

Opportunity in Ghana?

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As a junior associate at Booz & Company, you have been asked to prepare a short report on the possibility of opening business centers in Ghana. Your report would serve as input for a sales pitch to Genpact.

Genpact is a global leader in business process management, a term that now covers a broad range of services: data entry, customer service, accounting, human resources, and many more, together with their overall management. Genpact began as a unit of GE, where it delivered services to the rest of the company, many of them performed in India. It became an independent company in 2007, trading on the NYSE under ticker symbol G. It now has operations in India, China, Poland, Morocco, Brazil, South Africa, and other locations around the globe.

You see Ghana as a potential location for call centers, data entry, and similar basic business processing, most of it aimed at the US market, with more to come if things work out. Ghana is a former British colony that has been growing rapidly in recent years after a period of unusually stable politics. The Economist Intelligence Unit refers to it as a “robust democracy.” Its official language is English. The World Economic Forum ranked Ghana 114th (of 133) in their Global Competitiveness Report. They continue: “The country continues to display strong public institutions and governance indicators, particularly in regional comparison. Some aspects of its infrastructure are also good by regional standards, particularly the state of its ports. On the other hand, education levels continue to lag behind international standards [and] labor markets continue to be characterized by inefficiencies.”

Using the information on the next page — and your own experience and insight — jot down your thoughts about these questions:

- What features of a country would make it a good location for this business?
- Based on the evidence here, how do India and Ghana compare? What are their strengths and weaknesses along the important dimensions?
- What other information would you like to have?
- Suppose Ghana set up a Special Economic Zone, free from some of the laws and practices operating elsewhere in the country. What different laws and practices would be most attractive to Genpact?
- Overall, would you favor expansion into Ghana? Why or why not?

Exhibit 1
Indicators for Ghana and India

Indicator	Ghana	India	Source
<i>Governance indicators</i>			
Political stability (percentile)	40	10	WB, WGI
Govt effectiveness (percentile)	57	54	WB, WGI
Regulatory quality (percentile)	53	42	WB, WGI
Rule of law (percentile)	53	56	WB, WGI
Control of corruption (percentile)	60	47	WB, WGI
<i>Economic and business indicators</i>			
GDP per capita (USD)	3,081	3,703	IMF
Employment rigidity (percentile)	27	30	WB, Doing Business
Severance costs (weeks of pay)	178	56	WB, Doing Business
Paying taxes: hours spent	224	254	WB, Doing Business
Paying taxes: gross rate (%)	34	62	WB, Doing Business
Enforcing contracts (cost, %)	23	40	WB, Doing Business
Investor protection (percentile)	60	60	WB, Doing Business
<i>Education indicators</i>			
Literacy of adults (%)	67	63	WB, WDI
Literacy of young (15-24) (%)	67	63	WB, WDI
Primary school completion (%)	87	96	WB, WDI
Average education of adults (years)	7.0	4.4	Barro-Lee
<i>Infrastructure indicators</i>			
Infrastructure quality (percentile)	43	33	WEF
Quality of electricity (percentile)	20	24	WEF
Internet users (%)	8.6	7.8	WB, WDI
Broadband penetration (%)	0.2	0.9	WB, WDI

Sources include: the World Bank (WB), including their World Development Indicators (WDI), World Governance Indicators (WGI), and Doing Business; the International Monetary Fund (IMF); and the World Economic Forum (WEF). Percentiles range from 0 (bad) to 100 (good).

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