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SEYCHELLES INSTITUTE OF MANAGEMENT

The Seychelles Institute of Management is the premier management development institution in Seychelles. Starting as a unit in the Department of Finance in 1977, it has grown with the nation, changing and adapting its mandate to meet national needs. Today the Institute offers a range of training opportunities, consultancy and research services aimed at building personal, professional and managerial capacity of Seychellois to enable them to lead and participate positively in the country's future thrusts.

Idyllically poised on the hills of Ma Joie its environment provides an atmosphere conducive to learning. The Institute has a core of qualified and practice-oriented facilitators. It draws experiences from both the public and private sectors in Seychelles and internationally thus enabling its programmes to be flavoured with special blends of local and global nature.

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In the years ahead, SIM aims to achieve even higher standards of quality and relevance in the services it offers. The institute aspires to play a vital role as:

- ❖ A focus and resource base for the personal and professional development of all levels of management in the public, private and parastatal sectors;
- ❖ A forum for sharing knowledge and experience to help senior managers act as creative and effective leaders;
- ❖ A source of advice and assistance with organization development for institutions of all kinds in Seychelles
- ❖ A centre for research and new thinking in management practice.
- ❖ A platform to promote improved services within the public sector.

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We welcome you to Volume One, of the Journal of Small Islands Management JoSIM.

Our aim is to focus on the particular management challenges as faced by managers in small islands settings. Shared examples of the management challenges posed by operating in small and remote markets, with small populations, and with what has been termed 'a lack of critical mass'.

In this, the first volume of JoSIM, you will find an eclectic selection of Papers which we hope will serve to provide the reader with a better understanding of some of these challenges. From issues such as decentralisation away from the capital of education programmes to the wider island population, through managing supply chains volatility in remote small islands locations, to the impact of ICT and change management issues in small islands operations. In addition, there is a Paper discussing the issue of: how to start the research writing process, which we hope will encourage those who are more reticent to come forward.

The United Nations officially lists fifty two small island developing states (SIDS) *. Thirty eight of these are, like The Seychelles independent sovereign territories, with independence coming as early as 1804 for Haiti, and as late as 2002 for Timor-Leste.

The remaining fourteen still retain varying degrees dependency on their overseas based administrations, which are based thousands of miles away in France, Gt. Britain or the USA. Island based MDIs management development institutes have assisted the nation building of small islands, and you will find a Paper on the role of MDIs in governance and development.

Economic challenges for small islands are indeed extensive, and deep rooted. According to UNCTAD (UN Conference on Trade and Development) small islands are deemed to be facing a 'greater risk of marginalisation from the global economy than many other developing countries'. This essentially results from the combined adverse consequences of their: small size; remoteness from large markets (a factor of high transport costs), and high economic vulnerability to economic and natural shocks beyond domestic control. With their fragile ecosystems, small islands are also highly vulnerable to domestic pollution factors and globally induced phenomena such as sea level rise.

In addition, over the last two decades, the share of small islands in global merchandise trade diminished by half (from 0.4% of world exports of goods in 1980 to 0.2% in 2003), while their share of global trade in services remained stable (0.7% of world exports of services). Small islands are estimated to be economically 34% more vulnerable than other developing countries, partly for the following reasons: agricultural production in small islands, notably as a result of their exposure to natural disasters, has been more unstable than that of other developing countries by 31%, and their exports of goods and services have been more unstable by 10%. In

2001, small islands were experiencing a level of merchandise export concentration 24% greater than that of other developing countries.

Economic stability features strongly in determining the success of small islands, you will find a Paper on monetary policy and a research paper delving into the area of personal finance.

The recent UN brokered claims process (May 2009) for the apportionment of international continental shelf territory, has provided some small islands with opportunities to greatly increase their bank of natural resources. It has also provided renewed excitement and interest from the former colonial country capitals of London and Paris, in a massive expansion of their Overseas Dependency territories in such geographically dispersed island locations such as: Ascension, South Georgia, Kerguelen, Chagos, St Pierre & Miquelon and many others worldwide. Small islands have in the past, and continue to attract, much geopolitical debate and controversy.

We welcome submissions of Papers for future issues of JoSIM, and you will find a set of guidelines for you to follow in order to ensure that your submission meets our acceptance criteria, this is located inside the back cover.

Papers from authors based in small islands are particularly warmly welcomed, and we look forward to developing networks with academics and practicing managers in small islands across the oceans of the world!

There is a concern that much of the good work that is being carried out within small islands remains solely within the confines of that territory's institutions and organisations. Collaboration and networking, the sharing of good practice, will prove to be one of the best ways for ideas to circulate.

Our mission at JoSIM is to create a community of best practice and idea sharing across the map of small islands.

We extend '*en lakey salere pour zot tou*' Seychelles Creole for: a very warm welcome to you all.

* 'small islands' is the preferred JoSIM working terminology used to denote: SIDS Small island developing states as per the UN definition of such territories. They are listed at: www.un.org/special-rep/ohrlls/sid/list.htm

ESTABLISHMENT OF A FRAMEWORK FOR THE DEVELOPMENT OF A LAND USE PLAN, FOR EFFICIENT MANAGEMENT OF STATE LAND DESIGNATED FOR AGRICULTURAL USE IN SEYCHELLES.

The author

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Abstract

Land for agriculture in Seychelles has undergone various transformations over the past decades. The changes range from the existence of large private plantations to estate plantations and to leased, rented, or privately own land with mixed agricultural activities. Over the past 30 years, the total land area devoted to agricultural production has substantially diminished. Despite several attempts to re launch the agricultural sector; this has not been attained because of the lesser importance of political commitment awarded towards the implementation of an agricultural policy and absence of the relevant legislation to protect and safeguard land designated and earmarked for agricultural purpose in Seychelles. Though, a lot of work has been done in relation to the development of land uses in Seychelles, the work done has not addressed the formulation of a land use

plan for agricultural development. Without the appropriate legal instrument to safeguard state land designated for agricultural development in Seychelles there is no guarantee to ensure the protection of this scarce economic resource.

Introduction

In the year 2008, the Government of Seychelles adopted the 5 year National Agricultural Development Strategy Plan (2007-2011) [6]. This Strategy spells out the need to safeguard through legislation all national land resources designated for agricultural undertakings, to avoid encroachment by social and economic sectors so as to ensure the achievement of the targeted level of food security during the planned period and beyond. The same strategy also proposes that Government would formulate a national legislation to protect all national land resources designated for agricultural undertakings, depicted by a land use plan and incorporated in a national agricultural land bank [6].

This article aims to firstly explore the major factors that have contributed to the loss of land designated for agricultural purposes; secondly, the past work done towards the development of a land use plan for the Seychelles will be looked at and; thirdly the progress made towards the formulation of a land use plan and legislation to protect land designated for agricultural purpose and to make some propositions to halt the process of land loss designated for agricultural development in Seychelles.

There are several factors that have contributed to the reduction in land

earmarked for agricultural development in Seychelles for the past 30 years [2, 3].

Factors that have contributed to the loss of agricultural land.

What are the main causes that have contributed to the loss of State Land designated for agricultural use?

- The presence of an outdated National land use plan.
- No specific laws and legislations to ensure the protection of stateland designated for agricultural use.
- Underutilisation and sub-optimisation of state land designated for agricultural use.
- The 'Old Blocker's Scheme'.
- Unsurveyed state land designated for agricultural development.
- Tenureship of agricultural stateland.
- Unclear demarcation and boundary of agricultural zones.

Loss of State Land designated for agricultural use.

The agricultural Census published in 1960 revealed that 25,335 hectares of land were under agricultural production [13]. However, in 1978, the publication showed that the area has decline to 10,500 hectares [11] and 11 years later in 1989, the area was reduced to 6,660 hectares [12]. In less than 15 years (from 1987 to 1992), 50% of land designated for agricultural land has succumbed to the construction of infrastructure (such as leisure facilities, schools, airport extension, tourism establishment, residential development, biodiversity conservation) linked to population growth and tourism development [2,3].

A total of 406, 423 m² of state land which was in the past being used for agricultural development or that was being developed agriculturally has been lost to the project known as "Residential Land Banks" and other socio-economic activities in many regions of the three main islands of Mahé, Praslin and La Digue. State land which was being used for agriculture on the outer islands was also lost to tourism development [2, 3].

Today agriculture is practiced only on the three principal islands of Mahé Praslin and La Digue. The total area earmarked for agriculture on these islands is 2060 ha and this represents 10.3% of the total land area of the three islands [10].

The outdated national land use plan.

Although a National Land Use Plan (PAT) [3] exists, it never acquired legal status and remained a reference document. This plan is partially respected when development is being considered. On the same line due to the absence of a binding legislated agricultural document such as land use plan and agricultural regulation or act, state land designated and earmarked for agricultural use will continuously succumbs to other socio-economic activities.

Absence of legislation to ensure the protection of stateland designated for agricultural use.

Apart from the Agricultural Development Strategy (2007-2011) [6] which is in place with the aims to safeguard through legislation all national land resources designated for agricultural undertakings, to avoid encroachment by social and economic sectors so as to ensure the achievement of the targeted level of food security during the planned period and beyond, there are no legally promulgated

documents to protect state land earmarked for agricultural development.

Underutilisation and sub-optimisation of state land designated for agricultural use.

There are approximately 50% of farmers allocated with agricultural plots and are not making full use of the potential are allotted to them for agricultural production [2,3]. The reasons are as follows:

A proportion of these farmers are ageing or nearing retirement age thus do not have the potential to fill up the allocated and leased agricultural parcels to the required maximum of 80% of potentially cultivable area as per clause 6 of the lease agreement [2,3]. State Land and River Reserves Act, (Cap 228) 1903

Some of these farmers are unwilling or reluctant to adopt new technologies. They stick to old cultures and farming practices [3].

Another category is the unproductive farmers who have abandoned their farms and gone into other form of employment and left the allotted plot abandoned and vulnerable to other form of development.

The 'Old Blocker's Scheme'.

Since 1993, with the new reform in the distribution of land for agricultural use and with the Land Settlement Scheme [4], a total of 214 farmers benefitted under the 'Old Blocker's Scheme' [2, 3]. These old farmers were entitled to purchase a house plot of 1000 m² within their allocated or leased agricultural plot for a sum of SR 5000/-. In total 281,115 m² or 28.1 hectare of agricultural land was lost under this scheme [2, 3].

Unsurveyed state land designated for agricultural land

Though, arbitrarily, some parcels known as 'special types parcels' form part of the agricultural zones, these parcels are yet to be subdivided [3]. These special type parcels represent an area of 755,318 m² of state land designated for agricultural development [3]. As these parcels have not been demarcated, no lease agreement can be issued and therefore are vulnerable to loss to other socio-economic activities mainly residential development.

Tenureship of agricultural state land

The government is faced with great difficulties in the clarification and tenureship of state land designated for agricultural use in relation to the "Agricultural lease agreement".

In 9 years, 70 or 18% of the farmers have signed a lease agreement while the rest do not have a lease agreement [3]. This situation does not allow for a full reconnaissance of the land utilization. 36% of the state land properties under lease hold tenure are abandoned [3].

Unclear demarcation and boundary of agricultural zones;

Despite the fact that the geographical locations of the areas designated for agricultural use are arbitrarily known by staff of the ministry responsible for agriculture, nationally these parcels are not known by the ministry responsible for land use as these are not depicted on a national land use plan or mapped out [3]. In view of the absence of the mapping out of these state land parcels

there is no guarantee that these parcels earmarked for agricultural use will remain for this purpose in the future due to the lack of a legally binding legislation to ensure their protection.

Past work done towards the development of a land use for the Seychelles.

On one hand the literature points out that there have been several attempts to come up with a “land use plan” for the country, while on the other hand information on agricultural production and land use on the main islands are scanty [2].

The first work dates back to 1786, when Malavois [1] proposed a plan for the distribution of agricultural land on Mahé. In his work, the island of Mahé was surveyed and blocks of land were demarcated which were known as French habitations.

Another piece of work was “Proposals for Agriculture”¹ [9] This Plan proposed to create agricultural zones on Mahé, the Inner Islands and Outer islands. According to the plan, these zones were to be reserved for the purpose of agriculture and all other forms of development were to be precluded. The plans further mentioned that details of these areas were found on the statutory maps forming part of the Development Plan.

In 1940, the British Government put in place a new policy of agricultural production in the “Grand Anse Estate”

and the same policy was applicable to six other estates namely the Grand Anse, Anse Boileau, and Forêt Noire-Port-Glaud, Souvenir, Union Vale and Ste Anne estates [8].

The Town and Country Planning Act (1972)

Town and Country Planning Act 1972 has been the guiding document for all infrastructural developments to ensure that the finite local land resource is used in a sustainable and optimal manner. Over the last thirty years that it has been promulgated, various amendments have been made to it with addition of supplementary clauses/provisions e.g. Subdivision of Land (1978). This Act provides for regular formulation of land use plans.

The “Plan d’ Aménagement du Territoire” (PAT) was completed in 1992 and it was initiated to devise a Land Use Plan for the country. The plan proposed a flexible zoning scheme which broadly indicated land use patterns based on physical, economic and environment up to the year 2000 [2,9]. The plan was aimed at remedying the major deficiency in the Planning System. However, the land use plan is now outdated as no updates have taken place to reflect the development changes to date.

The White Paper (1989) entitled a New Deal for Agriculture: *Agricultural Policy in Seychelles* made reference to the agricultural policy objectives and land use pattern in agricultural areas. The document mentioned that in order to establish agriculture as a permanent and important sector of the economy, government was to include agricultural

zones in the Development Plan prepared under the Town and Country Planning Ordinance. The paper more or less spelt out government's intention of the way the zoning was to be done but it did not materialise.

Land use in Seychelles

Land use in Seychelles is divided into 4 categories namely environment protection (43%), agriculture (22%), tourism (6.3%) and human settlements (11.7%) [5].

The Land Information System (LIS) Project was initiated in 1993² and aimed to create digitised cadastral land base for the island of Mahé, Praslin and La Digue. The digitized cadastral are networked in the principle of Geographical Information System (GIS). To date, some 12,000 of parcels or (45%) of the land have been digitised³.

In the year 2000, the 10 year Environment Management Plan of Seychelles (EMPS 2000-2010) was launched. The plan includes thematic areas relevant to land use, coastal zones and urbanization, biodiversity, forestry and agriculture.

The Human Settlement Country Profile" (2004⁴) document is aimed at promoting Sustainable Land Use Planning and Management at district levels through the use of Land Use Plan. The document is being prepared jointly with the Geographical Information System (GIS) unit within the Ministry of National

Development. Current projects include the preparation of detailed long term development plans at district levels focusing on reducing density or vice versa.

The 5 year Agricultural Development Strategy (2007-2011) spells out the need to safeguard through legislation all national land resources designated for agricultural undertakings, to avoid encroachment by social and economic sectors so as to ensure the achievement of the targeted level of food security during the planned period and beyond. The strategy proposes that Government would formulate a national legislation to protect all national land resources designated for agricultural undertakings, depicted by a land use plan and incorporated in a national agricultural land bank.

Currently, there is no updated land use for the country, but development plans for some district exists. Development plans exist for part of the Anse Royale District known as the Anse Royale Redevelopment Plan Project, Providence Industrial Estate, Eden Island, Ile Auror and Ile Eve which are the implementation stage. In addition there is also the Grand Anse Mahé Integrated Agricultural Biodiversity Project and is yet to be implemented. Currently, development plans are being developed by the Ministry of National Development for the islands of Praslin, La Digue and other districts on Mahé [2,3].

The most modern land use and development regulation in the

Seychelles is the Town and Country Planning Act, enacted in 1972.

Conclusion

The lack of an updated land use plans and maps (satellite imagery, cadastral and physical layers) at both national and district levels makes effective and efficient planning and decision making process difficult.

In general it can be seen that a lot of work has been done in relation to the development of land uses in the country but however, the work done has not addressed the issue of the development of a land use plan for agricultural development. It has been brought into light that the current Town and Country Planning Act (1972) is being revised in order to keep abreast with the current and future development in relation to land use development in the country. On the same line, the national land use plan being developed by ministry responsible for land use development should incorporate the land uses relating to agricultural development in the country.

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IMPACT OF INFORMATION and COMMUNICATION TECHNOLOGY ON UNIVERSAL POSTAL SERVICES IN SEYCHELLES.

The author

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Abstract

The Information and Communication Technology (ICT) has huge potential to reform and change the ways in which people organise their lives, relate with each other and partake in the activities of society. This study sets out to evaluate the impact of ICT on the Universal Postal Services in Seychelles. Data over the last sixteen years have been analyzed from key result areas in the Post Office and Sub Post Offices to establish trends and see to what extent ICT has impacted the postal services. A survey questionnaire was conducted with five hundred and seventy participants to further confirm statistical data through the opinion of the public which will serve as a means to bridge the physical and electronic worlds.

Introduction

The Information and Communication Technology (ICT) is one of the key driving forces for modern development. With the advancement of ICT, one can do business irrespective of distance, within the national and international boundaries.

The telecommunication infrastructure plays an important role in advancing the development of a country in this information society. The advent of ICT brings all the citizens of the world closer together and has a faster access to all the information and benefits that the world may have.

In Seychelles, there has been a rapid growth in electronic communication services from 1995 onwards. During this period, we have seen the Cable and Wireless Seychelles Ltd and Airtel re-investing in new technologies such as 2.5G and 3G cellular global systems for mobile phone. In 2007 there were 83293 mobile accounts, 220790 hours of international calls and 3957202 hours of local calls as per figures provided by the National Statistic Bureau (NSB) for 2007. In addition, 5467 residential internet accounts were recorded in September 2007 by the Ministry of Information Technology and Communication.

Recognizing the importance and the potential of ICT in the development of the country, the Government took the initiative to form a National ICT Consultative Committee (NICTCC) and assigned to it the responsibility of formulating the National ICT Policy and Strategic Plan based on the following five major areas:

1. ICT Infrastructure;
2. Legal and Regulatory Framework;
3. Human Resources Development;
4. Industry; and
5. Government.

The private and commercial sectors have also come forward to respond to the rapid growing opportunities of this sector and subsequently supplemented some of the Government's efforts. They are providing

training on ICT from very basic levels to advanced certified levels on computer hardware, software, maintenance, troubleshooting and programming.

However, the existence of physical communication infrastructure provided by the Seychelles Postal Services remains an essential element in the exchange of information. Both business and commerce depend on and benefit from this vital service.

Literature Review

The 1999 Beijing Postal Strategy, the Universal Postal Union's strategic plan for 2000–2004, challenges Posts to seize the opportunities offered by new technologies, new customer demands and new institutional options. One of its objectives is to ensure, through the process of postal reform and development, that postal customers draw maximum benefit from technological, economic and regulatory changes in the postal environment (UPU, 2003).

Furthermore, the new ICT offer enormous potential to consumers, governments, and business, including Posts.

The UPU views the prospects of the new information society with enthusiasm, convinced that, in solidarity, Posts can play an important role in breaking the communication barriers between people – in the physical and electronic worlds. The sustainable development of quality, universal, efficient, accessible postal services is an important part of the solution necessary to bridge the digital and information divide that currently exists.

The 2001, the OECD Ministerial report, "The Economy, Beyond the Hype", concluded that ICT is of great importance, with the potential to contribute to more rapid growth and productivity gains in the years to come.

Others believe that a synthesis between tradition and modern practices, to occur in the medium term, may provide the solution to this contradiction (Logelin, 1992).

Method

Available information from 1991 to 2007 from key areas in the Operation sections in the Seychelles Post Office, mainly the Sorting Office, Registration Unit, Parcel Unit, Postal Counter, Technical Unit and the Sub Post Offices on Praslin, La Digue and South Mahé were gathered. Information was also collected from the Universal Postal Union's statistical book for a sixteen-year period.

Data in the forms of tables and graphs were analysed to compare operational performance, different trends and changes and see to what extent ICT has impacted on all aspects of the services and development.

A questionnaire was designed and administered among the target population at postal counters. Private letter boxes and messenger service were used as a means to dispatch the questionnaires to various Government organizations and private business. The questionnaires were piloted with six hundred participants. The target population consisted of business organization, Government departments and ministries (105 questionnaires given out) and members of the public from Praslin, La Digue, South Mahé and Victoria (495

questionnaires handed out). Questionnaires were completed at Postal counters under the supervision of Postal Controllers and Counter Supervisors. The survey lasted a whole week in order to get a good representation of the target population.

Results, Analysis and Findings

Data Analysis

Letter Post Ordinary Services Per weight

Figure 1 below follow a consistent linear upward growth trend of relatively high correlation for Domestic Mails, indicating that ICT has not had any real effects on the use of the domestic mail service.

Posted International Mails generally portrays downward trends throughout the period of 1997 to 2001 in Figure 1 below. The year 1998 can be seen as the turning point in the trends, from where there is a constant decline in the number of mails. This could well be attributed to the impact of ICT on international mail postage and delivery, with new technologies, notably the internet which seem to have partly replaced conventional international mails. Therefore, ICT has had a negative effect on international mails postage.

As can be seen in Figure1 Delivered International Mails also shows a downward trend, with 1998 being a turning point. It is good to note that the turning point for posted and delivered international mail both correlates with the figures for 1998. However, it can be noticed that the decline for posting of international mail is greater than that for delivery of international mails. This reflects the greater use of ICT overseas than locally.

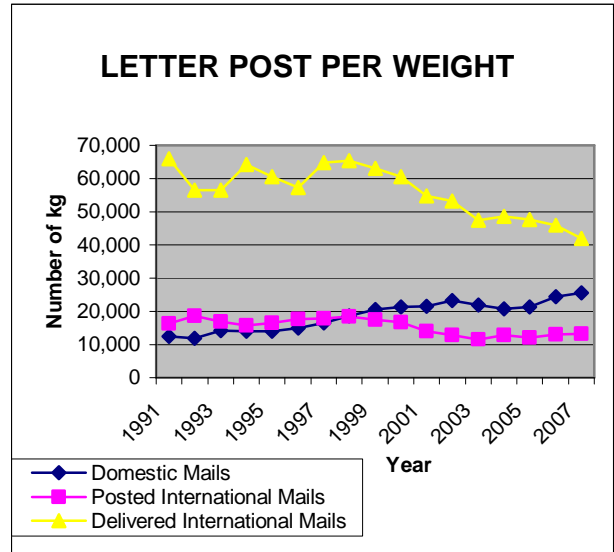


Table 1

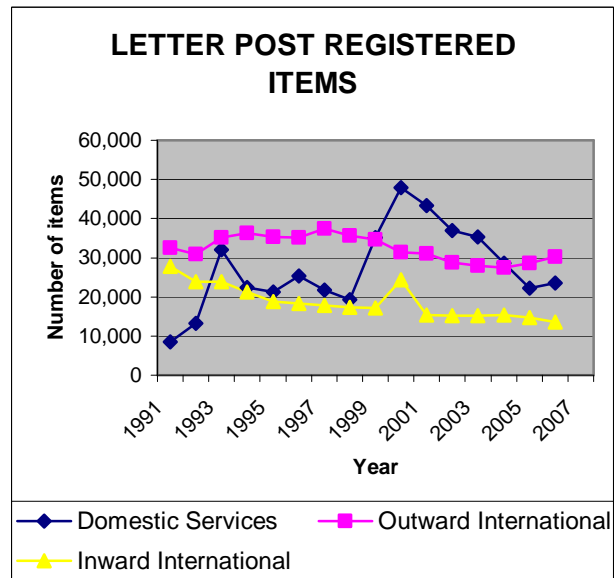


Table 2

As shown in Figure 2, the erratic behaviour in the domestic service for registered posts suggests that ICT has not affected the service significantly, as the results for the late 1990s onwards do not correlate with the continuous growth in ICT. The inward international service however has suffered as a result, with a gradual decline, probably due to the advancements in ICT overseas. The outward international service on the

other hand has remained relatively stable, indicating that locals are still quite dependent on registered letter post service.

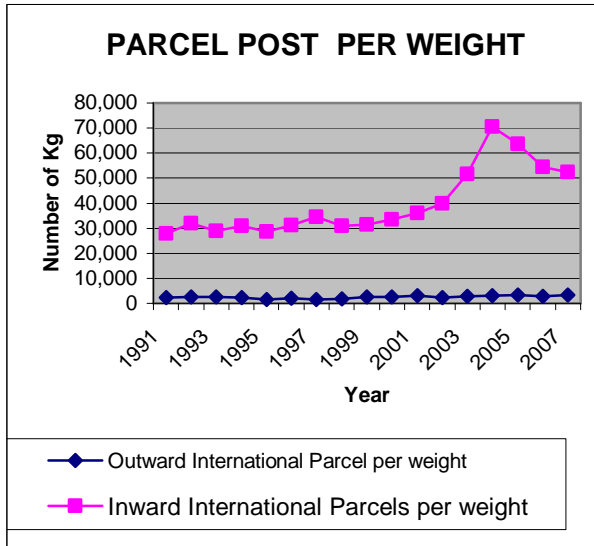


Table 3

As can be seen in Figure 3 above, statistics for outward international parcels remain at a stable level. The same can be said of inward parcel post during the 1990s. However, during the early 2000s there was a significant rise in the figures, suggesting that ICT has not had any adverse effect on the Parcel Post Service. After 2004 the figures follow a downward trend.

Results of Survey Questionnaires, Tables 4 to 6:

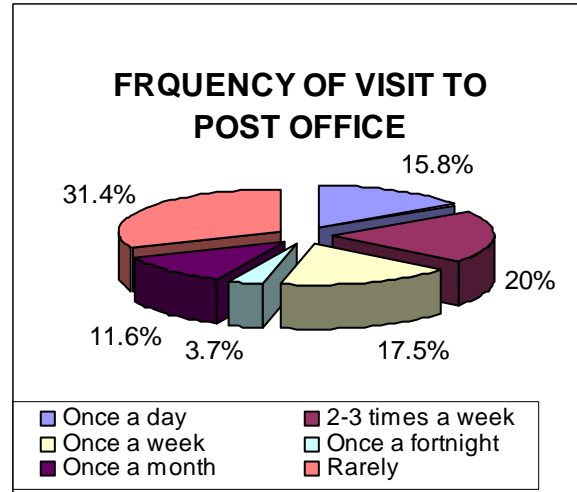


Table 4

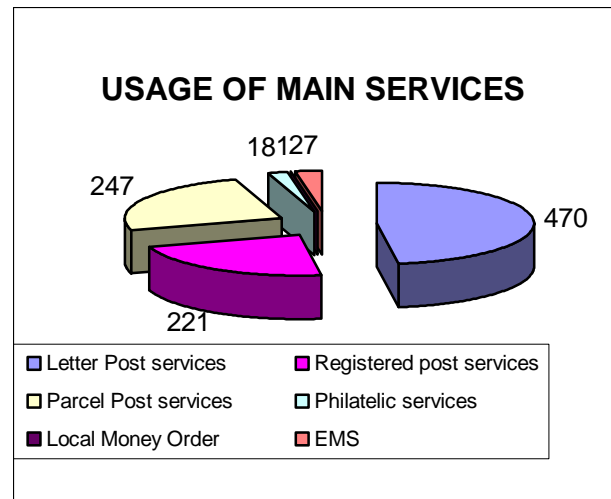


Table 5

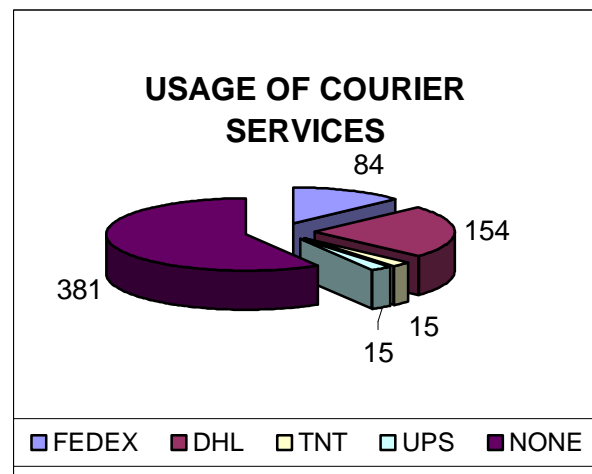


Table 6

Figure 4 depicts that 53.5% of the respondents visit the Post Office at least once a week. Only 15.3% of the population visits the Post Office once a fortnight to once a month. A significant proportion of 31.4% rarely visit the Post Office.

According to Figure 5 Letter Post Services are the most widely used service followed by Parcel Post and Registered Post Services. It is to be noted that the price for Postal Express Mail service is cheaper to that of other Courier Providers, as well as the commission paid on Local Money Order is lower than that of the commercial Banks. This low results shows that there is a possibility that the public are not aware of all services offered at the Post Office and this needs to be studied further.

A total count of 649 responses was recorded in figure 6 in which 381, representing 57.1%, shows loyalty to Postal Services opting not to use the services provided by Courier Service Providers. Respondents, who do use the courier services, prefer mainly DHL and FEDEX.

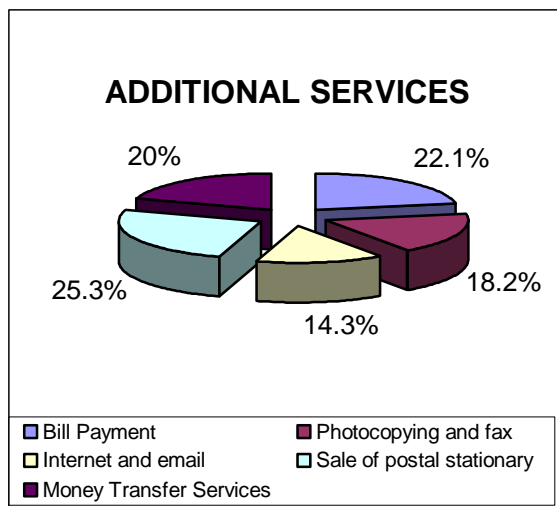


Table 7

Respondents were provided with a list of additional facilities/services that they would like/expect the Post Office to offer. As can be seen in figure 7 above, the most recommended service are sale of postal stationary, followed by bill payment and then photocopying/fax.

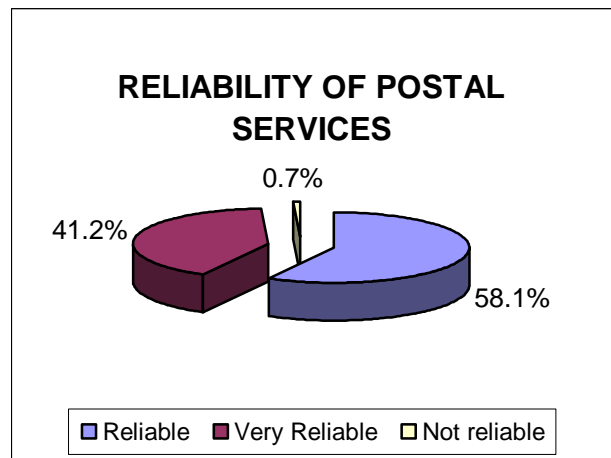


Table 8

As shown in Figure 8, the majority of respondents find Postal Services to be very reliable, with 41.2% describing the postal services as very reliable.

Conclusion

The Seychelles Post has a competitive advantage in the domestic market, parcel market and opportunities presented by the growth of the internet. Present trends indicate that parcels and express mail will increase in line with general business activity and physical distribution will remain vital in this sector. There is a major opportunity for developing an effective network for tracking and tracing and for widening the reach of the Postal Counter product portfolio.

Even as the volume of physical mail items may continue to increase, their share of the

overall communications market is likely to show a steady decline in the years to come. The explosive growth of the communications/ICT market could force the Seychelles Post to move beyond the core, physical mail business, and diversify in order to broaden the range of choices offered to customers. It will also need to react in response to environmental forces that challenge its key economic role in support of commerce and development through technological reform in order to ensure continuing growth.

The result of the survey questionnaires has shown that Seychelles Post has managed to build a closer working relationship based on trust and loyalty between the division and its customers. The division can further be re-positioned as a trusted intermediary, linking businesses, Government and individuals to physical and electronic worlds.

Recommendations

Modernisation of services

Basic postal services need to be modernized and diversified into a wider range of new products and services. It is being proposed that the feasibility of introducing the following new products/services be considered:

- Payment of Utility bills such as electricity bills , water bills etc;
- Variety of Agency services through the post office;
- Sale of postcards and other stationery items;
- Provision of internet and e-mail services;
- Provision of money transfer services; and

- Fax, telephone and photocopying services.

Development of the Seychelles Postal Sector

The following are being proposed:

- Technological developments and modernization of the Postal Infrastructure;
- Computerisation and networking of Seychelles Post;
- Development of a Management Information System;
- Staff training development;
- Rebranding/ Repositioning of Seychelles Postal Services with new identity such as a new corporate logo;
- Development of an effective marketing strategy for products and services;
- The need for business process re-engineering in the Postal sector;
- Decentralisation of Universal Postal Services.

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THE CHALLENGE OF INVENTORY CONTROL IN A REMOTE AND VOLATILE SUPPLY CHAIN: SEEKING IMPROVEMENTS IN A SMALL ISLANDS TRANSPORT OPERATION.

The authors:

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Abstract

Purpose

The Seychelles – the smallest country in Africa - is subjected to a multitude of volatile supply chain issues, which relate to its unique geographical isolation and the small size of its marketplace 85,000. This research examines impacts of stock-outs, to identify ways to improve Supplies Section effectiveness at Seychelles Public Transport Corporation. Exploring ways to establish a robust inventory management system with improvements in passenger satisfaction levels.

The results of the research will help to establish the benchmarks to hold stock in the SPTC, and have better planning and stock management controls in place. Thus identifying improvement areas that will help to solve the problem of stock-outs. The research will also create an awareness of the cost and consequences due to lack of accurate inventory records.

Research approach

The research adopts a phenomenological paradigm, i.e. a focused qualitative approach. Facets of the day to day operations have been monitored and analysed, in order to determine hypotheses of the actual problem. Sampling of items and personnel interviews have been carried out. A sample of 20 items selected and targeted. The current procedures and processes have been investigated, in order to identify the key constraints and weaknesses of current Supply Chain operations. Questionnaires were used to gather information in relation to the service and effectiveness of the Supplies Section.

Findings and Originality

Questionnaire results indicated that 44% of respondents are 'unhappy' with the way supplies are being delivered at present. When asked the follow-up question of why they did not received the correct replacement part to a satisfactory service level 84 % responded that they believed this was due to lack of spare parts availability in-stock; 12 % due to lack of forex funds availability; 3% a lack of proper in-house inventory control. Only 10 % of staff indicated that they always received the correct part that they had requested. Recommendation has been effected as well as changes which will improve and better facilitate the Supplies section to deliver an effective and efficient service.

No previous research had been carried out into the effectiveness of supply flows at SPTC, and no evidence was found in the literature review of a similar research investigation having been carried out in a small island developing state.

Research proven that inventory plays the most vital role of which the stock out

situation can be eliminated and improve the effectiveness of the Supplies section.

Research impact

The greatest impact from the research by investigation and gathering information shows that enhanced Inventory control and communication plays a role, that can reduce stock out and improve the effectiveness of the Supplies Section. A greater appreciation of the 'science' of inventory and stock control, has taken hold within the Supplies and Purchasing Sections.

Practical impact

Obsolete items have been disposed of. Supplies Section training has been enhanced, staff better trained on computerised stock control system.

Training: Four purchasing/supplies staff CILT Certificate Warehousing & Stores Operations module.

Updated CD catalogues have been received from suppliers, aiding more accurate parts ordering.

Introduction

The Seychelles Public Transport Corporation (S.P.T.C.) was incorporated in December 1977. Previously public transport had been in private hands, individual owner-operators running 'camions', which were tarpaulin covered lorries which linked the main villages of the island with the capital Victoria. The camions did not have route numbers, instead they had names such as: 'Twist Again'; 'Ballier-la'; 'Always Me' and 'Dayo'. The conductors would compete for passengers by walking the 100 metres or so from the bus depot to Market Street in Victoria, in order to help carry potential passengers' shopping to their bus – now that was customer service!

SPTC is nowadays the exclusive provider of road public transport in the Seychelles. Serving a population of around 75,000 people on the main island of Mahe. In early 2009, the SPTC operations on the second highest populated island Praslin, were spun off to be run independently by the islanders themselves.

The SPTC has a fleet of around 180 buses on Mahe to meet the daily scheduled requirements. It is committed to operate over 1100 trips on weekdays, on 61 routes on Mahe to meet the demands of the travelling public and school pupils. SPTC transports circa 1.2 million passengers monthly.

Within the organisation is the Supplies Section which is the centre of all its operational aspects and activities. This section is located at New Port and it is a service department comprising of two main departments: The 'Purchasing' and Stores Section' within the Finance Division.

The main function of the Supplies section is to procure and secure stocks both from overseas and locally, to be delivered to the other sections. The Purchasing section carries out all the procurement, then the Stores section receives, verifies and accounts all receipts.

The Stores itself is divided into small sub-stores of different categories of stock (e.g. Tata spares, Leyland spares, Fiat spares, tyres, consumables, stationery, etc). Each sub-store is supervised by one senior stores clerk and assisted by two stores clerks and two handymen. The store has in total about 9647 line stock items.

Research objectives.

The main focus of the research has been to analyse and identify reasons for unavailability/stock-outs of spare parts/other items in the supply chain.

This has been broken into the following sub-objectives:-

1. Examine how spare parts/other items are procured?

This objective will establish the fleet of vehicles in operations, types and models so as to differentiate the categories of part (e.g. Tata, Leyland, Fiat etc.). It will also determine who are SPTC's supplier and frequency of ordering.

2. Examine and analyse the current procedure of ordering and lead time of orders?

It is important to know the movement of items to be able to determine its monthly usage frequency, so that total usage per year can be established, which will give an indication for setting the reorder level of items.

3. Identify the movement of items.

This objective will help identify items that are critical, i.e. fast moving or slow moving. ABC analysis can be established and proper classification can be effected.

4. Recommendations.

Facts and all relevant information gathered will be used in order to modify the current stocki procedure, and reorganizing of the stores itself which will be beneficial to the Supplies staff and all the other operating sections depending on the Supplies services.

The following criteria are identified as reasons for stock-outs:

<ul style="list-style-type: none"> • Spare parts/other items are not being able to be bought on time, because of so many items, the stores clerk cannot identify parts or items falling below reorder level in time.
<ul style="list-style-type: none"> • The manual bin card system does not have the proper reorder level recorded, and this tends to make it difficult for the stores to monitor.
<ul style="list-style-type: none"> • Some clerks are computer literate whilst some are not, so even if the system is computerised they have to be assisted by other staff in order to be able to monitor their stock level and reordering.
<ul style="list-style-type: none"> • Bank delays in obtaining foreign exchange for payment. There are also suppliers who insist of being paid first before shipment of goods can be made and this adds to the waiting time. Meanwhile, actual stock decreases and even reaches zero.
<ul style="list-style-type: none"> • Delays in obtaining quotations. The remoteness and small island setting of Seychelles in the Indian Ocean makes it difficult to engage in a robust and balanced buyer-seller negotiation process.
<ul style="list-style-type: none"> • No proper re-order levels are being set, and this causes the situation of not knowing when to order.
<ul style="list-style-type: none"> • Records do not sometimes reflect actual stock situation, and therefore proper stock movement and investigation has to be made in order to establish actual stock requirement as well as lead times.
<ul style="list-style-type: none"> • Obtaining items locally is also a major setback, as SPTC does not have local agent who can assist in obtaining parts, which could then be paid in Seychelles rupees rather than foreign exchange.
<p>Table 1: Reasons for stock-outs.</p>

Literature review

Stock takes a variety of forms, ranging from raw material through to finish goods. The availability of supplies is the key to performance, and well managed stock is a core activity.

The website www.nfr.railnet.gov.in/store states that stock-outs can occur in different situations without proper control, forecasting and monitoring.

Stock-outs are defined as shortage of an item that cannot be supplied, e.g. if a bus remains idle for wants of spare parts, the earning capacity of the vehicle is lost for the duration of this period. On the other hand, the spare parts required will have to be purchased on emergency basis or have to be specially manufactured resulting in additional costs.

If stock is not available when required, an organisation is said to experience a stock-out. According to Waller (2003) since there is a cost associated with holding inventory, or a safety stock, the risk of stock-out must be traded off against the cost of carrying inventory. The more inventory that is carried then the lower the probability or risk of a stock-out. The stock-out risk is the complement of the service level or put as a formula:

Stock-out risk = 100 – Percent service level

The negative impact on SPTC's reputation occurs if there are frequent stock-outs, e.g. when SPTC fails to operate a schedule due to unavailability or stock-out of spares or any other essential items, the company loses revenue and the passengers will not be receiving the service required. This causes disruptions in their different daily routines or activities, thus creating a

negative image of the organisation and the community it is aiming to serve.

McGregor, K. (1988) states that "stock is a necessary evil" and is based on an appreciation of the cost and negative risks associated with stock, coupled with an understanding that many supply chains rely on stock availability to functions.

The costs of stocking out of critical items may be severe. It may be more appropriate to hold higher level of buffer stock or safety stocks of these items in order to ensure the smooth running of the operation. Preventive maintenance should be undertaken to ensure that critical spares are replaced, and a periodic review and audit policy implemented.

Inventory Control

Lucey (1992) explains that Inventory control should be adopted in setting good procedures, which can help to ensure that stock-outs can be eliminated. Terminology which forms an active role in the avoidance of stock-outs:

- Lead for procurement time
- Buffer stock or minimum stock
- Safety stock
- Economic ordering quantity
- Maximum-stock
- Re-order level
- Re-order level
- Demand
- Physical
- Free stock

Table 2: Factors affecting stock-outs.

Lucey (1992) further emphasises that stock-outs are associated with costs which should be avoided, and research needs to establish the reasons of why the stock is held in the first instance. The loss of opportunity costs include:-

- Loss of contribution through the lost sale caused by stock out
- Loss of future sales because customers go elsewhere
- Loss of customer goodwill
- Cost of production stoppages caused by stock-outs (of essential spare parts, raw materials etc.)

Table 3: Loss of Opportunity factors.

The overall objective of inventory control is to maintain stock levels so that the combination of holding, obtaining and stock out costs are at a minimum, as all stocks represent a potential investment.

Inventory is also necessary to satisfy spikes in demand quickly, to allow unimpeded production, to take advantage of bulk purchasing, as a necessary part of the production progress, and to absorb seasonal and other fluctuations.

The Lead Time challenge.

Lead time is described by Waters (2003) as the time taken to prepare an order, send it to the supplier, allow the supplier to make or assemble the materials and prepare them for shipment, ship the goods back to the customer, allow the customer to receive and check the materials and put them into stock. Indeed it is this: 'lead time challenge', that is at the heart of many of the problems facing the organisation in small island states

in their desire to meet customer demand be it internal and/or external.

A small island state's market is by definition 'small'. For major international supply organisations, which are profit driven, the small size of organisation typical of SIDS small island developing states is often of limited interest to them. In addition to which the difficulties of supply chain networks associated with SIDS, makes any sort of commercial relationship somewhat less than straight forward. In other words, small island customers are potential major headaches for suppliers. In a non-SIDS location, a typical scenario might be:

Company A needs a part that can be manufactured in two days once Company B receives the order.

It takes three days for company A to receive the part once shipped, and one additional day before the part is ready to go into manufacturing.

If Company A's Supply Chain call Company B they will be quoted a lead time of 2 days for the part.

If Company A's Manufacturing division asks the Supply Chain division what the lead time is, they will be quoted 5 days since shipping will be included.

If a line worker asks the Manufacturing Division boss what the lead time is before the part is ready to be used, it will be 6 days because setup time will be included.

Table 4: Typical Lead Time scenario.

Imagine therefore, the depth of the challenge faced by SIDS organisations. Ordering of parts at SPTC for example does literally take months. A lead time of several months from initial request from the

workshop manager until the delivery of parts, is not at all uncommon.

The Vendor Managed Inventor approach

This system reduces stock outs and reduces inventory in the supply chain.

<ul style="list-style-type: none"> • Shortening of the supply chain • Centralized forecasting • Frequent communication of inventory, stock outs, and planned promotions. Electronic Data Interchange linkages facilitate this communication. • Trucks are filled in a prioritized order. For example, items that are expected to stock out have top priority, then items that are furthest below targeted stock levels, then advance shipments of promotional items (promotions allowed only in transition phase), and finally, items that are least above targeted stock levels. • Relationship with downstream distribution channels • Result: Inventory reduction and stock out reduction.
<p>Table 5: Features of VMI Vendor Managed Inventory.</p>

To minimize supply and demand imbalances in the supply chain, firms utilize various methods of inventory management. Slack (2004) discusses VMI in terms of the 'harmonisation' to systems and methods of planning and control, that can be achieved through VMI implementation.

Stores Management Inventory Management

Bhat (2003) states that Store Keeping is primarily a service function in which the store keeper acts as a custodian of all items carried in the store, and that Stores Management should aim at providing this service efficiently as possible with minimum possible cost.

Virtually every type of organization maintains some form of inventory and Bhat (2003) defines it as "stock of items kept on hand by an organization to meet customer demand and production". So whatever form inventory takes or whatever purpose, it often represents a significant cost to a business, upon which the impact of stock-outs could be extreme and bring production to a halt and cause huge losses. If the amount of inventory could be reduced to an optimal level, both stock-out cost and inventory carrying cost can be reduced to the minimum possible level. The many functions that inventories perform are important and contribute positively towards daily operational activities such as:

<ul style="list-style-type: none"> • Meeting anticipating demand • Smooth production requirements • Protect against stock outs. • Taking advantage of order cycles and quantity discounts
<p>Table 6: Inventory benefits.</p>

As the SPTC is the only company providing public transport, it is crucial for buses do not remain idle due to stock-outs of items. With work delayed and buses remaining in the workshop, this causes people to be left

waiting at the bus-stops for hours, literally. The schedule will be disrupted, and Area Managers will have to cancel trips, so adding to un-operated trip statistics.

A reliable flow of funds and other resources is required. CD/Catalogues for re-ordering of items are not available or updated at regular intervals, this is especially challenging when receiving new types/model of buses. Adding to difficulties when ordering the correct replacement parts, and contributing to stock outs.

Research Methodology

A sample of 20 items was selected and targeted in order to establish the following criteria:

<ul style="list-style-type: none"> • Supplier • ABC Analysis • Setting Reorder level • Lead time to order • Obtaining of funds
<hr/> <p>Table 7: Research criteria focus.</p>

Staff were interviewed to obtain their views and input, those primarily involved in for the procurement of stock. This was the main focus of the qualitative data gathering of the research.

<ul style="list-style-type: none"> • The Purchasing Supervisor The Purchasing Supervisor to determine the Suppliers/confirmation of orders. • Senior/Stores Clerks The Senior/stores clerks to categorize the selection of ABC items in groups and setting the reorder level as well as determining lead time for reorder. • Financial Controller The Financial Controller will assist in obtaining funds and prompt payment for procurement. • Workshop Technical Personnel Workshop Technical Personnel will assist in maintaining the proper requirements of genuine and quality of parts/other items. • Accounting Clerk – (Input/Postings) The current computerized system will be reviewed with regards to records of input/postings of transactions.
<hr/> <p>Table 8: Qualitative Data gathering – The key staff contributing to the research.</p>

Study Design and Participants

This research was targeted to obtain facts of the day to day operations, in order to hypothesise the actual problem. The participants involved were staff of different departments of the Seychelles Public Transport Corporation. Seventy seven questionnaires were distributed. Interview questions targeted the Purchasing Supervisor, Financial Controller, Senior Stores Clerk and Accounting/posting clerk

were carried out to obtain their views and input, in their roles as the main managers primarily involved in the procurement of stock.

Approach

For the questionnaire, the respondent were selected randomly and given the questionnaire to fill individually. The questionnaires were collected immediately after all questions were answered.

For the interview, each person targeted filled the interview form themselves. Each person had different varied set of questions according to their respective role.

Analysis and discussion of the results.

Examine how spare parts and other items are procured.

The questionnaire asked in questions 1 and 2, to what extent various staff understood the role of the Supplies Section. It is clear that most of the respondents know the role and function of the Supplies Section, determining that its main role is to procure, supply and hold stock.

58% believe that keeping stock is the main function, whilst 42% believes procuring and supply in the key function. In certain instance there was the combination of both.

Question no.3 and no.4 of the questionnaire referred to internal customer satisfaction and achievement of the goal of receiving the required parts and other items on time. 77% stated that they don't receive the required items on time. This led to question no.5 which 84% responded that the cause of lateness being that items are not available in stock.

SPTC has a fleet of circa 180 buses, comprised of bus models from: Tata and Ashok Leyland of India (the vast majority of the fleet), FAW Taihu from China (newly arrived early 2009) and Fiat of Italy (over ten years old). These represent a large and diverse requirement, for which spare parts and other items have to be stocked.

Each type/model of buses has its own category of parts that should be stocked. It is the responsibility of the Senior/Stores clerk to ensure adequate stock at all times, in liaison with the Purchasing Supervisor responsible for purchasing both overseas and locally.

The main suppliers are Tata Motor and Ashok Leyland, and the frequencies of overseas ordering items are every six months for overseas and 2 months for local items. Depending on certain situations and activities, then items are ordered frequently in small quantities. The expediting of urgent spare parts requirements by air occurs on a much too frequent basis.

Examination and analysis of the current ordering procedure, and the lead time of orders.

61% of respondents to questions no.6 and no.7 of the questionnaire, found the current procedure established for ordering parts and other items, to be efficient.

The procedure itself is described as straight forward by the Purchasing Supervisor. She pointed out that the availability is a problem because of lack foreign exchange. This again is supported by the Financial Controller, who also stressed that the delay in shipping parts and other items is due to

small quantities being ordered on a time critical basis.

Time is key important factor between the placing of the order and the receiving of the next period's order. Shridhara Bhat (2003) also states that receiving and storing are an important flow of control activities. Materials have to be stocked to meet consumption requirements during lead time delays by Suppliers, and due to unexpected upward spikes in the rate of consumption.

As per the sample of items chosen for the survey, the Supplies Section does have the necessary control for ordering of items. However, the problem is that presently there is no flexibility in the re-order level set, or the lead time. Due to not receiving the right quantity of items requested, and the challenge of obtaining foreign exchange to pay the suppliers. This causes imbalances and irregularities for the present procedure of ordering, and distorts the lead time window of opportunity.

Identifying the movement of items

Each item in stock has its own different movement level as per the sampling of items in the survey. There is an ABC analysis system in place. Its frequency varies and depends upon the circumstances of need. A items are considered fast moving and critical, followed by Bs which are medium moving and Cs less critical and leading towards obsolete. All the three categories are in place.

Questions no.8, 9 and 10 of the questionnaire, showed that the movement of items also reflects negatively because of the types/model of parts ordered. 90% of respondents feel that they do not always get

the same type of parts, from whom 66% then state that they need to initiate 'modification' or re-engineering of the parts received. The outcome according to 53% of respondents reflects that it is not reliable when placing an order from the Supplies Section,.

Again the genuineness of parts ordered from overseas gives an erratic movement of parts which contribute to stock out. This refers to question no.12 of the questionnaire, of which 99% of respondents consider that parts are not genuine OEM (original equipment manufacturer). Then 65% of respondents for question no.13 state that those parts can however be used on another model. But 35% felt that the parts have to be discarded or scrapped.

According to question 14, only 19% feel that ABC analysis can remedy the situation of stock outs.

Conclusion.

The research has seen a focus of attention on the importance of inventory information flows and controls, and for Supplies and Purchasing staff in their need to become familiar with the variety of inventory methods. There are significant training / re-training issues here. Inventory is not just keeping a list of what is on the shelf, but to encourage everyone to find ways of adding value to the organisation through better use of an asset already paid for.

The impact of stock outs and barriers at SPTC

As SPTC is the main transport operator on the island and the majority of people depend on its service, stock out has a

negative impact on this organization, such as:

Buses fail to operate due to stock out of essential items (such as spare parts). The company loose revenue, and the public does not get the required service and creates a disruption in their daily routines or activities. It also creates a disruption for the organization operational schedule.

Mechanics remain idle as buses remain inside the workshop due to stock-out of specific parts. Also tyres play an important role in the operation, and stock-out of new tyres also contributes to buses to remaining inside the workshop for too long, and this causes a negative impact.

Stock ordered is sometimes not received in full, which again creates an impact and disrupts the stock level. Leading to a situation whereby the company has to import critical spare parts on an emergency basis by airfreight which is much more expensive than by sea freight, thus incurring additional cost for the organisation. SPTC could have save and gain more by procuring in large quantities instead of small quantities, but it all depends on the Supplier and of the quantity they have in stock. Once again, the 'small' SIDS based organisation does not warrant special attention as far as the vendor is concerned.

Enhanced administrative systems need to be implemented so that obsolete stock can be cleared out of the stores on a more regular basis. Is it necessary for Boardroom level decision making?

It is important to know the inventory and prioritise. No important decisions can be made without knowing what is in inventory

and really how long it has been there. A simple inventory system can track what is in stock, its carrying value and the trends of movement in stock value. The system then allows for easy prioritising of what are the fastest and slowest moving items and what value is locked away in inventory.

Importance of communication

This plays a key role, serving as a platform for discussion and improvement. Thus sometimes lack of communication creates barriers which affect the organisation, and contribute to stock-outs. Some Communication barriers which affect the organisation are shown in Table 9.

Policies and procedures that spell out how people with the organisation use inventory, and how it must be accounted for.
It must be a system for recording and tracking stock and usage.
Regular management reviews of stock levels, trends and key financial performance indicators should include stock value (current and moving totals), inventory turnover, number of stock outs, breakdown of inventory items and regular action plans to extract the best value from inventory.
Table 9: Communication Barriers

Lead time reduction is assisted by understanding when items are needed and what is the history usage of key items, and this forms part of projecting demand for inventory items.

Having a system for monitoring and tracking inventory should also allow managers to predict what will happen in the future.

Usually demand projection is reviewed for the next 3-6 months, but even regular projection over a 4-week period allows for improvements in inventory control. This helps suppliers to reduce lead times as well as allow cash flow planning. There needs to be a rolling programme.

SPTC Inventory systems re-engineering should include the criteria listed in Table 10.

<p>The process of ordering of stock takes too long as 3 quotations has to be sought from Suppliers. The supplier sometimes takes too long to give a prompt and immediate reply or even does not reply at all. LC's and other documents has to be processed as well as having the necessary approval, this creates a delay in obtaining items on time. Speedy processing of documentation would overcome some of the barriers.</p>
<p>Shipments are sometimes transited to other countries and not directly, which creates the impact of receiving items on time. Direct shipment can remedy the situation of waiting to receive items on time.</p>
<p>Funding is also a factor that creates an impact to the organisation. So having enough funds for payment of ordering stock at all times would also improve stock levels.</p>
<p>Electronic communication system whereby the organization is link directly and ordering can be done on line will be an advantage and effective way of minimizing stock out.</p>
<p>Better planning and control at all times can bridge the barrier thus helping in the problems of stock outs as well as creating the awareness of the cost involved and consequence of not having adequate stock.</p>
<p>The whole process of stock outs is complex in different situations and all parties involved should communicate so that stock outs can be prevented, though there will always be unavoidable situations but if all efforts are synchronized there will be improvement.</p>
<p>Table 10: Inventory system requirements</p>

Recommendations

Updating and upgrading of the current accounting system for better results, specifically transferring the 'Accounts-mate' to SQL package, extracting of various reports.

Obsolete items should be removed from shelves to cater for more space for better stock control.

Staff should be given proper training in inventory management, and the accounts posting system.

Items should be procured in large quantities instead of small quantities, to be carried out on a regular basis. Thus helping to eliminate the situation of items being expedited at high cost.

A safety stock for say six months usage should be procured, so that the proper re-order level can be maintained, and so that enough safety stock will be available until the next order is made.

A periodical review of stock items must be implemented within the Supplies Section. Respondents felt that a system of ABC Analysis should be implemented, as this will classify the items in order of fast, medium and slow moving.

All CDs for ordering parts should be updated, as not all information is always provided by the workshop mechanics and that it makes it difficult for Stores Clerk to order the right parts. CD/Catalogues should be made available the exact moment when receiving new models.

If SPTC could import buses independently without the assistance of soft loans from donor countries, it is recommend that it imports only one make of buses as this will help in the situation of eliminating stock outs.

If SPTC could import its buses on its own without the assistance of soft loans from donor countries, it is recommend that it imports only one make of buses as this will help in the situation of eliminating stock outs.

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DECENTRALISED DELIVERY OF A MUSIC EDUCATION PROGRAMME.

The author

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Abstract

The aim of this study is to identify the reasons that inhibit the principal music institution in the country, from providing to the larger pool of talents that cannot attend classes, and to establish if decentralization is the best solution towards bringing the music training programmes to places, where larger concentration of talents could be easily discovered and nurtured.

Introduction

Teaching music within a central location only, does not allow easy access to learners who may be willing to reap benefits from it. Hence, the necessity to decentralize music training programmes, which its foremost benefit is, the masses will not be deprived of an element that is crucial for the development of every being. Some of these elements are found in the Sacred Writings of major religions. These emanations, unveiled from time immemorial have inspired major composers, let alone

countless of great musicians. They have always and continue to exert tremendous effects on both the physical and spiritual body. As is written in the Upanishad: "And he who desires the world of song and music, by his mere will song and music come to him, and having obtained the world of song and music, he is happy" (Romesh C. Dutt). In Sikhism it is taught that when the heart becomes happy the Words of God flows naturally through it, and "in each and every heart the Music of the Lord's Flute vibrates, night and day, with sublime love" (Shri Guru Granth Sahib, Section 5 - Siree Raag).

So, in order to make available the art of music to everyone, it is important that a process is established to permit the generality of the people to have a musical upbringing. This will drive the conscious towards more creativity, just like the Sikh Faith confirms: "The celestial music wells up, when they lovingly attune their consciousness to the Lord" (Shri Guru Granth Sahib, Section 7 - Raag Gauree).

From another Sacred Writings these words transpire: "consider how much marvellous notes or a charming song influence the spirits! A wonderful song giveth wings to the spirit and filleth the heart with exaltation" (Baha'i World Faith p. 333). Therefore, the effect of being exposed to music could transform towards becoming more than just a musician, since experience also indicates that "any person, independently of his job or title, as soon as he compiles a concert...a schedule for producing records, accepts or refuses music for a film, this person...is an educator." (Lagazet, pg. 11).

Undoubtedly, the breaking away from centralization will bring unprecedented

benefits to the generality of the population, since almost everybody will have access within the area where he lives, to a place where he or she could be trained. Such move will reverse the long tradition of periodical centralized music learning that “has a long history which began in 1925” in Seychelles, with its numerous stops or dissolution of institutions and groups for “unknown reasons...and instruments sold...” (Lagazet pg.15).

Decentralization as a mean to establish confidence to the local inhabitants will cause this activity to be more preponderant over the discontinuity of ventures.

Method

The study examined the records of the School of Music and interviewed subjects in two districts on Mahé, the main island in the Seychelles archipelago. It also interrogated music instructors to ascertain the distribution of talents.

The annual attendance records, application forms and class registers of the age groups 7, 8, 9 and 10, 11, 12 for children, and 16 onwards for youths and adults were examined periodically over a 20 year period beginning from 1987 to 2007. The periodic years covered were: 1987, 1992, 1997, 2002 and 2007. The records were examined in order to extract the following information:

<ol style="list-style-type: none"> 1. Residence of applicants and registered students, to determine if they came from within the city, its suburb, or from a rural area. 2. Instruments they have applied to learn, in order to discover if the preference was for an instrument that the scope of functioning (to enjoy music) is within a group/ensemble or if one that the pleasure of playing can be satisfied when playing solo. 3. Instruments they eventually discovered and started to learn. 4. Technical ability manifested as a result of the learning. 5. The known place, area, or affiliation where the learning has at least one time or more been put into evidence.
Table 1: Attendance records information.

Cluster Sampling

The field study consisted of a survey on four units drawn randomly from two groups of children and an adult sample in two districts on Mahé.

Since it was necessary to make up representation of the groups a mirror image of the same age groups of the School of Music for general classes, the children interviewed in each district were 7, 8, 9, and 10, 11, 12 years. As to the composition of the adult group, consideration was taken that in this category one person may happened to be at the same time an interested applicant or a parent, which by extension also made the person a representative of another parent.

Sample units were analysed from two targeted districts on Mahé; one in the north classified as a semi urban district; and one

in the west, customarily referred to as a rural district. Subjects were interviewed to determine the level of interest towards enrolment in a music training programme. The enquiry tried to establish possible factors that may prevent interested participants from attending the training programme at its present location.

The viewpoints of music instructors, since they are well versed in the field were obtained by interviewing randomly picked instructional staff of the School of Music.

Results

From the records of School of Music. A summary of the total enrolment at the Institution in 1987 was taken and the numbers reflected the build-up from 1985 when the school started. Surprisingly, in the instrumental category there was a clear preference for solo instruments; 82% in the 7,8,9 age group which is the children group, 90% in the 10,11, 12 which is the pre-youth and 65% in the youth/adult group. Solo instruments that students applied for were mostly guitar, piano and electric organ. As to the number of students who opted for orchestral instruments, it was minimal, while a very small percentage, (1.7%) in the vocal/singing category, comprising adults only, chose to have specialised training in this area above being member of the School Choir. The choir as a complement to other music classes more often than not, enhance the general music training by providing good oral development. That is why, music students, who incorporate themselves into a choir, their participation habitually, could lead to having perfect ear—meaning that such persons are able to hear vibration of sounds correctly at any pitch.

By considering the distance of residence of students in those three initial years to determine how far they travelled to reach the School of Music, information contained in the School's application forms showed that in all age groups most candidates came from within the <5 kilometres radius. It was also revealed that a number of them over and above coming from one of the district schools outside the city, the residence of the parent/s who registered them was sometimes within the <5 kilometre radius from the School. In some cases the residence was even less than one kilometre away. This suggests that a significant number of students whose residence were recorded in the >5 kilometres distance away from the School, in order to facilitate their attendance to the training programme, the parents may have organized for them to stay overnight in a nearby home not far away.

The decrease in the number of youngsters choosing to learn an orchestral instrument, as recorded in the second period of the research started to be worrying due to the fact that younger learners were not forthcoming to feed the upper levels in the pyramid of progress. This implies that the pool of candidates from which, talented individuals would be found who could become good musicians to play orchestral instruments, was starting to be fewer.

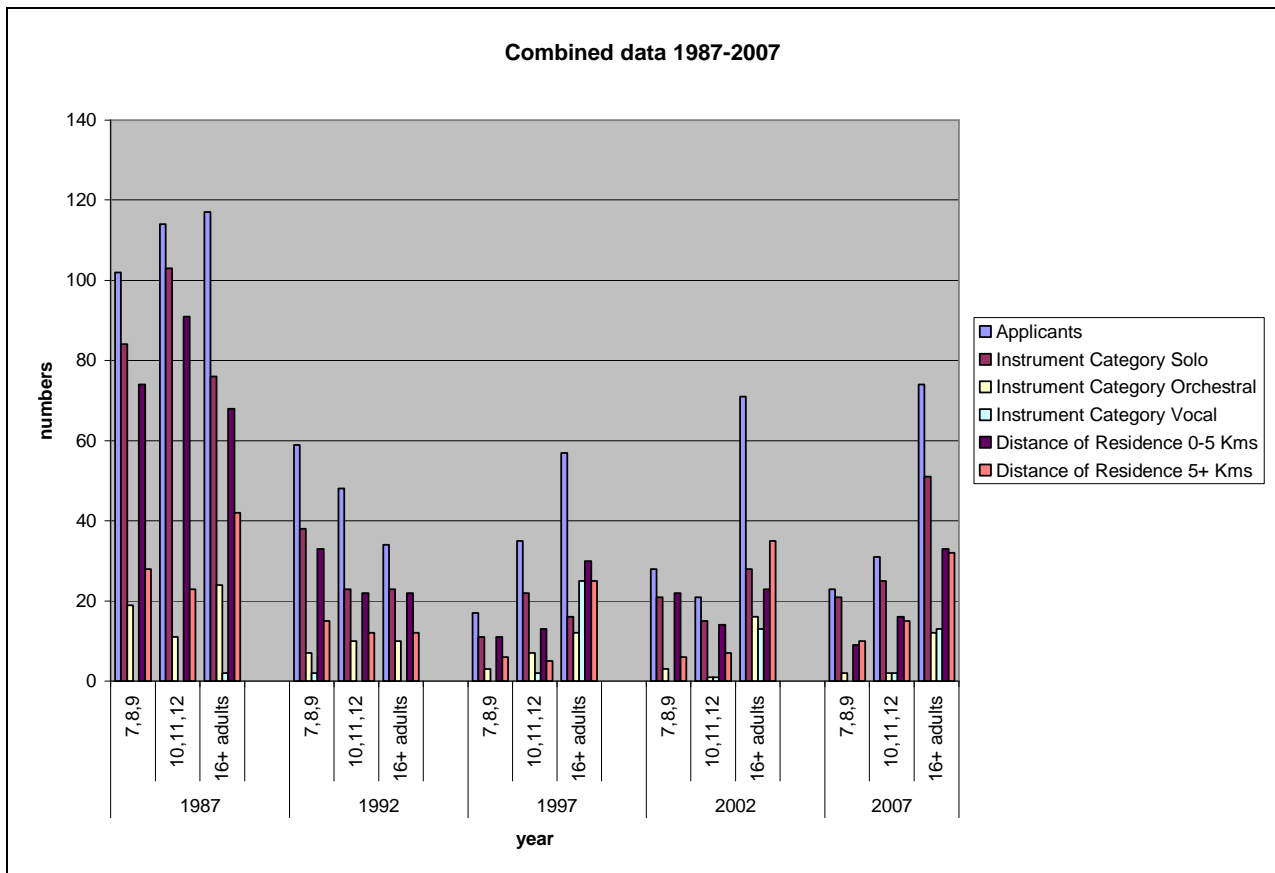
Perceptible in the 15th year after the school started, was the preference for solo instruments among children and pre-youths. However, the bigger number of applicants for orchestral instruments was still coming from the youth/adults age group.

The declining tendencies for orchestral instruments among younger applicants

continued up to 2007 and it had the tendency to have taken a natural course. It turned out to be that should a strategy not devised to remedy that state of affair the School of Music may not regain the popularity it enjoyed in the beginning. So therefore, could that declining state of affairs be attributed to the penchant of the new millennium for our children, who may possibly only want to bang on the keyboards, strum the guitar or imitate their idols that they watch daily on public and private television stations? Whatever the case, it is clear that a situation, an occurrence or something not

An examination of Table 2 containing the combined data for the period studied, indicates that apart from the preference for solo instruments, which have been analysed ahead, the distance of residence of applicants could also have been a major factor that contributed to the diminished dynamism within the Institution.

Table 2: Instrument categories.



attended to at the most appropriate moment has exerted a negative impact on the principal music Institution in the country.

The Semi Urban District

In the semi urban and residential district, 50% of children interviewed, express an urge to learn music, despite that majority of them did not have any idea if their parents would like them to enroll in a music class. Nevertheless, the same percentage thought that if they decide to take up the learning, they will get the necessary parental encouragement. The majority also believed that they will be accompanied to the classes if lessons are given within the limits of the district or not far from it.

As to the choice of instruments, preference by 70% are for solo instruments, but since 50% thought that a change of instrument in the course of the learning will be approved by the parents, and moreover, 90% thought they will be left free to choose which instrument to study. In this case, upon the discovery of new and charming sounds of an instrument unheard before, the probability of getting candidates to choose an orchestral instrument is eminent.

Given that the parents of 50% of *n* want their children to learn, this indicates there is a pool of young applicants ready to enroll in the music classes. Again here, the liberty to make an own choice of instrument is present in a large majority. The ready approval of the parents for a change by 60% of *n* should a new instrument be discovered in the process of learning, is encouraging. This will normally increase the chance of getting more candidates to take an orchestral instrument and to a certain extent the projection would be rather high.

In considering the youth/adult age group, the willingness to learn a music instrument is total. Added to this, the preference or attraction towards a solo instrument is remarkable.

On the question as to where respondents would prefer to attend music classes, 60% which is the same percentage similar to those working outside the district would make it to the lessons in the <5

kilometres range. The same percentage, however, would drop the study due to personal reasons, time, and work commitments.

The Rural District

Majority of younger respondents in this rural district seem to be attracted to music. This attraction is well-defined through the 70% who already play an instrument and 80% who would like to play and want to learn. More encouraging is that 60 % thought their parents will encourage and send them to music classes. The preference for solo instruments by 80% is rather high compared to the 10% who are drawn towards the orchestral. This condition, however, may not slow down the possibility of increasing the number of candidates who could change their choices since 70% of parents will not oppose a change of instrument. At the same time, 90% of parents will leave their children free to choose which instrument to learn.

The Instructors

Questions asked to the instructors were designed to determine what are the extent of available talents in the country and if these were having easy access to the existing facilities.

The answers concluded that in general students are musically talented and have the ability to learn most instruments very well. When enrolled in a music class the eagerness to learn is present but how hard they work, may not reflect the arduous work that is required for someone who has embarked upon learning to play a musical instrument. As to the dispersion of talents, the majority thought that these are spread all over the territory but most are widespread outside the capital and its suburbs. Nevertheless, the majority of students attending the classes came from the urban and sub-urban area at distances with very high frequency of public transport. As to the quality of the lessons, it was found to be good because it brought results to

some who probably worked hard. However, the number of students who have studied for more than five years was rather low in order for the School to maintain enthusiasm. Since it is almost impossible to sustain ensembles with such low numbers of instrumentalists, despite the consequences, it is encouraging to know that some past and present students were participating in various performances in the country. Through those exposures, alumni are proving that there is a distribution of trained talents in the country, capable of performing music at different levels.

Due to the fact that *n* has different interpretations regarding access by all to the learning at present facilities and that the majority think not every one is having access to them. Hence, the predominating factors, which are distance and time, are in agreement with the general thought, given that *n* expressed the same as the major causes that prevent people from attending the classes.

Analysis of Data

Data from the records of the School of Music. When the School of Music opened its door in March 1985, it operated in a sheltered location away from a frequent flow of public transport. That isolation did not permit easy access to the modest facility by many who wanted to learn, in view that “some 400 students enrolled on the first day of admission” Seychelles Nation, June 1988). The urge to learn music or simply to be able to play an instrument attracted many participants who braced all the odds to be able to attend the classes. As noted in the first page of the master register of that first year, there was “an intake of more than two hundred students at the opening of the National School of Music”. The figures of the remaining students at the end of the launching year, was 142. That 64.5% drop out in the first year is a normal trend that the

Institution has experienced in subsequent years among new enrolments and existing learners.

Despite the high percentage of drop outs, the build-up in enrolments from the first year that the School of Music started was beyond expectations and by 1987, which was the School' third year of existence, the figures had reached more than 300 learners. This represented a major proportion in relation to the total inhabitants of the country. For that reason 1987 was chosen as the starting year for data of the School of Music to be examined for this research project and subsequently every five years up to 2007. Altogether, the five different years of observation gave an indication of the various factors that created the dynamism within the Institution, which gave it the glare of publicity it received during the first decade of its existence. It also determined how easy or not it has been for students living on the main island having access to the music classes at the central facility.

Since at the end of the research period no varied student's group and ensembles existed within the School of Music, the investigation tried to determine if distance may have deprived a larger pool of talents having access to the facility, thereby limiting the number of candidates who would have discovered an orchestral instrument or should decentralization of the training could have made it more accessible for the population, thereby helping more people to discover the various instruments being taught.

The advantage of having many candidates learning orchestral instruments will eventually lead towards the formation of small ensembles and groups such as duets, trios, quartets, quintets and bigger ensembles. But, taking into account the small number of people actually learning and those who play

an orchestral instrument in Seychelles, it is evident that the country is not close to forming a typical orchestra or symphony per se. A pool of musicians going up the pyramid of progress should exist in order to sustain such a big ensemble.

Instruments for which instructions have been offered since 1985 are; violin, trumpet, trombone, double-bass, tuba, flute, percussions, saxophone, guitar and piano. Among these only the last two are solo instruments while the rest are orchestral. Orchestral instruments are generally those from which the players can produce only one sound at a time. The learning is a long process that normally takes many years to result in total satisfaction before it leads to the production of perfect sounds at any given pitch.

The preference for solo instruments however, did not lower the ability to form ensembles, which composed mostly of orchestral instruments. It existed within the Institution as from the third year after it started till mid 90s, a Stage Band comprising brass and woodwind which are all orchestral instruments. Also in existence during that same period was a typical 16 pieces Jazz Big Band formed with the best elements learning orchestral, with the inclusion of three solo instruments. Shortly after it was formed, the Jazz Big Band became the referral group of the Institution that was requested at official functions. Other smaller ensembles, notably quartets, quintets, trios, and duets abound within the Institution at the time. Among the different formations, there was also a guitar ensemble. Added to these, whenever a show was staged by the School, it was customary to find some instrumentalists performing solo pieces with piano accompaniment.

Conclusions

It is evident that a dynamic atmosphere existed within the School of Music during the first decade of its existence. That reigning vivacity, no doubt, resulted from the hard work of both instructors and students.

The School of Music formally emerged at a very low profile following the termination of the National Development Plan of Seychelles 1980-1984 from which, the following statement is found: "The promotion of culture shall be effected through the use of every available means at our disposal such as ... music schools ..." (National Development Plan, p. 64).

Since its creation, the contributions that the principal music Institution of the country has brought to the development of culture nationally is worthy of attention. That different groups and ensembles existed within the School of Music a short while from the beginning of delivery of lessons, is evidence that the presence of talents was remarkable from among the smaller percentage of applicants who chose to learn an orchestral instrument. Along with this, considering that most of the orchestral instrumentalists who played in the varied ensembles were adults and the instruments they played were brass and woodwinds. This indicates that those students possessed the prerequisites that are necessary to become good musicians.

Recommendations

The past ways of delivering lessons at a central facility have left aside a sizeable number of talents. Therefore, efforts to bring music education closer to the community, will contribute towards assuring continuity of the training programmes, and: "In keeping with a policy of decentralization, procedures will be initiated towards the participation of all the

various communities in the cultural life of the country” (6.8.16 of the National Development Plan, 1980 p.64). Therefore, based on the findings of this research project, it is recommended that steps should be taken to formally establish regional centres for the learning to be closer to the inhabitants. Decentralization will no doubt help the School of Music to fulfil one of its mandates, which is to impart music education to the people of Seychelles.

Programming Handbook (and document identification number (PN-ACH-300).

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THE EFFECTIVENESS OF MONETARY POLICY.

The author

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Abstract

The analysis addresses changing views of the role and effectiveness of monetary policy, inflation targeting as an “effective monetary policy,” monetary policy and short-run (output) price stabilization, and problems in implementing a short-run stabilization policy.

Introduction

Monetary policy means different things to different economists.

Put simply, the demand for money arises from the underlying economy. In particular, as the level of transactions rise, the need for money will increase. Based on this demand for money, the authorities have two possible approaches that they can adopt.

The government (or more commonly now, the independent monetary authority) can seek to control the supply of money, in which case the price of money (the interest rate) will fluctuate.

Alternatively, the authorities set the benchmark interest rate and allow the supply of money to fluctuate.

The question of the effectiveness of monetary policy is a long-standing issue in the literature of monetary economics and central banking.

Perspectives on the question have been influenced, in part, by developments in

monetary theory, in part by interpretations of monetary history. Progress in the discussion has also been influenced by changing definitions of both “monetary policy” and “effectiveness.”

This discussion will address 1) changing views of the role and effectiveness of monetary policy, 2) inflation targeting as an “effective monetary policy,” 3) monetary policy and short-run (output) stabilization, and 4) problems in implementing a short-run stabilization policy.

Changing Views on the Role and Effectiveness of Monetary Policy.

What do analysts mean by “monetary policy” and the “effectiveness” thereof?

Both terms are something of moving targets. At times “monetary policy” has referred to central bank actions to influence and/or target some measure of the money stock.

Frequently, though certainly not always, the definition of monetary policy focused on a measure of “high powered money” - liabilities of the central bank.

For a long time, this was the definition incorporated in theoretical models. In the policy arena this definition was the foundation of the “monetarist revolution” in the 1960s and 70s.

The legacy of the Great Depression in industrialized economies was that monetary policy was “ineffective.” This perspective is most prominent in Keynes’ General Theory and in the writings of the “Keynesian economists” in the 1940s through the 1960s. For example, the Radcliffe Committee in the United Kingdom reported:

“The immediate object of monetary policy action is to affect the level of total demand..”

In theory, monetary action may work upon total demand by changing the interest incentive; only very limited reliance can be placed on this. More certainly, monetary action works upon total demand by altering the liquidity position of financial institutions and of firms and people desiring to spend on real resources; the supply of money itself therefore is not the critical factor.

“Unless the Government acts to make compensating changes in the monetary base, expansion of general economic activity, accompanied by increased demands for liquid balances and for investment funds will tend to tighten interest rates and restrict the availability of credit. ...” Reports of the Kennedy Council of Economic Advisers

Discretionary policy is essential, sometimes to reinforce, sometimes to mitigate or overcome, the monetary consequences of short-run fluctuations of economic activity. In addition, discretionary policy must provide the base for expanding liquidity and credit in line with the growing potential of the economy and:

Monetary policy as well as debt management policy must be coordinated with fiscal policy to secure the objectives of high employment and growth without inflation.

Fiscal irresponsibility, especially unsustainable increase in Government expenditure financed through domestic borrowing crowds out private investment.

In the eyes of monetarists, inflation control was not the only concern of the monetary authorities. They saw monetary policy as having significant effects on short-run fluctuations in real output, though not affecting long-run output growth.

Indeed many monetarists saw monetary policy as responsible for aggravating, not attenuating historical cyclical fluctuations in real output.

With the “rational expectations revolution” in macroeconomics came the “policy ineffectiveness proposition” of the New Classical Macroeconomics (Sargent and Wallace, 1975).

The initial interpretations of this paradigm were that, in any macroeconomic model, the assumption of rational expectations would render monetary policy ineffective in influencing real output, both in the short run and long run. Hence there was no role for monetary policy in output stabilization.

Subsequent research (Fischer, 1977, Taylor, 1980, and Calvo, 1983) demonstrated that it was the interaction of the rational expectations hypothesis and an assumption of perfectly flexible wages and/or prices that generated the “policy ineffectiveness proposition.” The outgrowth of this insight was the “New Keynesian” perspective.

With the widespread use of “New Keynesian” models, the monetarist tenets about how “monetary policy” impacts economic activity are widely held throughout academia and central banking circles today.

In contemporary literature, models, and policy discussions, attention is given to the role of an inflation objective by the central banks. “Taylor rules” (Taylor, 1993) that specify a systematic relation between the target for a short-term interest rate and deviations of inflation from an inflation target and real output from a measure of “potential output” have become the norm for the analysis of the impact of monetary policy.

Long-run Stabilisation Objectives for Monetary Policy

There is an active discussion in the contemporary literature over the design of monetary policy rules.

Some economists (for example, Svensson, 2005) argue for instrument rules that are optimized from an objective function of the central bank and models of the macro-economy. Others (for example, McCallum and Nelson, 2004) argue for independently constructed target rules in the spirit of Taylor (1993).

Both sides in this debate appear to accept the proposition that monetary policy can impact both inflation and real explicit numeric inflation targets.

Shocks to the price level – i.e. transitory shocks to inflation – originate from numerous sources, both monetary and nonmonetary. No central bank can foresee such shocks and probably cannot accurately predict the dynamics by which such shocks ultimately impact the price level.

Economic theory suggests that central banks can be held accountable for “sustained inflation.” Correspondingly, inflation targeting central banks, and even central banks without explicit numeric targets such as the Fed, typically focus on “medium term” inflation. The duration of the “medium term,” frequently, and probably intentionally, is left ambiguous. Absent, a precise definition of the “medium term” some measures must be specified to judge the “effectiveness” of the inflation targeting policies.

Use of moving averages can provide interesting insights into the sustainability of the inflation performance; however, they obscure the marginal performance. A moving average could remain within the

target range for a long period of time because, over time, the inflation rate is converging towards the midpoint of the range. Alternatively, the same moving average could result because, early in the period, the inflation rate was close to one end point of the target range and, as time progressed, inflation moved close to the opposite edge of the target range.

How Effective Are Central Banks at Short-run (Output) Stabilisation?

The evidence on the effectiveness of monetary policy as a short-run stabilization device is problematic. As Poole has noted: The only certainty is that the effect of policy actions on real variables eventually dissipates. “Eventually” may cover a period of several years, and may be longer in some circumstances than others.

In an economy where the central bank focuses on a rule for an interest rate target that responds to deviations from a desired rate of inflation and other variables such as output gaps, such monetary shocks occur only when there is a change in the inflation target.

This does not get to the question of the effectiveness of monetary policy for short-run output stabilization.

Here the issue is how real output responds to monetary shocks that cause transitory fluctuations in the inflation rate (i.e., changes in the price level.)

Unfortunately, received theories suggest that shocks from many nonmonetary sources can have a permanent impact on the price level. Examples include fiscal policy shocks, energy price shocks, productivity shocks, and terms-of-trade shocks. In such economic structures restrictions on impact multipliers are hard to justify, and sufficient restrictions

on slope coefficients among the contemporaneous variables in the VAR to identify the desired monetary shock are problematic. This concern is echoed in Romer and Romer (1989):

The reason that purely statistical tests, such as regressions of output on money, studies of the effects of “anticipated” and “unanticipated” money, and vector auto regressions, probably have not played a crucial role in forming most economists’ views about the real effects of monetary disturbances is that such procedures cannot persuasively identify the direction of causation.

Identification of the effectiveness of monetary policy to stabilize output fluctuation is further complicated by a lack of transparency and likely a lack of stationarity in the “rule-like” behavior of central banks.

The conclusion is that considerable care and additional research is required to ensure that a valid identified model of the economy has been constructed from which to draw inferences about the effectiveness of monetary policy as a tool for short-run stabilization of an economy. The number of issues that remain to be addressed suggest that we are a long way from a definitive answer.

Problems in the Implementation of Short-run Stabilization Policy

One important issue for the implementation of short-run stabilization policy is the inherent uncertainty of the environment in which central bankers make decisions. There are several dimensions to this uncertainty: 1) lack of accurate information about the contemporary state of the economy, 2) inability to forecast accurately the future path of the economy, and 3) lack of accurate

information about how policy actions impact the economy.

Two problems face central bankers (and policymakers in general) in assessing the need for a short-run stabilization action: 1) lags in the availability of data and 2) measurement error in preliminary data.

In most countries in the world major economic statistics are available at either monthly or quarterly frequency, usually with an initial publication lag of a month or two. Consequently, most formal statistical data that are available for policy deliberations are “stale.” To counter this problem of time lag, such data are supplemented by anecdotal data that is collected from more frequently.

The latter data are not collected from scientific surveys and the number of respondents surveyed is small. Hence, there is a danger of inappropriately extrapolating from the small environment to the macro economy.

Nevertheless, such reports can give insights into and reduce, though not eliminate uncertainty about emerging trends.

The second issue is the limited accuracy in the forecasts or projections that are available to monetary policymakers. Absent instantaneous reaction of the economy to policy actions, effect stabilization actions require an assessment of the future state of the economy.

The final problem is the paucity of accurate information about the dynamic effects of policy actions. The major problem is that received macroeconomic theories generally provide little insight into dynamic structures. This is reflected in the VAR paradigm that eschews any restrictions on dynamics.

One perspective is associated with Milton Friedman that lags in the impact of monetary policy are “long and variable.” Another perspective is derived from impulse response functions of econometric models, including VAR specifications. In many such models the impact effect of a shock to the monetary policy variable is constrained to be zero as part of the identifying restrictions imposed on the data. In such models a typical response pattern is that several quarters elapse before a significant response of real output builds up, and then this response dissipates over a year to eighteen months.

In general, estimated confidence intervals around the impulse response functions are quite wide.

This leaves a policymaker interested in short-run stabilization with a difficult and unfortunate dilemma: the impact of a policy action at any horizon is highly uncertain, and the horizon over which any policy action is most likely to have a major impact is one where the future is not predicted with any precision.

Conclusion

Several conclusions seem warranted.

First, inflation targeting central banks appear to have an admirable record of consistently hitting targets on a “medium run” horizon. However, it is not clear what the marginal contribution of inflation targeting beyond a credible commitment to price stability is.

Second, it is not clear what will happen to low and stable inflation if “bad shocks” are realized and the “going gets tough.” However, a decade or two of relatively mild “shocks” cannot be ruled out as a significant environmental factor during the inflation targeting period (see Stock and Watson, 2003, pp. 46-47.)

Finally, the case for consistently effective short-run monetary stabilization policies is problematic -there are just too many dimensions to uncertainty in the environment in which central banks operate.

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OPPORTUNITIES AND CHALLENGES FACING SMALL AND MICRO ENTERPRISES (SMEs): A CASE STUDY OF MAHE, SEYCHELLES.

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Editorial comment:

Paul Kang'ethe's Paper is a piece of 'work in progress'. The purpose of its inclusion to JoSIM, is to encourage other potential authors to come forward and share their knowledge and nascent research ideas with a wider small islands community.

Abstract

The main objective of this research is to study the challenges facing small and micro enterprises in Seychelles. The research will be conducted mainly on Mahe Island. Small and micro enterprises have always interested the author because of the significant impact they have on the well being of a country's nationals.

The Government of Seychelles has shown commitment to entrepreneurship by creating a Small Enterprise Promotion Agency. An extract from the Agency's website reads; "The Small Enterprise Promotion Agency (SEnPA) is a newly established organisation set up under the (SEnPA) Act 2004 as a Parastatal body with the aim of fostering the growth and development of Small Businesses, crafts and the Cottage Industry in the Seychelles. Operating under the aegis of the Ministry of National Development. Its

headquarters is situated at the Camion Hall in Victoria, making it accessible to all local entrepreneurs, craftsmen and women as well as the tourists..."

With this in mind, it is evident that there is an infrastructure in place for small and micro enterprises.

This study will be divided and presented in five chapters each dealing on a particular area. Additionally, the study has preliminaries, references and appendices sections.

Chapter one is the introductory part of the research presenting the background information into the study, the objectives of the study, its assumptions, significance and the scope covered by the study. Operational definition of terms is contained in this chapter and such definitions are unique to this study. The literature review on past empirical studies and theories related to the project in line with the study objectives are presented in chapter two. This chapter is a vital source of the secondary data providing insight into the internal controls.

Chapters three and four provide the research methodology and the data presentation, analysis and interpretation respectively. Random sampling technique will be used to collect primary data. Such data will be presented, analyzed and interpreted in chapter four with the help of pie charts and graphs.

The summary of the findings, conclusion and recommendations thereof will be discussed in chapter five.

Introduction

Background of the study

Small and micro enterprises play a major role in the economy of a country. The contribution made to the Gross Domestic Product (GDP) by these economic players is evident in many if not all countries.

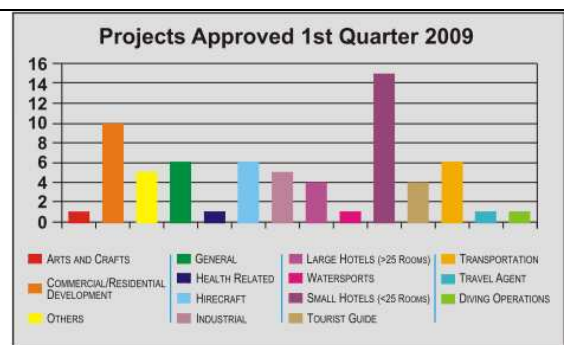
In Seychelles for example, these enterprises range from fishing, crafts, market vendors, take away food shops, snack shops, taxi operators and cottages just to mention a few. The advantages of SMEs to a country include but not limited to;

Table 1. Advantages of SMEs to a country

- a. Contributing to the GDP
- b. Creating employment opportunities
- c. Promoting creativity, talents and artistic work
- d. Boosts tourism
- e. Promotes the continuity of culture
- f. Utilization of natural resources
- g. Turning hobbies in to careers
- h. Gracing public gatherings with a variety of products

Looking at some statistics featured in the Seychelles Investment Bureau newsletter, it is evident that SMEs are making a significant impact in the Seychelles business environment.

Table 2. projects approved 1st quarter 2009



In the newsletter in Table 2, the Seychelles Investment Bureau has revised a list of projects which meet set criteria, which will no longer require submission of a Project Memorandum to the Bureau for consideration

in line with the Government's effort to facilitate investment in Seychelles. These projects include;

Table 3. some of the projects no longer requiring submission of project memorandum to SIB

- Take away outlet
- Tourist guide
- Mobile snacks
- Massage parlours etc.

From the face value of these, it is evident that some bureaucratic hurdles are being eliminated for SMEs.

The following type questions will be investigated in the research.

Table 4. Types of questions to be investigated on challenges facing SMEs

- a. Are the existing SMEs flourishing?
- b. What are the challenges being faced by the SMEs?
- c. Could the existing SMEs do better?
- d. Do the SMEs feel they need more assistance on certain areas?

From the personal observation of the author, some challenges are evident e.g. competition from imported products, lack of storage and refrigerating facilities to some fish vendors, lack of proper business premises and / or stands etc.

As a developing country, Seychelles has a high potential for SMEs establishments. As a beautiful island, Seychelles is a very fertile ground for very unique and special horticultural and floricultural products. The bread fruit for instance is a natural fruit with an exclusive taste. The tree is found

randomly distributed in a significant number of sites in Seychelles. Other fruit trees include mango trees, avocado trees, star fruit trees among others.

The author will establish whether these gifts of nature have been utilised to capacity, a role which SMEs can comfortably play. At this time, the author feels that a massive opportunity is awaiting the horticultural sector.

Enjoying a couple of swims at the beautiful beaches of Seychelles, the author has observed that such services as jetting, speed boats etc. are sort of offered at between a semi-premium to premium price not affordable by the general market. "SMEs, I see an opportunity here". It is also observed at the beaches that more recreational facilities e.g. canoes for hire are yet to be comprehensively explored.

These observations raise a good number of questions which include;

Table 5. Questions to be investigated on beach recreational business

- a. Are the recreational facilities at the beaches enough or are there opportunities for more?
- b. Is it that the price of these facilities is high, or is the consumer just reluctant to buy these services?
- c. Are the recreational facilities affordable to the general market?
- d. What requirements and / or regulations are there to set up a beach recreational facilities business?
- e. Do people / SMEs know that there are investment opportunities assets canoes which are cost effective to operate and generate almost a riskless profit?

Bazaars are a common scene in Seychelles. These are handy marketing and selling opportunities for SMEs.

Opportunities to develop and encourage various SMEs, in areas such as shown in Table 6.

Table 6. Some of the issues to be established on bazaars

- a. Whether the number and frequency of bazaars is just enough or more opportunities exist.
- b. The challenges encountered by SMEs on such bazaars.
- c. Whether all willing and capable SMEs find a space on the make shifts during bazaars.

At this time of world economic recession, SMEs have not been spared the bitter truth and reality. This coupled with the recent economic reforms in Seychelles prompted significant adaptation measures on SMEs. It is worth noting a major opportunity which was correctly placed in the economic reforms: 'SMEs now can freely access foreign currency and are therefore able to import indispensable entrepreneurial tools, equipments, raw materials'.

The research will unearth more of the opportunities and challenges, which are facing SMEs and make practical recommendations.

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LEADING CULTURAL CHANGE: AN OVERVIEW.

The Author:

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Introduction

In all probability, a universal aspiration of corporate leaders is to be able to continually improve the culture of their organisations. Building a positive organization culture is increasingly accepted as not only a source of competitive advantage but a sine qua non for success.

Analysis shows that successful companies tend to be strong on culture, albeit the reality of tweaking an established culture, being arguably stubborn & self-perpetuating, requires unrelenting leadership.

While it has yet to have a universally accepted definition and often simplistically termed “the way we do things around here” organization culture is widely accepted to dynamically evolve from the interaction between the systems, workers and external environment of an organization. A few aspects of this interaction are usually officialised as written policies, mission & branding statements, procedures, business practices, symbols and functions. However, most of its aspects are unofficially caught and taught, including sub-cultures that develop from individual diversities and the behaviour of informal groups within the organization. As cited by Cole (1994), Peters & Waterman (1982), in their study of excellence in American companies report that ‘culture’ is less written down than talked about”.

For instance, an organization may officially claim to be customer-friendly but if it fails to

develop such basic features like user-friendly systems, helpful frontline staff and customer satisfaction incentives, it is unlikely that its organization culture will eventually become perceivably strong on customer-friendliness; its performance will simply be at odds with its words!

Arguably, organization culture transpires effortlessly and is rather difficult to camouflage, much like the concept of personality. Indeed, since systems, workers and environments are collectively and comparatively different in every organization, so are their respective organization cultures. Even within the same organization, subtle differences usually emerge between the *work* cultures of individual sections.

Cole (1994) observes that “...a strong organization culture requires the sort of consensus that enables emerging (and probably unofficial) cultural values to be absorbed quietly and effectively into the overall (and official) culture of the organization”.

Many organizations typically grow either through domestic and/or international market development, diversification, mergers and acquisitions. However, in a recent study Hay Group found that “more than 90% of corporate mergers and acquisitions are falling short of their objectives, as companies struggle to combine corporate cultures and structures...”. Rotig (2007) adds that “in international acquisitions, integration problems due to dissimilar organizational cultures are often exacerbated by differences in national cultures.”

Further still, “research by Rajesh Chandy, Professor of Marketing, London Business School has found that corporate culture has a much stronger effect on innovation than other factors such as research and development expenditure, national culture and government policy”.

Clearly, organization culture is an invisible yet powerful asset that can make or break

organizational success and, which as a consequence should be led not in a freewheeling but strategic manner. Its impact understandably increases with organizational growth as additional systems and people need to be synergized.

The role of management is therefore central in shaping up a desired organization culture. Being at the helm of the organization, management should not only conceptualize and develop fitting mechanisms for a desired culture but also model and relentlessly reinforce it. Indeed, in view of its interactive nature, before a new organization culture can evolve and take on a life of its own, significant synergizing alignment of systems and people must take place. This can include such activities like new ways for handling customer complaints, workflow streamlining, re-training, redeployment and numerous other delicate operations which are unlikely to succeed without a consistent thrust of leadership.

For instance, if as part of its customer service improvement strategy, an organization decides to outsource call centre services to provide its customers access to more information by telephone, a likely consequence of the strategy is a need for increased automation of the organization's information management system and perhaps also the need for relevant people, systems and practices to migrate online. However, without effective leadership, such migration is likely to be rather bumpy such as facing the risk of unforeseen implementation difficulties and surprise problems not being timely remedied and ipso facto resulting in possible public relations fiascos.

This example clearly illuminates the interconnectedness of strategy and organization culture. Every strategy requires its own fitting organization culture. Unless an organization culture is adequately enabling, it is bound to stop implementation of a new strategy very early in its tracks.

Consequently, difficulties are likely to mushroom while force-fitting a new strategy into an unreceptive organization culture.

Conclusion

In the current global economic recession where organizational survival is under Darwinist threats, the importance of leadership in shaping up a new organization culture is crucial in view of the assumed need to shift from one set of 'soft values' to another. Such values (including attitudes, credo etc.) are typically the hardest to modify; they are so deeply entrenched, and inseparable from their hosts, that when their change is requested the reactions provoked are at best defensive.

Huczynski et al (2001) found that individual influences of an organization culture block change in varying degrees:

<ul style="list-style-type: none"> • Competing resources – 48%; • Functional boundaries – 44%; • Change management skills – 43%; • Middle management – 38%; • Communication – 35%; • Employee opposition – 33%; • Issues of competence – 33%; • Initiative fatigue – 32%; • Unrealistic timetables – 31%.
<p>Table 1: Culture block change</p>

These findings strongly suggest that significant cultural shift is eased up when all of its key influences are optimally primed for change. However, while the official influences may be readily accessible for review, unofficial influences on the other hand typically do not lend themselves to straightforward analysis and change; after all, organization culture is as much what people do when they are, as well as what they do

when they are not, being evaluated. Moreover, as a new culture takes time to develop, it should consequently be planned as a long-haul change. That said, the literature strongly advocates for leading change that is centred on stakeholder buy-in. For instance, back in the early 20th Century, physicist turned social scientist Kurt Lewin proposed a 3-phase change process drawn from his analogy of the stages required to change the shape of a block of ice and for making organizational social changes:

1. **Unfreeze** which is the process of readying people for change and incorporates steps like creating a sense of urgency and a shared vision;
2. **Change** that is the process of implementing whatever is new, which may include introducing the accepted new policies & systems, training, recruitment etc.,
3. **Refreeze** being the process of anchoring the 'new' which may include new/revised functions (*recruitment & selection, induction, ceremonies etc.*), rewarding change agents or heroes of the new ways etc.,

Table 2: Lewin's 3 phase change process.

Kotter (1996), on the other hand proposes an 8-step approach to change:

1. Establishing a sense of urgency;
2. Creating a guiding coalition;
3. Developing a vision and strategy;
4. Empowering broad-based action;
5. Generating short-term wins;
6. Consolidating gains and producing more change;
7. Anchoring new approaches in the culture.

Table 3: Kotter's 8-step approach.

In 2006, a UNDP paper entitled "institutional reform and change management: managing change in public sector organizations", supported the following 4-phase framework for change in Public Sector organizations:

1. **Managing the momentum for change** that incorporates advocacy, visioning, empowerment, voicing;
2. **Analysis of the change context** that covers who wins/loses, policy issues, data collection & analysis, operations research on problems;
3. **Facilitation of change** that incorporates change coalitions and champions, process consultations, decision-making methods, consensus building, brainstorming;
4. **Communications about change** that covers public meetings, other two-way consultations, information dissemination.

Table 4: UNDP 4-Phase Public Sector change mechanism.

Clearly, stakeholder buy-in threads each of these schemes. If it is successful, it should understandably help mitigate the natural resistance & stress associated with significant culture change. Indeed, unless a block of ice is unfrozen, it naturally resists change of its shape and risks shattering under undue stress. By analogy, unless an organization culture is made receptive to a particular change, it naturally resists it and risks experiencing strife under poorly led changes.

This suggests that, at the outset, key stakeholders should be inspired to perceive a planned change not as a threat but worthwhile or at least as an opportunity. Understandably, positive perception alone is not enough to inspire enthusiastic change. The stakeholders must 'feel' the status quo as being no longer bearable and/or

sustainable and, perhaps more importantly, they must also perceive the steps for making the change as being sufficiently comfortable. That being the case, leading cultural change is a formidable challenge, not the least because it requires confronting a host of intangible & tenaciously elusive variables. Keeping also in mind the relatively long time that changes of organization culture typically requires to take roots, it is no surprise that it is theorized that actual changes of organization culture either outlasts corporate leadership or emerge well after it ends.

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MONEY AND FINANCE MATTERS: HOW DO YOU MANAGE YOUR PERSONAL FINANCES AND BECOME FINANCIALLY INDEPENDENT?

The author

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Introduction

The Seychelles economic reform that was initiated in the latter part of 2008 has had a great impact on all Seychellois. While the value of the regular income has reduced by about fifty percent, the cost of living has gone up by the same proportion. This means that overall an individual's disposable income has reduced to almost twenty five percent. This was totally unforeseen by the general population and many people have admitted that they were caught unaware. This has raised the question of whether Seychellois are adequately prepared for any financial emergencies that can arise.

Training in the management of personal finances has not been incorporated in many formal school curriculums internationally and Seychelles is no different. More than sixty percent of a few people interviewed for this research said that they do not prepare personal budgets for their finances and that they were have not been taught how to manage their finances in school. Apart from being prepared for the unknown, people should be able to use their financial resources to grow and eventually be independent.

Therefore, how should we manage our finances and moreover how do we become financially independent?

We shall review three core things that you need to do to be on your way to financial independence; getting out of debt, saving and investing.

Getting Out of Debt.

About half of people questioned said that they sometimes take loans from banks and friends. While a number have said that they use credit cards but they do not actually know that this gives rise to debt. The first thing is to get out of debt.

According to Rohn (2002), 'debt is a killer'. It is a killer of dreams and hopes. It is a killer of businesses. It is a killer of financial futures. And, according to statistics, debt plays a prominent role in many failed marriages. So what should we conclude from this? If we are to be successful, we must have a commitment to stay out of debt! You can make two million dollars a year but if you spend 2.5 million dollars, it doesn't matter how much money you made, does it? You will be saddled with debt.

Interestingly enough, when it comes to debt, it has been found that many otherwise intelligent people just don't get it. So, what should we do so that we stay out of debt.

Firstly, get the right mindset. We need to see debt as the very enemy of our financial lives. If we begin to say, "Well, a little debt here and may be a little debt there," we will soon see a lot of debt everywhere. The right mindset is that we need to get out of debt and stay out of debt as much as possible. Home mortgage however can be argued either way, an investment or a debt depending on different individual circumstances.

Secondly, get an understanding. Some people do not even know how much debt they have or assets they own. This isn't good. You can't plan your future if you do not know where you currently are. You can't know where you are going unless you know where you are coming from. Figure out where you are financially, get an understanding. There is power in knowing where you stand financially, because only then can you map your financial future!

Thirdly, get some help. It is necessary that you get some help and depending upon the amount of debt you have, you will have to get varying degrees of help from talking to a friend to seeking the help of a financial advisor.

Fourthly, get control. You should be able to control your expenditure and especially those things that will require you to pay say ten to twenty percent more than its costs by borrowing. (ten to twenty percent is a typical yearly percentage rate on a credit card).

Lastly, get a Plan. To get out of debt you need a plan. It needs to be simple, effective, workable and tailored to your life individually. There are some basics you can follow but everyone has different incomes, different levels of debt and are at different stages of life. The key is to have a plan. And once you have a plan that will work for you, then work the plan with all of the discipline you have. Your plan should include detailed strategies for spending, income, saving, investing, etc Remember, it's not the amount that counts, it's the plan." As the old saying goes, "If you fail to plan, you plan to fail."

Saving.

It is surprising that saving does not exist in a number of people's vocabulary and some only see it as 'accumulating money to be able to buy something that they cannot buy at once'.

One of the key components to long-term wealth building is the discipline of saving money on a regular basis. A commitment to saving money can revolutionize your financial life and provide the kind of security you desire.

Statistics consistently show that the vast majority of people live hand-to-mouth or month-to-month, that is with no savings to speak of. About seventy percent of people interviewed said that they would be hard pressed to live for more than just a couple of months if they were unable to draw an income. One person said, ‘ I used to save but I can not do it any more’, referring to the effects of the economic reform. The primary goal of savings is to provide a much higher level of personal independence and security. The discipline of saving directly determines how we will take care of ourselves and plan for not only the future, but also for the unforeseeable events that touch our lives at times. It is worth noting that saving is simply our security that remains in place to provide a solid base on which to build the rest of our financial independence.

The key to saving is discipline. No matter how you want to put it, saving money on a regular basis is a discipline. It is not “dependent” on income. It is recommended that a good savings goal should be have at least six months of living expenses set aside. This gives you the ability to be self-reliant for those times when you may need it, and the peace of mind knowing you would be able to handle challenging circumstances if necessary.

Investing.

A few people talked to were unable to distinguish between saving and investing. Investing is much different than saving. Investing involves risk – calculated risk – and the possibility for much more reward. Saving and investing are done for different reasons

and with different desired goals and outcomes. A small number of people indicated that they already have substantial amounts in their savings. This is good but then keeping it idle will not let your money work for you. The time value of money concept explains that the value of your money will be reducing if you do not invest. The truth is that most people do not know what investment opportunities are available in Seychelles.

- Treasury bills and bonds
- Fixed deposit accounts
- Life insurance products
- Purchase of shares in companies
- Starting own business
- Real estate, especially income producing real estate, such as rental homes and apartments.

Table 1: Investment choices.

Now that we have looked at what to invest in, let us look at the Basics of Investing:

1. You should let your money work for you.
2. Get a team of help. Even a beginning investor can have a team of people working for them, advising and teaching them.
3. Do it regularly. The key to accumulating wealth is the same as almost all disciplines, do it regularly.
4. Invest in what makes you comfortable. Ultimately, you want to be able to sleep at night. Some people can invest in wildly speculative investments with no worry, and others are more comfortable with something safer. Whichever way you decide, that is okay.

Table 2: Basics of Investing.

ROLE OF MDIs (Management Development Institute) IN GOVERNANCE AND DEVELOPMENT

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Introduction

'Give a man a fish and you will feed him for a day, but teach a man how to fish and he will be able to feed himself forever'. The above saying is synonymous with the role of MDI's all over Africa and beyond as an arm of Governments in their efforts to foster and promoted governance and economic development.

Governments all over the world are laying emphasis on human resources development in an effort to ensure efficiency and productivity both in management and operations.

The key issues MDI's try to address in an effort to re-align it's service with it's key client the Government are:

Public Service efficiency

The need to promote efficiency in the public service is central to the operations of the MDI in order to help their key client, the Government, achieve it's key primary objective, which is provision of excellent quality services to the public. This can be done with the aid of MDI who I play the role of ensuring quality management and productivity improvement in the public service.

Nurturing public focused governance and service;

Poverty, misallocation and misdirection of public resources are some of the key hurdles that t governments have to encounter in their efforts achieve their primary objective. In developing countries, persistent poverty, intolerance to the human suffering and deprivation, self interest in some public circles, have led to prosperity being a preserve of only a small elite. This is especially common in large countries with large rural populations ,who are disadvantaged by their lack of proximity to towns and cities which most governments tend to focus the majority of their resources. The focus is to take into consideration, how MDIs can help governments, through training and development of its civil service in public focused Governance and services to all parts of the country.

Bridging the gap between the political and public interface

It is the responsibility and duty of the peoples' representatives (elected) and the technocrats (appointed officials) to foster development, and establish linkage in the governance process. The bone of contention, is how enhance the relationship between the duties and responsibilities of the elected public officials and the appointed technocrats, to meet the challenges of effective governance with out conflicts in their roles, or duplication of responsibilities. The MDIs has a mandate to tailor and re-orient current training programmes to meet these challenges.

Setting an interface between the private sector and the public sector

Private sectors organisations in the economy are considered more efficient in operation and management of resources. While the main focus of the private sector is on profit

and wealth maximisation, the public sector can also emulate some key operations techniques which they consider critical, while fulfilling their key mandate of providing quality service.

MDIs which are well financed with skilful personnel can help the public sector bridge the gap through training, research activities, development of programmes tailored towards public efficiency. Advocate for implementation and execution of training acquired by the trainees in their various public sector areas of operation.

Leadership development initiatives

The emergence of various leadership programs from the ground root levels of the society, in an effort to develop leadership qualities, and promote public policies that are capable of propagating and advancing the government agendas are another aspect of governance which the MDI's can assist the government.

Through training programme and development initiative practices, future leaders will be well versed with the ever-changing role of the government which is mostly dictated by its relationships, both to the electorates and to the global community. MDIs can play the key role of laying the groundwork, and preparing to meet the challenges of governance and ever-changing environments.

When all is said and done, the performance of the Management Development Institute in achieving it's core duty of public sector human resources development, largely depends on how the institute is itself managed.

An institution with enough resources vis a vis, financial, infrastructure , and well trained and skilful personnel will invariably be able to meet the challenge of fostering change in the public sector.

Seychelles Institute of Management as a MDI.

Started as unit in the Department of Finance in 1977, the Seychelles Institute of management has been, changing and adapting its mandate to meet national needs. Today the Institute offers a range of training opportunities, consultancy and research services not only to the public service but to the private sector as well. With an aim of building personal, professional and managerial capacity of Seychellois, to enable them to lead and participate positively in the country's future endeavours.

<ul style="list-style-type: none">• Does the institution fulfil its mandate as a Management Training Development Institute in Seychelles?• How does SIM compare with other MDIs in Africa? <p>Table 1: The questions we should ask.</p>
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The mandate of the institution as an MDI is outlined in its website.

According to Dr.Mamadou Dia, head of Division of political affairs African service union in his paper: 'What is the role for MDIs in Africa?'

He states that MDIs key focus should be in Capacity Building development with the main focus of offering value training programmes, relevant and applicable for the environment they are in and in tune with the rapid changes in the global arena.

Seychelles institute of Management as an MDI has outlined its aims and goal:

- To achieve even higher standards of quality and relevance in the services it offers.

- A focus and resource base for the personal and professional development of all levels of management in the public, private and parastatal sectors;
- A forum for sharing knowledge and experience to help senior managers act as creative and effective leaders;
- A source of advice and assistance with organisation development for institutions of all kinds in Seychelles
- A centre for research and new thinking in management practice.

Table 2: Institute aspirations.

Currently the institution has embarked on offering management training programmes to all facets of the economy. This service is not restricted to the Public service, and has even linked up with the banking sector to offer Training and development, just to illustrate another aspect of its dynamism.

This can be further illustrated by its linkage with SIBA (Seychelles International Business Authority) to offer international training on offshore services and whose core business activities are shown in Table 3.

Compared with other MDI's in the eastern Africa and the Indian ocean region, Seychelles institute of management is making big strides in being an established and independent institute of management offering both locally based and internationally.

Apart from being the key driver in facilitating change in the Seychelles civil service, the institution is now offering degree courses and certificate course in conjunction with international universities and institutes.

- A one-stop shop that covers both licensing and regulation, of the primary offshore business activities.
- It is the Registrar for International Business Companies, International Trusts, Protected Cell Company, Companies Special License, and Limited Partnerships.
- It regulates International (Free) Trade Zone activities in the Seychelles.
- SIBA also hosts and disseminates educational information for other offshore entities/services offered by the local jurisdiction, namely, the Mutual Funds, Offshore Banking, Offshore Insurance, and Ship/Yacht Registrations. Because of the dedicated professionals and efficient systems, SIBA has a highly effective and efficient organisation.
- It is able to provide name approvals quickly and issue licences with minimum bureaucracy, whilst still maintaining appropriate due diligence processes.

Table 3: SIBA business objectives.

The institutions ability to keep itself abreast with the current changes in the global arena and it's efforts to render itself relevant , pegs it as one of the top training institution within it's hemisphere.

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