

The Privatization Conundrum in Ghana: Lessons from Golden Tulip Hotel in Accra

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Abstract: Since independence, there have been copious generalizations and general outcry among Ghanaians especially social commentators and policy analysts about the under-development of Ghana. One of the factors that accounted for the slow pace of development of the country is the limited attention paid to the provision of enabling the environment to facilitate the boom of the private sector. Is the private sector not contributing enough to attract the necessary attention of government? Whatever the case may be the crux of this work is that: nurturing the private sector by the government is more likely to contribute largely to the development of Ghana. This work explores the developmental models of Ghanaian governments and the private sector, the rationale for privatization and as its case study, examines the contributions of Golden Tulip, Accra; previously a public enterprise but now ceded to a private venture to test the tentative statement. The work examines whether the contributions of the private sector specifically Golden Tulip to national development is better than when it was under state ownership. Using in-depth interview and secondary data, the measures of improvement in hotel Continental after it has been privatized and rebranded as Golden Tulip include: employment, payment of taxes, financial viability, welfare services among others. The study combines information from both primary and secondary sources. Primary information is obtained from a personal interview conducted by experts in the public and private sectors as well as in academia and focus group discussions. While secondary source data is taken from both published and unpublished scholarly works and articles on the topic. It is found that the development of the private sector should not be seen as an end in itself but as part of the means of promoting a better standard of living, foster development. In addition, when the enabling environment is created it will contribute largely to the development of Ghana. Also, it has been discovered that the private is bedevilled with the following challenges: lack of political commitment to private sector's development, reluctance of financial institutions to take risks with private sector bodies, inadequate entrepreneurial skills of some private sector operators, bureaucratic practices among the public sector regulators or supervisory bodies, non-accrual of the benefits of the private sector development to micro and small enterprise sector among others. The research finally makes inferences, deductions, conclusions and recommendations necessary for the development of Ghana and for the readership of all and sundry especially the management of Golden Tulip, Accra which may be interested in the subject.

Keywords: Privatization, State Owned Enterprises, Economic growth, Ghana

1. Introduction

The initial wave of independence in Africa began in the 1950s with the emergence of North Africa and Ghana from colonial rule. The year 1960 was generally considered as the year of African independence (Naomi Chazzan et al, 1992). Motivated by the urgency of development, the African States that emerged after independence rapidly resorted to the creation of State Owned Enterprises (SOEs) with little or no attention to the Private Sector.

The general rationale was that development would only be achieved rapidly through the active leadership of the State.

The current State of the Private Sector in Ghana is therefore the result of a historical process. The Private Sector, for a long time, has been marginalized in economic decision making since independence despite its contributions to Ghana's development. It was until recently when the Ministry of Private Sector Development (MPSD) was set up (Ghana's Official Handbook 2006).

Dr. Kwame Nkrumah's government in 1957 was geared towards a socialist development strategy under which all major sectors of the economy were owned by the State. It was only when Ghana started the Economic Recovery Programme (ERP) from 1987 that the gradual process of liberalization of the economy began to provide political space for private businesses. The period of the Structural Adjustment Programme (1983-1989) marked a shift from the paradigm where the State dominated the economy to one based on the principle that government should concentrate on providing vital public Services and allow the private Sector to lead the productive sector of the economy (Ghana's Official Handbook 2006).

In most developed countries, the private sector is seen as the engine of growth and thus, the state establishes partnerships with the private sectors to make them meaningful contributors to the nation's development. Yet, since independence, there has been a copious generalization and general outcry among Ghanaians especially Social Commentators and Analysts about the underdevelopment of Ghana under state leadership. One of the factors that account for the slow pace of development in the country is the limited attention paid to the provision of an enabling environment to facilitate the role of the private sector. Entrepreneurs or individuals in the private sector have had to deal with so many governmental agencies before they establish a business and work effectively. The less attention paid to the provision of an enabling environment for the private sector to develop and operate effectively is the major problem which this work seeks to examine. Private firms contribute enormously to national development in areas such as finance, agriculture, housing, industry, health, education and etc. Their role is undoubtedly beneficial, yet various regimes in Africa have systematically limited their ability to develop. Why should such an important sector with the potential for national development be stifled? This study examines the extent to which governments of Ghana have tried to create an enabling environment for the growth of the private sector.

The focus of this study is on Golden Tulip, Accra which was formerly a state enterprise but had to be diversified as a private venture due to its unproductiveness. The work hopes to examine the economic contributions of Golden Tulip, Accra (formerly Hotel Continental) to the development of Ghana and to show a link between the private sector development and accelerated development in Ghana. The aim is to throw light on the current paradigm which encourages more private sector activities to ensure overall national development.

1.1 Problem Statement

Several scholarly works all over the world have focused on the potential contributions of the private sector to national development in different dimensions. However, in developing countries such as Ghana, there still exists some skepticism or conundrum regarding the potential contribution of the private sector and there is little robust and rigorous research to prove the direct or indirect contribution of the private sector. Thus, according to Boache-Danquah (2000), in Ghana, there is little or unreliable data on the role and contribution of the private sector. Those studies that focused on the contributions of the private sector to Ghana's development do not provide detailed information on the direct impact of the private sector to government policy makers and the general public. The provision of such information will inform governments on the appropriate role of the private sector in national

development. The question is: to what extent can the private sector contribute to the overall development of the nation? We may also ask whether the failure of government necessarily implies that the private sector led development could be beneficial.

Secondly, it is clear that since independence, the growth of Ghana in terms of development has been poor. Can the vigorous promotion of the private sector make them productive? Is the weakness of the private sector due to lack of attention they receive from the government? Ghana's Official Handbook (2006) contends that the less attention paid to the private sector due to the ideologies and policies of the previous governments over the years account for their weakness. Is the private sector not contributing enough to attract the necessary attention of government? Whatever the case may be, this work hopes to examine the economic contributions of Golden Tulip, Accra (a private establishment) to the development of Ghana and what chances exist to improve upon their contributions to national development if adequate state attention is given them. This research is based on a hypothetical statement that; the nurturing of the private sector by the government is more likely to lead to the overall national development of Ghana. In other words, the more the contributions of the private sector, the better the chances of sustained development in Ghana. The case of Golden Tulip, Accra, previously a public enterprise but now ceded to a private venture is used to test the previously stated hypothetical statement. It seeks to examine whether the contribution of the firm to national development is better than when it was owned by the state.

1.2 Objective of the study

The general objective of this research is to come out with the economic contributions of the Private Sector, using Golden Tulip Accra as a special case for development in Ghana. This study will find out the variations in Golden Tulip, Accra as a private venture and as a public venture and examine whether the government is creating an enabling environment for the growth of the private sector.

2. LITERATURE REVIEW

This section reviews some of the vast literature on the subject of privatization with the view of examining their limitations and how applicable and related they are to this study. It begins by taking a sweeping review of privatization in less developed countries in general and privatization in Ghana.

2.1 Studies on the Private Sector

According to the World Bank (1991), the private sector is not homogeneous but can be disaggregated by size (micro enterprise, small and medium size enterprises), by activity (industry, agriculture or service) and can be local or foreign. This is a very broad description of the Private Sector and one can deduce that the Private Sector covers a wide section of the economy and thus, the withdrawal of such a sector completely from an economy will not only be disastrous but pose a great challenge to livelihood.

A UNDP report (1998) has it that, the private enterprises generates huge economic returns. Individual investors, particularly in free market economies characterized by relatively open access to input, autonomy in investment and operating decisions and where incentives are fairly available to all participants. This assertion elaborates on the contributions of the private sector towards development and it must be emphasized that this view is valid to the extent that the forces of demand and supply are allowed to operate in an economy. Similarly, recent experiences of broad based economic growth have been mostly attributed to the economic activities undertaken by the private sector (World Bank 1995). This point to the assertion that economic growth is largely influenced by the contributions of the private

sector, thus, emphasizing the need for the freedom and growth of the private sector if one is to talk of development.

Besides, the report by the International Financial Corporation (1997) reveals that when private projects are structured appropriately, they can contribute immensely to the growth and well-being of the host countries. There is no doubt from these reports that creating enabling environment for the growth of the private sector can lead to development. Moreover, the World Bank (1997) has argued that the private sector has complementary roles in promoting development. After decades when governmental intervention was recognized as the cause of crisis in development, the global events at the turn of the 1990s led to the demise of the central planning paradigm which shifted the pendulum away from the public sector. Experiences now suggest that both the private and the public sectors have indispensable roles to play in addressing poverty. From this, it could be seen that when the private sector is nurtured together with the public sector, there would be the possibility of poverty alleviation and where poverty is alleviated, one can talk of development.

2.2 Studies on Privatization in Less Developed Countries

Privatization has gained unprecedented popularity in the developing world since the 1980s. According to Ramamurti (1991), by the end of December 1987, 571 SOEs had been privatized in 57 developing countries. The breakdown of those developing countries which had undergone privatization in terms of regions is as follows: in Sub-Saharan Africa, we have 25 countries involved; in Asia, we have 10 countries; in Pacific countries, we have 3; in North Africa and Middle East 7; and in Latin America and the Caribbean, we have 12 countries totaling 57. There were high levels of Privatization of SOEs in Cote d'Ivoire, Guinea, Niger and Togo in Sub-Saharan Africa; Singapore in Asia; Brazil, Chile, and Jamaica in Latin America and the Caribbean. The big question is: why has the role of privatization perceived as positive for development? Various factors have accounted for the globalized nature of privatization. However, a succinct answer would be the realization of the fact that privatization is the engine of growth.

According to Galal and Shirley (1994), as of 1994 more than 7000 enterprises had been privatized worldwide with some 2000 of them in developing countries. This further explains the rapidity with which countries are embracing the idea of privatization. Borish and Noel (1996) found out that privatization in the Visegrad Countries – Czech and Slovak Republics, Hungary and Poland currently generate about half of the GDP and employment (more than 10-20% in 1990). Thus, the private sector shows favorable growth trends in all the Visegrad countries much of it are from new private enterprises that have been established in recent years. This contributed largely to the Visegrad countries' competitiveness and their prospects for integration into the European Union (EU).

2.3 Studies on Privatization in Ghana

Privatization effectively started in Ghana around 1989 even though it begun in the early 1980's. From 1983, Ghana has embarked upon a comprehensive Structural Adjustment Programme (SAP) (Kapur Hadjimichael, Hilbers, Schiff, Szymeczak, 1991). Ghana was part of the first sub-Saharan African countries to embark on the SAP and received support from the World Bank, the International Monetary Fund (IMF), the European Union and other bilateral and multilateral institutions. The reform was (and it's still) in almost all sectors of public administration. For instance, there have been reforms in the financial sector, ministerial restructuring, decentralization and the privatization of State Owned Enterprises (SOEs). Between 1989 and 1996, close to 170 state enterprises had been privatized (Boache-Danquah 2000:76). Some of these privatized companies in Ghana include the Tema Steel Company Limited (T.S.C.L), the West African Mills Company Limited (WAMCO) among others. The Provisional National Defence Council (PNDC) launched an Economic Recovery Program (ERP) on April 21, 1983. According to Dotse and Agbeko-kra (1990:293), the

objectives of the ERP were to "halt and where possible reverse the decline in productive sectors; establish fiscal and monetary discipline; initiate programs to rehabilitate the country's economic and social infrastructure and establish a climate for private savings and investment. This entailed substantial progress towards a realistic exchange rate accompanied by a significant liberalization of the trade regime". For a successful implementation of the ERP, there has been retrenchment of labor and uneven income distribution in the civil and public services. At the initial stages of the implementation of the ERP, it had been found that there was overstaffing at the lower levels of management while the professional and managerial levels of management were understaffed. The ERP received many criticisms from the Ghanaian populace because of the major shift in the governments' wage policy and other untold hardship from the implementation of the ERP/SAP, even though the success of the ERP in Ghana had been laid throughout the world.

2.4 The Evolution of the Private Sector in Ghana

In "The State of the Ghanaian Economy in 1998" (ISSER 1998), the economy of Ghana in the pre-independence era of Ghana was one of economic laissez-faire with limited direct governmental participation and enterprises that engage in production even until three years after independence. Ghana adopted a socialist ideology with a high spirit of economic nationalism and commitment to economic growth through industrialization after 1960. The government of Ghana began to participate directly in productive enterprise and quasi-government institutions were set up to promote the new vision after the 1960s.

When the government of Dr. Kwame Nkrumah was over-thrown in 1966, the military junta that came to power and the civilian government that took over in 1969 re-opened the economy. SOE's, machinery and equipment were sold to private entrepreneurs and the economy was returned to private enterprise, market-oriented and decentralized system. Similarly, the civilian government of the Progress Party was ousted in 1972 and the military government that took over did reverse with the open-market policies and re-instituted a command economy. The economy began to decline until the early part of the 1980's. Currently, the Ghanaian economy is quite stable.

With the inception of the Provisional National Defence Council (PNDC) in 1982, an Economic Reform Programme (ERP) was launched in April 1983 to stabilize the economy. This was followed by the Structural Adjustment Programme (SAP) in 1986 with the aim of removing structural rigidities from the economy and put it on a sustained development path. As part of the SAP, the government had to diversify the economy to allow the private sector to take over. After forty years of independence, the general agreement now seems to be recognition that the private sector is a major engine of growth and the one that has to play an increasing role in national development. (Economy of Ghana 1998. p. 16)

The Importance of the Private Sector in Ghana

The private sector is immensely important to Ghana's economy even though it is difficult to estimate precisely the private sector's contribution because of the absence of statistical information. According to a report presented to the Private Enterprise Foundation (PEF) by Irwin (2003:78) there is an estimated number of about 2 to 2.5 million businesses and sole traders which might employ as much as 70 per cent of the labour force (of around 6million people) although only about 700 000 are registered for social security purposes. The implication is that, as in many of the less developed African countries, the vast majority of economic actors and economic activity goes on in the informal sector.

Similarly, according to the report by the Divestiture Implementation Committee (DIC), (2002:13), there had been consistent increase in the level of employment of companies which were diversified since 1990. It could be realized from the report of the Divestiture Implementation Committee (DIC 2002:13) that prior to the divestiture of Golden Tulip, the

hotel had 116 employees but by 2002, the number of employees has risen to 346, the number of employees of the Tema Steel Company had increased from 130 to 584, that of West African Mills Company increased from 170 to 345, Ghana Agro-Food from 494 to 1570 Coca Cola Company Limited from 340 to 700 and Ghana Rubber Estates also increased from 3085 to 3833. From the above analysis, it could be realized that it makes sense to say that the private sector is a promising sector and its importance cannot be over-emphasized at least in terms of employment.

Again, there is general agreement that there is high level of efficiency and effectiveness in the performance of the private sector. Private Companies and firms have a greater incentive to produce more goods and services for the sake of reaching the customer base and hence to increase profits. It can also be argued that with the evidence of increase in employment, the private sector also contributes largely to the total revenue of Ghana through the payment of huge sums of tax. Data on those enterprises which have been privatized during the divestiture attest to this. For example, according to the report by DIC (2003:5) after U.S \$ 5.7 million had been invested in the rehabilitation exercise of the Tema Steel Company Limited, its first modest dividend declared was ₵ 242.2 million, Coca -Cola International Company Ltd paid ₵ 105 billion to Ghana in taxes and duties.

2.5 The Constraints of the Private Sector in Ghana

Despite the potential positive contributions, a number of constraints still persists that stall private sector activity in Ghana. These constraints include but not limited to the following:

1. Lack of political commitment to private sector's development.
2. A reluctance of financial institutions to take risks with private sector bodies.
3. Inadequate entrepreneurial skills of some private sector operators.
4. Bureaucratic practices among the public sector regulators or supervisory bodies.
5. Poor infrastructure in the country and the urgent call for rehabilitation for effective service.
6. Non-accrual of the benefits of the private sector development to micro and small enterprise sector.

2.6 The History of Hotel Continental (Now Golden Tulip)

Commissioned in 1966, Hotel Continental the then one of the leading and the most profitable hotels in the chain of eleven properties of the State in the hotel business - seven major hotels and four catering rest houses owned and controlled by the State Hotels Corporation. Hotel Continental had been for several years regarded as the hen that laid the golden eggs, being the bread winner of the corporation (Ghana's Official Handbook, 1975).

Ironically by 1987, the main clients of the hotel, notably the various airlines with the exception of Ghana Airways withdrew their clientele relationship with the hotel, thus rendering the corporation cash stripped. Besides, with the advent of a new breed of hotels towards the latter part of 1988, all the Embassies deserted the hotel (Valuation Report, 1989). What caused the sudden change in the behavior of the clientele toward the hotel? Reports from the Valuation (pp. 29, 34) showed that the internal walls and ceiling were dirty, most of the fluorescent fittings were not in a good condition, and all the fittings provided at the male section including one water closet at the female section were defective. There were problems with the plumbing system, a number of nacho louver blades were missing or broken, leaky concrete roofs among others.

2.7 Reasons for the Divestiture of Hotel Continental

As part of the measures to improve the performance of enterprises under the SOE Reform Programme launched in 1988, Hotel Continental and many other SOEs were designated to

be diversified because they had performed inadequately over the years shortly after their establishment. The factors which have contributed to this include the following:

1. Over-staffing; there were so many employees who had either little or nothing to do with the company yet they received their salaries and other benefits accurately.
2. Excessive Bureaucracy; decision making was paralyzed by excessive bureaucracy and a lack of commitment towards state business.
3. Lack of technical expertise; there was high level of rent seeking activities leading to the placing of people without any technical-know-how in technical positions.
4. Poor commitment to work; there was little or absence of commitment and entrepreneurial direction that private investors bring to business.
5. Low Remuneration; low incentives for management and inadequate working capital and investment in new plant and machinery, leading to low capacity utilization.

2.8 The Evolution of Golden Tulip Hotel

Due to the poor state of affairs and financial constraints, Hotel Continental was sold to a private entity and now termed as Golden Tulip. The emergence of Golden Tulip, Accra on the Ghanaian hospitality market was the outcome of a positive cooperation between the governments of Ghana and the Socialist People's Libyan Arab Jamariya. In early 1982, the Government of Ghana, in pursuit of the principles enshrined in the OAU (now AU) charter, entered into an economic, scientific and technical cooperation with the Libyan Government. One of the positive outcomes of this joint effort was the incorporation of an investment holding company known as the Ghana Libya Arab Holding Company – GLAHCO.

In 1990, during the rule of the Provisional National Defense Council (PNDC), the Divestiture Implementation Committee put Continental Hotel on sale, GLAHCO won the bid and within a record-time of nine months changed the entire face of the hotel into what is now Golden Tulip Accra (Employees Guide, 2008).

2.9 The Performance of Golden Tulip, Accra

What has been the result of the divestiture of the Continental Hotel – a public venture into a private entity, now Golden Tulip? The assessment of the results of this transformation was done at various levels including its financial viability, contribution to employment, corporate social responsibility, and increases in investment and general contribution to Ghana's GDP. These are examined below:

1. Financial Viability – The Hotel has since its change into private management had a very strong balance sheet in terms of its performance. This could be deduced from the Balance Sheet as of 31 December 2008 attached to this work at appendix two. The Hotel is always alive to its obligations regarding payment of taxes and dividends to Ghana Government as a shareholder. According to the report by DIC (2003: 5), after U.S \$29.4 million had been invested in the rehabilitation and manpower training needs of Golden Tulip, over ₵70 billion was paid to government in the form of taxes and duties. On the other hand, according to Peter K. Osei (former stores manager (1969) of Hotel Continental) in a discussion, prior to its divestiture there was difficulty in getting a systematic progression of income over expenditure as a result of poor management.
2. Employment Level – There is an obvious improvement in employment. The Hotel currently employs a total of 500 employees including two expatriates. Prior to its divestiture in 1990, the hotel had 116 employees and about 130 rooms. Currently, the hotel has 234 rooms (Report from GLAHCO 2008). The Hotel has a strong recruitment policy. It offers equal opportunity to all without discrimination on creed, color, and gender (ibid) unlike the former days under the name continental hotel where recruitments were done under patronage and nepotism.

3. Corporate Social Responsibility – With regard to Corporate Social Responsibilities, the hotel is second to none. The Hotel makes donations to some Orphanages and other institutions yearly. For example, according to a report presented by GLAHCO, the Hotel donated Computers to the Awisa Government School, made a donation to the Osu Children's Home, Tamale Jirapa and Mampong Foster Homes. The Hotel also donates to institutions when they receive proposals from them. The Hotel provides free industrial attachment to Catering Students of the Accra Polytechnic. It has a Football Team which produced Mr. Razak Pimpong, formerly of the Black Stars fame.
4. Welfare Services – The Hotel provides enormous welfare services to its employees and for that matter the nation at large. It offers free medical care to its employees and their dependants. It also provides educational scholarships to the Children of the staff unlike the situation under Continental Hotel where such services were limited (ibid).
5. Awards and Recognitions- After its divestiture, in 1990, the hotel has won six awards and recognition by 2002. These were: hotel of the year 1996, host of the year 1996, " Primus Inter Pares" 1997, host of the year 1997, Good Corporate Citizens Award March 1997, and Housekeeper of the year 1998 (DIC 2002:10).
6. Extension of the Hotel – There had been improvement in the capacity, facilities, and renovations of Golden Tulip, Accra compared to Continental hotel. After five years of successful operation, Golden Tulip Accra was able to extend the hotel by constructing on a virgin soil, an exclusive guest block made up of a total of fifty-one (51) rooms (Employees Guide 2008:3).

2.10 The Constraints of Golden Tulip, Accra

Notwithstanding the immense contributions of the Hotel to the development of Ghana, there are a few Challenges that the hotel grapples with.

1. Competition from Competitors: One of these challenges could be linked to the emerging competition in the hospitality industry. The hospitality industry is becoming more and more vibrant in Ghana at the moment. Some of the competitors include La Palm, Novotel and Labadi Beach Hotel among others.
2. Economic Recession: The Global Economic meltdown and its consequences that is being experienced by the world is another challenge facing the hotel at the moment. The Economic recession has affected patronage at the Hotel.

Notwithstanding, the above-mentioned challenges, Golden Tulip Accra is the *primus inter pares* in the hospitality industry in Ghana at the moment because of their current contribution to Ghana's development. Competition within the hospitality industry is a necessary evil and for Golden Tulip to remain or be on top of its competitors, management should find out lapses in the vision and mission statements of its competitors, strategize and come out with better solutions to those lapses so as to capture the larger part of the market. Besides, management should study the products of their competitors and come out with better packages. The Market Augmenting State Model (MAS) by Amponsah (2007) could be used to deal with the challenges of the private sector as a whole. The reality seems to be that, private entities perform better in all aspects of economic productivity. But they also need some calculated and strategic protection and guardianship from the State in order to sprout and grow. These include effective and credible institutions and protection against unfair competition from external forces.

3. Research Methodology

To carry out this research and test the validity of the hypothesis, the study depended on both primary and secondary source of data. However, since the study is largely narrative and descriptive, secondary sources of data were used largely because of their availability and the fact that they stood the test of time. Because the study compares the performance

of an enterprise under two different regimes and paradigms, it solicits views of individuals who have knowledge about the two different paradigms. It also entails reading and analyzing already published and written materials (books, journals, magazines, authoritative newspapers etc). Besides, information was also obtained from the Ministry of Private Sector Development, the Association of Ghana Industries (AGI), Divestiture Implementation Committee (DIC), Golden Tulip, Accra and the Private Enterprise Foundation (PEF).

Since the study examined the privatization conundrum and the impact of a private entity on the development of Ghana, the views of experts were solicited to enrich the present study. In this direction, primary data was obtained from interviews with these experts for the analysis. A list of private enterprises was taken from PEF and public interviewees were selected from top management employees in Public Enterprises like the Social Security and National Insurance Trust (SSNIT), the Ghana Armed Forces, National Identification Authority (NIA) among others. A total of fifty (50) respondents made up of experts and practitioners were drawn from the Private Enterprise Foundation, Golden Tulip Accra and some others from the public sector and academia. The selection of these categories of respondents was purposive and mainly due to their depth of knowledge of the subject under investigation. The analysis of the contents of the interviews granted together with the secondary sources formed the basis of the conclusion.

3.1 The Interview Process

A purposive sampling method was used to identify the specific individuals for the interview. According to Merriam et al (2016), purposive sampling "is based on the assumption that the investigator wants to discover, understand and gain insight and therefore select a sample from which most can be learned." In addition, the use of purposive sampling assists the researcher to use his or her technical know-how of the research problem being studied to select people who can help him/her understand and gain insight into the phenomenon being studied (Berg, 2004). Because the study is context specific and relates to the Continental Hotel which was publicly owned but ceded to private ownership under the new label of Golden Tulip, Accra, there is definitely the need to seek information from those who are adequately informed about the entire episode of transactions.

An interview schedule was used to guide and direct the interview. The questions were asked such that they would give interviewees enough room to explain their answers. Unstructured and open-ended questions were used and it was intended to draw views from interviewees (Creswell, 2003). The views were recorded, transcribed and themes were developed for analysis.

4. DATA ANALYSIS AND INTERPRETATION

4.1 Description of Interviewees

Table 1: shows a diagrammatic view of the components of the interviewees.

Sector	Number of interviewees	Percentage (%)
Public	20	40
Private	20	40
Academia	10	20
Total	50	100

The caliber of people interviewed is a very significant variable in every discussion as different people have varied views on every topic of analysis. In this regard, twenty (20) people were selected from public enterprises, twenty (20) from private enterprises and ten from

academia. The interviewees from the public sector constitute 40% of the sample, that of the private sector also constitute 40% and academia 20%. This is to aid the researcher do a comparative analysis of the views expressed by interviewees in different sectors or fields of the economy.

4.2 Discussions

To do a comparative study and analysis, questions were asked on pre and post divestiture situation of Golden Tulip, Accra. Out of the fifty interviewees, eight (8) of them from top management level were interviewed from the hotel. Five are currently working at the hotel; one was the 1964 Stores Manager of Continental Hotel. The other two are working at different enterprises. The percentage values, as well as the number of the responses, would be used for the analysis.

After introductory remarks and creation of rapport by the interviewer, question 1 asks: "Please did you have the opportunity to witness the operation of Continental Hotel before it was changed to the Golden Tulip?" Four respondents answered yes and the other four answered no. Similarly, question 2 asks: "If yes, what was your general observation in terms of discipline of staff, financial viability, and general atmosphere compared to Golden Tulip?" In terms of discipline of staff, three of the interviewees answered very good while the other answered good in favour of Golden Tulip, in terms of financial viability all the four respondents answered good in favour of Golden Tulip and in terms of the general atmosphere, sanitation among others, all the respondents answered very good in favour of the current state of the hotel. When these interviewees were asked to explain their answers, they based their assessment on the innovative, efficient and effective management of the hotel after its divestiture.

According to Mr. Antwi, the legal and business development officer of the hotel, "one cannot compare the current state of the hotel to the former; because the current state is far better in terms of everything than the former". According to him, under the State Owned Continental Hotel, Ministers of State could come and use the facilities of the hotel in the name of their respective Ministries and no payment would be made to that effect even though it was said that the Ministries concerned would pay. He added: "there were weeds all around the swimming pool and poor facilities but currently, all clients of the hotel pay their due cost accordingly and there is now an ultra-modern swimming pool facility".

On the question: "how would you rate the Hotel at that time?" All the four responded below good but better as at now.

To seek the views of interviewees about the idea of privatization, six questions were asked. Question 1 asks: "do you like the idea of privatization, if yes or no why?"

Table 2: shows a graphical view of the responses.

Sector	Yes to privatization (%)	No to privatization (%)	Neither yes/no (%)
Public	6 (30)	8 (40)	6 (30)
Private	15 (75)	2 (10)	3 (15)
Academia	3 (30)	2 (20)	5 (50)
Total	24 (48)	12 (24)	14 (28)

From table 2, it could be seen that the majority of the people who said yes were interviewees from the private sector. To these interviewees, privatization ensures competition, effectiveness, and innovation among others. A significant percentage of the

respondents (40%) who said no to privatization were from the public sector. To some of them, they resist privatization because there is no job security in the private sector. According to an interviewee working at SSNIT, he did not like the idea of privatization because "he may lose his job". It could be deduced from the responses that some people in the public sector said no to privatization because they think privatization threatens to shrink their hold of power by reducing the resources under their control. Managers interviewed from the public sector felt that operating under watchful eyes of a ministry limits them (in terms of decision making and innovation) more than managing a business owned by many shareholders.

With regards to the question: "how will you rate the performance of the private sector in Ghana?" The majority of the interviewees (60%) said that most Ghanaians do not really understand the idea of privatization so they could not compete with international markets. To Amponsah (2000), ignorance of entrepreneurs, as well as the society in general, promotes a wide abuse of discretionary authority by the State and bureaucratic elites. The interviewees added that those who had the knowledge are doing well and they will do better if the enabling environment is improved and put Ghana on a higher pedestal of development.

To the question: "how do Ghanaian governments treat the private sector?" it was realized that governments in the third and fourth republics of Ghana have good policies toward the private sector but there have been problems with its implementation. The majority of the interviewees (20/30, that is 60%) in the academia, as well as some in the private sector, preferred public private partnership rather than wholly privatized economy or wholly State Owned Enterprises. According to Kuditchar, a lecturer at the Department of Political Science, University of Ghana, the whole issue is not a matter of whether one likes privatization or not but what will really work in Ghana. To Essuman-Johnson, also a lecturer at the Department of Political Science, University of Ghana, it is not a matter of like but the fact is that certain economic activities which he called the "big items" have certain social impacts which need to be State owned (for example electricity) but there is the need for privatization of some sectors because economics operate in the market and state in the political realm. To Adu-Adjei (the administrative Manageress of GLAHCO), there is the need for privatization only if what is being privatized is not a basic necessity of society.

It seems that most of these respondents are yet to fully understand the concept of overall social costs and benefits in terms of economic activities. A more reasonable conclusion from this analysis is that Golden Tulip, Accra is better off in terms of financial viability, innovation, effectiveness and efficiency, quality of management among others than pre – divestiture Continental Hotel. Secondly, the interview revealed that Ghanaian entrepreneurs need more education on privatization and its tenets. They need to understand what overall social cost and benefits are under public and private management. It is also realized that public – private partnership was highly recommended by the interviewees.

Finally, it could be deduced that governments have good policies towards the private sector but have problems of implementation as a result of poor institutional frameworks in the country. To Amponsah (2000) "no matter how well intentioned the laws of a society might be, they will have little or no influence if they are not known or not evenly enforced". Similarly, governments are creating but inadequate environment for the growth and development of the private sector in Ghana and when adequate environment is created, the private sector is likely to contribute largely to the development of Ghana. The thrust of the matter is that governments must learn their role as facilitators or midwives.

4. Conclusion and Recommendation

The research set out to demystify the privatization conundrum and examine the economic contributions of the private sector to the development of Ghana using Golden Tulip as a special case. The study is based on the assertion that nurturing the private sector by the government is more likely to lead to the overall national development of Ghana. In other words, the more the contributions of the private sector, the better the chances of sustained development in Ghana. The case of Golden tulip Accra, previously a public enterprise but now ceded to a private venture was used to test this hypothesis. It sought to examine whether the contribution of the firm to national development is better than it was under state ownership.

The study found that the performance of public enterprises under the State Owned Corporation in Ghana has been below expectation with regards to efficiency and effectiveness, responsiveness to the needs of people, innovativeness, morale, commitment and attitude of employees toward their assigned duties, quality of management among others. The factors that accounted for this includes but not limited to over indulgence of government in the affairs of these establishments, inadequate competitive forces, excessive bureaucracy, lack of technical expertise, low remunerations and over-staffing.

The study also found out that the then Continental hotel was performing poorly as a result of inadequate commitment to work, refusal on the part of ministers and government officials to pay their bills after using the facilities of the hotel. Currently, Golden Tulip had gained high recognition as a four-star hotel as a result of effective and efficient management. The provision of welfare services, improvements in capacity and facilities, renovations and innovations.

It has also been found that the work of the private sector is limited by excessive bureaucracy in land registration and titles, currency conversion, high tax rates leading to the evasion of tax payments, ineffective land tenure system among others. Finally, governments of Ghana are creating but inadequate enabling environment in terms of first class transportation networks, entrepreneurship training, and credit facilities among others. Although governments have good policies towards the private sector, there are problems of implementation of such policies. Moreover, it has been found that there is improper record keeping in the informal sector of Ghana.

In summary, the findings revealed the inadequate performance of SOEs with reference to the then Continental hotel. It could be deduced from the findings that the private sector should not be seen as an end in itself but one of the means of achieving efficiency, effectiveness, competition, innovation among others. Finally, it has also been found that the private sector has a high potential to perform and contribute largely to the development of Ghana if the government creates adequate enabling environment.

4.1 Recommendations

Five recommendations are worth noting; first, on the way to global competitiveness over the coming years, the private sector will constitute the essential engine of growth in Ghana. For the private sector to perform this important role, the enabling environment needs to be strengthened to make it more conducive to private sector development; privatization must be accelerated to stimulate competition and complete the system change required for sustainable growth; investment into the private sector must increase through both enhanced intermediation by the domestic financial sector and by attracting higher levels of foreign direct investments (World Bank, 1995). Secondly, the institutions should be known, internalized and enforced. Property rights should be strengthened; civil code needs to be clarified and updated to protect property rights, land and property registration should be automated to prevent multiple pledges on the same property. Thirdly, business registration must be made easier by reducing the number of visits, time spent, paper work required and

inconsistent interpretation of permit requirement. Fourthly, there should be reduction in the tax rates because high tax rates are a major reason for high levels of informal sector activities like tax evasions. Finally, there should be decentralized managerial accountability in the private sector. Besides, to attract foreign investment, Ghana has to present an image that has worthwhile market opportunities and that returns will not only exceed the risk but will exceed the return found elsewhere in the global market (World Bank 1995).

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