be cancelled through frustration or lack of support and resources. Alternatively, the new system may be assimilated into the institution's established ways of functioning. The operations of the new information system may well continue to be driven by political rather than rational behaviour. ■

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MANAGEMENT SKILLS AND BUSINESS SCHOOL EDUCATION - Part I

John B. K. Aheto

Abstract

This is a two-part article on critical evaluation of the role of business schools (B-Schools) in training and developing competent and effective managers. There are theoretical and applied aspects of the issues involved. This first part of the article deals with the conceptual issues on the role of B-schools in the education and development of efficient managers and management skills. The second part would critically review Ghana's experience of management skills development by the B-schools. It would propose a model for consideration for our young B-schools in Ghana.

This first part surveys the literature on the conceptual issues of efficient management skills and the role of the B-schools. It lays the foundation for the subsequent critical evaluation of Ghana's business education and training of our managers. The first part details the worldwide utter dissatisfaction with the products of the B-schools. It reviews the reactions, opinions and research findings of management gurus, employers, CEOs, B-schools, graduates, practitioners of management, and accreditation institutions of B-schools with the products of the B-schools. It critically analyses what is meant by "effective management". In the end, it reviews a six-step programme for management skills development and training in general.

The basic conclusion of this conceptual overview article is summarised in Mintzberg's insightful observation that: "Management schools will only begin the serious training of management when skill training in the business schools takes place next to cognitive learning."

Part two will deal with the need for collaboration between the educational institutions, students, and employers in providing relevant management education by our B-schools. The role of critical thinking, team work, questioning, case studies,
role plays, business games, vacation work, attachments, etc. will be extensively discussed there.

Introduction and the Evidence

The most critical concern of all modern day societies is the competence or effectiveness of management in all types of human endeavour and institutions. There is a pressing need especially for developing nations to develop competent managerial skills in addition to the purely cognitive knowledge. Effective management education and training are being hopefully provided by B-schools and other executive training programmes. Competent management is the one sure cure for loss or lack of global competitiveness, perceptions of or actual poor quality, lack of consumer confidence, and general nationally low economic development (under-development). Competent management skills play crucial roles in the economic health of all nations and societies.

Managers throughout the world will continue to be requested to make decisions that range from the most mundane to the most strategic and far-reaching. These decisions will have localized or global consequences and implications. There are no secrets regarding managing very effectively or turning around of ineffective firms or corporate and national performance. In equal vein, there is no magic to being competitively effective and profitable other than through sound management practices.

Economic success that contributes to or explains the financial success of firms that are highly effective is invariably attributed to sound management. Hanson (1986) addressed the above by identifying (for 40 manufacturing firms over a five-year study period) a set of five “most powerful” predictors of financial success for effective firms. These five predictors are:

1. market share;
2. firm capital intensity (up-to-date technology and equipments);
3. size of the firm’s assets (economies of scale and efficiency);
4. industry average return on sales and investment; and
5. ability of managers to effectively manage their people.

Through use of statistical analysis, Hanson demonstrated that the last factor alone—the ability of managers to effectively manage their people—was three times more powerful than all the other factors combined in accounting for the financial success of the firms over the five-year study period.

Another study by the U.S. Office of the Controller of the Currency delved into the reasons for the wide-scale failure of banks in the U.S. during the 1980s. The study revealed that two factors were primarily responsible for the failure of the banks. These were distressed economic conditions and poor management. The study was insightful in the sense that a total of 89 percent of the failed banks were judged to have had very poor management. Only 35 percent of the failures had experienced depressed economic conditions in the regions in which they operated. Only in 7 percent of the cases was a depressed economic condition the sole cause of bank failure. On management, the study team concluded:

“We found oversight and management deficiencies to be the primary factors that resulted in bank failures. In fact, poor policies, planning, and management were significant causes of failure in 89 percent of the banks surveyed. The quality of a bank’s board and management depends on the experience, capability, judgment, and integrity of its directors and senior officers. Banks that had directors and managers with significant shortcomings made up a large proportion of the banks that we surveyed.”

The above studies indicated that good management fosters financial success, while bad management fosters financial distress. Loss of firm competitiveness and financial decline are more “products of incompetent management than of macroeconomic factors or offshore price advantages”.

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From numerous similar studies all over the world, management is identified as undeniably the key factor in both firm success and firm failure. With excellent management, dramatic and rapid financial and operating improvements can be effected. Surveys of CEOs, top executives, and business owners consistently identify management as the one overriding, if not singular, factor determining success or failure of business and any other activities in any entity. The studies agree that of far less importance are factors such as government regulation, laws exchange rates, trade barriers, interest rates, foreign competition, taxes, inflation, and market structure or industry. On the issue of the factors that are most important in overcoming business failures, two answers for outnumber all others. These are (1) “provide better and more competent managers”, and (2) “train and educate current managers”.

Commenting on the economic slide of the U.S. since the 1980s, Whetten and Cameron (1991) observed that:

“A variety of explanations and rationales have been proposed for this slide in the U.S. business performance: for example, tax codes, restrictive trade barriers, and government regulations. However, most observers agree that at least part of the blame, and maybe even the lion’s share of the blame, rests with America’s managers.”

Thurow (1984) represented this viewpoint when he asserted much earlier that there is a serious flaw in the U.S. management. He remarked that:

“America is not experiencing a benevolent second industrial revolution, but a long-run economic decline that will affect its ability to competitively produce goods and services for world markets. If American industry fails, the managers are ultimately accountable. While we cannot fire all of America’s managers any more than we can fire the American labour force, there is clearly something wrong with America’s management. That something is going to have to be corrected if America is to compete in world markets”.

A more startling observation was made by Pollock (1987), a former executive vice president of RCA. In 1987, he characterised the condition of America’s management this way:

“With the exception of the civil war, it’s doubtful that America has ever faced such an awesome trauma. Recovering from this situation won’t be painless. But the alternative is to accept continuing economic decline and the end to America’s greatness.”

On the so-called “Japanese management style”, the Japanese are reported to have said: “We just practice what you preach.” Good management is not the prerogative of any single nation, nationality, or culture. The difference lies in the practice.

The role of good and competent management in our Ghanaian economic future and health is undeniable and widely recognised. What, however, is not so obvious, agreed upon, and practiced is what exactly constitutes “good and competent management”. In effect, we have left unaddressed the issues of the attributes and behaviours of effective managers and how individuals can learn to be and practices as good managers stories of incompetent, management practices in Ghana at all levels are often glossed over explained away, and surprisingly even defended. We worship personalities, not performance

Identifying attributes of effective management and teaching or training in management has been the role of B-schools and by management education and training institutions or programmes. Regrettably, all over the world, businesses and society in general, has had legitimate cause to question the effectiveness of delivery by the B-schools and other management training institutions. For decades now, management the quality and relevance of education and training have been assailed as the culprits in contributing to national or even global economic decline. The criticisms have been very pointed. As Whetten and Cameron (1991) pointed out, articles such as “Managing Our Way to Economic Decline”, “The Failure of Business Education”, “Are Business Schools Doing Their Job?”, “What Good are B-Schools?” etc. abound in the literature.
In one of such numerous criticisms, Peterson (1990) asserted:

"The business schools ... are doing more harm than good. I no longer flippantly say, as I used to, 'close their doors', because now I am beginning to believe that maybe this idea (closing their doors) has serious merit."

Wrapp (1982) had earlier fired the first shot at the B-schools when he asserted:

"Business schools have done more to ensure the success of the Japanese and West Germany invasion of America than any one thing I can think of."

In 1990, no less a person than Samuelson speaking on the subject of the failure of the B-school in producing competent managers remarked:

"For three decades, we have run an experiment on the social utility of business schools. They have flunked. If they were improving the quality of U.S. management, the results ought to be obvious by now. They aren't."

A whole decade earlier than Sameelson, in a similarly frank intellectual manner, Pfeffer (1981) stated:

"Management education or performance in management schools does not predict subsequent career success for managers. But why not? It is because of the type of training imparted or not imparted. Management schools impart both ideology and skills of analysis ... optimization techniques for the core of current courses .... Students emerge from such a program believing that there is an optimal answer or a set of perfect answers discoverable through quantitative analysis."

Not surprisingly, Mintzberg (1987) expressed similar viewpoint when be observed:

"Ideal management education should reorient its priorities. My ideal management training would emphasize skill training, experiential education, if you like. Perhaps, forty percent of the effort should be devoted to it.... A great deal is known about inculcating such skills, but not in the business schools..."

Even the American Assembly of Collegiate Schools of Business – AACS (1985), currently the International Accreditation Agency for American Business Schools concluded in the typically frank American academic manner as follows:

"In recent years, as the U.S. seems to have lost its edge in worldwide industrial competitiveness, nearly every sector of society has criticized U.S. corporate management. Critics say that the U.S. manager is short-term oriented, naively quantitative, averse to risk, self-centered, deficient in ethics and loyalty, impatient for promotion, over-priced, and unconcerned with real productivity. Not all managers fit such descriptions by any means. But enough apparently do to prompt the question, how did they become that way? ... What kind of managers are the business and other management development programs producing?..."

Scientific studies by many researchers also support the above critical observations and assertions of the above world-renowned business writers. It has been firmly established by scientific data that, in the absence of skills training, performance in business school is not predictive of subsequent career success. Cohen (1984), for example, summarised the results of a study of over 100 business school graduates in a study of the relationship between performance, income, promotions, personal satisfaction, eminence, and graduate degrees in business. The research found a very negligible mean correlation of 0.18. In no case did the correlation exceed 0.20. The low correlations suggest that business school performance and successful performance as effective managers in subsequent life professional activities are only at best marginally related.

The clearly disheartening statements catalogued above and supported by research findings reflect only a sampling of the scathing criticisms against B-schools, even in the most economically developed nations. These nations also happen to be the pinnacles of business education and training. In
view of the above, questions are often raised regarding the value of B-school education. Not only do people question the correlation between business school performance and job or managerial performance. Many actually question the value and need for B-Schools as sources of competent and ready-made managers for our businesses and nations, especially the developing nations. The proliferation of B-schools all over the world attest to their perceived "catalytic" factor in global social, political, and economic developments. There is no doubt that B-schools have definite value and significance to individual, firm, national, and global economic development. These assertions are supported by equally convincing scientific studies.

We, the new comers to B-school education in the developing world, can learn from the above criticisms and critical observations on B-schools. However, before we critically evaluate how to redefine and determine our stance and prescriptions for B-school education, we need to evaluate what the expectations of "effective management" are and what the B-schools and management training institutions or programmes can do to improve the situation.

Effective Management

Many people wonder as to the exact meaning and boundaries of the term "effective management." Empirical studies have been directed at answering the question. They attempt to identify "characteristics or attributes of effective management or managers". Often, effective management is identified in individuals who are acclaimed or rated as "highly effective managers" by their peers and superiors across industry and national lines. Various studies such as Whetten and Cameron (1984) have comprehensively addressed this issue.

The studies in this area have produced over 50 major characteristics identified with the so-called effective managers. Whetten and Cameron (1984), based on their own research and reviews of the many other studies conducted by others before them, observed that the characteristics or factors of effective management are distinctly "...behavioural, not surprising, and not a secret." They noted that "They (the characteristics) are not personality attributes or styles, nor are they generalizations such as 'luck' or 'timing' issues."

The consensus topmost ten or widely identified characteristics or factors of effective management or managers as published in the management literature are:

1. Verbal communication (including listening)
2. Managing time and stress
3. Managing individual decisions
4. Recognising, defining, and solving problems
5. Understanding, motivating, influencing, and evaluating others
6. Delegating
7. Setting goals and articulating a vision
8. Self-awareness
9. Team-building and teamwork
10. Managing conflict

In addition to the above ten skills, the other relevant skills - out of the top 25 skills identified as critical management skills from other studies by Ghiselli (1963), Livingstone (1971), Miner (1973), Katz (1974), Mintzberg (1975), Flanders (1981), and Boyatzis (1982) include: leadership, respect, patience, control, human relations, tolerance, general management ability, enthusiasm and passion, appearance, ability to gather and analyse information, ability to give effective feedback and give counsel, knowledge of the job, ability to work well with others one-on-one, and ability to write effective reports.

Upon critical review, any one identify three notable characteristics of the above skills. Whetten and Cameron identified these as (1) behavioural or identifiable set of actions that individual managers perform that lead to predictable positive outcomes or impacts; not personality attributes or stylistic tendencies, (2) contradictory or paradoxical (combination of soft or humanistic versus hard-
driving or directive), and (3) interrelated and overlapping - no one skill or set of skills is performed independent of the others.

Cameron and Tschirhart (1988) used the above list to assess the performance of over 500 “mid-level and upper-middle” managers in over 150 organisations. Their statistical analysis concluded that the skills can be categorized into four main groups, namely:

1. Participative and human relation skills – supportive communication, team-building, and teamwork skills.
2. Competitiveness and control – assertiveness, power, and influence skills.

A study by Cameron and Tschirhart (1988) reached two major conclusions. The first conclusion was that: effective managers are required to demonstrate paradoxical skills. Those managers are both participative and hard-driving, but nurturing and competitive. They are also able to be flexible and creative while also being controlled, stable, and rational. The second conclusion was that effective managers demonstrate mastery of diverse and seemingly contradictory skills.

Indeed, none of the above is magic, secret, or luck. The characteristics are applicable whether the managers are CEOs or first-line supervisors, work in public or private sector, or are employed in multinationals or local firms. It is not at all difficult to identify and describe, or even clearly recognise effective management in action. The issue for us is how to grow or lay the foundations of these skills through or by our B-S schools.

**Improving Management Skills**

Improving management skills involves a collaborative effort on the part of the B-schools, managers, the students, employers, professional associations, and other management training institutions. It is definitely not just a matter of following a cookbook of sequential behaviours of a few individuals out of thousands. Definitely, developing highly competent and effective management skills is much more complicated than developing trade skills. The complexities come from the fact that effective management skills are linked to a more complex knowledge base than other types of skills. They are inherently connected to interactions with other – frequently unpredictable – individuals and teams of individuals. As such, a standardised approach to development of management skills is not possible, or has it ever been possible. Despite the above reservations, the skills needed for effective management have in common the potential for improvement through purposeful and guided practice. Any approach to developing management skills must therefore involve a heavy dose of practical applications, often on the job either on full-time basis or as a trainee. It is however undeniable that mere practice without sound conceptual or theoretical base is sterile and bound to fail for lack of flexibility and sound grounding. In essence, the development of the effective managerial skills is anchored on the inseparable twin pillars of conceptual learning and behavioural on the job practices.

Incorporating rigorous conceptual knowledge with real opportunities to practice and apply relevant observable behaviours of learning into the successful development of effective managerial skills is founded on the social learning theory developed by Bandura (1977) and Davis & Luthans, (1980). Variations of this general approach have been widely used for on-the-job supervisory training programmes by Goldstein & Sorcher (1974); Rose, Crayner, & Edelson (1977); and Singleton, Spurgeon, & Stammers (1980). The social learning theory proposed by the above theorists involves four significant steps. These are:

1. the presentation of behavioural principles or action guidelines, generally using traditional classroom instruction methods,
2. demonstration of the principles by means of
cases, films, scripts, or critical incidents,
3. opportunities to practice the principles through role plays or exercises, and
4. feedback on performance from peers, instructors, superiors, and experts

Whetten & Cameron (1991) proposed the following three modifications to the theory to make it relevant and appropriate or effective for the purpose. These proposals are:

1. The behavioural principles must be grounded in social science theory and in reliable and relevant research results. Common sense generalizations and “panacea-like prescriptions” would not do. To ensure the validity of the behavioural guidelines being prescribed, the learning approach must include scientifically-based knowledge about the effects of the management principles being presented.

2. Individuals must be aware of their current levels of skill competency and be motivated enough to improve upon that level in order to benefit from the model through effective and productive feedback. The feedback must be part of the model, timely, broad based, and cover the most critical skill areas.

3. An application model is needed in the learning model. Management skills training takes place in classroom settings with immediate feedback and relatively safe environments to try out new behaviour and make controllable low-cost mistakes. What is needed in practice are application exercises for effectively and timely transferring the classroom learning to an actual job or management setting. The application exercises must take the form of an outside-of-class intervention, a consulting assignment, or a problem-centred intervention, which can be analysed to determine their varied degrees of success and failure.

Cameron & Whetten (1984) and Whetten & Cameron (1983) proposed a five step model for developing individual management skills. These involve skills assessment, skill learning, skill analysis, skill practice, and skill application. We may add a sixth to involve skill modeling, evaluation and re-enforcement. The following are the structures of the enhanced six-step model:

1. Skills Assessment: - assess the current levels of skill competence and knowledge; create readiness to change.

2. Skill Learning: - teaching appropriate, validated, and scientifically-based principles; provide behavioural guidelines for effective skill performance and application.

3. Skill Analysis: - analysis stage in which models or cases are provided or made available in order to analyse behavioural principles in real organizational settings; providing examples of appropriate and inappropriate skill performance; analysing the behavioural principles and the reasons why they work.

4. Skill Practice: - practice exercises in which experimentation can occur and immediate feedback can be received in relatively safe environments; practice behavioural guidelines; adapt principles to personal styles and circumstances; receive feedback and assistance.

5. Skill Application: - application or transfer of classroom learning to real-life situations; follow-up analysis of relative success or failure of the applications; fostering on-going personal development.

6. Skill Re-enforcement: - ensuring modeling, coaching, and appropriate evaluation of skill application results and impacts; modeling the way forward.

The above model has been shown by various social scientists and studies to produce superior results than the traditional conceptually oriented lecture-discussion approach to management training. Productivity and service quality were found to have improved with the model. Helping employees to develop management skills is the best way to improve organizational effectiveness.
Management skill training is a critical development activity for both potential and practicing managers. An important way to improve management and organizational performance is to train more managers in targeted and general critical management skills.

Surprisingly, large scale incorporation or adoption of this model in B-schools is yet to be realized. Mintzberg (1975) reflected on this sad state when he remarked:

"Management schools will only begin the serious training of management when skill training takes place next to cognitive learning. Cognitive learning is detached and informational, like reading a book or listening to a lecture. No doubt, much important cognitive material must be assimilated by the manager-to-be. But cognitive learning no more makes a manager than it does a swimmer. The latter will drown the first time he jumps into the water if his coach never takes him out of the lecture hall, gets him wet, and gives him feedback on his performance. Our management schools need to identify the skills managers use, select students who show potential in these skills, put the students into situations where these skills can be practiced, and then give them systematic feedback on their performance."

Porter and McKibbin (1988), after completing a study of management education in selected U.S. B-schools, sponsored by the AACSB, concluded as follows:

"The challenge of how to develop stronger people skills needs to be faced by both business schools in the education of their degree program students and by corporations and firms in their management development activities."

Petersen (1990), a retired chairman and CEO of Ford Motors Company, agreed with Mintzberg and remarked:

"The element that is still not well-instilled as I might wish is the importance of people skills in being a successful manager. Most schools still stress individual performance. .... Many management school graduates have a hard time adjusting to organizational reality. They are long on analytic skills and short on implementation skills. The best solution in the world is worthless unless you can get others to support it. We call this malady 'paralysis by analysis'."

A KPMG partner put the obvious most this way:

"The higher up the organisation you go, the less relevant technical knowledge becomes. It is important for your first couple of promotions, but after that, people skills are what counts."

An Ivy League management or business school graduate reported (1993):

"I can't believe it. I went for my second interview with a company last week. I spent the first half-day participating in simulation exercises with ten other job candidates. They videotaped me playing the role of a salesman handling an irate customer, a new director of personnel putting down a revolt by the "old guards" and a plant manager trying to convince people of the need to install a radically new production process. Boy, was I unprepared for that!"

It is not surprising that a Harvard graduate would write a book entitled "what they did Not Teach you at Harvard." Equally, it is not surprising that in a 1987 survey of 110 CEOs of Fortune 500 firms in the U.S., 87 percent were satisfied with the level of the competence and analytical skills of business graduates; 68 percent were satisfied with the conceptual skills of the graduates; but only a more 43 percent of the CEOs were satisfied with the graduates' management skills; and worst, only 28 percent were satisfied with the graduates' interpersonal skills.

The message behind the above findings and observations is clear. From all perspectives, management competence in personal, interpersonal, and group skills is critical prerequisite for effectiveness and success in management. Strong analytical and quantitative skills are definitely important and necessary for effective management, but they alone are not sufficient. Successful managers must be able to work effectively with other people. Unfortunately,
interpersonal and management skills have not always been a high priority for B-school students and aspiring executives. This situation needs to be reversed through sound collaboration of all stakeholders and collaborations in the management education, training, and development industry.

To be continued in part II

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THE STATUTORY AUDIT – UNDERSTANDING THE LEGAL DUTIES AND RESPONSIBILITIES OF THE AUDITOR - Part I

B. Omane-Antwi

Abstract

The objective of this paper is to discuss, in a holistic manner, the legal duties and responsibilities of the statutory auditor (accountant). The headline on accounting failures of the early twenty-first century involving Enron, WorldCom, Adephia, Tyco, and many others is reason enough to study indepth the core legal duties, responsibilities, and liabilities of the Statutory Auditor. The Auditors' legal liabilities in most countries can be categorized under the following headings: liability under legislation (either civil or criminal) and liability arising from negligence under common law.

Accountants have historically played an important role in the detection and deterrence of fraud; but fraud is much more than numbers. It involves complex human behaviours such as greed and deception factors that are difficult to identify and quantify. Unfortunately, the duties and responsibilities of statutory auditors have become the subject of interest to the investor community in the light of the spate of corporate collapses in recent years. These scandals have widened the expectation gap of the public about accountants. Their integrity has been truly dented. The calls for tighter controls over the profession are being spearheaded by President George Bush of the USA.

The profession is indeed in a quagmire. There is the need for swift remedial action to redeem its image. Sadly, not many people (even the educated) understand the core legal duties, responsibilities, and liabilities of the statutory auditor. This paper is an attempt to draw on decided cases in the United Kingdom (since there are very few or no decided cases in Ghana) to explain the legal duties, responsibilities, and liabilities of the statutory auditor. Again, because of Ghana's colonial history, it is an undisputed fact that Ghana's political, economic, legal, business, and educational systems are largely structured and...