KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY, KUMASI

FACULTY OF SOCIAL SCIENCES

DEPARTMENT OF ECONOMICS AND INDUSTRIAL MANAGEMENT

HUMAN RESOURCE DEVELOPMENT IN THE VALUE ADDED TAX (VAT) SERVICE (A CASE STUDY OF THE VAT SECRETARIAT IN ACCRA)

A THESIS SUBMITTED TO THE DEPARTMENT OF ECONOMICS AND INDUSTRIAL MANAGEMENT IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF BUSINESS ADMINISTRATION (MBA) DEGREE.

BY

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AUGUST 2004

DECLARATION

CANDIDATE'S DECLARATION

While acknowledging information from other sources, I hereby declare with academic honesty that this thesis is my original work. It has never been presented either in part or in whole for any degree or purpose anywhere.

ELIZABETH ACHIAA GYAWU .....
Signature

DATE 15-12-06.....

SUPERVISOR'S DECLARATION

I hereby declare that the preparation of this thesis was supervised under my guidance in accordance with the guidelines on supervision of thesis laid-down by the Department of Economics and Industrial Management.

MR J. K. TURKSON .....
Signature

Date 15-12-06.....

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DEDICATION

To Mary Dwomoh

ACKNOWLEDGEMENT

This thesis was made possible through the divine guidance of God Almighty the source of all knowledge. To God be the glory. I must say that I was also inspired and encouraged by a number of people whom I owe a debt of gratitude. Their assistance, constructive criticism and suggestions helped invaluably in shaping the form and content of this thesis.

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ABSTRACT

Although human resource development is still often considered to be synonymous with training, it extends far beyond this and implies the development of the capabilities for work of all persons. Human resource development includes such areas as information, awareness, ethics, motivation and behaviour and strategic capacity for developing and linking these issues.

It is now acknowledged that without qualified, motivated and committed staff, the state cannot play the role assigned to it in a rapidly changing and globalised economy. It is in the light of this that the study sought to find out the Human Resource Development in the Value Added (VAT) Service – a vital revenue-collecting service of the country.

The basic hypothesis underlying the study is that the VAT Service will develop its human resources in spite of its economic and financial constraints. Data were collected using questionnaire and interviews. Other sources of data were from administrative records, published VAT news, specialised libraries, journals and the Internet. These were presented in tables, graphs, bar and pie charts.

The study revealed that in spite of financial and economic constraints, the VAT Service is developing its human resources. However, it was recommended that attention be given to the use of Quality Circles approach, which is cost-effective, to training and solving specific problems. It was also found out that the quality of training needed some attention rather than the number of times training is organised.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the study

In 1998 the government of Ghana successfully introduced the Value Added Tax (VAT). It was established under the Value Added Tax Act (Act 546). This success followed a failed attempt in 1995 when the country's first VAT was repealed after just three and a half months. VAT is an acronym for Value Added Tax. It is a broad-based tax imposed on the expenditure of consumers when they purchase goods and services. It is an indirect tax because it is not collected directly on the income of earners.

The rate at which VAT is introduced has far reaching consequences on the income of the citizens so adequate public education is very essential. In addition, political commitment in terms of both an enabling macroeconomic environment and the enactment legislation are crucial for securing popular support and ensuring the timely introduction of a VAT.

1.2 The need for VAT

With the assistance from the World Bank and the U.K. Department for International Development, Ghana introduced a VAT in 1995 to remedy the deficiencies of existing consumption-based taxes. Those deficiencies included:

(a) An excessively narrow tax base, which resulted in low buoyancy and unstable revenue. It excluded fast growing sectors of the economy.

Weaknesses in the tax collection system with inadequate checks and controls leading to revenue leakage.

(b) A need to move away from collection based on physical surveillance toward modern methods based on documentation, reducing the potential for corruption. The VAT provided an opportunity to introduce modern tax administration techniques. (The World Bank PREM notes. Public Sector, December 2001, number 61).

1.3 Why the VAT failed in 1995

In preparing for the introduction of the VAT in 1995, Ghana created a new revenue agency, the VAT Service. It recruited, trained and developed staff and introduced computer systems to administer the tax. The VAT was initially introduced at the rate of 17.5%, which was higher than the standard 15.0% rate of the previous sales tax. The introduction of VAT led to civil unrest with demonstrations and riots resulting in deaths. The initial introductory rate of 17.5% was one of the main reasons the VAT failed. This high rate was partly driven by worsening microeconomic situation and large budget deficit. The introduction of the VAT also coincided with several factors that raised prices in Ghana. These factors included: a significant increase in agricultural produce prices due to unfavourable weather conditions, low volume of food production, the fast depreciation of the currency which made imported goods and services more expensive and a higher excise duty on petroleum products. The VAT received much of the blame for the higher prices fueling public outcry.

In 1995, small traders had a hard time complying with the VAT registration requirements. A weak public education was also a reason for public outcry over the VAT. The campaign coverage was limited to professionals and high-level manufacturers with limited outreach to low- volume traders and consumers. There was also the absence of high-level support at the ministerial level. Political support was weak and political opponents influenced public opinion against the tax. Moreover the preparation and the implementation of the VAT were hindered by delays in passing relevant legislation. The passage of primary legislation was delayed from May to December 1994.

One major factor that led to the failure of VAT in 1995 was inadequate and inefficient staff to man the service. That is, there was not enough time for training and appointing senior managers and staff to the VAT Service. Lack of public education on the working mechanism was another key factor.

In June 1995 parliament passed two bills that ended the short life of the VAT. The sales tax was reintroduced with the same rate, scope and coverage as before, and the base of the service tax was increased from 5% to15%.

1.4 Reintroduction of the Value Added Tax

The government reintroduced the VAT at the end of 1998. The rate was lowered to 10%, the lower rate increased public acceptance but it made revenue lower than it could have been. At an early stage of the reintroduction of the tax, technical workshops were organized for members of parliament's Finance Committee,

which helped in the acceptance of the tax. In addition, experienced tax administrators were transferred from existing tax administration bodies to the VAT Service, easing staffing gaps. Moreover, many basic goods – unprocessed food, agricultural inputs, drugs, and health services, utilities, books and educational materials were exempted from the VAT to further pacify public opinion. In 1998, the VAT Service put a lot more emphasis on public education, launching a well-designed comprehensive educational campaign. In addition, the campaign extended to low volume traders and consumers and it gained a high profile by attracting ministerial support.

The national public education committee conducted a survey. They gathered public feedback through a survey of 500 people across Ghana's 10 regions. Respondent included opinion leaders, manufacturers, business people, traders, farmers, market women, artisans, drivers, public servants and the unemployed. The survey found that the initial stages of public education campaign had raised the awareness but that people's knowledge of the VAT remained limited. The survey also identified key public concerns such as suspicions about abuse and corruption in the system and skepticism about whether the public would benefit from the extra revenue raised by the VAT. (The World Bank PREM notes. Public sector, December 2001, Number 61)

It can be inferred from the above that, the VAT's role in the revenue system should be increased. Less than two years after the tax was reintroduced; its rate was raised to 12.5%. As part of the government's policy to enhance revenue collection

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and bring more people into the tax net, the Value Added Tax (Amendment) Act 2001 (595) was passed by parliament on 4th of April 2001. The amendment Act that came to amend sub-section (1) of the section (5) of the VAT Law (Act 546) 1998 also lowered the VAT threshold from 200 million cedis to 100 million cedis per annum for retailers of taxable goods. Also retailers of taxable goods whose turnovers exceed 75 million cedis over a nine-month period, 50 million cedis over a six-month period and 25 million cedis over a three-month period are covered by the new threshold. (VAT News vol. 1 No. 10, October 2001. P19.

The amendment of the tax therefore meant the widening of the tax to rope in retailers who hitherto were not covered by the previous threshold. This implied that the human resource sector of the VAT Service should be sufficiently resourced and developed in order to ensure total compliance.

1.5 Statement of the problem

Although, human resource development is still often considered to be synonymous with training, it extends far beyond this and implies the development of the capabilities for work of all persons. This was clearly spelt out in the Human Resources Development Convention, 1975 (No. 142), and its accompanying Recommendation (No. 150) which states, 'Policies and programmes shall encourage and enable all persons, on an equal basis and without any discrimination whatsoever, to develop and use their capabilities for work in their own best interest and in accordance with their own aspirations, account being taken of the needs of society.'

Human resource development includes such areas as information, awareness, ethics, motivation and behaviour and strategic capacity for developing and linking these issues.

It is now being acknowledged that without qualified, motivated and committed staff, the state cannot play the role assigned to it in a rapidly changing and globalised economy. The time is over when public service personnel were considered only to be the cost factor in public budgets which had to be cut; it has become evident that the participation of these persons and human resource development are vital to the tax reform process in Ghana. Development of human resources in terms of skills, working conditions, career possibilities and motivations are very important in the VAT Service. The tax reform (VAT) is very essential in increasing revenue in Ghana and obviously involves human resource development of the staff concerned.

However, there has only been scanty analysis in the past of the way in which the various factors contributing to successful human resource development are linked and interact. But it is precisely the way in which these factors are integrated into the overall process of the VAT Service, which will determine the improvement in productivity and efficiency of the VAT Service.

A major problem with training and development in the VAT Service is failure to identify who needs how much of what type of development and inability to

develop proper training programmes and policies. Inability to identify the skills required for training also appears to be a problem in the Service.

1.6 Objectives of the study

The general objective of the study is to conduct an investigation into the impact of human resource development on the productivity and efficiency of workers in the VAT Service. It is also to find out who benefits from human resource development.

Specific objective of the study will include the following:

i. To ascertain the extent to which people in the VAT Service have adopted and accepted human resource development.

ii. To find out who benefits from human resource development in the VAT Service.

ii. To investigate or assess the constraints associated with human resource development in the VAT Service.

1.7 Rationale of the study

It will help to identify some of the problems associated with human resource development in the VAT Service and help find solutions to these problems. The study will be useful to the VAT Service and policy makers since it will provide adequate information on the past and the present. It may also be a basis for further research on other aspects of human resources management.

1.8 Methodology

The study exploited various research methodologies from both primary and secondary sources to arrive at conclusions and recommendations. Data from primary sources were highly relied upon. Questionnaires were administered in order to obtain data directly and to exercise greater control over the measures that were used as well as over the procedures to collect the data. This ensured reliability and validity of the data collected.

1.8.1 *Sampling*

Sampling is the process of selecting units from a population so that by studying the sample we may fairly generalise our results as the characteristics of the population from which they were chosen. The number of staff in the VAT Service is about 800. It was impossible to cover the entire staff of the Service; therefore, 4 locations viz Kaneshie LVO, Adabraka LVO, Ringway Estate LVO and Head Office were selected for study. These locations had a total employee population of 400 and a sampling technique was adopted to select a meaningful size to administer questionnaire and to interview. A sample of 100 employees was selected for further study.

The probability of a given person being chosen is n/N * 100 i.e., 100/800 *100 = 12.5%. This means every staff in the service had 12.5% chance of being selected. However, for all probability samples it is important that the margin of error is within the acceptable limits. There is therefore the need to estimate the likely response rate i.e. the proportion of respondents from the sample who will respond

or from which data will be collected. This will mean increasing the sample size. Given the estimate that the response rate is 30%, the actual sample size is calculated using the formula $n^a = n * 100 / re\ \%$. Where n^a is the actual sample size n is the minimum sample size and re % is the response rate. (100 * 100)/30 = 333. The actual sample size therefore needs to be 333 employees in the VAT Service.

Simple random sampling was used which involved selecting the sample at random from the sampling frame using a computer. The names of employees in the VAT Service were copied on a computer. The names of the employees were copied and pasted into a column in an EXCEL spreadsheet. Then, in the column next to it paste the function = (RAND) which is Excel's way of putting random numbers between 0 and 1 in the cells. Then, sort both columns – the list of names and random number – by the random numbers. This rearranges the list in random order from the lowest to the highest random number. Then the first 333 names in this sorted list were chosen.

1.8.2 *Interviews*

In order to survey the impact of human resource development in the VAT Service, the use of interviews was considered for each case. An in-depth interview was undertaken with a representative cross section of employees. This helped to reveal variables to be tested empirically since the data gathered from such interviews were used in the design of questionnaires. The interviews helped to come out with facts about other developmental efforts besides training and education which the VAT Service embarks on. Interviews give more control over obtaining data since

it will be more difficult for the person being interviewed not to respond at all and also give the ability to clarify answers by probing maters that emerge in the course of the interview. However, a problem that might be faced is cost and time.

1.8.3 *Questionnaire*

The study used a combination of various types of questionnaires. Open-ended questions were used in order to get unrestricted responses to questions. Category questions were also used so that each independent answer could fit into one category. Ranking questions as well as scale questions were used as well.

1.8.4 *Data from administrative records*

The VAT Service often keeps a variety of different records for administrative purposes. These include employees' files, institutional performance records of employees, progress report of employees, training programmes administered every year and records of employees with study leave. As much as possible, some of these documents were consulted.

1.8.5 *Other sources of data collected*

Secondary data collected from published guides where other researchers have made use of were used. Data from archives, specialist libraries, newspapers, journals, VAT News, which is an authoritative magazine from the VAT Service as well as data from the internet, were consulted.

1.9 Hypotheses

a. The VAT Service will not develop its human resources due to its economic and financial constraints.

b. The VAT Service will develop its human resources in spite of its economic and financial constraints.

1.10 Scope of the study

The scope of the study covers the VAT Service Secretariat in Accra. The study is restricted to areas such as education, training, motivation, pay structure, work organisation, social recognition and working conditions, etc. It covers the period the VAT was first introduced to the present that is, 1995 to 2004.

1.11 Organization of the study

In five chapters, this thesis outlines the extent of human resource development in the VAT Service. It went beyond education and training and included various factors contributing to successful human resource development in the service.

Chapter 1 is the introduction of the study and it outlines the background of the study and statement of the magnitude of the problem of human resource development in the VAT Service. It also states the objectives of the study and the significance of human resource development in the service. The various methods of collecting data (i.e. from both primary and secondary sources) for the study as well as sampling methods of the study area were also described in this chapter.

Chapter 2 focuses on a critical literature review on the impact of human resource development on productivity and efficiency of employees. This chapter gives a good understanding and insight into relevant previous research and the trends that had emerged.

Chapter 3 gives a brief profile of the VAT Service. It outlines the Service's vision, mission and objectives. It also explains the type of performance appraisal method adopted by the Service.

Chapter 4 focuses on the findings and analysis of the impact of human resource development on the performance of employees in the VAT Service.

Chapter 5 summarises trends in human resource development in the VAT Service, which extends beyond training and development. The thesis concluded with a list of suggested points for discussion, which might also serve as a framework for guidelines on human resource development in the VAT Service. Some recommendations have also been made for the improvement in the human resource development of the VAT Service.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Organisations and their human resources are constantly changing and both must develop skills to maintain effective operation. In a period of recession and rapidly changing technology, it is even more important for organizations to create a flexible and adaptable labour force competent to use new technology and methods. In the future, there may well be a breakdown of traditional hierarchical organizations under the stress of their having to flexibly and rapidly change within a bewildering world of turbulence and complexity. The picture is one of confusion, uncertainty and tension, but what is abundantly clear is that management must set an example for the future. The quality of leadership and control, communication, delegation and consultation must be immeasurably improved, together with the optimum use of the labour force. Bottomley, (1990).

Hoggingbottom, (2003) emphasises that effective people management is not a nice system to have per se but it must be critical to financial and strategic performance. Greater transparency on how an organisation creates value through its people will benefit the company and its key stakeholders.

The above authors show the impact of human resource development on the success of organisations. Once employees get "on board" their personal growth and development over time become a major concern. Change is a fact of organisational

life and to cope with it effectively, planned programmes of employee orientation, development and carrier management are essential, (Cascio, 1992 p. 219)

2.2 Human Resource Development Defined

Employee development is the continuous learning process of individuals and groups for the purpose of producing an improvement in performance and preparing individuals for increased responsibility. Development activities provide back-up for all jobs in the organizational hierarchy so that successors for management positions as well as higher-level non-management jobs are available and ready to take over when needed (Crane, p.316).

Human Resource development is the process of ensuring that performance of the workforce meets the current and future organizational and individual needs through developing, implementing and evaluating activities and programmes addressing employee training and development, change and performance management, and the unique needs of employee groups. (Human Resource Certification Institute, 2004)

Torrinton and Hall (1998 p.403) also describe employee development as an 'act of faith' because it is difficult to tie down performance improvement to organizational development. This view is based on the past where human resource function was seen as a group that lacks strategic perspective.

Goss, (1993 p.53) defines human resource development as all those policies that are linked with training and education of employees. This study treats human resource development far beyond education and training. Human resource development is the development of the capabilities for work of all persons.

2.3 Purpose of Employee Development

Employee development is the means by which competent people are prepared to maintain an organization's competitive position in the market place.

The objectives of employee development are:

(a) Organizational continuity: Business organisations usually operate in the long run, that is, they plan to exist for an extended period of time into the future. To do this, the enterprise must have a succession of qualified managers who will effectively achieve the objectives.

(b) Management succession: companies need competent replacements for key managerial positions to carry on the functions of the organization.

(c) Individual development: A principal aim of employee development is to improve individual ability to perform in his or her present position as well as in an upgraded position.

(d) Organizational development: Another basic objective of employee development is to improve the general performance level of the organization. (Crane, p. 316).

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2.4 Importance of Human Resources Development in an Organization.

A recent research from Accenture (2003), based on a global survey of 200 HR and board-level executives found that of companies top strategic priorities, four out of five related directly to the workforce: attracting and retaining skilled staff, improving workforce performance, changing leadership and management behaviours, and changing organisational culture and employee attitudes. The survey also revealed that 74% of executives regardless of `country, industry or title see people issues as more important to company's success (Jenson, 2003 p. 32).

According to the information gathered on the Internet a skilful human resource department puts you in control of your company and makes your company succeed. If you do not offer people support programmes, your workforce will not be much of a force before long. Surveys have shown that promoting training and development enables businesses to excel over their competitors.

The rate of change facing organizations has never been greater and organizations must absorb and manage change at a much faster rate than in the past. In order to implement a successful business strategy to face this challenge, organizations, large or small must ensure that they have the right people capable of delivering the strategy. "People are our valuable asset" yet the reality of many organizations is that their people remain under-trained, under-valued and under-utilized, (Brookman, 2003 p. 1)

Human Resources have become one of the most important assets of a company. The human resources department of a company is in charge of hiring and retraining qualified and valued employees for the company. It is a very critical role that can lead to competitive advantage over competition, (Bloodhound Network.com, 2004).

Human resource is now assuming a greater role as strategic business partners. They have been forced to redefine their responsibilities and develop a compelling response for critics who dispute human resources' value to the bottom-line. Companies have developed three directional changes originating from this criticism against human resources. These changes include re-engineering human resource as business partners, changing human resource to a consultant status or eliminating human resource departments completely through a combination of line managers and out sourcing. These changes are all based on the fact that human resources functions need to be closely aligned with business objectives.

Human resources need to assist companies in becoming competitive by developing the workforce, business objectives and long-range strategies to ensure profitability. Rapid improvements in technology are allowing human resources to move into these new roles. Through Human Resources Information System (HRIS), VRVs, Internet/Intranet applications, employees have more responsibilities for administrative tasks, and other human resources have more time for strategic decisions (Human Resource Learning Centre, 2004 p. 2).

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Human resources play a part in every area in the world of work. In the world that has become litigious; human resources have become a necessity to protect the interest of both employers and company. It is very important for employees to be abreast with information in order to put the company at a competitive edge, (Bloodhound Network.com 2004).

A survey was conducted and the results indicate that many companies suffer from a serious skills shortage. Just 15% of respondents reported that all three of their most strategically important functions out-perform the rest of their industry. On the whole, just one quarter of respondents said that over 75% of their employees have the skills necessary to execute their jobs at industry- leading levels. Jenson (2003) argues that to improve the skills level of the work force, human resource must equip its organisation with the tools and resources to maximise each individual's proficiency, knowledge base and overall contribution to the organisation (Jenson, 2003).

This may involve redefining human resource's service delivery model to meet internal customers' needs and cost effectiveness, while maintaining high quality service and providing employees with a comprehensive suite of learning, productivity and performance support tools. Several companies are also pioneering the use of new technologies and innovative practices to dramatically increase the effectiveness of their training and development activities. These companies have migrated from using ad-hoc training programmes to comprehensive learning environments tied explicitly to overall corporate

objectives. Such environments typically blend several types of learning programmes including electronic-learning (e-learning), performance simulation, and workspace portals collaboration tools and knowledge management applications which in combination offer employees a best breed approach to addressing skills gaps quickly and at the point of need.

2.5 Importance of employee development to other personnel functions

Employee development affects almost every other personnel function and vice versa. Personnel functions that are influenced by employee development are:

1. Human Resource Planning
2. Recruitment and selection: - Position for which talent is not available internally must be filled from the outside. When plans are properly implemented, these people will be recruited before the vacancies occur and will be trained and developed by the time they are needed.
3. Compensation: - Employee development would be ineffective without provision for incentives and rewards.
4. Performance appraisal: - Appraisal can be a valuable tool for employee development. It focuses on performance of key results area of the present job and by identifying personal development needs, it facilitates the building of a development plan geared to help the direction (Crane, p. 317).

2.6 Responsibilities in Human Resources Development

A. Conduct needs analyses to identify and establish priorities regarding human resources development activities

B, Develop training programmes.

C. Implement training programmes.

D. Evaluate training programmes.

E. Develop, implement and evaluate training programmes to assess employee's potential for growth and development in the organisation.

F. Develop, implement and evaluate change management programmes and activities.

G. Develop, implement and evaluate performance management programmes and procedures. (The Human Resource Certification Institute, 2004)

2.7 Types of Interventions or Development Programmes that help in Human Resource Development.

Organisations have recently been viewed as socio-technical systems, for example interactions between people and technology. As a result, organisational change against select interventions impact on both individuals and systems. The various programmes comprise education and training.

2.7.1 *Education*

As employees progress in an organisation the nature of their work changes. This factor coupled with rapidly changing technology, possible over-specialisation of certain positions, and a failure to communicate how well or poorly a manager is performing, lead to a phenomenon called employee obsolescence. This term simply means that the employee is no longer up to date, which is most common among managers. Obsolescence is a problem viewed in terms of education, aware

ness of new ideas, methods, and techniques. Education plays a significant role in human resource development. When employees are aware of their shortcomings, have definite educational objectives, and are open-minded about change, they can gain optimum results from educational exposures (Crane p.327).

The use of outside sources for employee education appears to be a viable alternative to in-house programmes. This is because it is more expensive to establish one's own in-house training programmes. For example, there is the need to keep permanent teaching staff, library, classroom(s), teaching aids, etc. All these require substantial funding.

University continuing education programmes is a growing source of management education. Programmes range from specific skills building seminars, which usually offer continuing education units based on the number of classroom hours to a degree programme – the Executive Master of Business Administration (EMBA). The EMBA offers the advantage of allowing participants to relate concepts learned in the classroom to their work immediately.

2.7.2 *Training*

Training is the process of adapting or moulding a person who has acquired some academic knowledge through education to increase his suitability for the job. Training is more specific while education and development are more general. Development and training take over from education. Training narrows down the education one acquires; it thus makes employees more efficient. It is more task

oriented and narrower in scope and it is aimed at developing a particular skill. Cascio (1992) defines training as planned programmes designed to improve performance of the individual, group and organisational levels. Improved performance implies that there have been measurable changes in knowledge, skills, attitudes and social behaviour. Bottomley, (1993 p.118) also defines training as a programme which assists learners to acquire skills, knowledge, attitudes or behaviour necessary for effective performance

Methods of training:

On-the-job training: According to Graham and Bennet (1992) on-the-job training is given in the normal work situation, the trainee using the actual tools, equipment, documents or materials that he or she will use when fully trained.

According to Bottomley (1990) collaborated by Dooley (1946) 'Training is not something that is done once to new employees – it is used continuously in every well-run establishment. Every time you get someone to do work the way you want it done, you are training. Every time you give directions or discuss a problem, you are training,'

(a) Quality Circles: According to Crane, quality circles consist of small groups of employees that meet regularly and are trained to detect and correct production problems in their areas.

(b) Mentorship: This is on-the-job training or development tool for career success for aspiring managerial and professional individuals. Mentors are

regarded as role models of optimal traits and behaviours needed for career success

(c) Coaching: According to Graham and Bennett (1992), coaching often consists of a demonstration followed by the trainee imitating the instructor's actions. The trainee can repeat difficult operations, ask questions and progressively attain higher levels of skills. This ensures that employee's development occurs on a day-to-day relationship between the trainee and the trainer. The trainer often serves as a role model for the subordinates or the trainee to emulate. Trainer should facilitate the training process providing guidance, motivation, feedback, and reinforcement – when the trainee does the right thing.

After coaching, there should be special assignment that is, putting employees on special projects which will give them the exposure which the superior will not have time to teach.

(d) Job Rotation: Job rotation is defined as the performance by an employee of a new assignment on a temporary basis for an agreed period of time. According to the International Labour Organization (ILO) report (2003), job rotation provides employees with an opportunity to develop and/or refine skills and perform the duties inherent in a variety of job classifications. It also provides employees with a broader perspective through a better understanding of programmes, functions and activities.

Job rotation is position-oriented with management determining the need for a specific job to be done. It gives management the opportunity to assess employees' new roles, to determine their skills and abilities to develop in those roles, to make better use of resources and to enhance programme development.

Off-the-job Training:

According to Graham and Bennett (1992) off-the-job training takes place away from the normal work situation, usually employing specially simplified tools and equipments. Off-the-job training could also take the following dimensions:

(a) Supervisory Training: Programmes at the supervisory level aid individuals in making the transition from trainee or operative worker to the first level management. This process develops supervisory skills and shapes attitudes conducive to managing – transforming the techniques oriented operative into a manager who achieves objectives through other people.

(b) Middle Management Training: Middle managers often attend short courses, seminars and special programmes.

(c) Executive Training: Top managers often attend development programmes offered by universities, and colleges. They provide exposure to the thinking of executives from other industries, companies, functions, and locations. The programmes encourage managers to question their thinking and techniques built up over a decade or two with their company and its procedures.

2.8 *Human Resource development – a concept beyond education and training*

Although Human Resource development is often understood to be synonymous with training, it extends far beyond that and this implies the development of the capabilities for work of all persons. Indeed this was clearly spelt out in the Human Resource Development Convention 1975 (No 142), and its accompanying recommendation (No 150). "Policies and programmes shall encourage and enable all persons, on an equal basis and without any discrimination whatsoever, to develop and use their capabilities work in their own best interests and in accordance with their own aspirations, account being taken of the needs of society."

As already mentioned, Human Resource Development involves a very wide range of issues – all of which may be influenced by human resource management. It also includes such areas as the interdependency between individual and an institution's policies and structures, which may be related to issues such as information awareness, ethics, motivation and behaviour and the strategic capacity for developing and linking these issues.

(a) *Motivation*

The competence of individuals has to be supplemented by motivation which may arise from a number of reasons, either material or immaterial nature. For instance, public esteem for professionals in the VAT Service may play a vital role.

The VAT Service has to be user oriented; on the other hand, it has to be more accountable for the way in which public money is spent. The behaviour of the VAT personnel is decisive in this regard.

The strengthening of ethics and motivation and the firm exclusion of corruption are considered critical issues. In this context, the quality of management in public institutions is particularly crucial. Ethics in management is a social and economic necessity.

It goes without saying that these issues are also closely linked to pay, career systems and employment security.

(b) *Equal Opportunity and Treatment*

Equal opportunity and treatment of all population groups in the VAT Service is also important. As stipulated in the Discrimination (Employment and occupation) convention, 1958 (No 111), the notion of equal opportunity and treatment not only covers gender issues but also extends to different ethnic and religious groups and minorities as well as political opinion.

Nevertheless, equal opportunity and treatment between men and women is often the first aspect of this concept which springs to mind. The fact remains that women's opportunities for entering, advancing and remaining in the Service are still unequally distributed. This may be attributed partly to their roles in society and also to the possibilities offered to them.

It goes beyond saying that any process of change is the result of human action. Changes in the VAT Service are contingent upon the human resources available to design and carry them through.

Human Resource in the VAT Service may be defined as the total human potential at the disposal of the VAT Service. This potential is determined by individual experience and knowledge (Competence), willingness (Motivation) and ability.

Human Resource development goes beyond education and training – and indeed beyond human resource management. It also involves issues that give employees:

- More responsibilities and less hierarchical interventions, which result in greater job satisfaction.
- More autonomy and flexibility in work organisation and in time budgets, which help to reconcile the demands of working and private life.
- Sabbatical years, which give the labour force time for recreation and revitalisation and are a source of renewed creativity and individual accomplishment.
- Clear standard for performance evaluation e.g. client appreciation, which increase employees' self-esteem and sense of purpose;
- Opportunities for training and improvement of individual knowledge and skill, which provide an element of satisfaction;
- Opportunities to participate in reforming administrative processes, which increase identification with individual work. Hack (1996), p. 141.

2.9 Factors Limiting Human Resource Development

According to International Labour Organization (ILO) Report (2004), factors which can limit human resource development may not only derive from a lack of conducive working conditions and incentives to develop the potentials and competencies of employees, that may also lie in the workers' safety and health conditions. The workplace environment or the interplay between employees and the citizens or users of their services may also have negative consequences for human resource development.

In Ghana, safety and health issues are often relegated to the background. However, it is these very situations which generate anxieties, frustrations and organisational difficulties which in turn can lead to violence. In practice, violence at the workplace may include a wider-range often of an ongoing and overlapping nature. While attention has traditionally been focussed on physical violence, in more recent years, evidence has been emerging of the impact and harm caused by non physical violence which, although often referred to as psychological, can also have physical repercussions for the victim.

A survey by the Canadian Union of Public Employees (CUPE) revealed that almost 70 percent of respondents considered verbal aggression to be the leading form of violence, citing physical violence as the next most frequent form.

Growing attention is also being paid to perpetuated violence involving repeated behaviour. This type of violence appears to be relatively minor but cumulatively it

can become very serious, taking the form of sexual harassment, bullying and mobbing. It is this type of behaviour that can have the most negative impact on Human Resource Development at the workplace.

Although a single incident can suffice, sexual harassment often consists of repeated unwelcome, unreciprocated and imposed action which can have a devastating effect on the victim. Sexual harassment may include touching, remarks, attitudes, jokes, the use of sexually oriented language and allusions to a person's private life. Well principled ladies prefer to resign their posts to avoid such harassments if they do not want to report such behaviours of their bosses.

Workplace bullying constitutes offensive behaviour through malicious or humiliating attempts to undermine an individual or groups of employees. It can take a variety of forms, some of which are easy to identify, while some of them are more subtle and difficult to explain. They include making life difficult for those who have the potential to do the bully's job better than the bully and punishing others for being too competent by constant criticism or by removing their responsibilities, often giving them trivial tasks to do instead, over-loading them with work and reducing deadlines, in the hope that they will fail at what they do.

In the European Union, employees in the public administration are reported to be the most exposed to bullying of all workers (13% as compared to 8% of all workers on average).

Mobbing includes behaviour such as making continuous negative remarks about a person or criticising him or her constantly, isolating a person by leaving him without social contacts, gossiping, spreading false information or ridiculing a person incessantly. The impact on a person of what might appear to be minor single actions of this type can be devastating. It has been estimated that about 10 to 15 percent of suicides in Sweden each year are caused by mobbing. In the United States, it has been shown that the degree of violence and harassment suffered by employees has a direct impact on their stress levels.

In addition to the growing number of health complaints resulting from stress caused by violence at the workplace, the increasing incidence of such behaviour is also having a negative impact on Human Resource Development. (Chappel and di Martino, 1998 pp. 9 – 14).

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CHAPTER THREE

A PROFILE OF THE VALUE ADDED TAX SERVICE

3.1 Introduction

The Value Added Tax Service was established in 1998 as a public service organization by an Act of Parliament. The VAT Act, 1998 (Act 546), like its predecessor VAT Act, (1994 Act 486) provides for a separate VAT Service for the administration of the Value Added Tax (VAT). The major consideration behind the creation of an autonomous revenue institution devoted entirely to the administration of VAT were the need for specialization and enhanced efficiency among the revenue institutions and an administrative structure to support the growth potential of VAT. That way, it is believed, the potential for VAT could be nurtured to become the most important source of indirect Tax Revenue.

According to (VAT News, vol. 1, No. 3, September 1999 pp5 and 11), in March 1995, Ghana introduced the Value Added Tax but suspended its implementation after only three and a half months. The main factors leading to the suspension of the tax include delay in publishing the VAT Law and subsequently difficulties in effecting the revised implementation timetable. Moreover the high rate of inflation resulting from the decline in economic performance did not favour the introduction of a tax that affected the consumer price for many goods and services. Furthermore, the teething problems confronting the government and VAT Project Management team became unavoidable campaign issues for the then impending 1996 national elections. It therefore, seemed expedient to remove the animosity

against VAT to level the playing fields after demonstrations were held against its introduction.

The Value Added Tax was reintroduced in 1998 based on the Value Added Tax Act 1998 (Act 546, hereafter 'the Act') which was passed by the Parliament in February 1998 was given a presidential assent and a gazette notification date of 18 March 1998. The VAT Regulations were also passed by the house as a Legislative Instrument (L.I.164) and published in the official gazette on 12 June 1998. Both new laws became effective upon gazette notification although the actual collection of the tax was to commence on 30 December 1998.

3.2 Vision, Mission, Goals and Objectives of the Service.

The vision, mission and goals of the VAT Service have been articulated as follows:

3.2.1 *Vision*

To transform the VAT Service into an efficient and modern revenue agency to meet national and global standards by 2006 using top class and motivated staff with state-of-the-art facilities.

3.2.2 *Mission*

As a public sector organisation, the Service was established to ensure successful implementation of Value Added Tax as well as efficient and effective mobilization of VAT revenue in Ghana. The service is also committed to engender public

confidence in the administration of VAT by adopting policies aimed at voluntary compliance with the tax.

3.2.3 *Goals*

- To effectively administer and manage the VAT and its related penalties and interest in the most efficient way.
- To monitor the effect of VAT on consumers, firms and the economy as a whole.
- To conduct regular tax policy studies and review methods, procedures and system of collection of the tax in order to maximize revenue
- To work in partnership with the existing revenue institutions to reduce risk to national tax revenue.
- To advise the Ministry of Finance on fiscal and other policy issues, especially those bearing on VAT revenue.

3.2.4 *Objectives*

According to the (VAT Diary, 2000,) the service has the following corporate objectives:

- Collecting and accounting for VAT and it's related penalties and interests in the most effective and efficient way;
- Research into and development of collection procedures and accounting systems conducive to and supportive of optimal VAT collection;
- Advising the Ministry of Finance on fiscal policy, particularly as it relates to VAT, for the attainment of optimal economic growth;

- Educating the public on their rights and responsibilities in the mobilization of revenue for the national development process.

3.3 Major Activities

- Imposition of VAT to cover all goods and services;
- A single positive rate of tax of 12.5% to cover all imports and domestic supplies;
- A zero rate tax for imports and exports are exemptions covering some basic goods and services to lower the burden of the tax on those in the lower income group;
- Special reliefs to cover emergency relief supplies, International Agreements and diplomatic missions;
- A registration threshold for retailers of goods only;
- Refund of credit for excess input tax paid;
- Offences and penalties to allow for enforcement of compliance;
- Objectives and appeals mechanism for fairness to taxpayer.

3.4 Management of the VAT Service

The Chief Executive of the Service, the Commissioner for VAT, administers the tax from VAT headquarters located at the Internal revenue Service (IRS) Annex, Ministries, Accra, with the assistance of Deputy Commissioners who head the four main departments namely, Finance & Administration, Operations, Audit & Investigations and Research, Monitoring and Planning. At the operational level, Heads of local VAT offices located throughout the country manage the day-to-day operations of the Service.

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Like all other revenue Commissioners, the VAT Commissioner reports to the Minister of Finance through the inaugurated Revenue Agencies Governing Board (RAGB), the body has oversight responsibility for the three revenue institutions. The Board is headed by a chairman and has an executive secretary.

The VAT Service employs over 800 staff. This includes more than 400 tax administrators and other professionals who ensure an effective and efficient service to the tax payer, the general public, Ministry of Finance and other government Ministries, Departments and Agencies (MDAs) (http://www.transparency.org/working- papers/mwaller/ghana.html 12/23/2003, p6 of 15).

The VAT Service devotes a lot of time to its public education activities through its public affairs and information unit which has been transformed into a dynamic centre properly geared towards the dissemination of appropriate information and the provision of adequate education and customer care. It has officers located at all the local Vat offices throughout the country to attend to the needs of the public. (VAT Diary 2001).

According to (VAT News Vol. 1 No. 4 December 1999 p 8), the public education committee comprises a large spectrum of stakeholders from the Association of Ghana Industries (AGI), Ghana Chamber of Commerce (GCC), and Ghana Union of Traders Association (GUTA), Market women Association; Trades Union Congress, IRS, and Customs Excise and Preventive Services (CEPS).

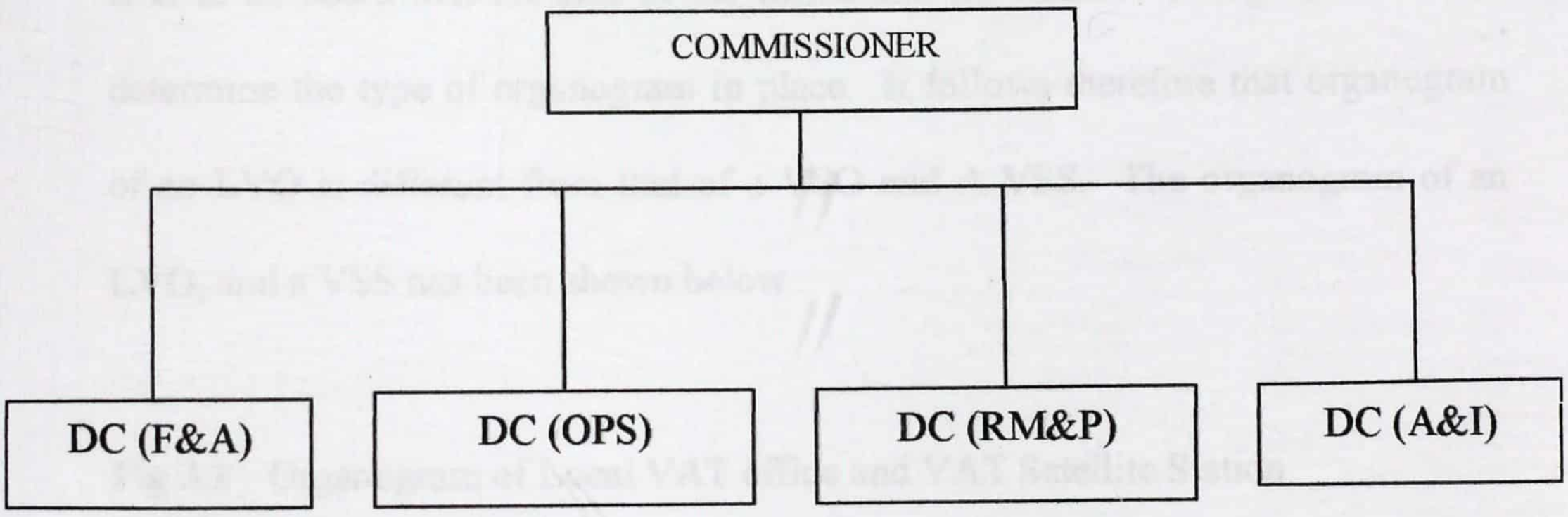
3.5 Staffing position (Organisation Chart)

3.5.1 The various units/departments of the service.

The major functional areas in the VAT service:

- Finance and Administration (F&A)
- Enforcement /Debt Management & returns (E /DM&R)
- Registration/ Deregistration/ Inquiries
- Information Service Support Unit (ISSU)
- Public Affairs and Information Unit (PA/I)
- Research Monitoring and Planning (R,M&P)

Fig 3.1: VAT Service organisation chart on management basis



Source: 2003 VAT Dairy.

KEY

DC (F&A) – Deputy Commissioner (Finance and Administration)

DC (OPS) _ Deputy Commissioner (Operations)

DC(R, M&P) _ Deputy Commissioner (Research Monitoring Planning)

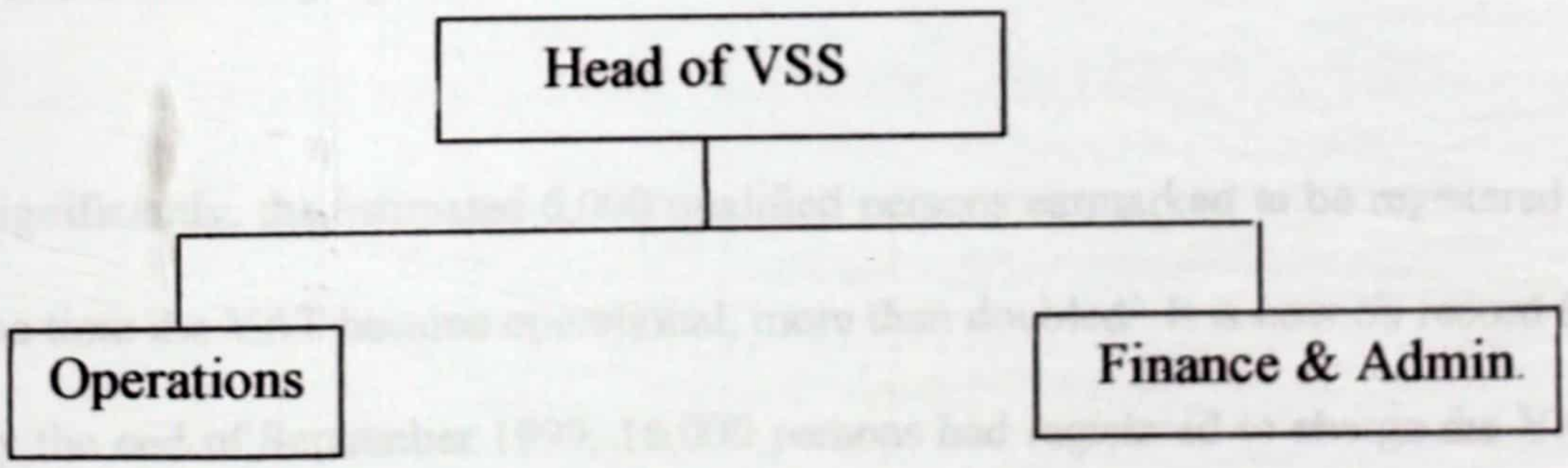
DC (AI)_ Deputy Commissioner (Audit and Investigations)

Presently, the VAT Service has offices throughout the country made up of the following:

Name	No.	Location
Head Office	1	Accra
Local VAT Office (LVO)	7	Adabraka, Kaneshie, Ringway Estate, Kumasi, Koforidua, Takoradi, Tema,
VAT Sub Office (VSO)	4	Cape Coast, Ho, Sunyani, Tamale
VAT Satellite Station (VSS)	3	Aflao, Bolga, WA.

It is to be noted that the size of the office and the number of registered traders determine the type of organogram in place. It follows therefore that organogram of an LVO is different from that of a VSO and A VSS. The organogram of an LVO, and a VSS has been shown below.

Fig 3.2 Organogram of Local VAT office and VAT Satellite Station Aflao, Dunkwa, Takwa, Wa and Bolgatanga.



Source: 2003 VAT Dairy.

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3.5.2 Recruitment of staff of the VAT Service

To meet the growing need of the VAT Service, recruitment of staff started in mid July 1998 for Operations, Finance and Administration, Information Systems Support, Public Affairs/Information, Research, Monitoring and Planning and the Training Units. Consequently, by August 31, 1999 the staff strength of the VAT Service had increased to 527 throughout the country. As at March 2004, the staff strength was around 800. As has been acknowledged elsewhere, the calibre of personnel in any organisation determines to a large extent, the output of that organisation. To ensure that this perception becomes a reality, the Training Unit of the VAT service in charge of developing the human resource of the organisation, conducts basic courses on VAT for all newly-recruited staff to expose them to rudiments of the tax and its operation. The training courses include the flowing areas:

- Basic VAT introductory course
- Basic VAT for control staff
- Returns processing course
- Payment returns processing course
- Visiting skills course, and
- Basic Book- keeping course.

Significantly, the estimated 6,000 qualified persons earmarked to be registered by the time the VAT became operational, more than doubled. It is now on record that by the end of September 1999, 16,000 persons had registered to charge the VAT. (VAT NEWS Vol. 5 ISSN No 0855. 403X April 2000)

3.6 VAT Service division of Pubic Service Workers Union of TUC (Ghana)

In order to ensure that the process of resolving workers' grievances and safeguarding the legal right of the officers of the VAT Service, a branch of the Public Services Workers Union (PSWU) of the TUC was recently established with a seven-member executive committee.

The local Union was inaugurated on 8th October 1999, by a representative of the Chairman of the TUC who issued a Collective Bargaining Certificate to the local PSWU of the VAT service. The Certificate is the enforcement of the Constitution and Rules of the Standing Joint Negotiation Committee signed between VAT Service and the Public Service Workers' Union of TUC (Ghana). The certificate gives the Union a mandate to negotiate on behalf of its members for better conditions of service. The VAT Service's PSWU has among others the following established aims and objectives:

- To secure a united action on all matters likely to affect the interest of its members.
- Resolves grievances and enforces the legal right of members as well as other rights arising out of collective bargaining relationships.
- Regulate the relationships and settles disputes between employees and the employer.
- Uses development social services fund to help members in sickness, accidents, disablement, natural disaster, death, unemployment etc. as was agreed at the delegate's conference (VAT NEWS VOL. 1 NO. 0855.403X APRIL 2000). Since the inception of the Union on 8th October, 1999, it has worked tirelessly to conclude the following on behalf of workers of the VAT service:

1. Signed by-laws for the standing joint negotiation committee between Management and Union.
2. It has also been able to access a collective bargaining certificate that gives the right to bargain with Management on behalf of its members.
3. Collected and collated views from other VAT officers that should form part of the Conditions of service.
4. It has aspired to obtain a great deal of support from Management.
5 The Union has created the necessary arrangements to have the opportunity to have regular meetings with Management.

3.7 Human Resource Practice in the VAT Service

Human Resource practice in the VAT Service goes beyond recruitment of employees. It covers also their orientation, placement, training and development. It also covers the working conditions, welfare and retirement of the employees. The Human Resource Section conducts need analyses to identify and establish priorities regarding human resources development activities. It then sets in motion a recruitment exercise depending on the outcome of the need analyses. After selection, candidates are given orientation and placed in their respective positions. The Human Resource Section develops, implements, and evaluates training programmes to assess employees' potential for growth and development in the organisation. The training and development continues as new concepts and practices emerge.

The Human Resources Section also implements and evaluates performance management programmes and procedures as well as change management programmes and activities.

The Section also sees to the welfare of the employees. In this regard, the working environment and conditions of work are constantly addressed by the Section. The senior staff members have more autonomy and flexibility in their operations. Employees are allowed to go on leave every year and have the chance to ask for casual leave. These revitalise and give them a source of renewed creativity and individual accomplishment. Besides these, the VAT Service has in place a good performance appraisal system which recognises employees' contribution to the Service and increases their self-esteem and sense of purpose. The availability of opportunities for training and improvement of individual knowledge and skills provides elements of satisfaction to the employees.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Year of employment

In this chapter the data collected were analysed and the findings discussed. The study area has a population of 400 and has four locations: Kaneshie LVO, Adabraka LVO, Ringway estate LVO and the head office. In all 100 staff were sampled through a simple random sampling and 100 questionnaires were given out to be filled (Appendix A). Out of this, only 70 staff gave valid responses. Three gave invalid and inconsistent responses. Twenty-seven did not return their questionnaires at all. Great efforts were made to collect them but to no avail. Attempts were made to find the year of employment of respondents. The years range between 1995 and 2004. The results are presented in table 4.1

Table 4.1 Year of employment of staff at VAT Service (1995 – 2004)

Year of employment	No. Of staff	percentage
1995	10	14.3
1996	0	0.0
1997	0	0.0
1998	11	15.7
1999	10	14.3
2000	7	10.0
2001	4	5.7
2002	6	8.6
2003	20	28.6
2004	2	2.8
Total	70	100.0

Source: Researcher's fieldwork, 2004.

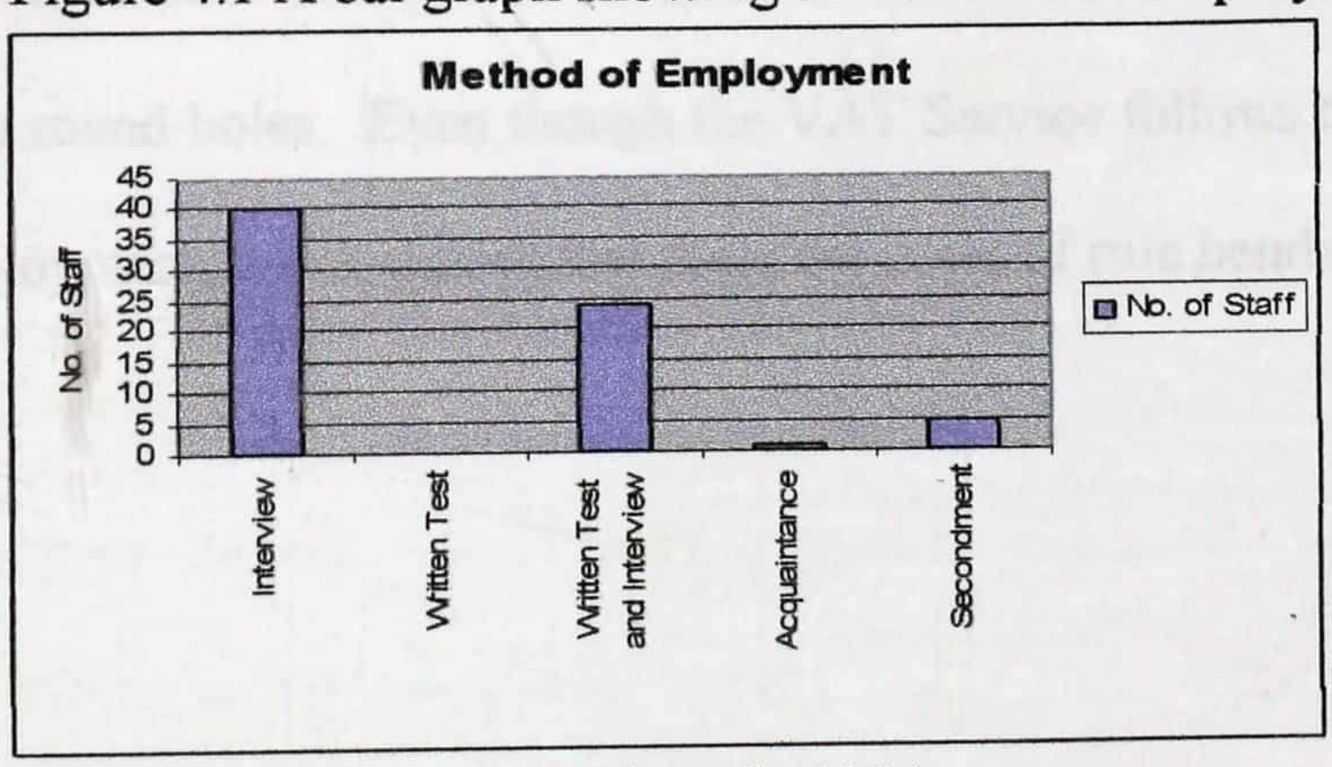
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The modal year of employment was year 2003 as 28.6% of the respondents were employed in this year. More people were employed in 2003 because of the establishment of 'Large Tax Payers Unit'. This unit was established as a result of the need to mobilize more revenue to match the expenditure in order to reduce budget deficit. The unit will help to enhance tax revenue from large taxpayers in the country. Companies with an annual turnover of ¢30 billion and above (with the exception of insurance companies whose threshold will be ¢15 billion), and all employers with more than 500 employees (companies, government owned entities, and ministries, departments or agencies) were selected.

The Large Tax Payers Unit is mandated to administer efficiently and effectively, Value Added Tax Act, the Internal Revenue Service Act and the Excise Duties Act for Large Tax Payers by providing them with timely and quality service. The unit operates as a full-fledged revenue organization with qualified personnel drawn from the existing revenue agencies.

4.2 Method of employment

Figure 4.1 A bar graph showing the method of employment.



Source: Researcher's field work, 2004

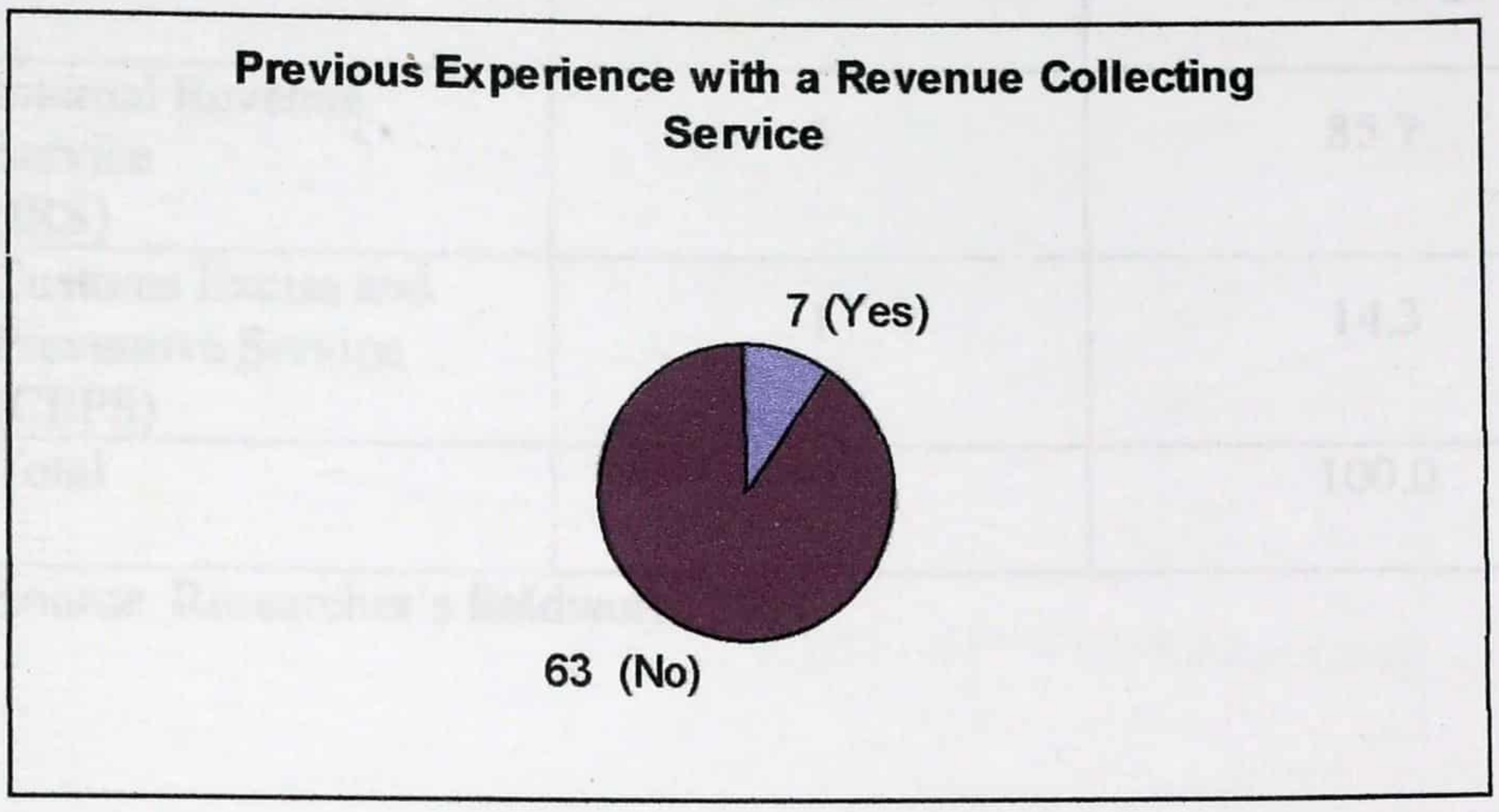
An effort was also made to find the method of employment from respondents. The bar graph at page 37 shows the relationship between the number of staff employed through interview, written test, both interview and written test, acquaintance and secondment.

The graph shows that many people were employed through interviews than any other method of employment. Of the total number of respondents, 57.2% were employed after satisfying a panel that they were competent to be employed.

None of the respondents was employed after a written test only but 34.3% were employed after writing a test and passing an interview. The use of both written test and interview even though has the advantage of getting the best employees; it is regarded as expensive and time wasting. One respondent representing 1.4% of total respondents claimed that he got employed through an acquaintance. This shows that the use of acquaintances in job search even though insignificant at VAT Service, does exist in the country. This emanates from the prevalence of the extended family system whereby some people in high positions are pestered by members of their families to do them certain favours. This usually puts square pegs in round holes. Even though the VAT Service follows the normal procedure in employment, it is apparent that there are cases of rule bending.

4.3 Previous experience with Revenue Collecting Service

Figure 4.2



Source: Researcher's fieldwork 2004

Since the VAT Service is a completely different revenue-collecting agency, its method of revenue collection is a little bit different from the other revenue collecting agencies in the country. The VAT Service mandates service providers and people who come within the VAT threshold to collect the tax on their behalf. Personnel of the VAT Service periodically go round to audit them. There was therefore no need to bring experienced people already in other revenue collecting agencies to beef up the human resource base of the VAT Service. The Service needed to train its own people and acquaint them with their own method of operation rather than rely on the experience of staff of the other revenue collecting agencies. The pie chart above confirms that very few people moved from the other revenue service to the VAT Service. Only 7 out of the 70 staff interviewed had had previous experience with other revenue collecting service in the country and 63 had had no such previous experience.

4.4 Revenue Service served

Table 4.2 Revenue Service Served

Revenue Organisation	Staff	Percentage
Internal Revenue Service (IRS)	6	85.7
Customs Excise and Preventive Service (CEPS)	1	14.3
Total	7	100.0

Source: Researcher's fieldwork, 2004

Out of the 7 employees who had had previous experience with a revenue collecting service, 6 of them representing 85.7% came from the Internal Revenue Service while the remaining 14.3% served with the Customs Excise and Preventive Service. This shows that staff of the VAT Service did not need any previous experience to be able to function there. What was important was the extensive in-service training that was given to the staff.

Despite the fact that the VAT Service operates quite differently from the other revenue collecting agencies, it still needs people with that kind of experience. Such people could bring innovations in the service based on their previous experience.

4.5 Length of Service with the other revenue-collecting service

Table 4.3 Length of service with other revenue service

Years	No. of Staff	Percentage
< 1	0	0
1	1	14.3
2	1	14.3
3	4	57.1
4	1	14.3
5	0	0
Total	7	100.0

Source: Researcher's fieldwork, June 2004.

Of the few people who moved from the other revenue collecting service to the VAT Service, none had had less than one year experience and more than 5 years. Their years of experience ranged from one year to four years. Four people representing 57.1% had had experience with other revenue service for three years. Only one person each had had experience with other revenue service for one, two and four years respectively. This confirms that the VAT Service did not require special competencies in revenue collection before employing its staff.

The lack of emphasis on previous experience in a similar employment is an avenue for school leavers to obtain jobs easily. Most firms require previous experience in a similar capacity before employing their staff and this does not help prospective employees who have just left school or college to obtain jobs easily. While this is

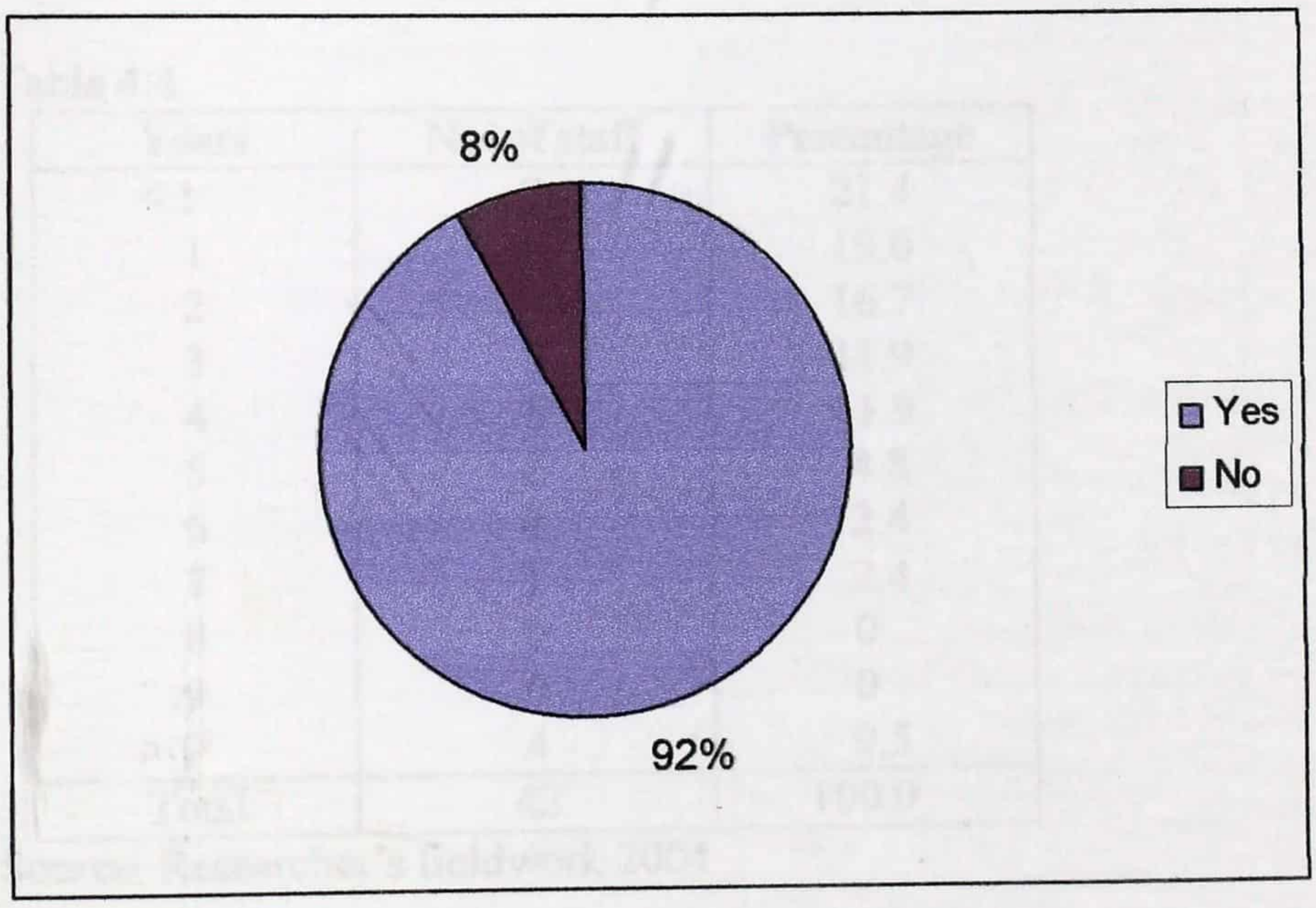
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laudable for school or college leavers, previous experience helps the organisation to tap the experiences of employees from other organisations. They can bring in innovations based on their previous experiences to uplift their new organisations. Previous experience can help employees to solve problems easily especially if they have encountered a similar problem in their previous organisation.

In a situation where previous experience is not so much the issue in employment, the organisation needs to organise courses frequently for the staff so as to groom them to fit in their positions. The VAT Service will therefore require extensive in-service training for its staff.

4.6 Experience with a company other than Revenue Service.

Figure 4.3 Experience with companies other than Revenue Service



Source: Researcher's fieldwork, 2004

Experience with companies other than a revenue collecting service, though not a requirement for employment with VAT Service, 92% of respondents to this question had had this kind of experience. Five people had had no experience at all with either a revenue collecting service, a company other than a revenue collecting service or any other company. Sixteen people had had job experience not with a revenue collecting service but with other service providers. These figures confirm the fact that many of the initial employees of the VAT Service came from other companies. This was by no means a condition. It was not possible to find only unemployed people to fill the vacancies. People like to change jobs especially for a new one like the VAT Service where they perceive good remuneration package and other good conditions of service. It is generally believed that when people change jobs they end up gaining more experience.

4.6.1 Length of service with a company other than a revenue collecting service.

Table 4.4

Years	No. of staff	Percentage
< 1	9	21.4
1	8	19.0
2	7	16.7
3	5	11.9
4	5	11.9
5	2	4.8
6	1	2.4
7	1	2.4
8	0	0
9	0	0
> 9	4	9.5
Total	42	100.0

Source: Researcher's fieldwork 2004

From table 4.4 some of the people who were employed by the VAT Service had worked with a company other than a revenue service for less than one year and there are those who had worked for more than 9 years. It must be noted that 7 people had their experience with a revenue collecting service and 21 people failed to provide response to this question. Of those who responded to this question, 80.9% had worked for less than 5 years and only 9.5% had worked for more than 9 years. This implies that most of the people employed by the VAT Service changed jobs only after a few years in the job market. This situation appears not to augur well for the VAT Service since it is equally possible that after working for the Service for a few years they will leave for other jobs. This situation is capable of generating a high labour turnover in the Service.

4.7 Status in previous employment

Table 4.5 Status in previous employment

Levels	No. of staff	percentage
Top Executive	1	2.2
Middle level management	15	33.3
Supervisory	12	26.7
Lower level management	13	28.9
Others	4	8.9
Total	45	100.0

Source: Researcher's fieldwork, June 2004.

There is the possibility that an employee in a top executive position can resign and move to take up another job of a lower status elsewhere even though this is rare. About 2% of respondents to this question who had changed jobs, moved from top executive positions in other firms to join the VAT Service. The greatest number of respondents moved from middle level management to join the VAT Service. Out of the number of respondents, 33.3% of them in middle management joined the VAT Service from other organisations. From the supervisory level, 26.7% left their organisations and joined the VAT Service while 28.9% joined from lower level management. The remaining 8.9% moved from levels other than what has been stated to join the VAT Service. This means that employees are constantly moving from one organisation to another basically in search of better conditions of service and other reasons. The VAT Service therefore has employees who have served in various categories in other organisations even though their experiences might not count in their new employment.

4.8 Number of years with the VAT Service

Table 4.6 Number of years with the VAT service

No. of years	No. of staff	Percentage
<1	17	24.3
1	4	5.7
2	7	10.0
3	4	5.7
4	6	8.7
5	9	12.8
6	13	18.6
7	0	0
8	1	1.4
9	9	12.8
Total	70	100.0

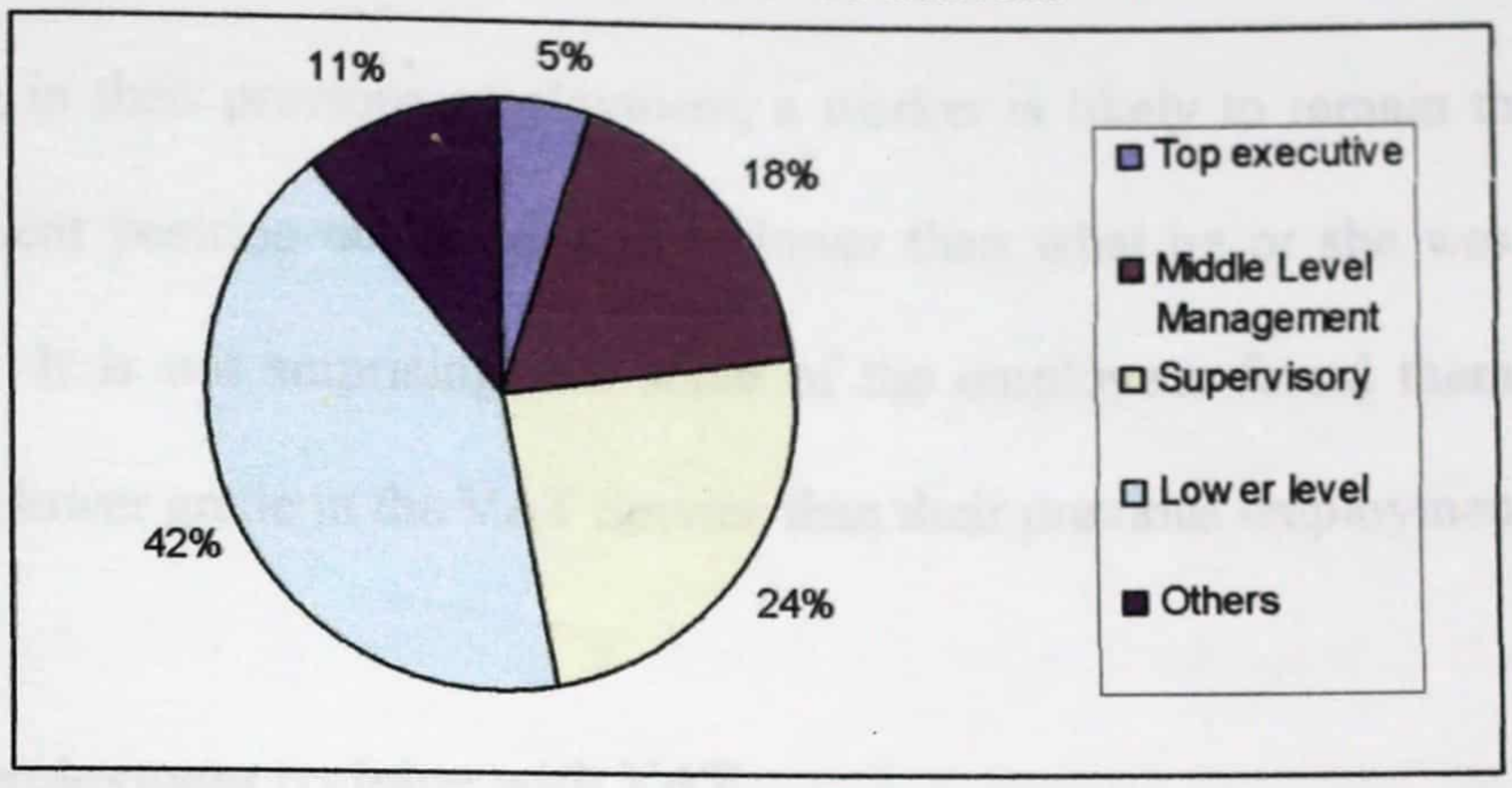
Source: Researcher's fieldwork, June 2004

From table 4.6 it is clear that the VAT Service has made a lot of recruitment recently. About 24% of respondents have served less than one year with the VAT Service. There were 18.6% of respondents who had served the Service for 6 years. The VAT Service was established in 1995 but operations were temporarily suspended and it finally took off in 1998. It is therefore not surprising that most of the employees have been with the Service for only a few years. None of the respondents was employed in 1996 and 1997. Those who were employed in 1995 were still retained despite the fact that the introduction of the VAT failed. Ten of the respondents representing 14.3% were employed when the VAT was introduced in 1995.

VAT is quite young in Ghana and as it keeps on expanding and extending its threshold, it is normal for it to solicit more hands to help achieve its objectives. The initial threshold was ¢200 million but this was reduced to ¢100 million cedis. This means that more enterprises have been mandated to collect VAT. With this expansion, it is obvious that the Service has to increase its numerical strength. Again, the introduction of the National Health Insurance Scheme necessitated the increase in the size of its employees. These explain why the VAT Service has considerable recruitment in recent years.

4.9 Category of staff in VAT Service

Figure 4.4 Positions held in the VAT Service



Source: Researcher's fieldwork, 2004

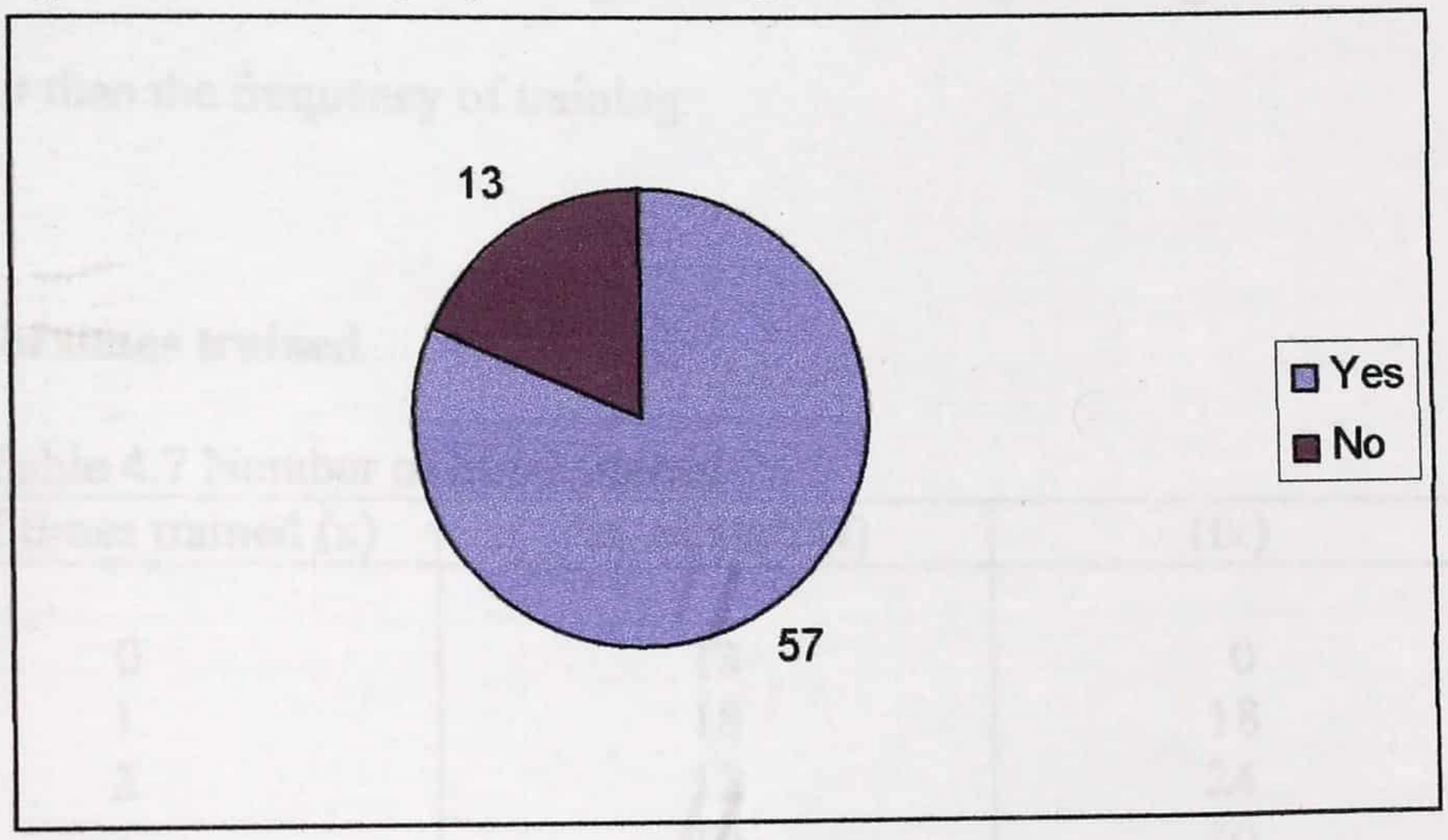
From indications, people who left other organisations to join the VAT Service were not placed in the same positions they were in their previous employment. About 33% of respondents left their previous employment from middle level management to join the VAT Service (Table 4.5). Out of this number, 18% found themselves in middle level management in the VAT Service (figure 4.4). This means that 4 people were either given top executive positions or were sent to the supervisory grade. Only 1 respondent out of the number that responded to this question left his previous job from top executive level but 3 of the same respondents occupy top executive positions in the VAT Service. This implies that two of those who joined from middle management positions have been promoted since they joined the VAT Service. About 42% of respondents to this question were put in the lower category in the VAT Service.

The work at the VAT Service requires lower category of workers because it is mainly concerned with making entries of taxes collected and compiling data on

them. Besides that most of the work is done on computers and this makes the work a little bit easier. If conditions in VAT Service are better than the conditions existing in their previous employment, a worker is likely to remain there even if the present position occupied is even lower than what he or she was occupying before. It is not surprising that some of the employees found themselves in a slightly lower grade in the VAT Service than their previous employment.

4.10 Post employment training with VAT

Figure 4.5 Post employment training.



Source: Researcher's fieldwork, 2004

Out of the 70 respondents, 81.4% have been trained since joining the VAT Service but 18.6% have not been trained. Training has taken various forms from on-the-job training to seminars. (Refer to Figure 4.7a, p.59). Various reasons have been given for the training of employees (Refer to table 4.8, p. 57). By the nature of the Service, it is surprising that some of the employees have had no training at all since they were employed. However, if one considers the fact that some of the

people employed fall in the lower category, then it is probable that they do not require any training by the nature of their schedule.

Subjecting all employees to various forms of training shows how committed the VAT Service is in acquiring a well-trained and competent staff. However, it must be remembered that it is not the number of training sessions organised nor the number of times an employee is trained that is essential but it is the quality of training that matters. If training is organised frequently but lacks quality, it is of no use to the employee and the organisation. Quality training is therefore more important than the frequency of training.

4.11 Number of times trained

Table 4.7 Number of times trained

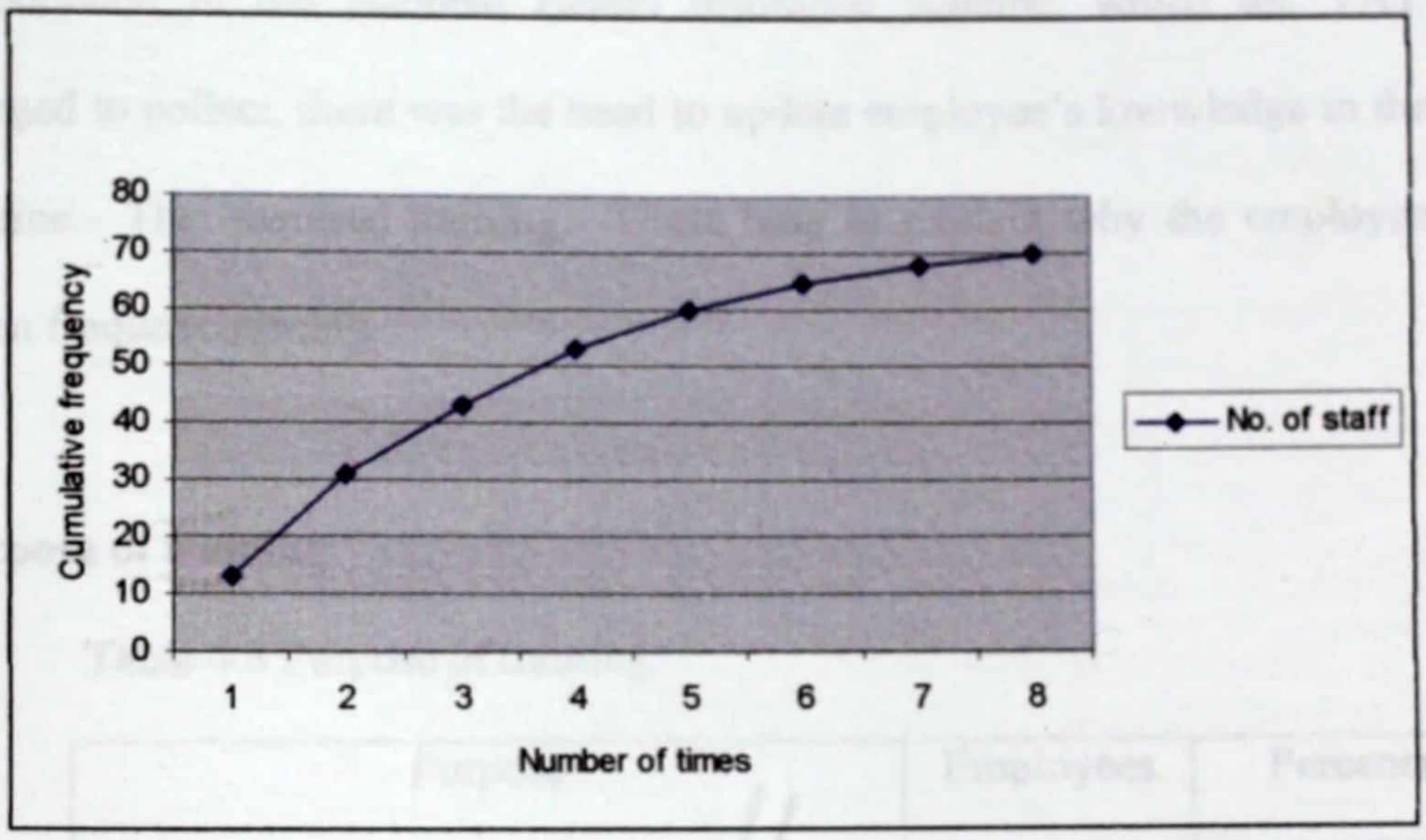
No. of times trained (x)	No. of staff (f)	(fx)
0	13	0
1	18	18
2	12	24
3	10	30
4	7	28
5	5	25
6	3	18
7	2	14
	$\Sigma f = 70$	$\Sigma fx = 157$

Source: Researcher's fieldwork, 2004

The average number of times each employee has been trained is 2.2 ($\Sigma fx/\Sigma f$) implying that each of the respondents has been trained about two times. This is quite laudable for the VAT Service considering the fact that the Service has existed for less than ten years. The VAT Service values training and as such appears to

put in a lot of effort to get its employees trained to update their knowledge in order to function well in the Service. Out of the 70 respondents, 18 had been trained once, 12 had been trained twice and the rest had been trained from between 3 and 7 times.

Figure 4.6 Cumulative frequency of Number of times trained



Source: Researcher's fieldwork, 2004

Two people had been trained seven times while 5 respondents had been trained five times. This is quite impressive considering the fact that the Service has existed for about eight years. It implies that there are employees who have had the opportunity to be trained more than once in a single year.

The cumulative frequency (fig 4.6) shows that about 53 employees representing 75.7% of respondents had been trained at least four times. Training therefore appears to be a priority of the VAT Service. In a service of this nature, it is prudent to have well-trained staff who are efficient and effective in discharging

their duties. These qualities cannot be achieved without adequate training. Inefficiency can lead to loss of huge sums of money to the Government hence the frequent training given to staff.

Training is done frequently because new developments come up from time to time. For instance, the increase in the VAT rate from 10% to 12.5% necessitated training of staff to be conversant with the new rate and its computation. Again, with the introduction of the National Health Insurance Scheme, which the VAT was charged to collect, there was the need to update employee's knowledge in the new scheme. This required training. These help to explain why the employees are given frequent training.

4.12 Purpose of training

Table 4.8 Purpose of training

Purpose	Employees	Percentage
1. To solve a specific problem	12	17.1
2. General	20	28.6
3. To correct a performance gap	7	10.0
4. For promotion	4	5.7
5. To introduce a new technique	24	34.3
6. Others	3	4.3
Total	70	100

Source: Researcher's fieldwork, 2004

Out of the 70 respondents, 17.1% of them were trained to solve a specific problem. The problems were varied and included the correct assessment of customers, registration and deregistration, basic book keeping, returns processing and in-depth understanding of the VAT law. For instance, the inclusion of finished pharmaceutical products in the product line which attracts VAT, made it imperative for some of them to be trained to know the new law, that is, the VAT (Amendment) Act 2001 (Act 595) which seeks to create a level playing field for both local manufacturers and importers of finished pharmaceutical products.

To some of the respondents, 28.6% had had a general training which included topics covering the entire scheme of VAT. However, 10% of the respondents had been trained to correct certain lapses detected among the workers. The VAT authorities realised that there were lapses in the performance of some of the employees and hence organised periodic training for staff whose performance needed a boost.

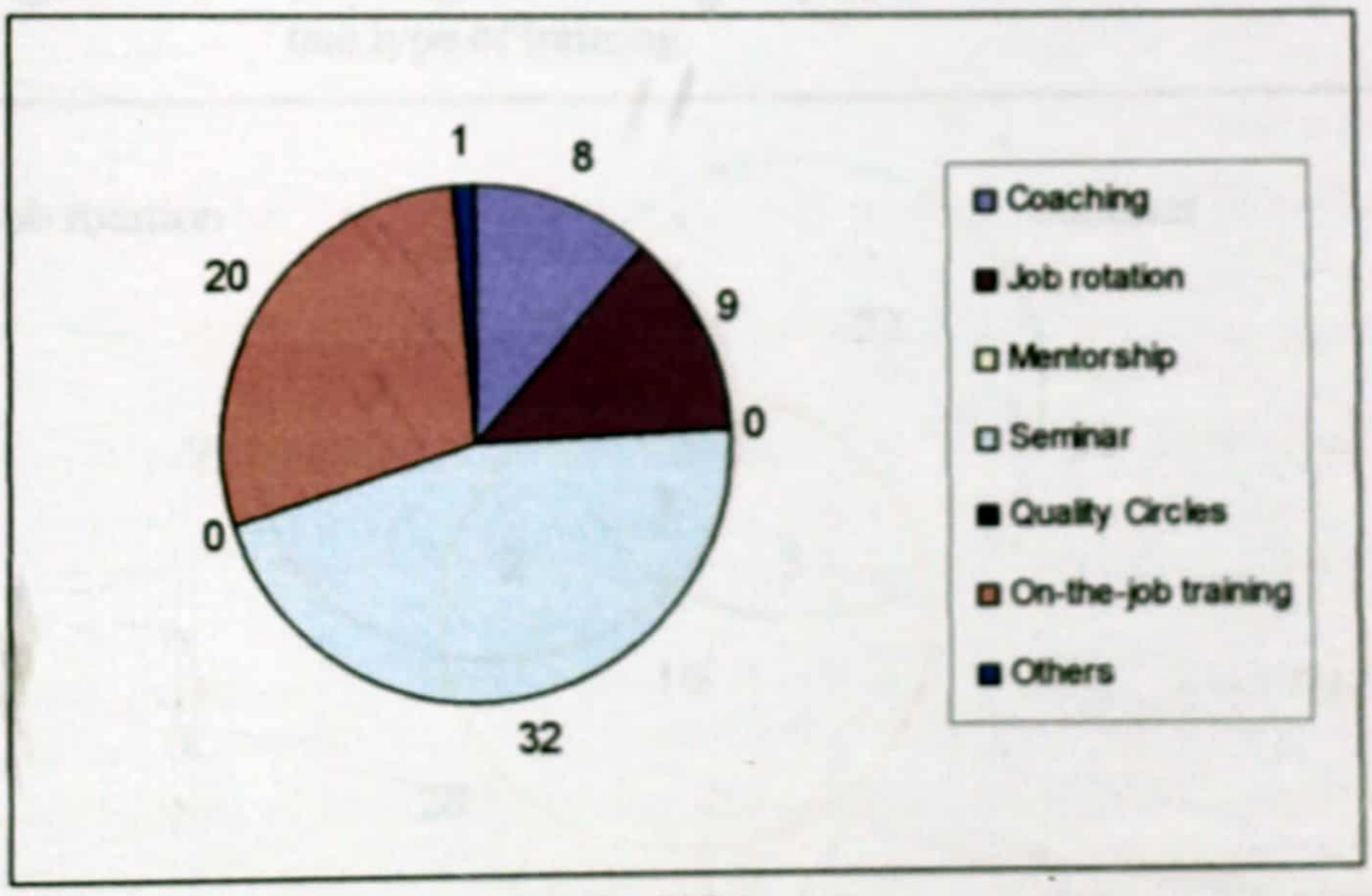
According to the VAT Service's Collective Bargaining Agreement, employees shall normally become eligible for promotion after serving in their grades for a period of not less than three years. However, where there is the need for promotion examination, an in-service training course shall precede the examination. It is for this reason that 5.7% of the respondents attended a promotional course as a form of training.

According to the respondents 34.3% had attended training, which introduced a new technique to them. When the GETFUND was introduced, some employees were trained specifically to contain the new situation. Employees were trained in the calculation of the additional 2.5% added to the original VAT rate of 10%. As new techniques are developed, employees are introduced to them through their training scheme.

Other reasons given by respondents for their training included updating officers' knowledge on the VAT Act and how to carry out control and verification visits effectively, large tax payers unit and taxable and exempt suppliers and apportionment. These reasons constitute the 4.3% labeled as 'others' in table 4.8.

4.13 Type of Training

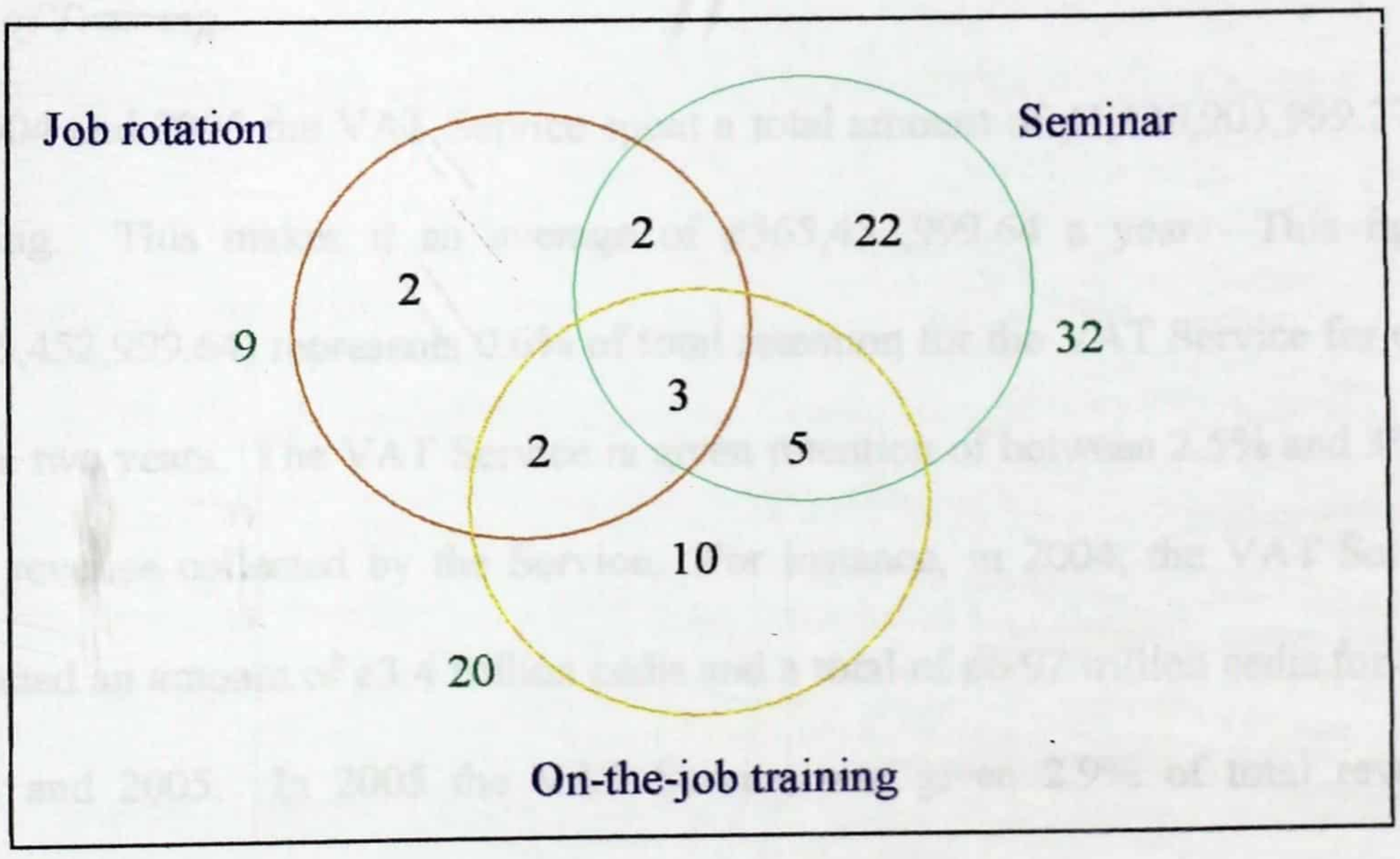
Figure 4.7a Type of training given



Source: Researcher's fieldwork, 2004

Various types of training methods have been adopted by the VAT Service including coaching, job rotation, mentorship, seminar, quality circles and on- the-job training. Eight of the respondents had gone through coaching while 32 had attended various seminars to update their knowledge. This implies that almost half of their training programme involves seminars. The next most widely used method of training of the VAT Service is on-the-job training. Twenty respondents had undergone this type of training. The VAT Service organises job rotation method of training for its workers and employees are put on new assignments on a temporary basis for an agreed period of time. Nine of the respondents were trained through this method. The Vat Service apparently does not employ quality circles and mentorship as a form of training. None of the respondents had been trained this way. One person specified that he had been trained in a method other than the above listed ones but failed to specify.

Figure 4.7b Venn diagram showing employees who have had more than one type of training.



Source: Researcher's fieldwork, 2004

Figure 4.7b shows that some employees had benefited from more than one type of training. Out of the 20 respondents who had been given on-the-job training, 5 had attended seminar as well and 2 had practiced job rotation and 3 had gone through the three major methods employed by the VAT Service. Thirty-two respondents had attended seminar but out of this number, 5 had also had on-the-job training, 2 both seminar and job rotation while 3 had had training in all the three major training methods.

Varying the training methods is quite laudable since the benefit of one efficient method can compensate for the deficiency of the other. On-the-job training gives practical application of knowledge to the job being learnt but this is not as widely used as seminar. Since on-the-job training is pragmatic training, it gives the employees better grasp of the subject as compared to seminar which sometimes takes the form of series of lectures and less practical work.

4.13.1 *Cost of Training*

In 2004 and 2005 the VAT Service spent a total amount of ¢1,130,905,999.27 on training. This makes it an average of ¢565,452,999.64 a year. This figure (¢565,452,999.64) represents 0.6% of total retention for the VAT Service for each of the two years. The VAT Service is given retention of between 2.5% and 3% of total revenue collected by the Service. For instance, in 2004, the VAT Service collected an amount of ¢3.4 trillion cedis and a total of ¢6.97 trillion cedis for both 2004 and 2005. In 2005 the VAT Service was given 2.9% of total revenue collected just as in 2004.

It is this revenue which is at the disposal of the VAT Service and part of which is used for training. Considering the number of times each employee has been trained and the fact that seminars form the modal form of training, then the amount available for training is inadequate. However, if this figure is compared to the amount of retention that comes to the VAT Service, then the Service spends a very small amount of its income (0.6%) on training. This is understandable considering the fact that it is part of this retention which is used for all other operations of the VAT Service including provision of vehicles and other logistics. Despite the financial constraints, the VAT Service continues to develop its human resources. For instance 81.4% of respondents had been trained since joining the Service. Many of them have even had the opportunity to be trained more than once (Table 4.7). The fact that the VAT Service uses only 0.6% of its revenue for training despite its interest in organising training for its employees indicates that the Service if financially constrained. The hypothesis that the VAT Service will not develop its human resources due to financial and economic constraint is rejected and the alternative hypothesis that the VAT Service will develop its human resources in spite of its economic and financial constraint is accepted.

4.14 Performance after training

Table 4.9 Shows number whose performance improved after training.

Training improved performance (Yes)	%	Training did not improve performance (No)	%
48	84	9	16

Source: Researcher's fieldwork, 2004

Respondents were unanimous that the training improved their performance. Fifty-seven out of the 70 respondents had had one form of training or another. Forty-eight representing 84% of respondents who had been trained claimed that their training improved their performance in varying degrees. This means that all the types of training, which the employees had gone through, were capable to an extent of improving their performance. This implies that coaching, job rotation, seminars and on-the-job training can improve performance.

4.15 Effects of training on performance

Table 4.10 shows nature of improvement after training

Nature of improvement	Number of employees	%
1. Understood nature of job well	18	25.7
2. Could work faster	2	2.9
3. Made little or no mistakes	2	2.9
4. Could work with little or no supervision	5	7.1
5. Output improved considerably	8	11.4
6. All of the above	22	31.4
7. None of the above (Due to no training)	13	18.6
Total	70	100

Source: Researcher's fieldwork, 2004.

Training generally is supposed to improve the competencies of workers. Respondents' answers to these questions showed that training improved their

competencies. Out of a total number of 70 respondents 22 of them representing 31.4% claimed that their training helped them to work faster, understand the nature of their jobs, and make little or no mistakes. It also helped them to work with little or no supervision and improved their output. For the remaining respondents, 25.7% claimed that the training helped them to understand the nature of their jobs while 11.4% felt that their output improved. More than 7% claimed that they could work with little or no supervision and 2.9% could work faster. The remaining 2.9% said that the training helped them to make little or no mistakes. Thirteen respondents could not indicate the effect of training on their performance because they had had no training. The rest of the respondents who had been trained agreed that the training had effect on their output. If employees recognise that the various forms of training given them actually helped to improve their competencies, then training must be given serious attention in the service. This is important because incompetent staff of the VAT Service can easily create loopholes for prospective taxpayers to avoid paying the value added tax. Training is therefore beneficial to the employee, the VAT Service and the nation at large.

4.16 Promotion after training

Table 4.11 shows number of employees promoted after training

Promotion after training (Yes)	%	No promotion after training (No)	%
4	7	53	93

*Note: 13 respondents have had no training

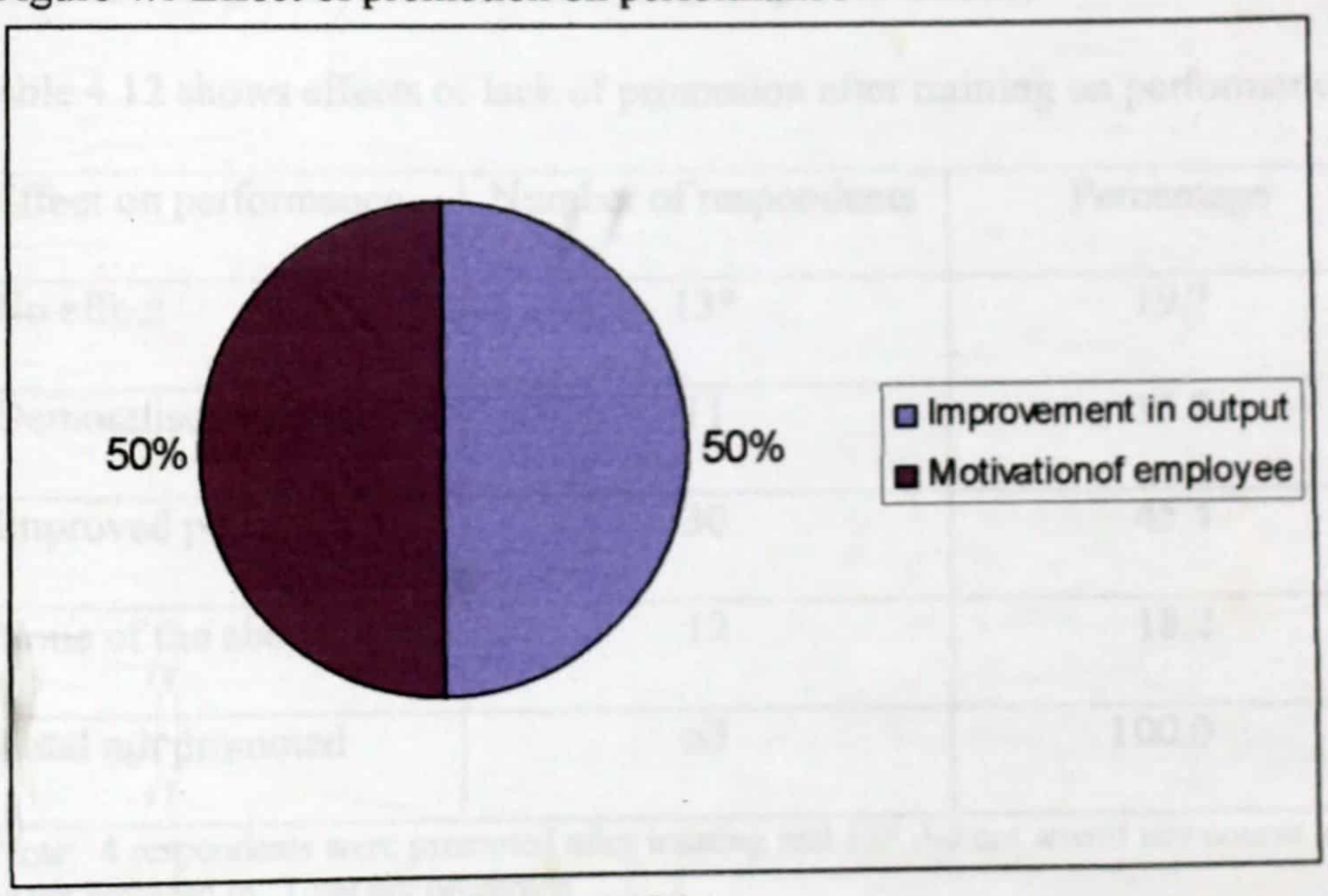
Source: Researcher's fieldwork, 2004

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The VAT Service has a policy to promote its staff from within the Service. Employees normally become eligible for promotion after serving for three years. It is usually on merit – efficiency, qualifications, seniority, experience, sense of responsibility etc – that qualifies a staff to be promoted. The possession of an academic qualification in itself does not qualify an employee for promotion. Where it is necessary to promote through examination, a form of in-service training course usually precedes the examination. It has been established that only 7% of respondents who had been trained were promoted after training and 93% were not. It is clear that the VAT Service does not necessarily promote its staff after training but their promotion is basically based on the conditions listed above. Those who were promoted attended the training for promotion.

4.17 Effect of promotion after training on performance

Figure 4.8 Effect of promotion on performance



Source: Researcher's fieldwork, 2004

Out of the 7% of respondents who had been trained and were promoted after training, 50% of them claimed that the promotion after training improved their output and 50% also claimed that it motivated them. This shows that promotion in itself is a form of motivation for employees. Promotion also helped to improve the output of workers. If by being promoted, employees were motivated to increase their output then it means promotion helps to develop employees. Basically, development prepares employees to take up higher responsibilities in future.

Generally, it is not the wont of the VAT Service to promote employees after training otherwise some employees would be promoted every year or even twice a year depending on the number of training sessions attended. This explains why only 7% of respondents were promoted after training.

4.18 Effects of lack of promotion after training on performance.

Table 4.12 shows effects of lack of promotion after training on performance

Effect on performance	Number of respondents	Percentage
No effect	13*	19.7
Demoralised respondent	11	16.7
Improved performance	30	45.4
None of the above	12	18.2
Total not promoted	53	100.0

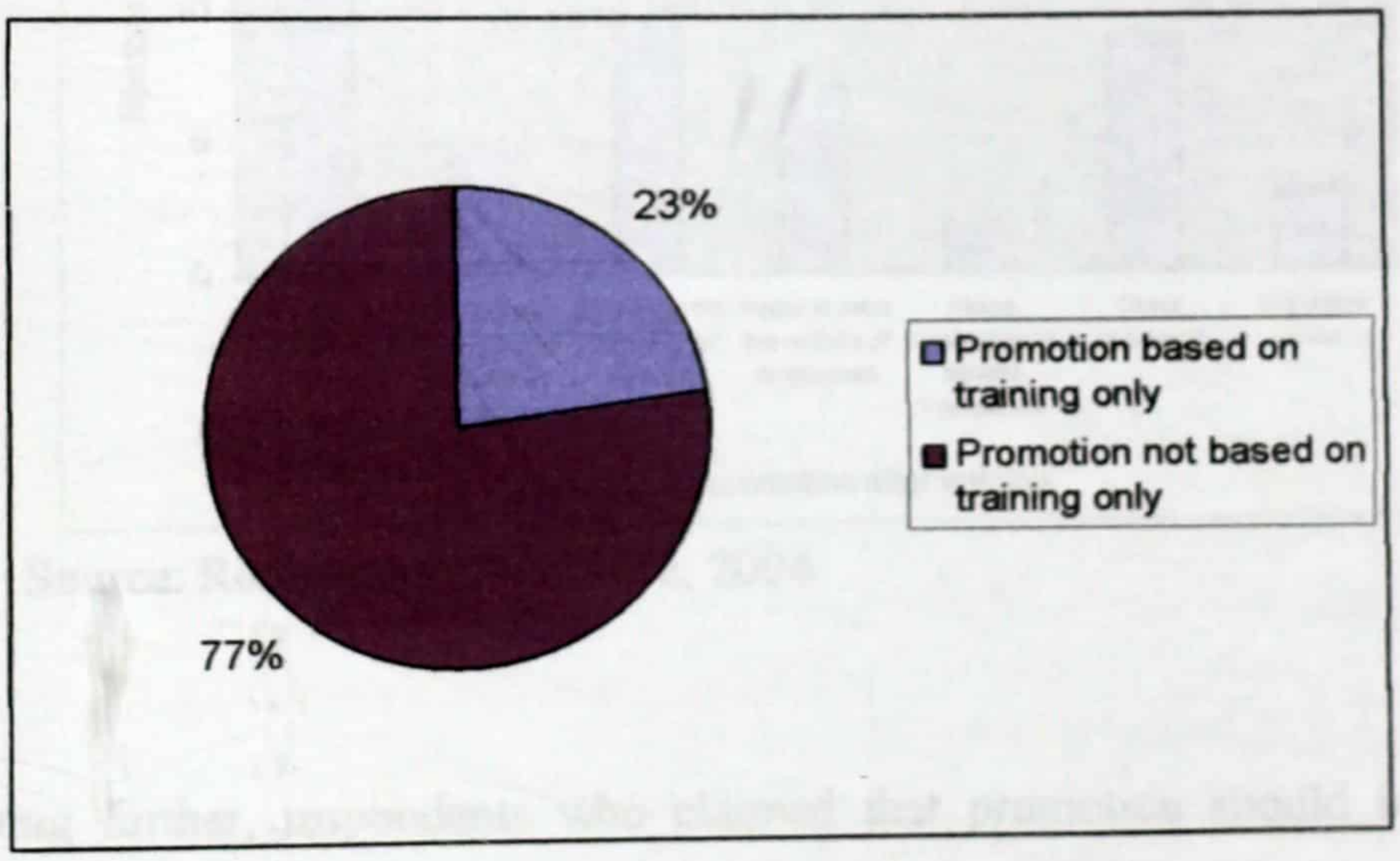
Note: 4 respondents were promoted after training and 13* did not attend any course and so is not included in 'Total not promoted'.

Source: Researcher's fieldwork, 2004

Out of the 70 respondents 53 were not promoted after training. Out of this number, 45.4% of them claimed that despite the fact that they were not promoted, it improved their performance. About 19.7% had had no training and so it had no effect on their performance. Another 16.7% also claimed that the fact that they were not promoted after training demoralised them. The remaining 18.2% claimed that it neither demoralised them, improved their performance nor had any effect on them. When employees have no hope of promotion due to the fact that there are no vacancies up the ladder, they may feel content with their status in the organisation. However, when they have the hope of being promoted, but are not given the opportunity then they can be demoralised. It is clear that some employees returned from training with the hope that they would be promoted hence their mixed feelings after the training.

4.19 Basing promotion on training only.

Figure 4.9 shows number who wants promotion to be based on training only.

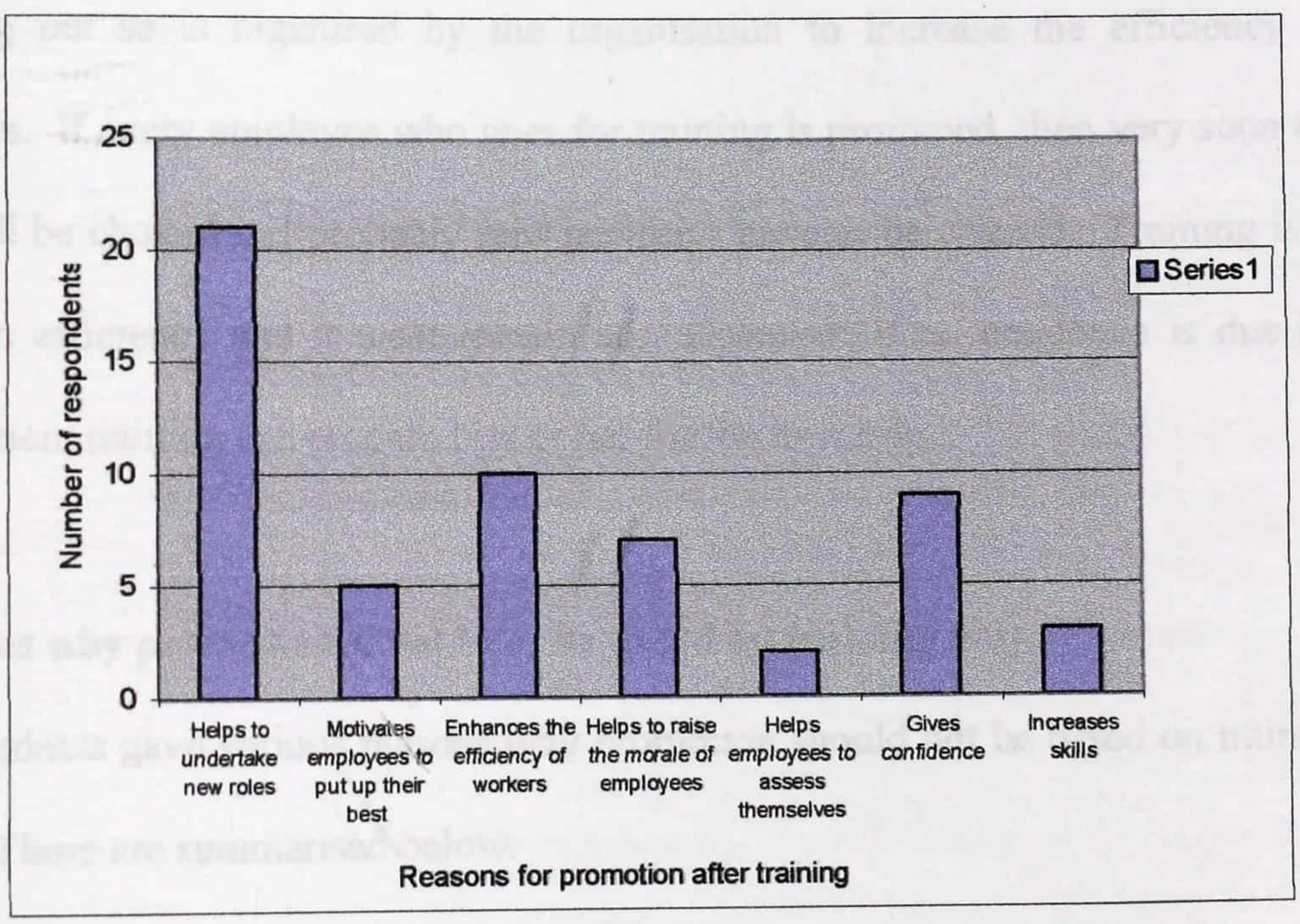


Source: Researcher's fieldwork, 2004

Some respondents wanted promotion to be made only after training. Those who fell in this category formed 22.8% (13) out of the 57 respondents who answered this question. Of the number, 77.2% also claimed that promotion should not be made only after training. The majority of the respondents therefore wanted other parameters to be considered before an employee could be promoted. This implies that though training improves performance as already noted, it must not be made a sine qua non for promotion.

4.20 Reasons why promotion should be based on training only.

Figure 4.10 shows reasons why promotion should be based on training



Source: Researcher's fieldwork, 2004

Probing further, respondents who claimed that promotion should be based on training only gave various reasons why this should be so. Reasons given were varied and included the following:

a. training helps employees to undertake new roles,

b. training motivates employees to put up their best,

c. it enhances the efficiency of workers.

d. training helps to raise the morale of employees.

e. training helps employees to assess themselves

Other reasons given by respondents to base promotion on only after training were only framed in different words but were basically the same as what have been stated above and have therefore been put in their categories.

Some respondents think that it is a good policy to base promotion on training but training per se is organised by the organisation to increase the efficiency of workers. If every employee who goes for training is promoted, then very soon the top will be choked and probably new positions have to be created. Training is to sharpen efficiency and it must remain so. However, if an employee is due for promotion, training can prepare him or her for the new role.

4.21 Reasons why promotion should not be based on training only.

Respondents gave various reasons why promotion should not be based on training only. These are summarised below.

Reasons:

a. Output of work should be considered

b. Training may not give all the qualities and techniques needed for the position

c. Promotion should be based on experience and performance

d. Promotion should be based on merit and performance appraisal

e. Specific duration on a rank should be taken into consideration

f. Academic and professional attainments should also be considered before promotion

g. Training alone cannot guarantee hard work

h. Training alone cannot guarantee improvement in performance

i. Promotion should be based on long service.

While some respondents were of the view that promotion should be based solely on training, others felt otherwise. About 77% were of the view that promotion should not be based on training only (Fig 4.9).

The reasons given generally indicate that promotion in organisations should not be based only on training. While agreeing that training is necessary for the development of employees in an organisation, it should not be the only criterion for promotion. However, it is agreed that employees due for promotion should rather be given some form of training to help them fit in their new positions.

Another general consensus is that employees must serve in a certain capacity for a period of time before being promoted. This means that promotion should not be based on training alone. Competence, merit, dedication to work and ability to achieve targets should be considered when promoting employees. These summarise the general views of the respondents.

4.22 Development beyond education and training

Information on some other aspects of the development of the staff of VAT Service was obtained through interview. The interview revealed that members of staff of the VAT Service are given annual leave and besides are entitled to casual leave, and they go on midday break every working day just as other civil servants. This gives the employees time for recreation and revitalization and is a source of renewed creativity and individual accomplishment. The Service adopts the target-setting performance appraisal system and this apparently has gone down with the employees of the VAT Service. This system directs their sense of purpose. All the interviewees agreed that they have ample access to training and improvement of individual knowledge and skills.

The interview however revealed that there is no opportunity for employees to participate in reforming administrative processes which increase identification with individual work. Reforms in administrative processes are basically the prerogative of the government and top management. Twenty percent of interviewees wished that they were given more responsibility and less hierarchical interventions which result in greater job satisfaction. Despite the prestige attached to working with the VAT Service, eight out of the 20 employees interviewed representing 40% were however not satisfied with their remuneration and other conditions of service. Even though comparatively they are better remunerated than many organisations in the country, they nevertheless wished that more could be done in terms of salaries and other allowances. Five out of the 8 however, belonged to the lower level of the organisational ladder.

From the interview it was gathered that, factors that limit human resource development are not particularly prevalent. Factors such as verbal and physical aggression, sexual harassment, bullying, mobbing etc. are very minimal. The absence of these gives the employee ample freedom for development.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction.

In this study an attempt was made to ascertain the impact of human resource development on the efficiency and production of workers in the VAT Service. It also tried to find out the extent to which people in the VAT Service have accepted and adopted human resource development. The study also found out whether the VAT Service was likely to develop its human resource through training and education or whether they preferred to use people already developed in other organisations. Various methods were used to arrive at the following conclusions.

5.1.1 *Past Experience*

The study revealed that 90% of respondents had no experience at all with any revenue collecting service and only 10% of them had worked with the Internal Revenue Service or the Customs, Excise and Preventive Service. This implies that the VAT Service does not employ people with the requisite skills and experience needed for the job. The VAT Service's operations and method of revenue collection differ from those of the two major revenue services so there was no need to bring in people already with experience in revenue collection. It needed to train its own staff the way it needed them to fit into its organisation. To confirm the fact that the VAT Service did not need past experience with a revenue collecting service, 92% of respondents moved from other organisations rather than revenue collecting ones to join the Service.

Even those engaged from the other revenue collecting services, their experience in these services ranged from one to four years. This shows that not much experience had been gathered from the service they moved from. The experience of those who were employed from organisations other than revenue collecting services ranged from a few months to more than nine years. However, the highest number of them, 21.4% had served for less than a year with their organisations. The findings also revealed that out of the number of respondents, 5 of them had no experience at all. Employing such number of people without previous experience implied that the work could be done by anybody at all or that the VAT Service had to give them the required training. Judging from available information gathered the VAT Service prefers to develop its own human resources.

The findings also revealed that even though the VAT Service did not require prior experience, one person moved from top executive position to join the VAT Service. A greater number of people moved from middle level management in other organisations to join the VAT Service. This constituted 33.3% of respondents. From the supervisory level 26.7% joined the VAT Service from other organisations. The findings have revealed that people constantly change employment especially from middle level management.

5.1.2 *Development after employment with VAT*

The findings revealed that out of the 70 respondents, 81.4% have been trained after joining the VAT Service. Majority of these are trained before being posted. This apparently is the reason why the VAT Service does not put premium on previous

experience. This shows that the VAT Service is keen on developing its own human resources.

The mean number of times each employee has been trained is 2.2 times. Since the VAT Service has existed for less than ten years, it is surprising that the respondents have been trained at least 2 times. However, considering the technical nature of the job and the fact that new levies such as the GETFUND and the National Health Insurance Scheme are introduced from time to time, and the VAT Service being mandated to collect such levies, it is quite understandable that the number of times it trains its employees is high. It is envisaged from the study that the VAT Service will continue its training scheme as a way of developing its human resource base. It is the only way that it can keep its employees up to the job since there are people who are likely to exploit loopholes in the scheme.

5.1.3 *Training on new developments*

Besides introducing a new technique, training in the VAT Service has been general implying that employees are given general knowledge about their functions and the general operations of the Service. The survey showed that 28.6% of respondents had been given this general training. This is not to say that the VAT Service gives its employees general training only. Most often when there is a new development and the employees need to be kept up to date with a new technique emanating from the new development, the employees are given the needed training. The study showed that 34.3% of employees have been developed this way. Such training techniques have also been used to develop the human resource of the VAT Service.

The VAT Service also gives its employees the required training when a specific problem arises. About 17.1% of employees have had to go for training to solve a specific problem arising from their operations. Sometimes in order to close a performance gap, employees are given the requisite training.

The VAT Service must be lauded for its seriousness in trying to develop its human resources this way. If a new technique needs to be introduced or if there is a performance gap, there is no need allowing it to escalate before trying to find a solution to it as some organisations do. Such lapses can make the company or organisation inefficient in its operations. Being a revenue collecting service for the nation, any inefficiency can have negative effect on the entire economy.

5.1.4 *Type of training*

It has been established that the VAT Service makes training a priority in its human resource development but as to whether the type of training given is adequate or able to make the required impact is another thing. It is in the light of this that the study also tried to find out the type of training given by the VAT Service. It came out that the highest form of training was through seminars, and about 45.7% of respondents had been to a seminar organised by the VAT. It was also clear that on-the-job training featured prominently in the training scheme of the VAT Service. Sometimes, it is desirable and cost effective to give short period of specific training to employees than long period based on study leave with its concomitant study leave with pay.

5.1.5 *Performance after training.*

One other thing that the study came out with was whether the training they received was relevant to their job schedules. It can be stated that if after training, the employee's performance improved generally, then the training has been beneficial to the Service and the employee. On the other hand, if the training did not improve performance or solve the specific problem for which the employee went for training, then there is the need to take a second look at their training methods.

Looking at the performance of employees after training, 81.4% claimed that it improved their performance signifying that the training had been effective. If respondents' performance improved after training, then it appears the training sessions organised by the Service are effective and must be encouraged. A well-developed employee can easily plug the loopholes that are likely to show up in the scheme. The benefit will be to the employee, the VAT Service and the state at large.

From the respondents, it was gathered that even though employees were generally not promoted after training, it did not demoralise them, rather it improved their performance. Employees prefer to be promoted after serving a certain period in the service. However, a few people contended that promotion could be made after an employee attained a certain academic or professional qualification. This assertion is quite laudable and shows how employees place premium on academic and professional qualifications.

5.1.6 *Other aspects of employee development*

Other aspects of employee development such as annual leave and recreation which revitalise the employee, the use of target-setting appraisal system and access to training and improvement of individual knowledge and skills, are practiced in the VAT Service. Equal opportunity and treatment as well as motivation help workers to develop in their workplace and get themselves ready for higher positions. Awareness created through training and flow of information through the VAT Newsletters and other magazines help the workers to be well informed about the nature of their work. Besides these, the prestige attached to working with the VAT Service is a source of motivation for the employees to develop themselves.

It also became clear that factors which limit human resource development are negligible in the VAT Service. Factors such as bullying, sexual harassment, mobbing, verbal and physical aggression are minimal. These can hamper human resource development. If an employee is constantly harassed in the workplace, it will be difficult for such a person to have any freedom to develop.

However, aspects such as giving employees more responsibility and less hierarchical interventions, and the opportunity for employees to participate in reforming administrative processes which are forms of motivation to make employees feel that they are part of the system, are relegated to the background. Despite these the employees of the VAT Service have come to accept and adopt human resource development as a sine qua non for improvement in their service delivery.

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So far the VAT Service has lived up to expectation in respect of its human resource development. It has been able to give the requisite training to its employees to make them efficient. This is a service, which mobilises revenue for the state, and therefore any lapses in its performance would have a great negative impact on the national economy. It is therefore right for the Service to constantly update its employees' knowledge with new developments as they occur.

From the discussions above, Human Resource Development has impacted greatly on the production and efficiency of workers of the VAT Service despite its financial constraints. The hypothesis that the VAT Service will develop its human resources in spite of its economic and financial constraints was validated. By validating this hypothesis, the alternative hypothesis which says that the VAT Service will not develop its human resources due to its economic and financial constraint was rejected. It must be remembered that the VAT Service receives only between 2.5% and 3% of the total revenue collected in any year. It is this income which is used to cater for the entire operations of the VAT Service including employee development.

5.2 Conclusion

The study was set up with the objective of finding the impact of human resource development on the productivity and efficiency of workers in the VAT Service and who benefits from employee development. From the study above, it is clear that this general objective has been achieved. It is clear that human resource

development in the Service has impacted greatly on the employees. Respondents have generally agreed that training organised by the Service for the employees have benefited them by improving their skills and competence. If the skills and competence of employees have improved, it can be concluded that productivity has improved as well.

The employees have come to accept human resource development in the Service; as such they are ready and prepared to be given training at any point in time especially if there is a new technique to learn. Employees have therefore gone through training for the GetFund and the National Health Insurance Scheme to update their knowledge.

From the study, it is clear that employees enjoy their development and this enthusiasm alone shows that in terms of the employees, there are virtually no constraints to their development. The major constraint to their development is finance. Consultants have to be engaged to train the employees and this costs a lot of money and considering the fact that training is done frequently, then this will impact greatly on their finances. However, if one considers the benefit in terms of productivity, then it is worth it. Even though the VAT Service has budget constraint, it cannot relent in its human resource development since it is a tax-collecting Service and any lapses in their operations can have a negative impact on the country's economic development.

5.3 Recommendations

The VAT Service has not done badly generally in terms of its human resource development. However, there is still room for improvement. The development has been basically training with the other aspects of human resource development not particularly emphasised. The following recommendations are made based on the study.

5.3.1 *Selection and induction*

Selection at the VAT Service has been quite laudable because it gives school leavers the opportunity to get employed without any experience. Most organisations require some form of experience before employing school leavers, which invariably contributes to the unemployment situation in the country. However, in an organisation such as the VAT Service, it is important to have people who are experienced to work there since people generally try to avoid the payment of tax. Some organisations mandated to collect VAT may collect the tax but will deliberately refuse to pay all to the government. It will take an experienced person to detect some of these discrepancies.

It is recommended that the VAT Service balances the relatively inexperienced staff with those who have the requisite experience. Such employees can use their experience to bring some innovation into the organisation. If employees have no past experience, they have nothing to compare with if they happen to face any problem. An experienced person can easily surmount a problem than an inexperienced one.

5.3.2 *Type and quality of training*

The major types of training used by the VAT Service are seminar and on-the-job training. These types of training are quite commendable but seminars are a bit expensive. If the VAT Service is financially constrained in its operations, then it is recommended that on-the-job training and job rotation be encouraged more. It is also recommended that the Service adopts the Quality Circles approach to solve specific problems. This system is widely used by the Japanese. Companies in Japan have benefited immensely from the use of this technique of problem solving. This method is cost-effective and does not waste a company's time in organising training to solve specific problems.

The VAT Service does not sponsor individuals to obtain higher degrees. Sometimes, it is desirable and cost-effective to give short period of specific training to employees than long period based on study leave with its concomitant study leave with pay.

On the quality of training, it appears the VAT Service has basically centred on the technical operation of VAT. It is recommended that training also covers other areas of human resource development and customer care such as work ethics and behaviour towards clients.

This may involve redefining human resource service delivery model to meet internal customers' needs and cost effectiveness, while maintaining high quality service and providing employees with a comprehensive suite of learning,

productivity and performance support tools. Several companies are also pioneering the use of new technologies and innovative practices to dramatically increase the effectiveness of their training and development activities. These companies have migrated from using ad-hoc training programmes to comprehensive learning environments tied explicitly to overall corporate objectives.

Such environments typically blend several types of learning programmes including electronic-learning (e-learning), performance simulation, and workspace portals collaboration tools and knowledge management applications which in combination, offer employees a best breed approach to addressing skills gaps quickly and at the point of need.

5.3.3 *Frequency of training*

Training sessions at the VAT Service have been many with seminars being the modal form of training. This means that seminars have dominated the training sessions at the VAT Service. As already noted, seminars are expensive as compared to on-the-job training and job rotation. It is therefore recommended that the frequency of seminars be reduced and replaced by other forms such as job rotation, on-the-job training and quality circles. These are less expensive and can be organised frequently especially if it is considered that the VAT Service is given only between 2.5% and 3% of the taxes they collect to meet their general expenditure including training.

5.3.4 *Use of professionals*

It appears the VAT Service does not rely much on professionals. Even though professionals may not be used in all sections, there are a few which require the use of professionals such as auditing and accounting. Sections such as accounts and audit need professionally qualified people to handle. It has been observed that people who go out to audit the accounts of VAT collectors are mostly people who do not hold professional degrees. A few days' training will not be enough to send people out to audit firms. It is recommended that the VAT Service employs more professionals especially those with accounting and auditing backgrounds. Such professionals are more likely to be able to scrutinise the invoices and pinpoint discrepancies on them. This way, non-payment of VAT to the state will be minimised.

The Revenue Agency Governing Board was set up to oversee the activities of the revenue agencies in the country such as the VAT, the Internal Revenue Service and the Customs Excise and Preventive Service. It is a sort of a monitoring mechanism which ensures that the revenue agencies live up to expectation. It is recommended that the Revenue Agency Governing Board lives up to expectation so that employees of the revenue agencies who go out to enrich themselves at the expense of the state and taxpayers who connive with them would have themselves to blame.

5.3.5 *Performance appraisal and promotion*

Some respondents suggested the use of training as a form of promotion but others were of the opinion that the use of performance appraisal for promotion was better. The VAT Service has a performance appraisal system that is based on target setting. Targets are set at the beginning of the year for the Service and this is broken down and passed on to the various regions. These are then broken down to the various employees to achieve within the year. Most often the VAT Service exceeds its overall target. It is recommended that those who contribute to the Service exceeding its targets are identified and rewarded. If they are able to perform well over a certain period, then they must be promoted. This system will serve as a motivation to the other employees to exceed their targets also. It will also help develop the employees because as they struggle to exceed their targets, they will learn new and quicker ways of doing their jobs well. This, coupled with good conditions of service, will invariably give them job satisfaction which is a way of developing them. If people are satisfied with their jobs they are likely to work well.

In an organisation such as the VAT Service, there is the tendency for employees to connive with firms to pay less to the state and collect something into their personal pockets. Rewarding high performing employees with promotion can minimise such behaviour and this is highly recommended. It is recommended that promotion generally be based on work performance, experience and qualification. If training were used as the only means of promoting employees as suggested by some respondents, only favoured employees would have access to training.

Promotion would therefore be based on "whom you know", a system which needs to be eschewed in our society.

5.3.6. *Four-step development plan*

The following four-step development plan will help put the VAT Service employees on track to achieve their maximum potential.

1. *Prepare the employee*

The Service should get the employee thinking about his or her own development and the areas where development can occur. The Service should find out the aspect of the job the employee likes best, his or her major accomplishment after the last performance appraisal and how the organisation can help him or her to do a better job. The Service should also find out the changes the employee would like to see in his or her present job schedule and the activities that will help him or her to develop in his or her career. It is good to begin the development process during performance appraisal. Questions bordering on the above should be given to the employee in advance of the appraisal interview to give him or her time to prepare. The concerns and issues raised by the employee should be considered by the Service and try to address them. This way the Service will help the employee to develop faster.

2. *Provide Development Support*

The VAT Service needs to recognise that every employee is different so they must adopt different methods to support employee development. The methods already

used by the VAT Service in their employee development can be enhanced and used regularly. However, the Service must sometimes permit the employee to define some aspects of the job and make suggestions as to how the job might be redesigned to enhance proficiency. This way the creative ability of the employee will come to the fore. The use of delegation can also help the employee to develop. Some aspects of a boss' job can be delegated to a subordinate to do and this will help him or her to prepare for more challenging roles. Peer coaching is also a way of enhancing development. When a person is taught by a peer, he or she will feel free and can ask the necessary questions that will make him or her understand the lesson better.

3. *Create Confidence*

The VAT Service should give its employees the encouragement and support needed to feel confident in their ability to succeed. It is only when an employee is confident that he or she will be able to work with little supervision. Lack of confidence will make it difficult for the employee to take initiative. When things do not go well as planned, the Service should focus on what went right. The VAT Service should take smaller steps to ensure success in developing employees.

4. *Monitor Progress*

The VAT Service managers should observe how the employee is doing. They should constantly monitor the progress of the employee in mastering the job. They should review any quantity and quality measures that are relevant. Development is

not static and therefore monitoring will help the managers to improve on methods adopted in their employee development.

When these recommendations are adopted, they will go a long way to develop and motivate the VAT Service employees fully to face any challenges.

The VAT Service has to some extent lived up to expectation in respect of its human resource development. It has been able to give the requisite training and some development to its employees to make them efficient. This is a Service, which mobilises revenue for the state, and therefore any lapses in its performance would have a great negative impact on the national economy. It is therefore right for the Service to constantly update its employees' knowledge with new developments as they occur. It is recommended here that the VAT Service does not relent in this effort and must keep it up. However, other aspects of human resource development such as work ethics, good working conditions, career development possibilities and good remuneration package which go to enhance the personality and performance need to be addressed also. Over-reliance on training without a similar emphasis on the other aspects of employee development may not help the organisation to maintain good quality employees and can lead to a high labour turn over or connivance with clients to cheat the state.

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Appendix A

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY
DEPARTMENT OF ECONOMICS AND INDUSTRIAL MANAGEMENT

This study is an academic exercise aimed at determining the human resource development practices in the VAT Service. I will be most grateful if you could please do me a favour by kindly accepting to fill in the following questions which will serve as the main basis for the study. The information you provide will be handled confidentially and for the declared purpose.

You are not required to write your name on the paper. Thank you very much in advance for accepting to assist me.

QUESTIONNAIRE

1. In what year were you employed with the VAT Service? .....

2. How were you employed with the VAT Service?

   a. Through interview

   b. Through a written test

   c. Through a written test and interview

   d. Through an acquaintance

   e. On secondment from other revenue collecting service

   f. Other (specify) .....

3. Did you have any previous experience with any revenue collecting Service?

   Yes ☐ No ☐

4. If yes, with which revenue collecting service?

   .....

5. How long did you serve in that revenue collecting service?

   .....

6. If your answer to question 3 is no, did you have any experience with any company other than a revenue collecting service?

Yes ☐ No ☐

7. If yes, how long did you serve in that company? .....

8. In which category did you serve in your previous employment?

a. Top Executive

b. Middle level management

c. Supervisory

d. Lower level

e. Other (specify) .....

9. How long have you been with the VAT Service? .....

10. In which of the following categories do you serve with the VAT service?

a. Top Executive

b. Middle management

c. Supervisory

d. Lower level

e. Other (specify)

11. Have you ever been trained after employment with VAT?

Yes ☐ No ☐

12. If yes, how many times? .....

13. What was the purpose of the training?

a. To solve a specific problem

b. General

c. To correct a performance gap

d. For promotion

e. To introduce a new technique

f. Other (specify)

14. What was the type of training given?

a. Coaching

b. Job rotation

c. Mentorship

d. Seminar

e. Quality circles

f. On-the-job training

15. Did the training improve your performance?

Yes ☐ No ☐

16. If yes, how did it improve your performance?

a. I understood the nature or my job better

b. I could work faster

c. I made little or no mistakes

d. I could work with little or no supervision

e. My output improved considerably

f. All of the above

g. None of the above.

h. If none of the above then specify how it helped you

.....

.....

17. If your answer to question 15 is no, would you recommend that the training sessions stop? Give reasons.

.....

.....

.....

18. Were you promoted after training?

Yes, ☐ No ☐

19. If yes, what effect did it have on your performance?

a. No effect

b. Improved my output

c. It motivated me

d. New position urged me to work harder

e. Determined to work well in order to qualify for another promotion

f. All of the above

g. None of the above

h. If none of the above then specify .....

20. If the answer to question 18 is no, what effect did it have on your performance?

a. No effect

b. It demoralised me

c. It improved my performance

d. None of the above

21. Do you think that it is good for companies to promote employees only after training? Yes ☐ No ☐

22. If yes, why?

.....

.....

23. If no, why?

.....

.....

VAT SERVICE ORGANOGRAM

Appendix B

- Commissioner
  - Public Affairs
  - Issue
  - Legal
  - DC Finance & Admin
    - Admin
      - Hum. Res. Dev.
      - Per. Mgt.
      - Registry
      - Training
      - Library
      - Gen. Services
      - Transport
    - Finance
      - Revenue
      - Recon/Returns
      - Debt Mgt.
      - Expenditure
      - Payroll Unit
      - Cash Office
      - Ledger Unit
      - Budget/Mgt. A/C
  - DC Operations
    - Ops. Field Coordination
      - Accra 1
      - Accra 2
      - Accra 3
      - Kumasi
      - Sunyani
      - Tamale
      - Wa
      - Bolga
      - Koforidua
      - Ho
      - Aflao
    - LTU/Excise
    - Ops Headquarters
      - Indoor Operations
  - DC Audit Invest
    - Investigation
      - Field Audit
      - Special Investigation
    - Fin. & Sys Audit
      - Financial
      - Systems & Procedures
  - DC Res. & Plan Mon
    - Res. & Stats
    - Policy & Plan
    - Mon & Evaluation