

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY  
INSTITUTE OF DISTANCE LEARNING**

**THE ROLE OF ACCOUNTANTS IN HEALTH SERVICE DELIVERY  
A STUDY OF VOLTA REGIONAL HOSPITAL, HO**

**BY**

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**A THESIS PRESENTED TO INSTITUTE OF DISTANCE LEARNING,  
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**CERTIFICATION**

I, Hopeson C.K Amewode-Bosso, do hereby solemnly declare that this CEMBA thesis is entirely my own work carried out under the supervision of Mr. Johnson Y. Fiebor of the Institute of Distance Learning University of Science and Technology, Kumasi Ghana towards the award Commonwealth Executive Masters in Business Administration (CEMBA) and that to the best of my knowledge, it contains no material previously published by another person or material which has been accepted for the award for any other degree of the university, except where due acknowledgment has been made in the text.

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## **DEDICATION**

This research work is dedicated to Almighty God for his guidance, protection and care before and during the years of this study though hectic, thanks God for seeing me through.

To my dear parents Mr. Enoch Amewode, Mrs. Celestine Abra Dogbey-Amewode, Mrs Rebecca Agbozo-Amewode, Mrs. Mercy Doe Damalie-Amewode for their love and guidance, without them life is meaningless and I hope they will live to receive their reward for their toil and struggle in life to make we their children happy.

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## ABSTRACT

Service is a complex commercial activity, in which the management accountant plays an important role, especially in the design and operation of automated systems for integration of financial and quantitative data. Business demands to be met by the service management accountant includes maintaining of records of the firm's assets employed, cost, profit and sales calculation and reporting, standard cost and budget control, general decision making, and human resource planning. For successful management accounting service industries, accountants must learn to view their responsibility in terms of the manufacture, marketing, and accounting for the company's product or services. This study was undertaken purposely to identify the role played by the accountant in health service institutions, apart from other numerous significant contributions which fall outside the scope of this paper. The scope and purpose of accounting information has been provided delineating the need for accounting information and various users' requirements. The role played by accountants in meeting these needs have also been analyzed by health facilities in engaging the services of accounting professionals. Though several factors have been attributed to inability of most health care institutions to make use of the services of professional accountant, it was still necessary to assess the attitude and perception of the health professionals towards the accounting profession. The following are the summary of observations made by the respondents regarding the accounting profession. The excessive delays in meeting the information needs of their clients were identified as the major drawback of the accountant. Most accountants were perceived to be dishonest in dealing with their clients and employers. This explains the unwillingness of most organisations to engage the services of professional accountants. Furthermore, some people referred themselves 'Accountants' as though they were really qualified professionals. Tandem with the above the thesis ended up with the call on Ghanaian accountants to change their attitude and mentality and adapt to the changing trends in the profession in order to live up to the expectations of clients and society.

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## **ABBREVIATIONS/ACRONYMS**

OPD	-	Out Patient Department
ENT	-	Ear, Nose and Throat
HCF	-	Health Care Facility
KM	-	Kilometer
NHIS	-	National Health Insurance Scheme
NHIA	-	National Health Insurance Authority
VRH	-	Volta Regional Hospital
TB	-	Tuberculosis
ICAG	-	Institute of Chartered Accountant Ghana
ACCA	-	Association of Certified Chartered Accountants
HASAG	-	Health Accounting Staff Association of Ghana
CIMA	-	Chartered Institute of Marketers Association
CVP	-	Cost-Volume-Profit
BVA	-	Break Even Analysis
EOQ	-	Economic Order Quantity
UK	-	United Kingdom
SRS	-	Simple Random Sampling
PS	-	Purposive Sampling
SPSS	-	Statistical Package for Social Science

# CHAPTER ONE

## INTRODUCTION

### 1.0 Background Statement

Throughout the world public sector organisations are engaged in very challenging change programmes. In developing countries, energies are focused on building and strengthening the basic infrastructure of the health and education services which are the bedrocks of progress and the front-line in the fight against poverty. In developed economies significant modernisation programmes are underway to engineer a more customer-centred service with special emphasis on improving access through new media and better use of new technologies.

Universally, the rate of change and progress which institutions are striving to achieve is ambitious by any standards. In some cases it is breathtakingly so, with real dangers for the capacity of the system to cope. If health services ever appeared to offer a rather safe unexciting career option, those days are now long past. Today's public sector careers offer an exciting and from time to time, painful journey.

At the heart of many of these reforms are the health services accountants, who have a key role to play in the health delivery process. Accounting and Finance is connected to most, if not all, of the key business processes within an organization. It has the responsibility of steering the stewardship and accountability systems which ensure that organizations conduct their businesses in an appropriate and ethical manner. It is critical that these foundations are firmly laid. So often they are the litmus test by which public confidence in the institution is either won or lost.

Accountants also have the responsibility of providing the information, analysis and advice to enable the organizations' service managers to operate effectively. This goes beyond the traditional preoccupation with budgets – how much have we spent so far, how much have we left to spend? Accounting information is about helping the organization to better understand its own performance. That means making the connections and understanding the relationships between given inputs – the resources brought to bear – and the outputs and outcomes which they achieve. It is also about understanding and actively managing risks within the organization and its activities.

By helping the organization to make better decisions, the accountant can help the public sector to change in a very positive way to deliver increased value for the taxpayer's investment. It can also help to provide incentives for progress and to ensure that reforms are sustainable and effective in the long term, by ensuring that success is appropriately recognized in both the formal and informal reward systems of the organization (Asante, 1992).

Some of these roles relate directly to the functions which are most naturally associated with the accountants – the financial and management accounts, activity costing and financial appraisal. These are where the accountants enjoy the luxury of dealing in facts and professional opinion. Others are part of the broader financial management system or framework which accountants create and manage – the system which embraces all of the decision-making within the organization. This is where accountants are in the business of trying to influence behavior (Asante 1992).

The contribution of an accountant in the Ghana Health Service cannot be over emphasized. A sound accounting information system is considered as the bedrock on which necessity and rational of economic and business decisions are based.

Effective and sound business decisions, however, depend to a large extent, on the accuracy, validity and reliability of financial data available to the decision maker at the time such decisions are made (Asante, 1992).

The success or failure of any business entity hinges on the various decisions which are made with respect to the administration, financing, investment and control of such Institutions. Accounting information is therefore, a decisive factor which plays a significant role in determining the success or otherwise of a business enterprise (Asante 1992).

The accountant is responsible for transforming the raw financial data into meaningful information suitable for decision making, as well as to aid the decision making process by summarizing, analyzing and communicating the information to the end user.

In the complex and sophisticated business environment of today, the role of the accountant has become more challenging and involving, as businesses and service delivery are in competition. The accountant must therefore possess a high degree of technical and usable information for decision making purposes (Asante (1992).

In Ghana, misappropriation of funds, maladministration, gross financial malfeasance and uninformed decision making have contributed tremendously to the demise of many business organizations. The unfortunate circumstance in Ghana is that, the accountant is not accorded the relevant position in most firms and industries as he is often regarded as preparer and keeper of financial records. Worse still is the wrong

designation of “Accountant” to anyone who works in the accounts department or anyone who counts money (Ghartey, 2001).

Many people who are not professionally qualified accountants have been employed as accountants, hence fixing square pegs in round holes, thereby putting most businesses in shambles. This is an underestimation of the functions of the accountants since they can do more than that, especially in the face of competition. Notable amongst the services performed by the accountant are: managing and directing business resources, measurement and communication of financial data, reporting on stewardship of resources, allocation of resources, tax planning, cost accounting services, stock control, auditing services, budgetary control and receivership (Drury, 2000).

## **1.1 Statement of the Problem**

As a result of the underestimation and under utilization of accountants, many institutions, business, firms, especially small and medium scale ones, which form large part of service institutions, have been thrown out of competition. The few that survive cannot keep up with the growing demands of the fast changing health delivery environment.

This state of affairs is fast becoming a threat to the larger national economy, especially in the light of the government’s policy of golden age of business, since it is public health institutions that dominate private ones in the economy. As a result of this, this research work has identified the following questions for investigation: How the public hospitals are able to survive and sustain themselves against competition from their counterparts the private sector. How are they able to match their advantages of economies of scales? How are they able to afford the seemingly exorbitant a cost effective

information management system necessary for the Health Service delivery to keep up with competition?

In sum therefore, the choice of this project topic was aroused by the low patronage of the professional accounting and the consequent lack of informed decision making which is a prerequisite for modern competition in a changing services delivery.

## **1.2 Research Objectives**

The main objective of the study is to assess the role of the accountant in health care delivery in the Volta Regional Hospital.

Specifically, the study attempted to:

1. Assess the caliber of staff playing accounting roles in the Health care delivery.
2. Examine the challenges facing the accountants in health care delivery in the Volta Regional Hospital.
3. Assess the degree of automation available to accountants for the discharge of their duties.
4. Determine the importance of accounting information in health service delivery.
5. Suggest ways in which the accountant can use accounting information to improve the quality of health service delivery.

### **1.3 Research Questions**

Health care delivery in Ghana is in a transition from Cash and Carry system to National Health Insurance Scheme (NHIS). This transition demands the availability of knowledgeable, competent and highly motivated accountants in the health delivery process, hence the need for qualified accounting professionals to manage the process.

The following are the research questions of the study.

- What are the challenges facing accountants and the accounting profession in the Volta Regional Hospital?
- What is the calibre of accounting staff at the Volta Regional Hospital to enhance quality health service delivery?
- To what extent has operations of health accounting information systems been automated?
- What role does accounting information play in health care delivery?

### **1.4 Significance of the Study**

This project work is intended to provide immense benefit to health service delivery in Ghana. Most problems of health delivery system stem from poor financial management, lack of knowledge of professional accounting services and inadequate use of financial information as a basis for economic and rational decision-making. This project work therefore comes as a solution to improve the health delivery process. It will provide insight into how government institutions can benefit from professional accounting services as well as help private practitioners, managers and other decisions makers to identify the inputs for informed decision-making.

## **1.5 Limitations**

The researcher was confronted with the following constraints:

- Time constraints due to other academic assignments.
- Financial constraints due to travelling to and fro to solicit information.
- Low response rate due to unwillingness of respondents to divulge confidential information.

As a result of these limitations, the research work was conducted in the Volta Regional Hospital, Ho, which is the institution for the case study.

## **1.6 Delimitation**

Since collection of data is restricted mainly to the hospital accountants, the findings of this study may be generalized to cover only the Volta Regional Hospitals accounting staff.

Furthermore, the generalization of the result of this study to other groups within the hospital with similar characteristics should be done with caution, extensive analysis and comparison.

## **1.7 Organization of the Study**

The thesis was organized into five (5) chapters. Chapter one focuses on the background to the study, problem statement, objectives, and the significance imitations and delimitations of the study.

Chapter two is devoted to systematic review of existing literature with emphasis on the different perspectives of authorities on the professional services of the accountant and his role in health service delivery.

Chapter three deals with research methodology including population, sampling techniques, methods of data collection and the research instruments employed.

Chapter four provides detailed analysis of data collected and presentation of information with the aid of quantitative and statistical models.

The fifth chapter covers the summary of findings conclusions and recommendations.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This Chapter covers a conceptual framework on the role of the accountant in health service delivery. In order to provide suitable theories on the topic under investigation, the researcher has reviewed a number of existing literatures that would help explain some key terms, which are relevant to the study.

#### **2.1 Conceptual and Theoretical Framework**

The changing environment has not only extended the boundaries of accounting information but has created a problem in defining the scope of the subject.

There is, therefore, the need to provide a definition which is broad based enough to delineate its boundaries while at the same time being sufficiently precise as a statement of its exact nature (Donald, 1987).

In this respect, it is important to contrast the definitions by the various authorities in an attempt to outline the role of the accountant in health care delivery.

According to Megginson (1984), business refers to “activities of individuals or groups that are involved in developing, producing and distributing the goods and services needed to satisfy other people’s needs or desire”.

He alluded to the fact that business can differ widely in size, in type of product and in degree of profitability.

The Ghanaian system of business enterprise evolved from a small beginning during the colonial administration by the British. As population grew and transportation developed, the business sector of the economy prospered. Large-scale industries developed rapidly after independence.

The Ghanaian economy has been characterized by free enterprise system. The laissez-faire concept of the nineteenth century have given way to what might be describe as a modified system of free enterprise.

Much of the changes came over in the years following the great depression of the 1930's. This period saw the beginning of an extensive programme of government regulation and participation in the economy.

A case in point is the enactment of the Ghanaian Business (Promotion). Act, 1970. (Act 334) on July 3 1970. Under the act, aliens required license to operate retail and wholesale enterprise, whose annual sales exceeded GH¢500,000 at the time. But any alien operating such permitted enterprise was required to institute a training scheme for Ghanaian, which was designed to equip them with all the skills necessary for the operation of the business.

Taff (1966) defined management as “activities that give direction or guidance in the employment of human and material resources. The individuals charged with the reasonability of institutions and directing the operations of business are often referred to collectively as management. The basic functions of management are frequently classified as (i) Planning, (ii) Controlling, (iii) Directing, (iv) Organizing, (v) Co-ordinating, (vi) Motivation, and (vii) Staffing.

Planning is the process of selecting realistically attainable business. Objectives and formulating the general policies and specific directions needed to achieve organizational objectives. Control embraces the procedures designed to ensure that actual operations conform to plans. Although the basic distinction between planning is necessary before control can be meaningful, and each must be in the light of the other.

The objective of this study was to examine conceptually certain aspects of accounting information for planning and control within the context of service institutions. In order to place the discussion in a proper context, it is important for us to understand what health service delivery is all about and it is against this backdrop that the accountant as part of management has a role to play in the health service delivery.

## **2.2 The Concept of Service**

The term service is rather general in concept, and it includes a wide variety of services. There are the business and professional services such as advertisement, marketing research, and insurance, computer-programming, legal and medical advice. Then there are services which are provided by professionals but consumed for reasons not of business but for leisure, recreation, entertainment, and fulfillment of other psychological and emotional needs such as education, nursing, accounting, fine arts among others (Kotler, 1992).

As pointed out by Kotler (1992), a service is any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product.

Kotler (1992) again views services as fulfilling certain wants and states that “services are those separately identifiable, essentially intangible activities which provide want - satisfaction, and that are not necessarily tied to the sale of a product or another service. To produce a service may or may not require the use of tangible goods. However, when use is required, there is no transfer of title (permanent ownership) to these tangible goods”.

As in the case of product, in the case of service also your starting point for understanding the marketing dynamics is the want satisfaction of the consumer. It is important to correctly identify the particular want(s) which your service is fulfilling. Since these will provide the clue for designing the most appropriate marketing strategy.

To be successful, you have to firstly, identify the basic need which is being fulfilled by your service, and secondly, find ways and means to differentiate it from that of other competitors so that you can increase your number of customers and also command their loyalty.

### **2.3 Reason for Growth in the Service Sector**

Schoell et al (1981) offered the views that manufacturing industries grew because they produced tangible goods which satisfied man’s physiological needs of food, shelter and clothing. As the basic needs were fulfilled there was demand for improved satisfaction, and this led to a proliferation of variations of same product and a number of companies involved in its manufacture.

Sometimes, the growth of specific service industry is the result of a combination of several reasons;

- Increasing affluence coupled with the desire to utilize leisure time for leisure rather than for doing odd repair jobs in the house had led to the growing tribe of plumbers and electricians.
- Increasing affluence combined with increasing complexity of life.
- Increasing insecurity has led to the phenomenon of credit cards and travelers cheques which have proved to be almost perfect substitute for money (Schoell et al,1981)

## **2.4 Characteristics of Service**

Service on the other hand has several characteristics but have a number of unique features that make them so different from products. These are:

### **Intangibility**

Shostack (1977) argued that when you buy a cake of soap, you can see, feel, touch, smell, and can check its effectiveness in cleaning. But when you pay fees for a term in college, you are paying for the benefit of deriving knowledge and education which are delivered to you by teachers.

The distinguishing features of a service are that its intangible aspect is dominant. Bateson (1960) has described the intangible characteristics of services which make them distinct from products.

A service cannot be touched, precise standardization is not possible, and there is no ownership transfer, a service cannot be patented, production and consumption are inseparable, there is no inventory of the service, middlemen roles are different.

The consumer is part of the production process so the delivery system must go to the market or the consumer must come to the delivery system.

### **Inseparability**

In most cases, services cannot be separated from the person or firm providing it. Service is provided by a person who possesses a particular skill (Doctor), by using equipment to handle a tangible product (patient) or by allowing access to or use of physical infrastructure (hospital) ( Donald, 1987).

### **Heterogeneity**

The human element is very much involved in providing and rendering service and these make standardization a very difficult task to achieve. The doctor who gave you his complete attention in your last visit may behave a little differently the next time. The new bank clerk who cashes your cheques may not be as efficient as the previous one and you have to spend more time for the same activity. This is despite the fact that rules and procedures have been laid down to reduce the role of the human element to ensure maximum efficiency. Donald, (1987)

## **Perishability**

Services cannot be stored are perishable. A doctor who has not seen any patient today or spare berth in a consulting room represents service capacity which is lost forever.

Apart from the fact that a service not fully utilized represents a total loss, the other dimension of this perishability aspect is that most services may face a fluctuating demand (Donald, 1987).

## **Ownership**

A service is purchased for the benefits it provides. If we closely examine the reasons why products are purchased, we find that they are bought not because of their physical, tangible features but because they provide certain intangible benefits and satisfaction.

## **2.5 Health Service Delivery**

Poor people - in both developed and developing countries - experience more ill health and shorter life span than their richer fellow citizens. Although people's health is influenced by a wide range of socio-economic and lifestyle factors, access to high quality and affordable health care and public health services makes a critical contribution to health status.

Harrison et al (2001) said health services are failing poor people - with lower rates of child immunization, skilled attendance at child birth, and TB and malaria treatment. It is also true that richer groups tend to benefit more from public sector subsidies to health care - hospitals in urban centres often receive disproportionate funds compared with primary care in poor rural areas. And in most poor countries which lack formal taxation

and insurance systems, out-of-pocket payments are made to both private and public providers, which consume household income and assets, and contribute to impoverishment.

Improving service delivery to the poor involves all the major stakeholders in the health system - the policymakers in ministries of health, finance, and public administration, health service managers and workers, public and private providers and clients and communities themselves. Better access depends on a wide range of factors - like health policies, strategy and plans that prioritize health needs and set out revenue sources and resource requirements on motivated and properly trained and remunerated health workers, on infrastructure, drugs and equipment, on good referral links and communication, and last but not least - on well-informed clients and their representative bodies (Grol et al (2008)).

## **2.6 The Concept of Health Care**

Health care, or healthcare, refers to the treatment and management of illness, and the preservation of health through services offered by the medical, pharmaceutical, dental, clinical laboratory sciences (in vitro diagnostics), nursing, and allied health professions. Health care embraces all the goods and services designed to promote health, including “preventive, curative and palliative interventions, whether directed to individuals or to populations”

Before the term health care became popular, English-speakers referred to medicine or to the health sector and spoke of the treatment and prevention of illness and disease.

Health care delivery systems are confronting important challenges posed by the rapid development of communication and biomedical technology, the need for cost-containment and the focus on effectiveness and efficiency, the increase in demand for services and changes in demographic and epidemiological factors.

The different strategies for reform include decentralization and centralization, substitution policies, redefinition of the functions of hospitals and primary care, creation of new roles for professionals, improved management, cost-containment and market orientation. No matter the strategy adopted, the aims of reform are to provide health care that is oriented towards outcome, based on evidence and focused on effectiveness and efficiency, to increase the availability of health services, patient satisfaction and the quality of care.

Ongoing projects and activities cover the following areas: e-health and health care delivery; emergency medical services (e.g. hospital crisis preparedness planning); hospital performance assessment (indicators and methodology for assessment); hospital reform (e.g. "appropriateness of hospitalization"); and health promoting hospitals (standards for health promotion and assessment).

The term "management" has many aspects each of which depends on what one wishes to emphasize.

Huimann and Scott (1970) have defined management as "a social and technical process which utilizes resources, influences human action, and facilitates changes in order to accomplish institutional goals".

Myers (1959), taking a slightly different view regarded management broadly as an “economic resource, a system of authority and a social class and status system”.

Drucker (1969), on the other hand, looks at management only in terms of economic performance.

In this opinion of (Drucker, 1969), management is an economic organ of an industrial society which makes a given time dimension”. McGregor (1970) also emphasized the personnel aspect and viewed management as an art of getting things done through other people”. Two essential concepts can be derived from these different views.

Drucker, (1969) Sees, management as a function. In this regard, it involves acquisition and utilization of limited resources over a sustained time period to achieve predetermined goals. The ultimate objective in the performance of this function is to generate a given level of output with the minimum possible consumption of available resources.

Drucker (1969) again viewed management as a group of things that carries out certain function to achieve organizational goals. In this second sense, it is hierarchically structured and descends through many levels with different degrees of authority and responsibility for a given central direction to the component units of an organization.

## **2.7 Management Objectives**

McGregor et al (1970) said the primary objectives of business firms are to maximize profit. This objective is often realized through a variety of supplementary decisions such as making a better product at lower price, making a new project, using newer materials

and methods of production, improving human relation by synchronizing the personal objectives of workers with the firm's objective.

Notwithstanding its ability in organization and control, management faces a certain degree of conflict between two fundamental goals of business. This conflict arises out of the fact that funds are limited in supply while demand on the funds is unlimited. The investment of funds to yield profits and the maintenance of liquidity often tends to be two conflicting exercises. The more a firm invests its limited funds in stocks, the greater are its chance of minimizing its profit. On the other hand, the firm is likely to find itself seriously short of cash to pay day-to-day expenses.

In other words, businesses are faced with the dilemma of how to maximize profits, whilst maintaining liquidity. The extent to which a business firm succeeds in striking the needed balance between these two fundamental but conflicting goals would to a large extent, determine the success or failure of the business. It is important to emphasize that it requires trained professionals to work out plans for the attainment of this balance.

Information, in general, may be defined as data processed for given purpose and aimed at reducing the decision makers' uncertainty about the future state of events. For information to be of value, it must be relevant (McGregor, et al (1970)).

## **2.8 Definition of Accounting**

Accounting provides information, for writing the financial history and plans of an organization and reporting about segments of the organization as they relate to other segments, and to the organization as a whole. Such information can be made relevant to many management problems.

Accounting is a changing profession because of the dynamic nature of the environment in which it operates and also because it is not an exact science; changes in principles and practice result in evolutionary changes. Hence for an accountant to remain alert and keep pace with the evolutionary changes in the profession there is a need to have a system of continuing education.

Hongren (1972) has described accounting as an information system. He states “Accounting system is the major quantitative information system in almost every organization.

Millichamp (1993), also defined accounting as “the art of recording, classifying and summarizing in a significant manner and in terms of money, transactions and events which are in part at least of a financial character, and interpreting the results thereof”.

All the above definitions suggest that accounting is the process of identifying, measuring and communicating economic information to permit informed judgment and decisions by the users of the information.

## **2.9 Financial Accounting**

Financial accounting has been mainly concerned with the historical, custodial and stewardship aspect of external recording. It records business transactions in a manner which allows the values of assets and liabilities to be ascertained.

In addition, expense and revenue are accumulated and from time to time, normally at least once a year, the profit or loss is calculated. In this respect, financial accounting provides information to management.

The shareholders, for example, wish to know the financial results of operations periodically; the government is equally interested in knowing the amount of tax it can impose on business activities; creditors, banks and potential investors have a similar stake in the financial position of the business for the security of their financial interests. Customers and suppliers may also like to know whether the business is financially sound or not (Hongren, 1972).

### **2.10 Management Accounting**

Drury (1992) defines management accounting as the presentation of accounting information in such a way as to assist management in the creation of policy, to run the day-to-day operation of an undertaking.

Practically, management accounting is the use of accounting and statistical techniques in promoting maximum efficiency, formulating and co-ordinating future plans and measuring their execution by management.

### **2.11 Responsibility Accounting**

Responsibility accounting is concerned with the daily and periodical needs of management and offers all kinds of up-to-date information at all levels. Hence, any well-managed business should be divided into distinct sections, which represent financial responsibilities. This is vital for a number of reasons:

- Responsibilities of managers and their sub-ordinates can be defined
- Cost for each functional area can be predetermined by the use of standard cost and budgetary control

- Cost can be controlled more effectively
- Profit earned or losses incurred by each area can be ascertained.

It can, therefore, be seen that the backbone of the responsibility accounting system lies in the organization chart of an undertaking, which establishes the various area – activity centers to which responsibility has been delegated and thereby determined levels of reporting required (Drury, 1992).

## **2.12 Accounting in Planning**

Millichamps (1993) argued that accounting plays a role in planning process by employing appropriate techniques to prepare relevant statements that summarize the planned problems.

For example, accounting employs the technique of incremental analysis of costs and revenue to prepare statements relevant to the problem of evaluation of different courses of action; it uses cash flow analysis to prepare cash plans; it uses budgeting and standard costing techniques, cost-volume-profit or break-even analysis to prepare plans; and it uses capital budgeting techniques to prepare plans for capital expenditure and the financial thereof.

In planning for the service delivery as a whole, accounting plays a significant role by preparing budget for the performance and financial position.

A budget as defined Drury (1992) is “a primary vehicle for bringing the diverse operations of a business into an overall, co-ordinate plan of action”. The budget permits

the production and purchasing departments to plan the acquisition of merchandise to meet production requirements, and for the finance officer to plan the business's cash requirement in order to pay for the merchandise.

Without the budget the efforts of the individual parts of the business might not be sufficiently co-ordinated to provide maximum operating efficiency. When correctly used, the budgetary system can be a means of motivating employees to more efficient operations or to improve individual performance. Furthermore, a budget is a powerful control device. Cost and revenues may be compared with previously budgeted amounts and areas not meeting the budgeted plans are thus spotlighted for management's attention (Drury, 1992)

Budgetary control acts as a gauge with which to measure the accomplishment of the objectives of an organization. Budgetary control can also be used as a measure of performance so that it acts as a guide for action. Thus it provides continuous comparison of action with budgeted results otherwise known as performance appraisal (Drury, 1992).

### **2.13 Accounting in Controlling**

Controlling health service operations involves placing responsibility, which means that certain personnel must be held accountable for the operating results of the institution. Accountability is usually evidenced by accounting reports and data. Accounting reports include historical financial statements, budgetary statements. It may also include comparisons and detailed costs of production, distribution and administration both on historical and predetermined basis. Without appropriate and detailed accounting data,

management would not be able to control operations efficiently or be able to make the large number of decision inherent in successful service operation (Drury, 1992)

Controlling service performance through accounting involves setting a standard of performance, measuring actual performance, comparing actual performance with the standard to reveal variances, analyzing and investigating the variances and taking corrective action where necessary.

Accounting helps management to complete the first four steps of the controlling process (Drury, 1992).

#### **2.14 Forward Planning**

Drury (1992) pointed out that one of the most important activities of top management in any institution is the planning of the future operation of the institution's operating goals with predictions of economic trends that affect the firm's operations.

The most important benefit from the planning process within an organization, is that it forces management to think ahead to anticipate and prepare for changing conditions.

It therefore, follows that the management accountant's main contribution to planning lies in the preparation of budgets. He assists management in the evaluation of alternatives and the financial feasibility of proposed courses of action.

#### **2.15 The Accounting Scene**

Hongren (1972) said Accounting is carried out by the accountant. Accountants are members of professional bodies. Some accountants are employed by a particular business

whilst others are self-employed and offer their services as accountants to business firms and to private individuals.

Accountants in practice are engaged in related activities including auditing, taxation, insolvency and computer work.

However, the following attributes characterize most professions including accounting: a recognizable, discrete body of knowledge, an educational process, a system of examination, a system for licensing practitioners, a professional association, and a sense of responsibility to society, a code of ethics and a set of technical standards.

Improving quality and performance in the health care delivery requires a development approach that applies research to a planned process of change. Decision makers need to answer many questions like, how clinical teams should be organized and resourced to deliver higher quality, safe care.

From the above analysis, it could be seen how useful the application of accounting techniques is to management and service delivery. The main focus has been on certain aspects of accounting information system which relate to planning and control functions of management with particular emphasis on budgeting and its effect on human behavior.

## **2.16 The Role of Accountant in Health Care Delivery**

The accountant's work is often varied and interesting, as well as far reaching. Many people think they have a boring job recording figures all day long and checking the work of others.

Accountants do these as part of their work but more importantly, they are managers of finance whether they work in private practice or in an organization where accounting is one of the functional departments like, sales, marketing, production and personnel.

An ICA, GH and ACCA Accountant may work in private practice, providing auditing and financial accounting services, such as preparing annual accounts for clients and advising on taxation matters. In fact the large professional firms of accountants engage in a whole range of financial consultancy work. Many ICA's work as senior accountants in industry and commerce.

A CIPFA accountant will mainly work for local authorities, where a specialized knowledge of public sector financial accounting is required.

A CIMA is not qualified to audit, consequently, most CIMA work in industry and commerce as management accountants, concerned with assisting management to assess business performance and cost effectiveness.

### **2.17 Prerequisite Skills of an Accountant**

Rudolf and Howard Jensen, (1982) proposed that in order to be effective in the performance of their roles, a good accountant should not only be literate and numerate; he must also possess the ability to communicate effectively and accurately.

There are a number of personal skills that all qualified accountants are expected to have to be able to display. These include: an enquiry to probe problems, an ability to analyze facts and figures, an ability to convey recommendations clearly, an ability to

express ideas clearly, an ability to “get on” with people, a practical turn of mind and an ability to grasp principles of technical and mechanical processes.

Also, the definition of an Accountant must not be overlooked in an attempt to outline the role he plays in Health care delivery.

The Accounting profession is associated with three (3) primary functions in commerce and industry namely: Tax Management, Advisory and Auditing Services.

However, before dealing with the role that the Accountant is expected to play in commerce and industry it is important to know what the objective of accounting are in a business or service institutions. Accounting aims at providing information to facilitate a number of key functions among them are:

**1. Managing and Directing the Resources within an Institution**

Profit and Non-profit entities alike rely upon accounting information to ensure that they maintain effective control over both their material and human resources within their institutions and how to allocate such resources to the services, sub units or functions where they can be more productive.

**2. Measurement and Communication of a wide range of Financial Data**

Accountants provide the information required to make decision as to where to allocate financial resources and once such decisions are made they provide the data necessary to efficiently and effectively control such resources. Periodically, as the management process is being carried out, Accountants “report the source” they provide information which the results of prior decisions can be evaluated.

### **3. Stewardship of Resources under the Command of Institution**

Institutions acting either as investors or merely as citizens, entrust resources to professional managers and governmental officials. They expect such managers or officials to provide them with periodic reports by which their performances in office can be evaluated.

### **4. Allocating Scarce Resource in Specialty Units**

In a service industry, decisions as to where capital should be invested are made on the basis of information contained in financial statements. Government agencies decide who to tax and who to subsidize on the basis of financial reports as well as bankers and other suppliers of funds study financial reports before making loan decisions (Asante, 1992).

## **2.18 Provision of Cost Accounting Services**

This is an area of accounting which deals with cost control and assessment of manager's performance that are responsible for costs.

This may involve accounting for the costs of producing a given product or services or the cost of performing other specific function. Knowledge of cost and controlling cost are vital to good management. Therefore, a large business entity may have a good number of accountants engaged in this activity (Drury, 1992).

## **2.19 Provision of Management Advisory Services**

Public accountants commonly offer management advisory services. An accountant, Hongren (1972), is in excellent position to offer constructive suggestions for improving the company's method of operation. Clients expect these suggestions as a useful audit by-product.

Management Advisory Services include the design, installation and improvement of clients' general accounting system it may have for managing the Company. This may involve selecting appropriate computers, developing software and installing the procedures necessary to bring an information system into effective operation.

Management advisory service may also include planning, budgeting, forecasting and inventory control. Other management advisory services are in such diverse field as marketing, insurance, pension and production management.

Other notable, management consultancy services worth mentioning are those in the area of business formation, acquisition, registration and other secretarial duties personnel recruitment and manpower development; treasury management, preparation of prospectus and valuation of shares; planning for cash and working capital requirements.

Glantier, (1966).stated in accounting theory and practice that, Internal financial reports, on the other hand, are those given to managers within a firm to facilitate planning and control. Since such reports are directed to specific users they can be tailored to provide information most relevant to the decision at hand. The division of accounting dealing

with internal reports in known as Managerial Accounting. The user groups of published accounts are:

**The public:** This is perhaps the most controversial group and includes tax payers, rate payers, consumers, pressure and interested groups such as political parties.

**The government:** This includes tax authorities, local authorities and those department and agencies concerned with the supervision of commerce and industry.

**The business – contact group:** This group includes customers, trade creditors and suppliers and competitors' business rival and those interested in mergers, amalgamations and takeovers.

**The employee group:** This includes existing, potential and past employees.

**The analyst – advisor group:** This group includes financial analyst and journalist and other providers of advisory service such as credit rating agencies.

**The loan – creditor group:** This includes existing and potential holders of debentures and loan stock as well as providers of short-term secured and unsecured loans.

**The equity – investor group:** This includes existing and potential share holders as well as holders of securities, options and warrants.

## **2.20 Financial Consultancy**

Rudolf and Howard (1987) also said accountants may advice on how to improve on the profitability and efficiency of operations and how to raise funds to finance growth and meet the working capital requirement.

## **2.21 Budgetary Controls**

The accountant is an advisor or a consultant to the organization in financial matters. He advice management on the necessity of embarking on any capital expenditure. He prepares the annual budgets of the organization, so as to know in advance what the company is supposed to achieve and what expenditure to incur to achieve the target. By budgeting, the organization is able to know where it is heading to, how to get there and what will be achieved when it gets there.

Budget, (the master budget) the preparation of which may comprise the following: operating budgets, financial and cash budgets are all very important in the financial management of an organization.

Operating budgets are primarily concerned with physical activities and the accountant helps the sub-unit managers to prepare their budgets by providing information. For example one (1) past record or physical activities and projection into the future (2) provides rations of past events in relative terms and (3) assists in forecasting of trend events. The accountant translates all data in the operating budgets into monetary amounts for representation in financial budgets.

The cash budget is highly significant to management because it shows management whether its proposed plans can be financed and if not, what type of financer to look for to carry out are objectives. The cash budget enables management to know

when to borrow (if necessary) how much to borrow and whether to make long term or short term loans to avoid huge interest payment. Again, it enables them to know where any surplus funds would accrue and to plan how to use these funds (Drury, 1992).

The accountant concludes the financial budgets with the preparation of budgeted statement, which comprises the profit and loss account and the balance sheet. The budgeted financial statement is significant to management. It gives information involving attention, direction financial statement as indicators with regard to liquidity, solvency or profitability. All these vital issues aid management to re-plan and revise its objectives.

## **2.22 Accounting and Break-Even Analysis**

Special decision models such as break-even analysis, inventory planning and control and relevant costing are useful tools. Break-even analysis often called, cost-volume-profit (CVP) analysis is another significant sphere in which the accountant aids management in decision-making and planning. Break-even analysis aims at profit planning. The accountant draws management attention to the relationship between cost, volume and profit planning. Given an objective, the accountant presents various alternatives as to how best these objectives can be achieved.

Break-even analysis is also a basis of cost control. It separates cost into fixed cost and variable cost. The latter changes directly with volume, while the former does not. Variable costs are subject to control by nature. Thus, by separating variable from fixed cost, attention is directed toward these areas where corrective action is possible. When

break-even analysis is presented in graphical form, deviation from budgeted expenses is readily recognizable (Hongren, 1972).

## **2.24 Inventory Planning and Control**

Inventory planning and control is a technique applied by accountants to assist management in planning and ultimately controlling organizational activities noted Hongren (1972) it is important that an organization plans and controls its inventory level, because there are two danger points that management usually wants to avoid:

Inadequate inventory disrupts production and may lead to sales loss (stock out) and excessive inventory introduces unnecessary carrying costs and obsolete risks. The optimum level therefore lies between these two extreme limits.

Planning involves finding the optimum level and control. It involves trying to maintain it. The accountant achieves both planning and control of optimum inventory level by applying the Economic Order Quantity (EOQ) formula.

This EOQ is the level of inventory to be kept that would result in the lowest total annual cost for the inventory item: thus carrying cost (i.e. cost of ordering) storing and opportunity cost are minimized to the lowest possible. The accountant's job in inventory planning further goes to find both the safety stock level and the lead-time to ensure enough inventories to meet production plan and demand.

## **2.24 Relevant Costing**

Drury, 1992 again emphasized the fact that certain kinds of decision-making like, Make or Buy decision equipment replacement decision and so on required the problem solving task of accountant.

In such cases, the accountant presents quantitative analysis involving all possible alternatives and he uses relevant costing techniques to do this. In adopting such a technique, the accountant would, recognize why a choice is necessary; delineate the set of alternative courses of action; evaluate the alternative, and choose the best alternative.

All the above follows the decision model. With these techniques management is able to make the right decision with limited resources and hence achieve efficiency. Time is saved by focusing on relevant issues.

The accountant uses static and flexible budgets to plan depending on the circumstances. When business activity is predictable he uses static budgets for one fixed level or activity. Conversely when the business environment cannot accurately predict its future activities due to fluctuating operating conditions, then it applies flexible budgets. The main aim of this technique is to plan activity at different levels so as to be able to measure effectiveness and efficiency in the resources employed in production.

### **2.25 Non-Budgeting Controls**

The accountant can also help the managerial process of control in areas that are non-budgetary in nature. Techniques applied are instituting internal control, financial ratios, special reports, statistical data and personal observation.

The accountant by his training in internal control systems is a “control person” and is able to help management in keeping in check expenditure so that adequate returns may on capital employed.

Internal control has been defined as control that “Comprise the plan of organization and all of the business to safeguard its assets, check the accuracy and reliability of its accounting data, promote efficiency and encourage adherence to prescribed managerial policies”(Hongren,1972).

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

This chapter deals with the sources of data collected, the research population, sampling techniques employed and the sample size. Besides, the research instruments used in the data collection, the data collection procedures and tools for data analysis had also been discussed.

#### **3.1 Study Area**

The study was conducted at the Volta Regional Hospital at Ho, in the Volta Region of Ghana.

The Volta Regional hospital is a 240-bed ultra modern referral Specialist Hospital for the district and primary health care facilities in the Region and beyond. It was designed and constructed by Kvaener International Limited of UK in 1998. It was commissioned by the Former President Rawlings and his wife Nana Konadu Agyeman Rawlings on the 23<sup>rd</sup> of December 2000.

The hospital is located along the Ho-Aflao/Denu Highway about 800 metres from the Medical Village junction. It occupies approximately an area of 650 x 500 metres.

Facilities and services available in the hospital include, a well-organised Out Patient Department (OPD) services, Radiology and Imaging, Surgical services including day case surgery and orthopaedics, Obstetrics & Gynaecology including Neonatal Intensive Care, Eye, Ear, Nose and Throat (ENT), Laboratory and Blood Transfusion services, Mortuary, Pharmacy, Paediatric Care, Internal Medicine and Psychiatry, Health

Information Services, Catering Services, Administrative Services and Accounting Services.

The main catchments population is basically Ho and its environs. However, referrals are received from all over the districts and beyond the region. Foreigners such as Togolese, Beninoise and Nigerians also considerably patronize the services.

The reason for the choice of the Volta Regional Hospital is the important roles accountants play in sustaining the growth of the Hospital and in retaining health-care professionals at the Hospital. There are, about forty (40) accounting staff working at the Hospital at the moment and they are classified into four broad categories namely: Accounts Staff, Revenue Officers/Billing Clerks, NHIS Claims Officers and Monitoring Staff.

### **3.2 Sources of Data Collection**

Data was gathered from primary and secondary sources. Under primary data the researcher targeted all accounting staff, management and heads of department in the Volta Regional Hospital. Questionnaire was the main tool used in to elicit majority of the information, open-ended, close-ended and multiple-choice questions were combined in the questionnaire designed for the research work.

Secondary data were extracted from selected books, journals, internet, and pamphlets on the project topic understudy. The accounting staff of the Regional Health Directorate was also consulted.

Both qualitative and quantitative methods were employed to gather data for the study to be undertaken successfully.

The choice of data collection methods was informed by the general objectives of the project work, to increase the awareness and importance of health accounting staffs in the health services and professionally trained accountants in health decision making especially in this era of competition and sophisticated health services coupled with inception of the National Health Insurance Scheme. Research Questionnaires were administered on the sample size. Questions were carefully set to elicit information necessary to achieve the research objectives as well as hypotheses.

In drawing up the research questionnaire, special attention was attached to the number of questions and their relevance to the objectives.

The questionnaires cover issues like: personal background of staff, staff perception about accountants, and staff views on accounting services.

Observations were made by the researcher whilst on visit to some of the hospitals in the region both public and private to seek divergence in views. Interesting revelations were made. These revelations would be discussed in detail in the next chapter.

In spite of the exacting response from the research questionnaires, it became necessary to use a checklist to elicit additional information and in some cases explanations that were deemed necessary.

### **3.3 Target Population/Research Population**

Population is the entire aggregation of items from which samples can be drawn. This research is focused on Volta Regional Hospital, Ho and the sample frame of the hospital staff was Three hundred and ten (310).

All the four categories of Accounting Staff, Management and Head of Departments of the Hospital constituted the population of interest. Besides, the various professional groupings in the Hospital were covered in the study.

### **3.4 Sample Size and Sample Frame**

The researcher chose three (3) categories of groups or strata in the Volta Regional Hospital for investigation comprising:

- 40 Health Accounting Staff (HASAG)
- 20 Management of the hospital and Professional groups
- 15 Heads of Department.

In all, a sample size of 75 people was considered appropriate, considering the financial and time constraints of the researcher.

### **3.5 Sampling Techniques**

Sampling is the process of selecting a part of a population to represent a whole.

The researcher used Simple Random Sampling (SRS) and Purposive sampling (PS) in the selection of samples in the study area. The research was conducted on the basis of giving equal right to selected males and females in the strata. This enables the researcher to sample the views of Management, Health Accounting Staffs and Heads of Department in the hospital on role of the accountants in health service delivery.

Questionnaires were administered to all members of the strata. Again, simple random sampling was employed in selecting respondents to the items in the questionnaire.

In all 75 questionnaire were issued out and all questionnaires were retrieved (100%), the final sample size of the study was 75.

### **3.6 Data Collection Methods/Techniques**

The data collection methods or techniques formed an important part of my research.

In this regard, the researcher used three (3) different methods of gathering required data.

These were questionnaires, personal observations and published materials.

### **3.7 Data Analysis and Interpretation**

Both quantitative and qualitative methods were employed in the data analysis. For the quantitative aspect, Statistical Package for Social Sciences (SPSS) and excel were used. Frequency distributions, percentages, means and descriptive analysis of assessing the role of accountants in health service delivery.

Data collected were collated and analyzed using various quantitative statistical models such as bar chart and pie chart.

Each datum was examined and analyzed on its own merit and grouped into the various aspects of information requirement for the purposes of this project work. The findings were critically examined again to make sure that they were not incongruous with the research objective and hypotheses.

## CHAPTER FOUR

### DATA PRESENTATION AND ANALYSIS

#### 4.0 Introduction

The focus of this chapter is on the presentation and analysis of the data collected from the field.

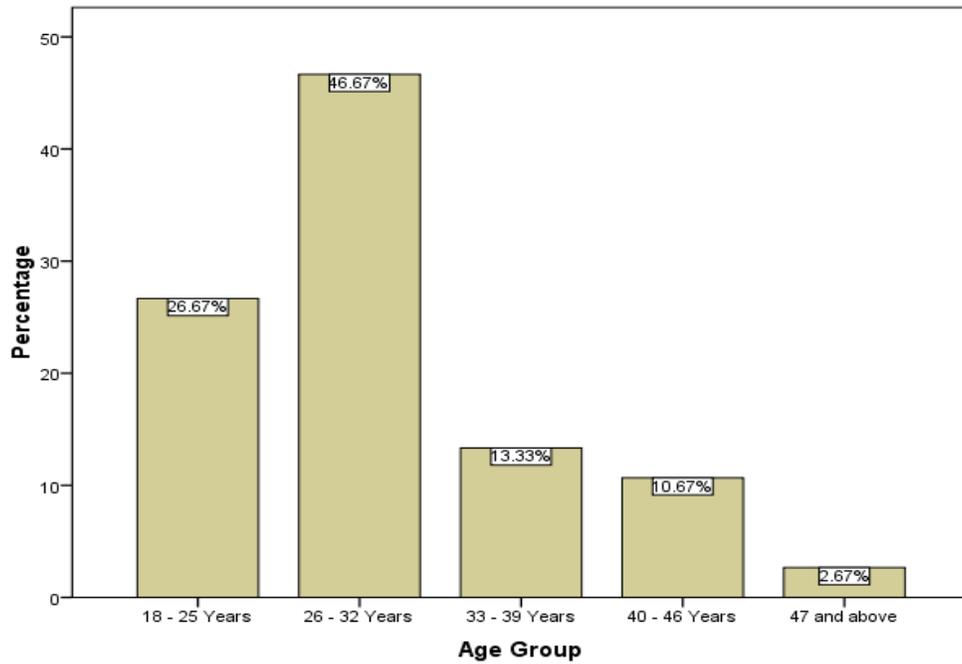
In all, seventy-five (75) questionnaires were distributed to accounting staff, management and heads of department of Volta Regional Hospital, Ho.

The researcher also contacted accountants in other health care facilities in Ho to have additional information on their perceptions about the role of accountants in health delivery process.

The researcher made visits to various departments to observe the accounting environment. These observations served as useful input into the recommendations of this study.

**Figure 1**

**4.1 Analysis of Respondents' Age**

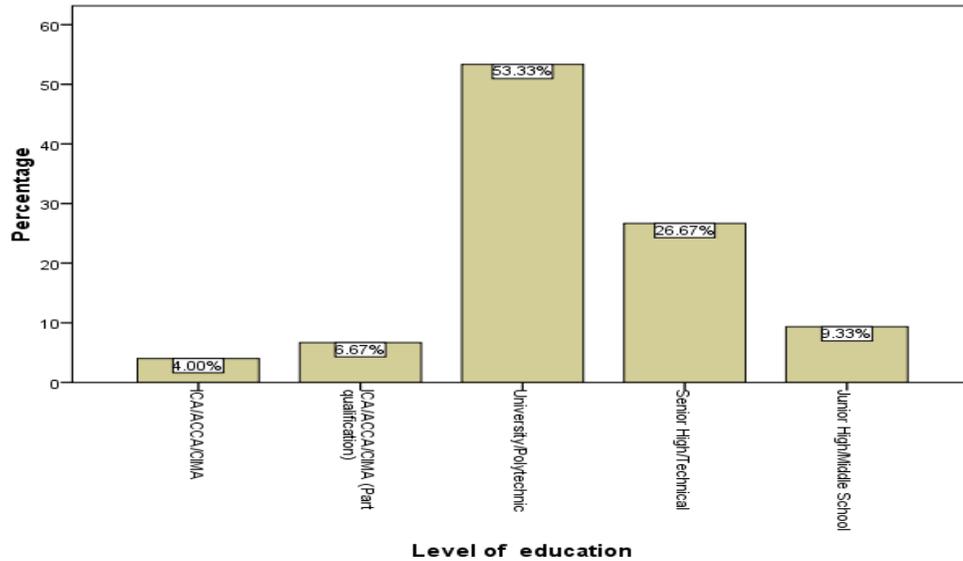


**Source: Field Survey Data, 2009**

From the Figure, 1 are 46.67% of the respondents fell within 26 – 32 years, 26.67% within 18 – 25 years while 13.33 percent, 10.67% and 2.67% of the respondents fell within the age group of 33 – 39 years, 40 – 46 years and 47 years and above respectively.

**Figure 2**

**4.2 Educational Level of Respondents**

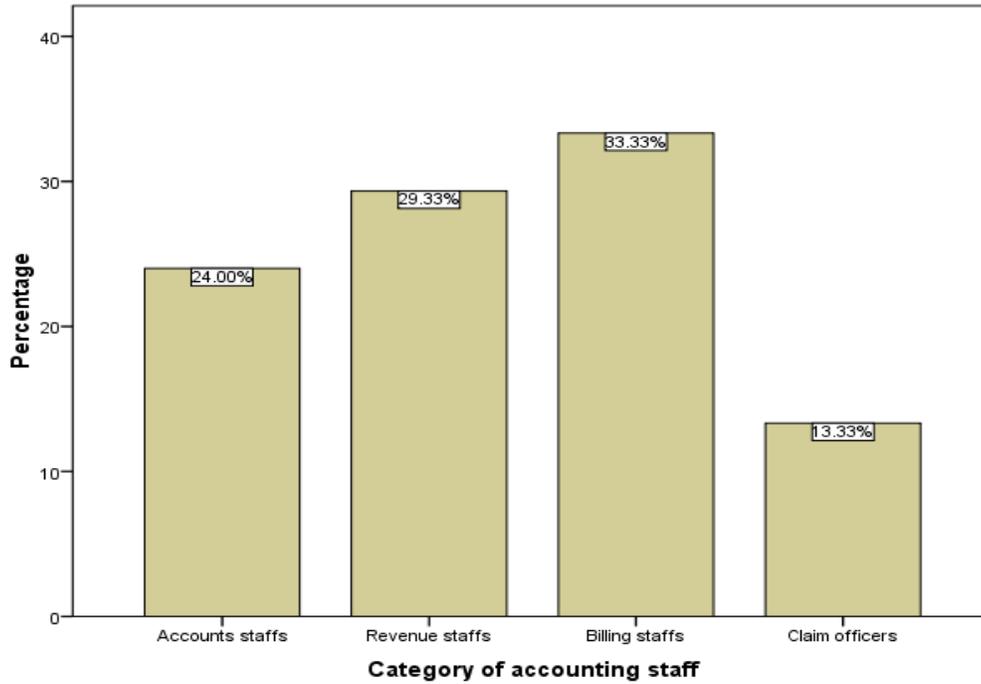


**Source: Field Survey Data, 2009**

It is evident in Figure 2 that, majority of the respondents, representing 53.33%, was University/Polytechnic graduates. Those with ICA/ACCA/CIMA represented four percent (4%) of the respondents while 6.67%, 26.67% and 9.33% of the respondent were ICA/ACCA/CIMA (Part qualification), Senior High/Technical and Junior High/Middle School certificate holders respectively.

**Figure 3**

**4.3 Category of Accounting Staff**

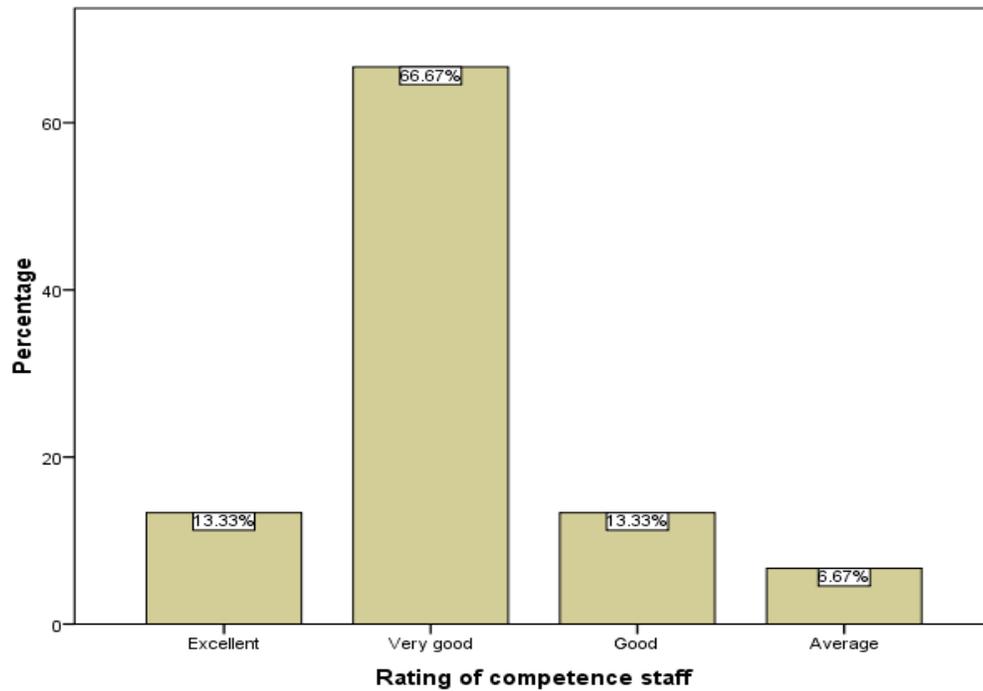


**Source: Field Survey Data, 2009**

The bar graph shows that, billing officers at the hospital formed the majority of the respondents, representing 33.33 %. Revenue staff, account staff, claims officers represent 29.33%, 24.00 percent and 13.33% of the respondents.

**Figure 4**

**4.4 Rating of the Competence of Accounting Staff**

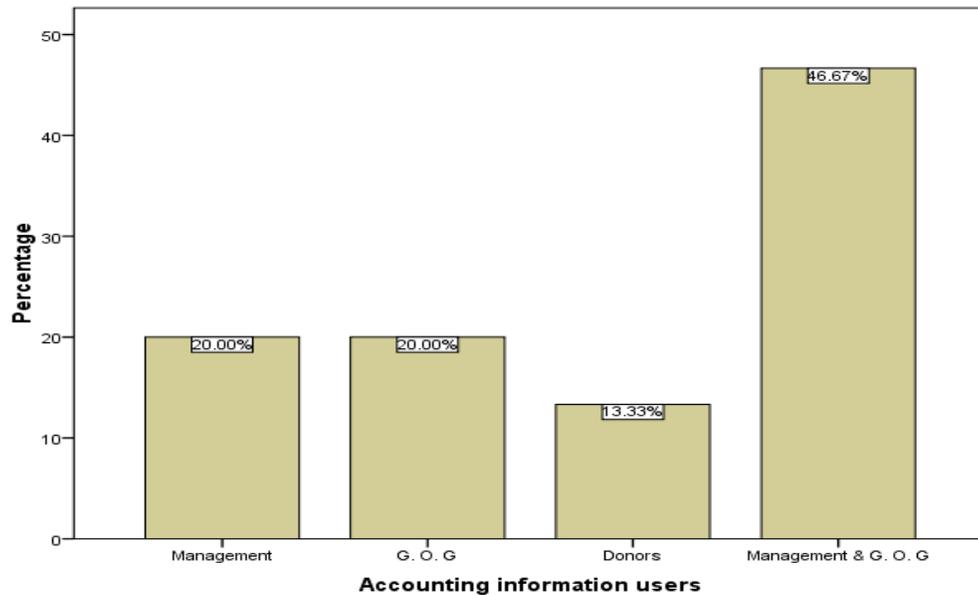


**Source: Field Survey Data, 2009**

Majority of the respondent rated the accounting staff as very good, representing 66.67 % of the respondents. Thirteen point three percent (13.3%) rated the account staff as being excellent, while 13.33% and 6.67 % of them rated the accounting staff as being good and average respectively.

**Figure 5**

### 4.5 Major Users of Accounting Information

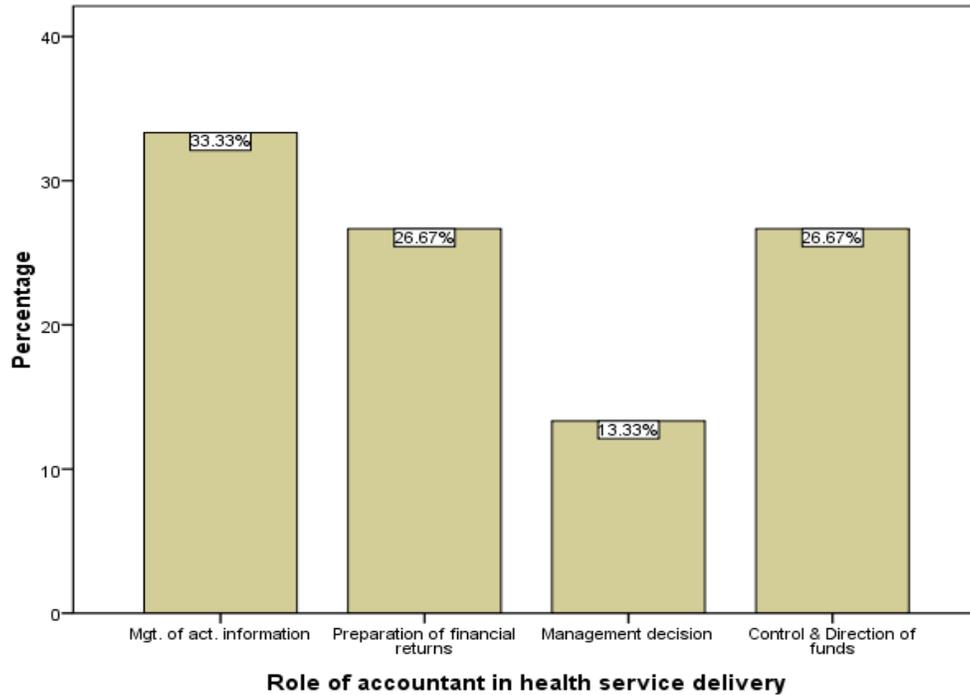


**Source: Field Survey Data, 2009**

From Figure 5, major users of the accounting information according to the respondents are Management and the Government of Ghana. This is represented by 46.67% of their views. However, 20% each of the respondents said the information is used by Management and only the Government of Ghana only. Donors have also been identified as users of accounting information, representing 13.33% of the respondents.

**Figure 6**

**4.6 The Role of the Accountant in Health Service Delivery**

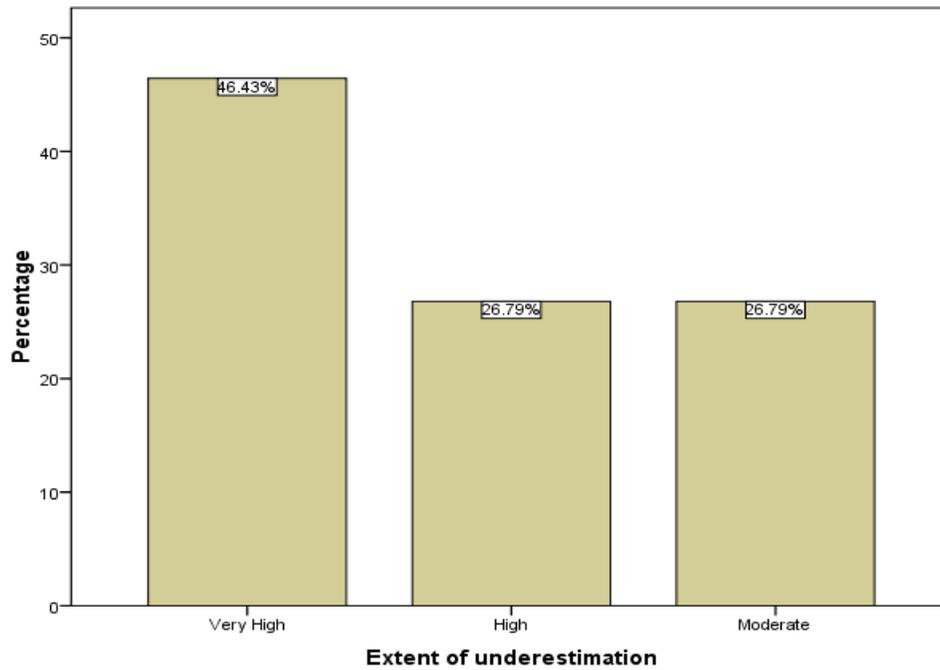


**Source: Field Survey Data, 2009**

Management of Accounting Information has been identified by majority of the respondents as the role of accountant in health delivery. This represents 33.33% of the respondent's views. Preparation of Financial returns and control and Direction of Funds have also been identified by 26.67% each of the respondents as another role of accountant in health delivery and 13.33% identified Management Decision as the role of the accountant in the health delivery process..

**Figure 7**

**4.7 Level of Underestimation of Accountants**

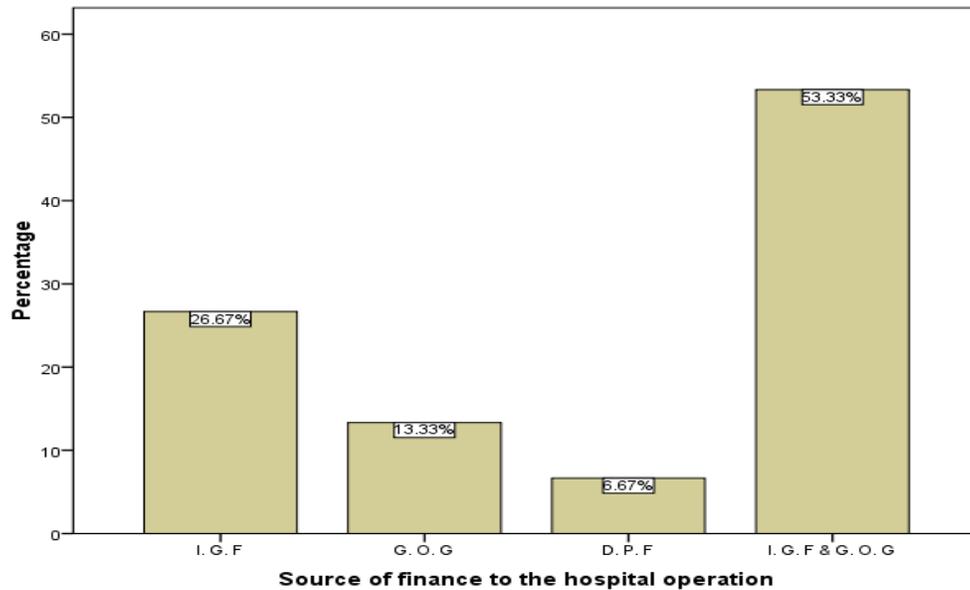


**Source: Field Survey Data, 2009**

According to the Figure 7, the rate of underestimation of the accountant by the respondents was very high. This represents 46.43% of their views. However, 26.79% each of the respondents rated the rate of underestimation of the accountant as high and moderate respectively.

**Figure 8**

**4.8 Source of Finance to the Hospital**

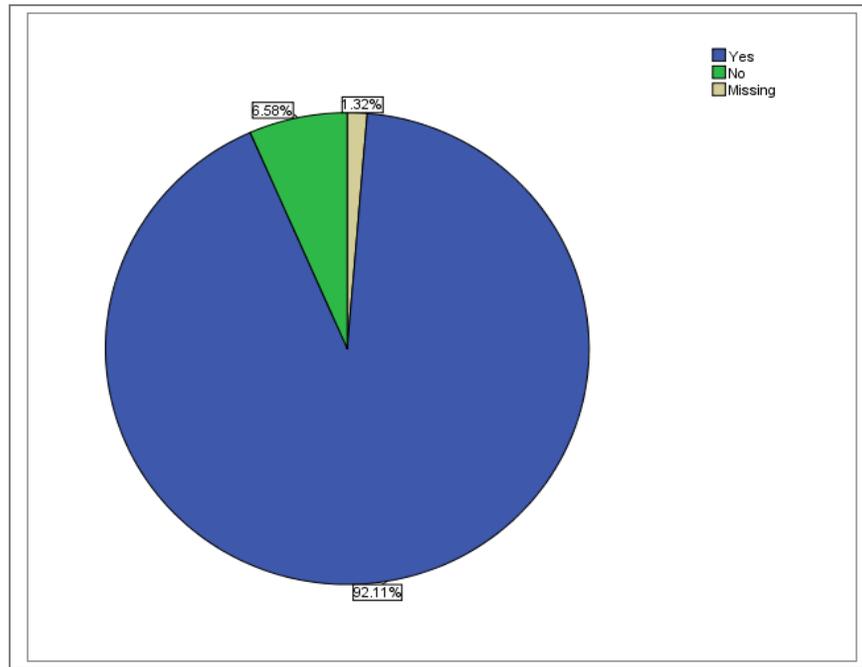


**Source: Field Survey Data, 2009**

Interestingly, both the internally generated fund (IGF) and Government of Ghana (GOG) have been identified as the main source of finance to the hospital. This is represented by 53.33% of the respondent's views. Other respondents identified only internally generated funds (IGF) and only the Government of Ghana (GOG), representing 26.67% and 13.33% of respondents respectively, as a source of finance to the hospital. Furthermore, 6.67% of respondents identified donor pool fund as a source of finance to the hospital.

**Figure 9**

**4.9 Change of Finance with the Advent of Information Technology**

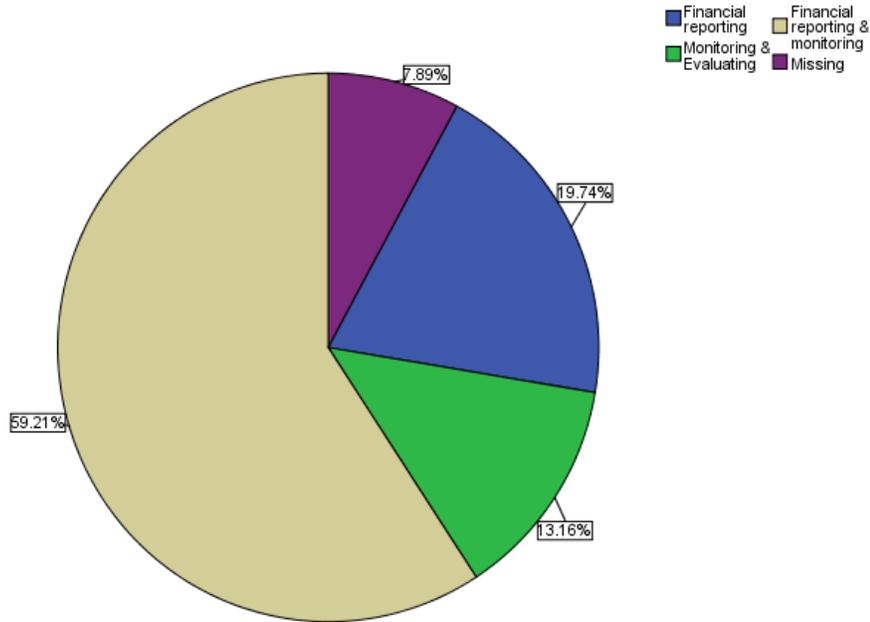


**Source: Field Survey Data, 2009**

From the Figure 9, majority of respondents attested to the fact that with the advent of information and communication technology, there have been changes in the accounting system. This represents 92.11% of the responses while 6.58% of the respondents did not see any change in the accounting systems with the advent of information and communication technology.

**Figure 10**

**4.10 Areas of Financial Change**

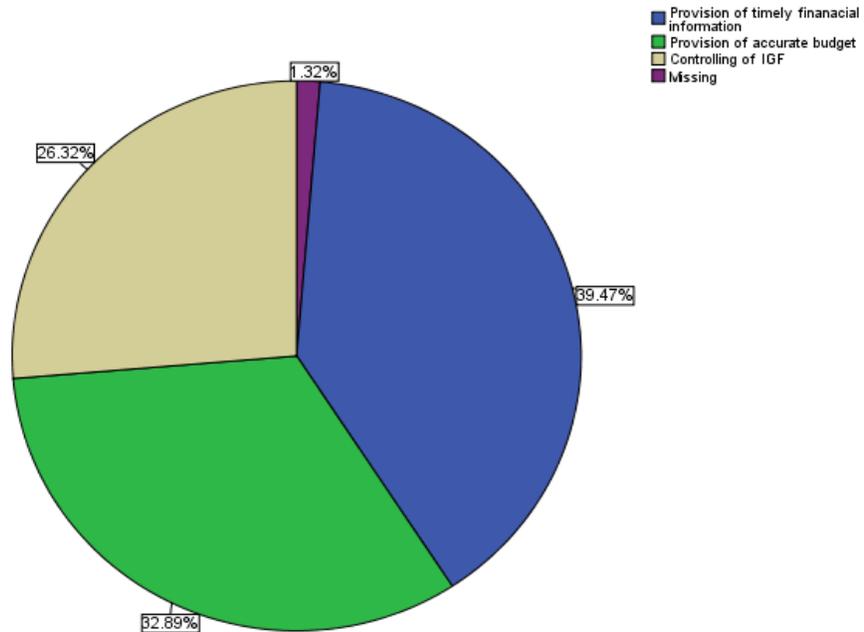


**Source: Field Survey Data, 2009**

Financial reporting and monitoring and evaluation have the identified by 59.21% of the respondents as the areas of change with the advent of information and communication technology. In addition 19.74% and 13.16% of the respondents identified only financial reporting and only monitoring and evaluation respectively as the areas of change with the advent of information and communication technology.

**Figure 11**

**4.11 Account Department Assistance to Health Delivery**

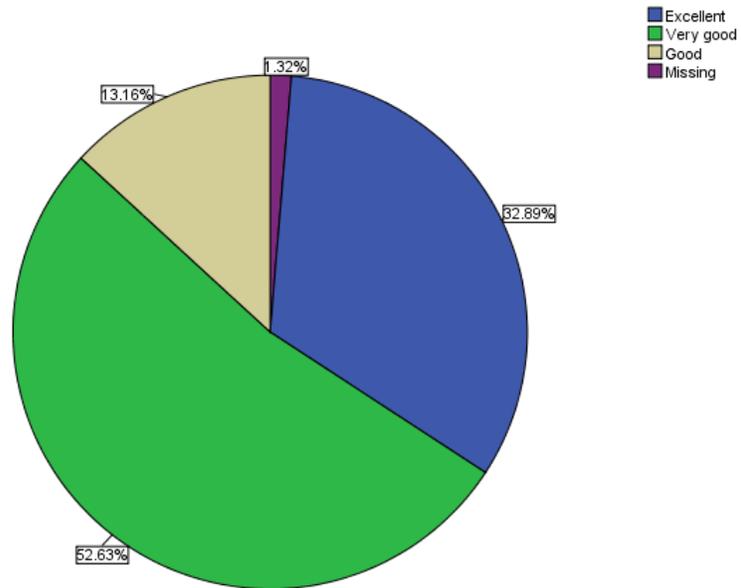


**Source: Field Survey Data, 2009**

The provision of timely accounting information, according to Figure 11, was been identified by 39.47% of the respondents as a way the accounting department assisted in health delivery. Provision of accurate budget and controlling of internally generated funds was identified by 32.89% and 26.32% of the respondents respectively.

**Figure 12**

**4.12 Rating the Services of Accountant**

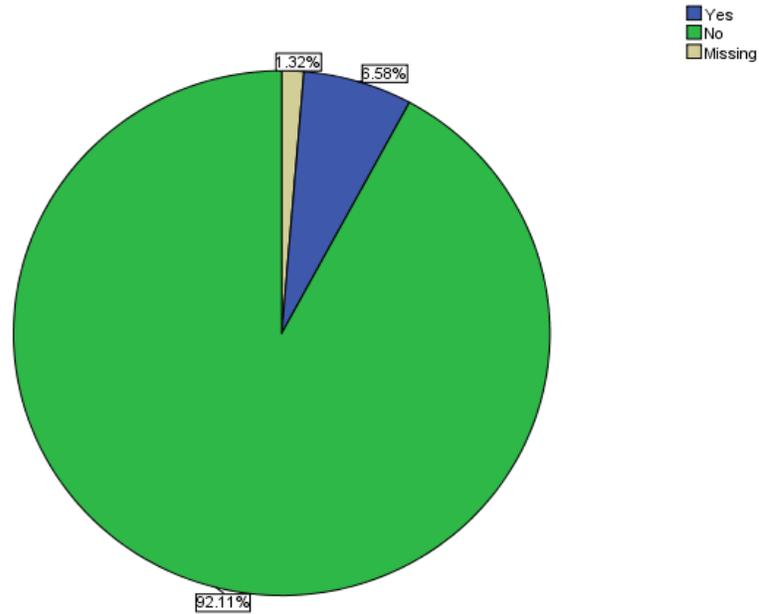


**Source: Field Survey Data, 2009**

The services of the accountant were rated as being Excellent by 32.89% of the respondents, while 52.63% and 13.16% of respondents rated the services of the accountant as being very good and good respectively.

**Figure 14**

**4.14 Problems Associated with Accounting Related Issues**

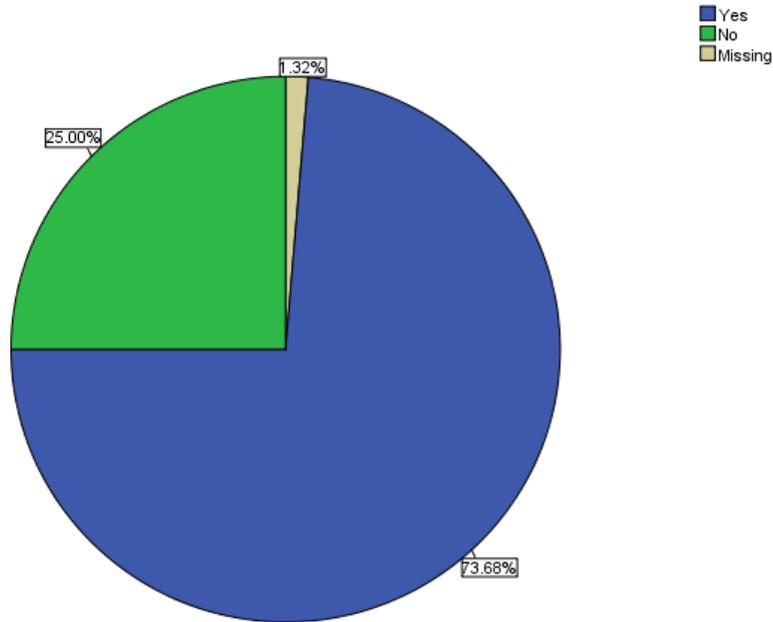


**Source: Field Survey Data, 2009**

Majority of the respondents representing, 92.11% indicated that they had no accounting related problems, while 6.58% of the respondents said otherwise. Some of the accounting related problems identified were the automation of the accounting system and the inadequate logistics.

**Figure 15**

**4.15 Underestimation of the Accountant in Health Service Delivery**

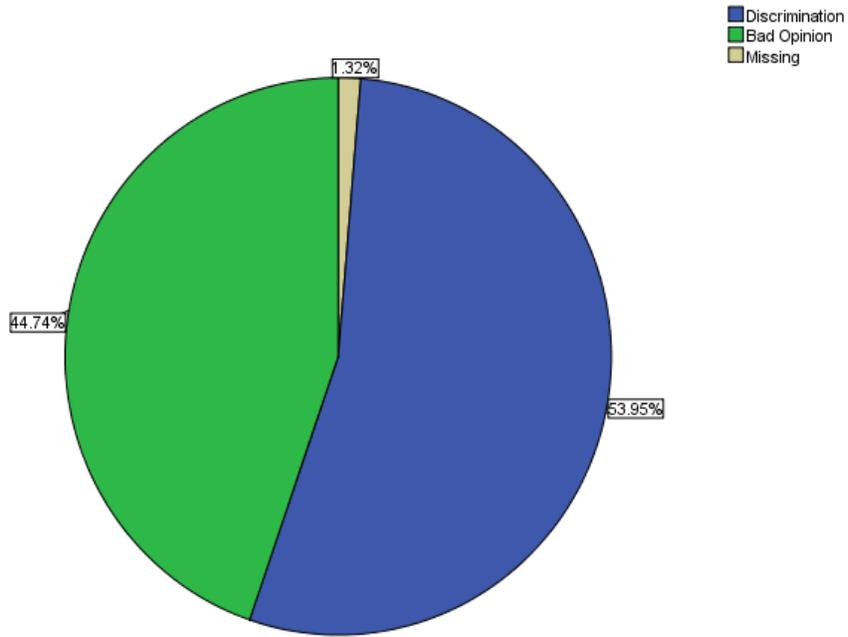


**Source: Field Survey Data, 2009**

Majority of respondents indicated that accountants are underestimated in health delivery in that they were not seen as critical to the health delivery process but rather as supporting staff. This is represented by 73.68% of the respondent's views. However, 25% of the respondents said accountants were not underestimated.

**Figure 16**

**4.16 Problems encountered by Accountants with Health Professionals**



**Source: Field Survey, 2009**

Discrimination against accountants by health professionals was identified by 53.95% of the respondents as one of the problems encountered by the accountant while 44.74% identified bad opinion about the accountant as the problem they encountered.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.0 Introduction**

This chapter is devoted to the summary of findings, conclusion and recommendations on the best way accountants can increase their role in the Health Service Delivery Process.

#### **5.1 Summary of findings**

The importance of the roles of Accountants in Ghana and its unparalleled growth are due to a combination of circumstances. Some contributing factors such as integrity competence, and a spirit of adventure among others, were promoted by pioneers in the Accounting profession. Direct participation is observed in the operating structure of Health Service whiles environmental forces make up the indirect element.

From the summary in chapter four the following findings can be made about the uniqueness of health delivery in Ghana. Over 40% of employment and income are provided in the service industry. Numerous occupation and opportunities are available in many areas of health care such as Nursing, Dispensing, Anesthetics, Radiologist, and Physiotherapist and among others.

Religious teachings are a source of strength and support in the conduct of service, with many of the drives and motivations in health care behavior springing from approval of money making by many faiths.

Health Professionals are increasingly aware of these forces as they assess the role of accountants in the society. The role of Accountants is to integrate, co-ordinate and direct the various elements of the Health Sector. It is management accountants' responsibility to plan, organize, staff, direct and controls the various activities of all institutions and management objectives are accomplished through people, organized and coordinated in the group activity for the attainment of a common goal. A closer look at the functions of management reveals the following core responsibilities; determining objectives and policies, planning to carry out these objectives and policies, organizing functions, assembling resources and controlling operations.

Health care management as a specialized professional activity has developed slowly, but today it is recognized and practised as an essential function in society. All service industries need at least minimum data on cost, income, assets, liability, and net worth. Accounting system and records supply such information for the use of management, creditors, owners' government and other interested parties.

Again, accounting provides management not only with a record of business transactions but also with summaries, statements, and interpretations of financial data needed for management decisions, and the control of services.

Two major summary statements generally prepared at regular intervals for every service providers are the profit and loss account and the balance sheet.

### 5.2.1 Conclusions

This thesis has revealed that accounting has a role to play in the performance of vital functions with regard to planning and control in the health institutions. They provide vital information for successful and efficient performance of managerial functions, usually in advisory capacity.

From the study, it is also obvious that Accountant performs certain functions for the successful operation of health institutions which includes planning, organizing, directing and controlling. It is also interesting to note that all chief accountants of financial controllers from an internal part of the management team.

Professor Ato Ghartey pointed out that “apart from the general constraints common to most developing countries, such as scarcity of capital, low saving rate, inadequate financial institution, high rate of population growth, high incidence of illiteracy, shortage of highly skilled labour, high level of unemployment and large differences in income. Ghana has special constraints to her economic development. Among there are; political turbulence, size of foreign indebtedness,

Extreme dependence on export of cocoa, Under utilization and redundancy of some investment, inadequate transport facilities, narrow tax base, unwillingness to pool resources together and traditional barriers to economic development.

Furthermore, apart from economic constraints the managerial problems includes; acute shortage of accountants, inadequate and unreliable information systems,

ineffective system of internal controls, poor and apparently inefficient management and professional incompetence.

Several efforts have been made by the government of Ghana to resolve these problems, but the government did not adequately utilize the professional and technical skills of the accountant. The problems manifest themselves in most business and service institutions and the accountants have explained that they do not possess the relevant information as far as accounting techniques are concerned, because the users were constrained by the above obstacle.

The question is, do these problems constitute enough excuse for them to fail in the role of providing useful accounting information to management to perform its functions?

The answer has been provided in this statement – “The profession has a tradition of responding to the needs of society. Today it has an obligation to respond creatively to new problems”. What this statement means is that health accounting has the ability to adapt to the socio-economic needs of society and thus in whatever environment the accountant finds himself he must endeavor to adapt to existing techniques or device new ones to suit the environment.

### **5.3 Recommendations**

To avoid the afore-mentioned criticism, health accountants in developing countries like Ghana must be imaginative and creative. They must explore the areas of developing countries where the accountant’s professional knowledge and skill are needed, and they must be willing and ready to make intelligent deviations from

“generally accepted accounting principles” when necessary and adopt special methods and procedures to suit their environments.

Accountants in developing countries should take the initiative to develop the accounting profession in their countries but they should not hesitate to request for assistance and suggestions from developed countries when the need arises. The most effective way of developing the accounting profession in developing countries is through accounting research. Accounting research must be geared towards; Tracing the nature and extent of the link that exists between political, socio-economic and accounting developments in Ghana, studying the problem of professional accountancy development, organization and practice in Ghana, explore areas to which the professional accountant in Ghana can extend his services and improve his public image; suggesting areas in accounting theory and practice where the accountant in Ghana should be willing, and ready to make intelligent deviations to suit the particular environment and circumstances., Suggesting educational and training procedures that might be appropriate to the future needs of the Ghanaian accountants.

It is worth to note that a highly developed, competent and respected accounting profession cannot exist in a vacuum. There must first be a business and financial climate which creates the need for it services. Public reliance on accounting services bears a direct relationship to the reputation of the accounting profession for integrity, competence and independence in a performance of the accountant’s work. Such reputation comes through the practice of local members of the accountancy profession and not by laws alone.

For accountants to contribute effectively to the management of their organization, they should also show some devotion to their work and make proper use of the accounting tool and proper resource allocation and control at their disposal. This would build management confidence in the accountant and management would be more willing to take their advice in the use of accounting information.

In view of the predominant failure of some health institutions to make use of the service of the accountant, it is believed that the following suggestion would go a long way to benefit the economy, the accountant and health facilities

a. Client Relations

The accountant must be more responsive to the needs of the client. He must not wait for the financial year to end before coming into contact with the client.

b. Accountancy Fee

Modalities should be developed for the charging of fees taking into consideration factors such as: the size, income, location and nature of the service provided.

c. Discipline

There must be a regulatory body among the association of accountants to deal with the complaints from clients, monitor the activity of members and maintain discipline.

#### d. Legal Requirements

There should be instruments requiring all institutions and organizations to keep proper financial records. Apart from tax agencies the government should set up an inspectorate division which should be responsible for inspecting financial records of all institutions.

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## APPENDIX A

# KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY (KNUST)

## INSTITUTE OF DISTANCE LEARNING

### COMMONWEALTH EXECUTIVE MASTERS IN BUSINESS ADMINISTRATION (CEMBA)

A QUESTIONNAIRE DESIGN SOLELY FOR ACADEMIC PURPOSE IN SOLICITING  
INFORMATION ON THE ROLE OF ACCOUNTANTS IN HEALTH SERVICE  
DELIVERY

CASE STUDY: VOLTA REGIONAL HOSPITAL, HO

ASSURANCE IS GIVEN FOR THE CONFIDENTIALITY OF THE INFORMATION  
TO BE PROVIDED, PLEASE WRITE IN THE SPACE AND TICK WHERE APPROPRIATE

#### MODEL A

##### *Background Information*

1. Gender                      Male    [   ]                      Female    [   ]
2. Age Group                      18 – 25    [   ]                      26 – 32    [   ]
- 33 – 39    [   ]                      40 – 46    [   ]
- 47 above .....
3. Marital Status:    Never Married    [   ]
- Married    [   ]
- Divorced    [   ]
- Widowed    [   ]
- Other (Specified) .....
4. Level of education:    a. ICA/ACCA/CIMA                      [   ]
- b. ICA/ACCA/CIMA (Part qualification)                      [   ]
- c. University /Polytechnic                      [   ]
- d. Senior High/Technical                      [   ]

e. Junior High/Middle School [ ]

f. Others (Specified).....

**MODEL B**

***Accountants Status/Qualification***

5. What is the highest qualification of the head of accounting department?

a. ICA/ACCA/CIMA [ ]

b. University /Polytechnic [ ]

c. Senior High/Technical [ ]

d. Junior High/Middle School [ ]

f. Others (Specified).....

6. Which facility under the health service are you?

GHS/MOH Headquarters [ ]

RHD/DHD [ ]

Hospitals/Clinics [ ]

Training Institution [ ]

Others Specified .....

7. What Categories of accounting staffs do you belong: Accounts staffs [ ]

Revenue staffs [ ]

Billing Officers [ ]

Claim Officers [ ]

Others (Specified).....

**MODEL C**

***Role of Accountants in Health Service Delivery***

8. How would you rate the competence of your accounting staffs?

Excellent [ ] Very good [ ] Good [ ] Average [ ] Poor [ ]

9a. Is your accounting system running on an ICT platform?

Yes [ ] No [ ]

9b. If yes state type.....

10a. Has your head of finance change with the advent of Information Technology (IT) and its sophistication?

Yes [ ] No [ ]

10b. If yes, list some of the areas where your head of finance have changed?

- a. ....
- b. ....
- c. ....

11. How does your accounts department assist in health service delivery?

.....  
.....  
.....

12. What problems do you encounter if any, in the normal course of duties with health professionals?

- a. ....
- b. ....
- c. ....
- d. ....

**MODEL D**

***Financial Issues***

13. How do you rate the service of your accountant (Head of finance)?

- a. Excellent [ ]
- b. Very good [ ]
- c. Good [ ]
- d. Other specify.....

14a. Do you think the account department is sufficient and efficient enough?

Yes [ ] No [ ]

14b. If No, what are the short comings/challenges?

- a. ....
- b. ....
- c. ....

15. How often does your institution submit financial returns?

Monthly [ ] Quarterly [ ] Semi-Annually [ ] Yearly [ ]

16. Who are the major users of your accounting information?

- a. ....
- b. ....
- c. ....

17a. Have you; in recent times have any problem in accounting related issues?

Yes [ ] No [ ]

17b. If yes, state these problems?

- a. ....
- b. ....
- c. ....

18. Generally, what roles do you know accountants play in the health service delivery?

- a. ....
- b. ....

19a. Do you also share the view that accountants are underestimated in health service delivery?

Yes [ ] No [ ]

19b.If yes, to what extent do you think they are underestimated?

- a. ....
- b. ....
- c. ....

20. Which of the following reports are prepared by your institutions accountant?

- a. Financial Analysis Report [ ]
- b. Investment Appraisal Report [ ]
- c. Tax planning report [ ]
- d. Cost analysis report [ ]
- e. Audit and Budgetary Control Report [ ]

21a. Do your institution encounter problems in managing accounting information?

Yes [ ] No [ ]

21b. If yes, state nature of problems.

- a. ....
- b. ....
- c. ....

22. What are the sources of finance to the hospital operation?

- a. ....
- b. ....
- c. ....

**MODEL E**

***Operational issues***

23. How can the accountant use health information to improve health service delivery?

.....  
.....  
.....

THANK YOU!!!