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Analysing Elements of Market-Based Management in the Management of University of Professional Studies, Accra, Ghana

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Abstract:

Many management theories have been proposed by researchers in the past. The Market-Based Management (MBM) is one of such models with the proposal that philosophies of the freedom of market economies that have enabled them to prosper can be used to enhance business organisation (Griekspoor, 2007). However, recent failures of the free market are still fresh in the minds of people and questions are still being sort for that failure. This paper intends to explore whether there are some of the principles of MBM that are applicable in the University of Professional Studies, Accra (UPSA), a higher educational institution. It was realised that some of the principles of MBM are being used in the University and hopefully, the others can be adapted and applied also.

Keywords: Market-based management, organisation, economy, business, educational institutions, university

1. Introduction

The free societies have for centuries thrived through some simple principles that allowed them to prosper. These principles have been repackaged in Market-Based Management by Charles G. Koch. Market-Based Management (MBM) enables organizations to succeed in the long-term by applying the principles that allowed free societies to prosper. It emphasises on upholding certain principles just as upholding values such as free speech, property rights, and progress are important to a healthy, growing society, they are also pivotal in fostering a healthy, growing organization.

Managing organisations will usually follow one philosophy or another that incorporate some principles. Fred C. Koch has observed that successful societies have been able to apply certain principles such as freedom that has elevated them over others that have restricted the contributions of individuals and intellectuals in the society (Koch, 1960). Organisations and societies implement systems that will enhance their entrepreneurial endeavours by harnessing the resources dispersed in the heads of many individuals in that organisation or society (Ellig, 1995). In effect, MBM challenges the traditional highly centralised decision-making culture which underutilises the potentials of several employees who are not in the decision making positions and encourages flatter hierarchical structures that will enable the free flow of ideas seamlessly throughout the organisation (Wilson, 2006).

2. The Management Structure of UPSA

The University of Professional Studies, Accra (UPSA) which was formerly known as Institute of Professional Studies is one of the public universities in Ghana that provides both academic and business professional education in the country. UPSA was the first and is still the only public tertiary institution with the mandate to offer both academic degrees and provide training for higher business professional education in Ghana. The university was founded in 1965 as a private professional business education tuition provider located in Accra and was taken over by government in 1978 by the Institute of Professional Studies Decree, 1978 (SMCD 200). It was subsequently converted to a tertiary institution with a mandate to provide tertiary and professional education in Accountancy, Management and other related areas of study by the Institute of Professional Studies Act, (Act 566), 1999, with the first bachelor's degree in September 2005. The institute received its Presidential Charter in September 2008, conferring on it the status of a fully-fledged public university (UPSA, 2016).

3. Governance and Management structure of the University of Professional Studies, Accra

The University's structure comprises the Governing Council which is the highest decision-making body constituted by Government, the Academic Board cascading to other Statutory Committees which include; Deans of Schools/ Faculties, Directors of Institutes/ Directorates, and Heads of Departments.

Senior Members and the Unionized Staff are also involved in the governance by serving on various committees in the University.

3.1. The Council

The University's Governing Council is the highest governing body under UPSA Act 850, 2012 under section 4(1) to ensure the implementation and achievement of the objectives of the University. The Council ensures the effectiveness and efficiency of the University's operations; reliability of financial reporting; compliance with laws and regulations; and safeguarding its assets. The Council appoints lecturers and other officials to academic and administrative positions and oversees the internal organization of the University, including the establishment, variation, and supervision of academic departments and faculties/ schools and Institutes.

3.2. Student Involvement in Governance

The Graduate Students Association of Ghana (GRASAG) and Students Representative Council (SRC) of UPSA are involved in the decision making processes of the University through their representatives on committees such as the Governing Council, Tender, Security, Clinic Management, Industrial Relations, Library, Sports, Environment and Food Safety Committee, Bookshop Management, Timetable Committee, Hostel Committee and Matriculation Committee. In addition, SRC members are invited to join ad-hoc committees when the University requires specific input or contributions from students.

3.3. Legislative Controls

The UPSA Act and the enabling Statutes enacted by the Governing Council provide direction regarding policies and programmes of the University. Other legislative instruments include the Public Procurement Act 2003, Act 663; Financial Administration Act, 2003, Act 654 and the Labour Act, 2003, Act 651. The Act guides decisions on procurements and determines the spending authority of the Vice - Chancellor and other spending by officers.

The government has the responsibility of providing the resources and the enabling environment in which education, learning, and research and innovation thrive. Government policies and directives are clearly conveyed through the appropriate recognized sector regulatory bodies including the Ministry of Education, Youth and Sports, and Finance Ministry.

4. Principles of MBM

Knowledge is one economic tool in the society the use of which will differentiate one society from the other (Hayek, 1945), this same view is what is applied to managerial practice when using MBM (Ellig, 1995). It could, therefore, be said that MBM is simply selectively applying beneficial principles found in the free-market economy to managerial process (Cowen & Ellig, 1996).

Organisational economics has played a pivotal role in the framework of MBM. The principles of MBM are hinged on organisational economic theories such as the Transactional Cost Theory which recognises that transactions also takes place in the firm guided by values and culture of the firm (Teece, 1980). Another theory is the Agency Theory which recognises that there is information asymmetry within between the principal-agency relationship hence linking the assignment of decision-making rights and incentives in the firm (Brickley, Smith, & Zimmermann, 1995). The Evolutionary Economics draws the parallel of the organic nature of both the economy and the organisation therefore emphasising the significance of culture and values. Finally, the Austrian Economics recognises the importance of dispersed knowledge to determine price, and competition as a continuous process of innovation and change in the economy and can be replicated in the firm (Hayek, 1978).

Furthermore, organisational economics paved the way to the understanding of how firms approach important concepts that give them meaning such as their mission, roles and responsibilities, and incentives.

5. Elements of Market- Based Management Framework in the University of Professional Studies, Accra

5.1. Mission of UPSA

Overall, the literature in management points to the fact that carefully prepared mission statements are generally acknowledged by both practitioners and researchers as the principal step in strategic management, as such a clear mission statement is the main component for effectively establishing objectives and formulating strategies (Collins & Rukstad, 2008; Powers, 2012). For instance, David, David, and David (2014), stated that a clear sense of business mission is arguably the foundation for communication with customers.

However, it must be noted that there are several components of corporation mission such as its scope, definition and others that are still not quite agreed upon. The scope of what constitute an organisation's mission has been debated among researchers making its definition difficult to generalise. To Stallworth (2008), a mission statement of an organisation gives focus and encourages strategy implementation, improves organisational climate, internal or external communication, and improves management and leadership in the company. It defines the scope of a company's operations and distinguishes the company from similar ones (David, 1993).

According to Thompson, Strickland & Gamble, (2005), a mission statement of an organization should deal with the scope and purpose of the business and should provide answers to questions such as who are we, what do we do, and why we are here. An organization's mission defines its market share and the resources put in place to achieve the purpose, Thompson et al(2005). The mission statement also sets out the strategy of the firm and sets the tone for its competitive advantage. In this direction, researchers agree that a mission statement is an affirmation of a company's 'reason for being' that differentiates one company from other similar enterprises (Campbell & Yeung, 1991; J. Pearce & David, 1987; J. A. Pearce, 1982).

UPSA mission statement is, 'to provide and promote quality higher academic and professional education in business and other social science related disciplines, by leveraging a structured mix of scholarship with professionalism in Ghana and beyond.' UPSA blended academics with professional education to meet the current business world demands of an all-round people fit for the current globalised business. Hence this is in line with the Market-Based Management principle of economic specialisation through comparative advantage (Cowen & Ellig, 1996). The mission of UPSA is to assist the individuals in the organisation to pursue interests to their comparative advantage. It is also to define the goals of the organisation and provide members with a sense of purpose and meaning, stability and direction and helps the organisation to orchestrate its relationships with the wider external world (Yilmaz & Ergun, 2008).

UPSA believes its responsibility is to the students, parents, guardians, employees, community, country and international partners, who are the reason for its existence; the faculty and staff who are its pride, and who drive the knowledge and skills development process; the regulators who guide our quality process, and its alumni and research output which are the evidence of the success of the University. In meeting their needs, everything UPSA does epitomise scholarship with professionalism.

UPSA again believes that scholarship means 'the pursuit and acquisition of knowledge.' Professionalism implies, 'application of knowledge and skills for development in an ethical way.' These two concepts are the key driving forces of UPSA's existence (UPSA, 2016). In view of this mission, to fulfil the goal of going beyond the shores of Ghana, UPSA is in the process of seeking accreditation with the Accreditation Council for Business Schools and Programmes (ACBSP). Within Ghana, UPSA is the only tertiary institution that offers both academic programmes as well as professional programmes in business.

5.2. Values and Culture of UPSA

The 'rules of just conduct' in a society that influences how economic activity is conducted for prosperity is parallel in the organisation with 'corporate culture'. The culture in the organisation has been identified as one of the tools that leaders can use to build dynamic organisations (Madu, 2011). Madu (2011), asserts that culture is established through consistent clear signals of leaders priorities, values and beliefs. Culture then becomes a tool for the leader to communicate the accepted beliefs and values to organisational members. It promotes organisational growth and the ability to solve problems before they become disasters that will ruin competitive advantage.

Rokeach (1973), defines organisational value as a belief that a specific mode of conduct is preferable to an opposite or contrary mode of conduct. Hence, values are our frameworks of what and how we do things. Values guide members of the organisation in directing the processes of growth and development. They provide and create a framework for how people relate to one another at work, treat their customers, make sense of their working life and how they fit in the big picture, create a conducive environment for job satisfaction to achieve their vision as an organisation.

In UPSA, their values include integrity, respect, and service. These are in line with what Cowen and Ellig (1996), proposed to promote prosperity in society and in organisation in respect for personal dignity and property, intellectual honesty, humility, appreciation of spontaneous order, openness to new ideas, and the freedom to make mistakes and learn from them. In UPSA, integrity is determined to act consistently in accordance with its principles and espoused values. This refers to all stakeholders of the UPSA community, management, faculty, staff, students, and all related members of the university.

Respect in the context of the UPSA value systems is respect for one's self, others, the environment and the values of the university. Finally, service implies recognising social needs and applying strengths and knowledge to address those needs.

The values of UPSA are shared in the Code of Conduct of the University. It translates in several aspects of the culture observed on campus including a dress code for both faculty and students, time consciousness, relationships among different levels of the community, etc. The values which are seen as the essence of the corporate culture sets out the 'dos' and 'don'ts' of the community. In consonance with what Musek Lesnik said, successful organisations align its goals with its organisational values which are also aligned with personal values of people in the organisation, UPSA tries to largely espouse values that are in agreement with the people in the organisation Lesnik, 2006 cited in (Gorenak & Kosir, 2012).

5.3. Roles and Responsibilities at UPSA

The reporting structure of an organisation provides a well-defined system of roles and responsibilities that allow for independent judgments and actions with proper accountabilities for all members and units of the organisation. This is in line with the 'Properly rights' principle of the free market economic system. However, due to its hierarchical nature, it contravenes free market demands of free information flow and decision-making.

Like all tertiary institutions, UPSA operates on committee system. In such a system, major decisions are taken by committees for various activities. As seen above, the Governing Council is the highest decision-making body of the University

under the UPSA Act, 2012 (Act 850) with a fifteen (15) member council. Its functions include:

- Ensure the implementation of the aims of the University;
- Promote income generating activities as part of the programme of the University;
- Control the finances of the University and determine the allocation and proper use of funds;
- Ensure the conservation and augmentation of the resources of the University; specifically in relation to matters affecting income or expenditure;
- Determine the strategic direction of the University and monitor and evaluate policy implementation; and
- Ensure the creation of an environment of equal opportunity for members of the University without regard to ethnicity, sex, race, religious belief or political affiliation.

This is followed by the Academic Governance done by Academic Board responsible for the day to day management operations and guided by the Statutes and Conditions of Service of the University. After the Academic Board are the Faculties with Deans as the Administrative heads. In each Faculty, there are Faculty Boards that exercise general oversight of the Faculty and implementation powers of policies from the Academic Board. Deans are assisted by Faculty Officers to carry out the day-to-day work of the faculty. Next in line are Department with heads.

The Heads of Department are assisted by Departmental Officers to run the day-to-day administrative tasks of the department. Finally, there is the Student Representative Council (SRC) headed by a student President. The SRC has representation on all the Boards at the various levels of the structure of the University.

The University generally runs an open-door policy where members can consult management on issues for resolution. Monitoring is achieved at all levels of the University through a Quality Assurance Unit headed by a Director.

5.4. Compensation and Motivation in UPSA

It is not easy coming out with compensation components that will satisfy and motivate all people due to individual, economic, geographical, and cultural factors (Chiu, Luk, & Tang, 2002; Rynes, Gerhart, & Minette, 2004). Monetary compensation, recognition, job security, upward mobility potential, individual growth and a sense of accomplishment are all important and enduring factors in a worker's analysis of the motivational facets of a job (Baker, Jesen, & Murphy, 1988; Wiley, 1995).

UPSA compensates employees in several ways to motivate them. Base pay is paid by the central government pay system. However, UPSA also uses several other means of compensation to motivate employees. There are different welfare schemes from the departmental levels through the faculty levels to member associations such as the University Teachers Association of Ghana (UTAG), Teachers and Educational Workers Union (TEWU), and Ghana Association of University Administrators (GAUA); provident funds meant to supplement the pensions of members at the end of their service with the university; faculty members are motivated to publish articles by paying them an amount determined by the quality and ranking of the journal in which the publication is made; also financial rewards are given to employees who serve the organisation for ten or more years, again the university gives recognition in terms of financial rewards for outstanding work done by employees in the university; mention can also be made of growth opportunities given to employees through promotions and several others.

5.5. Generation and Use of Knowledge

UPSA encourages the generation and sharing of knowledge through internal seminars at departmental, faculty and institutional levels and externally through conferences, seminars and workshops both locally and internationally. Faculty is encouraged to write, present and publish articles and books, engage in community service and others. Furthermore, members of the university community who have not attained their terminal degrees are encouraged to pursue such as degrees PhD as a means of personal development. This is a requirement by the university as well as the two regulatory bodies of tertiary education in Ghana, The National Accreditation Board (NAB) and the National Council for Tertiary Education (NCTE). Members of the University community who have new ideas are encouraged to write proposals which are presented before the Governing Council for approval and implementation. This free flow of ideas helps the University to be innovative meeting the current market trends.

5.6. Internal Markets

The internal markets system is designed to bring many benefits of the price system inside the company. Prices summarize a vast amount of information about the relative scarcity of and demand for resources. The support processes of different departments and units that are equivalent to services provided by the outside world are examples that can be cited. For instance, printing of quality materials for almost all purposes in the University by the examination printing unit, the provision of Information Technology services provided by the Information Technology Services Department (ISTD), Faculties and departments are also allowed to undertake such activities within their capabilities to supplement the central administration funding of activitiesis worth mentioning. These internal market activities, just as the price system helps to create efficiency (Ellig, 1995) in the University.

6. Conclusion

UPSA may not be too spectacular in the Ghanaian educational terrain but it is an institution that has the potential to be effective and efficient. Through management principles that are very much like MBM, it has managed to be one of the public Universities in Ghana with the capacity to increase its Internally Generated Funds (IGF) almost equalling the much older and well-established universities in Ghana.

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