Negotiation Skills and Business Development in Ghana: A Case Study of the Volta River Authority Project

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Abstract. *The provision of reliable energy is a fundamental requirement for the sustainable development of most developing countries, especially in Sub-Saharan Africa (SSA). The conceptualization and management of development projects should be guided by the theories of sustainability and its three pillars: the economy, society and environment. The Volta River Hydroelectric Project (VRP) in Ghana, which comprises a dam and a power plant, represents a classic example of sustainability failure. This was principally due to the fact that the Government of Ghana (GoG) and the United States of America (USA) multinational companies involved in the project did not apply sound ethical standards and effective strategies and tactics of negotiations. The demands of the US multinationals and financiers involved in the project were largely incompatible with the long-term development interests of Ghana. In addition, the weakness of the negotiating capacity of GoG vis-à-vis the multinationals and the international financiers was a major reason why the VRP has become a big failure in terms of sustainable development. Building adequate negotiating capacity is vital if Ghana and the other countries in SSA are to effectively engage their international development partners in win-win-win manner.*

Keywords: *development, negotiation, strategy, sustainability.*

1 Introduction

Ghana was the first colonized black African state to achieve political independence in 1957. She had already embarked upon an accelerated economic development programme when self-governing status was achieved in 1951. Before the attainment of self-government, Ghana was a rural economy heavily dependent on international commerce. Most manufactured products were imported from her colonial master, Britain, and cocoa was and is still the dominant export. Industrial activity was insignificant in the country. The Government, led by Dr. Kwame Nkrumah, deliberately embarked upon systematic industrialization of the economy. According to Danquah, (1970), the strategy of industrialization adopted sought to diversify and transform the fragile economic structure in order to stimulate rapid economic advancement in the country through:

– Processing of primary products that were previously exported in their crude state.

– Manufacturing industrial items for export.

– Manufacturing products for the home market

To achieve these goals and establish a modern industrial technology, Ghana was to "rely on a net inflow of foreign capital." The attainment of these objectives required enormous skills in negotiations with foreign investors and donors. For example, GoG sought for funds from USA to finance the Volta River Hydroelectric Project (VRP) which comprises three components: a) a dam and power plant at Akosombo; b) a transmission system to supply power to the cities of Accra and Tema, and a 700 mile transmission network to supply the principal cities, towns and villages and mines of Southern Ghana. The International Bank for Reconstruction and Development (IBRD) approved the first funding for Ghana on 8 February 1962 for the implementation of the project.

2 Objectives and Methods

The fundamental objective of this paper is to use the VRP as a concrete case study for analysing the effectiveness of the approach GoG employed in negotiating with external financiers, multinationals and consultants for realizing this very vital development project. The guiding hypothesis of the paper is that the success of Ghana's reliance on inflows of foreign capital to finance socio-economic development is dependent upon the efficacy and appropriateness of the approach and strategies employed to negotiate to bargain with multinational companies, bilateral and multilateral donors and financiers. The paper asserts that weak negotiation capacity of Ghana prevented her from realizing maximum gains from the VRP. The negotiations that led to the implementation of the project, the most important investment project undertaken in the history of Ghana, are discussed as a case study of the capacity of Ghanaian negotiators vis-à-vis the owners of international capita, multinationals and consultants. Although universal generalizations should not normally be based on negotiations on only a single project like VRP, it is hoped that the discussion of such an important real life case will provide useful guidelines for consideration in future negotiations involving Ghana or any other African country and international investors and consultants. Review of historical records relating to the VRP was the main methodology used for collecting relevant information for preparing the case study for purposes of teaching students and training future negotiators.

3 The Fundamentals of Business Negotiations

There is no generally accepted definition of the term "negotiating capability". However, for the purpose of this paper, the term refers to the ability to undertake a project or programme preparatory work so as to ascertain its economic, social, political and cultural dimensions with a view to rendering it viable by effectively influencing the bargaining process with donors and the other stakeholders so as to win significant concessions in one's favour. The ability to influence this process is the very essence of business negotiations.

However, it is important to note that negotiating does not merely involve meeting external financiers on one or two occasions to bargain for funding of a project or programme. Project/programme preparatory work is part and parcel of the negotiating process. Knowledge and information about the financial, political, socio-economic, cultural and environmental impacts of the project/programme are far more important than simply laying emphasis on securing funding. Moreover, the success of a project depends not so much on the availability of funds, but rather on how well the project is construed and designed.

According to Shell (2006), negotiation has become "an instantly recognizable human activity that helps people to achieve goals and resolve problems". Basically, negotiation is a discussion by different parties that aim at resolving perceived divergence of interests. Interests are the fundamental motives that underlie a proposal – all the goals, values, perceived costs and so on (Sandole et al., 1987) The negotiation process provides the parties or disputants an opportunity to communicate and exchange promises and commitments through which they attempt to resolve their differences and reach an agreement. In other words, the major function of the negotiator is to get an agreement, not with maximum possible costs, but maximum benefits consistent with an agreement that will endure over time. To negotiate and get a better deal for any project or programme, it is therefore imperative that the negotiators first grasp the relevant issues, the contexts, actors, audiences and acquire a solid understanding of the science and art of negotiations.

According to Jolibert and Tixier, (1988), all business negotiations involve parties that are in contact for achieving set objectives. Such negotiations are characterized by:

– The existence of conflicts between the parties; this implies that the demands being made by one party are incompatible with the interests of the other party. Sandole et al., (1987) see such conflict to be a natural and inevitable part of social relations. Conflict may be defined as escalated natural competition between two or more parties about scarce resources, cultural values, power and prestige. For example, Ghana's objective for attracting foreign capital for the VRP seems to be

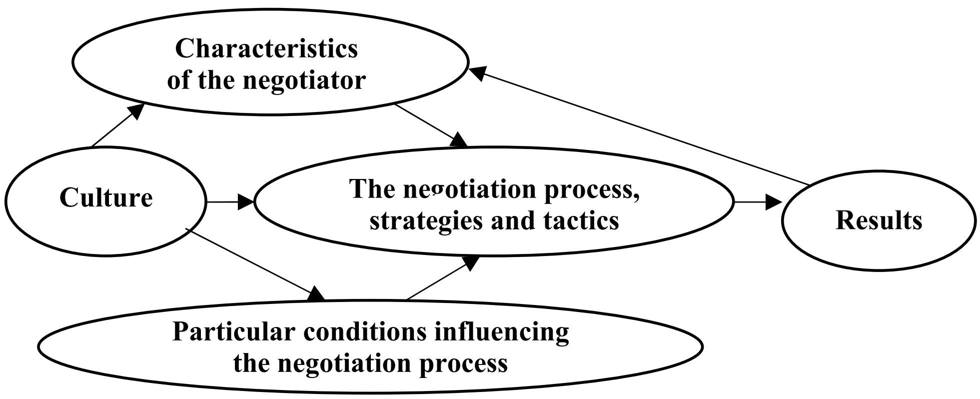

Figure 1 A Descriptive Model of Business Negotiations

incompatible with the interests of the owners of capital. Whiles the country aimed at sustaining economic development through the utilization of capital inflows to diversify the economy and sources of revenue, lay a foundation for industrialization and increase capital formation, a fundamental objective of foreign investors was to maximize their profits.

– In the absence of rules, pre-established fixed procedures to facilitate the resolution of conflicts, the parties will have to find their own solutions.

– The search for an agreement between the parties.

In order to effectively manage business negotiations, it is important to be guided by relevant models. An example is the descriptive model of business negotiations illustrated in Figure 1. The model comprises the following elements:

– The general factors that precede a negotiation: They are unique to the organisation the negotiator belongs to, the product to be negotiated, the role perception of the negotiator as well as his individual characteristics such as personality, motivation, cognitive factors and experience.

– The conditions of the negotiation: These may be divided into two groups: the first consists of the conditions which precede the negotiation and the second contains the conditions which prevail during the negotiation.

– The process of negotiation: This concerns the negotiation strategies employed such as cooperative or conflictual. These strategies are then transformed into verbal and non-verbal tactics and concessions.

– The outcome of the negotiation: The results of the negotiation can be expressed in terms of profit or satisfaction, but they can also lead to a blockage or intensified conflicts.

Historical Background of the Volta River Authority. As mentioned earlier on, the VRP is the most important investment project undertaken in the history of Ghana. It comprises the Akosombo Dam which is owned by GoG and managed by the Volta River Authority (VRA) and an aluminium smelter, the Volta Aluminium and Chemicals Company (VALCO), owned 90 percent by Kaiser Aluminium and Chemicals (Kaiser) and 10 percent by Reynolds Metals Limited (Reynolds). The VRP attracted the first major inflow of investment capital into Ghana. The investors were the World Bank, Kaiser and Reynolds. As mentioned earlier on, the project was expected to be the most significant catalyst for Ghana's industrialization effort (Volta, 1962). Eugene R. Black, Head of the World Bank in 1961, for example, observed that in the long-term, the VRP might well be the "…foundation on which industrial Africa rises" (Black, 1961).

Why the Investment in VRP. The discovery of bauxite in Ghana was the major factor in the decision by GoG and the international financiers to invest in the VRP. After the Second World War, bauxite continued to be an important strategic resource for the industrialized countries. The importance of alumina, a product of bauxite, in the arms and aerospace industries of the industrialized nations, was the main explanation for the strategic importance of the mineral. Most economists, politicians and the citizens of Ghana had long regarded the discovery of bauxite in the country as a golden opportunity for embarking upon a programme of sustained socio-economic development. Dr. Nkrumah, the first Prime Minister and President of Ghana, particularly saw Ghana's bauxite deposits as the beginning of the country's future economic and industrial development.

Nkrumah envisioned the construction of an alumina plant to utilize hydroelectric power to be generated from the Volta River to process bauxite mined in the country. Besides alumina smelting, the manufacture of chemicals and the fabrication of aluminium would supply the growing West African markets in the construction, electrical and transport sectors as well as the kitchen utensils industry. The development of the VRP and these industries was expected to add materially to the wellbeing of the people of Ghana and open up new opportunities for increased prosperity (Volta, 1962).

Entry of Multinational Corporations. British Interests. In 1954, Ghana entered into negotiations with the British Aluminium Company Limited (BAC) for financing the VRP. However, at the time of negotiations, British interests in the project were basically inspired by her intentions to gain a certain independence from other industrialized countries supplying her with aluminium. It therefore came as no surprise that Britain lost interest in the project after 1956 when aluminium was no longer scarce in the world.

U.S. Multinationals. After the disappointment from BAC, Nkrumah turned to the United States to seek finance for the construction of the VRP and thus opened the way for American multinational companies (MNCs) to enter Ghana's economy. The project seemed to have fallen through, when, in 1958, Nkrumah made contact with Edgar Kaiser who agreed to participate in financing the project.

The key interest of USA in Ghana's bauxite was the desire to stock-pile the mineral because of its strategic value. However, ideological factors such as fears about Ghana turning to the Eastern Block for investment capital also played a vital role. Graham (1986) stressed that the influence of ideological factors in U.S. interest in the VRP was revealed in a statement made by U.S. Government officials in July 1957:

"If we do nothing in Ghana ... We may be risking the greater calamity of watching African nations drift one by one into the Soviet camp. The American Government and American industry, working as partners, can do much to prevent this catastrophe. In our opinion, the Volta Project is a good place to begin".

The Negotiation Process and its Outcome. As mentioned earlier on, the principal American multinational companies which expressed interest in the VRP were Kaiser and Reynolds. The stage was set for negotiations between these companies and the GoG.

The World Bank was to lend money to GoG to build the Akosombo Dam and the power station, while Kaiser and Reynolds would construct and own an aluminium smelter in Tema. This was what actually became the VRP, all the other parts of the original idea of the project, such as the fabrication of aluminium and the manufacture of chemicals were stripped off during the negotiations. It was also envisaged that the GoG would sell electricity generated from the Dam to VALCO and use the revenue accruing therefrom to repay the World Bank loans. The power project was expected to be self-financing (Graham, 1986).

The dilemma of GoG was that Kaiser and Reynolds would only proceed with the construction of the smelter if a low electricity tariff was offered. On the other hand, the World Bank and other financiers would advance loans for the construction of the dam only if there was a power-user, i.e. Kaiser and Reynolds' smelter. This was to become the greatest challenge to Ghana's negotiation capability. In November 1959, the investors succeeded in getting the GoG to sign what was termed the Principles of Agreement. The final accord, called the Master Agreement, was signed in 1962.

Principal Provisions of the Master Agreement. The key provisions in the 1962 Master Agreement which gave birth to VALCO and the VRA are discussed in the next subsections.

Electricity Supply. The major provision was the rate at which power was to be sold to VALCO. Under this provision, the Government-owned Volta River Authority (VRA) was to supply hydro-electric power to VALCO for thirty years at 2.625 mills for every kilowatt of energy supplied. This was renewable for a period of twenty years. Perhaps, it is important to note that the rate at which power was to be sold to VALCO was seventy-five percent cheaper than the average world price at the time.

Other Concessions. Another principal provision in the agreement relates to the very generous concessions VALCO was to enjoy:

The Government bound itself not to impose duties on the mining or processing of bauxite by VALCO.

It was also provided that VALCO would be allowed to import all its raw materials into the country duty-free, except for materials available locally in sufficient quantity, of appropriate quality, and at a competitive price.

In addition, VALCO's shareholders obtained immunity from pressure to use alumina obtained from local bauxite. Thus, VALCO was allowed to import alumina from outside irrespective of the availability of local alumina of appropriate grade, quality and price. This was particularly lucrative to VALCO since it did not have to pay any duty on imports. In short, these concessions allowed VALCO to operate outside the general company legislation of Ghana. The grant of these concessions permitted VALCO to consistently minimise its payments to Ghana and made the company one of the world's most profitable smelters (Graham, 1986).

The Principal Factors at Play. A pertinent question to pose is why GoG granted such generous concessions to the U.S. multinationals and accepted the unbelievably low rate for electric power utilisation by VALCO. The principal factors that led to this situation are briefly examined below.

Impatience. The answer lies, first and foremost, in Prime Minister Nkrumah's eagerness and impatience to lay a foundation for industrial development in Ghana. To him,

"The development of the VRP would undoubtedly add materially to the well-being of the people and open up new opportunities for increased prosperity as a result of the expansion of industries which inevitably follows the provision of cheap power" (Sandole et al., 1987).

Distorted Information. The unrealistic predictions and promises based on doubtful statistical methods employed by the multinational companies (MNCs) lured GoG to accept the terms of the agreement. For example, Kaiser told Nkrumah that with the cheap power expected to be available, Ghana would develop at the rate of a more industrial economy (Sandole et al., 1987). The deliberate distortion of information in this way was not only unethical, but led the parties into more negative conflicts during the early 1980s in the form of calls on the Government to start renegotiations on the project (Tsikata, 1986).

Frustration. Another factor that influenced the negotiations and the grant of the incredible concessions by Ghana was frustration. The long fruitless negotiations with British Aluminium Company (BAC) for funds to undertake a project GoG regarded as Ghana's best hope for rapid socio-economic development was no longer bearable. Alternative sources of capital had to be sought and the alternative offered by U.S multinationals could not be left to slip by. Harvey (1983), for example argues that not every country is in the fortunate position of being able to pick and choose among competing sources of finance. Very often, there is only one source of finance available for a project and refusing it would mean not being able to implement the project.

The Ideological Factor. The ideological factor also helps to explain GoG's acceptance of the VRP package. Nkrumah's reference to Kruschev as the "voice of peace" during a visit to the Eastern Block in 1961 caused anxiety in the U.S. and led President Kennedy to rule thus (Graham, 1982):

"In the administration of foreign funds, we should give great attention and consideration to those who have our views in the world crisis".

It is, therefore, argued that Ghana signed the agreement in order to prove to the Western world that allegations labelling the Prime Minister, Dr. Nkrumah, as a communist were untrue.

Lack of Technical and Managerial Skills. Ghana's seemingly weak negotiating capability is also ascribable to weak technical and managerial expertise. For example, the way Ghanaian negotiators agreed to the power rate was devoid of any technical judgement. They mistakenly assumed that if Ghana conceded the low tariff rate for electricity, she could soften Kaiser's position on other issues and thereby influence the progress of the negotiations. Unfortunately, Kaiser took an even tougher stand on other concessions.

Apparently, the handling of concessions was probably the most difficult task for the Ghanaian negotiators; they failed to fully examine the situation in granting the numerous and generous concessions. As Kennedy (1984) rightly put it, by granting such large and unreasonable concessions, "you are displaying your weakness" to your opponent. It only indicates a "sense of desperation". Negotiators must not "go round throwing out concessions to their opponents in the hope that the other guy will recognize a friend and be nice to him. If you do that your opponent will suck you" (Kennedy, 1984). Hence, although Ghana ended up granting the numerous and generous concessions to the multinationals, she failed to get her much anticipated aluminium industry.

Another example of Ghana's weakness in the negotiations was her failure to track the position of Kaiser Engineers and Constructing Incorporated (Kaiser Engineers), a division of Kaiser Industries, i.e. Kaiser's sister company. This company was one of the principal consultants that undertook the feasibility studies of the VRP and advised GoG on its viability. The company advised that the construction of an alumina plant – which would have processed Ghana's bauxite to the stage where it could be used by the smelter to produce aluminium ingots – should be temporarily excluded from the agreement. This advice was given mainly to increase the profitability of the project to the

Table 1 The most important negotiators' characteristics of managers in five cultural groups

American Managers	Japanese Managers	Brazilian Managers	Chinese Managers (From Taiwan)	Korean Managers
Preparation and planning skill	Dedication to job	Preparation and planning skill	Persistence and determination	Persistence and determination
Thinking under pressure	Perceive and exploit power	Thinking under pressure	Win respect and confidence	Win respect and confidence
Judgement and intelligence	Win respect and confidence	Judgement and intelligence	Preparation and planning skill	Preparation and planning skill
Verbal expression	Integrity	Verbal expression	Product Knowledge	Reliability and industry
Product Knowledge	Listening skill	Product Knowledge	Attractiveness	Trusting manner
Perceive and exploit power	Broad perspective	Perceive and exploit power	Judgement and intelligence	Dedication to task
Integrity	Verbal expression	Competitiveness	Product Knowledge	Building a close rapport

Source: Graham, J.L and Sano, Y.: Smart bargaining: Doing Business with the Japanese, Ballinger Publishing Company, London, 1989, P. 40 multinational companies. With the low price of power, transhipment of alumina to VALCO would be more profitable than building an alumina plant in Ghana.

The U.S. multinationals import alumina from their subsidiary companies in Jamaica or Australia to feed the smelter at Tema and the output exported. Thus, instead of the anticipated integrated aluminium industry, there exist simply a dam and a power plant owned by GoG and which are linked only by an electricity supply contract with the completely owned private alumina smelter (VALCO) – the most profitable part of the Volta River Project.

In short, Ghana erred by picking Kaiser Engineers as her consultant to undertake the feasibility studies of the project; because of her relationship with Kaiser, Kaiser Engineers could not in any way have provided an independent and objective assessment of the project without being influenced by the interests of the sister – Kaiser. Ghana and Nkrumah were misled by Kaiser Engineers and Constructors Incorporated to 'believe that the power generated from Akosombo Dam would make Ghana develop at the rate of a mature industrial economy. Unaware that he was being misinformed, Nkrumah was prepared to sacrifice the possibilities of an integrated aluminium industry in Ghana in return for rapid socio-economic progress to be brought about by the availability of electric power. Perhaps, the root of the problem is that he became so engrossed in realising the project that he ignored all else.

No Consideration for Ethical Values. The failure by Ghana to capitalize on the opportunity presented by other consultancy firms is by no means a complete explanation for the mediocre results of the negotiations of the VRP. Kaiser and Reynolds also failed by their indifference to everything but their profit motive. In other words, the decisions arrived at by the U.S. multinationals were not backed by the least ethical considerations. Admittedly, differences are bound to arise in any negotiation as far as the interests of the negotiating parties are concerned. However, it is essential to reconcile these divergent interests during the negotiation process for the mutual good of all, a win-win- win situation.

Most foreign investors entering African countries tend to be preoccupied with realising a maximum rate of return on invested capital. Due to their close relations with the metropolitan governments and international credit institutions, multinational investors are often accused of seeking and promoting the pattern of economic relations that assigned African countries and the developing world in general as producers of raw materials for the developed economies. It seems reasonable, therefore, to assume that Kaiser and Reynolds were basically interested in the promotion of this pattern of economic relationship.

Even before the signing of the Master Agreement in 1962, the construction of the project was already under way although the U.S. Government had not yet given its backing for granting of international loans to GoG. This apparent rush by the multinationals to start the project was basically because it was now rendered sufficiently profitable as a result of the incredible incentives offered them and their success in stripping off many of the original aspects of the project. A spokesperson for Kaiser confirmed thus:

"Where else…could we get a 120,000 ton aluminium smelter, covered by the American Government?" (Graham, 1982).

In recent years, Ghanaians and the Government have questioned if the huge returns on investment being earned by VALCO are not at the expense of the development of Ghana. These anxieties are understandable considering the huge debt service burden facing the country and the fact that a significant proportion of the population hardly benefit from the electricity generated from the Akosombo Dam. Therefore, agitations in the country in 1982 led the Government to go into renegotiations with Kaiser and Reynolds in order to resolve the problems that were embedded in the provisions of the 1962 Master Agreement.

On the other hand, it is equally unfortunate that MNCs investing in Africa and the developing world are often described as cheats and blamed for the economic problems in these countries. It is dangerous and unfair to label one party to negotiations in this way and, perhaps, allow it to gain popular acceptance by the population. Delusions are often poor policy guidelines no matter how psychologically satisfying they may be to the population and the government. In other words, misinformation of the people of Ghana about multinational companies may rather impede creative and constructive responses to their tactics and subtleties.

Improving Negotiation Skills. As the economy of Ghana continues to improve over the years and foreign investment capital continues to be attracted into the country, concrete steps should be taken to avoid a repeat of the consequences of the VRP negotiations. The strategic actions that need to be taken are discussed in the next subsections of the paper.

Preparation: education and training. Ensuring equity in the outcome of business negotiations for Ghana and foreign investors calls for adequate preparation before the talks begin. This involves the gathering of information, planning the strategies and tactics and effectively managing the negotiation situation. It also implies a significant investment by the Government in the education and training of people in the science and art of negotiations and international business operations.

Another vital initial step in business negotiations is the selection of the team. Negotiators come from all ranks in many organizations. Selection of the best representatives can make or break a business deal. Research conducted by Graham and Sano (1989) on the personality traits to be considered in selecting prospective negotiators in ten countries, identified the most important traits in the five cultural groups illustrated in Table 1.

The various stages of the preparatory work that negotiators must go through are discussed next. However, the peculiarity of each negotiation may call for a change in the order in which these stages follow. To get the most out of business negotiations, it is important to have every causal factor working in one's favour. The time spent in careful planning and detailed adjustment of situational factors is an important investment. Efficient preparations are best accomplished using the following six-point checklist, (Graham et al., 1989):

– Assessment of the people and the situation.
– Facts to confirm during the negotiation.
– Agenda.
– Best alternative to a negotiated agreement (BATNA).
– Concession strategies.
– Team assignments.

In addition, seven aspects of the negotiation situation should be well managed ahead of time to one's party's advantage. These issues may seem trivial but the best negotiators pay attention to such details. Minor considerations can make a major difference. The situational factors are:

– Location: "home court" advantage.
– Physical arrangements: formality versus informality.
– Number of parties: lobbying approach.
– Number of participants: role of assistants.
– Audiences: other suitors, governments, public opinion, unions.
– Related competitors.
– Channels of communication: face-to-face, letters, telephone and telex.
– Time limits.

Defining Project / Programme Objectives. An important aspect of any negotiation which aims at seeking external assistance for a development project/programme is the initial identification of the project/programme idea. It is essential that the objectives and goals of the project are clearly defined at this stage. Decisions reached at this stage can have far-reaching implications on the negotiation process and the national economy at large. Defining project objectives means putting a blue print on what is to be achieved.

Prefeasibility Study. There is a need to establish the justification for any project to its benefactors. Hence, the need for a prefeasibility study which must precede the actual contact with the other party or parties to be involved in the negotiations for investment resources. The study should examine in detail the following:

– The size and nature of the expected beneficiary groups.
– The alternative packages available, including the identification of technologies already in local use and their potential for improvement.
– The principal, physical and human resources and skills that the programme demands.
– The order of magnitude of the costs for both the initial and for continued operations.
– Institutional constraints or policy issues likely to have an important impact on the proposed project.

Consultations amongst the Local Stakeholders. In order to prepare properly for negotiations, close consultations amongst the local stakeholders are fundamental. However, consultation transcends the use of economic and analytical techniques to arrive at sound investment decisions. Qualitative judgements are also required; and these are more likely to be achieved if consultations involve representatives of identifiable groups who have the success of the project at heart.

The need for consultation will be better appreciated if it is reckoned that project goals, far too removed from the daily concerns of the local population and attracting their support, may produce more conflicts of interests. Consultation with the target group may also suggest a design that will facilitate project objectives and broad national goals to be linked to the personal goals of the project population. In other words, it is very important to identify the stakeholder groups and explain the relevant issues to them. They must understand and agree to its various features. In short, what is finally placed on the negotiating table must take account of the population's values, customs, beliefs, aspirations and perceived needs and goals. They must be actively involved in establishing what is good for them.

Consultation with External Sources of Assistance. When it is intended that a project/programme should derive its funding from external sources, it is highly desirable that the lenders be well informed about the project/programme. Negotiators in African countries cannot safely assume that officials of the World Bank and other international investors and donors they negotiate with are as well informed about the real economic situation. Majority opinion on the state of developing economies in the advanced countries is a notoriously poor guide for investment decisions pertaining to the former. Any project that is based on these somewhat false opinions is bound to fail. It is, therefore important to furnish external financiers with accurate and relevant information on whatever project that is to be financed.

Feasibility Study. Though a prefeasibility study is recommended, a feasibility study should also be undertaken in collaboration with project financiers. This study is the central core of the preparatory process of the negotiation. The primary aim of the study is to establish the feasibility of the project in all its relevant dimensions. The study must provide answers to the following basic questions:

– Does the project conform to the country's development objectives and priorities?

– Is the relevant policy framework compatible with achievement of the project objectives?

– Is the project administratively workable?

– Is the project economically feasible and financially viable?

– Is the project compatible with the customs and traditions of the beneficiaries?

– Is the project compatible with environmental safeguards?

Taking the Edge: the value of information. By going through the above processes, a negotiator can accumulate ample information about the other party. At the same time, he allows the other party to know more about his team's needs. This is crucial for effective negotiations because it is the information generated from feasibility studies that the negotiator will use to influence the perception of the other party. AS McCormack (1984) suggests:

"In the beginning it is a matter of doing your homework, knowing the players and all knowable aspects of the game itself .... I strongly believe that in any business situation, there is an edge out there for taking".

Accurate information is required for a successful negotiation. Information serves as a compass for determining how people's perception of an issue should be shaped, changed or directed. As a signal which monitors attention in negotiations, information must be seen by all the parties involved as a guide for determining what they should expect of each other and what they should do to increase the mutual benefits of the negotiation process. The underlying principle in the provision of correct information is: *"Don't deceive the other guy"* (McCormack, 1984).

Considering Ethical Values. Some international investors have very little consideration for ethical values and, therefore, often tend to impose harsh conditions on developing countries like Ghana. Foreign investors largely tend to protect their own interests at the expense of the recipients of development finance. They however need to be aware that no business organisation can live and prosper in a sick environment, "Business decisions have social consequences and cannot be solely economic acts ... Business is obliged to act in ways that will protect the interests of society" (Lord Wedderburn, 1996).

He argues that law should no longer view profit maximisation, as the only criterion for the justification of corporate existence. There is the need for mechanisms through which wider measures of social responsibility can emerge. Blanchard and Peale (1984) vividly illustrate the dilemma of the profit motive and ethical values of organisations thus:

"Everyone agrees that without reasonable results, an organisation will collapse. At the same time, while results are essential, they alone are not sufficient. If the established process is not followed because of impatience in achieving results, these results may be short-lived".

All parties involved in negotiations must therefore respect ethical behaviour. For instance, sound ethical behaviour on the part of the governments and people of Ghana is fundamental for constructing a future for foreign investors attracted into the country to behave and act in a socially responsible manner. Foreign investors usually require developing countries to provide a conducive investment climate before they are prepared to sink in any funds there. Mere slogans of creating "good investment climate" by Ghana, if based largely on hearty welcomes, should not be expected, for example, to remove the fears of owners of investible funds about the possibility of their investments being nationalised in future.

In other words, such investors have little room to manouevre or to withdraw once a large amount of capital has been sunk into projects with large fixed installations, stable technologies and brand-name marketing. Fear of exposure to possible future nationalistic squeeze by African governments on foreign investments often tends to constrain the negotiation process involving parties from these two camps.

A good understanding and effective practice of the five principles of ethical power suggested by Blanchard and Peale (1984) for organisations can be a very useful guide for striking mutually beneficial and lasting bargains. They include:

a) Purpose: The mission of the organization is communicated from the top. Our organization is guided by the values, hopes and a vision that helps us to determine what is acceptable behaviour.

b) Pride: We feel proud of ourselves and of the organization we know that when we feel this way, we can resist temptation to behave unethical.

c) Patience: We believe that holding to our ethical values will lead us to success in the long-term. This involves maintaining a balance between obtaining results and caring how we achieve these results.

Persistence: We have a commitment to live by ethical principles. We are committed to our commitment. We make sure our actions are consistent with our purpose.

Perspective: Our managers and employees take time to pause and reflect, take stock of where we are, evaluate where we are going and determine how we are going to get there.

Timing. Finally, time plays a vital role in business negotiations, McCormack (1984) emphasises that many ideas fail not because the timing is bad, nor because they are poorly executed, but because the timing is not correct. For the negotiation process to be effective and productive in terms of equity of outcome, the negotiator must be looking out through a strategic window to determine when, where and how to make a move, when to conduct pre-feasibility and feasibility studies, and when to consult possible financiers. These are variables that hold the key to success.

4 Conclusion

The paper has identified a fundamental weakness in the negotiating capacity of Ghana vis-a-vis Kaiser and Reynolds in the case of the Volta River Project. This weakness is primarily due to inadequate basic knowledge of the science and art of negotiations and international business operations. In addition, inadequate preparation before the negotiations, impatience and frustration, distortion of information and unethical behaviour by the two U.S. multinationals are the principal factors that contributed towards the huge loss Ghana suffered from the VRP.

It is important to emphasise that as Ghana and the rest of Africa achieve political stability, democratic governance and increased economic growth and development, business negotiations will become even more important. Therefore, educating and training people in the science and art of negotiations and in international business operations are vital for ensuring equity in the outcome of future negotiations with foreign investors and creditors. Efficient negotiators must acquire a general knowledge of the factors that are likely to influence the outcome of negotiations. Kumar and Das advise thus:

"A comprehensive understanding of inter-partner negotiation dynamics is needed for effective partner management to achieve alliance objectives".

Negotiators, who will be able to think clearly about the choices they must make during the negotiation process, will be able to improve upon their team's share of the outcome. However, as Nierenberg (1986) rightly advises, negotiation is but a game and not war. Therefore, in successful negotiations everybody wins. The objective is not to defeat the competitor. The real motor for arriving at such an agreement is the search for common interests and a readiness to transform divergent interests into common desires. For Wheeler (2013), this requires a recognition of the dynamic nature of negotiation and the importance of agility. To improve their negotiating capacity, Ghana and Africa ought to start learning and stop arguing!

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