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Brief Philosophy of the Journal
This Journal aims to publish original research and provide a forum for critical conceptual and analytical debate which extends the bounds of knowledge in and about business and organisational functionality in Africa. This does not preclude consideration of papers from other parts of the world. This journal will typically have the following content: Editorial, peer-reviewed papers and cases, practitioner view-point papers and book reviews.

Submissions
Papers should be submitted by email to the Editor, in accordance with the 'Notes to Contributors'.

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Content

Editorial

I am happy to welcome you to yet another volume of *African Journal of Management Research,* volume 23. We have stuck to our mission of publishing works that test, advance and develop models, frameworks and concepts in the broad areas of management, organisation, finance, public sector management, marketing and decision systems.

True to the "African" in our title, this volume contains articles on three African countries as we aim to publish original research and provide a forum for critical conceptual and analytical debate which extends the bounds of knowledge in and about business and organisational functionality in Africa. Of course, we accept articles from other parts of the world.

This volume contains five very well researched articles and a practitioners' corner. The lead article is on public service reforms in Zambia, followed by one on promoting public sector accountability in Ghana. The lead author of this article is now a Supreme Court of Ghana who sat on the country's Commission on Judgement Debts and Akin Matters and so is well place to pronounce on public sector accountability in Ghana.

Following these is an article on entrepreneurship development and microcredit in Nigeria. The fourth article is on the *Relative Strengths of the Motives that influence Acquisition Strategy*. The final article is titled *Publication Bias and the Market Orientation-Performance Nexus Literature*. The practitioner's column revisits the subject of public sector accountability and is titled *Accountability and Corruption in the Public Sector*. It was written by a minister and parliamentarian of a former government of Ghana.

I wish all our readers well.

Reforms in public sector management: a relevant issue for the citizens of Zambia?

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Abstract
This paper assesses the extent to which New Public Management (NPM) reforms have had an influence on the service quality delivered by public institutions in Zambia. While Zambia has taken up elements of the NPM agenda, there have, as of yet, not been studies to evaluate the relationship between the implementation of certain NPM reforms and the level of service quality as delivered by Zambian public institutions. This study focuses on the NPM reforms implementations in the Patent and Companies Registration Agency (PACRA) and the Zambia Development Agency (ZDA). These two institutions are statutory agencies of the Ministry of Commerce, Trade and Industry in Zambia. In February 2012, the NPM and Simple Service Quality Questionnaire was distributed to all managers and employees and several customers of the two statutory agencies. In addition 150 customers of each agency were interviewed. The study found that PACRA had a higher adoption of NPM than ZDA. However, both institutions were still rather low in adopting the commercialisation process and information technology, though their adoption levels were different. PACRA had a higher service level than ZDA but, interestingly, the shapes of the service level graphs was identical for the two institutions. In addition, a weak positive relationship was found between NPM and the level of service quality in these two public institutions.

Key words: NPM reforms, Agencification, Service Quality

Introduction

Since the early 1990s the Zambian Government has been implementing NPM reforms to stimulate the efficiency of the public sector and improve service delivery to Zambian citizens. However, despite these reforms the performance of government institutions has continued to fail in either quantity or quality of services as expected by tax payers. As Mulenga (2013) noted: "the abysmal state of the public sector in Zambia is no secret to the consumers". The implementation of NPM reforms is supposed to bring about increased efficiency of the professional administration and improved service delivery by public institutions (Pendlebury and Karhai, 2002; Pollitt and Talbot, 2004; OECD, 2005). This is because NPM reforms create statutory agencies or semi-autonomous public institutions (the so-called agencification of public institutions) which bring about more flexible, responsible, customer friendly public service (Atreya and Armstrong, 2002; Pollitt et al., 2005; Vinni, 2007; de Waal, 2011). This effect is supported by the fact that, as Van Thiel (2009) states, public managers in statutory agencies or semi-autonomous public institutions operate at arm's length of the government and therefore can carry out public tasks in a relatively autonomous way, thus having considerable managerial freedom.

However, as observed by Mulenga (2013), despite the NPM reforms bringing about a great deal of change in the public sector, these changes have not caused a proportional increase in the quality of service citizens were receiving from the public sector. This raises the question whether there is a relationship between the implementation of NPM reforms and (increased) delivery of service by the institutions. To answer the question this study explores the relationship between the implementation of NPM reforms and the service quality as delivered by Statutory Agencies, to be more precise, whether elements or dimensions of NPM reforms are directly related to the quality of service provided by public agencies. The following were the specific questions for the study: What is the current level of implementation of NPM reforms? What is the opinion of the public and public institution staff on the level of service quality in public institutions? What is the relationship between NPM reforms and service quality in these public institutions? This study is unique in the sense that most of the research that has been done on the NPM reforms is on the level of adoption of the reform in public institutions in Western settings (Olufemi and David, 2010) while this study looks at the effects of NPM reforms in a developing country.

This article is structured as follows. In the next sections the NPM reforms and the case organizations, Zambia Development Agency (ZDA) and Patents and Companies Registration Agency (PACRA), are described. Subsequently the research approach and research results are given. This is followed by an analysis, and the article ends with a conclusion, theoretical and practical implications of the study, limitations of the study, and possibilities for further research.

Literature Review

New Public Management (NPM) has reached developing countries in various strands and forms but the key element has always been to redefine the role of the State. It is in this context that developing countries have embarked on various degrees of decentralisation and corporatization of public service delivery through the establishment of executive agencies. OECD (2005) noted that NPM programs have had a devolution orientation in Ghana, Tanzania, Uganda and Zambia, with an expectation of having an extensive and profound impact on public service delivery in the medium-to-long term. All the four countries mentioned by the OECD have implemented an "agency model" in the search for options for improved public service delivery of services. The "agencification" trend in Zambia started in the mid-1990s as an element of NPM reform (GRZ, 2004). The aim of this reform was to separate the central policy functions of government from the tasks of implementation and service delivery (Fjelstad and Moore, 2008). Creation of agencies was seen as key to providing high quality services that citizens value, accompanied by increasing the autonomy of public managers, rewarding organizations and individuals on the basis of whether they met demanding performance targets, and making available the human resources and technological resources that managers need to perform well (Ehsan and Naz, 2003; Roll, 2011). However, the evidence of the degree to which agencies have been successful varies considerably. This is because agencification is influenced by three elements: structural separation, managerial autonomy, and managerial accountability (Pollitt et al., 2005). These three elements capture the essence of a successful agency, but they are not always implemented in the same level in all countries. Further, there is evidence that agencification does not necessarily lead to high performing public institutions, as Roll (2011) noted the effects of establishing semi-autonomous agencies have been patchy and sometimes contradictory. In addition, agencification has often been interpreted differently and has consequently led to inconsistencies, for example that agencification leads to '*managers of these institutions to have more discretions*' while in other cases agencification leads to '*managers of the agencies to have limited discretion*' (Baclija, 2012). A study conducted by Sulle (2011) in Tanzania showed that most agencies, if not all, were not allowed to have their own human resources policy or strategic decisions on vital areas such as employment and salary levels for their employees. The mixed results of the reforms indicate that the creation of semi-autonomous agencies will not automatically turn public institutions into high performing organisations which deliver high quality services. Thus, according to Roll (2011), the impact of agencification in developing countries is limited. Andrew and van de Walla (2012), in an empirical study of English Local Government institutions on the effects of NPM practices on citizens' perceptions of four key dimensions of public service performance, confirmed that NPM reforms had contradicting results. They found that public-private reforms had a negative relationship on citizens' perceptions of service performance, but at the same time an entrepreneurial strategic orientation exhibited a positive (albeit weaker) effect on citizens' perceptions. Further, they found that these relationships were partly contingent upon the circumstances in which local governments operated, with externally facing practices proving likely to have fewer benefits than internally facing ones in organizations confronting more challenging socio-economic circumstances. These results have both theoretical and practical implications for developing countries, including Zambia.

Olum (2002) conducted a critical appraisal of NPM implementations in Uganda during the period 1989-2002 and concluded that, despite the government reporting many successful reforms, Uganda remained one of the poorest countries in the world with a high debt folio, low standard of living, inefficient service delivery, poor regional distribution of services, high levels of corruption, and underdeveloped industrial and agricultural sectors. These findings are not different in the case of Zambia. The Zambian Sixth National Development Plan stated that, despite the implementation of many NPM reforms in Zambia, its public institutions were still ineffective (GRZ, 2010). This opinion is shared by de Haan (2011) who stated that results of NPM reforms in Zambia have in fact resulted in ineffective public institutions. Rosta (2011) agreed with de Haan's statement and argued that, while developed countries' literature reports numerous successes, for developing countries the introduction of NPM reforms in most cases resulted in failure. The main reasons for the failure of NPM reforms in these countries was that most times, the application was prompted by donor advocacy, did not take into account the local context, there was a lack of mature public services to begin with, and there was a lack of required pre-conditions to adapt NPM creatively and realistically (Atreya and Armstrong, 2002; Larbi, 2003; Mongkol, 2011).

A study of NPM reforms in Zambia by Michelo (2007) showed that the majority of respondents that sought to obtain services at any of the Ministry of Education offices stated that the quality of service rendered to them was generally poor. In addition, the main complaint was that at the time they went to seek the service they were referred to other officers, were kept waiting for a long period of time, or were made to undertake several trips back to the office before they were attended to. Further, this study indicated that effectiveness in the public service did not improve as a result of the implementation of the reforms. This was because the restructuring program did not put the right people in the right positions, and thus ill-qualified people were appointed to management positions. Michelo's study confirmed the conclusion by OECD's (2005) meeting on Governance and Capacity Development held in Nairobi in 2002 that structural reforms have had little positive direct impact on the delivery of public service.

However, other researchers like Manning (1995) argue that there is so much debate about the public service reforms because these reforms are linked into a virtuous circle: more demanding citizens trigger improved service delivery, and improved service delivery encourages citizens to demand even higher service. This circle of rising expectations and rising standards in turn triggers a demand for higher public service effectiveness in broader areas of government responsibility, including economic regulatory management. In support of this theory Rosta (2011) argued that NPM reforms increase the awareness in public institutions of the service demanded by citizens.

In conclusion, in the literature only a

limited number of studies can be found into the relationship between the implementation of NPM reforms and the level of service quality delivered by the public service in Zambia. Most of the studies done in African countries, including the one by Michelo (2007), focused on the review of a variety of streams of NPM literature and its adoption by various countries but did not look at the relationship between reform programs and level of service quality. The study described in this article was intended to fill this gap in the literature and to offer new insights into ways to improve the performance of the public sector.

Theoretical Framework

The theoretical underpinning of the study is based on Roll (2011), Pollitt and Bouckaert (2004) and Ehsan and Naz (2003) who all argue that NPM reforms are meant to bring deliberate changes to the structures and processes of public sector organisations, with the objective of getting them to run better so that public service is increased. In this regard, structural changes may include merging government institutions, or creating or splitting public institutions into semi-autonomous agencies.

Public service is defined as a bundle of characteristics and features that represent a particular level of service, distinguished by policies and service infrastructure investments that enable public institutions to offer a more frequent, extensive and convenient service for citizens (Oliver; 1993). The dependent variable in this study is service quality in public institutions while the independent variable is NPM Reforms. Using these variables, the study undertakes a quantitative assessment of the implementation of a range of NPM elements using Brudney, Hebert and Wright's model (Baclija, 2012) with the following indicators to measure the implementation of NPM reforms: use of information technology, human capital, re-engineering of working processes, and infrastructure & business premises (GRZ, 2004, 2005b). These themes are common in most countries undertaking NPM reforms (Hood, 1991; Hope, 2001; Atreya and Armstrong, 2002; Sarker, 2006; Berry, 2007; Fjeldstad and Moore, 2009; Rosta, 2011).

Baclija (2012) noted that a quantitative assessment of the implementation of NPM reforms is difficult, and therefore used selected indicators such as quality improvement programs, strategic planning programs and human resources management programs. Use of information technology is understood to improve management processes and thus to enhance efficiency, service quality and accountability. Human resources management is defined as the knowledge, skill and attitude of public employees. As such, it is an essential element in improving service quality. Infrastructure and business premises include customer facilities and office location. This can positively impact service quality by streamlining operations and motivating people who like to work in good conditions. It also encourages use of information technology to manage data and decision-making, as such allowing more information to be made available to the citizens. Re-engineering work processes is defined as fundamental rethinking and radical redesigning of business process to achieve improvements in service quality.

Scholars like Oliver (1993) defined service quality as a bundle of characteristics and features that represent a particular level of service, distinguished by policies and service infrastructure investment that enable the public sector to offer a more frequent, extensive or convenient service for citizens. Output quality is then defined as the actual service outcome that citizens experience.

Saunders, Philips and Thornhill (2009) argued that service quality is a function of a particular industry within which it is measured and stated that different users of a service might assign different levels of importance to the same quality dimension. In addition, the use of generic constructs to measure a particular service's quality may not provide the details necessary to define specific causes of a problem rather than just obtaining its symptoms. Generic constructs, therefore, may fail to account for the uniqueness and the realities of the specific service and how these are expressed and interpreted by the parties involved. Mori (2004) and Price Waterhouse and Coopers (2007) in their studies, noted that the determinants of service quality in the public sector were primarily found in factors such as the speed of the service, flexibility of the service, timeliness of service provision; bureaucratic requirements, professionalism and competence of staff and fair treatment of customers; and staff attitudes-friendly, polite and sympathetic to customers' needs and information about the public service.

The evaluation of the quality of service in this study is based on the attributes as identified by Brewer and Selden (2001), Moynihan and Pandey (2003), and Van Ryzin (2003). To measure service quality, in this study, modifications are made to the SERVQUAL model of Parasuraman, Zeithaml and Berry (1988). Next to this framework there are other instruments, such as the Facility Management SERVQUAL developed by Wan Yussof and Ismail (2008), which can be used to measure service quality through the mechanism of comparing customer expectations and actual perceptions of the quality of services provided by public institutions (Ojo, 2010; Parasuman et al, 1993).

The performance of public organizations may be closely associated with citizens' overall views of government political attitudes (Stipak, 1977). According to Ehsan and Naz (2003), it may be difficult to keep politicians at a distance from the implementation of government programs, in so far as they may want to interfere in detail whenever they feel. Thomas (1998) acknowledges that ministers may intervene in managerial decision making when it suits their political purpose. For example. Obosi (2008) found in Kenya that there always was a compromise of expected professionalism in the delivery of public service because of political interference. Another issue about the challenges of public service delivery is the distortion in the conditions of service (Obosi, 2008). The reward system may not be commensurate with the levels of input by the civil servants. Obosi (2008) found that in Kenya the difference between the earnings of the top, the middle and lower levels was so wide that juniors who drive the civil service cannot be inspired to focus on the work to be done. The distortions in conditions of service and political concerns are outside the focus of this study.

Kettles (1997) noted that management reforms in the domain of the public sector, both in developing and developed countries, are affected by external and internal environmental factors. Kettles (1997) explained that as a government organization emphasizes and strives to improve quality, these improvements occur both at service and process levels. It is from this point that beneficial outcomes result, both within and outside the organization, that lead to increased customer and citizen satisfaction. In addition, the cost of service delivery may decrease due to efficiencies gained in the bureaucratic processes. Within the organization, productivity increases as the internal processes become more efficient. This leads to a decrease in the cost of delivering government service and creates savings which can be used as additional resources to fund other important government obligations. Every activity in an organization is thus linked in a chain which ends at the citizen. In addition, each has its transaction which is vital to the success of the organization as shown in Figure 1.

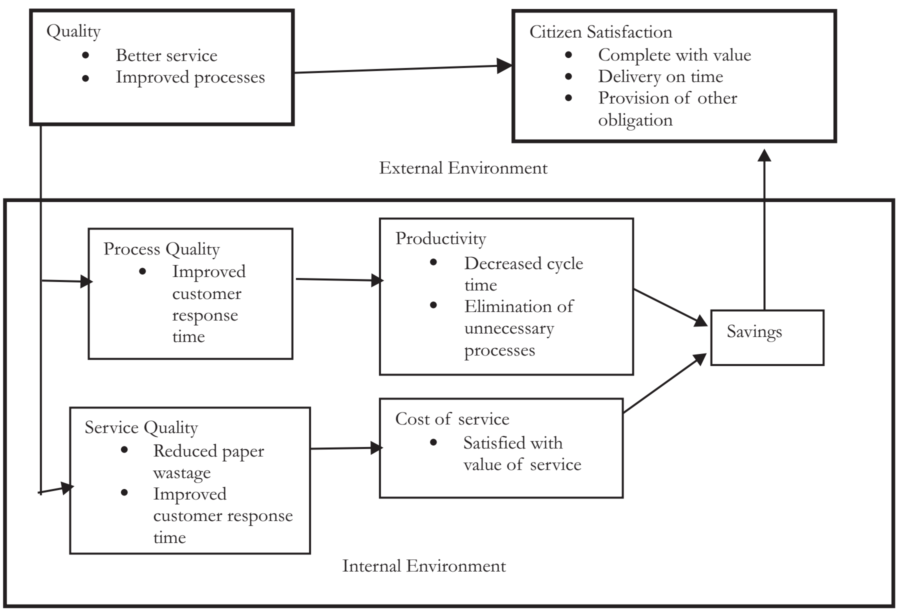


Figure 1: The relationship between service quality in the public sector and contextual factors

Study Institutions

This study focused on the services provided by two agencies under the Ministry of Commerce, Trade and Industry - the Patents and Companies Registration Agency (PACRA) and the Zambia Development Agency (ZDA) - with the goal to determine the relationship between several dimensions of the NPM reforms and the quality of service delivered by these institutions. These particular institutions were selected because, apart from having a lot of contact with citizens and playing an increasing important role in the economy of Zambia (Tanz, 1999), they had an interesting background in regard to their formation and funding. Both ZDA and PACRA were established by Acts of Parliament and are semi-autonomous executive agencies of the Ministry of Commerce, Trade and Industry. ZDA was established in 2006 and became operational in 2007 after an amalgamation of five statutory bodies that operated independently. These institutions were the Zambia Investment Centre, the Zambia Privatization Agency, the Export Board of Zambia, the Small Enterprise Development Board, and the Zambia Export Processing Zones Authority. PACRA was formed in 1998 as a semi-autonomous and self-financing executive agency of the Ministry and was only officially established in 2010. Therefore, PACRA operated without the necessary registration for over 12 years and most of the NPM interventions were only being implemented after the Act of Parliament was passed. At the time of the research the total number of members of staff for both institutions was 164 with 46 vacancies, giving a full establishment of 210 as shown in Table 1. The high rate of vacancies was attributed to high staff turnovers which was mainly due to lack of financial incentives available for staff.

Table 1.0: Number of Staff for each institutions

Institutions	**Full Establishment**	**Actual**
Zambia Development Agency	102	78
Patents and Companies Registration Agency	108	86
Total	210	164

Under the NPM reforms, ZDA and PACRA both undertook a number of measures such as, among others, building capacity programs to prevent administrative corruption; creating customer service centers; developing institutional websites; introducing one stop shops in different regions of the country; rationalising and simplifying the regulatory framework to minimise the start-up costs for business investment and licensing; and expansion of the ZDA and PACRA offices in provincial capitals in order to reduce the cost of doing business outside Lusaka. These interventions were intended to improve the quality of service delivery in the public sector (Government of the Republic of Zambia, 2005).

Despite both institutions being executive agencies under the same Ministry, they were established differently and thus the analytical conclusions arising from these two cases are potentially more powerful than those coming from a single case (Yin, 2009). In addition, the two institutions have related regulatory functions; therefore, they have a pre-determined, homogenous group of customers and specific pre-defined tasks and elements that provides comparability (Kachwamba, 2013) and therefore, provide a good base for a comparative case study.

Research Method

The study employed a case study approach. Case studies are a useful tool for the preliminary, exploratory research project and also as a basis for the development of the 'more structured' tools that are necessary in surveys (Rowley, 2002). The study population consisted of the 164 employees of ZDA and PACRA. The sampling procedure employed a simple random sampling method in which 100 respondents were selected from the total number of employees. Prior consent was obtained from the management of each institution to have access to the list of employees. In total, 91 (out of 164) completed questionnaires were received which constituted a response rate of 55.49%.

The sampling procedure for clients consisted of non-random sampling using convenience sampling, i.e. clients were interviewed randomly at the time they came to request services from the institutions. This process was continued until there were no new patterns in the responses of the clients interviewed. In this way, 150 respondents were interviewed, for each institution. Although this way of working was likely to introduce a bias in the sample, this problem was deemed to be of less importance since this was an exploratory study (Saunders et al, 2009). Secondary information was collected through a review of literature on NPM reforms and service quality theories in the public sector, Zambia's public service, and strategic plans and annual reports of the study institutions. The study also applied triangulation by using more than one research method such as personal interviews and discussions with staff and clients.

The extent to which NPM reforms dimensions had been implemented in the two institutions was determined through staff's perception, using the Brudney, Hebert and Wrights model for measuring the implementation of the NPM paradigm (Baclija, 2012). Possible answers on the state of reform were: no changes (getting a value of zero); partially implemented (getting value of one); and fully implemented (getting a value of two). For the purpose of this study, the themes of NPM reforms considered were: human resource management; use of information technology; infrastructure renovation and improving business premises; and re-engineering of work processes. Based on these themes and the scores given, an NPM index was prepared. This index was a sum of recorded values of the answers and was based on the assessment of an individual organisation NPM reform level.

In this study, service quality was measured by a comparison between employees' and managers' perception and expectation of the service provided, on a scale of 1 to 7 on the following attributes of service quality (Mori, 2004): speed of the service; flexibility of the service; timeliness of service; bureaucratic requirements; professionalism and competence of staff; fair treatment of customers; staff attitudes-friendly; polite and sympathetic to customers' needs; and information about the public service. The scoring value of these attributes was based on the interpretation of Wan Yusoff and Ismail (2008), using the formula $SQ = P|E$, where SQ is Service Quality, P = employees' and managers' Perception, and E = employees' and managers' Expectation. A Service Quality Index was formed based on the following interpretation of the scale: (a) a scale index

3.99 and below = the service is below than quality level (perception is lower than expected); a scale Index 4.00 to 4.9 = the service achieved the minimum of quality level (expectation is equivalent to perception); and a scale Index 5.00 to 7.0 = the service has achieved a good quality level (perception is higher than expectation). Measurement of the service elements was made through the determination by employees and managers of the case institutions and also by personal interviews with clients using similar questions.

Research Results

This study used reliability and validity tests to determine the quality or the goodness of data. Further, the questionnaire was pre-tested to remove redundant items and questions and to make sure that participants consistently chose the same items to represent specific dimensions. The pre-testing of the questionnaire addressed the errors concerning the understandability of the questions, while internal consistency was tested using Cronbach's alpha, by performing factor analysis and scale purifications using SPSS. In order to generate the coefficient of internal consistency of the study model, reliability estimates were based on items variances and a single test administration.

Validity of NPM measurement

The first test for NPM measurement was KMO and Barlett's test for adequacy of the sample which was also used to measure the strength of the relationship among the variables. Statistical tests showed that the value was 0.702, which was greater than the threshold of 0.5. Cronbach's alpha values of all the items measuring NPM was 0.905 which was above the threshold of 0.7 showing that the internal consistency of NPM measure was quite satisfactory. Table 2 gives the Cronbach's Alpha values for NPM items.

Table 2: Cronbach's Alpha Values for the NPM Items

Item	Cronbach's Alpha
Human Capital Management	0.709
Information Technology	0.773
Property Management	0.785
Work process	0.801
Commercialization and Legal Reforms	0.743

The variables for measuring the NPM were inter-correlated and the added value of dropping the variables with the lowest values of item-total correlation was minimal. There was also a small difference between the highest and the lowest standard deviation, which was 0.451 minus 0.363 giving a difference of 0.088. The inter-item correlation matrix showed that the largest correlation co-efficient occurred between Work Processes and Property Management (i.e. $r = 0.736$) while the lowest correlation co-efficient occurred between Information Technology and Human Capital Management (i.e. $r = 0.196$). The corrected item-total correlation ranged from $r = 0.435$ to 0.748. The item-total correlation matrix showed that all items were correlated with an overall score from the scale. If any of the values of the items is above 0.3 then it means that the particular item does correlate with the scale overall (Norusis, 2002). All items had item-total correlations above 0.3 with the highest correlation being 0.748, which occurred between the score on Work Processes and the sum of scores of Human Capital Management, Information Technology (IT), Property Management and Privatization and Legal Reforms.

Validity of Service Quality measurement

The statistical inter-item correlation matrix showed that the largest correlation coefficient was 0.772 and this occurred between the Speed and Flexibility of Service. Cronbach's alpha was 0.802 indicating that the 5-item scale was quite reliable. The standardized items alpha was 0.805, which indicated that the items in the scale did not have widely differing variances. The results of the item-total matrix also showed that dropping any of the items from the scale would not lead to a significant change in the value of Cronbach's alpha. All variables had values above 0.7, however, the Speed and Flexibility of Service Provision had stronger relationships with other items of the scale. Further, summary item statistics showed that the items in the scale had fairly comparable variances. The research results also showed an average score for the scale of 26.40 with a standard deviation of 5.280. The average score for inter-item correlation was 0.453, with a range of 1.019. The average of the inter-item variances was 0.978, with a minimum of 1.555 and a maximum of 2.903.

Model reliability

All variables had Cronbach's alpha values of 0.7 and above. This is within the acceptable standard of reliability score of 7.0 (Nully and Bernstein, 1994). The final model and scales for the research are shown in Figure 2 below.

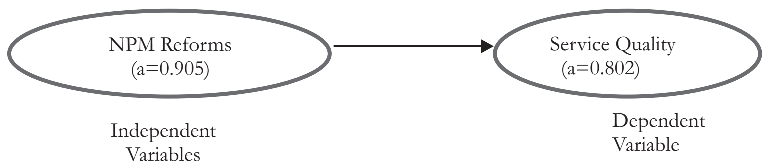
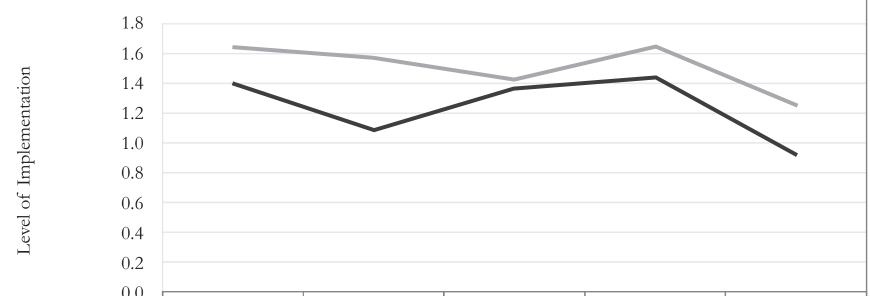


Figure 2: Final Conceptual Model

Current levels of NPM implementation in the institutions

The average scores on each scale item were used to compute the level of implementation of NPM reforms. The graphs in Figure 3 show that both institutions had partially implemented the NPM Reforms. The lowest scores were in Property Management (1.4) and Privatisation and Legal Reforms (1.3) for PACRA, and Information Technology (1.1) for ZDA. PACRA had the highest score (1.6) in Human Capital, Information Technology and Work Processes and ZDA had the highest score (1.4) in Human Capital and Property Management. Areas for improving the implementation of NPM included Property Management and Privatisation and Legal Reforms, while ZDA needed to improve in all the areas on the scale, but mainly in Information Technology and Privatisation and Legal Reforms.



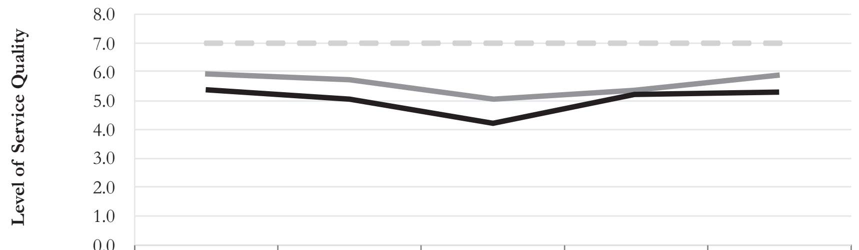
	Human Capital Management	Information Technology	Property Management	Work Processes	Privatization and Legal Reforms
PACRA	1.6	1.6	1.4	1.6	1.3
ZDA	1.4	1.1	1.4	1.4	0.9

Figure 3: Institutional scores on the NPM implementation scale

Further probing the lower scores for ZDA revealed that this institution did not have latest Information Technology system to speed-up working processes, the Information Technology system available did not enable the institution to deal with customers in a flexible time, and the website was not attractive. In the area of Privatisation and Legal Reforms, employees and managers felt that the institution did not have the capacity to deal successfully with the implementation of the reforms. Furthermore, ZDA did not have adequate laws and enforcement mechanisms to manage the reforms. PACRA scored its lowest value on the scale in Privatisation and Legal Reforms and Property Management. The employees and managers of PACRA felt that the institution did not have adequate laws and enforcement mechanism to support the privatisation. In addition , the business area, office space layout and parking lot were not sufficient enough to accommodate the number of customers seeking the services from PACRA.

Level of service quality from staff's perception

Employees and managers from both institutions believed that they had achieved at least the minimum required quality of service. However, employees and managers from PACRA believed that their services had achieved quite a good quality level, while those from ZDA believed that their services were not good enough in the area of bureaucratic requirements. Figure 4 shows the comparative level of service in the two institutions. The minimum level of good quality was seven (7.0) (see Wan Yusoff and Ismail, 2008). The study brings out an interesting similarity in the trends of the level of service quality from the staff perception by the two institutions.

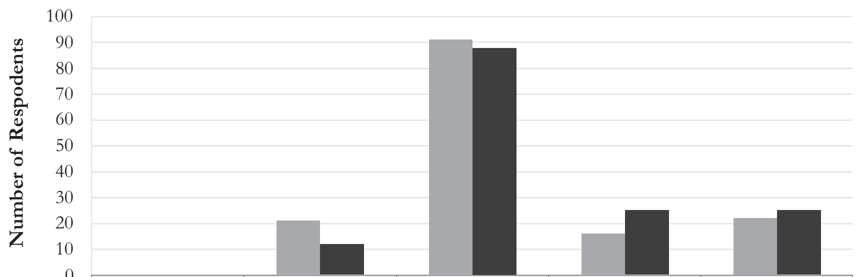


	the speed of the service is very good	flexibility in the provision of its service	bureaucratic requirements in acquring the services	feedback on customer's requests	provision of service is always when required
PACRA	5.9	5.7	5.1	5.4	5.9
ZDA	5.4	5.1	4.2	5.2	5.3
Scale	7	7	7	7	7

Figure 4: Level of service quality

Level of service quality from clients' perception

The responses of employees and managers of both institutions were verified by conducting interviews with clients of the institutions, by asking these similar questions on quality levels as posed to the staff of ZDA and PACRA. The questions for customers included topics such as: to what extent the organizations met the needs of the clients, whether the customers received enough support from the organization, a description of services in terms of speed flexibility, and feedback on requests. A total of 300 clients were interviewed, 150 interviewees for each institution. Figure 5 shows the clients' opinion on the level of service in the two institutions.



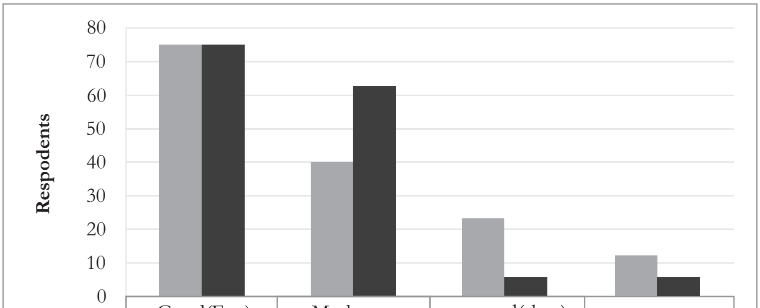
	Not Satisfied	Satisfied	Very satisfied	Non Response
ZDA	21	91	16	22
PACRA	12	88	25	25

Figure 5: Customers' opinion on the extent to which the institutions met their needs

Figure 5 shows that from the 150 respondents only 16 were very satisfied with the extent to which ZDA met their needs, compared with 25 for PACRA. In both institutions 60 percent of the interviewees were satisfied with the service level. However, 14 percent of the respondents were not satisfied at all with the service level at ZDA, compared to 10 percent of the respondents of PACRA. It was noted from the study that, although respondents were particularly happy with business licenses and the free consultation they received from the ZDA, they were not happy with the time it took to have their investment licenses approved. For example, one of the respondents commented: "*I applied for an investment license in June 2013, but up to now it's not yet out*", meaning that from June 2013 to December 2013 when the interviews were conducted, that person had not yet received the investment license. In the case of PACRA, respondents noted that improvement in technology had helped PACRA to attend to its clients in a quicker and more efficient manner. Respondents were also happy with the service and customer service care PACRA was providing.

Nevertheless, other respondents felt that sometimes they were not given enough information about the time it would take to receive specific services. In general, the respondents were not happy with the two institutions' online services and also the fact that the institutions did not have offices in all provincial centers. They recommended that the two institutions consider opening up more outlets in the provinces and carry out more sensitisation workshops.

The study also found that the majority of the respondents (75 percent) were happy with the speed of service provision from both institutions, despite over 15 percent not happy at all with the speed of service from ZDA and 4 percent with PACRA. The main complaint regarding ZDA was that the committee that approved licenses took generally too long to approve the licenses. On the other hand, respondents were happy that PACRA was now able to register a company within 48 hours. Figure 6 shows the opinion of the respondents on the speed of service received from the two institutions.



	Good(Fast)	Moderate	not good(slow)	non response
ZDA	75	40	23	12
PACRA	75	63	6	6

Figure 6: Customers' opinion on the speed of service

Figure 7 shows the opinion of interviewees on the flexibility of service delivery. Over 50 percent of them were very happy with the flexibility of the service from PARCA, compared with 15 percent of the respodents who were very happy with the flexibility of service from ZDA.

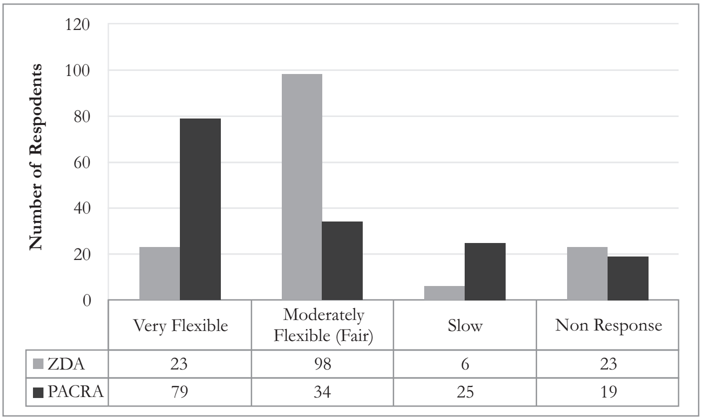


Figure 7: Customers' opinion on the flexibility of service delivery

Figure 8 shows the opinion of respodents on the provision of feedback on service requested. Most of them described the services offered by both ZDA and PACRA, in terms of the requirements in acquiring the services, as quite fair and not complicated. The majority were happy with the feedback they received on their requests. It was interesting to hear a number of respodents comment: "*I always get the service as requested for*". However it was felt that more could be done to make it more easier for the youth to access services from the institutions, so that they could be encouraged to take part in national development.

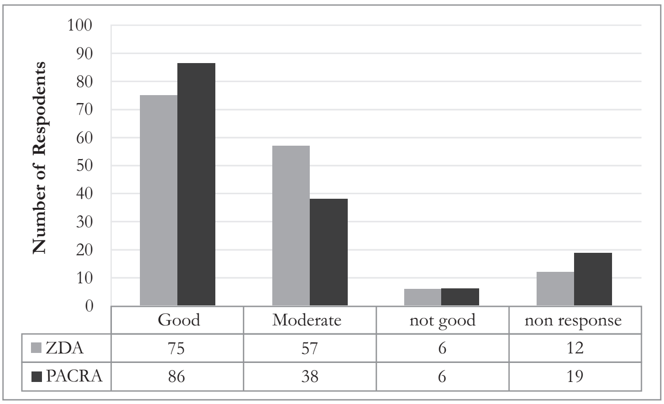


Figure 8: Customers' opinion on the feedback of service requested

Relationship between NPM Reforms and the level of Service Quality

Since the measurement scale was nominal for both the adoption of NPM reforms and the level of service quality, this study used a non-parametric measurement test. Further, the Kurtosis was markedly away from normality. Therefore, the best test was the equivalent non-parametric test. Table 4 shows the relationship between the adoption of NPM reforms and level of service quality.

Table 4: The Relationship between adoption of NPM reforms and level of service quality

			Level of Service Quality
Spearman's rho	Level of implementation of New Public Reforms	Correlation Coefficient	.374**
		Sig. (2-tailed)	.000
		N	87

** Correlation is significant at the 0.01 level (2-tailed)

Table 4 shows a weak positive relationship between the adoption of NPM reforms and the level of service quality in the two public institutions (P =0.374, $p < 0.01$). This means that in the opinion of the respondents the level of adoption of NPM reforms had some impact on the level of service quality they obtained from the two public institutions. The positive correlation shows that the higher the level of adoption of NPM reforms in principle, the higher the level of service quality received. However, it is important to note that the performance of public institutions in general is associated with many other factors, such as political attitude and distortion of conditions of service (Ehsan and Naz, 2003; Obosi, 2008).

Conclusions, Implications And Further Research

Few studies have been conducted so far to assess the effect of NPM on the level of service delivery in public institutions in developing countries. This research gap led to the key research questions addressed in this study: What is the current level of implementation of NPM reforms? What is the opinion of the public and the staff on the level of service quality in public institutions? What is the relationship between NPM reforms and service quality in these public institutions?" Based on the survey conducted among staff and interviews held with customers of the two governmental institutions, several conclusions have been made on the relationship between NPM reforms and the level of service quality in public institutions. Firstly, the adoption of NPM reforms differs between the two institutions. The study found that PACRA had a higher adoption rate on all dimensions of NPM compared to ZDA. Therefore, PACRA had a higher level of service compared with ZDA. However, both institutions were still comparatively low in adopting the Commercialisation & Privatisation Process and Information Technology. Secondly, there was a weak positive relationship between NPM and the level of service quality in the public institutions. As such, the question in the title of this article, "Reforms in public sector management: a relevant issue for the citizens of Zambia?", can be answered in the affirmative as reforms do bring with it advantages for citizens.

The implication of these research results is that, creation of agencies as one of the activities in NPM reforms, to some extent, improves the level of service quality in public institutions. Therefore, the study results support the argument of Ehsan and Naz (2003) and Roll (2011) that this would be the case. However, the weak relationship between NPM reforms and service quality also support the argument that the creation of semi-autonomous agencies will not automatically turn public institutions into high performing organisations which deliver world-class quality service. Future research should test the model used in this research, using dimensions of segregation of functions. Similarly, future research could also consider using a more comprehensive SERVQUAL model for measuring service quality. In addition, this research should be replicated in governmental agencies in other developing countries to test whether there are similar outcomes.

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Appendix 1: Status of the implementation of NPM Reforms at both institutions

Description of elements of NPM	ZDA	PACRA
Human Resources Management		
Staff understands the working procedure well while dealing with customers	1	2
The staff is professional in doing their job	2	2
Staff responds to customer problems effectively and efficiently	1	2
The coordination among the staff is good	1	2
The coordination with other institutions is good	1	2
Information Communication and Technology		
The institution has a good and attractive website	1	2
There is a system that secures confidential documents	1	2
The institution uses the latest technology for providing services to customers	1	2
The institution's website is up-to-date	1	1
The institution uses the newest IT systems to speed up working processes	1	2
The institution has an IT system that enables it to deal flexibly with customers	1	2
Physical Infrastructure and Property Management		
The offices of the institution are located in an for the public easily accessible location	2	2
The landscape surrounding the institution is attractive	1	1
Facilities provided by the institution are customer friendly	1	2
The customer service centre layout of the institution is good	1	2
Public premises are in good maintenance	1	1
The office space layout of the institution is attractive	1	1
Public washrooms and toilets of the institution are clean	1	1
The business area and parking lots of the institution are sufficient	1	1
Engineering of business and work processes		
The business processes of the institution are designed to achieve improved service quality	1	2
The client charter is well displayed in the institution	2	2
The application procedures and processes are very simple to understand	2	2
The culture and management systems of the institution are good	1	2
The procedures and processes allow the institution to provide services according to citizen's needs	1	2
The institution implements those services as promised in the client charter	0	0
Commercialization and Privatization		
The institution enforces laws and procedures effectively	1	2
The institution is fully privatized or commercialized	1	1
There is an adequate infrastructure to support commercialization of the institution	1	1
The institution built adequate capacity to be able to successfully implement the reforms	1	1
The institution developed adequate laws and enforcement mechanisms to manage the reforms	1	1

Note: 0 = not implemented, 1 = partially implemented, 2 = fully implemented

Appendix 2: Level of service quality in PACRA and ZDA

Name of the Organisation		No. of respondents	Mean Score
The speed of the service is very good	PACRA	41	5.93
	ZDA	50	5.38
Flexibility in the provision of its service	PACRA	41	5.80
	ZDA	50	5.06
Bureaucratic requirements in acquiring the services	PACRA	41	5.20
	ZDA	50	4.24
Feedback on customer's requests	PACRA	41	5.49
	ZDA	50	5.22
Provision of service is always when required	PACRA	41	6.00
	ZDA	50	5.32

Promoting public sector accountability in Ghana: The role of stakeholders

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Abstract
For over twenty-four (24) months, the Commission on Judgment Debts and Akin Matters has interacted with a cross-section of the Ghanaian public, made up mostly of public officials, on the issue of court cases mounted against the State and several of its institutions for the past twenty-three years leading to huge judgment debts against the people of Ghana. One of the major issues that came to the fore was Probity and Accountability on the part of public officials in the performance of their official duties for which they are paid from the tax-payers' money. The fact, however, is that one cannot talk about 'Accountability' without the idea of 'Corruption' rearing its ugly head, as the absence of the former nurtures the latter. This paper therefore examines the issue of probity and accountability by critically analysing the position of the law and the reality in the Ghanaian system.

Keywords: accountability, probity, corruption, public officials, Ghana

Introduction

Public sector is defined as that part of the economy or industry that is controlled by government. Pursuant to Article 190(1) of the 1992 Constitution of Ghana, public sector institutions refer not just to the structures that house the institutions; the structures themselves do not render or perform any services. It is the officials who work in these institutions that make up the institutions. So the question is; do all public officials who make up these institutions have integrity? If they have, then there is integrity in our public institutions. And if there is integrity in our public institutions, then there will be no problem with accountability in its proper sense. This is because, integrity or probity in a real sense is nothing more than doing the right thing for the right reason. If you always do the right thing for the right reason all the time as a public officer, you have no problem with accountability since you have nothing to hide.

Globally, all democratic countries are striving to build new public management mechanisms or regimes within the public sector that would be more responsive to the needs and requirements of the citizenry that these public sector institutions are supposed to serve. However, corruption has become a malady of all public organisations worldwide. It is worth mentioning that corruption is an antithesis of accountability: where there is proper accountability, corruption finds it difficult to make a headway. The general presumption is that corruption has become the order of business in the Ghanaian public sector and the situation is now on the increase. The way we talk about it makes it appear to be ubiquitous; in government circles, within political groupings (particularly during primary election of candidates to represent the Parties), in churches, in all public institutions like the police, customs, immigration, educational institutions, health, the judiciary, ministries, departments, agencies (MDAs), metropolitan, municipal and district assemblies (MMDAs), in our local assemblies, communities and villages including our family set ups. Our chiefs are not even left out. The irony is that whilst everybody is talking about corruption, no one seems to accept the fact that he/she is corrupt. We point accusing fingers at others or at each other on mere perceptions and feign our non-inclusiveness. Corruption has therefore become so elusive that no one has ever ventured to find a practical antidote to bury or curb it aside workshops upon workshops that are ran to discuss it. Ghanaians generally behave as if they see it but appear not to see it because; indirectly, they seem to approve of it and indulge in it unknowingly. It appears to have assumed the posture of a norm.

The issue of corruption and its alleged pervasiveness is not something new. In 1973, a Commission of Inquiry was appointed by the government of the National Redemption Council (NRC) Government headed by the late General Kutu Acheampong to inquire into bribery and corruption in Ghana. The Commission was established on the basis of allegations of gross bribery and corruption within government and public institutions in Ghana at the time. This was about forty-three (43) years ago. Almost every public speech of the then Head of State, General Kutu Acheampong, and his Commissioners was spiced with the words: probity, accountability, integrity and prosperity.

Corruption is a human phenomenon; it exists everywhere including even the so-called civilised countries. If you give it the opportunity to thrive, it will. The phenomenon has become apparent in recent times because technology has enhanced the means of communication, making it possible for many people to obtain information than before. According to Kuffour, former president of Ghana, corruption started from the day of Adam. Consistent with the teachings of the Holy Book, when Ananias and Saphira sold their property and, instead of giving all the proceeds to the church as the claimed, they connived and concealed part of the proceeds. They did not properly account for what they earned from the sale of their possessions and this was described by Peter as an act of Satan and a lie against the Holy Spirit. It was an act of corrupt minds that is why Peter called it Satanic {See Acts Chap. 5; Verses 1-4}. Examples abound in the Holy Book, particularly in the books of Mica, Proverbs, Amos, Isaiah, etc. including the bribe Judas took to betray his own teacher Christ Jesus.

The findings of the 1972 Commission of Inquiry on the factors that account for corrupt practices in the Ghanaian society at the time would be almost the same, if not the same factors that any Commission of Inquiry appointed today with a similar task would arrive at. Any new additions would have to do with the role technological advancement plays in corrupt practices; the findings couldn't be any worse. This means that nothing has indeed changed within the forty-one (41) years of the existence of this report, notwithstanding the useful recommendations the Commission came out with. The report was emphatic that the practice of corruption involved a certain state of mind, certain habits, administrative and institutional shortcomings, weak or inoperative sanctions and uncertain natural leadership. By leadership, the Commission was not referring to only leadership at the national governance level, but leadership in all sectors of our public institutions - national, regional, district, local and even at our village committee levels. This paper therefore, examines the issue of probity and accountability by critically analysing the position of the law and the reality in the Ghanaian system.

Corruption and Accountability

Corruption is the antithesis of accountability; the two are diametrically opposed to each other. The absence of one nurtures or promotes the other. There is no way corruption can thrive in the way or manner in which we see or perceive it, if there is "proper accountability" at all levels in our public dealings. It is, therefore, no gainsaying to assert that 'proper public accountability', not just 'propagandist' or 'lip-service' public accountability, is the only panacea for the eradication of corrupt practices in our public institutions and the society in general. Public Accountability is, therefore in essence, a 'sine qua non' for Good Governance. For instance, in American political discourse, Accountability is often used interchangeably with 'Good Governance'. This is because there can never be good governance if there is no accountability.

The Concept of Accountability

Bovens (2007) described the word 'Accountability' as a golden concept increasingly used in political discourse and policy documents. According to the author, accountability conveys an image of transparency. Quoting Dubnick (2003), the author traces its etymological roots to the Anglo-Normans during the reign of William I, decades after the Norman conquest of England. From that historical account, the word 'accountability' was coined from the word 'accounting' in its literal sense of bookkeeping. Though writers and discussants on accountability agree on its importance and desirability as a vital tool to a well-functioning liberal democracy, they are unable to arrive at a universal definition of the word. Romzek and Dubnick (1987), however, agree that the basic notion of accountability points to a condition of having to answer to an individual or body for one's actions.

Mulgan (2003) observed accountability as a relationship of social interaction and exchange involving complementary rights on the part of the account-holder and obligations on the part of the accountor. According to the author, there are three defining features of accountability: i) it is external which means that the account is given to some other person or body outside the person or body being held accountable; ii) it involves social interaction and exchange; and iii) it implies some rights of authority. Bovens (2007), on the other hand, regards accountability as a relationship between an 'actor' and a 'forum', in which the actor has an obligation to explain and to justify his or her conduct; the forum can pose questions and pass judgment, and the actor may face consequences. Bovens replaced the term account-holder with the term 'forum' and then accountor with 'actor'. Like Mulgan, Boven also identified three indispensable components or features of accountability: i) the actor should be obliged to inform the forum about his conduct; ii) there should be an opportunity for the forum to debate with the Actor about his conduct as well as an opportunity for the actor to explain and justify his conduct in the course of the debate; and both parties should know that the forum is able not only to pass judgment but also to present the actor with certain consequences.

These features or components identified by Boven are not different in substance to that of Mulgan. The relationship between the accountor/actor and the account-holder/forum is unequal, because the account-holder/forum has some kind of moral authority over the accountor/actor. Yet, this moral authority, in reality, does not necessarily entail actual or formal power. For example, the 1992 Constitution of Ghana, which is the Supreme Law of the land commences as follows:

> *"In the Name of the Almighty God, We the People of Ghana, IN EXERCISE of our natural and inalienable right to establish a framework of government which shall secure for ourselves and posterity the blessings of liberty, equality of opportunity and prosperity; IN A SPIRIT of friendship and peace with all people of the world; AND IN SOLEMN declaration and affirmation of our commitment to; Freedom, Justice, Probity and Accountability; The Principle that all powers of Government spring from the Sovereign Will of the People; The Principle of Universal Adult Suffrage; The Rule of Law; The protection and preservation of Fundamental Human Rights and Freedoms, Unity and Stability for our Nation; DO HEREBY ADOPT, ENACT AND GIVE TO OURSELVES THIS CONSTITUTION."*

The Constitution then opens up with the first article (i.e. Article 1 (1) which says:

> *"The Sovereignty of Ghana resides in the people of Ghana in whose name and for whose welfare the powers of government are to be exercised in the manner and within the limits laid down in this Constitution."*

The People of Ghana who are the Supreme Authority, are the account-holders/forum, while the government in power (which is exercising power on the people's behalf), is the accountor/actor. Thus, the Government in Power which resides in the President is holding power in trust for the people of Ghana so for public accountability purposes, the President has an obligation to account to the People of Ghana. He becomes the accountor/actor and he holds that position together with his executives. They have an obligation to account to the people of Ghana as account-holders/forum and this is done in various ways in compliance with laws put in place for that purpose.

Accountability as a Principal-Agent Relationship

Traditionally, accountability is seen as a principal-agent relationship. In this relationship, the principal who is either the forum or account-holder has a wide range of potential remedies. These range from grave sanctions like dismissals, termination, etc. to lesser ones like suspensions, reprimands, etc. In the Ghanaian public institutions, there are supposed to be rules and regulations that regulate behaviour of public officials in fiduciary positions.

> *Punishments and sanctions apply in most cases under such regulations but the question is; are these sanctions applied at all? If yes, are they applied to the letter?*

Where the actor or accountor is compelled or feels compelled to disclose information to the public who has very limited possibilities to ask questions or pass judgment, accountability becomes deficient. The term 'accountability' is fashioned in a way to make it appear transparent but transparency is not accountability. Informal or voluntary transparency does not amount to accountability. Accountability, in essence, serves as a conceptual umbrella that covers several other distinct concepts. It is used loosely to mean transparency, equity, democracy, effciency, responsiveness, responsibility, probity or integrity. In effect, however, it goes beyond all these synonyms. Transparency is just an instrument of accountability and does not constitute accountability. Proper accountability has now come to stand as a general term for any arrangement, relation, regime or mechanism that makes powerful institutions and individuals responsive to their respective publics.

Accountability as an Evaluative Concept

Accountability is basically an evaluative concept and not an analytical one. It is used to positively qualify a state of affairs or the purpose of an actor or accountor. It shows responsibility, that is, willingness on the part of the actor or accountor to act in a transparent, fair and equitable way to justify a conduct. Bovens called this 'active responsibility' or 'responsibility-as-virtue' because it is about the standards for pro-active responsible behaviour of actors or accountors. Accountability, in a brief sense, therefore, is the obligation of an actor or accountor to explain and justify conduct and for the account-holder or forum to interact and ask questions to enable him/her pass judgment and apply sanctions.

Accountability as a Preventive Measure

Accountability is not only about control; it is also about prevention- the application of sanctions. For instance, in Ghana, rules and regulations are laid down alright for application when appropriate. However, there are no reasonable measures to effectively implement or apply these laws to the letter to deter or prevent public officials from breaching them. Occasional implementation or attempts at implementation smacks of bias and caprice. It is the duty of heads of institutions to maintain law and order in their various institutions and public places. That is why they have been employed by government and are being paid. Since they are being paid with the people's moneys to perform those duties, they are bound to account to the people. However, sometimes our cultural upbringing contributes to limiting the effectiveness of accountability in our workplaces. Sometimes when our representatives do the right thing, we complain; when they fail to act too, we complain. Sanction application is, therefore, a big problem and that makes proper accountability almost non-existent in our public administration setup.

The Concept of Public Accountability

'Public', as used in accountability refers to two things; first, the openness of the account-giving (i.e. given in public but not discreetly) and second, the spending of public funds and the exercise of public authority or the conduct of public institutions. This does not limit it to public organisations only but can extend to private bodies that exercise public privileges, receive public funding or render public services. Public accountability is, therefore, accountability in and about the public domain. It deals with public responsibilities; i.e. public money, actions of public officials and actions of public institutions or institutions with public functions. It is, therefore, about the public, by the public, done in public and for the public.

McCandless (2004) described public accountability as the obligation of authorities to explain publicly, fully and fairly, before and after the fact, how they are carrying out responsibilities that affect the public in important ways. It means that decision-makers will publicly explain what outcomes they intend to bring about, for whom and why. McCandless contends that accountability must be both ex-ante (i.e. explanation before the fact) and ex-post (i.e. explanation after the fact) – as against others who see it as basically ex-post. According to McCandless, some citizens contend themselves by holding blind trust in authorities or blind partisan trust in a political party until something goes wrong that could have been prevented. Citizens must require their elected representatives and decision-makers to give full and fair public account or explanations of their intentions and reasons before they act. Fairly holding public officials to account does not mean giving undue deference to people in authority; requesting, urging, calling for or demanding something is basically not more than supplication.

For instance, using government as an actor or accountor and the people as the forum or account-holder, a political party with a clear majority in a legislature can bring about a certain outcome, yet we as a people have developed no effective means of holding legislative majority members publicly to account for their intentions and reasons for supporting the outcome even though it is opposition parties' duty to do exactly that. He calls the conduct of opposition parties by yelling across the floor in a legislature as just 'theatre' that diverts legislators from doing their parliamentary work for citizens. Legislative debates could be respected if each of the proponents and opposers in debate were required by parliamentary procedure to answer the two basic public accountability questions for an intention brought before the legislature (i.e. 'intention' and 'reason').

Perspectives of Public Accountability

Public Accountability is important in three ways: to provide a democratic means to monitor and control government conduct; for preventing the development of concentrations of power; and finally in enhancing the learning capacity and effectiveness of public administration.

The Democratic Perspective of Accountability – Popular Sovereignty

Public accountability is extremely important from a democratic perspective, as it makes it possible to account in a democratic fashion those holding public office.

The Constitutional Perspective of Accountability – Prevention of Corruption and Abuse of Power

The main concern underlying this perspective is the prevention of the tyranny of absolute rulers, overly presumptuous elected leaders or an expansive and privatised executive power. The remedy against an overbearing, improper or corrupt government is the organization of institutional countervailing powers like, the Judiciary with its powers of judicial review in the judicial forum, Commission for Human Right and Administrative Justice (Ombudsman), Economic and Organised Crime Office, Auditor General, Parliament and its Committees, etc. These are given powers to request that accounts are rendered over particular aspects. Good governance arises from a dynamic equilibrium between the various powers of the state.

The Cybernetic Perspective of Accountability - Enhancing the Learning Capacity

The purpose of accountability lies more in maintaining and strengthening the learning capacity of the public administration. Accountability is not only useful as a check, it also leads to prevention. An administrator who is called to account is confronted with his policy failures and he is aware that in the future, he can be called upon again to render account. The media, interest groups, and citizens are all adopting an increasingly more critical attitude towards the government. Respect for authority is fast dwindling and the confidence in public institutions is under pressure in a number of democratic countries including Ghana. Processes of public accountability in which administrators are given the opportunity to explain and justify their intentions and in which citizens and interest groups can pose questions and offer their opinion, can promote acceptance of government authority and the citizens' confidence government's administration. In the case of tragedies, fiascos and failures, processes of public account-giving may also have an important ritual, purifying function. It can help to provide public *catharsis* (Public purging or cleansing).

Conclusion

If truly as a country, we have solemnly declared to commit ourselves to Probity and Accountability and then Equality and Justice as is expressly stated in our Constitution, then it behoves on all of us to hail this law on causing financial loss to the state that seeks to ensure that these qualities actually exist and apply in all our public dealings. Article 41(f) of our Constitution (1992) under the Directive principles of State Policy provides:

> *"it shall be the duty of every citizen to protect and preserve public property and expose and combat misuse and waste of public funds and property"*

It is truism that for quite a long time, some of Ghana's political, administrative and economic elites working in our public institutions have constantly lived above the law, protected by self-serving culture of impunity -be it at the national level, regional level, district level, local level or community/village level. Some public officials at all levels and in all capacities, engage in misconducts without the least attention to the interest of the state. The notion of public officials as fiduciaries who have a duty (moral and social) to account to the people they represent is alien to many public officials. The term 'Public Servant' has lost its real meaning. It now implies 'Public Master'. Directors and Senior of-ficers appointed to sit on Public Boards and Commercial entities in which the State has interests draw very handsome if not huge allowances, but suffer no risk of personal liabilities when their wilful, fraudulent or reckless acts, conducts or inactions cause the state (i.e. the People of Ghana) to suffer financial losses running into millions of cedis, dollars and pounds. For instance, the annual reports of the Auditor General routinely carry pages and pages of similar financial and administrative misconducts of public officials in our ministries, departments, agencies, commercial institutions of State, Metropolitan, Municipal and District Assemblies, etc. with suggested recommendations to nib the practices in the bud, but nothing happens after these reports are submitted to Parliament.

Some of the arguments of the proponents for the repeal of this very good law (i.e. the anti 179A (3)(a)) proponents are that the law is vague and too elastic; its application is going to put fear in public officers in taking decisions at their places of work; it will restrain a public officer whose duties include risk-taking from taking good decisions due to the risk factors involved since he could be dragged to court and jailed on account of any financial loss from his decision to take that risk or action; it would be selectively applied against political opponents, etc. All these arguments appear romantic but are like a cane basket that cannot hold water. What we must remember is that having a good law or legislation on one hand and applying it properly as intended by the legislature or the law maker on the other hand, are two different things. If a good law is administered negatively by a bad judge, it becomes a bad law in the eyes of the public. On the other hand, if a seemingly bad law is applied positively by a good judge to the satisfaction of the general public, it is clothed in the garbs of a good law. It is for this reason that Haynes (2013) once argued that the quality of Justice depends more on the quality of the men who administer the law than on the content of the law that they administer.

Recommendations for Promoting Public Accountability

Major deficits exist in the Ghanaian Public Accountability arrangements in almost all our public institutions. In some cases, people and institutions are called upon to explain their conduct before a superior authority. They are questioned on their conduct and given opportunity to explain (i.e. there is interaction). Judgments are passed on their conducts, though not in all cases. However, in most cases where judgments are passed, no punishments follow the judgments (i.e. sanctions are not applied after the judgment). In other cases there is no accountability at all for conducts that have led to the state losing millions of cedis or dollars. There is no explanation of conduct to anybody, nobody questions anyone, there is no passage of judgment and therefore the question of sanctions doesn't come in at all. Meanwhile, we have laws, rules and regulations that are there to ensure that there is proper accountability in our public institutions.

Even though Sections 56, 61(6), 62, 66 and 67 of the Financial Administration Act, 2003 [Act 654] provides pragmatic framework and related sanctions for effective accountability in Ghana, the question is; do these laws apply in reality? Do Directors of all public boards and corporations perform their function in ensuring that proper accounts are submitted to them by the management of the corporations they preside over? Do some of them even know of the existence of this Act? Even the Financial Administration Tribunal, which is supposed to hear and determine cases arising from offences committed under this Act and to enforce recommendations of PAC has not yet been established almost twelve (12) years after the passage of the Act. How effective are these laws then and where is the Sanction element of Accountability? Again, our procurement law; i.e. the Public Procurement Act, 2003 [Act 663] has provisions on how public procurement is to be done {See Sections 35 to 40 of the Act}. However, these provisions of the Act are seriously abused by public institutions but nothing happens; nobody questions anybody. The reality is that; in our jurisdiction, there is some form of accountability; particularly when the Actor or Accountor happens to be a small fly. This is because, the small fly is easily caught in the cobwebs of 'judgment passing' and 'sanctions application' making the accountability cycle complete. But where the Actor or Accountor happens to be a big fly, there is normally a break in the cycle since the big fly, in most cases, manages to break through the cobwebs of 'judgment passing' and 'sanctions application', granted he is called upon to explain conduct.

Strengthening Institutional Structures

We can promote proper accountability if and when government strengthens and tightens institutional structures in the public service by putting in place control measures and ensuring that these measures are adhered to by all categories of public officials, be they small flies or big flies. This could be done through proper monitoring and evaluation. For instance, heads and other government officials must be held accountable for their actions or inactions that lead to financial and other losses to the state; they must be held accountable for the negative acts or inactions of their subordinates where they fail to hold such subordinates accountable for such acts or inactions. Again, employment letters of public office holders should clearly state the rules regarding their jobs and applicable sanctions when breaches occur (including confiscation of financial benefits and properties, etc.) if and when it becomes necessary. Thus, sanctions must strictly be made part of the accountability arrangements.

Adequate and Proper Record-Keeping

There should be good public sector record management. There cannot be proper public sector accountability and transparency if there is no proper public sector record management to check and reconcile facts, figures and events. Effective public sector records management ensures among others, maintenance of accountability and protection of citizen's rights, transparency and trust in government, reduction in corruption while boosting integrity, monitoring, evaluating and effective oversight responsibility for all financial transactions, good governance and ability to formulate, implement and sustain policies. State records in respect of important financial transactions are not properly classified and stored for research and reference purposes. Procedures provided for in Act 535 (i.e. Public Records and Archives Administration Act, 1997) have not been strictly followed. Evidence available to the Commission indicated that this state of affairs led to the State making double payments for transactions already paid for.

Enforcement of the Law

The laws put in place to ensure Accountability in all public institutions must strictly be enforced; particularly the Financial Administration Act, the Public Procurement Act and then Sections 179A and 179C of the 'Special Offences' enacted as part of our Criminal Offences Act to check acts of persons that cause financial losses to the State.

Decoupling of the Duties of the A-G from that of the Minister of Finance

Article 88 (1), (3), (4) & (5) of our Constitution (1992), places the duty of prosecuting and defending all actions for and against the State (both Civil and Criminal) on the Attorney-General). Meanwhile, our Attorney-General plays a dual role as a Minister of State and Cabinet member, plus that of a Prosecutor-General. The Attorney-General takes the final decision to either prosecute or not to prosecute any person or public official whose act or conduct results in financial or property loss to the state. Because of this dual position of the Attorney-General, the office is crippled in sufficiently performing this function because of political solidarity. In order that sanctions could be made part of our accountability regime in all spheres of our public life and properly applied, irrespective of the individual or institution involved, the state has to take a second look at this dual role of the Attorney-General. I hold the view that, an independent Attorney-General, who has no direct political lineage, with appointment and working conditions similar to that of the Commissioner of CHRAJ or the Electoral Commissioner, would be in a better position to play this role for and on behalf of the Sovereign people of Ghana without any external strings. With our current constitutional arrangements where the Attorney-General is always one of the big fishes of the ruling Government as a Cabinet member, and again the only one who decides to either apply sanctions or not in a number of cases as the representative of the People, achieving Proper Accountability in our major public institutions would be a mirage.

The Role of the Elite

The 'elite' should also re-examine themselves. Almost all the big fishes who can break through fishing nets or big flies who can break through cobwebs in our public institutions and usually manage to break through after contributing to causing financial losses to the good people of Ghana, have one time or the other passed through great institutions of learning within and outside our jurisdiction. We are educated partially with the tax-payers' money to enable us acquire knowledge for the development of our society for the betterment of our people. Let us use the knowledge that we acquire or have acquired to help raise our poor masses from the economic malaise in which they find themselves by being more sensitive, altruistic and proactive to their plight. We can do that by doing the right thing when we are entrusted with power or authority to act on their behalf. We can do that by eschewing misanthropy. We should not become leeches to drain their blood instead of infusing more blood of life in their veins to make them function properly. We should not divert funds ('donor' or otherwise) meant for the rural poor farmers or the vulnerable to build mansions for ourselves and our immediate families to their detriment.

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Entrepreneurship Development: The Place of Microcredit Delivery Scheme in Oyo State, Nigeria.

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Abstract
There is general consensus on the need to expand and strengthen microenterprises in Nigeria due to the potential they offer for social and economic growth and development. The development of this sector is largely hindered by its limited access to formal credit which has been a persistent criticism of the financial system around the world. This study examines the effectiveness of loan delivery by microfinance banks (MFBs) and cooperative thrift and credit societies (CTCSs) on the development of microenterprises in Oyo state. Survey design was adopted for the study which used five MFBs and five CTCSs from Oyo state to assess the relationship between their financial services and creation of microenterprises. Only 200 respondents (i.e. 100 clients of MFBs and 100 members of CTCSs) were randomly selected from the total population of 360 microentrepreneurs that initially identified through a preliminary survey. Two different sets of questionnaires were used to source information for the study; the first set solicited information from the micro entrepreneurs and the second set from the managers of the MFBs and CTCSs. The data collected were analyzed using descriptive statistics including percentage distributions, tables and charts. The result of the study showed that microcredit has a positive impact on the performance of microenterprise businesses and there is no significant difference between microentrepreneurs who use MFBs and CTCSs in terms of loans and advances. The paper recommended that microfinance institutions should design specific and adaptable packages for microentrepreneurs involved in microbusiness creation and also encourage solidarity groups' lending.

Keywords: Microcredit, Entrepreneurship development, Microenterprises, Microfinance banks, Cooperative societies and Group lending.

.Introduction

One of the few alternatives to rural-urban migration (with all its attendant problems) management is the promotion of micro-enterprises. The role of the Small Scale Enterprises (SSEs) as a catalyst for economic growth and development has been well documented in economic literature and recognized in most countries. For example, in many of the newly industrialized nations, more than 98 percent of all industrial enterprises belong to the SSEs sector and account for the bulk of the labour force. It enjoys a competitive advantage over large enterprises in servicing dispersed local markets (Sanusi, 2003).

Unfortunately, one major factor of production limiting the entrepreneurial ability of the people, especially the poor is finance, and this inhibits the attainment of development goals in less developed countries. Consequently, potential employment opportunities and household prospects for creating wealth and improving income are lost. Microcredit has been one framework adopted to address this problem. Its evolution reflects acknowledgement of credit market failures especially in the formal financial sector. There has been, therefore, a shift from the formal financial sector to microfinance which incorporates both savings and credit.

In cognisant of this fact, programmes of assistance, especially, in the areas of finance, extension and advisory services, as well as provision of infrastructure, have been designed by the Nigerian government at the Federal, State and Local Government levels for the development of the SSEs. Governments in Nigeria have in the last four decades shown much interest in ensuring adequate financing for SSEs, by establishing various schemes and specialized financial institutions to provide appropriate financing to this sub-sector of the economy.

The two broad sources of finance to the SSEs sector of the economy are formal and informal sources. The formal sources include Deposit Money Banks, MFBs and government loan agencies. While informal sources of finance comprise business owners' savings, ploughed back profit, friends, families, "aro", "owe", "esusu" (Siebel, 2006), money lenders, clubs such as CTCSs among others.

Currently, the involvement of the informal sector is quite pronounced in the area of microfinance programme (Ojo, 2007). The key features of informal microfinance schemes are savings and credit components, informality of operations and higher interest rates in relation to the formal banking sector (Majeha and Nwachukwu, 2008). Notwithstanding their high interest rates, groups like Rotating Savings and Credit Associations (RoSCAs) and CTCSs can help reduce costs, mobilize funds, improve monitoring and deploy informal-based enforcement mechanisms (Beatrice-Aghim and Morduch, 2005).

It has been rightly observed that access to financial services can be a first step in breaking the cycle of poverty. So, this makes microfinance an essential underpinning to the Millennium Development Goals (MDGs), as access to financial services acts as a buffer for sudden emergencies and enables the poor to build their own paths out of poverty. More so, SSEs are critical to the success of one of the

Millennium Development Goals (MDGs) of cutting global poverty by half by 2015 (Lemo, 2006).

In this paper a modest effort is made to x-ray the effectiveness of the microcredit delivery scheme of MFBs and CTCSs on microenterprises development in Oyo State, Nigeria.

Statement of the Problem

The major problem confronting the poor and microentrepreneurs is their inability to obtain finance from formal financial sources as banks because these microenterprises were considered to be risky ventures due to high transaction costs, low returns and lack of the provision of collateral. The uneven distribution of microfinance banks and other allied financial institutions across the country also poses a hindrance to financial accessibility by microenterprises as banks are more concentrated in some geopolitical zones than others which investors perceived to possess high business volume and profitability.

In Nigeria, efforts at serving the poor by microfinance institutions have been dogged by institutional weaknesses, maladapted oriented staff, low capacity base and expertise, operational challenges and loan defaults that have been the reduction of community banks from about 1,500 to less than 800 and the collapse of the Peoples Bank of Nigeria that ought to have replicated Grameen's experience (Ojo, 2007). Also, the impact of the few NGOs and community banks that have successfully metamorphosed into full-fledged MFBs is still low to have any meaningful impact on the poverty stricken economy as a whole (Ojo, 2007).

In addition, the impact of microfinance on microenterprises development has not received adequate research attention in Nigeria. This means that there is a major gap in the relevant literature which has to be covered by research. Given the sharp differences from studies on microcredit, this work will examine the role of microcredit on development of microenterprises.

Research Question

The following questions will form the basis of this investigation.

(a) What is the impact of MFBs and CTCSs microcredit scheme on microenterprises development in Oyo State?
(b) What are the factors inhibiting MBFs and CTCSs in financing microenterprises development in Oyo State?

The rest of this paper is organized as follows; Section 2 deals with literature review. Section 3 presents the methodology used in the study while section 4 contains analysis. Finally, section 5 spells out summary, conclusion and recommendations.

Literature Review

Conceptual Framework

Entrepreneurship has been defined in different ways by different researchers. Schumpeter (1935, 1939) defines entrepreneurship as the innovation in product, technology, market and in economic organizations. Also, Bygrave (2003) defines entrepreneurship as the creation of economic organisation, while Verstraete and Fayolle (2005) define entrepreneurship as the identification of a business opportunity, the creation of value, the creation of organisations and the innovation.

Furthermore, entrepreneurship is the dynamic process of creating incremental wealth. The wealth is created by individuals who assume the major risks in terms of equity, time and/or career commitment or provide value for some product or service. The product or service may or may not be new or unique, but value must somehow be infused by the entrepreneur by receiving and locating the necessary skill and resources (Hirsrich , Peters and Shepherd, 2008).

Many microenterprises highlight certain common problems: undercapitalization and low ability to command loan finance due to insufficient collateral, track records or financial expertise, lack of broad-based management skills, inadequate understanding of cash flow management and heavy dependence on local markets and a limited number of customers. But the latent capacity of the poor for entrepreneurship would be significantly enhanced through the provision of microfinance to enable them engage in economic activities and can be self-reliant, increase employment opportunities and create wealth (CBN, 2003).

Generally, microfinance refers to loans, savings opportunities, insurance, money transfers and other financial products targeted at the poor. Eluhaiwe (2005) opined that microfinance is the provision of thrift, credit and other financial services and products in very small amounts to the poor to enable them raise their income levels and improve their standard of living. Microfinance has also been defined as the provision of very small loans that are repaid within short periods of time and is essentially used by low income individuals and households who have few assets that can be used as collateral (Ukeje, 2005).

Microfinance, as defined by the Central Bank of Nigeria (CBN, 2005) is the provision of financial services to economically active poor and low-income households. These services include credit, savings, microleasing, microinsurance and payments transfer, to enable them engage in income generating activities. Ogunleye (2009) is of the opinion that microfinance is about providing financial services to the poor, who are traditionally not served by the conventional financial institutions. Littlefield and Hshemi (2003), in their opinion, identified microfinance as a critical factor with a strong impact on the Millennium Development Goals (MDGs) with one of the goals being poverty alleviation through microenterprises development.

The liberalization of the economy since the introduction of the structural adjustment programme in 1986 has tended to exacerbate financial problems of the microenterprises; loanable funds from government sources have dwindled considerably. The cost of borrowing has multiplied several folds irrespective of the scale of operation. Consequently, only a limited number of entrepreneurs are in a position to meet their financial requirements. These problems have led to the demise of many farmers, artisans and others with private initiative. (Ezema, 2007).

According to Muktar (2009), credit has been recognized as an essential tool for the promotion of small scale enterprise. Over the years, several traditional microfinance institutions such as self-help groups, esusu and RoSCAs have been in existence in Nigeria to provide credit to microentrepreneurs. However, they are only able to service a small proportion of these micro-entrepreneurs due to inadequate financial strength.

Besides, it has been identified that traditional financial institutions find serving the poor risky and expensive. The poor are often illiterate, have limited collateral and no official credit histories, and are often dispersed across the rural geography (Boros, Murray and Sisto, 2002). Moreover, they operate in the informal economy and start businesses that are often unregistered and untaxed (Castells & Portes, 1989; de Soto, 2000; Schneider, 2005; Portes & Haller, 2005; Webb, Tihanyi, Ireland, & Sirmon, 2009). This leads to agency and transaction cost problems that traditional banks have a hard time overcoming. Microfinance institutions were established to fill the gap created by the formal financial sector by improving the socio-economic condition of the poor and also their income generation activity.

In Nigeria, credit has been recognized as an essential tool for promoting micro-enterprises especially with about 70 per cent of the population engaged in the informal sector or in agricultural production. The Federal and State governments have recognized that for sustainable growth and development, the financial empowerment of the rural areas is vital, being the repository of the predominantly poor in society and in particular, micro-enterprises. If this growth strategy is adopted and latent entrepreneurship capabilities of this large segment of the people is sufficiently stimulated and sustained, then positive multipliers will be felt throughout the economy. To give effect to these aspirations, various policies have been instituted over time by the Federal Government to improve rural enterprise production capabilities (Olaitan, 2006).

The evidence from the literature also shows that adequate credit aids entrepreneurship performance (Peter, 2001; Gatewood et al., 2004 Kuzilwa, 2005). The result of such credit assistance to entrepreneurs is often seen as improved income, output, investment, employment and welfare of the entrepreneurs (Martins, 1991; Kuzilwa, 2005; Lakwo, 2007). In addition, it is evident that credit had a positive impact on the business performance in Kenya (Peter, 2001), income and well-being of women in Uganda (Lakwo, 2007), also credit and savings had positive impact on the performance of entrepreneurs in Nigeria (Ojo, 2009). Arising from the facts stated above, microcredit and its impact on the performance of entrepreneurs cannot be underestimated.

Theoretical Framework

The relevant theory to this study is innovation theory of trade cycle associated with Schumpeter. According to Schumpeter (1939), innovations in the structure of an economy are the source of economic fluctuations. Trade cycles are the outcomes of economic development in a capitalist society. Schumpeter's approach involves the development of his model into two stages. In this paper we are more concerned with the first stage which deals with the economic system in equilibrium with every factor fully employed. This equilibrium is characterized by Schumpeter as the "circular flow" which continues to repeat itself in the same manner year by year.

Schumpeter's model starts with the breaking up of the circular flow by an innova-

tion in the form of a new product by an entrepreneur for earning profit.
Schumpeter assigns the role of an innovator not to the capitalist but to an entrepreneur. The entrepreneur is not a man of ordinary ability but one who introduces something entirely new. He does not provide funds but directs their use. To perform his economic function, the entrepreneur requires two things; first the existence of technical knowledge in order to produce new products, and second, the power of disposal over the factors of production in the form of bank credit.

According to Schumpeter, a reservoir of untapped technical knowledge exists in a capitalist society which he can make use of. Therefore, credit is essential for breaking the circular flow. The innovation entrepreneur is financed by expansion of bank credit. Since investment in an innovation is risky, he must pay interest on it. With his newly acquired funds, the innovator starts bidding away resources from other industries. Money incomes increase and prices begin to rise thereby stimulating further investment.

Overall, the entrepreneur has been a fundamental agent in most production, distribution and growth theories (Sanyang and Huang, 2010). Even, Hermert (2008) submits that over time, different economic theories have supported the idea that entrepreneurship and innovation are essential for spurring economic growth. This is also supported by the current theories on microfinance which postulate that microfinance structures are essential for development which is based on three basic assumptions: one is that poor populations possess the capacity to implement income generating activities. Two is the idea that poor people, given access to capital and guided properly, are in a position to implement and manage income-generating business enterprises. Three is that once the financial systems are established, the poor people are able to use it (the financial tools) for productive purposes and progressively incorporate themselves into the financial milieu, repaying the loans, and accumulating savings for the promotion of enterprises.

Empirical Review

A number of studies have been carried out on the impact of the microcredit delivery scheme on entrepreneurial development and with mixed results. Bolnick and Nelson (1990) find that microfinance institutions' assistance to enterprises had a positive impact on enterprises that were typically small, labour intensive and growing, despite the fact that the impact was not uniform across the samples and target variables.

In their own study, Copestake, Halotra and Johnson (2001) analyze the impact of microfinance on firms and individual wellbeing. The study focused on business performance and household income to establish a link between the availability of microfinance and the overall wellbeing of the poor. Copestake et al. find that borrowers who were able to obtain two loans experienced high growth in profits realized by their microenterprises and in household income compared to a control sample.

Also, Sharmina et al. (2008) carried out a study on a multivariate model of micro credit and rural women entrepreneurship development in Bangladesh to identify the factors related to the development of entrepreneurship among rural women borrowers through microcredit programmes. A multivariate analysis technique like factor analysis was conducted to identify the entrepreneurship development-related factors, while structural equation modelling was used to develop a model of micro credit program and the development of rural women entrepreneurship in Bangladesh. The results of their study showed that the financial management skills and group identity of the women borrowers have significant relationship with the development of rural women entrepreneurship in Bangladesh. However, it is perceived that microcredit programmes help rural women borrowers to survive only and do not help them to develop entrepreneurial capabilities.

In addition, Ojo (2009) investigates the impact of microfinance on entrepreneurial development. Three different hypotheses were formulated and tested using various statistical tools such as chi-square test, analysis of variance and simple regression analysis. The study reveals that (i) there is a significant difference in the number of entrepreneurs who use microfinance institutions and those who do not use them; (ii) there is a significant effect of microfinance institutions activities in predicting entrepreneurial productivity; and (iii) that there is no significant effect of microfinance institutions activities in predicting entrepreneurial development. The researcher concludes that the microfinance institutions and their activities go a long way in the determination of the pattern and level of economic activities and development in the Nigerian economy.

Furthermore, Messomo Elle (2010) examines the role of microfinance institutions on creation and expansion of microenterprises in Cameroon using the Schumpeter model and the Verstraete and Fayolle (2005) model of definitions of entrepreneurship. The results of the study show that microfinance institutions that boost entrepreneurship in Cameroon prefer to finance expansion than creation and also prefer to supply lending, savings and money transfer services than microinsurance and training services to microentrepreneurs.

Idolor and Imhanlahimi (2011) took a critical look at the access and impact of microfinance banks on the entrepreneurial and economically-active rural poor in Nigeria using Edo State as a case study. The result from their field survey indicated that there was very minimal impact of micro finance banks on the livelihood of entrepreneurial and economically-active rural poor.

Kounouwewa and Chao (2011) added a perspective by conducting a survey on financing constraint determinants in 16 African countries including Nigeria. The results indicate that the sizes of firm and ownership structures are factors responsible for small and medium enterprises growth. These factors also limit their access to capital and consequently financial constraints. They conclude that there must be efficient financial institutions to tackle problems of financing constraints in entrepreneurship and MSMEs.

Akande (2012) examines the impact of Microcredit on the performance of women-owned microenterprises in Oyo state. The result showed that there was little significant effect of microcredit on the performance of women micro enterprises in Oyo state due to high interest rates and short repayment periods.

Aribaba (2012) also carried out a study on the effect of funds provided by Cooperative Thrift and Credit Societies (CTCS) on the performance of small-scale businesses in Nigeria. The result of the study showed that CTCS funding has affected positively the performance of small-scale businesses.

Kanayo; Jumare and Nancy (2013) investigated why many entrepreneurs in Nigeria cannot access loans given the high levels of poverty. The paper argues that microenterprise finance cannot be financially viable because small loans are too costly to administer and the profits from such lending too meager to permit profitability. Based on content analysis of available literature, it is found that microfinance institutions are not effective in the delivery of microcredits in Nigeria due to poor loan quality, default in loan repayment, high transaction costs, widespread delinquency, and management deficiencies. Given these challenges, the study recommends that microfinance institutions should add savings services to their operations and other measures as practised in places like Indonesia and Bangladesh. These will enable microfinance institutions to be self-sustaining and to increase outreach.

The contribution of microfinance institutions on entrepreneurship development in Tanzania was also examined by Kushoka (2013). The study employed both descriptive and explanatory approaches to seek answers to the research question. The study reveals that there is an increase in the number of employees and amount of working capital of entrepreneurs after using the services of Microfinance Institutions (MFIs).

There are serious disagreements among experts on the validity of methodologies used in some of the published studies. Added to this is the fact that many people, especially the poorest of the poor, are usually not in a position to undertake an economic activity, partly because they lack business skills and even the motivation for business. In spite of this emphasis, current research did not provide sufficient justification for the link between Microfinance Institutions (MFIs) and development of microenterprises and besides, the empirical evidences emerging from various studies about the effect of microfinance on entrepreneurship development have so far yielded mixed results that are inconclusive and contradictory. Thus, the question of whether Microfinance Institutions improve or worsen entrepreneurial development is still worthy of further research such as the one being undertaken in this study.

Methodology

This research examines the effect of microfinance supplied by MFIs and CTCS on microenterprise development in Oyo state. In this research, microentrepreneurs are defined as owners of very small units of production operating in the informal sector. The assessment of lending and savings services are done by measuring the provision of the loan and the savings services to micro entrepreneurs, the minimum amount of loans that is granted to microentrepreneurs, the minimum deposit amount that is required from micro entrepreneurs in order to get loans, the waiting time required by microfinance institutions before providing loans to microentrepreneurs. The expansion of microenterprises by microentrepreneurs is related to existing microentrepreneurs and is defined in this research as micro-enterprise value creation, microenterprise opportunity identification and microenterprise innovation. The creation of microenterprises by microentrepreneurs is defined in this research as business organization creation by microentrepreneurs.

In this study survey research design was adopted. The study used five MFBs and five CTCSs from Oyo state to assess the relationship between their services and creation of microenterprises. Only 200 respondents were randomly selected from the total population of 360 entrepreneurs who were initially identified through a preliminary survey. The research made use of both primary and secondary sources to collect data. For the primary source, a structured questionnaire was used to elicit the data from respondents.

There were two different sets of questionnaires; the first set solicited information from the entrepreneurs and the second set from the managers of the MFBs and CTCSs in Oyo State. The instrument elicited information on the socio-demographic background of the MFBs, CTCSs and small-scale entrepreneurs, the sources of funds to MFBs and CTCS, sources of finance available to microenterprises, effect of MFBs and CTCSs loans on microenterprises performance, problems encountered by the MFBs and CTCS in financing microenterprises, and the specific problems facing microenterprises in getting the needed funding from the MFBs and CTCS. The secondary sources used included the records of some of the micro-enterprises under study as well as related literature. The data collected were analyzed using descriptive statistics including percentage distributions, tables and charts.
The five MFIs' and five CTCSs' names have been codified for reasons of confidentiality. Thus, the new names of the microfinance institutions are MFI 1, MFI 2, MFI 3, MFI 4 and MFI 5 while for cooperative thrift and credit societies are CTCS 1, CTCS 2, CTCS 3, CTCS 4, and CTCS 5.

Analysis

Oyo State, with a population of over 5.5 million has 42 MFBs and many CTCSs. The state is basically poor in terms of the living standard of the people and business activities. The income distribution is highly skewed and rural households in particular are very poor. The five microfinance institutions (MFIs) and five co-operative societies (CTCS) used in the study were grouped by their lending technology and geographic market niche.

In lending technology, MFIs lend to groups and few individuals, while CTCS lend both to groups and individuals depending on their demands. In geographical market niche, MFIs are mostly urban while CTCS are both urban and rural depending on the membership spread. Most of the MFIs lending are towards urban groups and individuals while CTCS directs majority of their lending to rural groups and individuals. The five MFIs have some traits in common because they work in niches untouched by traditional banks. All five grant small loans to first-time borrowers and make bigger loans to repeat borrowers. They also charge high prices, and keep arrears and loan losses low with various mixes of screening, monitoring, and contract-enforcement. In addition they have received free technical assistance and low-priced loans from donors (NGOs), but they also made progress toward sustainability. Compared with CTCS all five have uncommon outreach and sustainability, but they charged low prices and provide flexible loans to borrowers. Majority of them do not receive any assistance from donors (NGOs). In a nutshell, the CTCS are flexible in their loans disbursement and have wider outreach than the MFIs.

Data Presentation and Analysis

Analysis of the Performance of MFIs in funding microenterprises

Table 1: Awareness of MFB microcredit scheme by microenterprises

Responses	Frequency	Percentage
Aware	39	39%
Not Aware	61	61%
Total	100	100%

Source: (Author's field survey 2013)

From the table above 39% were aware of the MFI micro credit scheme while 61% were not. It follows, therefore, that most of the entrepreneurs were not aware of the facility with the MFIs. This might not be unconnected with the fact that many of them are used to the contribution methods of sourcing for funds as well as the use of Cooperative societies.

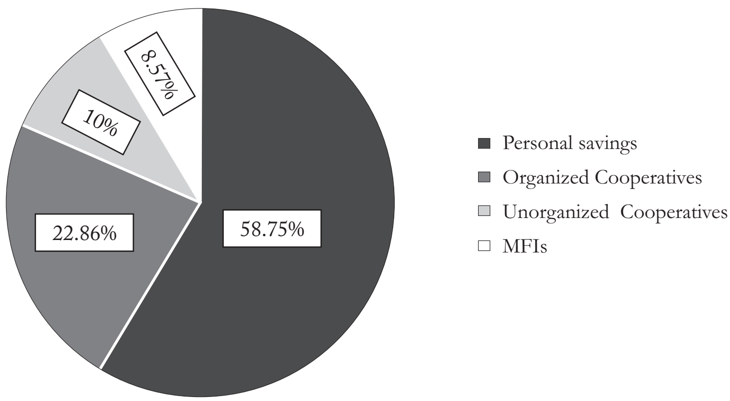
Table 2: Factors influencing Micro-finance banks financing of micro-enterprise

Factors	Yes	No
Applicant's gender	-	No
Profitability of business	Yes	-
Repayment ability	Yes	-
Preference for micro-enterprises	Yes	-
Formal registration of business	-	No
Collateral/guarantor	-	No
Age of business	-	No

Source: Author's field survey (2013)

In table 2 above, the factors influencing microfinance banks' financing of microenterprises were analyzed/displayed. The microfinance banks were influenced by factors such as profitability of the business, repayment abilities and preference for microenterprises. The microfinance banks were willing to help the microentrepreneurs unlike the commercial banks that may not respond to applications for loans to finance them. Moreover, the microfinance banks do not make applicants' gender, formal registration of business, provision of collateral and age of business important factors in deciding on a loan application. This makes it easier for microentrepreneurs, especially those who have been marginalized, to source their business finance from microfinance banks. This will go a long way in helping the entrepreneurs and also improve their performances.

Sources of Business Capital for Microentrepreneurs



Source: Author's field survey (2013)

The exploded pie chart above revealed that a large (58.57%) amount of business capital of most entrepreneurs came from personal savings, followed by the ones sourced from organized cooperatives (22.86%) and (10%) sourced from unorganized cooperatives while only a small amount (8.57%) came from Microfinance Banks. This might not be unconnected to their ignorance of the existence of the microcredit scheme of the MFIs and high interest rate charged by MFIs.

Table 3: Minimum loan amounts for microenterprise creation and expansion provided by MFI in Nigeria

Microfinance Institutions (MFI)	Minimum loan amount for microenterprise creation	Minimum loan amount for microenterprise expansion
MFI 1	> N35,000	> N210,000
MFI 2	> N25,000	> N60,000
MFI 3	> N110,000	> N110,000
MFI 4	> N60,000	> N110,000
MFI 5	> N110,000	> N110,000

Source: Author (2013), from MFI brochures and field studies

Table 3 presents the minimum loan provided to microentrepreneurs by microfinance institutions in the sample studied. The loans are of two types; loans for creation of microbusiness units and loans for expansion of microbusiness units. Loans for creation range between more than N25, 000 and more than N110, 000. Loans for expansion range between more than N60, 000 and more than N210, 000. All the five microfinance institutions studied provide loan services for creation and expansion.

Table 4 below shows the minimum deposit amount and time required by microfinance institutions to provide loans to microentrepreneurs either for creation or expansion. The minimum deposit amount required from microentrepreneurs by microfinance institutions studied to get a loan for creation ranges between N25000 and N110,000; and the time required by microfinance institutions to get that loan is between 3 and 6 months. As for the expansion the minimum deposit ranges between N60,000 and N210,000 and the time required by microfinance institutions to get that loan is between 3 and 6 months.

Table 4: Minimum deposit amount and time required to get loan for microenterprise creation and expansion

(MFI)	Minimum deposit amount required for microenterprise loan creation	Minimum time required for microenterprise loan creation granting	Minimum deposit amount required for microenterprise loan expansion	Minimum time required for microenterprise loan expansion granting
MFI 1	N30,000	3 months	N210,000	6 months
MFI 2	N25,000	3 months	N60,000	3 months
MFI 3	N110,000	6 months	N110,000	6 months
MFI 4	N60,000	6 months	N110,000	3 months
MFI 5	N110,000	3 months	N110,000	3 months

Source: Author (2013), from MFI brochures and field studies

Table 5 below presents other microfinance services provided by microfinance institutions to microentrepreneurs. From table 5, it is seen that only two microfinance institutions over five do provide microinsurance to microentrepreneurs. The microinsurance policies provided to microentrepreneurs are against credit default, disability and death. In respect of money transfer services to microentrepreneurs, the service is highly provided to microentrepreneurs. All the five microfinance institutions in the sample provide that service to microentrepreneurs. This service is provided to microentrepreneurs only within the country. Lower amounts are charged higher rates while higher amounts are charged smaller rates.

Microfinance institutions also provide training services to microentrepreneurs. Only one microfinance institution studied provides that service to microentrepreneurs. The types of training service provided to micro entrepreneurs are business management, funds management, computer skills management, project evaluation and market feasibility studies. The training charges are embodied in the loan amount granted to microentrepreneurs by microfinance institution.

Table 5: Other microfinance services provided to microenterprises by MFI

(MFI)	Micro-insurance Provision	Types of Micro-insurance provided	Method of payment of the micro-insurance	Money transfer Service provision	Types of money transfer services	Method of payment of the money transfer service	Training service provision	Types of training service	Method of payment of the training service
MFI 1				Yes	Within Nigeria	Fee charges depending on the amount			
MFI 2	Yes	Credit default, disability through sickness, death	Premium paid on the amount of the loan provided Opening of specific fixed Savings Accounts	Yes	Within Nigeria	Fee charges depending on the amount			
MFI 3				Yes	Within Nigeria	Fee charges depending on the amount	Yes	Business Manage-ment, Funds Manage-ment	Training fees are embod ied in the loan granted
MFI 4				Yes	Within Nigeria	Fee charges depending on the amount			
MFI 5	Yes	Credit default	Premium paid on the amount of the loan provided	Yes	Within Nigeria	Fee charges depending on the amount			

Source: Author (2013), from MFI brochures and field studies

Microfinance institutions at times do lend large amounts to microenterprises but to lend such an amount, microfinance institutions required from microentrepreneurs high liquid collaterals. Such collaterals are mostly savings of microentrepreneurs. The savings amount required for a particular loan is generally at least two-quarter of the lending amount (Camilleri, 2005). This explains then why in table 3, in relation to table 4, the minimum loan amounts are greater than the minimum savings amounts.

In addition, the account must have been opened for a period of at least three months in order for the microfinance institutions to know the microentrepreneur to whom the loan is granted. So they need a time to collect information on the borrower-microentrepreneurs. This contributes to reduce the asymmetric information between the microentrepreneur and the microfinance institution. It also contributes to reduce the rate of credit default faced by microfinance institutions related to microentrepreneur lending. This supports Armendariz de

Aghion and Morduch's (2005) assertion that credit risk results from moral hazard ex-ante and ex-post of microentrepreneurs.

Also, microfinance institutions are reluctant to provide loans to microentrepreneurs for creation or when they do so, they will ration the amount granted in size. This helps microfinance institutions to minimize the effect of credit risk default on the microfinance institution financial sustainability. This also explains why the size of the minimum loan granted to micro entrepreneurs for creation is lower than the size of the minimum loan granted for expansion in table 3. When the unit of production already exists, the microfinance institutions are more ready to provide funds to microentrepreneurs because the risk associated to existing units is lower than the risk associated to potential units of production.

According to Ledgerwood (1998), the loan granted to micro entrepreneurs is to enable them to acquire new assets or mostly new equipment to run their business efficiently on a day-to-day basis. These new assets acquired produce operating leverage effects on the microenterprise production. The operating leverage effect reduces the cost per unit of production. This helps microentrepreneurs to increase their value and carry out innovation in terms of product, market, process and in terms of the microenterprise business organization by restructuring the microenterprise in relation to growth and expansion of the microenterprise. This expansion and growth will go also with new business opportunity identifications.

Table 5 shows that few microfinance institutions provide micro insurance service to microentrepreneurs. The reasons are firstly, the microfinance institutions in Nigeria do not yet master adequately the technology of microinsurance; secondly, the cost associated to the provision of microinsurance to microentrepreneurs is very high for both the microentrepreneur and the microfinance institution. This then justifies why only two microfinance institutions in table 5 supply microinsurance service to microentrepreneurs and why microfinance institutions limit themselves mostly to the management of the microcredit granted to microentrepreneurs. Microfinance institutions use more of the traditional approach of supply of microinsurance to microentrepreneurs by requesting them to open specific savings accounts against the unexpected that can generate microcredit default granted by microfinance institutions. These specific accounts are accounts against sickness, disability, death.

In practice, out of lending and savings services and money transfer service generates high revenues to microfinance institutions in Nigeria. This reflects the general dis-position of all microfinance institutions in providing money transfer service to microentrepreneurs. The microentrepreneurs make use of the money transfer service locally to effect their business operations or to generate finances. Training service is not highly provided by microfinance institutions to microentrepreneurs because of the cost it generates to microfinance institutions in the provision of such a service. To provide training to microentrepreneurs, microfinance institutions must hire human resources from a specialized training unit or firm which will affect their financial sustainability. This explains then why only one microfinance institution provides training to microentrepreneurs in table 5.

Analysis of the Performance of CTCS in funding micro enterprises

The analysis of the performance of the CTCS in funding microenterprises is hinged on these broad areas: (1) Effectiveness of the loans; (2) Adequacy of the loans in meeting the needs of the micro entrepreneurs; (3) loan recovery; (4) speed at which loans are obtained; and (5) loan monitoring by the CTCS.

The analysis in table (6a) below showed that majority (48%) of the respondents believed the CTCS has performed effectively well in its duties of financing members' businesses; while 36 (36%) said the CTCS has performed effectively, 7(7%) of the respondent believed that the CTCS has performed averagely in the funding of the microenterprises.

Table 6a: Performance of the CTCS in funding microenterprises

Parameter	Frequency	Valid Percentage
Effectiveness:		
Not effectiveness	1	1
Effective	2	2
Averagely Effective	7	7
Very effectively	36	36
Strongly effective	48	48
No Response	6	6
Total	100	100

Source: Field Survey, 2013

Table (6b) below explained the adequacy of the loan granted by the CTCS to meeting the needs of the microentrepreneurs; opinion differs on the adequacy. Majority of the respondents (47%) said the loan granted were very adequate, while (30%) just said it was adequate. Eight (8%) averagely believed on the adequacy of the loans in meeting the needs of entrepreneurs. Six (6%) of the respondents said it has little effect, while there was no response on whether the loans were not adequate.

Table 6b: Performance of the CTCS in funding microenterprises

Parameter	Frequency	Valid Percentage
Adequacy:		
Not adequate	-	-
Low	6	6
Average	8	8
Adequate	30	30
Very adequate	47	47
No Response	8	8
Total	100	100

Source: Field Survey, 2013

In table (6c) below many of the respondents (52 %) said the CTCS are very effective in loan recovery, while 33% believed the CTCS has performed averagely in funding microenterprises. Nine (9%) of the respondents reported that the CTCS are not effective in loan recovery, while 5% believed that they are slightly effective.

Table 6c: Performance of the CTCS in funding microenterprises

Parameter	Frequency	Valid Percentage
Loan Recovery:		
Not effective	9	9
Effective	5	5
Average Effective	33	33
Very Effective	52	52
No Response	1	1
Total	100	100

Source: Field Survey, 2013

Table (6d) below explained the speed in obtaining loans from the CTCS, majority 51 (51%) of the respondents opined that CTCS has been effective, while 24% said they have been highly effective in speed of giving loans. Sixteen (16%) of the respondents rated the CTCS averagely in loan disbursement, 6% said they were grossly ineffective, while three (3%) of the respondents said the CTCS has been ineffective in its disbursement of loans.

Table 6d: Performance of the CTCS in funding microenterprises

Parameter	Frequency	Valid Percentage
Speed of obtaining Loans:		
Grossly ineffective	6	6
Ineffective	3	3
Average effective	16	16
Effective	51	51
Highly effective	24	24
Total	100	100

Source: Field Survey, 2013

Table 7: Descriptive Analysis of the Performance of the CTCS in funding microenterprises

Parameter	N	Mean
Rate of the effectiveness of the CTCS	93	3.2974
Rate of the adequacy of the CTCS	88	3.1158
Rate of the society in recovery loan granted	16	3.1248
Rate of the speed in which loan can be observed from CTCS	95	3.0945
How effectively does your CTCS monitor loans	94	2.8994

Source: Field Survey, 2013

In table (7) above the result of the descriptive analysis on the performance of the CTCS in funding microenterprises showed that all the parameters (effectiveness of the CTCS, adequacy of the CTCS, loan Recovery and speed in obtaining loans) except one (monitoring of loans) showed an average performance of the CTCS with a mean of 3.2974, 3.1158, 3.1248 and 3.0945 respectively, while the monitoring of loans by the CTCS was rated below average with a mean value of 2.8994. The above analysis has showed that the CTCS has performed creditably well in the funding of entrepreneurs' businesses. This is very good for the micro enterprise sector of the economy because CTCS is more accessible for loan/funding that will further develop the microenterprise sub-sector.

In table 8 below, inadequate fund and poor loan recovery were identified as lending constraining factors of the CTCS in financing microenterprises. Other constraints include: poor economic down turn, bad leadership, misappropriation of capital, poor accounting system, poor state of infrastructure, and business wound-up, favoritism and high demand for loan.

Table 8: Problems of the CTCS in financing microenterprises

Parameter	Frequency	Valid Percentage
Inadequate fund	70	64.3
Bad leadership	15	14.75
Poor loan recovery	52	48.99
Misappropriation of microenterprises capital	12	10.21
Economic downturn	25	23.00
Poor state of infrastructure	4	3.98
Closure of microenterprises	3	3.00
Favoritism in loan abasement	3	3.00
Poor accountancy system	8	7.15
Demand for loans is much	3	3.00

Source: Field Survey, 2013

Summary, Conclusions and Recommendations.

Summary and Conclusions

The study examined the effectiveness of microfinance provided by microfinance institutions and cooperative thrift and credit societies on microenterprises development in Oyo State, Nigeria. The study found that most microfinance institutions are charging higher interest rates while some are still reluctant to finance microenterprise creation. Also, they focus their services on expansion-oriented microenterprises as opposed to start-up microenterprise. Also, they focus their services on expansion-oriented microenterprises as opposed to start-up microenterprise.

The study revealed that majority of the respondents (50%) believed the CTCS has performed effectively well in its duties of financing members businesses. The results also showed that the CTCS are very effective (52%) in its loan recovery (see Table 6c). In terms of the performance of the CTCS in funding microenterprises it showed average performance on: effectiveness, adequacy, loan recovery and speed in obtaining loans with a mean of 3.2974, 3.1158, 3.1248 and 3.0945 respectively (see Table 7). The findings on the problems faced by the CTCS in financing business of members showed that the major (48.99%) problem was poor loan recovery (see Table 8).

Despite the fact that microcredit provided by MFBs and CTCSs has a positive impact on the performance of microenterprises, MFBs still charge high interest rates while CTCSs do not have sufficient funds at their disposal to lend.

Recommendations

Based on the study and results obtained, the following recommendations are made:

- Microfinance institutions should design specific and adaptable packages for microentrepreneurs involved in microbusiness creation. It is from microbusiness creation that microenterprises can gain the opportunity to expand, thus migrating from the informal to the formal sector of the economy and ultimately boosting entrepreneurship in Nigeria.
- Microfinance institutions should not neglect training since it develops the human capital of microentrepreneurs. This development in human capital of microentrepreneurs by microfinance institutions will help them better manage their micro units of production, to grow and to reduce the credit risk associated to microentrepreneurship.

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Understanding the Relative Strength of the Motives that Influence Acquisition Strategy: Evidence from an Emerging Market

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Abstract
In the strategic management field, Acquisition is one of the key strategies most organizations use as a development strategy. Yet, literature suggests that most Acquisitions fail to realize the expected benefits that drive the strategy. This paper argues that part of the reason why most Acquisitions fail is because the motives that drive the strategy are not critically examined. Based on this, the paper examines the relative strengths of the motives that drive Acquisitions from the Ghanaian context. Using a purposive sampling of 105 managers drawn from the four mobile telecommunication companies in Ghana, a descriptive statistics based on the mean rankings of the respondents' average scores is used as the main diagnostic tool to analyse the data. The results indicate that in line with the literature review, various motives influence Acquisition. Of the12 motives that were found from the study, the three most important ones were profitability, foreign markets and increased in market power. Based on the findings, implications on practice and policy are suggested.

Keywords: mergers, acquisition, Ghana, motives.

Introduction

Strategic management literature offers a number of strategies for firm's survival, growth, sustainability and development (Jonhson *et al.*, 2011; Pearce & Robinson, 2013). Acquisition is one of such strategies; in recent times, Acquisition is considered one of the strategies for gaining sustaining competitive advantage (Seth, Song & Pettit, 2000; Lodorfos &

Boateng, 2006). Yet, the motives that drive Acquisition play a crucial role in its success (Seth *et al.,* 2000; Banga & Gupta, 2012). Of the motives, Synergy, Agency and Hubris motives are the traditional motives often cited in literature as underpinning Acquisitions (Berkovitch & Narayanan, 1993; Seth *et al.*, 2000). The Synergy motive assumes that in acquisitions the combined operations of both firms are more profitable than that of the individual firms combined (Chatterjee, 1986). Agency motive on the other hand, assumes that Acquisitions take place primarily due to the advancement of the self-interest of managers at the expense of shareholders (Berkovitch & Narayanan, 1993). Thus, even though an Acquisition may not have any probable benefits for the company, managers may enter into Acquisitions to the detriment of shareholders. The last traditional motive, Hubris motive, argues that Acquisitions occur mainly due to overestimation of gains involved by managers (Seth *et al.*, 2000). After entering into acquisition, firms discover that the anticipated gains are non-existent and this leads to losses to the acquirer.

The past two decades have been referred to as acquisition and merger mania characterized by an unprecedented number of consolidations across the world. In 2012, the figure for Acquisition deals reached worldwide was $2.6 trillion representing a 2 percent increment over that of 2011. Sub-Saharan Africa deals alone were worth $14,615 million (Thomson Reuters, 2012). Ghana is not an exception regarding the development of Acquisitions. According to Business Week Africa (2011), Acquisitions have been in Ghana for some time, but through the central bank's issuance of a new bank recapitalization regulation in 2008, Acquisitions have gained more popularity in Ghana (Sanda & Adjei-Benin, 2011). Among the industries in Ghana, the telecommunication industry has experienced series of major Acquisitions. For instance, out of the six (6) mobile telecommunication companies operating in Ghana, four (4) have undergone at least one Acquisition. However, in spite of the increasing subscription to Acquisition as an antidote to firm growth (Barney, 2001), research has established that more than two-thirds of large Acquisition deals fail to create value for shareholders in the medium term (Lodorfos & Boateng, 2006). The rate of failure of Acquisitions worldwide has been relatively high with some studies ascribing as high as an 88 percent failure rate (Saunders, Altinay, & Riordan, 2009). In Africa, Acquisitions have not been without any problems. It has been reported that Bharti Airtel continues to experience plummeting net profit due to losses from its newly acquired African operations. Profits dropped by 41 percent from $470 million in 2009 to $291 million in 2010 after its Acquisition of Zain Africa (Ghana Business News, 2011). Similarly, in the last quarter of 2012, profits droped by about 50 percent (Wall Street Journal, 2013).

Research has provided a myriad of reasons for this high failure rate including industry match (complementary of assets, similarities of markets and products, synergies in production, strategic orientation,), pricing policy, financing, size of operation and the type of the transaction, bidding conditions, motives of Acquisitions, culture, leadership, communication and so on (Mirc, 2007; Berkovitch & Narayanan, 1993; Mitleton- Kelly, 2004).

Despite the selected challenges of Acquisitions outlined above, it is argued that the benefits of Acquisition far outweighs the challenges thus, this paper contends that in order to realize the expected benefits , the objective that drives Acquisitions needs to be critically examined. Whilst literature exits in the developed countries regarding the issue of Acquisition motives, it is not known whether evidence from the emerging markets (e.g. Ghana) compares or contrasts with extant studies (Ingham, Kran & Lovestam, 1992; Bruner, 2002).The objective of this paper, there-fore, is to examine the relative strengths of the motives that drive Acquisitions from the Ghanaian perspective. To achieve the objective of the study, the rest of the paper is subdivided as follows. Section 2 deals with the theoretical background and hypotheses development; Section 3 deals with empirical literature and the development of hypotheses. Section 4 concerns data and methodology whilst Section 5 focuses on discussion and conclusion. Section 6 deals with the implications of the study, limitations and the effect on future research.

Theoretical Background & Hypotheses Development

Acquisition is known to be based on "different" rather than a single motive (Ratajczak-Mrozek, 2015). Various studies employ various theories to explain the motives which drive acquisitions (e.g. Deng and Yang, 2015 [resource dependency theory]; Mtichell and Lehn, 1990 [managerial self-interest theory]; Mota, 2004 [economies of scope]; Jensen, 1986 [managerial discretion theory]). Besides, Trautwein (1990) outlined seven (7) different theories that explain Acquisitions. The specific theories are efficiency theory, process theory, valuation theory, raider theory, monopoly theory, empire building theory and disturbance theory. This study looks at four of these theories namely efficiency theory, valuation theory, empire building theory and monopoly theory. The reasons for the selection is that they are commonly applied in the field (see Ratajczak-Mrozek, 2015).

Efficiency Theory

The efficiency theory advances that Acquisitions are created to achieve a number of synergies. Acquisitions will only occur when they are expected to generate enough attainable synergies to make the deal beneficial to both parties. It is the complementary expectations of gains that results in the Acquisition proposal and accepted. According to Mueller and Sirrower (2003), synergy became popular in the 1960s when it was used to justify conglomerate Acquisitions which did not yield immediate results. Synergy in the context of Acquisitions can be explained to be the gains that accrue to firms based on their complementary potentials. The ability to create value out of the symmetric abilities of the firms involved in the consolidation is what is termed as synergy. A range of synergy types have been advanced in Acquisition literature. Chartejee (1986) identified collusive, operating and financial synergy as the three main types of synergies.

Collusive Synergy results from scarce resources that lead to increase in market power or share. Devos, Kadapakkam and Krishnamurthy (2009) explained that a combination of two large competing firms in the same industry reduces competition considerably. This leads to a reduction in prices of products or the prices paid to their suppliers. That being the case, they increase market power or share since other competitors find it difficult to provide their goods and/or services at equal or even lower prices. This type of synergy is only realizable in horizontal Acquisitions (Chatterjee, 1986). For instance, Devos *et al.* (2009) maintains that this type of synergy increases benefits to shareholders to the detriment of government and other stakeholders like customers and suppliers.

Operating synergy, on the other hand, argues that administrative and productive efficiencies are among the key motives of Acquisition (Chatterjee, 1986). These efficiencies include technical and marketing economies of scale and scope, increase in profits, cost reduction and managerial efficiencies. Devos *et al.* (2009, p.1186) defined operating synergy as 'the increase in after-tax operating profits less the changes in investments". The theory assumes that economies of scale and scope do exist in the industry and that before Acquisitions, firms operate at levels of activity that deprive them from harnessing the potentials for economies of scale. When firms come together, they are able to increase productivity and at the same time reduce the average cost of production.

Financial synergy is associated with the foreseeable gains in terms of reduction in cost of capital and an increase in cash flow (Charteejee 1986). Devos *et al.* (2009) explicated that a key component of financial synergy is tax benefit. These researchers say that companies take advantage of tax shields, increase leverage and all other tax advantage after Acquisitions occur. Overall tax savings go a long way to increase the cash flow of the combined firms and this is believed to be one of the reasons behind Acquisitions. Consistent with this assertion is the notion that efficiency theory downplays the impact of other industry players in influencing synergy realisation. This implies that once firms operate in an industry with other firms, the synergies realised through Acquisitions is partially dependent on the ability of these rival firms to counteract the edge the combined firm has over them in production efficiencies, production cost, capital cost, management capabilities and so on.

Valuation Theory

According to Steiner (1975), this theory argues that mergers are calculated and implemented by managers who have better information about the target's value than the stock market. The assumption here is that the acquirer may have peculiar and superior information about Target Company's unrealized potential and benefits associated with the intended union that is unknown to others and this is what propels them into an Acquisition. Also, they may have noticed an opportunity to sell the target company in bits since it is undervalued.

This theory underlies the Hubris motive. This motive suggests that Acquisitions take place due to an error in the valuation of Target Company by acquirer's management. The Hubris hypothesis as propounded by Roll (1986 as cited in Seth *et al.*, 2000) maintains that the takeover premiums paid only reflect a random error made by managers in assessing target firms. This error can be in the form of over or under estimation. Whichever type of error that is made, the premium paid is still not equivalent to current market price of the firm. Mueller and Sirrower (2003) advocate that this error leads to the winner's curse which is central to the hubris hypothesis. The authors explain the winner's curse to be loss accrued to the highest bidder in Acquisition because the winner wields the highest error in the valuation of the target company. This is based on the principle of a common value auction where the asset is of equal value to all bidders.

Roll (1986 as cited in Seth *et al.*, 2000) distinguishes between an extreme form of hubris and a moderate form. The extreme version of this hypothesis is rooted in the strong form market efficiency. This version predicts that there are no attainable synergies in Acquisitions but only a transfer of wealth to target companies through the payment of premiums. It also suggests that hubris hypothesis is not based on rational management behaviour unlike the rational profit maximisation behaviour that underlies the synergy motive. Roll explains that if managers were to behave rationally they would not patronize any transaction that requires a premium price greater than the market price which will apparently imply an error. The moderate version however agrees with the rational behaviour of managers and attributes error to a genuine mistake in valuation of target. The overestimation of synergies by a manager leads to overpayment in terms of premium and this leads to loss to the acquirer's shareholders. This theory has been criticised on the grounds that, if the acquirer had any private information about the target's value other than the apparent synergies, it will would be revealed in the biding process (Devos *et al.*, 2009). The stock price would climb to reflect the new information leaving the bidder in a winner's-curse situation (Trautwein, 1990). Thus, the information which this theory deems advantageous to the bidder becomes a trap which fetches them extra payment either in cash or stock and an overvalued target.

Empire Building Theory

The empire-building theory advanced by Mueller (1969 as cited in Mueller & Sirrower, 2003) presupposes that managers propose Acquisitions to seek their self-interest at the expense of shareholders' value. Hellgren, Lowstedt and Werr (2011) argued that, via this theory Acquisitions ride on the back of managerial goals. These goals range from sustainable growth of assets (Marris, 1964) to managers expense preference (Williamson, 1964).

The agency motive of Acquisitions was conceived out of this theory. Agency motive argues that Acquisitions come into play primarily due to the advancement of the self-interest of managers at the expense of shareholders (Berkovitch & Narayanan, 1993). Agency motive is based on the concepts of bounded rationality, hidden information, information asymmetry, risk preferences, hidden action, moral hazard, opportunistic behaviour and adverse selection and incentive asymmetries (Parvinen & Tikannen, 2007). This simply implies that all actors in the Acquisition process make decisions based on the amount of information available to them since they cannot have access to all information. This information symmetry may precipitate into hidden actions entrenched in opportunism to advance individual self-interest at the expense of other stakeholders in Acquisition.

Aggarwal and Samwick (2003) identified two main types of agency explanations.

The first type of agency explanation is that managers derive utility from reducing the personal risk associated with higher equity ownership (Aggarwal & Samwick, 2003). Thus, the higher the equity of managers in companies, the higher the urge to acquire more firms in order to diversify investment and reduce the risk of keeping all equity tied up in one firm. The second explanation of agency is that managers go into Acquisition to derive some private benefits. These private benefits ranges from prestige, better career prospects associated with running a more diversified firm, increase in asset size since their salary is often tied to the number of assets they control and the entrenchment of managers due to increase in their value (Aggarwal & Samwick, 2003).

Monopoly theory

This theory is similar to the collusive synergy argument advanced by Chatterjee (1986). However, this theory advances that not only do Acquisitions lead to increase in market share, but also create barriers to entry into an industry. According to this theory, Acquisitions come into play because firms have the need to increase market power. Chatterjee (1986) explained that this type of motive is only attainable in horizontal Acquisitions. Trautwein (1990) iterated that, conglomerate or unrelated Acquisitions can also attain market power through; subsidizing one product to gain market share with the profit from other products from other markets; controlling competition in more than one market at the same time. This is done through tacit collusion with the competitors it meets in various markets. Other possible ways of limiting competition in more than one market are reciprocal dealing and combining business functions such as purchasing. Here, market leaders can also prevent new and potential entrants into their market through concentric Acquisition. This theory just like the one above ignores the ability of the firms acting in the same industry to counteract or adopt similar measures to achieve an advantage. The theory is far from reality since all actors in the industry play a role in a firms bid to achieve any form of advantage. As explained by Chatterjee, (1986) the impact of Acquisitions on rival firms in the industry is proportional to the other firms' ability to offset the advantage gained through Acquisitions. Trautwein (1990) concluded that gains advanced by the monopoly theory are elusive, with studies not showing favourable result and industry results showing weaker impact while company results are mixed.

Empirical Literature on Motives Driving Acquisitions

In the light of theoretical discussions above, this section of the paper presents the empirical literature.

Synergy Motive

Synergy motive seeks to create or increase shareholder value. The primary reason for these set of motives is to unearth the complementary potential of both firms and subsequently create value such that the value of the combined firm exceeds the pre-Acquisition value of the individuals firms put together. Penrose's (1959 as cited in Seth, Song, Pettit*,* 2002) explanation for firms' growth gives credence to underlying reason of synergy. He explained that, the long run profitability of firms is dependent on its ability to grow the productive opportunities of the firm. Thus, the need for these productive opportunities drives firms into markets and products which will ensure efficient production and increasing revenues. Synergy is an umbrella word with a number of motives under it. In line with the efficiency theory, Seth *et al*. (2002) have said that multiple motives coexist under synergy. This category of motives refers to only those groups of reasons that predict positive returns for Acquisitions initiatives. According to Berkovitch & Narayanan (1993), synergy is one of the key motives for acquisitions (1993).

Economies of Scale and Scope

Economies of scale and scope are specific motives under synergy. From the efficiency theory, one of the motives behind Acquisitions is economies of scale and scope. Evidence on this type of benefit in Acquisitions was found by Ingham et al. (1992) in their study of Acquisition motives in the UK. They found marketing and technical economies of scale as the 3rd and 8th most important motive explaining Acquisitions from the manager's perspective. Walter and Barney (1990) also found exploitation of economies of scale as one of the clusters of motives driving Acquisitions. Although, this motive was found to be of moderate importance to Acquisition decision. This is also evident in Banga and Gupta's (2012) study, where they found that Acquisition of mutual funds are influenced by synergy. Their explanation for synergy presupposes the inclusion of economies of scale and scope.

Financial motive

Studies (e.g. Walter & Barney, 1990; Chakrabarti (1984; Hu (2009) found non-significant relationship between Acquisition and financial performance. For instance, Ferrer (2012) identified that Acquisitions do not increase profitability since it has a negative effect on return on equity as well as return on asset. Similarly, Kemal (2011) after analysing the post-Acquisition financial records of Royal Bank of Scotland found that Acquisition did not increase profitability. They found that out of the four main financial ratios analysed, it is only the solvency ratio of the bank that improved after the merger. Thus they concluded that since it suffices to use these ratios as measure of profitability for banks, then the Acquisition failed to increase the bank's profitability. This is in concurrence with Souder and Chakrabarti's (1984) finding that, there exists a negative relationship between Acquisition performance and increased profit motive. In Africa, Okpanachi (2011) found that, mergers and Acquisitions did not lead to any significant increase in after tax profit, net assets and gross earnings. Other evidence exits to counter the non-significant effect of Acquisition and financial performance. From the efficiency theory, financial benefits which include tax credits and other tax advantages, reduction in capital cost, increase in cash flow, creation of an internal capital market for efficient allocation of resources and reduction in risk associated with an organisations investment portfolio are part of the reasons driving Acquisitions (Chatterjee, 1986; Trautwein, 1990; Walter & Barney, 1990; Devos *et al.*, 2009). All the above authors have attested to the fact that financial benefits underlie Acquisition initiatives. Okpanachi (2011) however found that Acquisitions in Nigerian banks led to a significant increase in financial efficiency of these banks since two out of the three parameters showed significant increase. In addition, Ingham *et al.* (1992) found it as the most important reason that drives

Acquisitions. Altunbaz and Ibanez (2004) found evidence for this motive when they concluded that Acquisitions lead to an improvement in the performance of cross border Acquisitions.

Increase in Market Share/Power

This type of motive has also been emphasized in the work of Banga and Gupta (2012), Walter and Barney (1990) and Ingham *et al.* (1992). Ingham *et al.* (1992) found that this motive is the second most important motive after increase profitability. Although, Souder and Chakrabarti (1984) identified a negative relationship between this type of motive and Acquisition performance. This is one of the only two motives that showed a significant relationship in the study. Between the two, this motive showed the highest significance with a correlation coefficient of -0.645 even though it was negative. Contrary to this, Ghosh (2004) enunciated that this motive underlies Acquisition and actually found evidence of increasing market share after analysing 2000 US Acquisitions that took place between 1980 and 1990. He found that increased market share leads to the long run profitability of firms.

Entry into New Markets

The efficiency theory suggests entry into new market as one of the motives that drive Acquisitions. In the wake of this intense competition and pressures of the globalized worlds, research has established that organisations have resorted to Acquisitions as way of entering new markets be it geographically or product wise. Harding (2010) identified the opportunity Acquisitions have given to pharmaceutical industries in the United States of America, Europe and Japan to enter into emerging markets where growth rate is relatively higher. In this study, the author found that Acquisitions give these firms the opportunity to launch into new products areas which were not previously explored.

Barriers to Entry

The monopoly theory advances that, as much as organisations use Acquisitions to enter into new geographical and product markets, they use it also to regulate entry into the markets in which they already operate (Ingham *et al.*, 1992; Walter & Barney, 1990). Ingham *et al.* (1992) found that this motive is one of the least important motives underlying Acquisitions. Walter and Barney (1990) also found the entry into new product lines to be of medium importance to Acquisition. Barth, Jahera, Phumiwasana and Yost (2012) found that the potency of this motive of Acquisition is fast reducing due to both domestic and global (WTO) efforts and thus more and more firms are undertaking Acquisitions. Coate (2008) said that even though evidence of barriers to entry exists there is more to this than the cost blocking entry advanced by theorist.

Risk Reduction

Acquisitions occur to take advantage of financial synergies which include risk reduction. This motive was ranked as the fourth most important motive in Ingham *et al.'s* (1992) study. Zhu and Jog (2012) found evidence of this type of motive and its impact on Acquisition. They found that cross border Acquisitions lead to a reduction in the target firm's risk. They purported that this is mainly due to changes in the international shareholder base of a firm. Domestic Acquisitions, on the other hand, they claimed, lead to an increase in the risk of target. Seth *et al.* (2002) proposed that cross-border Acquisitions cause a reduction in the risk associated with acquiring firms. They also attributed this reduction to the advantages of international equity markets and differences in markets for products, corporate control, capital and labour. From this, it can be said this motive is important to both acquiring and target firms' value and performance since the evidence in literature suggests that both parties to Acquisition realize this motive.

Managerial Efficiency

The proxy for managerial efficiency in Ingham *et al.'s* (1992) study showed that this motive is of high importance to Acquisitions since it was found in the top five motives behind Acquisitions. This motive suggests that Acquisitions take place because firms often lack the required management capabilities and wish to take advantage of superior managerial capabilities in other firms. This motive has been established in literature by a number of authors (Ingham *et al.*, 1992; Walter & Barney, 1990). Its relation to Acquisition performance has been contested. Based on the good performance of target firms prior to Acquisitions, Song and Chu (2011, p. 152) found that in Malaysia, take-over market witnessed the enhancing of the earning base by the acquiring firms rather than playing the disciplinary role for under-performing targets'. They attributed Acquisition performance rather to agency-related issues of ownership concentration and related party transaction.

Cost Reduction

Cornett, McNutt and Tehrahian (2006) found that large Acquisitions, geographically-focused Acquisitions and activity focused Acquisitions enjoy relatively higher post Acquisitions performance due to revenue enhancement and cost reduction. They went further to say that Acquisitions that enjoy revenue enhancement are those that operate at a reduced cost. In spite of the importance of cost reduction in underlying Acquisition decisions, it was found to be of moderate importance to Acquisition decision by Ingham *et al.* (1992). However, all of the above motives can be categorized under synergy motive. Research (e.g. Berkovitch & Narayanan, 1993; Seth *et al.*, 2000; 2002; McCann, 2004) has found that the synergy motive results in positive total gain to the acquirer as well as the target companies.

Agency Motive

Berkovitch and Narayanan (1993) found that agency motive explains the poor performance of Acquisitions. They explained that there is a negative relationship between agency motive and total gains and acquirer's gain. However, target companies realize positive gains when Acquisition is underlain by the agency motive. Seth *et al.* (2000) found similar evidence in do-mestic US Acquisitions. They found that, in value reducing Acquisitions, agency motives appeared the dominant underlying reason for the Acquisition and not hubris. Seth *et al.* (2002) confirmed these same findings for cross border Acquisitions. In summary, literature identifies the agency motives as the most dominant motive underlying value destroying or unsuccessful Acquisitions. Agency motive has, however, been found to underlie certain value maximizing Acquisitions, but only to a minimum degree. In such cases, it was found that though the agency problem was present, it was the synergy motive which was the overarching motive (Berkovitch & Narayanan, 1993).

Hubris Motive

Consistent with the view of moderate hubris, Berkovitch and Narayanan (1993) found evidence of hubris in a subsample which resulted in positive gains to targets. However, the hubris motive was found to have a negative effect on gains to the acquired firm and no effect on total gains. Similarly, McCann (2004) found evidence of hubris in a study of UK Acquisitions. The author explained that in Acquisitions which realized negative total gains, hubris is unlikely to be the motive behind it. In those that experienced positive total gains, he found a negative relationship between acquirer and target gains indicating the presence of hubris motive. This is because in that subsample, there were significant gains to targets while acquirers experienced significant losses. In tandem with the above, earlier work by Roll (1986) found that the existence of the hubris motive cannot lead to any form of gain in Acquisitions. This evidence, gathered from a sample of US Acquisitions, was not contrary to later findings (Berkovitch & Narayanan, 1993; McCann, 2004).

Empirical literature above show that a number of motives drive Acquisitions. Following the motivations of the findings above, the following hypotheses regarding the relative strength of Acquisitions motives is proposed.

H1: More than one motive will influence the Acquisition of firms

H2: Among the motives underlying Acquisitions, profitability motive will rank higher, followed by the interest of senior management, opportunity for foreign market entry, economies of scale and the increased in market power before all other motives

Data & Methodology

The population of the study consists of mobile telecommunication companies in Ghana that have undergone acquisitions. Mobile telecommunication companies in Ghana that fall into this category were four namely: Scancom Ghana Limited (MTN), Airtel Ghana Limited, Vodafone Ghana Limited and Expresso Limited. The study was undertaken in Accra; Accra is the capital and also the largest commercial city of Ghana. The head offices of most companies operating in Ghana, including those under consideration in this study, are located in Accra. For these companies their strategic decisions are made from the head offices and the majority of the workforce are based in Accra compared to the other regions of Ghana. Questionnaire was the main data collecting instrument employed for the study. Purposive and quota sampling were employed to draw the sample of the study consisting of 105 senior and middle managers drawn from the four main mobile telecommunication companies mentioned above. Self-administered questionnaire was the main data collection instrument used to collect the data. The sample size for the study was estimated based on Watson's (2001) table for calculating a representative sample. The data were analysed based on descriptive statistics of the respondents' average score to ascertain the means and the standard deviations of the 12 motives following the review of the empirical literature. Table 1 presents the description of the data.

Table 1: Description of the Data

Variable	Frequency	Percentage (%)	Cumulative (100%)
Companies			
MTN	34	32	32
Vodafone	51	49	81
Airtel	11	10	91
Expresso	9	9	100
Total	105	100	
Gender of respondent			
Male	61	58.1	58.1%
Female	44	41.9	100.
Total	105	100	
Rank in Company			
Top management	25	23.8	23.8
Middle management	80	76.2	100
Total	105	100	

From Table 1, the management of Vodafone is the highest represented, followed by MTN. The least firm that is represented is Expresso; this is partly because it is the smallest mobile telecommunication firm in terms of customer patronage. In terms of gender, more male managers are represented compared to females, which is 58 percent and 42 percent respectively. Workforce in middle management positions were more represented compared to the top management that is 76 percent and 24 percent respectively. This is so because the down size of most organizations is more than the top.

Analysis and Results

By measuring the motives on a scale of 1 to 5 with 3 meaning neither agree nor disagree, and 5 meaning strongly agree. Table 2 below presents the results of the relative strengths of the 12 motives.

Table 2: The Relative Strength of Acquisition Motives

Nos.	Motives	Mean	Standard Deviation	Relative Importance
1	Increased profitability	4.27	.812	High
2	Entry into new markets	4.03	.753	High
3	Pursuit of market power/share	3.99	.953	Moderate
4	Marketing/technical economies of scale	3.82	.647	Moderate
5	Cost reduction	3.69	.913	Moderate
6	Utilise financial strength of the acquire firm such as foreign tax credit or borrowing capacity	3.37	.901	Low
7	To enhance asset size	3.21	.917	Low
8	Differential valuation of target	3.21	1.007	Low

Table 2: The Relative Strength of Acquisition Motives (cont'd)

Nos.	Motives	Mean	Standard Deviation	Relative Importance
9	Fulfil the personal ambition, vision, or some particular goal of the acquiring company's chief executive	3.21	1.071	Low
10	Creating change	3.12	1.053	Low
11	Spreading of risk	3.07	.973	Low
12	To replace inefficient managers	3.03	1.033	Low

From Table 2, relative importance of the motive that influence Acquisition is divided into three categories namely, high importance, moderate and low. From the Table, motives with means ≥ 4 are considered high importance. The next category consists of means that range from 3.50 – 3.99 which are considered moderate importance whilst those below 3.5 are considered low importance. Overall, it can be seen that the motive to increase profitability appeared the first most important factor with the value of 4.27. This is followed by the motive to enter new market which had a mean value of 4.03. Three motives fell under the moderate category which are: to pursue market power, achieve economies of scale and cost reduction. The remaining 7 motives fell under the low category. Of the low category, the motive to replace inefficient managers became the least important motive.

Discussion & Conclusion

Acquisitions have been known to be caused by a constellation of reasons. Berkovitch and Narayanan (1993) found that synergy motive is the most dominant motive behind Acquisitions. Consistent with this assertion is findings of this research. All the top five motives in the high and moderate importance categories can be classified under the three main synergies expanded by Chatterjee (1986). This study supports the research hypothesis that synergy is the most important motive that drives firms into Acquisition. Firms go into business to maximize shareholder wealth through growth. This growth has been advanced to come about as a result of internal innovation or external Acquisition. Acquisitions have emerged as one of the mechanisms through which firms attain this objective. Barney (2001) argues that firms grow by the size of the target firms through Acquisitions. Thus, it is easier to comprehend the impact of Acquisitions than that of internal innovation. Although the motive to increase profitability ranked the highest, the *H2* is not fully supported because the next important motive was the desire to gain entry into new market instead of the personal interest of senior management as advanced by the agency theory. The opportunity to gain foreign market entry which hypothesized to be the third highest motive became the second highest from the findings.

Acquisitions have been known to be caused by a constellation of reasons. Berkovitch and Narayanan (1993) found that synergy motive is the most dominant

motive behind Acquisitions. Consistent with this assertion is findings of this research. All the top five motives in the high and moderate importance categories can be classified under the three main synergies expanded by Chatterjee (1986). This study thus supports the research hypothesis that synergy is the most important motive that drives firms into Acquisition. Firms go into business to maximize shareholder wealth through growth. This growth has been advanced to come about as a result of internal innovation or external Acquisition. Acquisitions have emerged as one of the mechanisms through which firms attain this objective.
Despite the association of both internal innovation and Acquisition with a high level of risk, Acquisition outcomes are more foreseeable and accurately predictable. Barney (2001) says that firms grow by the size of the target firms through Acquisitions. Thus, it is easier to comprehend the impact of Acquisitions than that of internal innovation. Although the motive to increase profitability ranked the highest, the *H2* is not fully supported because the next important motive was the desire to gain entry into new market instead of the personal interest of senior management as advanced by the agency theory. The opportunity to gain foreign market entry which hypothesized to be the third highest motive became the second highest from the findings.

Gentzoglanis and Henten (2010) argue that, due to globalization and technological changes from the mid-1990s and onwards, the telecommunications industry is seen as a rather emerging industry than a matured industry. The Information Communication Technology (ICT) market in Ghana is not different from the global one since it is equally emerging and set to be a major player in African ICT in the next five years along with countries like Kenya and South Africa (KPMG, 2012). According to KPMG (2012), there exists considerable investment opportunities in the industry since the market grows aggressively in all segments. Firms go into Acquisitions to strengthen their global capabilities in emerging markets.

Research has shown that, these synergies are seldom recognized, however, firms still go into Acquisitions because of the excitement that they can actually achieve these synergies. For instance, all the four companies used in this study that were acquired by foreign companies give credence to the above argument. Consequently, in analysing the particular goals, this research finds that in horizontal Acquisition which is the main type of Acquisition analysed in this study, the most dominant motive is to increase profitability. This finding is contrary to that of Walter and Barney (1990) who explained that in horizontal Acquisitions, there is no highly important motive. They explained that horizontal Acquisitions seek to accomplish a number of objectives simultaneously as advanced by Chatterjee (1986). However, as stated above, in emerging markets like the telecommunications industry in Ghana, Acquisitions are motivated by the acquirer's desire to increase global capabilities. It is against this backdrop that firms may seek to operate profitable ventures in all places where they operate in order to be able to continually expand into new frontiers. Therefore, it is reasonable to imply that all firms in the telecommunications industry that undertake Acquisitions do so in anticipation to expand. This is consistent with the findings of Capron and Mitchel (1998) that telecommunications mergers are driven by geographic expansion.

In order to justify the need for a new Acquisition, the previous one must have turned appreciable profits. Kemal (2011) said that most of these firms' prime concern in Acquisition is about whether or not they have enough money to pay their bills or the company is doing better than before Acquisition. When answers to these questions are in the positive, then they can think of how to attain more global capabilities. Profitability gives them assurance of the need to gain more global capabilities. This is evident in the next highly important motive found in this study which is entry into new markets. As stated in the literature review section, firms often ride on the back of Acquisition to enter new global markets. This research, therefore, concludes that telecommunications industries are keen on expanding their global capabilities through entry into new markets. However their outmost concern is that each Acquisition they undertake turns profit for the organisation in order to be able to further pursue their objective of expanding global capabilities.

Overall, the purpose of this research is to examine the relative strength of the motives driving Acquisitions in the Ghanaian telecommunication sector. In assessing the relative importance of the motives, a mean ranking of the respondents' average scores of the motives is employed. The empirical findings indicate that in line with existing empirical studies, a variety of motives influence Acquisition decisions in Ghana (e.g. increased profitability, entry into new markets, pursuit of market power or share, marketing or technical economies of scale and cost reduction). This implies that the hypothesis *H1* is supported. The most important among these motives is the synergy motive. Particularly, increased profitability emerged as the most important synergy motive in horizontal telecommunications Acquisitions. This is fueled by acquirer's bid to increase their global capabilities. The realisation of these synergies and its subsequent impact on Acquisition performance are not certain in the telecommunications industry in Ghana. However, all these motives were found not to have an impact on Acquisition performance.

Implications of the study

Implication for Policy & Practice

On the organizational level, the present study has practical implications for businesses. The present study indicated that, the main motive driving Acquisitions is to make profit. Thus, acquiring companies tend to target local firms with higher cash flow potentials in order to increase their profitability when they merge or take over. It suggests, therefore, that management of local firms particularly in emerging economies such as Ghana should look to make themselves profitable by continually developing innovative ways such as exploring new areas of business which are lucrative to sustain their competitive advantage.

This will enhance their chances of being acquired or merged with bigger foreign firms which have the resources and capacity for expansion as well as sustainability. Similarly, using the acquired firms as the entry strategy to the host country too became another significant motive. Implicitly, host company firms must make themselves attractive because foreign investors aim at a higher return on investment. In light of motives that were found in Ghana, an implicit assumption is that when foreign firms enter the host country via acquisitions, local capacity is built, including impact on employment. As a result, host governments in developing countries must create the enabling environment by strengthening public institutions (e.g. ministries, departments, and agencies) to facilitate the flow of inward foreign direct investments through mergers and acquisitions.

Limitations of the study

Even though the use of quota sampling catered for drawing a representative sample of management, it must be said that this research only employs non-probability sampling techniques. Again, the use of questionnaire or subjective method for measuring Acquisition performance is based on the ability of respondents to recall. Thus respondents may have problems providing accurate information for Acquisitions that took place over a long time. The restriction of this study to the telecommunications industry reduces the ability to generalize findings to all industry since different organisations have peculiar characteristics that distinguish them from other industries.

Implication for future research

In assessing the impact of motives on Acquisition performance, there is the need for further research into the role played by industry characteristics such as competition in the telecommunications industry in Ghana. Research should consider the moderating and mediating effect of competition in assessing the role of motive in determining Acquisition performance.

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Publication Bias and the Market Orientation-Performance Nexus Literature

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Abstract

In the past decade, a number of studies have conducted meta-analyses of the market orientation-performance literature. The purpose of this paper is to investigate publication bias in the field of marketing with a specific emphasis on the market orientation-performance relationship. This study adds to existing knowledge by explicitly accounting for both publication bias and the control for important variables that influence the market orientation-performance measure. Firstly, we conduct a quantitative survey of the literature on market orientation-performance from various countries and create a database of market orientation-performance studies for each country examined in the literature. Next, we estimate the average effect size, publication bias and examine the role of study specific effects on the observed market orientation-performance measure. From our findings, though the funnel plots emanating from data used for two of our models suggest the existence of publication bias, the inclusion of other variables which explain the differences in market orientation-performance coefficients result in the absence of publication bias in our third model. We subsequently present the implications of our findings for managers and scholars within the contexts of the market orientation-performance and publication bias literature.

Keywords: market orientation, performance, meta-analysis, publication bias

Introduction

'Bias' is used commonly in different contexts, therefore, it is important to define (operationalise) bias (publication). This is the systematic error induced in a statistical inference by an author expecting to secure publication status. Begg & Berlin (1988) explained that such a bias can only be present if the inference drawn in a study influences the decision to publish. This bias arises from the preference of authors (Cho and Bero, 1996; Davidson, 1986; Needleman, 1996), editors (Armstrong, 1997), or reviewers (Goodstein and Brazis, 1970; Lloyd, 1990; Mahoney, 1977; Speck, 1993) for some particular results; usually those that are statistically significant (Begg and Berlin, 1988; Greenwald, 1975; Hubbard and Armstrong, 1992; Sterling, Rosenbaum, and Weinkam, 1995) or consistent with theory (Armstrong and Hubbard, 1991; Kuhn, 1962; Stanley, 2005). Publication bias can seriously exaggerate the magnitude of the effect size (Havranek and Irsova, 2012).

Evidence from a large survey of economics meta-analyses, showed the magnitude of publication bias decreased with more theory competition in the particular research area (Doucouliagos and Stanley, 2013). Similar evidence exists in the field of marketing. In Hubbard and Armstrong's (1992) thought-provoking paper which examined whether null results were becoming an endangered species in marketing, they found that editorial procedures tended to promote studies that rejected the null hypothesis, suggesting the possibility of publication bias, an observation that had been made in biomedical sciences (Greenwald, 1975), medical studies (Simes, 1986) and by psychologists (Rosnow and Rosenthal, 1989), economists (Feige, 1975) and statisticians (Salsburg, 1985).

The possibility of publication bias in any field can result in the creation of serious knowledge gaps in that scholarly area. When this happens, the scholarly world and business practitioners will hardly have the opportunity to benefit from insightful findings that exhibit non-significant results. This will result in a situation where researchers continue to research that issue, until by chance, a significant result occurs. Hubbard and Armstrong (1992) conclude that bias against the publication of non-significant findings would help to prevent researchers from reinvestigating blind alleys. In the world of business, limited publications of non-significant research findings will deprive practitioners of knowledge that would help them to subject traditionally held business paradigms to further analyses in developing strategies for their operations.

In this study of publication bias, market orientation is selected because of the significant role this concept has played in business and management research over the last two decades and its relevance to practitioners and scholars alike. Moreover, the authors have conducted substantial research in this field in Europe and Africa over the past decade and had the existing literature, information and data to analyze in connection with this research (Appiah-Adu, 1998a; Appiah-Adu and Blankson, 1998; Appiah-Adu and Ranchhod, 1998; Morgan, Katsikeas and Appiah-Adu, 1998; Appiah-Adu and Singh, 1998; Appiah-Adu, 2009). Further, any revealing findings would be of interest to scholars and provide suggestions to change the way the scholarly world perceives marketing-related papers with non-significant findings, providing evidence that encourages innovation. Such findings should offer practitioners a wider range of evidence, assumptions and options on which to build their models in an increasingly sophisticated business environment.

Market orientation is a pertinent subject for analyzing and gaining an understanding of how organisations behave (Narver and Slater, 1990). It is posited that market orientation entails an implementation of the marketing concept because it provides organisations with the capacity to foresee, respond to and exploit changes in the business environment, thus resulting in greater success (Kohli and Jaworski, 1990; Shoham, Rose and Kropp, 2005).

Over the last two and half decades scholars have examined a number of precursors and effects of market orientation to gain further insights into its significance in organizations and markets (Bhuian, 1998; Grinstein, 2008; Kohli and Jaworski, 1990; Lagat, Chepkwony and Kotut, 2012; Narver and Slater, 1990; Vieira, 2010). In spite of the plethora of studies on the link between market orientation and organizational success, conclusions from these studies indicate inconsistent findings. Consequently, the body of literature depicts varied effects of the relationship. For example, these findings differ from non-significant (Appiah-Adu, 1998a; Müller Neto, 2005) or negative Bhuian (1997) to positive (Jaworski and Kohli, 1996; Slater and Narver, 1994a). One way of determining the reasons for these mixed findings is to conduct a meta-analysis of a number of papers exploring the market orientation-performance relationship to explore the effects of possible publication bias on the findings and evaluate the universal applicability of the conclusions (Brown and Peterson, 1993; Havranek and Irsova, 2012).

It is conceivable to suggest that various global factors would impact market orientation. Clearly, amalgamating studies across countries and continents makes it possible to obtain an overview of the dynamics of market orientation and its impact on performance. Drawing on the aforementioned issues, this research attempts to find solutions to four questions:

1) Is there publication bias in the market orientation-performance literature?
2) What is the average effect of market orientation on performance?
3) What is the role of study characteristics on market orientation-performance estimates?
4) Does accounting for study characteristics influence publication bias?

This paper is unique for two reasons. First, most recent meta-analytic studies adopted an approach that weighed the effect size by the sample size, performed Z and/or Fisher transformation. These have relied on procedures recommended by Bamberger, Klugar and Suchard (1999) and Hunter and Schmidt (2004) among others. One of the reasons for these transformations of the effect size is to control for publication bias, the existence of which is not always shown in the analysis. In a rare case, regression analysis was performed relating the mean effect size to categorical and continuous variables separately - see Rodriguez Cano, Carrillat and Jaramillo (2004).

In this market-orientation-performance study, we examine the subject of publication selection bias, effect size and specific study characteristics, jointly. This joint estimation proved to be efficient in identifying the role of effect size and specific study characteristics and detecting publication bias. Secondly, the study employed only market orientation-performance regression coefficients unlike others such as Grinstein (2008) and Vieira (2010), that used correlation coefficients. The former is superior to the latter because the former controls for factors that the latter is incapable of doing.

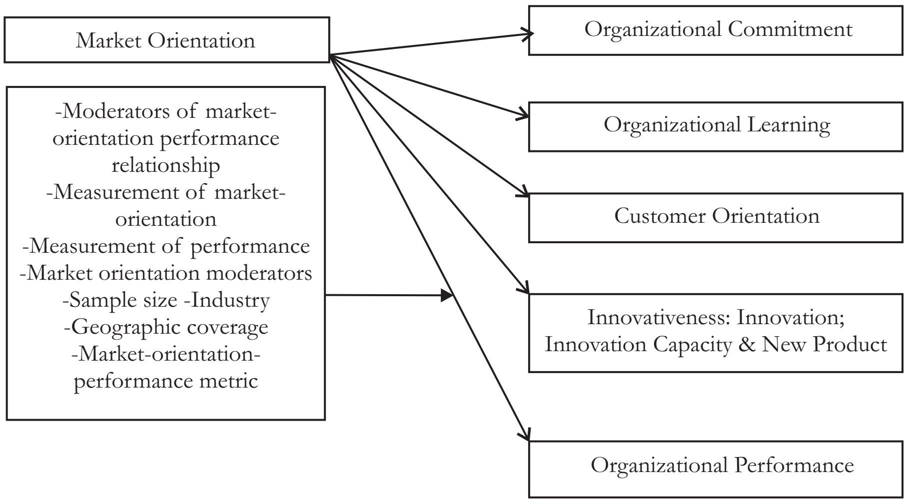
The remainder of the paper is structured as follows: first, we review the market orientation literature and adapt a theoretical model of its consequences. In the next section, we present the methodology. The results are presented in section four and the discussions and managerial implications are captured in section five. Finally, we conclude with some recommendations for future research.

Theoretical context

The phenomenon of publication selection bias is prevalent in several fields of economics (business) research (Doucouliagos and Stanley, 2011). The economics-research-cycle theory (Goldfarb, 1995) has been supported in some areas of applied economics by others (e.g. Stanley, 2008; Havranek, 2010). This theory posits that ground-breaking papers in the fields of economics and related areas such as business tend to be characterized by sizeable and significant estimates. This is probably because such findings do not only persuade the reviewers and editors, but also surmount entry barriers, leading to the birth of a pristine empirical domain. Ensuing studies tend to lend credence to the sizeable estimates of this new field. However, with time, conflicting findings become preferable, because they are generally deemed more fascinating by the editors, reviewers and target audience. Owing to the likelihood of publication bias and the research cycle in the market orientation-performance literature, we chose to analyse a wide collection of empirical studies, evaluating the findings of a variety of scholars. Additionally, as opposed to selective preferences, conclusions drawn from the extant literature are not contingent on any specific methodology adopted by the primary research to determine the constituents of market orientation and its impact on performance.

This study adapts the model propounded by Kirca, Jayachandran and Bearden (2005), which illustrates the relationships among the most commonly investigated effects of market orientation. Given the purpose of this paper, the market orientation-performance relationship is given prominence to the exclusion of other consequences such as organisational commitment; organisational learning; cutomer orientation; and innovativeness. Consequently, Figure 1 presents the adjusted theoretical model.

Figure 1: Antecedents and Consequences of Market Orientation: Adjusted Brazilian Model



Source: author based on Kirca et al (2005).

If market orientation provides an organisation with the ability to proactively adapt to evolving customer demands and preferences, it is reasonable to suggest that market orientation would have a positive impact on business success. The extant literature indicates that organisations with superior performance are those that tend to be abreast of current and emerging trends in order to proactively respond to or influence developments within their business environments (e.g. Appiah-Adu, 2009; Sheth, 2011). Drawing from the Resource Based View it can be inferred that an organisation which possesses differential resources can leverage these assets to develop superior strategies and performance (Barney, 1991). If a strong market orientation provides an organization with an advantage to enhance its resources and in itself is considered a market differential, a focus on this strategy should lead to enhanced performance (Perin, Sampaio and Henriqson, 2005). Consequently, it is postulated that market orientation will have a positive impact on performance (Atuahene-Gima, Slater and Olson, 2005; Deshpandé and Farley, 1998).

Rodriguez Cano et al. , Carrillat and Jaramillo (2004), Shoham, Rose and Kroppet al. (2005), Ellis (2006), Grinstein (2008) and Vieira (2010) have meta-analysed studies in market orientation and performance. To investigate the impact of market orientation on long term success, Rodriguez Cano , Carrillat and Jaramillo et al. (2004) conducted a meta-analysis and found that the relationship between market orientation and business performance is positive and consistent worldwide. One of the unique contributions of this research is a sample that included studies conducted in 23 countries spanning five continents. The moderating effects of business objective (profit, not-for-profit), industry type (manufacturing, service), and socioeconomic development, gross domestic product per capita, human development index, and Hofstede's individualism cultural dimension were examined. Stronger correlations between market orientation and business performance were found for not-for-profit compared to profit firms and service compared to manufacturing firms.

The relationship between market orientation and alternative strategic orientations was authored by Shoham et al. (2005). They examined the effect of market orientation on different orientations, and identified the orientations that are more likely to be combined with market orientation. The study employed a meta-analysis procedure to synthesize empirical results on the relationship between market orientation and innovation, learning, entrepreneurial, and employee orientations. Its findings suggest that market orientation is strongly correlated with learning, entrepreneurial, and employee orientation. The authors suggested that market orientation should shift its focus, moving from the study of its direct effect on business performance to the study of various combinations of strategic orientations that firms can pursue in different situations, studying how the more successful market-oriented firms balance between market orientation and other strategic orientations. This was the first meta-analysis study to examine the relationships between market orientation and alternative strategic orientations.

Ellis (2006) assessed quantitatively the impact of market orientation on the performance of the firm. It was based on a substantive meta-analysis quantitatively which summarized the results of empirical studies of the direct and indirect impact of market orientation on three outcomes. The meta-analysis assessed the influence of methodological variables on explained variances in performance. It was found that the direct, indirect and total impacts of market orientation on performance were all significant. Additionally, the geographic location of the study and the performance measure used (but not the scale) affected explained variance. The authors suggested that the impact of market orientation might be stronger than previously thought due to the indirect paths not considered in previous research. Moreover, the strength of its impact depends on the country in which it was implemented, suggesting that managers should expect higher payoffs in less developed countries. The findings of this study refined the body of knowledge concerning the impact of market orientation on business performance, and thereby offered an improved conceptual framework for marketing planners.

Grinstein's (2008) study, based on quantitative evidence drawn from a meta-analysis of 56 studies (58 samples) conducted in 28 countries revealed that market orientation is a generic determinant of firm performance. However, stronger effects were found for studies set in large, mature markets and when market orientation was measured using Kohli, Jaworski and Kumar's (1993) MARKOR scale. The meta-analysis also revealed that the value of a market orientation weakens in proportion to the cultural distance separating the home market from the USA. This study extended previous research by: (i) providing evidence of measurement moderators that inhibit the generalization of results obtained from studies using different scales and performance variables; (ii) establishing benchmark effect sizes for specific regions around the world; and (iii) revealing that the managerial value of market orientation is significantly affected by the cultural and economic characteristics of the host country.

In the most recent market orientation meta-analysis study, Vieira (2010) showed that the relationship between market orientation and business performance is positive and strong (r = 0.39). This study aggregated a sample size of 4,537 in 27 countries from seven meta-analyses on market orientation. It emerged that there is a positive, strong and consistent relationship between market orientation and performance across countries (r = 0.33).

Methodology

We accessed data for the study from diverse publishers' websites and databases namely, Oxford University Press, Wiley, Taylor & Francis, Sage and Emerald among others. Databases included EBCOHost, Google Scholar, Cab Abstract and DOAJ. Owing to the methodology we employed, only studies that reported regression coefficients of market orientation and performance relationship were included in the data set. The list of eligible data is presented in Table 1 (See Appendix).

Following Begg and Berlin (1988) and Gorg and Strobl (2001) we specified the publication bias model as:

$$(1) \qquad \log|t_i|=\alpha_1+\alpha_0 \log(\sqrt{d.f.})_i+\psi_i$$

Where, t is the absolute t-statistics and α_i are coefficients and ψ_i is error term. However, Stanley (2005) recommended the use of number of observations in place of degrees of freedom (d.f.) since it makes no practical difference. Hence 1 can be re-formulated as:

$$(2) \qquad \log|t_i|=\alpha_1+\alpha_0 \log(\sqrt{number\ of\ observations})_i+\psi_i$$

It must be acknowledged however, that, number of observations is larger than degrees of freedom as the latter is reduced by the number of parameters estimated from the model. We note therefore, that, nominal differences may be observed in the results using number of observations and degrees of freedom.

α_0=1 means that no publication bias is present.

In the absence of publication bias, the absolute value of t-statistic should increase with more degrees of freedom; that is: the absolute value of the t-statistic should be directly proportional to the logarithm of the square root of the number of degrees of freedom (Card and Krueger, 1995; Görg and Strobl, 2001; Stanley, 2005; and Doucouliagos and Stanley, 2009). Stanley, (2005) rightly noted that equation 2 should rather be interpreted as a test for genuine empirical effect.

An alternative that can be used to detect the significance and magnitude of both publication bias and a genuine underlying effect is a funnel plot and equation 3 (Card and Krueger, 1995; Görg and Strobl, 2001; Stanley and Doucouliagos, 2012). The funnel plot presents the estimate (coefficient) on the horizontal axis and their precision often the inverse of the standard error on the horizontal axis. The most precise estimates will be close to the genuine underlying effect, while imprecise estimates will be more dispersed. Effectively, the cloud of the estimates should resemble an inverted funnel. Publication bias is then established by the asymmetry of the funnel plot. If publication bias is absent, all imprecise estimates have the same chance of being reported, and the funnel is symmetric.

Owing to subjectivity in the interpretation of the funnel plot, a more objective form of test is 3:

$$e_i = e_0 + \beta_0 SE(e_i) + u_i \quad (3)$$

where β_0 measures asymmetry of the funnel plot and the strength of publication bias. Beyond measuring effect size and publication bias, results from market orientation-performance (MO-performance) studies differ in several aspects; the market-orientation instrument used, the performance measure employed and moderating variables. Others are the industry the study covers, geographical location of the organization studied and whether the MO-performance measure is standardized or not. These differences are accounted for in equation 4.

$$\begin{aligned}(4)\quad e_i = {} & e_0 + \beta_0 SE(e_i) + \beta_1 MOJK + \beta_2 MOM + \beta_3 MONS + \beta_4 MOPW + \beta_5 MOD + \beta_6 MODLO \\ & + \beta_7 MODT + \beta_8 MODMP + \beta_9 MODPMO + \beta_{10} MODRMO + \beta_{11} SS + \beta_{12} PMO + \\ & \beta_{13} PMNPP + \beta_{14} PMF + \beta_{15} RGUSA + \beta_{16} PGEUROPE + \beta_{17} INMANUF + \beta_{18} INS + \\ & \beta_{19} MOPC + u_i\end{aligned}$$

Where e_0 becomes the effect size, β_0 is the strength of publication bias. If β_0 is statistically significant, then there is publication bias. Otherwise, then, there is no publication bias. Also, the size and statistical significance of e_0 reflects the size and significance of the effect size. This approach to jointly estimate the effect size and publication bias is more efficient than alternative approaches used extensively, more specifically in meta-analyses of the market orientation literature. It must be noted that, the method and data did not permit isolation of country, industry or study specific publication bias. Therefore, the expectation of a specific threshold of publication bias described by a statistical measure for a study may not be possible.

The contribution of multiple observations from some studies to the metadata set could result in metadata being influenced by results from those studies. While acknowledging this possibility, we were unable to employ cluster(ed) analysis and multilevel modelling because of limitations of the size of metadata set.

With the exception of SE (standard error) and SS (sample size), all others are dummy variables. Where the study used Jaworski and Kohli's measure of market orientation, then MOJK takes 1 and zero otherwise. In cases where the study adopted mixed measures, then MOM takes 1 and zero otherwise. MONS equals 1 if Narver and Slater's measure of market orientation is employed. MOPW equals 1 if Pelham and Wilson's measure of market orientation is used. The excluded measure is Kohli et al (1993). MOD equals 1 if no moderator variable is included in the market orientation-performance model and zero otherwise. The specific moderator variables are captured by MODLO-learning orientation, MODT-turbulence (market, technological and competitive), MODM-marketing's power within the organization, MODPMO-proactive market orientation and MODRMA-reactive market orientation. The excluded group of moderators is strategic consensus, strategic mission rigidity, risk-taking rewards and long-term rewards. Measures of performance are captured as follows: PMO-overall performance, PMRMS-relative market share, PMNPP-new product performance and PMF-financial measures of performance such as ROA, ROI, ROE and profit margin). The excluded performance measure is sales growth. RGUSA represents studies in USA while RGEUROPE represents studies in Europe. The ex-cluded regions are Asia and Africa. INMANUF captures manufacturing which is equal to 1 and zero otherwise. INS equals 1 and zero otherwise. The excluded industry is multi-industry. MOPC equals 1 if the coefficient of market orientation performance relationship is standardized and zero otherwise.

Results

Table 2: Estimated Results
Dependent: coefficient of performance market orientation relationship

Dependent variable	**MOPE**	**MOPE/SE**	**MOPE**
Explanatory Variables	**Model 1**[a,b]	**Model 2**	**Model 3**
Constant (e_0)	-0.802619*** (0.234465)	-	7.897799*** (1.515304)
Standard Error (β_0)	6.011429*** (0.842725)	-	0.507689 (0.840220)
Constant (β_0)	-	2.191479** (0.899799)	-
Inverse of Standard Error (e_0)	-	-0.130064 (0.106113)	-
MOJK	-	-	-7.384089*** (0.920185)
MOM	-	-	0.011871 (0.309204)
MONS	-	-	-7.787494*** (1.152377)
MOPW	-	-	-7.044879*** (0.971821)
MOD	-	-	0.672148* (0.252026)

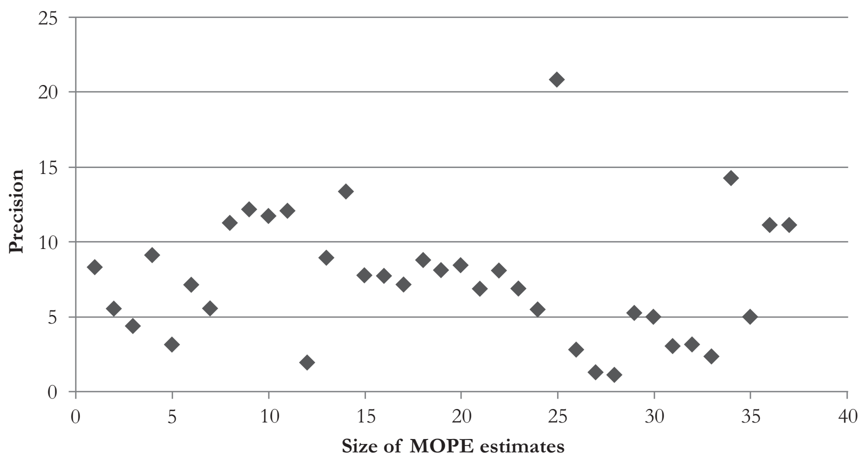
Dependent variable	MOPE	MOPE/SE	MOPE
Explanatory Variables	**Model 1[a,b]**	**Model 2**	**Model 3**
MODLO	-	-	0.157685 (0.309361)
MODT	-	-	-0.066171 (0.476933)
MODM	-	-	0.129366 (0.478427)
MODPMO	-	-	-0.171694 (0.348171)
MODRMO	-	-	0.226630 (0.347043)
SS	-	-	-0.002972 (0.002671)
PMO	-	-	-1.083693 (0.643506)
PMRMS	-	-	-0.847978 (0.759231)
PMNPP	-	-	-0.946670 (0.794129)
PMF	-	-	0.042781 (0.222743)
RGUSA	-	-	-7.276988*** (0.9653219)
RGEUROPE	-	-	-1.015783 (0.585028)
INMANUF	-	-	1.218155 (0.781854)
INS	-	-	-0.428063 (0.335520)
MOPC	-	-	-0.563780 (0.624815)
		Model properties	
R squared	0.599455	0.043092	0.981434
R squared Adjusted	0.587674	0.014947	0.953584
F statistic	50.88435***	1.531094	35.24085***
		Normality test	
Jarque-Bera	4.057104	0.999716	0.797789
		Serial Correlation tests	
F-statistic	0.326745	0.042511	1.652495
Obs*R-squared	1.103446	0.095396	11.18406*c

	Heteroscedasticity test		
F-statistic	72.91123***	2.570197	0.930980
Obs*R-squared	24.55125***	2.530123	20.97790
Scaled explained SS	33.78593***	1.391083	2.057951

a. Standard errors in brackets.
b. ***, ** and * are 1%, 5% and 10% levels of significance respectively.
c. Though the test showed weak second order serial correlation, the inclusion of the AR (2) term resulted in statistically insignificant coefficient. Also, there were no changes in the levels of significance of the coefficients of the model. Hence, the second order weak serial correlation was ignored.

Equation 3 was estimated using OLS. The results (model 1) in Table 2 show that there is overall fit with statistically significant F test and no presence of serial correlation evidenced by statistically insignificant F and Obs*R squared statistics. Also, the model shows normally distributed error term. However, the heteroscedasticity tests show non-constant variances. The ameliorations in equation 4 were estimated (Model 2). The results show absence of heteroscedastic error as well as the absence of serial correlation and existence of normally-distributed error term. However, the R squared and adjusted R squared dwindled drastically, resulting in insignificant model fit shown by statistically insignificant 1.531094 F-statistic. Despite the violation of OLS properties of Model 1 and poor fit of model 2, together with the funnel plot (Figure 2), one can conclude that there exists publication bias.

Figure 2. Funnel Plot



The study proceeded to assess the effect of study characteristics on the estimated coefficients of MO-performance regressions. Model 3 shows drastic improvement in the R squared and adjusted R squared values. The variances are homoscedastic. The F-statistic of the serial correlation LM test is statistically insignificant. The Obs* R squared showed weak statistical significance with the second order test. However, the inclusion of AR (1) and AR (2) in the estimation model turned statistically insignificant. Higher order ARs resulted in singular matrices for which the model could not be estimated. Hence, the weak serial correlation is inconsistent with that of the F-statistic and this can be ignored. More importantly, the data is not a pure time series data for which serial correlation is a relevant issue.

The funnel plots (Figure 2) and model 1 and 2 suggest there is publication bias. The inclusion of other variables which explain differences in MO-performance coefficients (MOPE) have resulted in the disappearance of publication bias in model 3. This is confirmed by the statistical insignificance coefficient of SE, which represents publication bias. The constant, which measures the effect size, is 7.898 and statistically significant at 1% means that there is strong evidence of a positive relationship between market orientation and organizational performance.

Three of the MO measures are negative and statistically significant. The mixed measure is statistically insignificant. This implies that the excluded measure, Kohli et al (1993) produces a higher MO-performance relationship than all others. Recognizing the role of moderators in the primary studies increased the MO-performance relationship. The statistically insignificant moderator variable suggests that the excluded moderators; strategic consensus, strategic mission rigidity, risk-taking rewards and long-term rewards together increase the MO-performance effect. Sample size coefficient is statistically insignificant. This implies that the size of the sample does not influence the MO-performance effect.

All coefficients representing the performance measures are statistically insignificant. This implies that choice of performance measure does not influence the MO-performance effect. The variable capturing studies in USA is negative and statistically significant, whilst that of Europe is statistically insignificant. This implies that in the excluded regions, namely Asia and Africa, the effect of MO-performance is higher than it is in the USA. The coefficients of variables capturing industry from which data were collected for primary studies showed statistical insignificance. This implies that there is no difference in MO-performance measures among industries. Regression coefficients reported in MO-performance studies are either standardized or unstandardized. The coefficient for the standardized variable is statistically insignificant, implying that statistically, there is no difference between these two types of measures.

Discussions and Managerial Implications

Our findings indicate the existence of publication bias when we examined the effect of market orientation on performance. This finding may be attributed to the likelihood of distortion of reported results of studies involving only two constructs due to publication pressures. This finding is in line with the economics-research-cycle hypothesis. However, when the analysis is extended to include other variables which are purported to explain the differences in the market orientation-performance relationship, there is an absence of publication bias. It is likely that the inclusion of these additional variables introduces complexities into the model being examined and provides further room to investigate a host of factors that extend the life-span of the economic-research-cycle, thus limiting the effect of publication bias. It must be noted that publication bias is more a research issue than a managerial issue. Its disappearance with the inclusion of study characteristics implies that these factors need to be controlled for in order to reduce publication bias.

On the average, the impact of market orientation on performance is statistically significant and positive, lending credence to several research studies conducted either based on various countries performance measures which found a strong relationship between market orientation and performance. The works in different countries include Australia - Farrell (2000); USA - Kohli et al. (1993), Germany - Homburg and Pflesser, (2000); Taiwan - Horng and Chen (1998); the Netherlands - Langerak et al. (2004); Spain - Lado et al. (1998) among others. Studies using different performance measures include Appiah-Adu (1997) - new product success, sales growth and return on investment; Kirca et al. (2005) - overall performance; Gray et al. (1998) - return on investment, brand awareness, customer satisfaction and loyalty; among others.

Our market orientation-performance finding is also consistent with those of other meta-analytical researchers whose empirical work has been conducted over the last decade. These include the findings of: Rodriguez Cano et al. (2004); Shoham et al. (2005); Ellis (2006); Grinstein (2008); and Vieira (2010).

The fact that Kohli et al. (1993) measure of market orientation produces a stronger market orientation-performance link compared to the association between all other market orientation constructs and performance is worth commenting on. This finding could be attributed to the fact that Kohli et al.'s (1993) scale, with its emphasis on information generation, dissemination and utilisation, makes it possible for a firm to be more knowledgeable about its internal and external business environments than its rivals, and when this knowledge is used effectively and proactively, places the organisation in a stronger position to achieve superior performance relative to its competitors.

The statistically significant impact of moderator variables on the market orientation-performance relationship implies that businesses that aim to excel in the marketplace must be fully aware of the important role that the combined effect of moderators such as strategic consensus, strategic mission rigidity, risk-taking rewards and long-term rewards play in honing the impact of market orientation on performance. This finding does not only lend additional support to the results of the meta-analysis studies highlighted in the above section, but firmly reinforces earlier propositions by ground-breaking research into the market orientation-performance association that environmental factors do moderate the relationship (Jaworski and Kohli, 1993; Slater and Narver, 1994a).

From the findings, the suggestion is that acknowledging the roles of various moderators on the market orientation–performance link provides an organization with the opportunity to know which variables of the business environment to focus on in order to excel in specific areas of business performance. This finding is consistent with those of various meta-analytical researchers who used different moderators. These include Rodriguez Cano et al. (2004) (moderators - business objective, industry type, socio-economic development, cultural dimension); Shoham et al. (2005) (moderators - geographical location, market orientation measure used; performance measure used); Ellis (2006) size and growth stage of markets, market orientation measure used); Grinstein (2008) (moderator - firm size); and, Vieira (2010) (moderators - performance measure, industry type, market orientation measure).

It is interesting to note that sample size does not influence the market orientation-performance effect. The inference from this finding is that the impact of a strong market orientation on performance is robust and once the appropriate analytical tools are used to determine the relationship between the two constructs, the finding tends to be universally consistent. The finding that sample size coefficient is statistically insignificant is quite surprising since one would have expected that studies with larger data sets would be likely to detect statistically significant results without much specification research and, therefore, exhibit less variability. Also there is the possibility that the sample sizes used are adequate; above the minimum required to produce robust results.

Another implication is that research on MO-performance can be cost effective by working within a sample size of 52 and 411 depending on the explanatory variable employed in the study. In the context of meta-analytical findings that this research draws from, all the earlier work was based on large data sets, and reported significant positive relationships between market orientation and performance and if we are to limit our discussion to these particular studies, then there may be no further explanations to give for this finding. However, it must be noted that specific research based on individual countries has revealed that regardless of the sample size used, varying results have been obtained by different researchers in previous studies, lending support to our finding that on this particular subject, sample size may not really matter (Cadogan et al. 1999; Moorman, 1995).

Based on our findings, the statistical insignificance of the coefficients representing performance measures suggests that variation of performance measures does not influence the market orientation-performance statistic. This finding is supported by the key meta-analysis studies that this research draws from (Ellis, 2006; Grinstein, 2008; Rodriguez Cano, Carrillat and Jaramillo, 2004; Shoham, Rose and Kropp, 2005; Vieira, 2010). While Shoham, Rose and Kropp (2005) suggested that the impact of market orientation on subjective performance measures tended to be stronger than its impact on objective measures, combinations of the two captured the middle ground. Their argument is that subjective assessments may provide a better measurement of performance because managers integrate environmental conditions in their performance measures, and therefore, subjective assessments may offer a more appropriate measure compared to objective evaluations. A creative methodology to examine the variations is to adopt a combination of performance measures and select the most germane performance measure for an organization in line with its strategic goals.

If the selection of performance measure does not influence the market orientation-performance relationship, then regardless of an organisation's performance objectives, the imperative to be strongly market oriented would not be a misplaced priority. Consequently, depending on its objective(s) in the marketplace, a firm can choose to focus on organisational commitment, organisational learning, customer orientation, innovation, financial performance or a combination of the aforementioned performance measures as long as such a strategy helps the firm to meet its overall goals and its market-oriented efforts are aligned to the business environment to enable it to achieve that particular performance objective.

The variable capturing empirical research into the market orientation-performance relationship in the USA is negative and statistically significant. The finding that in the excluded regions, specifically, Africa and Asia, the impact of market orientation on performance is stronger than it is in the USA is quite revealing and contradicts the findings of Ellis (2006), that the market orientation-performance effect is significantly stronger in the USA compared to other regions. This result is also inconsistent with Rodriguez Cano et al.'s (2004) finding that country context does not influence the market orientation-performance link. However, our finding is supported by Shoham et al. (2005) whose USA samples exhibited a relatively weaker association between market orientation and performance. This implies that in less developed markets (Africa and Asia), market orientation efforts tend to make a relatively more significant impact. Therefore, marketers in Africa and Asia need to invest in market orientation as this has significant payoffs.

One would have expected that in a mature market like the USA, which is characterized by stable demand, intense competition, short channels and sophisticated buyers, higher levels of market orientation are required for better performance compared to emerging developing economies that are characterized by rapid growth and uncertain demand, thus, making market orientation less valuable. Moreover, since the two dominant market orientation measures were designed and validated within the context of a US business culture, it is suggested that modifying these measures for application in other countries may reduce the reliability of these instruments resulting in "noisier" market orientation measures and weaker correlations (Ellis, 2006).

A possible explanation for our finding of the need for stronger emphasis on market orientation in the emerging economies (Africa and Asia) is that marketing is now evolving as a critical variable that organisations have to pay attention to in growing markets, and all firms that aspire to survive or remain competitive need to execute marketing principles and operations effectively in order to be successful. It is plausible that market orientation may have a stronger impact in countries where consumer service and customer expectations are still evolving. In such nations, market orientation may permit an organization to gain a competitive edge by offering superior service levels than its rivals (Shoham et al., 2005). This finding implies that the period when developing country firms could reap the benefits of marketing without necessarily being market oriented may be over and that managers in Africa and Asia would do well to invest their resources in market oriented activities. It is suggested that this orientation needs to involve a holistic marketing approach that takes into account the organization's management of the marketing mix, usefulness of its market research, suitability of its positioning strategies, and the nature of its marketing goals (Ellis, 2005; Fahy et al, 2000).

The statistical insignificance of the coefficients of variables capturing industry from which data was generated indicates that market orientation's influence traverses industries. The implication is that irrespective of the industry in which a firm operates, it is important for managers to take the execution of marketing practices effectively because the sound implementation of such practices tends to distinguish high performers from the rest of the competition. Our results are inconsistent with the findings of Gray and Hooley (2002) that, all things being equal, for the same level of market orientation, business performance is stronger for service than manufacturing organizations, since by the nature of their business, service firms maintain a strong relationship with customers (Kotler and Keller, 2011). Nevertheless, our finding corroborates the assertion that has been made over more than half a century by leading advocates of marketing, that effective marketing is cardinal to competitive success (McCarthy, 1960; Kotler, 2011). The managerial implication of our finding is that regardless of the industry in which a business operates, it is important to be market oriented in order to achieve superior performance.

Conclusions and recommendations for future research

In this study we pick 38 estimates from 12 papers that concentrate on the market orientation–performance relationship using regression analysis. An examination of the literature on market orientation showed that a significant number of studies employed linear correlation analysis to study the market orientation-performance phenomenon hence the relatively small sample that studied the phenomenon using regression analysis. In addition, we undertake related studies of the effect of moderators on the market orientation-performance association by incorporating only those coefficients that scholars estimate in the same regression with the market orientation-performance link. We utilise contemporary meta-analysis tecniques to determine the fundamental consequences of market orientation on organistional performance. The results show a strong and positive MO-performance relationship. As noted in the introduction, the sources of this bias suggest that authors, editors and reviewers should rely more on the rigor of the study rather than studies with 'desirable or expected results' as deviations from the norm informed by plausible explanations constitute advancement in knowledge. Despite the initial existence of publication bias, accounting for study characteristics eliminated the publication bias.

This research makes unique contributions to the literature in several ways. With respect to performance measures, our study uses overall performance, relative market share, new product performance and several financial performance measures (return on assets, return on equity, return on investment, profit margin and sales growth) in order to strengthen the conclusions drawn from our findings in the light of existing knowledge.

Moreover, our research created four categorisations of performance, one more than the studies of Rodriguez Cano et al. (2004) and Shoham et al. (2005) did, and two more than that of Ellis (2006). Whilst Vieira (2010) used four disaggregated measures, this study employed more than seven disaggregated measures. This provided an opportunity to test the possible influence of the different performance measures. Furthermore, this study used the MO-performance measures as reported by the authors listed in Table 1. However, these were appropriately accounted for using a dummy variable. Correlation coefficients result from the relation of only two variables. However, several factors moderate performance and market orientation. Since regression analysis tends to control for some of the moderating factors, our study used only MO-performance regression coefficients.

Research in the area of market orientation has evolved over the years covering single firm studies, comparative industry studies within a nation, international comparative studies and global meta-analytic studies. Based on the most recent studies of meta-analytic trends, the approach has been to weight the effect size by the sample size, perform Z and/or Fisher transformation. These have relied on procedures recommended by Hedges and Oklin (1985), Bamberger et al. (1999) and Hunter and Schmidt (1990, 2004). In rare cases, regression analysis was performed relating the mean effect size to categorical and continuous variables separately.

This study is the first market orientation-performance study to examine the subject of publication selection bias, effect size and specific study characteristics jointly. From our standpoint, the most critical area requiring further investigation in this arena is research into the use of market orientation-performance effect measures generated from correlation analysis as the dependent variable. This study indicates that there are significant variations in the market orientation-performance relationship examination across nations. When it is possible to determine the bases of these variations in detail, the findings may provide practitioners and policy makers with critical insights into how to obtain the greatest benefits from a sound market orientation at both the firm and national level.

Our conclusions are based on MO-performance regression coefficients. It is unknown if similar conclusions would be arrived at MO-performance using correlation coefficients. This will indeed be interesting as the effect size used in most of the meta-analysis studies we reviewed were correlation coefficients. It is also recommended that similar studies be conducted in specialized areas of marketing such as consumer behaviour, marketing communications, retail management, branding, sales management, interntional marketing, and other areas such as strategic management, organizational behaviour, human resource management, accounting, banking and finance in order to examine the universal applicability of our findings across the various fields of business and management.

Our inability to control for multiple observations from the same author to the metadata due to limitation of the size of the metadata offers an opportunity for further research with larger metadata set.

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APPENDIX - Table 1: List of Literature used as data set

No	Author/year	Esimate	Standard error	MO measure	Moderators/ Interactions	Sample	Performance measure	Degrees of freedom	Country	Industry	Standardization
1	Appiah-Adu & Singh (1998)	0.32	0.11	N&S	No	132	ROI	123	UK	Manufacturing	Standardized
2	Appiah-Adu & Singh (1998)	-0.74	0.319	N&S	Market growth	132	Sales growth	129	UK	Manufacturing	Standardized
3	Appiah-Adu & Ranchhod (1998)	0.34	0.12	N&S	No	62	Profit margins	52	UK	biotechnology	Standardized
4	Appiah-Adu & Ranchhod (1998)	0.37	0.18	N&S	No	62	Overall performance	52	UK	biotechnology	Standardized
5	Appiah-Adu & Ranchhod (1998)	0.42	0.23	N&S	No	110	Mkt share growth	52	UK	biotechnology	Standardized
6	Appiah-Adu (1998b)	0.30	0.14	Pelham & Wilson (1996)	Proactive MO	110	Sales growth	102	UK	Small business	Un-standardized
7	Appiah-Adu (1998b)	0.27	0.18	Pelham & Wilson (1996)	No	110	ROI	102	UK	Small business	Un-standardized
8	Atuahene-Gima et al (2005)	-0.22	0.089	Mixed	Proactive MO	142	New product performance	119	USA	Manufacturing	Standardized
9	Atuahene-Gima et al (2005)	0.20	0.082	Mixed	Strategic consensus	142	New product performance	119	USA	Manufacturing	Standardized
10	Atuahene-Gima et al (2005)	-0.27	0.085	Mixed	Marketing's power	142	New product performance	119	USA	Manufacturing	Standardized
11	Atuahene-Gima et al (2005)	-0.21	0.083	Mixed	Strategic mission rigidity	142	New product performance	119	USA	Manufacturing	Standardized
12	Atuahene-Gima et al (2005)	0.13	0.521	Mixed	Learning orientation	142	New product performance	119	USA	Manufacturing	Standardized
13	Atuahene-Gima et al (2005)	0.19	0.112	Mixed	Responsive MO	142	New product performance	117	USA	Manufacturing	Standardized
14	Atuahene-Gima et al (2005)	0.16	0.075	Mixed	No	142	New product performance	128	USA	Manufacturing	Standardized
15	Baker & Sinkula (1999)	-0.162	0.129	K et al (1993)	Learning Orientation	411	Overall	397	USA	Manufacturing	Standardized
16	Baker & Sinkula (1999)	0.266	0.130	K et al (1993)	None	411	Rel. mkt share	397	USA	Mixed	Un-standardized
17	Baker & Sinkula (1999)	0.240	0.140	K et al (1993)	None	411	Rel. mkt share	397	USA	Mixed	Un-standardized

No	Author/year	Esimate	Standard error	MO measure	Moderators/ Interactions	Sample	Performance measure	Degrees of freedom	Country	Industry	Standardization
18	Baker & Sinkula (1999)	0.465	0.114	K et al (1993)	None	411	New product success	397	USA	Mixed	Un-standardized
19	Baker & Sinkula (1999)	-0.233	0.123	K et al (1993)	Learning Orientation	411	New product success	397	USA	Mixed	Un-standardized
20	Baker & Sinkula (1999)	0.355	0.119	K et al (1993)	None	411	Overall	397	USA	Mixed	Un-standardized
21	Bhuian (1997)	-0.13	0.1446	J&K	None	92	ROE	89	Saudi Arabia	Banking	Standardized
22	Bhuian (1997)	-0.15	0.1244	J&K	None	92	Sales/ Employee	89	Saudi Arabia	Banking	Standardized
23	Bhuian (1997)	-0.13	0.1446	J&K	None	92	ROA	89	Saudi Arabia	Banking	Standardized
24	Bhuian (1998)	0.65	0.1820	J&K	No	115	Overall	113	Saudi Arabia	Manufacturing	Standardized
25	Charles et al (2012)	0.106	0.048	N&S	No	147	Mixed	146	Kenya	Manufacturing	Un-standardized
26	Grewal and Tansuhaj (2001)	-0.734	0.356	J&K	CI. DU, TU	120	Satisfaction ROI, Sales, Profit, etc.	111	Thailand	Mixed	Un-standardized
27	Petit et al (1996)	5.9967	0.7652	K et al (1993)	No	193	Overall impression	192	Malta	Mixed	Un-standardized
28	Petit et al (1996)	6.32998	0.8935	K et al (1993)	No	161	Overall impression	160	Malta	Mixed	Un-standardized
29	Slater & Narver (1994)	0.91	0.19	N&S	No	107	Sales growth	97	USA	Mixed	Un-standardized
30	Slater & Narver (1994)	0.52	0.20	N&S	No	107	New product success	97	USA	Mixed	Un-standardized
31	Slater & Narver (1994)	-0.31	0.33	N&S	Market turbulence	107	ROA	97	USA	Mixed	Un-standardized
32	Slater & Narver (1994)	-0.22	0.32	N&S	Technological Turbulence	107	ROA	97	USA	Mixed	Un-standardized
33	Slater & Narver (1994)	0.38	0.42	N&S	Competitive Hostility	107	ROA	97	USA	Mixed	Standardized
34	Slater & Narver (1994)	-0.00	0.07	N&S	Market growth	107	ROA	97	USA	Mixed	Un-standardized
35	Slater & Narver (1994)	0.63	0.20	N&S	No	107	ROA	97	USA	Mixed	Un-standardized

No	Author/year	Esimate	Standard error	MO measure	Moderators/ Interactions	Sample	Performance measure	Degrees of freedom	Country	Industry	Standardization
37	Wei & Atuahene-Gima (2009)	0.23	0.09	J&K	Long-term rewards	110	New product performance	101	China	High-tech	Standardized
38	Wei & Atuahene-Gima (2009)	-0.18	0.09	J&K	Risk-taking rewards	110	New product performance	101	China	High-tech	Standardized

Accountability and Corruption in the Public Sector

Albert Kan-Dapaah,
Chartered Accountant, Former Parliamentarian and Former Minister

Speech Delivered at the **36th Management Day Celebration** of the University of Ghana Business School.

15 April, 2015

I must thank the University of Ghana Business School (UGBS) for the kind invitation to me to participate in this important conversation on Accountability and Corruption in the Public Sector.

Opening remarks

Mr. Chairman, when as a country, we embarked on the agitation for Good Governance in the late eighties and early nineties, our concerns were: Human Rights, Media Freedom, Law and Order, Personal Liberties and Parliamentary Democracy. They were the governance challenges at the time. Today, we have achieved virtually all of these demands. Consequently, there has been a paradigm shift in our governance challenges.

Our concerns are:

1. How do we curb the excesses of Government?
2. How do we ensure transparency in Governance?
3. How do we ensure Participation and Inclusiveness in Governance?
4. How do we ensure Financial Accountability in the Public Sector?

At the Centre for Public Accountability at the University of Professional Studies (UPS), Accra where I work, Financial Accountability in the Public Sector is our major focus and we are convinced that there is a relationship between Accountability and Corruption. The theme of your Management Week Celebration is therefore most relevant and topical.

Mr. Chairman a nation puts in place a Government so that it will provide Public Goods and Public Services. But the Government has no money, on its own, to provide the goods and services. It relies on citizens for all the monies it needs to carry out its mandate.

This creates an Accountability relationship between the Government and the Citizens.

"Public Accountability demands that politicians and public servants who are entrusted with public resources must be answerable for the fiscal and social responsibilities to the people who provided the resources and who assigned the responsibilities to them". Corruption on the other hand is "the misuse of office for unofficial ends and includes Bribery, Extortion, Influence Peddling, Nepotism, Fraud, Embezzlement and the use of 'speed money', which is money paid to government officials to speed up their consideration of a business matter falling within their jurisdiction".

Robert Klitgaard has explained the link between Corruption and Accountability in a formula which shows that Corruption = Monopoly + Discretion - Accountability. He argues that one tends to find corruption when an organization or person has monopoly power over a good or service. He explains that the monopoly power is made worse when the organization or person also has the discretion to decide who will receive it and how much that person will get and where there are not sufficient mechanisms to ensure that the organization or person is Accountable.

According to this model, combating corruption begins with designing better systems, reducing or regulating monopolies, clarifying official discretions and enhancing transparency. There are practical difficulties with these recommendations though. Reducing monopolies in the delivery of Public goods and services is not easy in practice neither is it easy to clarify official discretion with detailed or codified regulations.

Financial Accountability, therefore, emerges as the most potent antidote to the problem of corruption. Governments and Public Servants must feel obliged to account to the citizens who give them the resources to provide the public services and goods.

Mr. Chairman, Klitgaard further argues that corruption is a crime of calculation, not passion. He explains that there are saints who resist all temptations and there are honest officials who resist most temptations. He adds, however, that when bribes are large and the chances of being caught are small and also the penalties if caught are meager, many public officials will succumb.

Klitgaard is right and is as frank as Kautilya, the Indian statesman and philosopher who advises rather bluntly that:

> *"Human nature is disposed to acquire public money for private gain. Just as it is impossible not to taste honey or poison that one may find at the top of one's tongue, so it is impossible for one dealing with government funds not to taste at least a little bit of the king's wealth."*

He further advises that:

> *"Just as it is impossible to know when a fish moving in water is drinking it, so it is impossible to find out when government officials in charge of undertakings misappropriate money."*

He calls for the institution of checks and balances and accountability measures to address the problem of corruption and

Mr. Chairman, this is exactly what the framers of our Constitution and those who designed our Public Financial Management (PFM) system as well as the financial laws that underpin our PFM system sought to achieve.

Mr. Chairman, if you ask any Chartered Accountant to explain to you the mechanisms they employ in their profession to ensure that public funds in the hands of Government are protected against corruption, his answer will be that they put in place and rely on a PFM system with embedded accountability mechanisms or checks and balances. Therefore, in our search for solutions to address the problem of public sector corruption, I believe that we need not look beyond our PFM system and specifically the embedded accountability mechanisms.

The Budget Cycle

Contained in the PFMS are in fact all the mechanisms needed to promote transparency and accountability. To gain a better insight of the PFMS and how it helps to promote transparency and accountability, it is useful to explain the theoretical framework for what has become known as the Budget Cycle. This is because Ghana adopts the Westminster model of Public Financial Management which revolves around the national annual budget.

In a Westminster model, the citizens contribute to the national coffers through the taxes they pay. The Government collects other non-tax revenues on behalf of the people. Through the Executive, the country obtains grants. And again, through the Executive and with the consent of Parliament, loans are procured for the country. At times Government sells state assets. These constitute the revenue sources.

Before the year begins, the Executive makes an estimate of how much money they hope to collect from all the revenue sources. They also determine and set the national priorities for the ensuing year and on the basis of that, allocate and distribute the resources in the annual Budget Statement and Economic Policy of Government.

The economic policies as well as the estimates are scrutinized, debated and approved by the representatives of the people in Parliament and an Appropriation Act is passed. On the strength of the Appropriation Act, resources in the form of money are allocated to MDAs. The chain does not end there. The constitution demands a system of accountability and financial scrutiny. The Accountant General is thus mandated to put in place a suitable Public Financial Management system to, among other things, capture all accounting transactions and provide personnel to undertake the necessary accounting duties. The Accountant General is further obliged to prepare the year end financial statements of the MDAs together with the consolidated Public Accounts. The chain ends with an audit by the Auditor General whose report is sent to Parliament where the Public Accounts Committee is mandated to examine the financial affairs and accounts of the MDAs.

The Budget Cycle as described above has four interdependent phases as follows:-

Phase 1: The Formulation/ Drafting Phase
Phase 2: The Approval/ Legislation

Phase

Phase 3: The Implementation/ Monitoring Phase

Phase 4: The Audit/Assurance Phase

Each phase of the budget cycle contains key accountability mechanisms to enhance transparency and accountability. National Accountability demands that all the mechanisms are made to work.

The First Phase of the Budget Cycle

In the first phase of the Budget Cycle, the economic policies and financial estimates are formulated for presentation to Parliament. Budgeting theories demand that annual budgets should derive from and be linked to predetermined Long Term strategies and Medium Term Sector strategies developed through broad consultative processes. The key accountability mechanism in this phase of the Budget Cycle is the need to align the annual budget with the medium term plans.

In Ghana, the development and preparation of a Medium Term policy is the responsibility of the National Development Planning Commission (NDPC) which is charged *"to provide a national development policy framework and ensure that strategies including consequential policies and programmes are effectively carried out to enhance the well-being and living standards of all Ghanaians on a sustainable basis."* The Annual National Budget on the other hand is prepared by the Ministry of Finance & Economic Planning. (MOFEP).

The NDPC is provided for in the Fourth Republic 1992 Constitution as part of the Executive and the NDPC Act (Act 479) formally established the Commission under the Office of the President.

For an institution charged with such an important function, the Commission has been poorly resourced and indeed ignored for a long time. At a point in time, transfer to the Commission was equated with incarceration in Siberia. The Commission has, in spite of all these challenges, demonstrated a clear ability to perform as evidenced by such publications as the Ghana-Vision 2020 Policy Document, Ghana's Progress Towards the MDG (2006), the Ghana Poverty Reduction Strategy and the Medium Term Development Policy Framework: Ghana Shared Growth and Development Agenda (2010-2013).

The processes of the NDPC are widely consultative and do satisfy transparency requirements. Unfortunately, no attempt is made by the MOFEP to link its annual budgets to the Medium Term Development Plans of the NDPC thus defeating a key transparency and public accountability requirement. Both the Constitution and the NDPC Act specify that the NDPC is set up to advise the President and shall be responsible to the President. (Art. 86(3) and Art. 87(1)).

These two clauses create some amount of confusion in practice. Direct reporting to the President means that the Commission does not report to any Ministry and certainly not to the Minister of Finance. At the same time, the Chairman of the Commission, not being a Minister of State, does not attend Cabinet meetings and cannot directly engage with Parliament on the floor of Parliament.

The result is that the Commission has no champion to represent it either in Cabinet or in Parliament. It used to be argued that this defect could be cured if the Commission was chaired by distinguished and eminent persons. This has not turned out to be the case. Indeed, there could have been no better chairman than the distinguished J. H. Mensah under the NPP administration or the equally distinguished P. V. Obeng under the present administration and yet, this defect continues. Today, we have the highly respected Dr. Kwesi Botchway and, as they say, we live to see.

Yet another problem is that successive Ministers of Finance have had at best, only lukewarm attitudes towards the Commission. This is not surprising since the Minister of Finance and the Commission compete for the ears of the President when it comes to advising the President on issues on development economics. The composition of the Commission has also not been entirely helpful. It has a Chairman appointed by the President, the Minister of Finance and such other Ministers of State as the President may appoint, the Government Statistician, the Governor of the Bank of Ghana, a representative each from the ten regions of Ghana and such persons as the President shall appoint. In recent times, virtually all senior Cabinet Ministers are made members of the Commission thus duplicating the Cabinet and yet the Chairman is below the rank of a cabinet minister.

There are two other important issues related to the Budget formulation that need to be mentioned. First is the mechanical slashing of estimates submitted by the MDAs when the revenue envelope is not enough to cover estimates from the MDAs. The practice, in such instances, has been for MoFEP to 'cut' the estimates of some MDAs. The cutting is normally done without any meaningful consultation with the Ministries involved. The result is that a project which has been professionally costed for some US$100,000 is allocated about US$80,000 forcing the Ministry to reduce not only the cost but the quality of the end product.

The second issue is that even after the Appropriation Act, releases to the MDAs are uncertain and the MDAs have come to think that the budget is no guarantee that moneys due to them would be released. Besides they have normally been able to obtain significant amounts from MoFEP without any budgetary cover. To most civil servants therefore, the budget is not that important planning document that we proclaim it to be and they don't accord the whole budget process the seriousness it deserves. The clear conclusion is that as far as the first phase of the Budget Cycle is concerned, the key Accountability Mechanisms are not allowed to operate.

Recommendations

The Chairman of the Commission should have a Cabinet rank and be made a Cabinet Minister. After all, the duties of the Commission cut across all sectors and the Chairman deserves to be where the final decisions on economic management are taken, i.e. at Cabinet Meetings.

It must be made mandatory for MoFEP to derive and align its annual budgets to the NDPC Medium Term Plans and there must be visible and clear audit trail for Parliament and Civil Society to track that such has been the case.

The power to negotiate Government

loans should be vested exclusively in the Minister of Finance. Any such borrowing must be tied to the financing of an approved budget expenditure which derives from the Medium Term Plans of the NDPC.

Where estimates from MDAs for a particular project have to be slashed, care must be taken not to effect it in a manner that will affect the quality of the end product.

Once provided in the Appropriations Act, all attempts must be made to release the funds to the MDA and no expenditure must be made by the MDAs unless provided for in the Appropriations Act.

The Second Phase of the Budget Cycle

In the second phase of the Budget Cycle, the draft annual budget appropriately styled as the Budget Statement and Economic Policy of the Government is submitted to Parliament for scrutiny, debate and approval. This phase provides Parliament the opportunity to review and debate the economic policies of government, the assumptions underlying the budget as well as the annual estimates of the Ministries, Departments and Agencies. There are very potent accountability mechanisms in this phase.

Unfortunately, the key accountability effect for Parliament to engage in broad debates on the government's economic policies and assumptions as well as the annual estimates is often lost for a couple of reasons:

1. The Budget Document is a voluminous one and will require days of careful reading for the average parliamentarian to grasp the issues contained therein. Unfortunately, the budget is normally presented so late that Parliament has only some few days (at times less than a week) for members to make contributions on the policy goals and economic objectives. Because of the time challenges, only a handful of the 230 members of the House have the opportunity to make interventions on the floor.

2. There is absolutely no consultation with Members of Parliament from both sides of the House before the Document is submitted to Parliament. While this in itself is acceptable, there has always been the tendency for the Government of the day to adopt the attitude that, once presented to Parliament, the Budget document is too delicate a political document to be allowed to be defeated on the floor. All efforts are, therefore, made by the government whips to insist that members from the governing party do not criticize the budget statement.
   Our constitution demands that the majority of Ministers be picked from among members of parliament. And since all parliamentarians on the government benches harbour the ambition to become ministers of state, getting the members to "behave" and avoid incurring the wrath of the President is not normally a difficult enterprise for the government whips.

3. Another issue we need to address during this phase of the Budget Cycle is the constitutional demand in Article 108(a)(ii) which denies Parliament the right to impose *"a charge on the Consolidated Fund or other public funds of Ghana or the alter-*

ation of any such charge otherwise than by reduction." The effect of this provision is that even though Parliament is obliged to scrutinize and approve the budget, it is denied the right to make any upward revision so as not to place any burden on the exchequer. While there can be some wisdom behind this provision, it has the tendency to diminish the enthusiasm of parliament in reviewing the estimates. As a direct result of this, the scrutiny of the estimates has become rather mechanical and does not provide the accountability mechanism it is supposed to serve.

Again and regrettably, the major Accountability Mechanisms in this second phase of the Budget Cycle are rendered ineffective.

Recommendations

To strengthen the transparency and accountability mechanisms under this phase of the Budget Process the following recommendations are made:

1. Article 179 (1) which allows the President to lay before Parliament the annual budget "at least one month before the end of the financial year" should be reviewed. It should be possible for the budget to be submitted to Parliament two to three months before the year end to give members sufficient time to scrutinize and debate the Budget proposals.

2. To enable members of Parliament from all sides, to exercise their independent minds in all debates, the constitutional requirement that Ministers of State can be picked from among members of parliament should be reviewed. This way, Parliament can assert its autonomy in full and enhance its capacity to hold the executive accountable at all times.

3. A mechanism should be found to allow Parliament to participate in the consultations that take place prior to finalizing the Budget for presentation to Parliament.

Article 108 (a) (ii) of the Constitution should be reviewed to give parliament the right to impose a charge on the Consolidated fund under some defined guidelines and conditions.

The Third Phase of the Budget Cycle

The third phase of the Budget Cycle is the Implementation and Monitoring Phase where monies are released to MDA's on the strength of the Appropriation Act. The Minister of Finance, through the Controller and Accountant General, is mandated to put in place a public financial management system to among other things, capture all accounting transactions. The accounting system should incorporate relevant internal controls and internal audit and should be able to generate year-end financial statements.

This phase has several accountability mechanisms such as the requirements for:

- Procurement practices
- Accounting Systems
- Internal Control systems
- Internal Audit
- Periodic Management Reports for Monitoring and Evaluation Purposes
- Year End Reporting Requirements

In practice there are a number of challenges with respect to the above-mentioned accountability regime. The Accounting and Reporting Modules under the country's PFM have never worked. What this means is that, the MDA's are unable to capture and record all accounting transactions and neither are they able to produce year-end financial statements.

This, of course, is as serious as it is outrageous but we have had to live with this rather scandalous state of affairs for many, many years. Article 187(2) of the Constitution stipulates that *"the Public accounts of Ghana and of all public offices….. shall be audited and reported on by the Auditor General"* annually.

Such an audit can be feasible only when all accounting transactions of the MDA's can be captured and recorded and annual financial statements prepared. In the absence of financial statements for the MDAs, the Auditor General has been restricted to undertaking Transactions Audit instead of a complete Balance Sheet audit envisaged by the Constitution.

Although, the Accountant General manages to prepare what is referred to as the Annual Public Accounts of Ghana, this is achieved through some rather "cute accounting" methods. The Public Accounts of Ghana must in theory be a consolidation of the accounts of the MDA's. In the absence of accounts of MDA's, the practice has been for the Accountant General to prepare the Public Accounts on the basis of disbursements to the MDA's from the records of the Accountant General.

1. Because of the absence of the financial accounting and reporting module in the PFM, much needed internal controls and internal check systems are not in place leading to several cases of corruption and misappropriation of budgeted funds.

2. A direct consequence of the inability by the MDA's to produce their financial statement is that there is no financial data to permit effective monitoring and evaluation. For the same reason, management information reports such as Budget Variance Analysis which are all part of the accountability regime cannot be prepared. Once again the essential Accountability Mechanisms do not work.

Recommendations

1. Government should speed up the introduction of a sound accounting system. GIFMIS is the latest attempt by MOFEP to produce an entity-wide state-of-the-art budget and financial system that will serve as the official system of record to meet GOG's budget, financial accounting and reporting, disbursements, internal control and auditing requirements. We must all give it our utmost support.

2. Staff at the Public Accounts Section of the Accountant General's Department should be motivated and the Section accorded the importance it deserves. It is no secret that staff members dread the prospect of a transfer to that unit.

3. Government should find a way to attract qualified and experienced accountants into the MDAs.

4. The present state of affairs where the MDAs cannot capture all accounting transactions to prepare annual accounts is too scandalous to be entertained. Accounting firms should be contracted to perform the accounting functions for

the MDAs until they can build the capacity of the MDAs.

5. Chief Directors should be sanctioned for failure to prepare timely annual financial statements.

6. Unless there is a clearance by the Auditor General and the Public Accounts Committee of Parliament to the effect that MDA's have discharged all accounting and reporting obligations and have cleared all audit queries, the Minister of Finance should withhold budgetary releases to the MDA.

7. Public Officers, particularly the Chief Directors and Heads of Departments and Agencies must be conversant with the financial rules and regulations and they should administer them firmly and strictly. They must be bold to stand up to political leaders and advise what they can or cannot do.

8. Probably, it is about time to legislate to entrench the independence of the public service from political interventions as advocated by some writers.

The Fourth Phase of the Budget Cycle

The fourth phase of the Budget cycle is referred to as the Audit/Assurance phase and it seeks to provide assurance to the public that the government has sufficiently accounted for its spending of taxpayer's money and for its stewardship over public assets in the manner approved by the legislature. The activities in this phase represent the most prominent accountability mechanisms.

In a democracy and in the African context, where citizens are suspicious of politicians and indeed do not trust them, such independent assurance by the Auditor General is very important. Democracy, as was said earlier, entails accountability for the exercise of power and this independent confirmation is of crucial importance.

An audit is described as an independent examination by an independent auditor who issues an independent report as the end product of his examination. Independence is, therefore, central to the whole audit process and in fact a "dependent auditor" is a contradiction in terms.

It is, therefore, necessary to advocate for a truly independent Auditor General in such matters as the method of appointment, tenure, career expectations, method of removal, funding as well as legal immunities attach to the office. It is important to stress that the Auditor General is not part of the Executive arm of government. He is not a government auditor. The trend is for the Auditor General to be associated with the legislature as an officer of Parliament both responsible and accountable to Parliament. The Auditor General conducts various types of audit. These are Compliance/Financial Audits, Performance/Value for Money Audit and Special Audits.

In the advanced countries and from the 1970s, the focus is now on Performance /Value for Money Audit. In UK, 75% and in Canada about 70% of audit time and effort focus on Performance/Value for Money audit. This has expanded the role of the Auditor General from being an auditor of the public accounts and financial transactions of the state to that of a promoter of organizational performance. The focus on Performance/Value for Money Audit in the developed countries has been made possible because of the effectiveness of their Public Financial Management Systems. Compliance can now be taken for granted and there hardly are any qualified audit reports on public accounts.

In Ghana, our concentration continues to be on compliance audit because we do not have a sound and effective PFM. All the same, the trend has been for the Auditor General to take on board Performance/ Value for Money Audits even if on a limited scale. The Auditor General presents his reports not to the Executive arm of government but rather to Parliament where the PAC gives finality to the audit process.

Recommendations

1. Enhance the independence of the AG by appointing him/her through a transparent process. A vacant position should be advertised and a short-list prepared by an ad hoc committee of the local accountancy professional Institutes. Those short-listed should be interviewed by the Public Services Commission and whoever emerges as the most suitable candidate should be appointed by Parliament. In other words, the AG must be an officer of Parliament both responsible and accountable to Parliament.

2. The provisions of the Audit Service Act, 2000 (Act 584) with regard to the budgetary estimates of the service which stipulate that in respect of the Audit Service, the estimates they submit *"shall be laid before parliament without revision but with any recommendations that the Government may have on them"* should be strictly enforced.

3. The Audit Service should be supported to attract qualified staff and to continuously build the capacity of staff members.

4. Donor Partners should recognize the important role played by the Auditor General and provide such support as is necessary for the service to maintain its professional competence at all times.

5. The Audit Service should adopt Contract Monitoring as a new focus for audit in line with emerging new trends.

6. The important oversight role by the Public Accounts Committee should be supported and the Committee provided with resources to clear all long dated reports.

7. Donor Partners should provide financial support to PAC to continue with its public hearings

8. The AG and PAC should both put in place mechanisms to monitor and follow up on audit recommendations.

9. Members of Audit Report Implementation Committees (ARIC) should be given training on the Financial Management Act and Regulations and on their duties as members of ARIC.

10. Sanctions must be used to punish all those cited in the reports of the Auditor General and the Public Accounts Committee as having committed various acts of financial indiscipline.

Conclusion

What emerges from what I have tried to demonstrate so far is that the key Accountability Mechanisms in our Budget Cycle have all been rendered ineffective for various reasons. We should move to quickly reverse this unfortunate situation. Today, there is a groundswell of frustration in our country and growing demand for efficiency, transparency and accountability in government and in public financial management.

Our people continue to demand whether public funds are being utilized with due regard to Economy, Efficiency and Effectiveness and are there systems in place to check fraud, theft and corruption. I am afraid the facts on the ground do not suggest that public funds are being accounted for properly because key accountability arrangements are not being followed.

If we have an effective PFMS which is functional, we can all go to sleep in the belief that not only donor funds but the taxes we pay to government are utilized with due regard to economy, efficiency and effectiveness. It is a matter of regret that where it really matters, our PFMS does not work. Specifically, that very crucial Accounting and Reporting Module which will enable the MDAs to capture and record all accounting transactions and produce periodic financial management information is not operational. As a consequence of this, our MDAs are unable to give an account of how much revenue is made available to them, how the money was spent and in particular, the financial position of the MDAs at the year end.

To reverse this position, we need concerted actions by various stakeholders to get the Accountability Mechanisms to work. The first group of stakeholders is:

- Government must show commitment and lead the way.
- The Minister of Finance and Chairman of the NDPC must agree to work together in the preparation of the Annual Budget.
- The Auditor General must assert his independence and continue to improve the quality of work.
- Parliament must appreciate the importance of its oversight roles and do it in a non-partisan manner

The second group of stakeholders is the Donor Community who can demand that governments allow the various Accountability Mechanisms to operate freely.
The third group of Stakeholders is Civil Society Organizations and Media who can put pressure on Government and the other Stakeholders to ensure proper accountability.

Mr. Chairman, the framers of our Constitution foresaw the need for Accountability and they, therefore, provided for Accountability Institutions. These institutions are referred to as the Horizontal Accountability Institutions and they comprise the Audit Service, Parliament, the Judiciary and the Anti Corruption Agencies such as CHRAJ. Unfortunately, all these agencies are headed by appointees of the President and, therefore, lack the independence to hold the government to account. Civil Society Organisations, including Academia and the Media, do not suffer from this lack of independence and should constitute themselves as the Vertical Accountability Institutions to complement the efforts of the horizontal institutions.

Finally, if we want Accountability, the Government must feel obliged to give Information and the Citizens must feel obliged to demand Information. A Right to Information Act will facilitate access to such information and I urge everybody here to support early passage of the Bill which is now in Parliament.

Mr. Chairman, let me conclude by thanking the UGBS for providing me with this platform to embark on what, for me, has become a crusade for proper financial governance in the country.

Editorial Policy and Information for Authors

Focus of the Journal

African Journal of Management Research seeks to publish works that test, advance and develop models, frameworks and concepts in the broad areas of management, organisation, finance, public sector management, marketing and decision systems. The Journal is international and multidisciplinary, which means that topics and themes appropriate for *African Journal of Management Research* will come from and cut across organisational/institutional sectors (public, private, non-for-profit) and address matters of theory, research and practice from a variety of management and organisational disciplines (finance, operations, human resource, organisational behaviour, marketing, services). The Journal's multidisciplinary character means it seeks to promote the interplay and nexus between organisational functionality, management practice and economic/national development. The Journal's aim is to facilitate greater understanding of organisational processes, managerial pro-cesses and functions and critical firm level challenges facing developing and emerging areas.

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