TOPIC: Why businesses must support knowledge creation and intellectual capital in the policy space?

The story is told of the stomach which was indifferent about what the mouth took in. The liver, kidney, intestines and all the other key organs cared less as well. For them all they had to do was to find a way to process and function with whatever they were given. For the other organs, the mouth had adequate access to the nose, ears, tongue and eyes to determine what was appropriate to down in. This was the case till the mouth believing the body was dehydrated, mistook a colourless toxic liquid for water. The stomach was uncomfortable yet neglected to reject it and force a sputum but tried to continue its function of digestion. The other organs continued the laissez-faire attitude and soon the stomach felt deep pain leading to multiple organ failures, till the whole body laid lifeless.

Key questions to ask, where did the pain start from? Why did the stomach not force a sputum? Why did the mouth not use all the senses but relied only on the eyes which interpreted colourless as water? How did the remaining organs fair? And the ultimate, who is to blame?

Many a time as Ghanaians, we often love to use the cliché ‘we are managing’ – as an euphemistic expression for mediocrity. Respectfully, I say, it is time to stop ‘managing’, it is time to start thriving and changing more proactively our homeland Ghana.

Our topic for today is focused on business in the public policy space. Needless to say businesses do not operate in isolation. At least strategy 101 tells us that the factors that impact an industry and affect the prospects of a given business are both within and without its control. In other words, they are exogenous and endogenous in nature. While endogenous factors lay more within the managerial control of a company, exogenous variables define the frame within which management activities, initiatives and drive may operate. This implies that the endogenous options are subject to the exogenous frame. Interestingly, this relationship cannot be described as mutual and necessarily the same Ceteris Paribus. Hence, the exogenous is not exogenous to the endogenous but the endogenous is exogenous to the exogenous to a very large extent. The biggest factor within the exogenous world is public policy. Businesses have to cope with prevailing laws, tax regimes, regulations, the justice security delivery system, and sometimes the whims and caprices of political actors and others within the public space. Policy makers on the other hand do not always or have to align policy interventions with the goals, fears and practices of businesses.
SYPALA LECTURE BY SENYO HOSI

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The renowned Professor of Political Science and expert on public policy, Emeritus Prof. Thomas Dye, defines public policy as whatever government chooses to do or not to do. Michael Todaro, a New York University Professor of Economics and a pioneer of development economics describes development as a process of improving the quality of human life by raising the people’s levels of living, self-esteem and freedom. Viewed from this perspective, government policy actions must spur prosperity and the wellbeing of the people including its corporate persons.

Let us revisit our earlier story of the organs. The mouth represents the policy makers in the country. The eyes, ears and nose represent the forces that influence the policy making process. The tongue represents the other government organs like parliament and cabinet who legitimize what the policy makers wish to down in. The internal organs represent the corporations and the people that will be governed by policy. The moral of the story is that there is the need for all who are affected by policy to take a keen interest in the policy formulation process. This process starts from a policy conceptualization all through to implementation and evaluation. It is therefore irresponsible and intellectually unforgivable for businesses to stay less proactive about the policy space. According to the World Bank Africans Competitiveness Report (2013) and GSS quarterly bulletin (2014), businesses account for over 80% of employment and together with households contribute about 65% of the country’s GDP (contribution to net exports excluded). Businesses can therefore not stay reactive, aloof or indifferent in the policy making sphere. Businesses must anticipate and analyse policy needs, influence policy making, partake and monitor implementation and evaluate policy all in a bid to constructively shape the wider exogenous environment that most impacts its prospects, aspirations in an economy in which it is the most significant player.

The Policy making process in Sub-Saharan African Countries is often fraught with poor policy and inter-sectorial coordination. It is therefore not surprising to observe various turf wars between state agencies e.g. GSA vs FDA, MOF vs other Government agencies (who operate out of the budget which is in itself a policy document). Inadequate resources available to government limits its ability to invest in the needed research, knowledge and intellectual capacity in ensuring that policies promote the well-being of businesses and society in an optimal way. SSA countries still struggle to realize the need
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to actively engage the private sector in the policy making process. We have not fully evolved from the 1970s, 80s and 90s when economies were more planned than free. It is not rare to see government making policies by involving only operators who are parastatal and often subject to the whims of political interference. This does not assure the optimal formulation of policy to effectively thrive the private business sector which is often touted as the engine of growth. It is very easy as a myopic policy maker to see policy making as a public sector versus private sector process inspired by the fear of a private sector’s need for profit maximization. This often persistent view is cheap, populist and inimical to economic development. Profit making is not wrong and should stop being painted as wrong. It inspires innovation, dignity, generates investment, employment, economic efficiency and drives the prosperity of a given economy. Profits are needed to get the wheels of the economy going. Governments must focus on limiting the negative externalities associated with profit maximisation and embarking on its redistributive function and inclusion to promote more wealth creation.

In Ghana, the idea of lobbying erroneously denotes the buying of policy discretion in one’s favour. This is totally uneducated and uninformed. Lobby is an advocacy function driven by analytical reasoning, research and strong policy analysis, riding on the back of relationships and networks to articulate and bring to the fore industry’s case in the quest to shape policy and business decisions or actions. As a result, I do not hesitate to call myself a lobbyist. The private sector as suggested in the story of the organs needs to position itself as part of the eyes, ears, nose and other senses that will shape what the mouth ought to down in, else it will suffer the tragic consequences of downing in a colourless toxic liquid thinking it is water. The most effective way of influencing policy is through intellectual research and knowledge support that the private sector can bring to bear on the public sector and the policy making space. It is therefore imperative that the private sector anticipates policy needs, develops policy options, monitors and evaluates them to ensure that policies are business friendly and coherent to stimulate productivity for the growth and good of the economy. This cannot be done without the needed investment in intellectual capital and research. Policy is focused on the macro level of the industry and not the micro. If you do not invest adequately in the
broader macro knowledge and intellectual capital, how do you expect to constructively influence policy?

**Recommendations to the Private Sector**

1. Rethink the essence of your research department.
   a. Your research department should not just be about industry analysis. It should take policy actions, needs and evaluation more seriously.

2. Work as a collective.
   a. Your collective force positions you as a relevant and formidable force. There is surely strength in numbers.
   b. You should work hard to redefine the role of representative organizations in the national development process, and industry in particular. In most cases, these organizations are errand bodies and this must stop. They should be turned into effective policy analytical houses, industry think tanks and competent lobbyists. The representative organization ought to be equipped with industry information and policy analytical skills in order to identify and drive public policy. The nuances of governance and demands on governments make policy making challenging and often less informed. Governments do not just need complains of what is wrong from businesses, they need well thought through solutions more.

3. Pursue self-regulation
   a. Objectively identifying industry shortfalls and need for policy action enables the private sector win the confidence of policy makers. Initiating the process with well thought through solutions positions business to better and constructively develop and influence policy. During the FX crisis of 2014, it was obvious that the economy faced challenges which were injurious to business. Why did business not thoroughly research and table evidence and analyses-backed solutions for Government’s consideration? Did businesses have to wait for a Bank of Ghana restrictive policy which, though well intended, was bound to deepen the woes of business?
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b. Being balanced in judgment is critical to win confidence. It is less productive to adopt a reactive and inward-looking posturing to policy making.

4. Invest in Think Tanks and Academic research
   a. I am unsure how many corporate bodies sponsor research desks in the business and economic colleges or departments in Ghana. Very few, if any. For most, sponsoring think tanks may pose a political risk. This rationalisation is respectfully, weak. Are you a business or a political party?
   b. Think tanks and the academia access a whole wealth of knowledge and information that brings strong enlightenment to policy making and advocacy. Their ability to assess and shape policy coherence is easily unmatched. Invest in think tanks and sponsor various relevant desks.

5. Articulate your needs and policy positions robustly and with coherence. We must rise above the fears of victimization and culture of silence ingrained in us by successive dictatorships in time past.

Let us all remember that the exogenous is not exogenous to the endogenous. We cannot afford to be passive about policy. Let’s invest appropriately in the intellectual and knowledge capital space to be best positioned to constructively shape policy for the growth of industry and development of our economy.

The private sector may account for 80% of employment and its investments 65% of GDP but policy making will always be the preserve of politics and governments. The more indifferent we are the more likely the chance that the fortunes of business will be tampered by policies made by uninformed and sometimes completely ignorant policy makers.

We have been sleeping giants, the time to wake up is now.

God bless our homeland Ghana.