand and create future development paths of businesses through internal innovative actions and active search and moulding of opportunities. As Puhakka (2007:25) explains "it is behaviour that tries to create a vision of the future and establishes a business before others see the trend." As indicated in Figure 10.1, proactive strategizing has both external and internal dimensions. Leaning on Cooper (1981) we can argue that when managers strategize proactively, they create firms that are able to 'feel' what changes are happening in a market and sense opportunities that these changes create. That is, opportunity discovery may be conceived as being intuitive interpretation of the dynamics of market structure, competition, customer needs, timing and synergy. It also implies acting based on incomplete information. Distinctive opportunity discovery strategies found in the literature include knowledge acquisition, competitive scanning, and proactive searching (Ardichvili *et al*., 2003).

But for a firm to maintain a readiness to grab such changing trends before the opportunities are so visible that everybody else can see them, the firm needs to create internal capabilities that ensure agility. This observation is consistent with the prevalent view in organizational development literature. The established understanding is that business organizations need to continually reinvent themselves in response to an ever changing and increasingly complex business environment (Chan and Mauborgne, 2005). It is also consistent with perspectives advanced in the resource-based theory as well as studies in dynamic capabilities (Barney, 1991, 2001) which hold that management must develop differential resources that will allow firms to out-perform competitors. Thus, this perspective to market opportunity management is similar to concepts such as blue ocean strategic orientation and value innovation strategies discussed in volume 1 of the dissertation.

Reactive Strategic Opportunities

The concept of "reactive strategy" is used in this chapter to denote the responses that firms adopt to initiatives, either from within the value chains that they are part of or from outside the focal value chain. Writers adopting the Global Commodity Chain (GCC) framework have been forceful in presenting arguments in support of these types of strategy. They usually conceive supplier-customer relationships as a double-edged sword: dominant customers (e.g. MNCs) buy from developing-country suppliers in order to reallocate their resources internally and to focus on more challenging and potentially lucrative tasks while developing-country firms accept the role of low-cost suppliers of technically less demanding products and services. This offers them the opportunity to continuously upgrade their technological and managerial capabilities and subsequently undertake increasingly complex assignments for their customers. Thus, performing low activities, in itself, is not undesirable as long as this upgrading takes place and their positions within the chains change from that of simple assembly to original equipment manufacturing (OEM), and ultimately to original brand name manufacturing (Gereffi, 1994). It has, however, beenargued that the benefits accruing to developing-country firms may be limited in chains that are controlled by powerful rent-seeking chain drivers (Humphrey and Schmitz, 2000).

Reactive strategies may also be responses to external opportunities that arise out of government business promotional initiatives or structural changes within an industry. A good example of structural changes is the benefits that firms may derive from their membership of industrial districts/clusters. Scholars of industrial clusters inform that once a cluster is formed, it inheres a self-reinforcing cycle that promotes its growth, especially with the support of local public and private institutions (Best, 1990). For example, a cluster attracts new specialized firms to locate within it and through their access to the wide range of specialized suppliers firms within a cluster enjoy high levels of flexibility whereby they become able to implement innovations more rapidly. From an export management perspective, firms may decide to locate in export zones in order to avail themselves of these cluster related benefits.

An Overview of Ghana's Export Sector

The above framework is applied in this chapter to explore and discuss the manner in which the Ghanaian export sector has developed and the strategies that managers have adopted. But before we engage in this analysis, it is purposeful to provide an overview of the sector in general.

Available data show a steady growth in the volume, value, and diversity of Ghana's export products and markets during the last two decades. Total exports amounted to US$ 989.8 million in 1992. Cocoa's share of this amount was 30.5%

while minerals (including gold) contributed 39% and timber contributed 11.5% (ISSER, 1995). Ten years later (2002) cocoa's share of exports dropped to 23.5% while minerals (including gold) contributed 37% and timber contributed 6.8% (ISSER, 2007). Ten years later again (2012) cocoa's contribution fell slightly to 22% while minerals (including gold) almost maintained its share at 38% but timber's contribution had fallen drastically to 1%. This change reflects the emergence of oil on Ghana's export sector at the end of 2010. Crude oil exports have now become the second largest export earner accounting for 21% of total exports in 2012. The Jubilee Well being drilled for oil is estimated to produce 120 million cubic feet a day, and could yield potential revenues of US$120 million per year. Gas deposits in commercial quantities have also been discovered off shore in the Western region. The expectations are that the oil and gas reserves will serve as a catalyst for the development of the oil and gas downstream industry that would lead to further diversification of the economy[12].

Ghana has also made considerable progress in the development of its horticulture export industry during the past ten years. This has positioned the country among major exporters of fresh fruits and vegetables (FFV) like pineapples, papaya, banana, mangoes, okra, chilli, eggplant, and yam into the European market (Gyau and Spiller, 2007). The value of fresh fruits exports from Ghana has increased from 1.5 million US dollars in 1986 to 75.6 million US dollars in 2006 (ISSER, 2007).

Experts in the horticultural sector consider Ghana to have the potential to become a world leader, particularly in pineapple exports. Between 1990 and 2004, pineapple exports grew from virtual inexistence to 68,000 tons, becoming Ghana's first horticulture export product. But growth has been slow. As at the end of 2013, Ghana's annual exports of pineapples have been barely 71,000 metric tonnes as against global annual exports of 1.75 million metric tonnes worth US$1.3 billion. Since Ghanaian pineapples are reported to be among the sweetest in the world due

[12] The oil sector is not as yet a job creator. Direct employment on the oil rigs is estimated to be around 60 person as by the end of 2013. Significant numbers of the highly specialized and high paying jobs in the sector have been taken up by non-Ghanaians.

particularly favourable climatic and soil conditions, there is a good justification in the expectations that Ghanaian pineapples can improve their performance on the global market[13].

Results from the First Study

Profile of the Firms

The first study covered 20 firms, undertaken in 1998. The ages of the firms in the sample were between 14 and 26 years. A breakdown of the data showed that the exporters of non-processed food items were of a more recent origin compared to exporters of processed food items and manufactured items. Nearly all of them started exporting the same year as they were established. Only three of the firms engaged in direct production of the products they sold, the rest operated as export trading companies. Out of the remaining eleven firms, two dealt in processed food items (fruit juice and beer), two dealt in non-food raw materials (cotton seeds and cattle horn) and seven dealt in light manufactures. They were relatively small, employing an average of ten people. The relatively small sizes of the firms were indicative of the low entry barriers in this export sub-sector and the consequent vulnerability of the existing firms to tougher competition from firms with substantial resources.

All the firms were established as limited liability companies in accordance with Ghanaian business laws. But with the exception of three, all of them were owned by family members or by groups of friends. In the exclusively family owned businesses, the male head typically held 70% of the equity, the wife held 20-25 per cent and the children held 5 - 10 per cent. In most cases, the immediate family members actively participated in the management of the firms, although deliberate

[13] The climatic and soil conditions provide the pineapples with a short growth cycle (only 8 months). Added to this, the relatively low disease level in the country, (particularly in the Nsawam area), means that pesticides are not applied to the fruits. Interference in the natural production process is limited to the application of growth regulators to induce a uniform growth of buds, and "a de-greening agent" applied to the fruits a week prior to harvest to give them an extra appearance of "ripeness" that appeals to final consumers.

attempts were made to limit the number of extended family members employed in them.

Export Motives

Reasons given by respondents for entering into export business were classified into four groups:

1. Acquisition of foreign currency to finance on-going import businesses
2. Acquisition of foreign currency to finance other investments
3. Lack of (or declining) domestic demand for the firm's products
4. Growth/expansion of the operations of the firm

The explanations for the preponderance of foreign exchange as an export motive in Ghana (in the 1990s) may be found in the diversity in small-scale entrepreneurs' businesses as well as several decades of foreign currency constraint. Nearly 50 per cent of the non-processed food exporters were engaged in other lines of business (imports, construction, etc.). For those already in import business, exporting provided a good business opportunity, especially since the foreign exchange so gained strengthened their position in the import sector[14].

Eight firms (three exporters of non-processed food items, two processed food exporters, and three producers/exporters of light manufactures and handicrafts) gave growth as their main export motive. A distinctive characteristic of these firms was that they were relatively larger than all the others in the sample, in terms of number of employees, volume of output, and levels of investment. The growth motive of these firms can be partly explained by the non-availability of substantial domestic demand for the products they sold, e.g. sheanuts and shrimps. But for others, growth through exports was a proactive strategy since the domestic market for these product were significant (e.g. beer and packaging items) and over 90 per cent of their sales were made to local customers.

[14] Government allowed exporters to retain 50% of their export earnings in foreign currency in the 1990s. The exporters could then use the amount to import inputs and equipment for their businesses. This was part of the incentive package to encourage exports and to boost production.

In the light of this observation, conventional measures of export performance are inappropriate to the assessment of the operations of these firms. Since gains from other businesses in which the entrepreneur hadbeen involved, depended, to a substantial extent, on the foreign currency at his disposal, managers of these firms assessed their export performance more in terms of the net gains in foreign currency than volume and value of sales. As long as the export transactions provided a net foreign currency to support the other businesses, the managers considered their performances to be satisfactory.

Market Knowledge Acquisition

Firms in the study were usually vigorously involved in market search prior to their first export order. But these searches did not take the form prescribed in the existing literature, i.e. they did not engage in collection and analysis of elaborate market information to arrive at their decisions. Evidently, visits abroad and contacts made during trade fairs and exhibitions provided the firms with the information they required to make their initial export decisions. They stated that visits to target markets to meet with potential customers provided them with a more reliable or psychologically satisfactory means of reducing their uncertainties about the markets. With regard to networking, information was acquired through two principal sources:

1. Contacts with friends and relatives in target markets.
2. Contacts with foreigners in Ghana, some of whom might be interested in dealing in the products in question.

Some of these contacts have been rather coincidental and did not provide sustainable sources of market information. In situations where the foreigner acted as an exporting firm or an outsourcer, the Ghanaian firm gained limited market knowledge and therefore became vulnerable to opportunistic manoeuvres from the latter.

On average, the firms exported to two markets or derived about 80 per cent of their export earnings from one or two markets. The prospects of market expansion tended to be constrained by two principal factors: (1) the nature of demand for the products exported and (2) relationships developed with distributors of the products. For example, the demand for such products as *yams* and *kente* (the consumption of which are culture-specific) has been restricted to Ghanaian communities abroad. The products have therefore been exported to countries with relatively large concentrations of Ghanaians. Exporters of these products can only adopt reactive strategies that aim at furthering the degree of penetration of the existing markets, e.g. increasing the number of Ghanaians buying the products in each country as well as the volume of purchases they undertake.

Firms exporting non-processed food items chose to sell them in West European countries, mainly the UK, Switzerland, the Netherlands, Germany, and Italy. Common salt has been sold to customers in landlocked West African countries such as Mali, Burkina Faso, and Niger.

The Results of Study Number Two

In order to gain deeper insight into some of the issues presented above, I did more detailed semi-structured interviews with four companies in 2004. The evidence provided by the owner-managers of three of them is reported below as illustrations of their strategic dispositions.

Case 1: Allied Farmers Limited

Allied Farmers Limited (AFL) is a front-runner company in the cultivation, and export of fresh pineapples in Ghana, being the first major commercial pineapple business in the country. The company was established in 1977 when the founder, Mr. Samuel Owua decided to retire from his position as a bank manager in London. CFL had1000 hectares of pineapple, 100 hectares of orange, and 30 hectares of maize under cultivation in 2004 when data were collected for the case. Sales of pineapples, however, constituted 99% of the firm's total earnings.

Mr. Owua held 80% of the equity; the rest was split equally among his wife and three children. Two of the children held top management positions in the firm and the youngest, who was studying in London (at the time of the interview), was earmarked for a managerial position upon graduation. Production activities were under the leadership of an expatriate with 20 years of pineapple farming experience from Côte d'Ivoire, Nigeria and Malaysia. Having lived and raised his children in the UK, it is fair to say that Mr. Owua and his top managers had substantial foreign exposure, a valuable asset for a viable international business operation.

AFL was established with the ambition of being a leading exporter of pineapples. The domestic market was served initially only to generate local currency to cover some of the immediate operational expenses. It was, however, difficult to find importers for AFL's pineapples at first since the established distributors had links to producers in the major pineapple producing countries. The choice of Switzerland as the firm's first export market came as a stroke of chance and Mr. Owua's strategic awareness and ability to act quickly to take advantage of new opportunities. It started in 1981 with a friend of Mr. Owua introducing him to a Swiss customer, who was willing to place a trial order of 100 cartons of pineapples. AFL was naturally in a weak bargaining position and agreed to the terms that the distributor outlined, including prices, terms of payment, delivery plans and procedures. Being a pioneer in the pineapple export business, Mr. Owua's strategy was to learn from these initial export activities and to make a good impression on this distributor in order to use him as a reference in subsequent bargaining situations with distributors in other countries. He therefore air-freighted the first order via Swissair. He disregarded the unstable currency situation in Ghana, at the time, as well as the bureaucratic bottlenecks in order to satisfy his first customer to the fullest. Unfortunately, the distributor went out of business a few months later.

It took Mr. AFL nearly a year of intensive enquiries to find a new distributor in Switzerland.

For several years Mr. Owua had no guaranteed orders. He therefore relied on friends in different European countries to find customers for the firm and filled whatever orders came his way. Small quantities of pineapples were exported to customers in the UK in 1982 and then to Italy and Belgium in 1983 and 1984. Some orders were rejected or sold at considerably reduced prices by distributors on the claims of market glut or poor quality.

These claims could not be verified since AFL had no representatives in the market and could hardly monitor market trends at that time. Despite these setbacks, Mr. Owua was determined to turn his fortune around through sheer hard work and persistence. Things started working in his favour from 1990 when a new distributor in the UK agreed to buy his pineapples in relatively large quantities. By the middle of the 1990s AFL became a supplier to such major distributors as Sainsbury (UK), Rodi Fruiters and Banador (Switzerland) as well as and R.C.M. in Belgium. As Mr. Owua observes, "each of our customers agreed to do business with us after painstaking negotiations. They are still our customers because they are satisfied with our products and services".

In 2004, Switzerland was still the most important market for AFL, accounting for about 60% of total exports, followed by UK with 30% and the remaining 10% spread over Italy, Belgium and Lebanon. Occasional exports were also made to France and Germany.

In order to compete effectively on the international market, Mr. Owua decided to airfreight his pineapples instead of shipping them. He reasoned that since European consumers would like to buy fresh pineapples, airfreighting them would give him a competitive advantage since the customers would be able to receive the pineapples within 24 hours after harvest. Initially, AFL relied on Cargo space on Swissair and KLM to export its pineapples. However, over time, the cargo space available on these airlines became inadequate. In 1998, AFL came together with a British company to establish a Cargo Airline called Cargo D'or. Cargo D'or was specifically established to provide enough cargo space for the growing non-traditional exports and particularly boost the pineapple exports. AFL held 51% of the shares in Cargo D'or while the English partner held the remaining 49%. However, Hullbriuth (the English partner) pulled out of this joint venture in 2001 with AFL holding 100% shares (at the time of our interview). AFL has remained a leading exporter of pineapples since its establishment and Mr. Owua has played an active role in establishing a horticultural association aimed at sharing new knowledge within the industry.

Case 2: Ghana Craft Company

Ghana Craft Company (GCC) was established by Mr. Robert Asare in 1987 as an intermediary between the producers of a wide variety of handicraft products and consumers in two distinct target markets – (1) the tourism market, and (2) the export market. It was the first Ghanaian company that had the mission of providing the local artisans with a modern market outlet and thereby stimulating growth within the sector.

The idea of establishing Ghana Craft Company (GCC) was hatched in the mid-1980s when Mr. Asare was then the CEO of the Ghanaian subsidiary of a major European company. He had always considered Ghanaian handicrafts as having distinctive features and therefore brought them as gifts for his European and North American friends on his business trips. For many years he had wondered why the sector had not grown into a viable industry that contributed substantially to economic growth and poverty alleviation in the country. For most artisans, the production of handicraft products had remained a hobby rather than a source of significant and sustainable income. This meant that they hardly showed commitment to their work and lacked motivation to upgrade their skills, let alone introduce new products. He believed he could help transform the sector through the use of his professional experiences and business contacts.

In 1988, Mr. Asare asked the marketing director of his former company, Mr. James Banor (who had also retired) to join him in building GCC into a strong intermediary for the handicraft sector. Together, they conducted some preliminary investigations to uncover the domestic and export opportunities for the best known handicraft products in the country. The information they gathered suggested that the economic policies initiated by the Ghanaian government in the mid-1980s were making positive contributions to the industry's growth. By the late 1980s, Ghana was acclaimed by the World Bank and other international economic monitors to be at the thresholds of economic lift-off. There were increasing numbers of foreign visitors in the country, thereby creating a healthy market for handicrafts. Messrs Asare and Banor believed that tourists tended to buy handicrafts not so much for their functional values but mostly for their emotional values – i.e. as souvenirs. For this reason, they were willing to pay higher prices for the products than the local buyers. But marketing practices must be right for them to find the products attractive. For example, the products must be found in convenient locations, and the sellers must have appropriate packaging materials that can protect the products on the buyers' journey back home. In response to this information GCC opened souvenir shops close to major shopping centres in Accra, Tema and Kumasi (the three cities with the highest density of tourists in Ghana).

The first major marketing initiative Messrs Asare and Banor took after the company was established was to sponsor "the first Ghanaian culture and handicraft week" in August 1988. The week was filled with exhibitions, theatrical performances and music. Mr. Asare drew on friends from his political networks to marshal support for the event and succeeded in having many high-profiled local artists, politicians and cultural personalities to participate. The event attracted substantial local media attention and provided significant publicity for the young company. The impact of this event on GCC's supply and marketing activities was immediate. The number of artisans seeking to sell their products to the company or upgrade their skills through participating in GCC's training programmes shot up. Demand within the tourist market segment also increased significantly.

By the beginning of the 21st century, Ghanaian handicraft products have gained substantial international recognition and begun to attract the attention of major retail companies. Major international intermediaries such as the Associated Merchandising Corporation (AMC) began to visit the country to source items for retailers in Europe and North America. In 2000 AMC chose GCC as its buying agent. AMC now visits Ghana three times each year with purchasing managers from the different stores that it represents. GCC's task is to organize exhibitions in which the major handicraft companies in Ghana can participate and display their products. The purchasing managers then negotiate and place orders directly with the export producers. GCC subsequently consolidates the orders, supervises production and controls quality, sends weekly progress reports to the buyers, and (when the products are ready), arranges for them to be shipped to the importers.

Mr. Asare realized that the limited use of technology in the production of handicrafts in Ghana negatively affected product quality and standards. Although the focus on making things by hand provided artisanal products with uniqueness, it was noted that many European consumers found handicraft products from Asian countries to be a lot more elegant and preferable to those from Africa.

The first strategy GCC adopted to address the supply-side problems and to bridge the technology gap was to establish two "enhanced handicraft production centres" in Accra and Tamale to serve artisans in the southern and northern parts of Ghana, respectively. The centres were manned by six well trained "master artisans" – three at each centre. Products bought from artisans in the rural areas were brought to the centre where the master artisans supervised younger apprentices to provide them with neater finishing touches before they were shipped to the market. The centres also provided training at substantially subsidized costs to local artisans that would like to improve their skills.

GCC has also been fairly successful in extending its operations outside its traditional markets of Western Europe and North America. New trading partners have been found in Eastern and Central Europe as well as Asia. Countries such as

Slovenia, Hungary, and Thailand have emerged as markets with significant growth potentials. Its presence on the Internet has also attracted satisfactory attention – generating an average of ten serious market enquiries per week.

In 2005, GCC opened a *fair trade* division aimed at offering improved trading conditions for the producers. Over 60 per cent of its major exports are now channelled through these fair trade organizations.

Apart from its involvement in fair trade, GCC has also initiated comprehensive training programmes which have been aimed not only at upgrading the production skills of the local artisans but also at raising their awareness of hazardous production methods. About 2 per cent of its earnings have been redistributed among the rural-based producers in the form of bonuses and provision of raw materials. Another 2 per cent are now spent on corporate social investments such as construction of school buildings and provision of other facilities to the primary schools in the major handicraft production regions.

Thus, Mr Asare prides himself in creating an organization that fully embraces a "triple bottom-line" performance concept and therefore assesses GCC's performance in terms of the 3Ps – i.e. profit, people, and planet. As he turns 70 in 2012, he feels that he has done his bit in the business world and can now retire into a more quiet life. He is aware that many Ghanaian artisans are very much dependent on GCC's services to be able to sell their products. And he is eager to continue to cultivate the social entrepreneurial culture among GCC's top executives for them to be able to continue their service to the artisans and to pursue the social goals that have formed the foundation on which the company has been created.

Mr. Asare's announcement to retire from daily management activities has not only generated discussions about who should succeed him. It has also stimulated speculations on the growth path that GCC is likely to take in the coming years. The company's executives are aware that the global craft industry has become highly competitive and dynamic. Successful products on the international market have been quickly copied and mass-produced in such Asian countries as China. Thus, what many Western consumers generally consider "African crafts" are low-end goods that are actually manufactured in Asia.

It has been suggested by some market observers that Ghanaian artisans would be better served by targeting the high-end market segments where consumers are willing to pay premium prices for authenticity and uniqueness or for products that are considered interesting in some way, possibly because they reflect history or are socially symbolic. Such products are able to do well by emphasising their countries of origin. In this regard, it has been argued that Ghana's history as the first independent African nation combines with its recent democracy and good governance records to provide it with a respectable image within the international community – an image that provides it with a significant competitive advantage within the African segment of the global handicraft business.

It has also been noted that modernization and technology upgrading is not an unqualified blessing within the industry. It carries the danger of reducing the craftsmanship and authenticity that constitutes the hallmark of handicraft products demanded by the high-end consumers. At the same time, these consumers are unwilling to sacrifice elegance for the authenticity that hand-made products exhibit. The challenge is finding the golden balance between these apparently opposing requirements and maintaining this balance in each product.

Case 3: SEBTINA Fishing Company Limited

SEBTINA was established on the initiative of a female Ghanaian entrepreneur, Mrs Awusi, in 1985. Prior to the establishment of the firm, Mrs. Awusi lived in the USA for 15 years where she studied law while engaging in sporadic import of processed fish to Ghanaian residents in the USA. The import business proved fairly lucrative, hence her decision to engage in the business on a full-scale after her return to Ghana.

The firm's initial business involved buying fresh fish from selected local canoe fishermen and preparing (cleaning) it for sale to the premium segment of the local market; that is expatriates, embassies, hotels and restaurants.

In 1987, Mrs. Awusi was approached by a Danish seafood company wishing to collaborate with a Ghanaian firm to upgrade the quality of Ghanaian fish (through improved landing and preservation techniques) for both domestic and foreign customers. SEBTINA accepted the offer. But plans for this collaboration fell through since neither of the two firms had adequate financial resources to establish the required facilities. Their efforts to get local and foreign investors interested in the project produced no immediate positive results. The Danish firm therefore withdrew from the project.

In 1989, Mrs. Awusi decided to revive the project with a contact to African Project Development Facility (APDF) which agreed to commission a full feasibility study into the project and to link SEBTINA to financial institutions that could be interested in the project if it proved feasible. The feasibility study was completed the same year and recommendations were made to the Commonwealth Development Council (CDC) to support it financially. No immediate positive responses were received from CDC.

Six years later, Mrs. Awusi made another attempt to revive the project. This time she contacted the PS programme officer with the APDF report and a request for assistance. The PS programme commissioned a re-assessment of the feasibility of the project and the budgetary provisions since 6 years had lapsed since the original report was prepared. The project was again judged feasible and the PS programme assigned a Danish consultant to find a suitable Danish partner for SEBTINA. The consultant shortlisted four potentially suitable Danish firms - invited Mrs. Awusi to visit them in Denmark and to assess their suitability as partners. The visit resulted in SEBTINA's decision to collaborate with DanSeafood on the project on the grounds that DanSeafood (among other considerations) had some previous operational experience in Africa.

With these new developments, CDC finally decided to invest in the project. A private British investor who heard about the project also decided to buy shares. The equity composition of the company now stands as follows: A British investor 15%, CDC 20% and Mrs. Awusi 65%. DanSeafood has decided not to buy shares in the company initially, but to serve as a technical partner.

The Financial Manager responded with hesitation, “We do not feel consistently connected with the MD. She simply does not have time to share important information with us. She is constantly on the move and we know little of what is going on. It is often too late when we know”. The Deputy Production Manager added, “it makes one feel incompetent unimportant, and uncertain of the role she expects you to play”.

Discussions and Conclusions

The Ghanaian evidence reported above is consistent with perspectives advanced in the export management literature. One of the important considerations in the assessment of the export capabilities of small firms in developing economies is how they gain knowledge about export opportunities abroad. The evidence reported above suggest that the successful Ghanaian exporting firms emphasize market knowledge acquisition through face-to-face contact with importers and distributors in conformity with accepted perception in the export marketing literature (Wiedershein-Paul, Olson and Welch, 1978). A distinction is usually drawn in the literature between “objective” and “experiential” export market knowledge (Eriksson, *et. al.,* 1997). Objective market knowledge is usually collected through conventional market research methods while experiential knowledge is gained through the normal course of international business transactions. Several empirical studies have shown that experiential knowledge is the driving force in the export operations of most firms, particularly the small and medium sized ones (Johanson and Vahlne, 1977; Diamantopoulos, Schlegelmilch and Allpress, 1990). From this perspective, the preferred knowledge acquisition strategies of Ghanaian exporters have been consistent with perspectives in other parts of the world. They appear to be more inclined to adopt an experiential approach to market knowledge acquisition rather than collecting objective information through market surveys. Furthermore, many managers adopt both proactive and reactive strategies as evidenced in the AFL and GCC cases.

The evidence also suggests that Ghanaian managers tend to exhibit some degree of business environmental *unawareness* that curtails their ability to act proactively within their business opportunity space. SEBATINA's problems provide a clear indication of that. Another illustrative example from the first study is a company that produced textiles, including the Ghanaian traditional cloth, *kente*. Like many other manufacturing firms in Ghana, this firm had been grappling with problems of declining domestic sales as a result of the liberalization of imports and the general fall in demand, partly due to the structural adjustment policies imposed on the country by IMF and the World Bank. Although the company exported some textiles, it did not consider exporting its *kente* cloth, simply because the management was not aware of the export potentials of the kente cloth to non-Ghanaian customers abroad.

The policy implications of this analysis are that an enhancement of the strategic awareness competencies of Ghanaian exporters will help improve their performance and sustain their competitiveness. This is the approach most other growth-oriented managers are adopting in the increasingly dynamic and global business environment. Strategic awareness also encourages focus on the long term visions and goals of business owners and managers. The export marketing literature suggests that managers that have developed such competencies do not take decisions in haste or panic in the face of any immediate negative changes in their business situations. They are guided by the fundamental awareness that there are constant unexpected turns in any business situation and acting with undue haste and panic can lead to inattention to new business opportunities. Mr. Owua of AFL demonstrated such a strategic calmness and tenacity. He realized that improved performance in the future would emerge from the constant stream of actions, choices, decisions, and strategies that he would make with conscious awareness and foresight. His strategic dispositions paid off in the long run. This perspective on strategy is reminiscent of Mintzberg's emergent strategy concept. To them being strategic is less about planning ahead and more about continuous monitoring of the environment, rapid response and fast adaptation.[15]

The study also provides some hints at possible explanations for Ghana's slow export sector development. The first problem appears to be one of weak supply side responses to all policy initiatives. We noted that there are apparent potentials for increasing Ghana's share of global pineapple exports due to the climate-based comparative advantages that the country has in producing this product. But the volume of pineapple production has not increased appreciably to take advantage of this opportunity. Leading global pineapple distributors therefore consider Ghana an unreliable source of supply. Supply-side weaknesses relate to the second problem area – one of narrow export base. All efforts of broadening the country's export base have hitherto proved futile, despite numerous reports listing a wide range of potential non-traditional export products that can be produced in the country. Many of these products are agriculture-based. The agricultural sector has, however, performed rather weakly during the past three decades.

These challenges bring us back to the main theme of this dissertation – i.e. human capability development as a viable approach to growing Africa's economies. As noted earlier, economic models assume a causal link between labour productivity and human capability development (usually modelled with human capital as a proxy). The conventional wisdom is that faster productivity growth in the export sector will benefit all other sectors eventually, contributing to the sustained growth. The policy implication is that policy makers can target the export sector as a growth pole. As the civil society helps improve the collective human capability levels in the country, specific policy initiatives may help train people for the export sector with the belief that this will initiate a positive dynamic spiral within the whole economy.

---

[15] It can be argued that strategic awareness of the type described above is a prerequisite for sustained competitiveness of non-exporting firms as well.

CHAPTER 11

CSR PRACTICES OF LOCAL AND FOREIGN FIRMS[16]

Introduction

We have noted in the preceding chapters that foreign firms enter Africa primarily in search for new and cheaper resources and new market outlets or to acquire strategic assets (Narula and Dunning, 2000). For this reason they adopt strategies that tend to reduce their corporate social responsibilities (CSR) and corporate social investments (CSI) to the barest minimum required by the laws of the countries in which they operate. Where they find legal and institutional gaps in the host country, they would quickly take advantage of the lapse and ignore their responsibilities. In practically terms these companies would tend to use local practices as their norms and ignore international standards knowing well that their host governments would be unable to design institutional mechanisms that can monitor and enforce the international standards (Rwabizambuga, 2007).

It has been argued that the extent to which foreign firms reduce their CSR investments will depend on their degree of visibility within their operational environments. Those businesses that are characterized by higher levels of organizational visibility will receive more scrutiny from their stakeholders and will therefore engage more actively in CSR practices (Lepoutre and Heene, 2006). This observation is supported by studies of CSR practices of oil companies in South Africa (Hamann, 2004), and Nigeria (Edoho, 2008). Some of these companies have been shown to adopt practices that enhance their public image and raise their economic performance.

This chapter reports a comparative study of the key motives underlying CSR practices of foreign and local firms operating in Ghana and the societal as well as

[16] The data on which the discussion in this chapter are based were collected in 2009 with Professor Robert Hinson of University of Ghana Business School. An earlier version of the study has been published *Thunderbird International Business Review* Vol. 54, No. 4:521-536 July/August 2012. This chapter revisits and upgrades that study in the light of new knowledge that has emerged during the past five years after the study was conducted.

business outcomes of these practices. The results show that while the CSR decisions of foreign firms are mainly guided by legal prescriptions, those of their local counterparts are guided mostly by discretionary and social considerations. The socially-oriented CSR practices of the local firms are consistent with cultural expectations in Ghana, that those with extra resources should support the less privileged members of society. But the difference in the degree of importance that the two groups of firms attach to discretionary motives for their CSR practices is not statistically significant. It also discusses the policy, strategy and research implications of the findings.

Literature Review

The last three decades of research has reinforced the view that business does not only pursue short-term profits, but rather a multitude of goals, which all combine to guarantee business's survival and prosperity in a changing environment. As such businesses must understand the varieties of interests and expectations of the stakeholders that are members of its immediate environment (Kakabadse, Rozuel, and Lee-Davies, 2005). Adequate response to these interests provides businesses with their legitimacy. This understanding has been eloquently presented by Moir (2001:19) who argues that businesses do not survive in the long run only by honouring their business contracts. They must also honour their social and moral contracts and act responsibly not "because it is in its commercial interest, but because it is part of how society implicitly expects business to operate". Following Carroll (1991) the custodians of the social and moral obligations of businesses are the stakeholders of the communities within which the businesses are embedded. Thus, there is a close link between the stakeholder concept and the concept of corporate social responsibility, bearing in mind of course that different stakeholders are likely to develop different understandings of what corporate social responsibility means, and/or rank social obligations differently on their priority lists.

One of the well received conceptualizations in this regard is the four-part definitional model provided by Carroll (1979. 1991). The model differentiates between four types of corporate social responsibilities: economic, legal, ethical, and discretionary. The economic drivers of CSR are reflected in the corporate social investment literature. The legal triggers entail expectations of legal compliance and playing by the ‘‘rules of the game.’’ From this perspective, society expects business to fulfil its economic mission within the framework of legal requirements. The ethical responsibilities of firms define expectations that are not stipulated in laws but are considered in a given society as being part of the morals, ethos or accepted rules of behaviour for firms and organisations. These responsibilities are predicated on the view that businesses are moral and managers do what is right, just, and fair. In specific terms, businesses are expected to engage in behaviours such as respecting people, avoiding social harm, and preventing social injury (Lantos, 2001). Thus, the World Business Council for Sustainable Development WBCSD (2000) defines CSR as achieving commercial success in ways that honour ethical values and respect people, communities and the natural environment. This perspective is also captured in what Epstein (1987) refers to as the Social Contracts Theory.

Wood (1991) built on Carroll’s conceptualization and argued that the identification of the different types of responsibilities does not provide an adequate framework for empirical investigations of CSR. She suggested that scholars must critically study the factors that trigger CSR initiatives of specific businesses or industries in focal countries of study (i.e. the *motivating principles* or reasons for engaging in CSR activities), the CSR-related *issues* which firms embrace, and the *outcomes* of these behaviours or initiatives. The motives are contained in Carroll’s earlier work that draws attention to ethical, legal and economic considerations underlying CSR initiatives. The CSR related issues have been listed to include environmental protection, health and safety, social welfare, human rights and community development. The outcome can be viewed at two levels: (1) the impacts on businesses taking the initiatives, and (2) the developmental impacts on citizens, including economic and social benefits.

Kakabadse, Rozuel, and Lee-Davies (2005) argue that CSR cannot be a static concept because the social space is dynamic. As the relationships between individuals and groups within the social space change, and as the environment changes, the responsibilities of stakeholders must change as well. In the same vein, L'Etang, (1995) suggests that CSR is an ongoing process that must be guided by constant monitoring of the environment. As such, relationships between businesses and their stakeholders must not be conceived as a fixed mission in relation to specific groups, with a set of predetermined priorities.

In sum, the stakeholder perspective on which the empirical investigations in Ghana has been built subscribes to the view that business strategies must not only fulfill the expectations of their owners but show concern for the expectations of stakeholder groups that affect and are affected by them. That is, stakeholder management in this study implies allocating organisational resources in such a way as to take into account the impact of those allocations on various groups within and outside the firm (Jones, 1999). The GCC case presented in the previous chapter and the concept of "profit for purpose" on which its strategies are based is consistent with this understanding.

Hypotheses

Motives and Drivers

As noted earlier, foreign firms' decisions to enter developing countries are guided mainly by resource seeking, market seeking, efficiency seeking, and strategic asset seeking motives (Narula and Dunning, 2000). That is, they are usually in search for new and cheaper resources and/or new market outlets. Primary commodities such as minerals, timber, coffee, and oil have been important resources on the list and have justified a disproportionate flow of foreign direct investments into countries such as Angola, the Congo Republic, Equatorial Guinea, Sudan, and Nigeria (UNCTAD, 2005). Cost reduction has been a key concern in such investments, and foreign investors tend to have high bargaining power since the abilities of African countries to explore the resources themselves have often been limited. These investment motives suggest that foreign firms in Africa would tend to reduce their CSR investments to the barest minimum required by the laws of the countries in which they operate. Where they find legal and institutional gaps in the host country, they will quickly take advantage of the lapses and ignore their responsibilities. In practical terms, these companies will tend to use local practices as their norms and ignore international standards knowing well that their host governments will be unable to design institutional mechanisms to monitor and enforce the international standards (Rwabizambuga, 2007). Thus, foreign firms' adherence to legal prescriptions in developing countries may be considered as evidence of their degree of social responsiveness.

Based on these arguments I hypothesise that:
H_1: Foreign firms located in Ghana will be more concerned with honouring legally prescribed corporate social responsibilities than accepting and fulfilling discretionary obligations.

Local Culture and CSR Initiatives

The business economics literature now generally endorses the view that culture has a strong impact on management behaviours and decisions (Hofstede, 1991). CSR scholars have also argued that businesses take their cue from the cultural values of their ambient societies in defining their social obligations (Sachs *et al.,* 2005). In an African context, Philips (2006) argues that the motivation for CSR in countries such as Nigeria is quite different from the Western countries. In his view, Africa's collective approach to problem solving and the impact of the extended-family system, reinforced by the strong "village" community mentality and philosophy encourage local businesses to exhibit profound social responsibility. Drawing on empirical evidence from indigenous firms, Amaeshi *et al* (2006) also show that indigenous Nigerian firms perceive and practise CSR as corporate philanthropy aimed at addressing socioeconomic development challenges in Nigeria. Similarly, Hamann *et al* (2005) suggest that CSR activities of South African firms have been motivated mainly by managerial discretions, - i.e. a sense that "it is the right thing to do". In the same vein, Vives *et al.* (2005) note that whereas Latin American small businesses demonstrated more CSR activity in general, efforts were also predominantly directed towards disfavoured groups in society rather than sponsoring sports or cultural activities as is often the practice in Europe.
Based on the above observations I hypothesise as follows:

H_2: Local Ghanaian firms will be triggered more by cultural obligations that emphasise philanthropic CSR practices in Ghana than foreign firms located in Ghana.

Key CSR Issues of Interest

A contestable issue in the CSR discourse is which issues must be considered to be universally applicable to all businesses in all parts of the world, and whether different standards must be applied to companies in terms of their ownership, resource capacity, and size. Proponents of the relativist perspective contend that economic and social rights, which are allegedly local, must take precedence over the global civil and political rights – i.e. taking due cognizance of the relative capacities and economic growth needs of developing societies. Universalist perspectives, however, argue for limited cultural variations in the form and interpretation of particular human rights, while insisting on their fundamental moral universality. As hinted above, the general inability of governments in the developing countries to enact and enforce laws and other forms of regulation to prescribe absolute standards for business behaviour (Rwabizambuga, 2007) constrains their capacity to adopt and enforce international standards. What is more, insistence on international standards may actually undermine their efforts of attracting FDIs from smaller investors. Thus, the CSR issues on the agenda of foreign subsidiaries of Transnational Corporations are guided by directives from their headquarters. These directives are likely to follow international prescriptions for the sake of preserving an overall corporate image (Steiner and Steiner, 2000). These observations support the following hypothesis:

H_3: Foreign firms located in Ghana are more likely to base their CSR activities on issues endorsed by their headquarters than issues prescribed by the host country.

Poor African societies tend to be more concerned about immediate existential needs than long-term societal goals that feature prominently on the international agenda – e.g. environmental protection (Kuada, 1994). Furthermore, management's perception of the probable magnitude of consequences of non-adherence to accepted rules of behaviour also influences the issues to which they are willing to assign their firms' resources. For example, if a firm's behaviour does not result in immediately noticeable improved (physical) environmental outcomes in specific situations, then many firms are not willing to engage in such behaviour despite their abstract concern with society or the physical environment. It has also been argued that firm size influences stakeholders' assessment of the degree of social responsibility that businesses may be required to assume. Lepoutre and Heene (2006) argue that people generally consider small local firms to contribute less to social and environmental problems in their countries. For this reason, they do not expect these firms to devote substantial resources to addressing these problems. Based on the above observations I hypothesise as follows:

H_4: Local firms in Ghana will focus a lot more on community development issues and less on international (physical) environmental standards.

Outcomes of CSR Initiatives

Several scholars have investigated the impact of businesses' CSR initiatives on their key stakeholders. McDonald and Rundle-Thiele (2008) argue that effective CSR practices will raise the degree of satisfaction of bank customers. Calabrese and Lancioni (2008) discuss the impact of CSR practices on employee as well as customer satisfaction in service companies. Others have discussed how corporate performance can be enhanced through active engagement of key stakeholders in CSR strategy formulation (Miles *et al*., 2006).

Building on these arguments, I consider it purposeful to distinguish between society and firm-level outcomes of CSR practices. Firms that are triggered by the goals of attaining improved corporate image, branding and profitability to undertake CSR activities are likely to emphasize firm-level outcomes in their assessment of the results of their CSR practices. They will perceive CSR as synonymous with corporate social investments (CSI). Firms that are motivated by philanthropic concerns will place greater premium on the societal outcomes of their practices.

These discussions justify the following hypothesis:

H_5: Foreign firms located in Ghana will emphasize the firm-level benefits they derive from their CSR activities while local firms will emphasize the society-level benefits of their CSR activities.

Research Design

This study was designed to explore the extent to which economic, ethical, legal and discretionary considerations that were identified in Carroll's model feature as important triggers of CSR initiatives of firms located in Ghana and whether there are significant differences between foreign and local firms in this regard. I am also concerned with which CSR issues have received significant attention among the firms. I assume that there is a link between the specific triggering cues and the CSR issues that firms have adopted. I have therefore grouped the benefits/outcomes of CSR into two – (1) society level outcomes, including environmental and social welfare gains as well as community development; (2) firm level outcomes including economic gains such as cost reduction, corporate image enhancement and worker satisfaction.

The study is based on responses from a random sample of 80 respondents from Ghana Club 100 (i.e. the top 100 firms in Ghana). All the firms in the club are located in the Accra-Tema metropolitan area where all other major firms in Ghana (as well as over 90% of Ghana's formal sector businesses) are located. For this reason the sample constitutes a fairly good representation of the top companies in the country. The sample was composed of 54 local and 26 foreign firms. The data were collected between January and April in 2009 by Executive MBA students at the University of Ghana Business School, using a structured questionnaire with the statements scored on a 7-point Likert scale ranging from 1 = strongly disagree to 7 = strongly agree. Prior to the collection of the main data we conducted a pilot study among ten managers to ascertain the clarity of the questionnaire and to identify any issues relating to the administration of the instrument. Respondents were also asked to describe any difficulties experienced in completing the pilot questionnaires and their suggestions helped improve the quality of the final questionnaire (see appendix 4 for a sample of the questionnaire).

The data analysis focused first on examining respondents' views on the various dimensions of CSR identified in the literature. This was done using means and standard deviations. I also calculated the statistical significances of differences between foreign and local firms where I considered them necessary for the evaluation of the hypotheses. Cronbach alpha reliabilities and correlations between the major variables were also calculated where applicable.

Presentation and Discussion of Findings

Hypothesis 1 requires a comparison of the motives underlying the CSR decisions of local and foreign firms in Ghana. It also requires an examination of the extent to which their CSR practices are confined to legal requirements only.

As shown in Table 11.1, all the four motives identified in Carroll's framework have been important in triggering CSR activities in organizations covered in the study, with legal considerations appearing to have the greatest influence. Table 11.2 also shows that local and foreign firms differ significantly on three of the four motives; economic ($F = 4.00$; $p = 0.04$), legal ($F = 5.41$; $p = 0.02$), and ethics ($F = 6.96$; $p = 0.01$). The difference between them with respect to discretionary motives is not significant ($F = 1.53$; $p = 0.22$). Furthermore, the foreign firms have been guided more strongly by legal requirements in their CSR decisions (mean = 6.38) than the other three factors. The findings therefore support hypothesis 1 which states that foreign and local firms in Ghana will differ significantly in terms of t

tives underlying their CSR initiatives. As expected, foreign firms were mainly guided by legal requirements in their CSR adoption decisions.

Table 11.1: CSR motives			
CSR Motives (α=0.579)	N	Mean	Std. Dev.
Economic	80	5. 61	1. 70
Legal	80	5. 82	1. 55
Ethics	80	5. 57	1. 44
Discretionary	80	4. 90	1. 66

Table 11. 2: Comparing CSR motives of local and foreign firms						
Motives	Company type	N	Mean	St. Dev.	F	P
Economic considerations	Local	54	5.35	1. 82	4.00	0.04
	Foreign	26	6.15	1. 31		
Legal requirements	Local	54	5.55	1. 75	5.41	0.02
	Foreign	26	6.38	0. 81		
Ethics	Local	54	5.29	1.51	6.96	0.01
	Foreign	26	6.15	1.15		
Discretionary motives	Local	54	5.07	1.58	1.53	0.22
	Foreign	26	4.54	1.79		

Hypothesis 2 expects foreign firms located in Ghana to be less philanthropic in their CSR initiatives than local Ghanaian firms. As shown in Table 11.3, corporate image is the overall objective of CSR activities of firms in this study. Furthermore, Table 11.4 shows that foreign firms score profit (mean = 6.27) and shareholder wealth maximization (mean = 6.23) as the most important objectives for their CSR initiatives. Although local firms also subscribe strongly to the profit objective, they appear to place lesser emphasis on shareholder wealth maximization than the foreign firms ($F = 5.11$; $p = 0.02$). Both groups of firms also differ on the importance of social considerations as CSR objectives (F = 5.44; p = 0.02). But there are no significant differences between their mean scores in terms of taking initiatives to "avoid harm or protect/enhance societal assets" (F = 0.31; p = 0.57), or "respond to the concerns of all stakeholder" (F = 1.29; p = 0.25). The above results therefore confirm hypothesis 2. They are also consistent with results presented in Table 11. 2 that discretionary motives constitute important triggering cues for CSR activities of local firms.

Table 11. 3: Comparing specific CSR objectives of local and foreign firms

Motives	Company type	N	Mean	St. Dev.	F	P
Make profit	Local	54	5. 76	1. 62	2.27	0.13
	Foreign	26	6. 27	0. 83		
Maximize shareholders' wealth	Local	54	5. 41	1. 76	5.11	0.02
	Foreign	26	6. 23	0. 82		
Avoid harm, protect or enhance societal assets	Local	54	4. 79	1. 41	0.31	0.57
	Foreign	26	5. 00	1. 71		
Undertake social programmes to benefit/ serve the public	Local	54	5. 26	1. 23	5.44	0.02
	Foreign	26	4. 54	1. 42		
Respond to the concern of all its stakeholders	Local	54	5.07	1. 58	1.29	0.25
	Foreign	26	4.54	1. 79		

Table 11. 4: Comparing local and foreign firms' emphasis on CSR issues on the international agenda

CSR focus	Company type	N	Mean	St. Dev.	F	P
Health and safety	Local	54	5.46	1.43	0.05	0.82
	Foreign	26	5.53	1.36		
Environmental issues	Local	54	5.07	1.43	0.01	0.92
	Foreign	26	5.03	1.75		
Social welfare	Local	54	5.11	1.51	0.77	0.38
	Foreign	26	4.81	1.29		

Human rights	Local	54	4.88	1.51	0.04	0.84
	Foreign	26	4.96	1.50		

Hypothesis 3 involves an assessment of the extent to which local firms differ from their foreign counterparts in terms of their degree of emphasis on CSR issues that feature on the international political agenda – e.g. human rights, environmental protection, social welfare as well as health and safety considerations. We also expect local firms to emphasize community development issues more than foreign firms.

Table 11. 5 shows that human rights issues receive the attention of firms whose CSR activities are triggered mostly by legal and ethical motives. Economic motives are negatively correlated with human rights concerns (Beta = - 0.3; p = 0.01). Judging from the results presented earlier (Table 11.2) foreign firms are most likely to subscribe to human rights concerns because of their adherence to legal prescriptions in their CSR decisions. Similarly, there is a negative association between economic motives and social welfare concerns (Beta = - 0.3; p = 0.02), while legal and ethical motives are positively (but not significantly) associated with social welfare concerns (Table 11. 6). The results for environmental concerns are different. As shown in Table 11.7 economic and ethical motives are negatively (but not significantly) associated with environmental concerns while there is a positive and significant association between legal motives and environmental issues (Beta = 0.3; p = 0.02). The association between economic motives and health and safety concerns is negative (but not significant), while the associations between legal as well as ethical motives and health issues are positive (but not significant).

Together, the results show a negative association between economic motives and the CSR issues prominent on the international agenda while legal motives generally show a positive association. The direction of association between ethical motives and the CSR issues is not consistent. Thus, the results generally confirm hypothesis 3 which states that “foreign firms located in Ghana are more likely to focus on CSR issues that feature prominently on the international political agenda than the local firms".

Table 11.5: Relationship between CSR motives and issues on the international agenda						
Dependent Variable	Independent Variables	Stand. coef (Beta)	T	P	R-Square	Adjusted R-Square
Human rights	Economic Legal Ethics	-0.3 0.2 0.1	-2.5 1.4 1.0	0.01 0.13 0.12	0.09	0.06 S.E. =1.5
Social welfare	Economic Legal Ethics	-0.3 0.08 0.2	-2.3 0.5 1.5	0.02 0.57 0.12	0.09	0.06 S.E. =1.4
Environmental issues	Economic Legal Ethics	-0.1 0.3 -0.1	-0.79 2.33 0.94	0.42 0.02 0.33	0.07	0.03 S.E. =1.5
Health and safety	Economic Legal Ethics	-0.1 0.1 0.06	-0.81 0.97 0.46	0. 42 0. 33 0. 65	0.02	-0.01 S.E. =1.5

Table 11. 6: Relationship between CSR focus and ownership of firms						
CSR focus	Company type	N	Mean	St. Dev.	F	P
Maintain international standards	Local	54	5. 66	2. 73	4.87	0.03
	Foreign	26	4. 27	2. 47		
Engage in community development	Local	54	5. 55	1. 16	7.06	0.01
	Foreign	26	4. 61	2. 00		

Table 11.7: Benefits from CSR activities			
CSR benefits (α=0.694)	N	Mean	Std. Dev
Increase in earnings	80	4. 81	1. 60
Reduction in cost/expenses	80	4. 38	1. 48
Improvement in company image	80	6. 23	1. 35
Improvement in employee satisfaction	80	4. 83	1. 27
Community Peace/Cohesions	80	4. 67	1. 83
A better environment	80	4. 83	1. 67
Community development	80	5. 12	1. 77
Social welfare	80	4. 73	1. 55

Table 11. 8: CSR benefits for local and foreign firms						
Benefits	Company type	N	Mean	St. Dev.	F	P
Increase in earnings	Local	54	4. 67	1. 71	1. 37	0.24
	Foreign	26	5. 12	1. 33		
Reduction in cost/expenses	Local	54	4. 22	1. 50	2. 08	0.15
	Foreign	26	4. 73	1. 42		
Improvement in company image	Local	54	6. 07	1. 54	2. 47	0.12
	Foreign	26	6. 57	0. 76		
Improvement in employee satisfaction	Local	54	4. 61	1. 31	5. 52	0.02
	Foreign	26	5. 31	1. 09		
Community peace/cohesions	Local	54	4. 96	1. 44	4. 27	0.04
	Foreign	26	4. 08	2. 38		
Better physical environment	Local	54	5. 04	1. 41	2. 39	0.13
	Foreign	26	4. 42	2. 00		
Improvement in social Welfare	Local	54	4. 85	1. 29	0. 90	0.34
	Foreign	26	4.50	2. 00		

Turning to the degree to which the firms emphasize community development in the CSR activities, the findings presented in Table 11.9 show significant differences between local and foreign firms. But the differences have been contrary to our expectations. Local firms appear to be more strongly concerned about both issues – maintaining international environmental standards (F = 4.87; p = 0.03), and community development (F = 7.06; p = 0.01) – than foreign firms. Thus, the results do not support hypothesis 4 which states that "local firms are more likely to focus a lot more on community development issues and less on issues relating to maintaining international environmental standards." The findings are, however, consistent with the results in Table 11.7 which show negative association between economic motives and environmental concerns. That is, firms whose CSR activities are triggered mainly by economic motives are less likely to emphasize environmental issues. Intuitively the difference may be explained by the differences in the target markets that the firms serve. Granting that the foreign firms located in Ghana serve the domestic (i.e. Ghanaian) market they can ignore environmental issues if their local customers do not insist on them. On the other hand, if the local firms serve foreign markets (via exports) they are likely to emphasize environmental issues if their foreign customers insist on them. The available data do not, however, allow me to engage in such an analysis. Future studies must therefore explore this possible explanation.

Table 11.9: Relationship between CSR focus and ownership of firms

CSR focus	Company type	N	Mean	St. Dev.	F	P
Maintaining internationally prescribed standards	Local	54	5. 66	2. 73	4.87	0.03
	Foreign	26	4. 27	2. 47		
Engage in community development	Local	54	5. 55	1. 16	7.06	0.01
	Foreign	26	4. 61	2. 00		

Table 11. 10: Benefits from CSR activities			
CSR benefits (α=0.694)	N	Mean	Std. Dev
Increase in earnings	80	4. 81	1. 60
Reduction in cost/expenses	80	4. 38	1. 48
Improvement in company image	80	6. 23	1. 35
Improvement in employee satisfaction	80	4. 83	1. 27
Community Peace/Cohesions	80	4. 67	1. 83
A better environment	80	4. 83	1. 67
Community development	80	5. 12	1. 77
Social welfare	80	4. 73	1. 55

Hypothesis 5 concerns a comparison between local and foreign firms in terms of the extent to which they emphasise societal or economic benefits in their CSR practices. The results presented in Table 11.10 show that the main benefit from the CSR activities were reflected in enhanced corporate image (mean = 6.23). This is followed by community development – i.e. societal benefit (mean = 5.12). The other listed benefits such as increase in earnings, reduction in costs, employee satisfaction, community-level peace/cohesion as well as social welfare have means ranging between 4.38 and 4.83. Furthermore, there is no significant difference between local and foreign firms with regards to increase in earning, reduction in cost, improvement in company image, a better environment and improvement in social welfare as part of their CSR benefits. However, as shown in Table 11.8, there was a significant difference between them with regard to improvement in employee satisfaction ($p = 0.02$) and community peace/cohesions ($p = 0.02$). An examination of the means reveals that whereas foreign firms achieve a greater employee satisfaction than local firms as part of their CSR benefits local firms on the other hand see their CSR activities as contributing to a greater degree of community peace/cohesion than foreign firms. Comparatively, foreign firms' biggest CSR benefit is improvement in corporate image.

Discussions

The findings in this study are consistent with findings from previous empirical investigations on the subject. Leaning on Simon *et al's* (1972) distinction between *negative injunctions* and *affirmative duties* of businesses, the present study reveals the reliance of foreign firms on negative injunctions rather than affirmative duties to guide their CSR decisions. The negative injunctions constitute the barest minimum set of obligations that all businesses are expected to uphold (and are legally enforceable) while the affirmative duties are socially acceptable obligations. That is, like Hamann, *et al*., (2005) and Barkemeyern (2009) this study shows that the CSR decisions of most foreign firms located in Ghana are triggered mainly by legal obligations and anticipated economic gains. By seeing CSR investments as duties rather than morally appropriate discretionary acts, the foreign firms tend to uphold the barest minimum set of CSR obligations. The results are also consistent with findings from studies in South Africa (Hamann, 2004; Fig, 2005), and Nigeria (Edoho, 2008) which show that legal accountability and corporate image preservation constitute key CSR drivers and benefits in these countries.

Second, in contrast to their foreign counterparts, respondents from the local firms maintain that their CSR activities are triggered not only by economic and legal considerations but by moral and ethical considerations as well. Thus, the findings also corroborate an earlier study by Ofori and Hinson (2007) in Ghana as well as Amaeshi *et al* (2006) in Nigeria and Hamann *et al* (2005) in South Africa. Ofori and Hinson (2007) found that while foreign firms in Ghana use CSR activities as deliberate strategies to strengthen their corporate images, local Ghanaian firms focus a lot more on moral and ethical considerations in their CSR decisions.

The results also show that the classification of CSR outcomes into two – social and economic outcomes – makes sense and enhances insight into how firms assess these outcomes. While foreign firms emphasise economic outcomes in their assessments, the local firms emphasise the social outcomes of their CSR activities. Thus, there is a close link between the CSR motives, issues and outcomes. These results are also consistent with previous findings. For example, Amaeshi *et al* (2006) and Hamann *et al* (2005) showed in their respective studies that culturally-induced obligations enjoin even small local firms to engage in philanthropic CSR practices in the form of economic support to disadvantaged individuals of their communities or funding community development projects. Similarly, Babarinde (2009) informs that South African companies view philanthropic donations to health, education and other social infrastructures as normal costs of doing business.

An important message from this study is that the Ghanaian government may consider a greater use of its legislative power and enforcement capability to actively promote CSR adoption in the country, since foreign firms derive their CSR triggering cues mainly from legal demands. I therefore endorse the Hamann *et al*'s., (2005) view that the maintenance of a CSR definition that emphasizes its voluntary nature may have a limited impact in the African context. Furthermore, head offices of foreign firms must encourage their subsidiaries in Ghana (and by extension Africa as a whole) to do more than the minimum legally required social obligations in the communities in which they are located.

But in doing so, policy makers and managers must be mindful of the fact that there is no one-to-one causal relationship between CSR initiatives and their impacts on the various stakeholders. The initiative–impact relationship is therefore complex and influenced by several moderating factors including other non-business initiatives within society. For example, Idemudia (2008) suggests that the developmental impacts of oil Transnational Corporations (TNCs) in Africa depend not only on the initiatives they take (or fail to take) but also on government efforts and projects of donor organisations in the focal communities. As shown in Gulbrandsen and Moe's (2007) study of the operations of BP in Azerbaijan, the initiatives adopted by the oil giant to establish collective goods in the CSR realm for all foreign oil companies were undermined by the host government's macroeconomic policies and lack of commitment to developing democratic and accountable political institutions. Thus, Garvin *et al* (2009) argue that when engaging in community development activities, corporations run the risk of assuming the role of regional and national governments and, effectively, allowing those governments to abdicate responsibilities. In their study companies were challenged by the high expectations of communities, which were themselves facilitated, in part, by the lack of engagement of local, regional, and national governments, coupled with a history of mistrust.

The present study also has several research implications. First, I have relied only on firm level factors in studying CSR behaviours. It would have been useful to include national and industry level factors in a future study in Ghana. A study by Lattemann *et al*. (2009) has shown that the governance environment of a country (i.e. the political, economic, and cultural institutions) facilitates or constrains a firm's CSR behaviour. They argue that governments wishing to encourage the adoption of higher CSR standards of firms in their countries must make improvements to the business environment, especially the governance environment in addition to monitoring business firms more intensively. Similarly, Fig (2005) suggests that the governance environment in South Africa is poorly geared to supporting CSR practices of firms in the country. Thus, subsequent studies must examine the interplay between public governance (the governance environment) and firm as well as industry-level CSR adoption.

Second, the process dimension of CSR activities has not received any attention in the present study and must be included in future research. By explicitly introducing a process dimension into a study, research would be able to examine the manner in which firms create awareness about their CSR activities, the mechanisms adopted to govern the activities, and the manner in which these activities are undertaken.

Third, some previous studies have also linked CSR practices to the dominant leadership styles found in firms. Puffer and McCarthy (2008) have argued that transformational leadership have socially and ethically oriented perspectives on their duties and are eager to share these visions with their followers. The present study has not explored this link in the Ghanaian case. Examining this link in future studies will provide new insights into strategies that can enhance top management commitment to CSR practices in the country.

Conclusion

Overall, the study results lead to the following sets of conclusions: The first conclusion pertains to the instrumental orientation of the CSR decisions of foreign firms in Ghana – they appear to be willing to engage only in what is legally required of them. Thus, social contract theory has limited applicability for foreign firms in Ghana. For this reason, the Ghanaian government must stipulate and enforce minimum obligations to guide social behaviours of foreign businesses. In addition, management of foreign firms must be encouraged to go beyond that minimum. In this regard, incentives and moral education are required to encourage management to do more than is expected of it. Second, local firms appear to engage in CSR practices that support community development, presumably because they see such activities as part of their culturally prescribed duties. Government must provide them with incentives that further encourage these activities.

CHAPTER 12
HIGHLIGHTS, REFLECTIONS AND CONCLUSIONS

Introduction

According to UNDP high-growth countries in the developing world are characterized by (1) the adoption of an economic strategy that emphasizes private enterprise development and integration into global markets, (2) adoption of a socially inclusive and innovation-oriented policy, (3) and the adoption of democratic systems and good governance (UNDP Human Development Report, 2013). These conditions underscore the human capability framework outlined in chapter four of volume one of the dissertation. My central argument has consistently been that if people in any given country are socialized to believe that they can influence their destinies, they are likely to see the world in positive terms, attach a high priority to learning and adjusting to changing circumstances. Many people in these countries will focus on the future and a significant number of them will engage in entrepreneurial activities. I therefore forwarded the view that it is the internal energy and innovation-oriented mindset of individuals that produce the most important conditions for economic growth. Furthermore, the history of a society combines with its dominant cultural values and institutional mechanisms to provide it with the type of leadership that can create forward-looking visions and motivate individuals to exert themselves and move the society forward.

The empirical studies presented in this volume of the dissertation provide some illustrations of these theoretical observations. They show that Ghana has experienced a tumultuous economic history during the past 50 years, due partly to several decades of economic mismanagement and poor leadership. The last two decades have, however, witnessed a shift in economic policies and political orientation – a move from neo-Marxist modernism to an Euro-American style democracy and an endorsement of private enterprise-led economic growth. This shift appears to have produced some positive outcomes. We have, however, noted that the turnaround witnessed by Ghana in recent years is also partly due to economic windfalls from improved commodity prices and increased trade – mainly with China – as well as increased financial inflows from the Diaspora.

The shift has not resolved all of Ghana's economic problems. The supply-side of the economy has failed to respond to the macroeconomic policies and incentives; with the manufacturing and the agricultural sectors, in particular, performing below expectations. The export sector has also not performed well. Furthermore, enterprise growth and development remains difficult, with the Ghanaian culture providing serious challenges with respect to work ethic, productivity, commitment and management in general. Anecdotal evidence also indicate that still too many Ghanaians in top management positions tend to replace "*national economic recovery strategies"* with what ordinary Ghanaians have dubbed "*personal economic recovery strategies*". This, in plain language, means corruption.

Thus, the shift seen in Ghana appears to be at the surface level; the underlying value systems appear to remain untouched. The way forward therefore requires specific attention to aspects of human capability development and a genuine and fundamental shift in the collective mindset of Ghanaians.

The present chapter aims at pulling the empirical evidence presented in the earlier chapters together to serve as a platform for reflection, on both the theoretical and empirical issues addressed within the perspective of Ghana's economic growth and development process and with reference to the role of firms in this process. It also provides pointers to researchable issues that can move knowledge in the field forward.

Unlike the discussions in volume one, the focus in these reflections is not on the macro issues but rather on firm level issues and with special focus on human resource management. I will argue in this chapter that the empirical evidence presents some pertinent questions regarding our understanding of modes of organising successful economic activities in Ghana in particular, and SSA in general.

One of these questions relate to the role of culture in enterprise development. I have therefore initiated the reflections with a revisit of the cultural challenges of managing firms and institutions in Ghana. I also discuss culture's implications for learning and human capability development processes. I then reflect on the stories of the high-growth firms that I have presented earlier and discuss the manner in which their owners have effectively managed the cultural challenges they have experienced. The discussions then move on to aspects of the integration of the Ghanaian economy into the global business system, particularly through an export sector development process.

Having discussed these central issues of business management, I then turn the reflective focus on broader issues of social responsibilities of firms located in Ghana as well as the creation of pro-development institutions and governance systems, thereby returning to conditions for human capability development outlined in chapter 4 of volume 1 of the dissertation.

These discussions naturally provide directions for further research. I argue for an increased focus on entrepreneurship research in Ghana and the rest of Africa. I also advocate for additional research into export sector development and management. Finally, I call for further research into institutional capability development as well as civil society engagement in Ghana's human capability development process.

Culture and Management in Ghana – A Recapitulation

I have argued consistently that culture joins with social structure, history, demography, and ecology in complex reciprocal relations that influence every aspect of how we live as human beings. The general understanding conveyed in anthropological literature is that culture constructs and reproduces the deep-seated beliefs and convictions of people and shapes the evolution of their relationships. This enables them to nurture common values and norms that regulate their co-existence. Furthermore, cultural values also signal the types of competencies that a society expects the majority of individuals in the society to acquire. It also rewards the effective application of these competencies in value creation endeavours of people. This partly accounts for the differences in the resource mobilization potentials of societies. For example, cultures that put greater emphasis on "indulgence" than on thrift and continuous economic efforts are likely to generate inherent reluctance among individuals to exert themselves and manifest an intrinsic desire to develop their capabilities.

Personal Goals and Organizational Commitment

Culture's impact on employees' behaviour in their work organizations is partly reflected in the definition of their personal goals and the avenues for fulfilling these goals. Thus, the management literature draws a distinction between personal goals and organizational goals. It has been argued that both types of goals are present within a given organization and exert different degrees of influence on managerial behaviour. The view that managers purely have exchange relationship with their organizations, and only put in the effort expected of them to attain organizational goals in return for contractually prescribed rewards is seen as having a limited relevance to the description of the realities in Ghanaian organizations. The empirical evidence above suggests that it is not uncommon that personal goals exert a dominant influence on decision and behaviour of Ghanaian managers.

Thus, if we accept the evidence that most Ghanaian managers submit to the socio-cultural pressures and the demands of influential people outside their work organizations, it follows that the non-organizational (personal) goals that these influences generate will persistently vie with the organizational goals that a manager has been employed to work for. Arguably, the strength and intensity of the pressure underlying these goals can be such that they become the dominant guidelines for the manager's behaviour.

Due to the dominance of personal goals in their behavioural choices, Ghanaian managers can aptly be described as converging around common means rather than around common goals. This conclusion sets in crude relief, the problems of organizational resource management that have made concepts of accountability and transparency very fashionable in developing country project management today. The argument here is that a Ghanaian organization, in the main, provides its participants with a common framework and resource base for the attainment of their different goals. Through internal negotiations with peers, individual managers widen their spheres of discretionary influence that enables them to fulfil their non-organizational obligations (e.g. giving favours to friends and members of the family and social network). Subordinates, through unflinching loyalty to their superiors, are offered selective opportunities to benefit from the wider "discretionary powers" of their superiors. Since many managers are engaged in this practice, it readily becomes an integral part of the organizational culture and therefore it will be difficult to change, even with improved western management skills.

The present study therefore shifts the focus of explanation of poor management performance in Ghanaian organizations from the inadequacy of specific functional skills such as accounting, production management and marketing to the cultural foundations of the personal goals and behaviour of the organizational participants. Where the functional skills are lacking, they can be readily acquired through training. But their existence will not necessarily result in higher performance since the organizational culture and the attitude of top management to change can hamstring any efforts at introducing changes that may reduce their status and influence.

Cultural Impact on Small Enterprise Growth

The empirical evidence reported above also suggests that there are enterprise growth-constraining elements in the Ghanaian value systems. That is, the cultural values do not only guide employees' goal definition; they also guide family members' demand and expect support from the owners of small businesses. For this reason, the rate at which the owners spend money on their families tends to outpace their capacity to recoup it, thereby creating cashflow problems and constraining the growth prospects of these businesses. An example is Mr. Ekpe (owner of Environmental Development Group) whose relatives expected to be cared for by his business several years after they had left the company and had been paid all their retirement entitlements as required by law.

Another growth-constraining impact of the Ghanaian culture on local businesses derives from the fact that Ghanaian employees exhibit a low propensity to engage in reflective and self-improvement oriented learning, possibly as a result of their early socialization processes (see Assimeng, 1981). They tend to follow instructions that their superiors give them rather than adopting critical attitudes to the tasks that they are required to perform. This invariably implies that if their superiors are less knowledgeable about a particular task or for some particular reasons, have been unable to take certain critical factors into account, the assigned task will then be performed on the limited knowledge of the superior. The subordinate thereby absolves him/herself from any subsequent queries regarding inefficient task performance. This behaviour produces three interrelated non-learning outcomes. First, the employees deny themselves the opportunity to test the appropriateness of their own knowledge and mental models in carrying out tasks to which they have been assigned and thereby improve upon their knowledge. Second, the managers (i.e. their superiors) are denied access to alternative insights that their subordinates might have on important organizational issues and to re-examine their own premise for decisions and instructions. Third, organizational learning is severely constrained since employees fail to learn from mistakes that they are likely to make, simply because they do not hold themselves accountable for the errors.

But it is errorneous to assume that Ghanaian managers do not know what constitutes good leadership and management practices. In fact, the empirical investigations have shown that there are distinct differences between junior/middle level managers' perception of managerial behaviour and perceptions shared by senior/top managers. For example, while the junior and middle-level managers believe that it is highly motivating to give people a free hand to manage activities within their scope of competence, top executives believe that "Ghanaian employees perform best when they are *inspected* rather than *expected*." But, younger managers, being mindful of their vulnerability to top management decisions on their career prospects, are likely to avoid raising issues that can incur their bosses' displeasure. For this reason, they accept authoritarian leadership styles and adopt various coping strategies in order to contain their frustrations. There is therefore a high degree of overt compliance to norms, although these norms may not be accepted by the younger or junior managers.

Behaviours exhibited by the younger Ghanaian managers conform with studies in psychology that indicate that human fears, insecurity, over-sensitivity and dependency motivate people to protect themselves by being cautious, by minimizing their risks, and by adopting defensive behaviours that purportedly insulate them. Senior managers in Ghana therefore usually wallow in blissful ignorance of the true feelings of their subordinates, believing that all is well until the havoc is too conspicuous to be hidden.

The empirical evidence reported in the chapters does not entirely reflect negative cultural consequences. There are examples of enterprise-friendly outcomes as well. Some entrepreneurs have been extremely good at tapping family resources as well as social capital from their networks to be able to establish and grow their businesses. Furthermore, it has been shown that cultures are not fully coherent; there are subgroups and subcultures that are willing to challenge the accepted rules of behaviour if they consider them to create stumbling blocks for growth. For example, some junior managers are becoming bolder in demanding changes in leadership style within their organizations and some high-growth sectors in the country (e.g. the financial companies) are adopting management practices that are innovative and employee-friendly and conform to the canons of good leadership found in management literature (see Sanda and Kuada, 2013).

Put together, the current dominant set of values and norms in the Ghanaian society seem to contribute more negatively than positively to enterprise formation and growth and appear to constrain general management in work organizations in the country.

Impact of High-Growth Businesses on Economic Performance

I have argued that the presence of even a small number of growth-oriented organizations in a given society can stimulate growth in the entire society. This observation is predicated on the understanding that organizations tend to change more quickly than entire societies. Thus, growth-oriented businesses have the potentials for serving as cultural change agents and economic growth poles.

The empirical investigations reported above attest to this potential. They suggest that despite the constraining impacts of culture on management practices, there are sterling examples of growth-oriented entrepreneurs in Ghana. The stories of Charles Danso (Danso Fruit Drinks), Kwami Nyaho Tamaklo (Nyaho Cinic), Gideon Ekpe (Environmental Development Group), Ken Ofori-Atta, Keli Gadzekpo and James Akpo (Databank), Samuel Owua (Allied Farms Limited) and Robert Asare (Ghana Craft Company) all provide inspiring illustrations of what growth-oriented Ghanaian entrepreneurs can do. These entrepreneurs have demonstrated persistence, unique competencies in leveraging resources from local and foreign sources and have been very intelligent in devising novel ways of coping with some of the cultural challenges noted above.

A notable example of this coping strategy is that of "delinking and re-linking" in extended family relations. It works this way: growth-oriented entrepreneurs tend to withdraw themselves from the extended family during the formative years of their businesses. That is, they deliberately decide not to participate in most social and ceremonial functions of their families in order to avoid the predatory demands of the families during periods where cash flows in the businesses are limited and every single cedi or penny is required to grow the business. They also cleverly avoid employing family members by assigning the personnel functions in their businesses either to a foreign employee or someone outside their ethnic groups. These non-family managers have been able to adhere to the formal rules of employment (e.g. insistence on good qualifications and skills) and have disregarded family connections in the assessment of the qualifications of job applicants. In this way growth-oriented entrepreneurs have been able to minimize the potential drain that family relations may have on their earnings and they have therefore been able to pursue organic growth strategies. When they have built substantial financial resources and are confident that family claims cannot jeopardize their organic growth ambitions, they re-link with the family and participate fully in the social activities to which they are invited. The family then welcomes them with joy, just like the biblical prodigal son.

This example illustrates the view that some Ghanaian entrepreneurs are scarcely passive recipients of culturally prescribed "realities" of their societies. They apply their own interior rules of behaviour, in addition to the shared cultural rules in addressing problems that they face within their economic and social space. These personal "rules" function as a filter in their cognitive processes, letting through only certain stimuli and modifying their interpretation. In other words, culture provides the entrepreneurs with a frame of reference and a set of opportunities within their operational environment; personality allows them to select from the culturally defined opportunities to fulfil their personal ambitions. Thus, the growth-oriented entrepreneurs may have personality traits that may be significantly different from those of the average Ghanaians.

In terms of demographic characteristics, it is important to note that all the high-growth oriented entrepreneurs that I have interviewed in Ghana were either the only child of their parents or came from relatively smaller “nuclear” families with 2-3 siblings. Whether this characteristic has any impact on their abilities to navigate the socio-cultural challenges of their environments has not received any empirical investigation (as far as I am aware).

The Export Sector and Integration into the Global Economy

From the international perspective, I have argued that by competing on international markets, Ghanaian firms will be compelled to upgrade their production, sourcing, and marketing techniques. This will enhance their overall competitiveness. These arguments are consistent with the emerging perspective in the economic development literature that export sector development may be a necessary first step in SSA countries' determination to improve the supply side of their economies. According to Fafchamps *et al.* (2001:24), "focusing on international exports is not only the best policy; it is the only policy that has the slightest chance of working. … In the long run, helping Africa export to the rest of the world would eventually raise intra-African trade, albeit through the back door, so to speak and strengthen their production capacities". There have therefore been both bilateral and multilateral efforts to mainstream trade into Africa's poverty reduction strategies.

National export sector development is, however, contingent on the existence of an export-friendly operational environment and a burgeoning group of export-oriented firms (Zhara *et al.,* 1997). Common ingredients in such export-led growth strategies have included tax incentives to exporters and foreign investors as well as direct assistance to exporters for innovation, technological upgrading, and easier foreign market entry (Teal, 1999; Kuada and Sørensen, 2000; Kuada, 2007).

It is against this background that I have conducted empirical studies into export-sector development strategies in Ghana. The results of two of these studies have been reported in chapter 10. I have shown that successive Ghanaian governments have adopted some of the policy instruments listed above in their national export-sector development strategies since the mid-1980s. As part of this strategy, the economy has been liberalized, new export promotional institutions have been formed and the operational capacities of existing ones have been strengthened. However, the results have been far below expectations.

The empirical investigations suggest that although general international trade policy can partly be blamed for weak performance of Ghana's export, it is also important to take the domestic policies and business conditions into account. Ghana has not been able to diversify its export base to any significant extent, and a significant proportion of its exports are still commodity-based, with crude oil exports now becoming the second largest export earner accounting for 21% of total exports in 2012. Furthermore, there are several missed opportunities for export growth due to supply-side constraints. For example, although Ghanaian pineapples are reported to be among the sweetest in the world due to particularly favourable climatic and soil conditions, the country still exports barely 71,000 metric tonnes of pineapples as against global annual exports of 1.75 million metric tonnes.

I have linked the supply-side challenges to labour productivity (and human capability development). The argument is that work attitudes and competencies of the labour force are lower than what firms require to be competitive on the global market. Thus, in terms of productivity, Ghanaian workers are more expensive to hire compared to workers in many Asian countries.

A strategy for export-sector development may therefore require a specific human resource management input. Again, going back to our earlier discussions, innovative capacity of nations depends in part on the learning mindset and absorptive capacity of its citizens. Innovation also implies openness towards new experiences. A work culture that promotes commitment, attention to detail, curiosity, and a strong desire to explore new competencies is necessary for improved performance on the international competitive arena. This is a challenge that policy makers in Ghana continue to grapple with.

Corporate Social Investment and Responsibility

Another issue taken up in the empirical investigations reported above is the involvement of businesses in social and community development issues. The justification for this theme is that businesses require a congenial atmosphere for them to operate in a sustainably profitable manner. This includes the existence of a welcoming and supporting civil society where poverty does not create tensions and potent civil disorders.

The Ghanaian business environment presents a challenge in this regard. Since successive Ghanaian governments have been unable to tackle decades of infrastructural deficit in education, health and social security, the potentials for civil disorder persistently loom in the background despite the semblance of calmness that visitors to Ghana experience. The extent to which businesses consider it their responsibility to step in to fill part of the infrastructural gaps is an important concern for economic growth and development.

The empirical results presented in chapter 11 indicate that it feels natural for Ghanaian firms to be socially responsible, apparently due to the cultural context within which their owners and top managers have been socialized. Some business owners have adopted the concept of “profit for purpose” as a foundation for their growth strategies, seeing their mission in life as helping the less fortunate citizens to move up the social ladder. Ghana Craft Company has been presented as one of such companies. We have noted that foreign-owned firms and their managers find it a bit awkward to go beyond their legally prescribed obligations in order to address the glaring social challenges within the ambient social space.

But the social actions and strategies of the Ghanaian business owners may not always be deliberate or entirely planned. They may represent logical incremental decisions that they make in the businesses in response to changes they see or anticipate in the environment. In this way, their actions contribute to the environmental changes as well. I interpret this as being indicative of the strength of the Ghanaian cultures as far as social responsibility goes.

Research Agenda

Building on the arguments presented above and in the rest of the dissertation, I submit that the notion of human capability development provides a useful construct in studies of economic growth and poverty alleviation in Ghana and Africa as a whole. This construct strikes at the core of the desire and natural capacity of human beings to change their own destiny and re-define the world within which they live.

Having said that, I am mindful of the fact that research into economic growth and poverty alleviation, in general, is rather eclectic – there will always be other equally promising perspectives that will receive the attention of other researchers.

But since the focus of this study is on the human side of economic development, it is purposeful to use the remaining sections of this chapter to identify those areas that offer the most rewarding research promises. In line with the earlier discussions, I have selected the following for a closer attention:

1. Entrepreneurship research
2. Export-sector development research
3. Studies in institutional capacity development
4. Studies in civil society development

Increased Focus on Entrepreneurship Research

It can be argued, on the basis of the discussions in this volume, that understanding the nature of entrepreneurial thinking is central to understanding both entrepreneurs and entrepreneurship in Ghana (and Africa). That is, if we wish to argue intelligently about whether Ghana has a strong potential to nurture increasing numbers of growth-oriented entrepreneurs and which policy measures are required to do so, we need more comprehensive research into different aspects of entrepreneurial intentions, decisions and actions as well as their determinants.

It is generally acknowledged in the entrepreneurship literature that an entrepreneur must perceive an opportunity or enact such an opportunity before taking entrepreneurial actions. There must also be a deliberate intention toward pursuing that opportunity. The question is therefore repeatedly asked as to whether entrepreneurs think and behave differently when compared to the majority of citizens in any society, and whether culture and collective socialized processes (or mindset, if you like) impact these patterns of thinking. In other words, will Ghanaian (and by extension, African) entrepreneurs think and behave differently due to the dominant socialized processes of their upbringing? This is one of the issues requiring future research attention.

I have also argued that while every entrepreneur is self-employed, every self-employed person is not an entrepreneur. Furthermore, poverty reduction capacities vary according to the type of entrepreneurship; necessity-driven entrepreneurial activities tend to have weaker poverty reduction capacities (both at individual and collective levels) than growth-oriented entrepreneurial activities. This perspective is intuitively appealing but requires more elaborate empirical investigations if this thinking is to guide national entrepreneurship policy formulation. We also need to know a bit more about characteristics that distinguish growth-oriented entrepreneurs from necessity-based entrepreneurs. I have hinted at the impact of family size and personality traits as contributing factors. But these also demand thorough empirical investigations.

Furthermore, the empirical investigations suggest that family-embeddedness of small businesses is a major source of challenge in Ghana. Family-based resources have been critical in the formation of necessity-driven enterprises. They come in the form of financial grants from well-to-do family members and cheap labour from younger family members. But the attitude of family members to work in the family businesses requires research attention. The question repeatedly asked is why do members of non-African families, (e.g. members of Asian families in Africa), show a higher dedication and commitment to jobs in family firms while the African family members do the opposite. This question begs for empirical answers.

The empirical investigations in Ghana have also shown that African entrepreneurs tend to be engaged in several unrelated businesses at the same time, many of them not formed on the basis of specialized skills and core competences of their owners/managers. The rationale for such unrelated diversifications (even when the investments in each are relatively small) is one of hedging against an unwelcome turn of events in each business sector and an attempt to stay outside the reach and control of public agencies. But how do multiple enterprise impact growth? Intuitively, one should expect the formation and management of multiple enterprises to impact growth negatively since resources (both financial and human, including management time) will tend to be thinly spread over the different enterprises. But this is a question that requires empirical investigation to settle.

Finally, schools in both Europe and Africa are accused of being excessively oriented towards educating students for careers as employees rather than preparing students for a future as entrepreneurs running their own companies (Boter *et al.,* 1999). This holds for Ghana as well. The civil society leaders must be encouraged to place greater focus on creativity and innovation. This will contribute immensely to the development of an entrepreneurial mindset and values of assuming responsibility for one's own life right from infancy. The formal educational system will thereby be encouraged to build on this mindset by re-directing the focus of education on problem solving. Elaborate investigations are again required to determine how the civil society and educational system can be managed to foster entrepreneurial mindsets.

Export Sector Development Research

We have earlier noted the under-performance of Ghana's export sector and called for more comprehensive investigations to inform new national export sector development strategies. One area requiring attention is the impact of previous export promotion programmes (EPP) undertaken in Ghana on the country's export-sector development.

Empirical investigations on EPP in some developing countries have, hitherto, produced inconclusive evidence of a positive link between EPP and export-sector development in general and firm export performance in particular. While some studies have indicated that export assistance has contributed to the development of successful export strategies (e.g. Denis and Depleteau, 1985), other studies have reported that export assistances have most often been inadequately targeted, and therefore have had limited effect on overall national export performance (Francis and Collins-Dodd, 2004).

One of the relatively successful approaches to developing an export sector in developing economies is to establish export processing zones (EPZs). This enables countries to stimulate economic growth directly through investment/capital inflows, technology transfer, and employment generation (Cling and Letilly, 2001) and indirectly through linkages and spillovers. Such a policy has been associated with the significant industrial development in such countries as Singapore, the Republic of Korea, Taiwan, Hong Kong, Panama, and the Dominican Republic.

Despite its popularity as an economic growth instrument, EPZs have received limited academic interest in Africa. Scholars such as Papadopoulos and Malhotra (2007) as well as Cling and Letilly (2001) have therefore called for more intensive research into the phenomenon in order to produce a more informed basis for policy and strategy. I endorse this appeal.

An exploratory investigation I conducted in 2008 revealed that Ghana has established an export zone that had 86 businesses in 2000, most of them located within the Accra-Tema metropolis due to the infrastructural advantages of the metropolitan area. The firms were engaged in a widely diversified range of businesses, including furniture/wood products; garment and protective clothing; petroleum products; food processing; rubber/plastic products; cosmetics; coconut fibre extraction; pharmaceutical; trading; logistics (warehousing and packaging); telecommunication; and fibre glass manufacturing. There was some degree of linkages between the firms located in the free zone and the rest of the economy. But these linkages had resulted in relatively low levels of technological upgrading. There is therefore a need for comprehensive investigations into this policy instrument as well as other instruments that have been previously adopted in Ghana and other African countries.

Research into Civil Society and Institutional Capability Development

I have forwarded the argument earlier that all economies are embedded and enmeshed in both the civil society and institutional frameworks. For example, the civil society provides people with avenues for social and political engagements as well as knowledge upgrading. Despite the importance of civil society and institutions for economic growth, they have received limited research attention in the development economics and business management literature in Africa.

Other studies have presented the civil society as a laboratory within which people co-create and share new knowledge and thereby enhance their individual potential for collective creativity and human capability development. For example, cultural change may be initiated with debates within the social space. It may also facilitate the formation of social networks that encourage individuals to question the existing ways of doing things in their communities and defining new paths out of existing problems (Hyden, Court and Mease, 2003).

Similarly, institutions serve as repositories as well as mechanisms that convey norms, rules, and conventions produced within the social space. Strong institutional capabilities therefore help expand the circle of opportunity and promote inclusive developmental and welfare-oriented economic growth processes (North, 1990).

Questions such as the extent to which debates within the social space consider entrepreneurial drive as a value on its own require academic attention. Furthermore, building on Acemoglu and Robinson's (2012) distinction between inclusive or extractive institutions, we need to determine whether institutions in Ghana are predominantly extractive or inclusive and what mechanisms to adopt to build progress-prone institutions in the country. It will also be highly informative to know the extent to which the emerging institutions in Ghana actually help protect private property rights, enforce the principles of rule of law, and maintain predictable enforcement of contracts – conditions that are necessary for enterprise formation and growth.

Concluding Remarks

I have initiated this study on the premise that enterprise development in general (and entrepreneurship in particular) provides nations with the opportunity to leverage their resources, explore and exploit new opportunities, and create activities that enable their citizens to fulfil their material and social needs in life. The presence of a positive economic spiral in a society also enables citizens to become a lot more creative – identifying knowledge gaps and taking steps to renew, replace or upgrade their existing knowledge base. For these reasons, nations must foster enterprise-developing cultures. This, I argue, requires a high degree of institutional and civil society engagement as well as an innovation and enterprise-promoting culture. Said differently, economic growth is possible only with a mutually-supportive relationship among the civil society, the state (including institutions), and the business community.

Building on this premise, I have argued that knowledge of why and how enterprises are established and managed successfully is important in managing an economic growth and development process. To gain this knowledge, I consider it both scientifically and strategically rewarding not only to focus attention on success stories in business, but also to gain insight into their causes of failures in order to move knowledge as well as policies and strategies forward in business management.

The Ghanaian evidence presented in this volume of the dissertation suggests that there are some potential resources for development within the society. But policies and strategies are required to translate them into productive resources. The evidence also underscores my earlier arguments (in volume one of the dissertation) that human factors play a more significant role in shaping a nation's development capability than previously articulated. For example, the culture of a given society can create conditions for drive, long-term oriented decisions, thrift and the zeal to explore. Citizens will respond actively to these signals. The reverse is also possible. Culture can create conditions for socialized helplessness and encourage the majority of citizens to accept a life of dependency on the minority.

The Ghanaian society appears to have a combination of both, with the latter type of culture appearing to have a dominant impact during the first half century of its post-independence history. The debate within the civil society space is now tilting in favour of enterprise-developing culture, and the emergence of an increasing number of high-growth local enterprises provides a promising future.

But we have also noted that the personal goals of individual employees and managers exert a dominant influence on decision and behaviour in their work organizations. As a result organizational goals are frequently sacrificed on the alters of culturally-prescribed individual goals. This means organizational commitments are generally low. Fortunately, personal goals of managers are not in a stable state. Interaction among organizational members creates dynamics by which personal goals are transformed. Through the interaction, individuals are being influenced by their colleagues within the organization and reference groups outside. Thus, the emerging positive changes within the society must be expected to introduce changes in the personal goals of employees, hopefully encouraging a greater focus on organizational goal attainment.

In the light of these discussions, the contribution of this dissertation to the debate on economic development in Ghana and other SSA countries must be seen in terms of the theoretical arguments it provides to justify the links between human capability development, culture, institutions, private enterprise development and economic growth as well as an integration of individual African economies into the global economic system. The evidence in Ghana provides empirical illustrations for these links and further reinforces the theoretical arguments. In this way, I have endeavoured to place soft economics on the development economics research agenda, and I have provided some direction for future research that I hope to pursue alongside other similar-minded colleagues.

Bibliography

Ackah, C.A., (1988) *Akan Ethics* (Accra, Ghana Universities Press)

Amaeshi, K. M., Adi, B. C., Ogbechie, C., Amao, O. O., (2006). Corporate social responsibility in Nigeria: Western mimicry or indigenous influences? Journal of Corporate Citizenship, 24, 83–100.

Appiah-Adu, Kwaku (1997). "Marketing in Emerging Countries: Evidence From a Liberalized Economy," *Marketing Intelligence and Planning*, 15 (6), 291–98.

Appiah-Adu, Kwaku (1999), "The Impact of Economic Reform on Business Performance: A Study of Foreign and Domestic Firms in Ghana," *International Business Review*, 8 (4), 463–86.

Appiah-Adu, Kwaku and Blankson, Charles (1998) "Business Strategy, Organizational Culture, and Market Orientation," *Thunderbird International Business Review*, 40 (3), 235–56

Appiah-Adu, Kwaku and Singh, S. (1998), "Market Orientation and Performance: An Empirical Study of British SMEs," *The Journal of Entrepreneurship*, 7 (1), 27–47.

Ardichvili, A., Cardozo, R. and Ray, S. (2003) "A theory of entrepreneurial opportunity identification and development" *Journal of Business Venturing,* 18, 105-123

Assimeng, Max (1981) *Social Structure of Ghana* (Accra Ghana Publishing Corporation)

Assimeng, Max (1989) *Religion and Social Change in West Africa* (Accra, Ghana Universities Press)

Avlonitis, George J. and Spiros P. Gounaris (1999), "Marketing Orientation and Its Determinants: An Empirical Analysis," *European Journal of Marketing*, 33 (11), 1003–1037.

Babarinde, O. A. (2009). "Bridging the economic divide in the Republic of South Africa: A corporate social responsibility perspective" *Thunderbird International Business Review*, 51 355–368

Baker, W.E. and James M. Sinkula (1999), "Learning Orientation, Market Orientation, and Innovation: Integrating and Extending Models of Organizational Performance," *Journal of Market Focused Management*, 4 (4), 295–308.

Barkemeyern, R. (2009). "Beyond compliance—below expectations? CSR in the context of international development" *Business Ethics: A European Review* 18(3), 273–289.

Barry H. and Milner B. (2002) "SME's and Electronic Commerce: A Departure from the Traditional Prioritisation of Training?" *Journal of European Industrial Training* Vol. 25, no. 7, pp 316 – 326

Beamish, P. W., (1987) "Joint Ventures in LDCs: Partner Selection and Performance", *Management International Review*, Vol. 27, No. 1, pp. 23 –37.

Beekman, A. and Robinson, R. (2004) "Supplier Partnerships and the Small, High-Growth Organization: Selecting for Success" *Journal of Small Business Management*, Vol. 42, Issue 1pp: 59-77

Beker, Jan and Christian Homburg (1999), "Market-Oriented Management: A System-Based Perspective," *Journal of Market Focused Management*, 4 (1), 17–41.

Benkhoff, B. (1997), "Disentangling organisational commitment: the changes of the OCQ for research and policy", *Personnel Review*, Vol. 26 No. 1, pp. 114-20.

Bergner, S., Neubauer, A.C. and Kreuzthaler, A. (2010) "Broad and narrow personality traits for predicting managerial success" *European Journal of Work and Organizational Psychology*, 19(2):177-199

Best, M.H. *(*1990*) The New Competition: Institutions of Industrial Restructuring.* (Cambridge*:* Polity Press).

Bhola, Reena,Verheul, Ingrid, Thurik, Roy, Grilo, Isabel (2006) "Explaining engagement levels of opportunity and necessity entrepreneurs". *EMI Business and Policy Research Report H200610*

Bird, Sharon R. and Sapp, Stephen G., (2004). "Understanding the Gender Gap in Small Business Success." *Gender & Society* 18: 5-28.

Blunt, P. and Jones, M. (1997) "Exploring the Limits of Western Leadership Theory in East Asia and Africa", *Personnel Review* 26(1/2) pp: 6–23

Borys, B. and Jemison D.B., (1989) "Hybrid Arrangements as Strategic Alliances: Theoretical Issues in Organizational Combinations" *Academy of Management Journal* Vol.14 No. 2 pp 234-49

Boston, Thomas D. and Boston, Linje R. (2007) "Secrets of Gazelles: The Differences between High-Growth and Low-Growth Business Owned by African American Entrepreneurs" Author(s): *Annals of the American Academy of Political and Social Science,* Vol. 613, *Advancing Research on Minority Entrepreneurship (Sep., 2007), pp. 108-130*

Boter, Hakan; Hjalmarsson, Dan; and Lundstrom, Anders (1999) "Outline of a Contemporary Small Business Policy" Available at http://www.sbaer.uca.edu/research/icsb/1999/84.pdf

Bouchner, S. and Ohsako, T., (1977) "Ethnic Role Salience in Racially Homogeneous and Heterogeneous Societies" *Journal of Cross-cultural Psychology* Vol. 8 455-492

Brockhaus, Robert H. Sr. (1980) **"**Risk Taking Propensity of Entrepreneurs" *Academy of Management Journal*, *Vol. 23, No. 3 (Sep., 1980), pp. 509-520*

Brownbridge, M, AF Gockel, and Harrington, R, ,2000, Savings and Investment in: Aryeetey, E, J Harrigan and M Nissanke, eds *Economic Reforms in Ghana The Miracle & Mirage* Accra: Woeli Publishing Services, 132- 149

Brunsson, Nils (2000), *The Irrational Organization*. (Bergen, The Netherlands: Fagbokforlaget).

Buttner, E., and Rosen, B. (1988). "Bank loan officers' perceptions of the characteristics of men, women, and successful entrepreneurs" *Journal of Business Venturing,* 3:249-258.

Cable, D. N. and Judge, T. A. (1996) "Person–organization fit, job choice decisions, and organizational entry" *Organizational Behavior and Human Decision Processes*, 67, 294–311.

Cadogan, John W., Diamantopoulos, Adamantios and Mortanges, Charles Pahud de (1999), "A Measure of Export Market Orientation: Scale Development and Cross-Cultural Validation," *Journal of International Business Studies*, 30 (4), 689–707.

Calabrese, A., and Lancioni, F. (2008) "Analysis of corporate social responsibility in the service sector: Does a strategic path exist? Knowledge and Process Management", 15(2), 107–124.

Carless, D. (2005) Prospects for the Implementation of Assessment for Learning. *Assessment in Education* 12, 1, 39-54.

Carroll, A. B. (1979). "A three-dimensional conceptual model of corporate performance" *Academy of Management Review*, 4, 497–505.

Carroll, A. B. (1991). "The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders" *Business Horizons*, 34, 39–48.

Celuch, Kevin G., Chickery J. Kasouf, and Jeffrey C. Strieter (2000), "The Influence of Organizational Market Orientation on Individual-Level Market-Oriented Cognitions," *Psychology and Marketing*, 17 (11), 935–54.

Chan Kim W. and Mauborgne, Renée (2005). *Blue Ocean Strategy : How to Create Uncontested Market Space and Make the Competition Irrelevant.* (Harvard Business School Publishing Corporation)

Chelariu, Christian, Abdoulaye Ouattarra, and Kofi Q. Dadzie (2002), “Market Orientation in Ivory Coast: Measurement Validity and Organizational Antecedents in a Sub-Saharan African Economy,” *Journal of Business and Industrial Marketing*, 17 (6), 456–70.

Chin, W. (2005) “Information Systems Outsourcing Relationship Factors: Detailed Conceptualization and Initial Evidence” *Database for Advances in Information Systems Available at http://www.allbusiness.com/technology/3502791-1.html*

Chrisman, J.; Bauerschmidt, A. and Hofer, C. (1998). “The Determinants of New Venture Performance: An Extended Model”, *Entrepreneurship Theory and Practice*, Fall.24

Cling, Jean-Pierre and Letilly, Gaëlle, (2001), “Export Processing Zones: A Threatened Instrument for Global Economy Insertion?” *Document de Travail* DT/2001/17 pp.1-50

Conduit, Jodie and Felix T. Mavondo (2001), “How Critical Is International Customer Orientation to Market Orientation?” *Journal of Business Research*, 51 (1), 11–24.

Cooper, A., Gimeno-Gascon, F. J. and Woo, C. (1994). “Initial Human and Financial Capital as Predictors of New Venture Performance”. *Journal of Business Venturing* 9(5): 371 – 396.

Datta, D. K., (1988) ”International Joint Ventures: A Framework for Analysis*”* *Journal of General Management* Vol 14 No. 2 pp. 78-91

Da Silva, N., Hutcheson, J. & Wahl, G. D. (2010). “Organizational Strategy and Employee Outcomes: A Person–Organization Fit Perspective”. *The Journal of Psychology*, 2010, 144(2), 145–161.

Delone, W. (1988), "Determinants of Success for Computer Usage in Small Business", *MIS Quarterly*, pp.51-61

Denis, Jean-Emile and Depleteau, Daniel (1985), “Market Knowledge, Diversification and Export Expansion2 *Journal of International Business Studies* Vol. 16 No. 3 pp: 77-89

Diamantopoulos, A., Schlegelmilch, B. B., & Allpress, C. (1990), “Export Market Research in Practice: A Comparison of Users and Non-users”, *Journal of Marketing Management*, vol. 6, no. 3, pp. 257-273.

DiStefano, J. J. & Maznevski, M.L. (2000). Creating Values with Diverse Teams in Global Management, *Organizational Dynamics.* 29, 45-63.

Doz, Y.L., (1996), ”The Evolution of Cooperation in Strategic Alliances: Initial Conditions for Learning Processes?” *Strategic Management Journal* Vol 17 No. pp. 55-83

Driffield N and Taylor, Karl (2001) 'Spillovers from FDI and skill structures of host-country firms.' Birmingham Business School. *Working Paper Series* 2001-01.

Driffield N. and Taylor, Karl (2002), “Spillovers Domestic wage determination: Spillovers and inward investment.” *University of Leicester, Working paper* 2002 02/012.

Dwyer, R., Schurr, P., and Oh, S. (1987) "Developing Buyer-Seller Relationships," *Journal of Marketing*, Vol.51, No.2, pp. 11-27.

Egeren, M.V. and O’Connor, S. (1998), “Drivers of Market Orientation and Performance in Service Firms,” *Journal of Service Marketing*, 12 (1), 39–58.

Edoho, F. (2008). “State-corporate alliance: Ramifications for corporate social responsibility and sustainable livelihood”. *African Journal of Business and Economic Research*, 3, 8–40.

Eriksson, K., Johanson, J., Majkga°rd, A. and Sharma, D.D. (1997), “Experiential knowledge and cost in the internationalization process” *Journal of International Business Studies*, Vol. 28 No. 2, pp. 337-60.

Fafchamps, Marcel, Teal, Francis and Toye, John (2001), “Towards a Growth Strategy for Africa” *Centre for the Study of African Economies, University of Oxford* REP/2001-06

Fafchamps, M. (1996) “The Enforcement of Commercial Contracts in Ghana,’’ *World Development*, 24(3): pp. 427-448

Farrell, Mark A. (2000), “Developing a Market-Oriented Learning Organization,” *Australian Journal of Management*, 25 (2), 201– 222.

Flanagan, J. C. (1954). The critical incident technique. *The Psychological Bulletin,* 51(4),327-358.

Fig, D. (2005). “Manufacturing amnesia: Corporate social responsibility in South Africa” *International Affairs,* 81, 599–617.

Finkelstein, S., & Hambrick, D. (1996). *Strategic Leadership: Top Executives and Their Effects on Organizations.* Minneapolis/St. Paul, MN: West Publishing.

Francis, June and Collins-Dodd, Colleen (2004) “Impact of Export Promotion Programs on Firm Competencies, Strategies and Performance: The Case of Canadian High-Technology SMES” *International Marketing Review* Vol. 21 Nos. 4/5 pp: 474- 495

Garlick, P.C. (1971) *African Traders and Economic Development in Ghana* (Oxford: Clarendon Press)

Garvin, T., McGee, T. K., Smoyer-Tomic, K. E., Aubynn, E. A. (2009). “Community-company relations in gold mining in Ghana” *Journal of Environmental Management*, 90, 571–586.

Gereffi, Gary (1994) ‘The organization of buyer-driven global commodity chains: how U.S. retailers shape overseas production networks’, *in Gary Gereffi and Miguel Korzeniewicz (eds.) Commodity Chains and Global Capitalism, London: Praeger*.

Gilbert, B.; McDougall, P. and Audretsch, D. (2006). “New Venture Growth: A Review and Extension”. *Journal of Management*, 32(6), pp. 926-950.

Green, Sebastian (1988) Strategy, Organizational Culture and Symbolism *Long Range Planning* Vol. 21 No. 4 pp. 121- 129

Greenley, Gordon E. (1995) “Market Orientation and Company Performance: Empirical Evidence From UK Companies” *British Journal of Management* Vol. 6 pp.1-13

Greenley, Gordon E. (1995b) “Forms of market orientation in UK companies” *Journal of Management Studies* Vol. 32 No. 1 pp.47-66

Grinstein, A. (2008). The relationships between market orientation and alternative strategic orientations: a meta-analysis. *European Journal of Marketing, 42*(1/2) 115-134

Grönroos, C. (1984), “A service quality model and its marketing implications”, *European Journal of Marketing*, Vol. 18 No. 4, pp. 36-44.

Guest, D. (1999). Human Resource Management – The Worker’s Verdict. *Human Resource Management Journal, 9*(3), 5-25.

Gulati, Ranjay (1998) “Alliances and Networks” *Strategic Management Journal* Vol. 19 pp 293-317

Gulati, R. (1999). "Network Location and Learning: The Influence of Network Resources and Organization Capabilities on Alliance Formation," *Strategic Management Journal,* 20, 397-420

Gulbrandsen, L. H., & Moe, A. (2007). BP in Azerbaijan: A test case of the potential and limits of the CSR agenda? Third World Quarterly, 28
813–830.

Gyekye, Kwame (1996) *African Cultural Values* (Accra, Sankofa Publishing Company)

Gyimah-Boadi, Emmanuel and Richard Jeffries. (2000) "The Political Economy of Reform" In Ernest Aryeetey, Jane Harrigan and Machiko Nissanke (Eds.) *Economic Reforms in Ghana: The Miracle and The Mirage,* (Oxford: James Currey Ltd.) pp. 32-50

Hansen, Michael and Schaumburg-Müller, Henrik (Eds.) (2006) *Transnational Corporations and Local Organizations in Developing Countries - Linkages and Upgrading*, Copenhagen: Copenhagen Business School Press

Himbara, D. (1993) "Myths and Realities of Kenyan Capitalism" *Journal of Modern African Studies* Vol. 31 No. 1 pp. 67-92

Hinson, Robert Ebo (2013*) Electronic Business (E-business) and Export: Some Exploratory Developing Economy Perspectives* Aalborg, Unpublished PhD dissertation, International Business Centre, Aalborg University)

Hisrich, R.D. & Brush, C. (1983), "The Women Entrepreneur: Implications of Family Educational, and Occupational Experience". In J.A. Hornaday, J.A. Timmons, & K.H. Vesper (Eds.), *Frontiers of Entrepreneurial Research,* pp. (Boston, MA: Babson College) 255-270..

Hisrich, R.D. & Brush, C. (1984), "The Women Entrepreneur: Management Skills and Business Problems*". Journal of Small Business Management*, 22 (1), pp. 30-37.

Hisrich, R.D. & Brush, C. (1985), "Women and Minority Entrepreneurs: A Comparative Analysis". In J. A. Hornaday, E.B. Shills, J.A. Timmons, & K.H. Vesper (Eds.), *Frontiers of Entrepreneurial Research* (Boston, MA: Babson College) pp. 566-587

Hisrich, R. D. & Brush, C. (1986), "The Women Entrepreneur: Starting, Managing, and Financing a Successful New Business". Lexington Books, Lexington, MA.

Hisrich, R. D. & Brush, C. (1987), "Women Entrepreneurs: A Longitudinal Study". In N.C. Churchill, J.A. Hornaday, B.A. Kirchhoff, O.J. Krasner & K.H. Vesper (Eds.), *Frontiers of Entrepreneurial Research*, pp. 187 – 199. Boston, MA: Babson College.

Hisrich, R. D. & Brush, C. G. (1986), *The Women Entrepreneur: Starting, Managing, and Financing a Successful New Business* (Lexington, MA Lexington Books).

Hofstede, Geert (1980) Culture's consequences: international differences in Work Related Values. *Beverly Hills: Sage Publications*

Hofstede, Geert (1991) Cultures And Organizations: Software of the Mind *London: McGraw-Hill Book Company.*

Hooley, Graham, John Fahy, Tony Cox, Jozsef Beracs, Krzysztof Fonfara, and Boris Snoj (1999), “Marketing Capabilities and Firm Performance: A Hierarchical Model,” *Journal of Market Focused Management*, 4 (3), 259–78.

Hopfl, H. (1992) “The making of the corporate acolyte: some thoughts on charismatic leadership and the reality of organizational commitment”, *Journal of Management Studies,* 29, 23-33

House, R. J., and Howell, J. M. (1992). “Personality and charismatic leadership” *Leadership Quarterly,* 3 pp.81–108.

Hudson, R. and McArthur, W. (1994) "Contracting Strategies in Entrepreneurial and Established Organizations," *Entrepreneurship Theory and Practice* 18(3), 43-59

Humphrey, J and Schmitz, H (1998) “Trust and Interfirm Relations in Developing and Transition Economies” *The Journal of Development Studies* Vol. 34 No.4 pp.32-61

Huq, M. M., (1989) The Economy of Ghana: The First 25 Years since Independence*. London, Macmillan Press.*

Hutchful, Eboe, (2002), Ghana's Adjustment Experience: The Paradox of Reform. *Geneva:*

Hyden, G.; Court, J; and Mease, K., (2003) “Making Sense of Governance: the Need for Involving Local Stakeholders”, *Development Dialogue*, London: ODI.

Hyvonen, S. and Tuominen, M. (2006), "Entrepreneurial Innovations, Market-Driven Intangibles and Learning Orientation: Critical Indicators for Performance Advantages in SMEs," *International Journal of Management and Decision Making*, 7, 6, 643-660

Idemudia, U. (2008). Conceptualising the CSR and development debate: Bridging existing analytical gaps. Journal of Corporate Citizenship,
29, 91–110.

ISSER (1995) *The State of the Ghanaian Economy in 1994*. (Legon: Institute of Statistical, Social and Economic Research)

ISSER (2007) *The State of the Ghanaian Economy in 2006*. (Legon: Institute of Statistical, Social and Economic Research)

ISSER (2012) *The State of the Ghanaian Economy in 2011*. (Legon: Institute of Statistical, Social and Economic Research)

Iyer, Karthik (2002) 'Learning in strategic alliances: an evolutionary perspective', *Academy of Marketing Science Review (10), available at www.vancouver.wsu.edu/amsrev/theory/iyer10-2002.html (retrieved 27 July 2004).*

Jalbert, S.E. (2000), *Women Entrepreneurs in the Global Economy*, www.cipe.org/pdf/programs/women/jalbert.pdf.

Januleviciene, R. (2003). *Challenges to the development of women-owned export businesses in developing countries: The case of Ghana.* Unpublished master's degree thesis, Aalborg University.

Jennings, D. (2002), "Strategic sourcing: benefits, problems and a contextual model", *Management Decision,* Vol. 40 No. 1 pp: 26-34

Jiang, B. and Qureshi, A. (2006), "Research on outsourcing results: current literature and future opportunities", *Management Decision*, Vol. 44 No.1, pp.44-55

Jick, T. D. (1979). "Mixing Qualitative and Quantitative Methods: Triangulation in Action". *Administrative Science Quarterly, 24*, 602-611.

Khamfula, Yohane (2007) "Foreign Direct Investment and Economic Growth in EP and IS Countries: The Role of Corruption" *The World Economy* Vol. 30 No.12, pp.1843–1854

Kakabadse, N., and Kakabadse, A. (2000), "Critical review – outsourcing: a paradigm shift" *The Journal of Management Development*, Vol.19 No. 8 pp: 670-728

Kakabadse, N.K. Rozuel, C. and Lee-Davies, L. (2005) 'Corporate Social Responsibility and Stakeholder Approach: a Conceptual Review', *International Journal Business Governance and Ethics*, Vol. 1, No. 4, pp.277–302.

Kern, T. (1997). "The Gestalt of an Information Technology Outsourcing Relationship: An Exploratory Analysis," Proceedings of the Eighteenth International Conference on Information Systems, *Atlanta, Georgia*, pp. 37-58.

Kingshott, R. (2005) "The Impact of Psychological Contracts Upon Trust and Commitment Within Supplier–Buyer Relationships: *A social exchange view" Available online at http://www.sciencedirect.com.zorac*

Klasen, Stephan (2008) "Economic Growth and Poverty Reduction: Measurement Issues using Income and Non-Income Indicators" *World Development* Vol. 36 No. 3 pp. 420-445

Kline, J.M. and R.D. Ludema (1997). “Building a multilateral framework for investment: comparing the development of trade and investment accords”, *Transnational Corporations*, 6(3), pp.1-31.

Koh, H.C. and Boo E.H.Y. (2000). “The link between organizational ethics and job satisfaction: A study of managers in Singapore”, *Journal of Business Ethics* 29: 309-324.

Kohli, A.K., and Jaworski, B.J (1990) “Market Orientation: The Construct, Research Propositions and Managerial Implications” *Journal of Marketing* Vol. 54, April pp. 1-18

Kuada, John (1993) “Cultural Dimensions of Managerial Behaviour in Kenya: Some Preliminary Observations” *Working Paper No. 8* (Aalborg, Centre for International Business, Aalborg University)

Kuada, John (1994) *Managerial Behaviour in Ghana and Kenya: A Cultural Perspective* (Aalborg, Denmark: Aalborg University Press)

Kuada J. and Sørensen, Olav J. (2000) *Internationalization of Companies from Developing Countries.* (New York: International Business Press).

Kuada, John (2002) ‘Collaboration between developed and developing country-based firms: Danish– Ghanaian experience’, *Journal of Business & Industrial Marketing* 17(6):538–557.

Kuada, John and Janulevičienė, Ruta (2003). “Perspectives on Female Entrepreneurs: a Comparative Review of Studies in the West and the Transition Economies” *Transitions in Business and Economics* Vol. 2 No. 2 pp. 109 -123

Kuada, John (2003). “Impact of Social Ties on Innovation and Learning in the African Context” in Muchie, Mammo, Gammeltoft, Peter and Lundvall, Bengt-Åke (Eds.) *Putting Africa first: The making of African innovation systems* Aalborg, Denmark, Aalborg University Press pp: 109-122

Kuada, John and Buatsi, Seth (2005), “Market Orientation and Management Practices in Ghanaian Firms: Revisiting The Jaworski And Kohli Framework.” *Journal of International markets* Vol.13.No 12, pp 58-88.

Kuada, John (2006) “Cross-Cultural Interactions and Changing Management Practices in Africa: A Hybrid Management Perspective” *African Journal of Business and Economic Research* Vol. 1 No.1 pp. 96-113

Kuada, John; (2007), “Internationalisation, Regionalisation and Africa’s Economic Growth Strategies” *African Journal of Business and Economic Research* Vol. 2 No.1 pp: 92-114

Kuada, John (2008) “Social Resources and Entrepreneurial Activities in Africa” *International Journal of Social Entrepreneurship* Vol. 1 No. 1 pp: 27-55

Kuada, J 2012, *Research methodology: - A Project Guide for University Students*. 1 udg, Samfundslitteratur, Frederiksberg.

Kumar, R. and K. O. Nti (1998), “Differential Learning and Interaction in Alliance Dynamics: A Process and Outcome Discrepancy Model,” *Organization Science,* 9, 3, 356–367

Lall, S. and Wignaraja, G. (1996), “Skills and Capabilities: Ghana’s Industrial Competitiveness” *Development Studies Working Paper Series* No. 92 (Oxford, University of Oxford)

Lafferty, Barbara A. and G. Tomas M. Hult (2001), “A Synthesis of Contemporary Market Orientation Perspectives,” *European Journal of Marketing*, 35 (1), 92–109.

Langerak, Fred (2001), “The Relationship Between Customer and Supplier Perceptions of the Manufacturer’s Market Orientation and Its Business Performance,” *International Journal of Market Research*, 43 (1), 43–62.

Lantos, G. P. (2001). The boundaries of strategic corporate social responsibility. Journal of Consumer Marketing, 18, 595–630.

Laschinger, H. (2001). “The Impact of Workplace Commitment, Organizational Trust on Staff Nurses' Work Satisfaction and Organizational Commitment”, *Health Care Management Review*, Vol. 26 No. 3, pp. 7-24.

Lattemann, C., Fetscherin, M., Alon, I., Li, S., & Schneider, A.-M. (2009). “CSR communication intensity in Chinese and Indian multinational Companies”. *Corporate Governance: An International Review,* 17, 426–442.

Lee, J-N. and Kim, Y-G. (1999). "Effect of Partnership Quality on IS Outsourcing Success: Conceptual Framework and Empirical Validation," *Journal of Management Information Systems*, Vol.15, No.4, pp. 29-61.

Lepoutre, J., and Heene, A. (2006). “Investigating the impact of firm size on small business social responsibility: A critical review”. *Journal of Business Ethics* 67(3), 257–273.

Levitt, Barbara and James G. March (1988) ‘Organizational learning’, *Annual Review of Sociology* 14:319–340.

Lewis, Jordan D. (1990*): Strategic Alliances. Structuring and Managing Strategic Alliances.* (New York Free Press)

Ljunggren, E. and Kolvereid, L. 1996. New Business Formation: Does Gender Make a Difference?, *Women in Management Review*, 11(4): 3-12.

Lorenzoni, Gianni and Lipparini, Andrea (1999) “The Leveraging of Interfirm Relationships as a Distinctive Organizational Capability: Longitudinal Study” *Strategic Management Journal* Vol. 20 pp 317-338

Lorange, P. and J. Roos (1992): *Strategic Alliances. Formation, Implementation and Evolution.* (Cambridge. Mass. Blackwell)

Loxley, John (1988) *Ghana: Economic Crisis and the Long Road to Recovery*. The North-South Institute, Ottawa, Canada.

McAuley, A. 1993, “The Perceived Usefulness of Export Information sources”, *European Journal of Marketing*, vol. 27, no. 10, pp. 52-64.

McCormick, Dorothy; Kinyanjui, Mary Njeri and Ongile, Grace (1997) “Growth and Barriers to Growth Among Nairobi’s Small and Medium-Sized Garment Producers” *World Development*, Vol. 25, No. 7, pp. 1095-l 110,1997

McCormick, Dorothy (1999) “African Enterprise Clusters and Industrialization: Theory and Reality” *World Development* Vol. 27, No. 9, pp. 1531-1551

McCormick, Dorothy and Schmitz, Hubert (2011) “Donor Proliferation and Co-ordination: Experiences of Kenya and Indonesia” *Journal of Asian and African Studies* 46(2) 149–168

Masters, R., and Meier, R., (1988). ”Sex Differences and Risk Taking Propensity of Entrepreneurs”. *Journal of Small Business Management*, 26 (1), 31–35.

Mathew, P. (2004). Where next for CSR? The need for a balanced debate. The spark: Engineers against poverty [Newsletter]. Retrieved June 4, 2009, from www.engineersagainstpoverty.org/docs

Mathews, John A. (2006) “Catch-up Strategies and the Latecomer Effect in Industrial Development” *New Political Economy*, Vol. 11, No. 3, pp: 313-335

McDade, B., and Spring, A. (2005), “The new generation of African entrepreneurs: changing the environment for business development and economic growth*”* *Entrepreneurship and Regional Development,* 17 (1), pp. 1-26.

McDonald, L. M., & Rundle-Thiele, S. (2008). “Corporate social responsibility and bank customer satisfaction: A research agenda”. *International Journal of Bank Marketing*, 26(3), 170–182.

Miles, M. P., Munilla, L. S., & Darroch, J. (2006). “The role of strategic conversations with stakeholders in the formation of corporate social responsibility strategy” *Journal of Business Ethics*, (2), 195–207.

Mintzberg, H. and J. A. Waters (1982) “Tracking Strategy in an Entrepreneurial Firm” *Academy of Management Journal*, pp. 465-499.

Mintzberg, H. and J. A. Waters (1985) “Of Strategies Deliberate and Emergent” *Strategic Management Journal* (6): 257-272.

Mohr, J. and Nevin, J.R. (1990) “Communication Strategies in Marketing Channels: A Theoretical Perspective”. *Journal of Marketing*, 54(October): 36-51.

Mohr, J. and Spekman, R. (1994) “Characteristics of Partnership Success: Partnership Attributes, Communication Behavior, and Conflict Resolution Techniques”. *Strategic Management Journal,* 15(2), 135-152

Moir, L. (2001) “What Do We Mean by Corporate Social Responsibility?”, *Corporate Governance*, Vol. 1, No. 2, pp.16–22.

Mowery, D., Oxley, J.E., and Silverman, B., (1996) “Strategic Alliance and Interfirm Knowledge Transfer” *Strategic Management Journal* Vol 17 No.4 pp. 77-91

Murray, J and Kotabe, M. (1999), “Sourcing Strategies of U.S. Service Companies: A Modified Transaction-Cost Analysis,” *Strategic Management Journal*, Volume 20, pp. 791-809

Nadkarni, S. & Herrmann, P. (2010). “CEO performance, strategic flexibility, and firm performance: the case of the Indian business process outsourcing industry”. *Academy of Management Journal*, 53(5):1050-1073.

Nahapist, J., and Ghoshal, S. (1998) "Social capital, intellectual capital, and the organizational advantage," *Academy of Management Review* (23:2) pp 242-266

Narula, R. and Dunning, J. (2000), “Industrial Development, Globalization and Multinational Enterprises: New Realities for Developing Countries”, *Oxford Development Studies* 28 (2000), pp. 141–164.

Narver, John C. and Stanley F. Slater (1990), “The Effect of Market Orientation on Business Profitability,” *Journal of Marketing*, 54 (October), 20–35

Narver, John C. and Slater, Stanley F., (1995) “Market Orientation and the Learning Organization” *Journal of Marketing*, Vol. 59, 63-74

Nelson, Margaret K., and Smith, Joan (1999) *Working hard and making do: Surviving in small town America* (Berkeley, University of California Press)
Nohria, Nitin, and Garcia-Pont, C. (1991) "Global Strategic Linkages and Industry Structure," *Strategic Management Journal* 12, 105-124.

Noorderhaven, N.G. (1995), *Strategic Decision Making*, (Wokingham, Addison-Wesley)

Nooteboom, B. (2001) Learning and Governance in Inter-Organization Relations Paper presented at ASEF Conference, Paris September. *Available at www.erim.eur.nl*

Nugent, P., 1995, *Big Men, Small Boys and Politics in Ghana. Power, Ideology and the Burden of History, 1982--1994.* London/New York, Pinter.

Ofori, D. F., & Hinson, R. E. (2007). "Corporate social responsibility (CSR) perspectives of leading firms in Ghana". *Corporate Governance,* 7(2), 178–193.

Philips, Foluso (2006). "Corporate Social Responsibility in an African Context" *The Journal of Corporate Citizenship* Sheffield Issue 24 pp:
23-28.

Puffer, S. M., & McCarthy, D. J. (2008). "Ethical turnarounds and transformational leadership: A global imperative for corporate social responsibility" *Thunderbird International Business Review*, 50, 303–314.

Puhakka, V. (2007) "Efforts of Opportunity Discovery Strategies of Entrepreneurs in Performance of New Ventures". *Journal for International Entrepreneurship*. Vol 1 6, p. 19-51.

Puplampu, B. (2005), "Skills, Structure and Leadership: Critical variables for SME internationalisation" " in Kuada, John (Ed.), *Internationalisation and Enterprise Development in Ghana*. London: Adonis and Abbey Publishers, pp: 129-194 54-75

Quinn, B. (1999), "Control and support in an international franchise network", *International Marketing Review*, Vol. 16 No.4/5, pp.345-62

Quinn, J. and Hilmer, F. (1994), "Strategic Outsourcing", *Sloan Management Review*, Vol. 35 No. 4, pp. 43-55

Raymond L. (2001) "Determinants of Web Site Implementation in Small Business" *Internet Research: Electronic Network Applications and Policy* Vol. 11, No. 5, pp 411 – 422

Russ, F.A. and McNeilly, K.M. (1995). "Links Among Satisfaction, Commitment, and Turnover Intentions: The Moderating Effect Of Experience, Gender and Performance", *Journal of Business Research*, Vol. 34 No. 1, pp. 57-65.

Rwabizambuga, A.: (2007) "Negotiating Corporate Social Responsibility Policies and Practices in Developing Countries: An Examination of the Experiences from the Nigerian Oil Sector', *Business and Society Review*, **112**(3), 407-430.

Saffu, K., & Manu, T., (2004). Strategic capabilities of Ghanaian female business owners and the performance of their ventures. Retrieved November 8, 2007, from http:/www.nwbc.gov/ICSB-Best-Paper-2004.pdf

Salaman, G. and J. Butler (1990), “Why Managers Won’t Learn,” *Management Education and Development*, 21 (3), 183–91.

Sanda, Mohammed-Aminu and Kuada, John (2013) “Predicting the Impact of Leadership Style and Culture on Job Satisfaction/Organizational Commitment towards Organizational Performance in Ghanaian Retail Banks: A Structural Equation Modeling Based Approach” (International Business Centre Working Paper, No. 55 Aalborg University)

Schwartz, Eleanor. (1976). “Entrepreneurship: A new female frontier”. *Journal of Contemporary Business,* 5 (1), 47-76.

Simon, G. J., Powers, W. C., and Gunnemann, P. J. (1972). “The responsibility of corporations and their owners”. In T. L. Beauchamp & N. E. Bowie (Eds.), *Ethical theory and business*. (Englewood Cliffs, NJ: Prentice Hall).

Stavrou, E. T. (1999). “Succession in family businesses: Exploring the effects of demographic factors on offspring intentions to join and take over the business” *Journal of Small Business Management*, 37, 43-61.

Stuart, T. (2000) "Interorganizational Alliances and the Performance of Organizations: A Study of Growth and Innovation Rates in a High-Technology Industry," *Strategic Management Journal* 21, 791-811.

Sørensen, Olav Jull (2003) “Barriers to and opportunities for innovation in developing countries: the case of Ghana” in Muchie, Mammo, Gammeltoft, Peter and Lundvall, Bengt-Åke (Eds.) *Putting Africa first: The making of African innovation systems* Aalborg, Denmark, Aalborg University Press pp: 287-304

Sabel, Charles F., (1993) “Studied Trust: Building New Forms of Co-operation in a Volatile Economy” *Human Relations* Vol. 46 N0.9 pp: 1133-1170

Sachs, S., Rühli, E., and Mittnacht, V. (2005). “A CSR framework due to multicultuarlism: The Swiss Re case”. *Corporate Governance*, 5(3), 52–61.

Sarpong, Peter (1974) *Ghana in Retrospect – Some Aspects of Ghanaian Culture* (Accra, Ghana Publishing Corporation)

Shoham, Aviv and Gregory M. Rose (2001), “Market Orientation: A Replication, Cross-National Comparison and Extension,” *Journal of Global Marketing*, 14 (4), 5–25.

Steiner, G., and Steiner, J., (2000). *Business, government and society: A managerial perspective.* (Boston, MA: McGraw-Hill).

Stoner, J. A. F. and Freeman, R. E. (1992) *Management* Fifth Edition, (New York, Prentice-Hall International)

Stopford, J. M. and Wells, L. T. Jr. (1972) *Managing the Multinational Enterprise*. (New York Basic Books)

Sørensen, H.B., and Reve, T., (1998) “Forming Strategic Alliances for Asset Development” *Scandinavian Journal of management* Vol. 14 No. 3 pp. 151-165

Teal, Francis (1999) “Why Can Mauritius Export Manufactures and Ghana Not?” *World Economy,* Vol. 22, Issue 7 pp: 981-993

Unger, Danny (1998) *Building Social Capital in Thailand* (Cambridge, Cambridge University Press)

Verquer, M. L., Beehr, T. A., &Wagner, S. H. (2003). A Meta-Analysis of Relations Between Person–Organization Fit and Work Attitudes. *Journal of Vocational Behavior*, *63*, 473–489.

Vives, A., Corral, A., and Isusi, I. (2005). *Responsablidad social de la empresa en las PyMEs de Latinoamerica.* Washington, DC: Interamerican Development Bank.

Walker E. (1975) "Investment and Capital Structure Decision Making in Small Business" in Walker E.W. (Ed) *The Dynamic Small Organization: Selected Readings* **(**Texas, Austin Press)

Watkin, J.M. dan Watkin,D.S. (1986). “The Female Entrepreneur, Her Background and Determinants of Business Choice: Some British Data,” In Vesper. K. (ed) *Frontier of Entrepreneurship Research*. (Mass: Wellesley Babson College)

Weitz, Barton A. and Sandy D. Jap (1995) “Relationship marketing and distribution channels” *Journal of the Academy of Marketing Science* 23(4):305–320.

Westhead, P., Cowling, M., (1995) “Employment change in independent owner-managed high technology firms in Great Britain” *Small Business Economics* 7, 111–140.

Wiedersheim-Paul, F., H.C. Olson and L.S. Welch (1978), “Pre-export and activity: the first step in internationalization” *Journal of International Business Studies* 9 (1) 47-58

Winston, Evelyn and Kofi Q. Dadzie (2002), “Market Orientation of Nigerian and Kenyan Firms: The Role of Top Managers,” *Journal of Business and Industrial Marketing*, 17 (6), 471–80.

Wood, D. (1991). Corporate social performance revisited. Academy of Management Review, 16, 691–717.

World Business Council for Sustainable Development. (2000). Corporate social responsibility: Making good business sense. Retrieved October 2009 from http://www.wbcsd.ch

Yilmaz, C. Sezen, B. and Kabadayi, E. (2004) "Supplier Fairness as a Mediating Factor in the Supplier Performance-Reseller Satisfaction Relationship" *Journal of Business Research,* Vol. 57, Issue 8; pp.854-863

Zahra, Shaker A., Neubaum, Donald O., Huse, Morten, (1997) "The Effect of the Environment on Export Performance among Telecommunications New Ventures" *Entrepreneurship: Theory & Practice,* Vol. 22, Issue 1 pp: 25-46

Zinn, W., and Parasuraman A. 1997 "Scope and Intensity of Logistics-Based Strategic Alliances" *Industrial Marketing Management* Vol. 26 No. pp 137-147

APPENDICES

APPENDIX 1

CROSS-CULTURAL TRANSFER OF MANAGEMENT KNOW-HOW QUESTIONNAIRE

Section A - Demographic Data

3. Please specify your levels of education and countries in which the respective studies were undertaken.

a. Pre-university studies

.... (country).............

.... (country).............

b. First degree

.... (country).............

c. Any other qualification

.... (country).............

4 . Current managerial position

Since when?...........

5. Previous managerial positions in the present organization

a.. For how many years? ....

b...................................... For how many years? ....

6. Managerial positions held elsewhere

Organization	Duration	Country	
	....	....	....
	....	....	....

Section B - Leadership Qualities

On this scale of *lowest* (1) to (5) *highest,* please circle your rating of the following phrases
as attributes of a good manager

1. A good manager must be impersonal and decisive
   1 2 3 4 5
2. A good manager must be firm, frank and fair (even if it hurts subordinates)
   1 2 3 4 5
3. A good manager must supervise subordinates closely
   1 2 3 4 5
4. A good manager must be generous to, and indulgent of subordinates
   1 2 3 4 5
5. A good manager must be concerned with and responsive to the personal needs of subordinates.
   1 2 3 4 5
6. A good manager must provide leadership model for subordinates
   1 2 3 4 5
7. A good manager must give ready answers and clear-cut instructions
   1 2 3 4 5
8. A good manager must allow subordinates free-hand to manage
   1 2 3 4 5

Section C - Organizational Relations

Please check the category that best describes the present situation in your organization.

The scale is *lowest* (1) *highest* (5)

1 2 3 4 5

2. Employees are usually open and authentic in their work relations 1 2 3 4 5
3. When employees receive administrative directives with which they do not agree they usually conform without dissent 1 2 3 4 5
4. Older managers feel threatened by younger, competent staff members or subordinates who may have more knowledge or education 1 2 3 4 5
5. Managers really try to be fair and just with employees,

using competency only as their evaluative criteria of performance 1 2 3 4 5
6. Personal initiative and risk-taking is not encouraged by managers 1 2 3 4 5

7. The organization is hierarchically structured - everyone knows his position 1 2 3 4 5
8. The organization is able to adapt to changes in society and the culture at large 1 2 3 4 5
9. It is usual to employ people on the basis of their relationship 1 2 3 4 5

Section D - General Views on Management
Please indicate the extent to which you agree to the following statements.
The scale is *lowest* (1) *highest* (5)

1. A good subordinate is compliant, hard-working, and loyal to the interests of his/her superior 1 2 3 4 5
2. A good subordinate must avoid actions which surprise or embarrass his/her boss, even if they are in the interest of the organization 1 2 3 4 5
3. A good subordinate must give first priority to his/her duties and requirements of his role even if they are against the personal demands of his/her boss 1 2 3 4 5
4. People who do well in management in this country are shrewd and competitive with strong drive for power 1 2 3 4 5
5. It is legitimate for one person to control another's activities if he/she has more knowledge relevant to the task at hand 1 2 3 4 5

Section E - General Views about Ghanaian Culture and Management
Please check the category that best describes your attitude on the following.

The scale is *fully disagree/very little* (1) *fully agree/very much* (5)

1. Praying to God can improve one's career opportunities. 1 2 3 4 5

2. Traditional chiefs and leaders must be accorded due respect even if they are junior employees in one's organization. 1 2 3 4 5

3. Respect for age must be preserved, even in management.

Age and experience in life are worth more than paper qualifications. 1 2 3 4 5

4. Family obligations must be given high priority

1 2 3 4 5

APPENDIX 2

MARKET ORIENTATION QUESTIONNAIRE

Items with asterisk (*) have been reverse coded.

Dear Respondent,
This is a survey created by marketing faculty at the School of Administration, University of Ghana in collaboration with Prof. Kofi Dadzie of the Georgia State University. The questionnaire is anonymous and there are no right or wrong answers. It is important to answer all the questions. We thank you very much for your cooperation.

The following questions ask your opinion on general aspects of work:
Respondent's Perception of Good Leadership Style (go to v. 173-190)

Strongly Disagree — Strongly Agree

3.	It is important to have instructions spelled out in detail so that I always know what I'm expected to do.	1 2 3 4 5
4.	It is important to closely follow instructions and procedures.	1 2 3 4 5
5.	Rules and regulations are important because they inform me what is expected of me.	1 2 3 4 5
6.	Standardized work procedures are helpful.	1 2 3 4 5
7.	Instructions for operations are important for taking the right decision.	1 2 3 4 5

8.	1 don't feel comfortable when somebody tells me to do something and doesn't give the instructions that I need.	1 2 3 4 5
9.	People in higher positions should make most decisions without consulting people in lower positions.	1 2 3 4 5
10.	People in higher positions may use their authority and their power when interacting	1 2 3 4 5
11.	Generally, people in higher positions should avoid social interaction with people in lower positions.	1 2 3 4 5
12.	People in higher positions should avoid social interaction with people in lower positions.	1 2 3 4 5
13.	People in lower positions should not disagree with decision by people in higher positions.	1 2 3 4 5
14.	It should be easy to meet and talk with people in higher positions.	1 2 3 4 5*
15.	People in lower positions should be careful about the way they speak when they disagree with people in higher positions.	1 2 3 4 5
16.	Generally, meetings are more efficient when lead by a woman	1 2 3 4 5
17.	It is more important for men to have a professional career than it is for women.	1 2 3 4 5
18.	Men usually solve problems with logical analysis women usually solve problems with intuition.	1 2 3 4 5
19.	Solving difficult problems usually requires active forcible approach, which is typical of men.	1 2 3 4 5
20.	It is better to have a woman in an executive position than a man.	1 2 3 4 5
21.	There are some jobs in which a man can always do better than a woman.	1 2 3 4 5
22.	Individuals should sacrifice self-interest for the group (either at the school or work place).	1 2 3 4 5
23.	Individuals should stick with the group even through difficulties.	1 2 3 4 5

24. Group welfare is more important than individual rewards 1 2 3 4 5

25. Group success is more important than individual success. 1 2 3 4 5

26. It is not important to be accepted by the group. 1 2 3 4 5

27. Individuals should only pursue their goals after considering the welfare of the group. 1 2 3 4 5

28. Group loyalty should be encouraged even if individual goals suffer. 1 2 3 4 5

29. Nobody should expect the individual to give up his goals for the interests of the group. 1 2 3 4 5*

How important are the following qualities to you? Not so much
Very much

30. Careful management of money (Thrift) 1 2 3 4 5

31. Going on resolutely in spite of opposition (Persistence) 1 2 3 4 5

32. Personal steadiness and stability 1 2 3 4 5

33. Giving up today's fun for success in the future 1 2 3 4 5

The following questions refer to your opinion about the situation of the firm or division where you work.

Companies Emphasis on Market Orientation (v.35-52)

	Strongly Agree	Strongly Disagree
34.	Our company vision stresses the importance of customer satisfaction.	1 2 3 4 5
35.	We base our competitive advantage on understanding customer needs.	1 2 3 4 5
36.	We systematically and frequently measure customer satisfaction.	1 2 3 4 5
37.	We pay close attention to after-sales service.	1 2 3 4 5
38.	We constantly seek to increase benefits or reduce costs to the customers.	1 2 3 4 5
39.	We gather information to understand customer present and future needs.	1 2 3 4 5
40.	We gather information to understand customer present and future needs.	1 2 3 4 5
41.	The company rewards those employees who provide excellent customer service	1 2 3 4 5
42.	We use our customers as important sources of new product ideas.	1 2 3 4 5
43.	We share information about our customer experiences across all departments.	1 2 3 4 5
44.	We respond rapidly to competitors' actions that threaten us.	1 2 3 4 5
45.	Management regularly discusses competitors' strengths and strategies.	1 2 3 4 5
46.	We target customers where we have, or can develop, an advantage over competitors.	1 2 3 4 5

47. We communicate information about our customer experiences. 1 2 3 4 5

48. All of our departments work together to serve the needs of our customers. 1 2 3 4 5

49. All sections understand how everyone in our company can contribute to creating superior value for the customer. 1 2 3 4 5

50. Issues concerning market developments are communicated to all employees. 1 2 3 4 5

51. Departments in this company share their resources. 1 2 3 4 5

52. Our departments cooperate to give us advantages over our competitors. 1 2 3 4 5

Intelligence Generation (V.53-62)

53. In this business unit, we meet with customers at least once a year to find out what products or services they will need in the future. 1 2 3 4 5

54. Individuals from our manufacturing department interact directly with customers to learn how to serve them better. 1 2 3 4 5

55. In this business unit, we do a lot of in-house market research. 1 2 3 4 5

56. We are slow to detect changes in our customers' product preferences. 1 2 3 4 5*

57. We poll end users-at least once a year to assess the quality of our products and services. 1 2 3 4 5

58. We often talk with or survey those who can influence our end users' purchases (e.g., retailers, distributors). 1 2 3 4 5

59. We collect industry information through informal means (e.g., lunch with friends, talks with trade partners). 1 2 3 4 5

60. In our business unit, intelligence on our competitors is generated independently by several departments. 1 2 3 4 5

61. We are slow to detect fundamental shifts in our industry (e.g., competition, technology, regulation). 1 2 3 4 5*

62. We periodically review the likely effect of changes in our business environment (e.g., regulation on customers). 1 2 3 4 5

Intelligence Dissemination (v.63-740)

63. A lot of informal "hall talk" in this business unit concerns our competitors' tactics or strategies. 1 2 3 4 5

64. We have inter-departmental meetings at least once a quarter to discuss market trends and developments. 1 2 3 4 5

65. Marketing personnel in our business unit spend time discussing customers' future needs with other functional departments. 1 2 3 4 5

66. Our business unit periodically circulates documents (e.g., reports, newsletters) that provide information on our customers. 1 2 3 4 5

67. When something important happens to a major customer or market, the whole business unit knows about it in a short period. 1 2 3 4 5

68. Data on customer satisfaction are disseminated at all levels in this business unit on a regular basis. 1 2 3 4 5

69. There is minimal communication between marketing and other departments concerning market developments. 1 2 3 4 5*

70. When one department finds out something important about competitors, it is slow to alert other departments. 1 2 3 4 5*

Responsiveness (V. 71-84)

Response Design (V. 71-77)

71. It takes us forever to decide how to respond to our competitors' price changes. 1 2 3 4 5 *

72. Principles of market segmentation drive new product development efforts in this business unit. 1 2 3 4 5

73. For one reason or another we tend to ignore changes in our customers' product or service needs. 1 2 3 4 5*

74. We periodically review our product development efforts to ensure that they are in line with what customers want. 1 2 3 4 5

75. Our business plans are driven more by technological advances than by market research. 1 2 3 4 5*

76. Several departments get together periodically to plan a response to changes taking place in our business environment. 1 2 3 4 5

77. The product lines we sell depend more on internal politics than real market needs. 1 2 3 4 5*

Response Implementation (78-84)

Strongly Strongly

Disagree Agree

78. If a major competitor were to launch an intensive campaign targeted at our customers, we would implement a response immediately. 1 2 3 4 5

79. The activities of the different departments in this business unit are well coordinated. 1 2 3 4 5

80. Customer complaints fall on deaf ears in this business unit. 1 2 3 4 5*

81. Even if we came up with a great marketing plan, we probably would not be able to implement it in a timely fashion. 1 2 3 4 5*

82. We are quick to respond to significant changes in our competitors' pricing structures. 1 2 3 4 5

83. When we find out that customers are unhappy with the quality of our service, we take corrective action immediately. 1 2 3 4 5

84. When we find that customer would like us to modify a product or service, the departments involved make concerted efforts to do so. 1 2 3 4 5

Top Management Emphasis on Market Orientation (V. 85-88)

85. Top managers repeatedly tell employees that this business unit's survival depends on its adapting to market trends. 1 2 3 4 5

86. Top managers often tell employees to be sensitive to the activities of our competitors. 1 2 3 4 5

87. Top managers keep telling people around here that they must gear up now to meet customers' future needs. 1 2 3 4 5

88. According to top managers here serving customers is the most important thing our business unit does. 1 2 3 4 5

Attitude to Risk (V. 89-94)

89. Top managers in this business unit believe that higher financial risks are worth taking for higher rewards. 1 2 3 4 5

90. Top managers here accept occasional new product failures as being normal. 1 2 3 4 5

91. Top managers in this business unit like to take big financial risks. 1 2 3 4 5

92. Top managers here encourage the development of innovative marketing strategies, knowing well that some will fail. 1 2
3 4 5

93. Top managers in this business unit like to "play it safe." 1 2
3 4 5*

94. Top managers around here like to implement plans only if they are very certain that they will work. 1 2
3 4 5*

Interdepartmental connectedness (V. 95-108;)
Interdepartmental Conflict (V.95-101)

95. Most departments in this business get along well with each other. 1 2
3 4 5

96. When members of several departments get together, tensions frequently run high. 1 2
3 4 5*

97. People in one department generally dislike interacting with those from other departments. 1 2
3 4 5

98. Employees from different departments feel that the goals of their respective departments are in harmony with each other. 1 2
3 4 5

99. Protecting one's departmental turf is considered to be a way of life in this business unit. 1 2
3 4 5*

100. The objectives pursued by the market department are incompatible with those of other department. 1 2
3 4 5 *

101. There is little or no interdepartmental conflict in this business Unit 1 2
3 4 5

Interdepartmental Connectedness (V.102-107)

102. In this business unit, it is easy to talk with virtually anyone you need to regardless of rank or position. 1 2
3 4 5

103. There is ample opportunity for informal "hall talk" among individuals from different departments in this firm. 1 2
3 4 5

104. In this business unit, employees from different departments feel comfortable calling each other when the need arises. 1 2
3 4 5

105. Managers here discourage employees from discussing work-related matters with those who are not their immediate superiors or Subordinates. 1 2
3 4 5*

106. People around here are quite accessible to those in other departments. 1 2
3 4 5

107. Communication from one department to another are expected to be routed through "proper channels." 1 2
3 4 5*

108. Junior managers in my department can easily schedule meetingswith junior managers in other departments. 1 2
3 4 5

Formalisation (V.109-120,)

109. I feel that I am my own boss in most matters. 1 2
3 4 5

110. A person can make his own decisions without checking with anybody else. 1 2
3 4 5

111. How things are done around. here is left up to the person doing the work. 1 2
3 4 5

112. People here are allowed to do almost as they please. 1 2
3 4 5

113. Most people here make their own rules on the job. 1 2
3 4 5

114. The employees are constantly being checked on for rule violations. 1 2
3 4 5 *

115. People here feel as though they are constantly being watched to see that they obey all the rules. 1 2
3 4 5*

Centralisation (v.116-120)

116. There can be little action taken here until a supervisor approves a decision. 1 2
3 4 5*

117. A person who wants to make his own decision would be quickly discouraged here. 1 2
3 4 5*

118. Even small matters have to be referred to someone higher up for a final answer. 1 2
3 4 5*

119. I have to ask my boss before I do almost anything. 1 2
3 4 5*

120. Any decision I make has to have my boss' approval. 1 2
3 4 5 *

Reward (v. 121-126)

121. No matter which department they are in, people in this company unit get recognized for being sensitive to competitive moves 1 2
3 4 5

122. Customer satisfaction assessments influence senior managers' pay in this company. 1 2
3 4 5

123. Formal rewards (i.e., pay raise, promotion) are forthcoming to anyone who consistently provides good market intelligence. 1 2
3 4 5

124. Sales peoples' performance in this company is measured by the strength of relationships they build with customers. 1 2
3 4 5

125. Sales peoples' monetary compensation is almost entirely based on their sales volume. 1 2
3 4 5

126. We use customer polls for evaluating our sales people. 1 2
3 4 5

Organisational Commitment (v. 127-133)

127. Employees feel as though their future is intimately linked to that of this firm. 1 2
3 4 5

128. Employees would be happy to make personal sacrifices if it were important for the business unit's well-being. 1 2
3 4 5

129. The bonds between this organization and its employees are weak. 1 2
3 4 5

130. In general, employees are proud to work for this company 1 2
3 4 5

131. Employees often go above and beyond the call of duty to ensure this company's well-being. 1 2
3 4 5

132. Our people have little or no commitment to this company 1 2
3 4 5*

133. It is clear that employees are fond of this company 1 2
3 4 5

Espirit de Corps 134-140; Dadzie

134. People in this business unit are genuinely concerned about the needs and problems of each other. 1 2
3 4 5

135. A team spirit pervades all ranks in this company 1 2
3 4 5

136. Working for this company is like being a part of a big family 1 2
3 4 5

137. People in this business unit feel emotionally attached to each other. 1 2
3 4 5

138. People in this organization feel like they are "in it together." 1 2
3 4 5

139. This business unit lacks "team spirit". 1 2
3 4 5*

140. People in this business unit view themselves as independent individuals who have to tolerate others around them. 1 2
3 4 5*

Market Turbulence

141. In our kind of business. customers' product preferences change quite a bit over time. 1 2
3 4 5

142. Our customers tend to look for new product all the time. 1 2
3 4 5

143. Sometimes our customers are very price-sensitive, but on other occasions, price is relatively unimportant. 1 2
3 4 5

144. We are witnessing demand for our products and services from customers who never bought them before. 1 2
3 4 5

145. New customers tend to have product-related needs that are different from those of our existing customers. 1 2
3 4 5

146. We cater to many of the same customers that we used to in the past. 1 2
3 4 5*

Competitive Intensity (V.147-151)

147. Competition in our industry is cutthroat. 1 2
3 4 5

148. There are many "promotion wars" in our industry. 1 2
3 4 5

149. Anything that one competitor can offer, others can match readily. 1 2
3 4 5

150. Price competition is a hallmark of our industry. 1 2
3 4 5

151. One hears of a new competitive move almost every day. 1 2
3 4 5

Technological Turbulence (V. 152-156)

152. The technology in our industry is changing rapidly. 1 2
3 4 5

153. Technology changes provide big opportunities in our industry. 1 2
3 4 5

154. It is very difficult to forecast where the technology in our industry will be in the next 2 to 3 years. 1 2
3 4 5

155. A large number of new product ideas have been made possible through technological breakthroughs in our industry. 1 2
3 4 5

156. Technological developments in our industry are rather minor. 1 2
3 4 5*

Please indicate the degree to which these qualities reflect the department where you work.
Formalisation (V.157-106)

My department is very...

157. personal. It's like an extended family. People seem to share a lot of themselves. 1 2
3 4 5

158. dynamic and entrepreneurial. People are willing to stick their necks out and take risks. 1 2
3 4 5

159. formalized. Established procedures govern the employees' activity. 1 2
3 4 5*

160. production oriented. The major concern is getting the job done. People aren't very personally involved. 1 2
3 4 5*

Leadership Style (V.161-164)
The head of my department is generally considered to be:

161. a mentor, sage, or a father or a mother figure. 1 2
3 4 5

162. an entrepreneur, and innovator, or a risk taker. 1 2
3 4 5

163. a coordinator, an organizer, or an administrator. 1 2
3 4 5

164. a producer, a technician, or a hard-driver. 1 2
3 4 5*

Intra-departmental Cohesion (V.165-168)

The glue that holds my department together is:

165. loyalty and tradition. Commitment to firm runs high. 1 2
3 4 5

166. a commitment to innovation and development. There is an emphasis on being first. 1 2
3 4 5

167. formal rules and policies. Maintaining a smooth-running institution is important here. 1 2
3 4 5

168. an emphasis on tasks and goal accomplishment. A production orientation is shared. 1 2
3 4 5

Human Resource Development (V. 169-172)
My division emphasizes:

169. human resources. High cohesion and morale in the firm are important. 1 2
3 4 5

170. growth and acquiring new resources. Readiness to meet new challenges is important. 1 2
3 4 5

171. permanence and stability. Efficient, smooth operations are important. 1 2
3 4 5

172. competitive actions and achievement. Measurable goals are important. 1 2
3 4 5

4. Please indicate how well you think the following statements describe the head of your department:

Strongly Strongly
Disagree Agree

Perception of Departmental Heads Behaviour (V.173-190)

The head of my department...

173. ... likes to work in situations which require competition with others. 1 2
3 4 5

174. ... is bothered when others get better results than him (her). 1 2
3 4 5

175. ... likes to be better than his (her) peers. 1 2
3 4 5

176. ... is a competitive person. 1 2
3 4 5

177. ... finds it important to obtain' better results than other department heads at this firm. 1 2
3 4 5

178. ... feels that his (her) future is closely linked to that of the company. 1 2
3 4 5

179. ... has little or no commitment to this company. 1 2
3 4 5*

180. ... his (her) values and those of the organization are very similar. 1 2
3 4 5

181. ... is proud to tell others that he (she) is part of this organization. 1 2
3 4 5

182. ... really cares about the fate of this organization. 1 2
3 4 5

183. ... if he (she) were offered a similar position with another company he (she) would accept it 1 2
3 4 5*

184. ... considers himself (herself) a team person. 1 2
3 4 5

185. ... follows his (her) way regardless of the others' opinions. 1 2
3 4 5*

186. ... doesn't take into account the rules that limit his (her) individual liberty. 1 2
3 4 5*

187. ... tries to be his (her) own boss. 1 2
3 4 5*

188. ... prefers to work alone on certain task. 1 2
3 4 5*

189. ... would like to have one day his (her) own company. 1 2
3 4 5*

190. ... thinks that having your own company offers you many advantages. 1 2
3 4 5*

5. Please indicate if, according to your opinion, the following situations have happened or are beginning to happen in your organization.

Strongly Strongly
Disagree Agree

Validity Check or Company Level Market Orientation (V. 191-197)

Management...

191. ... establishes a sense of urgency in the organization for creating a market orientation. 0
1 2

192. … forms a powerful guiding coalition for creating a market orientation. 0
1 2

193. ... creates a vision of a market orientation and a plan for its implementation. 0
1 2

194. ... communicates the vision of a market orientation. 0
1 2

Management...

195. ... plans for and creates short-term market wins. 0
1 2
196. ... uses the improvements to produce still more change. 0
1 2
197. … institutionalizes continuous learning and improvement in attracting, retaining and growing targeted customers. 0
1 2

Perceived Performance of Organisation (V.198-206) Performance 1

198. Over the past year, we have been successful in generating high revenues for ourselves, given the level of competition and economic growth in our market. 1 2
3 4 5

199. Compared with our competition, we achieved a high level of market penetration for our products. 1 2
3 4 5

200. Last year, our revenues were higher than those of our competitors. 1 2
3 4 5

201. Our cost of doing business is reasonable, given the amount of business it generates. 1 2
3 4 5

202. Our investments resulted in adequate profits for us. 1 2
3 4 5

203. Over the past year we made adequate profits relative to the amount of time, effort and energy we devoted to our business. 1 2
3 4 5

204. The different parts of our business will continue to be or will soon become a major source of revenue for us. 1 2
3 4 5

205. Over the next year, we expect that our revenues will growfaster than our competitor's revenues. 1 2 3 4 5

206. Over the past years, our market share has grown steadily. 1 2 3 4 5

Perceived Performance 2 (v. 207)

207. How would you rate the overall performance of your firm (or division) in the last few years?

Unsuccessful 1 2 3 4 5 6 7 8 9 10 Successful

Perceived Performance 3 (V.208-212)

Please indicate sales growth of your firm for the past five years by checking the appropriate category in each column:

	208	209	210	211	212
Sales growth	Year I	Year 2	Year 3	Year 4	Year 5
Negative	-	-	-	-	-
No growth (0%)	-	-	-	-	-
1-5%	-	-	-	-	-
5-10%	-	-	-	-	-
10-15% 15-20%	-	-	-	-	-
Over 20 %	-	-	-	-	-

Perceived Performance 4 (V.213-217)

Was the firm profitable in the last five years?

213	214	215	216	217
Year I	Year 2	Year 3	Year 4	Year 5

Y/N Y/N Y/N Y/N Y/N

6. The following statement refer to your opinion about the behavior of companies from whom you buy your raw materials, inputs and supplies on regular basis.

Market Orientation of Suppliers (V.218-230)

Strongly Strongly

Disagree

Agree

218. Companies which sell to us understand our needs 1 2 3 4
5

219. They always provide us with reliable information about their product(s) 1 2 3 4
5

220. They bring new products immediately to our attention 1 2 3 4
5

221. They work closely with our staff to solve problems related to products they supply us. 1 2 3 4
5

222. They pay close attention to pre-sales services. 1 2 3 4
5

223. They pay close attention to after-sales services. 1 2 3 4
5

224. All their departments work closely together to serve our needs. 1 2 3 4
5

225. They meet with us on regular basis to discuss our satisfaction with their product. 1 2 3 4
5

226. They have favorable conditions of payment. 1 2 3 4
5

227. Their prices reflect the true value of their products. 1 2 3 4
5

228. They are fully aware of the marketing strategies of their competitors. 1 2 3 4
5

229. They take our advice on product modifications seriously. 1 2 3 4
5

230. They tend to ignore our complainants 1 2 3 4
5*

7. Please provide us with some information about your organization and yourself:

231. How old is your company (division)?_______years.

What is its field of activity (industry) ? ________________________

232. Is your firm a subsidiary of a larger firm? YES ( ) NO ( )

233. Is your firm engaged in export? Very involved ( ) Somewhat involved ( ) Not involved ( )

234. The headquarters of your firm are: In this country Abroad. Please indicate the country:_____________

235. What is the approximate net worth of the firm? $________________________________

236. How many employees does your firm have? Approximately __________________employees.

237. Please indicate your position within the company. ___________________________________

238. Please indicate the department to which you belong__________________________________

239. Please indicate how long you have been with this company __________Years

Please feel free to provide any additional comments that you feel to be relevant.

____

____

240. Your sex: Male ( ) Female ( )

241. Your approximate age: ( ) Below 30 years
1. ( ) Between 30 and 39 years
2. ( ) Between 40 and 49 years
3. ( ) 50 years and above

THANK YOU VERY MUCH FOR YOUR CO-OPERATION

APPENDIX 3

INTERFIRM COLLABORATION SURVEY QUESTIONNAIRE

A. Respondent's Demographics

My position: Senior management [ ] Middle management [ ] Junior management [ ]

Number of subordinates ....

Sex: Male [ ] Female [ ] Age:....... My nationality ....

B. Firm Demographics

1. Name of firm: _______________
2. Year established_______ Nationality of the firm_____________________________

3. What is the nature of your firm's main business activity (You may tick more than one)?

(a) Manufacturer of consumer goods [ ] (b) Component manufacturer [ ] (c) Raw material supplier [ ] (d) Service Provider…………………….

4. What are the main products/services provided by your firm?

1. ___________________________
2. ___________________________
3. ___________________________

5. What is the ownership structure of your firm?

(a) State owned (100 %) [ ]
(b) 100 Percent foreign owned [ ]
(c) 100 Percent locally owned [ ]
(d) Joint venture [ ]→ Local equity _______%
Foreign equity _______%

6. What was your firm's total employment (full time)?

1995 (if applicable)________ 2000__________

7. Does your firm export? Yes [ ] No [ ]
   If yes, how long has the firm been exporting?
   (a) Less than 3 years [ ] (b) 3~5 years [ ] (c) More than 5 years [ ]

8. How does your firm sell its main export product/service?

Method of exporting	% of your exports using this method in 2000
Export directly to client overseas	
b. Sell to overseas agent / distributor	
c. Sell to an export agent/ distributor in Ghana	
d. Sell to equity partner overseas	
e. Others (*Please specify*)	

9. Approximately what share of your firm's export goes to its biggest overseas customer (inc. agent)?
   (a) 1995 __________% (b) 2000_________ %

10. Approximately what share of your firm's export goes to:
    (a) Japan? _____ % (c) North America? _____ %
    (b) European Union? _____ % (d) Other African countries? _____ %
    (e) Others__________%

11. What was your firm's output, input and sales (*in cedis*) in 1995 and 2000?

	1995	2000
a. Gross Output		
b. Gross Inputs		
c. Total sales		
d. Export sales		
Sales to domestic export companies		

12. What was your firm's total fixed assets?(*in cedis*) 1995__________ 2000 __________

13. What do you estimate to be your firm/organisation's market share?
    (a) In 1995 __________ (b) After 2000 _____________

C. Process and Product Technology

1. Does your firm have any internationally recognized quality assurance certification?
(a) No [ ] Yes [ ] → If yes, which one? ______________

2. What percentage of your firm's output is usually defective?

(a) Less than 2% [ ] (b) 2 – 10% [ ] (c) Over 10% [ ]

3. During 1997 to 2001 has your firm *(you may choose more than one)*
(a) Acquired new production technology? Yes [ ] No [ ]
(b) Put in new information technology? Yes [ ] No [ ]

4. How would you rate the average quality of your firm's production machinery (*please tick one only*)? (a) World class [ ] (b) Highly advanced [ ] (c) Advanced [ ] (d) Not very advanced [ ] (e) Out-dated [ ]

5. What is your firm's average capacity utilization rate? *(tick where appropriate)*

	1995	2000
(a) less than 50%		
(b) Up to 50%		
(c) 51-70%		
(d) 71-90%		
(e) Over 90%		

6. Has your firm been involved in new product development (introduction of new services) during the past 3 years?
(a) No [ ] (b) Yes [ ]

If yes, have you received assistance from any company abroad in the product development process? (a) No [ ] (b) Yes [ ] → If yes, what kind of assistance did you get? …………………………………………………………………………………………….

7. Does your firm have any links/business relationship with a foreign firm or organisation?
(a) Yes [ ] (b) No [ ].

If yes, what is the nature of the linkage/relationship?
(a) Joint Venture [ ] (b) License Agreement [ ] (c) Other (Please Specify)------------------

8. Please indicate the type and value of the benefit your firm received between 1998 and 2000.

	Type of Benefit	Value (1998)	Value (1999)	Value (2000)
a.	Financial Assistance			
b.	Machinery/Equipment			
c.	Training			
d.	Other (Please specify) ………………………			

9. What is your firm's contribution under the agreement?

____
____
__

10. To what extent has this linkage impacted on your firm's performance (profits, market share)?
(a) not much [ ] (b) much [ ] (c) very much [ ]

11. Has your firm participated in any government-sponsored R&D program during the last 3 years? (a) Yes [ ] (b) No [ ]

12. How do you assess the present domestic environment for technology development?
(*1-5, from the weakest to the strongest*)

Statement	Rating				
a. Government incentives for innovation	1	2	3	4	5
b. Scientific/skilled manpower	1	2	3	4	5
c. Local universities for technical and R&D collaboration	1	2	3	4	5
d. R&D institutions for technical collaboration	1	2	3	4	5
e. Intellectual property protection	1	2	3	4	5
f. Quality of ICT services	1	2	3	4	5
g. Availability of venture capital	1	2	3	4	5
h. Others, please specify	1	2	3	4	5

D. Human Resource Development

1. Does your firm have

(a) a separate training centre? Yes [ ] No [ ]
(b) a training department? Yes [ ] No [ ]
(c) Staff with training duties? Yes [ ] No [ ]
(d) Staff sent for external training? Yes [ ] No [ ]

2. What was your firm's total payroll in : (*in cedis)*
(a) 1995 ________________ (b) 2000? ______________

3.What is the breakdown of your firm's workforce (%) in 2000?
(a) Managers and professionals ____ (d) Supervisory and Clerical ____

(b) Engineers and technicians ____ (e) Skilled direct workers ____

(c) Unskilled workers ____ (f) General ____

4. Does your firm offer performance-related bonuses?

(a) Yes [ ] No [ ]

5. How many of your managers left your firm during the last 3 years? ------------------

6. What is the breakdown of the educational level of your work force?

(a) Elementary level or lower _______% (c) Vocational ________%

(b) High school _______% (d) University/college _______%

7. Is the owner of your firm also the Managing Director? (a) Yes [ ] (b) No [ ]

8. Are your firm's workers unionized? (a) Yes [ ] (b) No [ ]

10. Do your managers and professionals have options to buy shares in the firm? (a) Yes [ ]

(b) No [ ]

E. Marketing

1. Do you promote your services? (a) Yes [ ] (b) No [ ]

2. Do you have any system in place to receive customer complaints? (a) Yes [ ] (b) No [ ]

3. On what do you base your prices?
(a) cost of production [ ] (b) competitor prices [ ] (c) perceived quality [ ]
(You may tick more than one)

4. Do you have any special service packages that your competitors do not have? (a) Yes [ ]
(b) No [ ]
If yes, what are they? ……………………………………………………………………
…………………………………………………………………………………………..
…………………………………………………………………………………………..

5. Do you keep a database on your customers? (a) Yes [ ] (b) No [ ]

6. To what extent have the following contributed to the performance of your business?
Please circle your rank (1= not at all, 5= very much)

Your level of prices	1	2	3	4	5
Promotional activities	1	2	3	4	5

Service package/quality	1 2 3 4 5
Availability of services (time and location)	1 2 3 4 5
Attractiveness/conduciveness of service environment	1 2 3 4 5
Customer-friendly processes	1 2 3 4 5
Employee skills, relationship with customers, etc.	1 2 3 4 5

E. Infrastructure and Business Environment

Questions 1-5, please circle your rank (1=Very weak/ Very Unsatisfied, 5=Very strong/ Very Satisfied)

1. How satisfied are you with services provided by the following institutions?

Transport services	1 2 3 4 5
b. Power supply	1 2 3 4 5
c. Water supply	1 2 3 4 5
d. Telecommunication network	1 2 3 4 5
e. Public health facilities	1 2 3 4 5
f. Coordination from basic government institutions	1 2 3 4 5
g. Access to capital / credit	1 2 3 4 5
h. Educational system	1 2 3 4 5

2. How have the following government institutions benefited your firm's ability to compete?

a. Science and technology support institutions	1 2 3 4 5
b. Testing and quality evaluation facilities (e.g. standards board)	1 2 3 4 5
c. Overseas market promotion (e.g. trade fairs)	1 2 3 4 5
d. Export credit programmes	1 2 3 4 5
e. Financial incentives	1 2 3 4 5
f. Others (please specify)	1 2 3 4 5

3. How much have you benefited from the following?

a. Access to preferential tax / tariff regime	1 2 3 4 5
b. Sharing of market and technical information	1 2 3 4 5
c. Close relationship with suppliers / contractors	1 2 3 4 5
d. Access to and sharing of R&D facilities	1 2 3 4 5
e. Access to training facilities	1 2 3 4 5
f. Others (please specify)	1 2 3 4 5

4. How did the following constrain your firm's efforts to develop technology and compete?

a. Customs procedures	1 2 3 4 5
b. Licensing arrangements	1 2 3 4 5
c. Local duties and levies	1 2 3 4 5
d. Access to land, (registration cost and procedures)	1 2 3 4 5
e. Municipal regulations	1 2 3 4 5
f. Official corruption	1 2 3 4 5

g. Regulation on hiring foreign workers/managers	1 2 3 4 5
h. Others (please specify)	1 2 3 4 5

5. How do you describe the value of the relationship of your firm with the following intermediary non and semi-government agencies.

Relationship with	How do you value your relationship?
Research and development organizations (e.g. labs, Universities)	2 3 4 5
b. Financial services institutions (banks etc)	1 2 3 4 5
c. Distributors	1 2 3 4 5
Suppliers of material & components	2 3 4 5
e. Customers/ end users	1 2 3 4 5
f. Technical service providers	1 2 3 4 5
g. Business service providers	2 3 4 5
h. Relationship between firms in industry associations (e.g. FAGE)	1 2 3 4 5
i. Others (please specify)	1 2 3 4 5

F. Finance and Input Supplies

1. What were your firm's main source of finance in percentages (%)?

Source of finance	**1995**	**2000**
a. Domestic banks		
b. Foreign banks		
c. Non-bank institutions		
d. Family/friends		
e. Partner firms		
f. Equity market		
g. Government grants		
h. Other (*specify)*		

Questions 2. Please circle your rank (1-5 - from weakest to strongest).

2. How have the following affected the performance of your business?

Foreign exchange rates	**1**	**2**	**3**	**4**	**5**
Government Tax policy	**1**	**2**	**3**	**4**	**5**
Bank lending rates	**1**	**2**	**3**	**4**	**5**
Inflation rate	**1**	**2**	**3**	**4**	**5**
Treasury Bill rate	**1**	**2**	**3**	**4**	**5**
Interest payment on foreign loans	**1**	**2**	**3**	**4**	**5**

11. Is your firm listed on the stock exchange market?
Yes [ ] No [ ]

12. If No, why?
……………………………………………………………………………………..

13. What was the price of your share on the market for 1995……….. and 2000 ……..

14. How much dividend per share did you pay in 1995? …………. In 2000? ………….

15. Has this affected your financial base?…………………………………………………

Please provide your name and address here if you would like us to send a copy of our research findings to you.

Name ……………………………………………………………………………………….

Address
……………………………………………………………………………………….
……………………………………………………………………………………….
……………………………………………………………………………………….
……………………………………………………………………………………….

E-mail ……………………………………………………………………………………….

THANK YOU FOR YOUR VALUABLE INPUT AND KIND COOPERATION.

APPENDIX 4

Perspectives on Corporate Social Responsibility (CSR) among Foreign and Local Companies in Ghana
Questionnaire

Dear Respondent,
This is a survey created by marketing faculty at the University of Ghana Business School in collaboration with Prof. John Kuada of Aalborg University. The questionnaire is anonymous and there are no right or wrong answers. It is important to answer all the questions. We thank you very much for your cooperation.

Corporate Social Responsibility Issues

Motives

Strongly
Strongly
Disagree
Agree
1 2 3 4 5 6 7

We believe that a company exists to make profit
We believe that a company exists to maximize
shareholders' wealth
[ ] [ ] [ ] [ ] [ ]
[ ] [ ]
We believe that a company exists to
avoid harm, protect and enhance societal assets [ ]
[ ] [ ] [ ] [ ] [ ]
[ ]
We believe that a company exists to
undertake social programmes to benefit/serve the public [ ]
[ ] [ ] [ ] [ ] [ ]
[ ]

We believe that a company exists to
respond to the concern of all its stakeholders
[ ] [ ] [ ] [ ] [ ]
[ ] [ ]

Corporate Social Responsibility Dimension
We consider our company's CSR imperative to be driven by
economic considerations (i.e. companies have a responsibility to
produce goods/services that society wants
and sell them at a profit)
[ ] [ ] [ ] [ ] [ ]
[ ] [ ]

We consider our company's CSR imperative to be driven by

legal requirements (i.e. companies must obey the law) [ ]
[ ] [ ] [ ] [ ] [ ]
[ ]

We consider our company's CSR imperative to be driven by ethics:
(i.e. companies must exhibit behaviours and ethical norms
beyond what is required by law).
[ ] [ ] [ ] [ ] [ ]
[ ] [ ]

We consider our company's CSR imperative to be driven by
Discretionary factors (i.e. companies must exhibit voluntary roles
driven by societal norms)
[ ] [ ] [ ] [ ] [ ]
[ ] [ ]

Firm Level Benefits of Corporate Social Responsibility

Strongly
Strongly
Disagree
Agree
1 2 3 4 5 6 7

The main benefits our company derives from CSR activities are
increase in earnings
[ ] [ ] [ ] [ ] [ ]
[ ] [ ]

The main benefits our company derives from CSR activities are
reduction in cost/expenses
[ ] [ ] [ ] [ ] [ ]
[ ] [ ]

The main benefits our company derives from CSR activities are
improvements in our corporate image
[ ] [ ] [ ] [ ] [ ]
[ ] [ ]

The main benefits our company derives from CSR activities are
improvements in employee satisfaction
[ ] [ ] [ ] [ ] [ ]
[ ] [ ]

Society Level Benefits of Corporate Social Responsibility

Strongly
Strongly
Disagree
Agree

1 2 3 4 5 6 7

The main benefits our company derives from CSR activities are
- peace/cohesions within the local community [ ]
[ ] [ ] [ ] [ ] [ ]
[ ]

The main benefits our company derives from CSR activities are
- improvements in the physical environment
[ ] [ ] [ ] [ ] [ ]
[ ] [ ]

The main benefits our company derives from CSR activities are
- community developments
[ ] [ ] [ ] [ ] [ ]
[ ] [ ]

The main benefits our company derives from CSR activities are
- improvements in the social welfare of people
living in the community
[ ] [ ] [ ] [ ] [ ]
[ ] [ ]

Corporate Social Responsibility Strategy

Who controls your corporate CSR strategy?

Headquarters - outside Africa (US, UK, etc.) [ ]
Headquarters - Africa [ ]
Local – Ghana [ ]

Corporate Social Responsibility Policy

In which of the following areas does your company have an explicit CSR policy?

Environment [ ]
Occupational health and safety [ ]
Social welfare [ ]
Anti-discrimination [ ]
Human rights [ ]
Community development [ ]
Education [ ]
Worker’s rights [ ]
The disabled [ ]
Gender rights [ ]
Child labour [ ]

5. Through which department is your company’s CSR policy primarily coordinated?

Marketing Dept [ ]
Corporate Affairs Dept [ ]
Office of the Managing Director [ ]
Whole organization [ ]

6. Through which processes are CSR activities managed?
Governance Mechanisms [ ]
Headquarters Requirements [ ]
Responses to Pressure [ ]
Awareness Creation [ ]

Corporate Social Responsibility Imperative

7 What forces are driving CSR in your company?
Please list according to importance (1=most important, 8= least important)
Rising international standards [ ]
Rising domestic standards [ ]
Domestic regulation [ ]
Increasing awareness [ ]
Company reputation [ ]
Community group pressure [ ]
Company ethical values [ ]
Company benefits [ ]

10 Is your organization Foreign or Local? ………………….
11 Is your organization Public or Private owned? ………………….

About You

1. What is the title of your *current position*?
____

2. How *long* have you held this position?
5 years or less
More than 5 years

3. Would you describe your current position as *marketing related*? Yes No
If YES, please describe **how** your position is *marketing related*:
____

Code:………..