

6th IMANI-GIZ Reform Dialogue Series (RDS)

Survey on Corruption and the Business Climate in Ghana: Summary Findings

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Content

Brief on the 6th IMANI-GIZ Reform Dialogue Series (RDS)

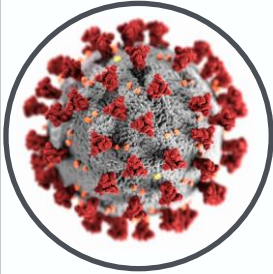
Motivation of the Study

Key Findings on Corruption and the Business Climate

- **A. Corruption and the Business Environment**
- **B. Corruption and Firm Performance**
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Brief on the 6th Reform Dialogue



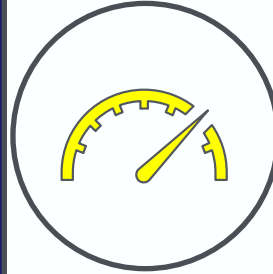
1st: COVID-19
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Businesses



2nd: AfCFTA
and Trade



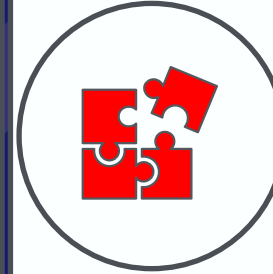
3rd: Taxation
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COVID
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Recovery



4th: Energy,
Economic
Growth and
Job Creation



5th: Business
Registration,
Regulation,
Property
Rights and
Business
Climate



6th:
Corruption
and the
Business
Climate



Motivation of the Study

Corruption creates **mistrust**, undermines entrepreneurial innovation, **reduces foreign direct investment (FDI)**, weakens investor confidence and **destroys the lives of children and unborn generations**.

It is estimated that **Ghana loses about US\$3 billion (4.2% of 2020 GDP) annually from corruption alone** which **undermines the twin objectives** of ending extreme poverty and **augmenting shared prosperity** (Transparency International, 2019).

Motivation of the Study

While there are published literature on public sector corruption and governance in Ghana, **relatively few have been conducted to understand the channels of impact and effect on the country's business environment.**

Also, discussions of corruption need to be explored from a **multi-user perspective, encompassing both private and public sector corruption.**

This study fills the dearth in the literature and practice by conducting a **survey of corporate leaders and captains of industry with the aim to drive discussions and proffer policy responses.**

Motivation of the Study

The survey, involving corporate leaders (N=105), was conducted in the last quarter of 2020 to explore four key questions:

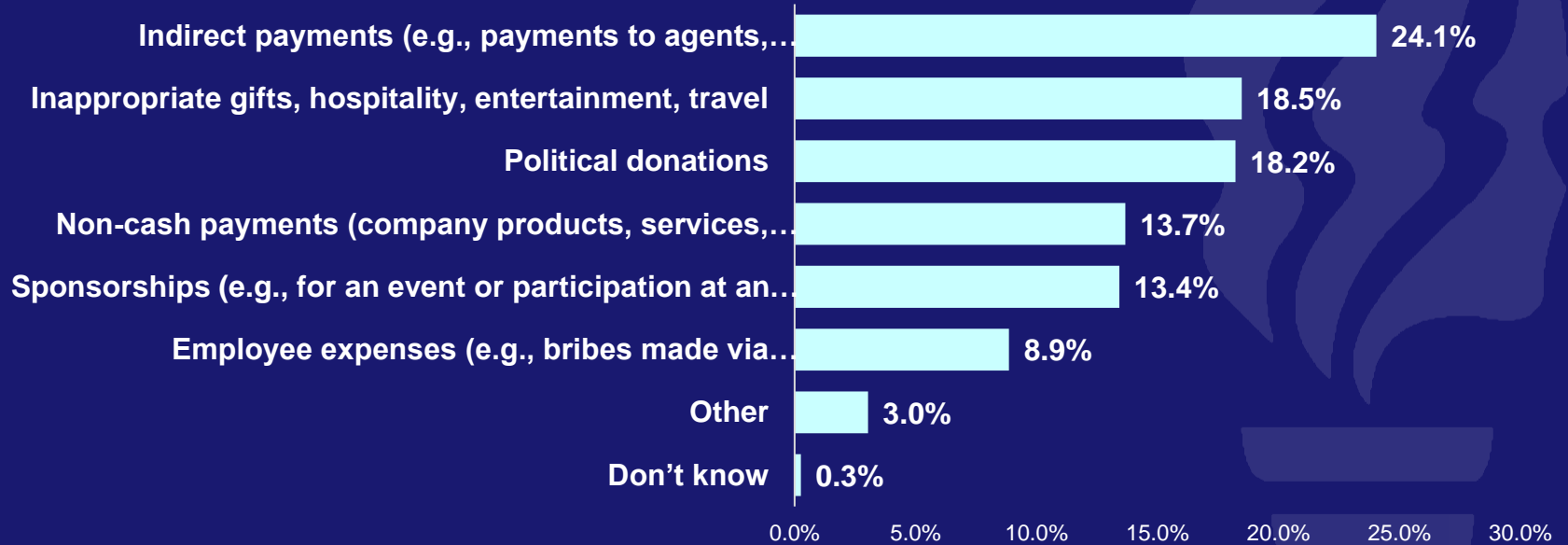
1. How does corruption impact the business environment?
2. How does corruption affect the performance of firms?
3. Do private and public sector firms manage and react differently to corruption in Ghana?
4. What are the coping strategies of the Ghanaian private sector to corruption?

Key Findings on Corruption and the Business Climate



A. Corruption and the Business Environment

Forms of Corruption in Ghana (multiple responses=395)



A. Corruption and the Business Environment



93%

• Drag on the business ecosystem and the entrepreneurial capabilities



83%

• Obstacle to the business environment



76%

• Impediment to the ease of dealing with construction permits



67%

• Impediment to the act of registering properties



57%

• Impediment to employing qualified employees



47%

• Impediment to the ease of getting electricity



87%

• Obstacle to contracting with the government



79%

• Obstacle to the smooth enforcement of contracts



71%

• Obstacle to the import and export of goods and services



62%

• Obstacle to the process of paying taxes



52%

• Obstacle to the processes of resolving insolvency

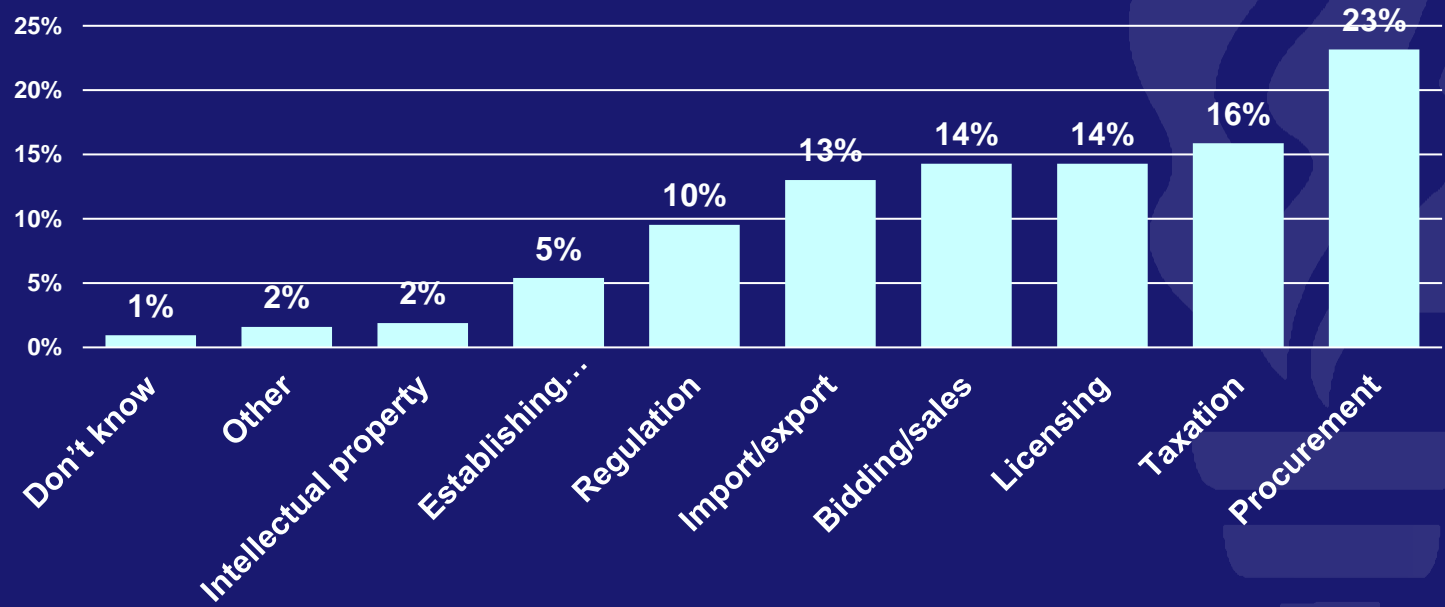


51%

• Obstacle that increases the costs and processes of getting credit

B. Corruption and Firm Performance

Functional areas of business and risk of corruption (multiple responses=315)



B. Corruption and Firm Performance

- Reduces performance

NB: 10% claims it moderately enhance performance

83%

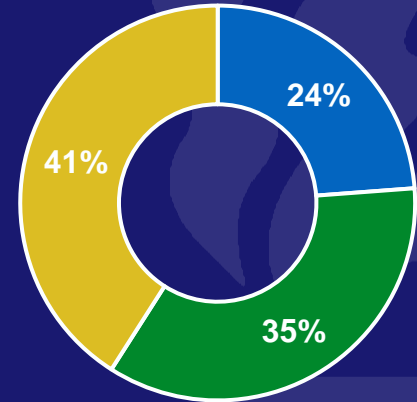


- Effectiveness of industry-led anti-corruption programmes

39%



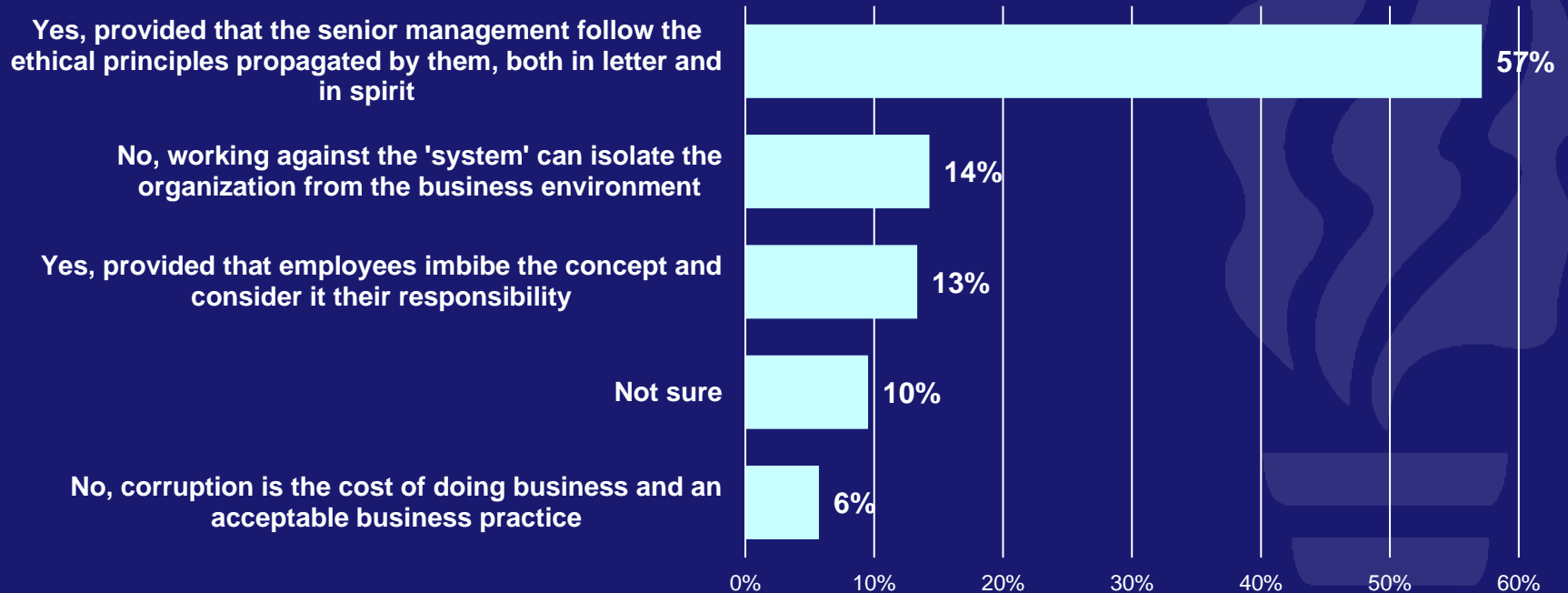
Knowledge of industry-led anti-corruption programmes



□ Don't know □ No □ Yes

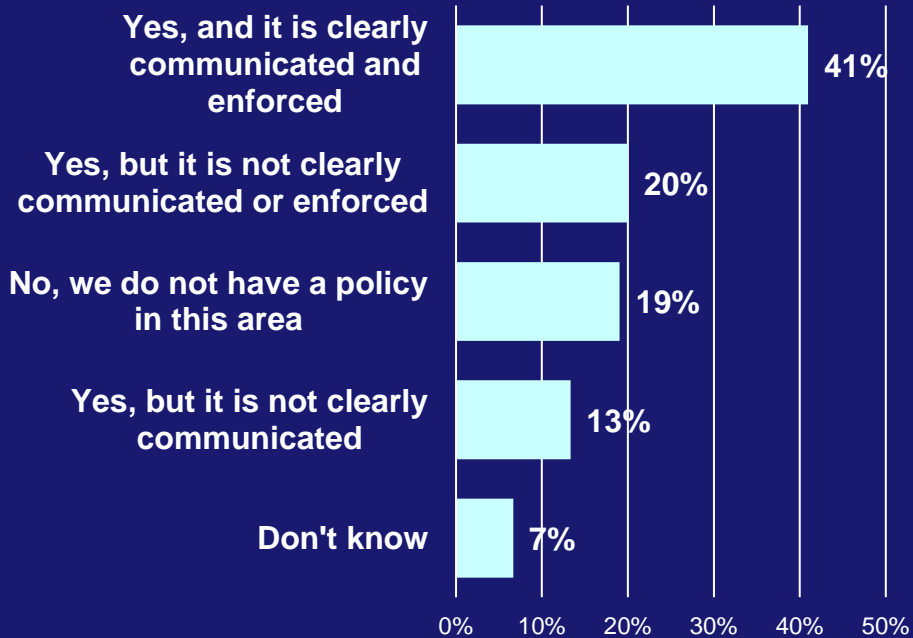
B. Corruption and Firm Performance

Can organizations in Ghana eradicate corruption?

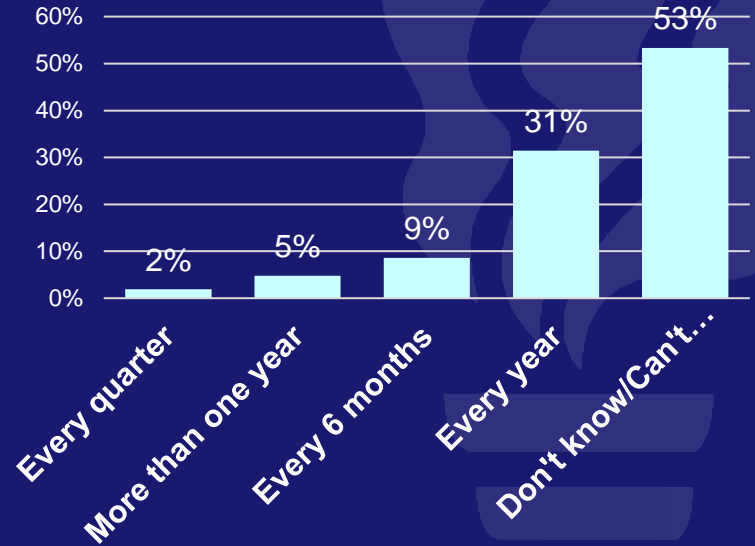


C. Corruption Management

Organisations and specific global anti-corruption programme



Frequency of training in relation to bribery and corruption



C. Corruption Management

18%

Very confident in controls/ programmes to identify and mitigate corruption risk

41%

Conduct periodic corruption risk analysis of all operations

42%

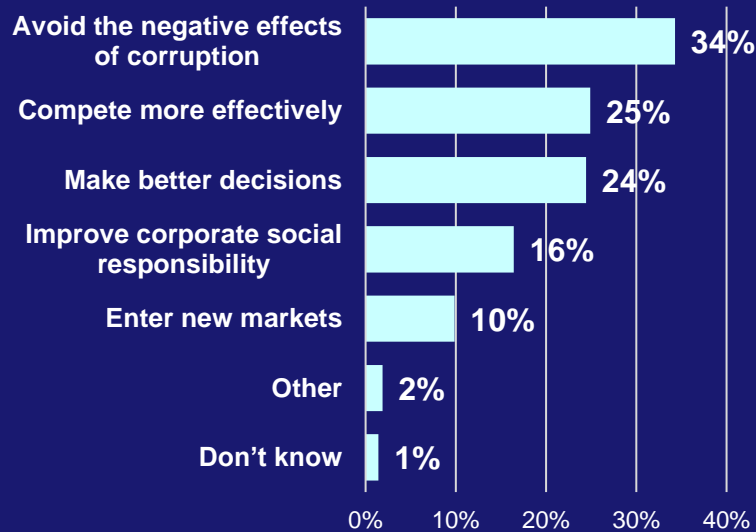
Believes that stringent anti-corruption punishments can deter corruption

49.5%

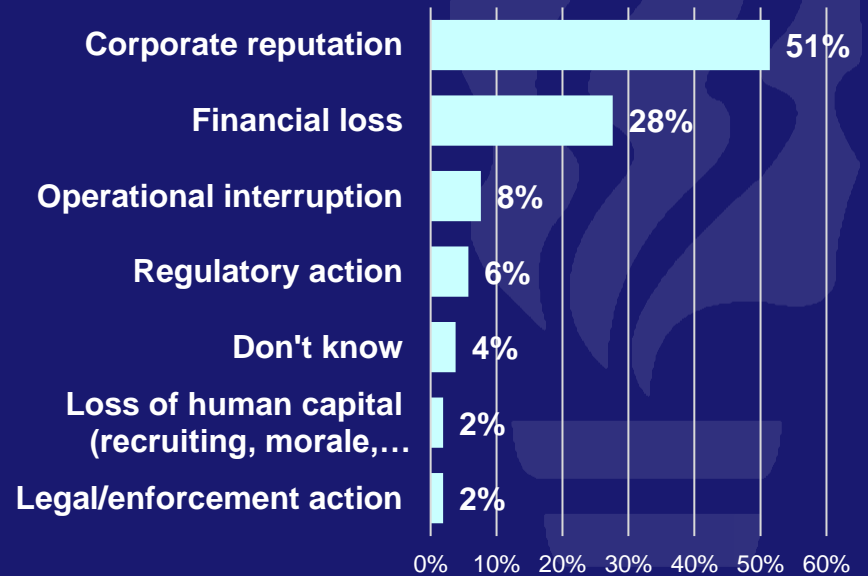
Conduct training in relation to bribery and corruption

C. Corruption Management

Impact of better understanding of corruption risks (multiple responses=213)

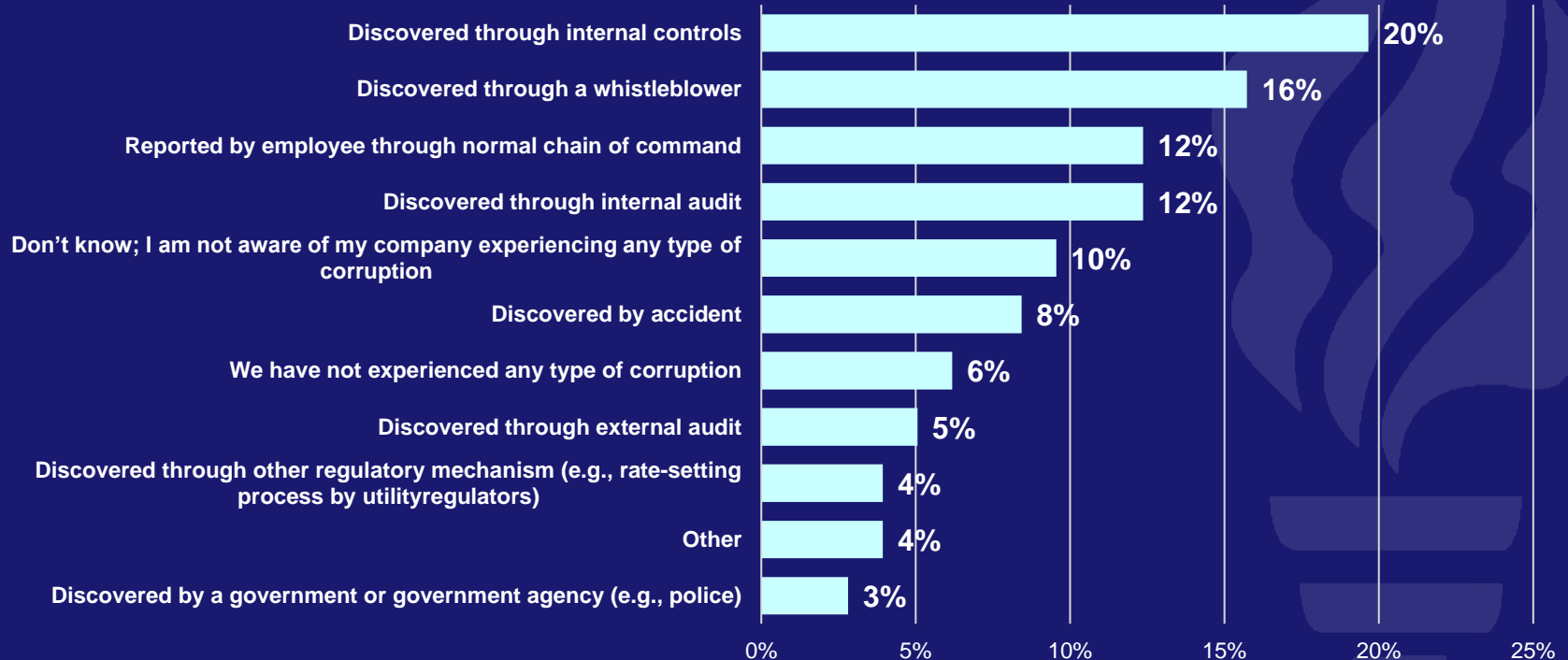


Areas of Corruption Severity



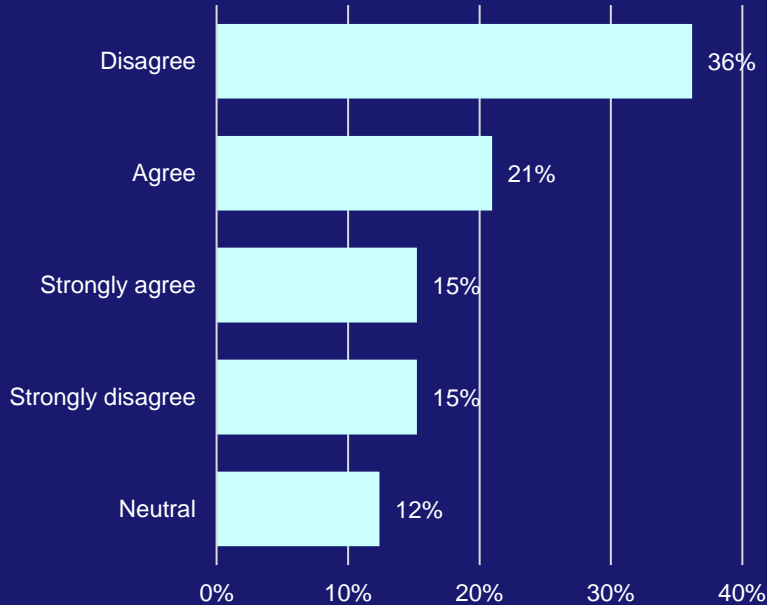
C. Corruption Management

Discovering Corruption (multiple responses=178)

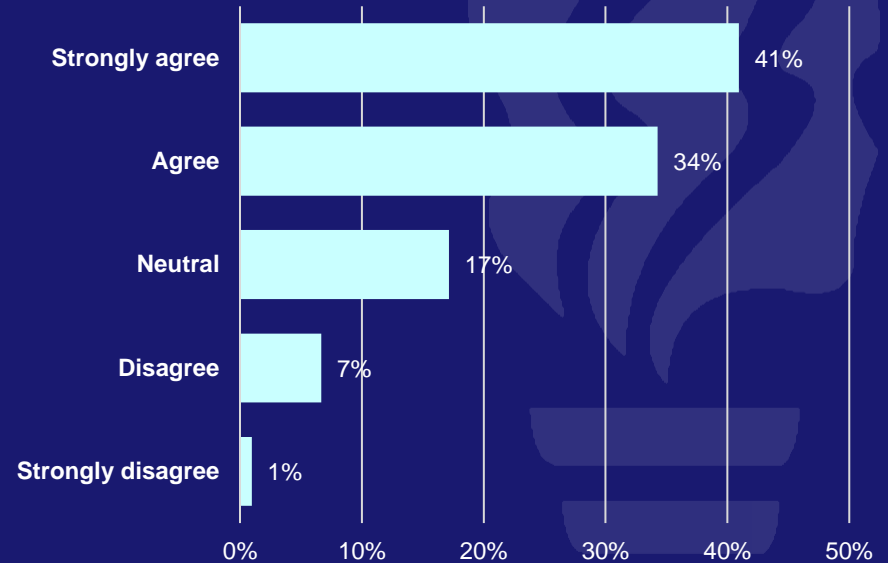


D. Coping Strategies to Corruption

Corruption is a cost of doing business that cannot be eradicated

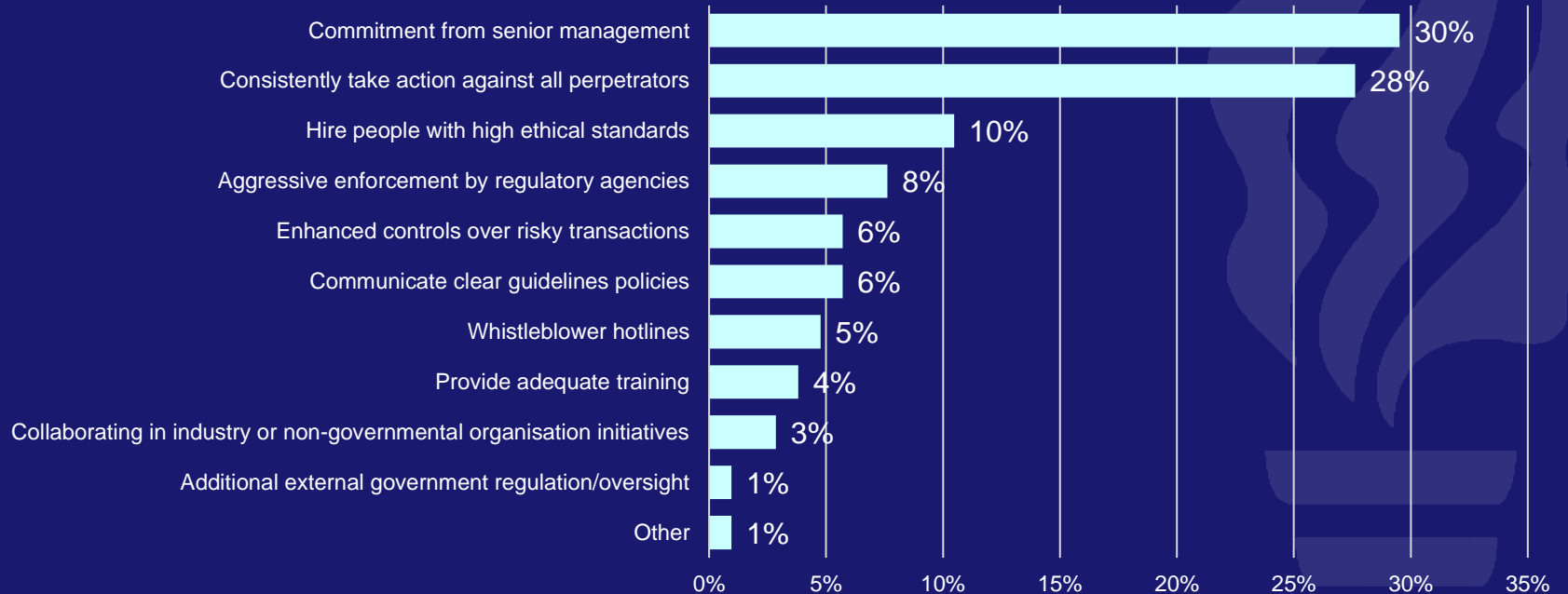


Corruption risks have precluded my company from entering specific markets or opportunities



D. Coping Strategies to Corruption

Effective ways to minimise the likelihood of corruption



D. Coping Strategies to Corruption

Barriers to implementing a successful anti-corruption programme



Conclusion

Corruption continues to permeate business engagements and it is a **major obstacle** to the business ecosystem and entrepreneurial capabilities.

Corruption affects **human capital development**, **ease of getting electricity** and **construction permits**, **trade**, and **engagements with government**.

Corruption **impedes the performance of firms**; and **procurement**, **taxation**, **licensing**, and **bidding/sales**, are areas with the highest risk of corruption.

There is **limited knowledge** and **low levels of effectiveness** of industry-led anti-corruption programmes such as EITI, ISO 37001, GRI 205 and the UN's Principle 10.

Conclusion

Only few firms have specific anti-corruption programmes that are **clearly communicated and enforced** and only **2 out of 10 executives are very confident** about their anti-corruption programmes.

50% of the executives are aware of corruption trainings in their organisations but they are **occasionally done**.

Although most executives believe corruption is not a cost of doing business, there are **many executives who regard corruption as a cost of doing business**.

Against the backdrop of the findings, this reform dialogue seeks to create the avenue to critically discuss the results and provide practical policy or reform options



Thank You



Related IMANI Resources

IMANI (2021). “Examining Corruption and the Business Climate in Ghana: A Survey of Corporate Leaders”, IMANI Centre for Policy and Education

IMANI (2021). ‘Taxation and Ghana’s Post-Covid Economic Recovery’, IMANI Centre for Policy and Education.

IMANI (2021). “Practical Insights from IMANI-GIZ Reform Dialogue on Business Registration, Regulation, Property Rights and their Impact on Ghana’s Business Climate”, IMANI Centre for Policy and Education.

IMANI (2021). ‘Practical Insights from IMANI-GIZ Reform Dialogue on Access to Affordable Energy to Support Economic Growth and Job Creation in Ghana’, IMANI Centre for Policy and Education.

IMANI (2021). ‘Practical Insights from IMANI-GIZ Reform Dialogue on Business Taxation and the Road to Ghana’s Post-COVID Economic Recovery’, IMANI Centre for Policy and Education.

IMANI (2021), “The African Continental Free Trade Area (AfCFTA) and Ghanaian Businesses: Key Insights from the IMANI-GIZ Dialogue Series”, GIZ NIED Cluster Entrepreneurship Meeting 20 May 2021, Accra, Ghana

IMANI (2021). ‘Practical Insights from IMANI-GIZ Reform Dialogue on What the AfCFTA mean for Ghanaian Businesses’, IMANI Centre for Policy and Education.

IMANI (2020). ‘Rare Insights from IMANI-GIZ Policy Dialogue on COVID-19 and its Impact on Ghanaian Businesses’, IMANI Centre for Policy and Education.