



NASARAWA STATE UNIVERSITY

JOURNAL OF ADMINISTRATION

Vol. 3 No.1

December 2006

International Environmental Law: Highlights on State Responsibilities Yohanna K. Gandu	1
Marketing Communication Mix as Means of Enhancing HIV/AIDS Education in Nigeria Muhammed J.Sakah And Mukaila A. Aremu	14
Privatization and the Future of the Public Sector in Nigeria Daniel E.I. Gberevbie.....	25
Privatization and Trade Union in Nigeria "A Cat and Mouse Game" Ezekiel G. Best And Theophilus D. Lagi.....	35
The Role of Accounting in Management A.D. Zubairu.....	47
Effective and Efficient Marketing of Utility Services by State Water Agencies A.B. Akpan.....	60
Public Sector Reforms in a Democracy: the Imperative for Transparency and Accountability Towards Combating Corruption Jonathan A. Angbas	71
Corruption in the Public Sector: A Case Study of Local Government in Nigeria James A. Ojobo and Sam B. A. Tende.....	84
A Managerial Involvement Implication of "Or" Project Implementation in Developing Countries James C. IHEMEJE.....	97
Issues in Macroeconomic Policy Making in Nigeria Yusuf D. Bulus	106
Behavioural Change and Achievement of Organizational Goals R.B. Ayanniyi	122
Interpretation of the Code of Conduct for Public Officers Abdulkarim A. Kana	130
Strategic Planning and Project Portfolio management in Local Government Francis A. Akawu	141
A Baseline Survey of the Informal Sector in Nasarawa State: Some Preliminary Findings Fatima I. Abdulhamid and Ibrahim Umaru	149
Strategies and Applications of Government in Public Administration: Nigeria in Perspective Salihu Suleiman And Patrick B. Oti	162





**NASARAWA UNIVERSITY
JOURNAL OF ADMINISTRATION**

Volume 3, Number 1, December 2006

Published by:

**Faculty of Administration
Nasarawa State University
P.M.B. 1022, Keffi
Nigeria**

Typeset:

Olive de l'Afrique Consult

Printed by:

M.P. GINAC Concept Ltd.
No.1 Alheri Link, Beside New Jos Hotel
Zaria Road Jos, Nigeria
Tel: 234 803 553 6267; 08034537913

PRIVATIZATION AND THE FUTURE OF THE PUBLIC SECTOR IN NIGERIA

Daniel E.I. Gberevbie

*Department of Policy and Strategic Studies
Covenant University, Otta*

Abstract

This paper examines the place of privatization and the future of the public sector in Nigeria. In doing this, the meaning of privatization was discussed, the benefits of privatization was identified, the short comings of the public sector management of public enterprises that necessitated the privatization policy of government in the first instance was noted, and the future of the public sector in Nigeria was advocated. Though privatization policy of the government is good, it must be carried out in a transparent and genuine manner for it to achieve its goals and objectives by all in the society. Government therefore, must pursue its privatization policy of state-owned enterprises to free the public sector of it, to enable the public sector to pursue activities where it has the greatest comparative advantage over the private sector like the provision of enabling environment and adequate provision of security of lives and properties that will enable economic activities to flourish in the society.

Introduction

The Nigerian economy no doubt has suffered for so long as a result of over regulated policies of government in the past. In a regulated economy, the private initiative that would have enhanced economic growth is absent; the result is that of inefficient and ineffective provision of goods and services to the people.

As observed by Ayagi (2001) that is the era of globalization Privatization of government-owned enterprises makes it possible for nations to enjoy economic benefits of globalization, by transferring the management of public sector organizations, hitherto managed by government to private hands. The result is that of efficient and effective provision of social amenities for the enhancement of the standard of living of the people. He argued that the Nigerian economy is part of the globalization process and must therefore open up not only to accept the technological know-how from the rest of the world, but also to accept the open competition of goods and services in other

countries. And the only way to achieve the full benefits of globalization is through privatization of state-owned enterprises by governments.

Privatization of state-owned enterprises by governments can be said to be a reaction to the inability of the public sector management to achieve the desired goals and objectives of government's economic advancement and hence high standard of living for the people. For too long, the public sector workforce in Nigeria had held sway in spite of the fact that its management of government business enterprises has been on the decline in terms of better services to the people. Privatization therefore serves as a way out of the inability of the public sector to properly manage government businesses and hence delivers quality goods and services to the people. This paper therefore looked at privatization as an alternative to public sector management of government-owned business enterprises; the benefits to be derived from privatization of state-owned business enterprises; the short-comings of the public sector in Nigeria that has hindered the realization of the goals and objectives of government which has necessitated the privatization policy of government in the first instance; and to advanced the way forward for the future of the public sector in Nigeria.

Statement of Problem

In Nigeria today, public enterprises have actually served as drainpipe on the Nigerian economy in the area of continuous financial allocation to them by the federal government without corresponding results. The outcome is that of stagnated economic growth and the result is that of under-development. The questions that come to mind are: what is the alternative to the inefficient and ineffective management of state-owned enterprises in Nigeria by the public sector? What are the advantages to be derived from such alternative (privatization)? What is the future of the public sector in Nigeria, particularly in the twenty-first century, if it must be result-oriented?

Objectives of the Study

The objective of this paper is to identify the alternative (privatization) management to the inefficient and ineffective management of state-owned enterprises by the public sector; and to find out he advantages to be derived from such alternative management of public enterprises and proffer solution, that is, what needs to be done in order for the public enterprises in Nigeria to be result-oriented which will make it different from its past experiences of inefficient and ineffectiveness in its provision of social amenities to the people.

Significance of Study

The outcome of the findings will serve as a policy guide to policy

decision makers in the area of public policies that will enhance the living standard of the people as it affects the management of public enterprises by the public sector in Nigeria.

Theoretical Framework

The theoretical framework that guided this paper is the role theory. Armstrong (2000) observed that role describes the part to be played by the individual in the organization in fulfilling their job requirements. Roles indicate the specific forms of behaviour required for carrying out a particular task or the group of tasks contained in a position or job. The role of the public servant in the public sector organization in Nigeria is to bring about efficient and effective provision of goods and services for the enhancement of the living standard of the people in the society. There is a distinction to be made between a job description, which simply lists the main tasks an individual has to carry out in order to achieve the goals and objectives of the organization, and role definition, which is more concerned with behavioural aspects of the work and the outcomes the individual in the role is expected to achieve. The concept of a role emphasizes the fact that people at work are in a sense, always acting a part; they are not simply reciting the lines but interpreting them in terms of their own perceptions of how they should behave in relation to the context in which they work, especially with regard to their interactions with other people (Armstrong 2000).

In the Nigerian public sector for instance, the perception to work amongst public servants is that of "government work is nobody's work" therefore, one can do it the way he/she likes. The non-chalant attitude to work in the public sector has created an environment of under-development; the result is that of inefficient and ineffective provision of social amenities that would have enhanced the living standard of the people.

Kast and Rosenzweig (1985) pointed out that role is used to designate the composite of culture patterns associated with a particular status position, attitudes, values and behaviour ascribed by the society to any and all persons occupying a specific position, and this includes the legitimate expectations of incumbents with respect to the behaviour of other persons toward them.

Isaak (1975) observed that there are certain expectations about how someone in a particular position or office is suppose to behave. He pointed out that these expectations therefore constitute a role or roles. He argued that one attractive feature of role theory is its attempt to place supporting activity in social context: that is, a conceptual framework is provided that views the individual as some one who depends upon and reacts to behaviour of others.

Amrstrong (2000) argued that the role individuals occupy at work and

else where therefore exists in relation to other people. In the Nigerian society today, the perception of the people towards public sector workforce is that of "a non-performer" who is out only to collect his/her monthly salary at the end of the month without doing any commensurate work.

The public perception of the public servants in Nigeria, emanates from the fact that public sector workforce see their role as "government workers" and as such have little or nothing to do with the people, they believe that they will earn their monthly salary at the end of the month whether they perform to the expectation of the people or not.

Isaak (1975) pointed out that the most important use of the role theory is the fact that it explains and predicts behaviour. He argued that knowledge of expectations attached to a role by society provides us with a basis for predicting the behaviour of a particular occupant of the role - the public sector in Nigeria.

What is Privatization?

Dike (2002) sees privatization as the transfer of state-owned enterprises to private sector management. He argued that privatization served the strategic role of transforming state-controlled economies to market-directed ones and hence of changing the role of the state in economic development.

Privatization could be partial or total. It is total when government decides to completely disinvest its holdings from an enterprise and leave same in the hands of private sector management. It becomes partial privatization when government decides to transfer majority shares of an enterprise to the private sector management while it still retains part ownership of the enterprise. Partial privatization of state-owned enterprise could take place in a situation where government feels that due to the sensitive nature of the enterprise to the well-being of the people, decides to still retain some shares. One common feature of privatization, whether partial or total, is the fact that the management of such enterprises so privatized becomes the preserve of the private sector management.

Adubi and Adam (2002) observed that privatization has become a major strategy adopted by governments to improve the performance of public enterprises. They pointed out that privatization of public enterprises by nations emanate from the fact of inefficient and ineffectiveness of public enterprises and the global change in attitude towards the management of economic resources from that of regulated economy to that of deregulated economy with a view to better enhance the living standard of the people. They contended that privatization of state-owned enterprises which covers a wide range of possibilities not only involves the sale or other form of state assets, but also the complete transfer of the ownership and management of state enterprises to the private sector.

The Benefits of Privatization of Public Enterprises

El-Rufai (2003) observed that one of the major motives of privatization in Nigeria has been to reduce the extent of the states' participation in economic activities. He pointed out that this argument is based on economic theory, which "states that the pursuit of profit by owners of capital will result in greater efficiency, technological change and lower production costs". In this wise, there would be more efficient production and society benefits as a whole as it frees resources to produce more goods. He contended that privatization is widely considered to offer a potentially important contribution to solving the problems suffered in the public sector - inefficient and ineffective provision of goods and services to the people. He pointed out that scholars generally agreed that privatization of public enterprises by government can fulfill five broad objectives in the society as follow:

The efficiency of publicly owned assets would improve while market discipline that enhances high productivity would be restored in certain key areas of the economy - the result is that of economic advancement in the society; Government involvement in public enterprise decision-making would be reduced, so that companies would be free to allocate their financial, physical and human resources to the most appropriate areas; the financial burden of the government and most importantly, its borrowing requirements would decrease; the government's revenues would receive a boost and then improve there after by improving tax revenue from these private enterprises; and financial market development would be stimulated in the country.

Adubi and Adam (2002) pointed out that privatization of state-owned enterprises gives room for increasing democratization of an economy, (particularly from a regulated economy) that results to a more widespread share ownership, increased economic efficiency and effective provision of goods and services by imposing private sector discipline and more financial gains on the part of the government, thereby makes available resources for developmental purposes in other sectors of the economy - the effect is that of economic advancement and the society is well-of for it.

Dike (2002) identified some goals to be derived from the privatization of the state-owned enterprises by governments as follow:

Efficiency and Effectiveness

One major problem facing state-owned enterprises in Nigeria, is the problem of their inability to perform both efficiently and effectively in the provision of services, the result is that of waste and creating under-development. For instance, National Electric Power Authority (NEPA), because it is government-owned, does not bother in the way it delivers services to the people. But in a private-set up, NEPA will be much more concern on the

best way to efficiently and effectively deliver services to the people because of the revenue it will derive from the people if it must remain in business. And by this, the standard of living of the people enhanced, particularly the people whose businesses depended on NEPA for power supply. And this also means higher tax revenue to be derived by government from the private-owned enterprises.

Maximizing Government Revenue

Privatization enhances government revenue in different dimension - The money generated from the sale of state-owned enterprises becomes a ready source of government revenue; and the money inform of allocation that government would have spent on aiding these state-owned enterprises which have really serve as drain-pipe on the Nigerian economy is eliminated. Government will then be in a position to focus its attention on those areas like security of lives and property needed for the growth and prosperity of the society.

Developing Domestic Capital Markets

No individual or corporate body will like to invest in shares of companies that are not doing well in the capital market. Privatized enterprises by government therefore serve as platform for the development of domestic capital market in the society. It has been discovered that government is not a good manager of business enterprises, hence privately owned businesses thrives more in the area of the development of domestic capital market.

Expansion of Foreign Investment

Studies have shown that in an economy that is highly regulated hinders foreign investment. An economy where privatization is the vogue attracts foreign capital and technological expertise needed for the growth of that economy thereby bring about high employment rate, the result is development and political stability in the society.

The Shortcomings of the Public Sector in Nigeria

Fasusi (2001) defines the public sector in Nigeria as includes ministries, parastatals, agencies, commissions, government higher institutions of learning and all other establishment of government including the armed forces and the police.

In emphasizing the major shortcomings of the public sector in Nigeria that has hindered national development and hence political instability in the past, Ejiga (1999) observed that:

The major problem of the public sector in Nigeria stems

from the retention of the structure installed by colonial regimes, which are often top heavy and rigid. It is this over centralization and one-way decision making policy, coupled with the rigidity that has hampered timely, efficient and effective dispensation of policy issues.

He argued further that "up till now, government officials have the habit of overlooking the business interest of government parastatals by making cheap patronage without paying for services rendered by these government owned institutions".

The public sector in Nigeria no doubt needs re-overhauling, if the goals of government to bring about efficient and effective services to the people with a view to enhancing their standard of living are to be realized. For any organization to realize its goals and objectives, the quality of its human resources is very crucial. Ejiogu (2001) observed that:

Rarely are applicants for public sector jobs selected on merit in the circumstances where such extraneous considerations as federal character, quota system etc., have to be applied. This often leads to an enthronement of the "peter principle" where people are appointed and promoted beyond their level of competence.

He argued that apart from the quality of the human resources in the public sector, there is the problem of lack of healthy work ethics and closely related to that is the disregard for "accountability, probity and transparency in conducting government business".

Way Forward for the Future of Public Sector in Nigeria

In charting a new role for the public sector that will bring about development in Nigeria in the twenty-first century, Fasusi (2001) observed that the present efforts of government to commercialize and privatize state-owned enterprises in Nigeria are steps in the right direction. She argued that all government establishments must be urgently restructured and their processes re-engineered for this age of technological know-how, if development must take place in Nigeria.

She advocated structure changes in the public sector for meaningful development to take place. She pointed out that the structure changes should focus on developing the following: professional/technical skills; managerial and creativity skills; business and global economic education; information technology and applications; and change management skills.

In proffering solution to the problem of the public sector in Nigeria by advocating measures to make the public sector result-oriented, Ejiogu (2001) pointed out that:

The policy makers will need to re-engineer the public service function to commence a gradual shift from its present posture of "Santa Claus" or "Father Christmas" to a result-oriented organization even while it retains the welfarist principle of providing goods and services for the good of the teeming majority of Nigerians.

He advocated further that:

We must re-orientate ourselves to a better sense of duty and begin to see our service in the context of getting fulfillment from doing a full day's job. Let us once and for all get rid of the colonial notion that our official responsibilities are Whiteman's job from which we derive nothing more than a pay packet and therefore owe nothing to the society at large, nor expect fulfillment. We should collectively resolve to get Nigeria working again ...

With the proper implementation of government policy of privatization of state-owned enterprises, the public sector will free itself from commercial activities, which are not the proper focus or its area of comparative advantage, to areas like the provision of adequate security of lives and properties, which enhance economic development in the society.

Discussion of Findings

The study showed that privatization of state-owned enterprises by government has a significant relationship with efficient and effective provision of goods and services to the people. This is based on the fact that in this paper, it was discovered that privatization of state-owned enterprises frees the public sector from the area of business enterprise that it has no comparative advantage to a more sensitive and important area of the provision of security of lives and properties and the provision of enabling environment that will enable economic advancement to take place in the society.

The study also showed that by privatizing state-owned enterprises by government, more resources are made available to government to bring about development in other sectors of the economy. In this wise, the public sector in Nigeria will have a brighter future of being result-oriented in its day to day implementation of the federal government policies and programmes that enhance national development.

Summary and Conclusion

In this paper, we looked at what privatization is all about, the benefit of privatization in terms of making resources available to government for developmental purposes in other sector of the Nigerian economy. The paper also discussed the shortcomings of the public sector in Nigeria that has actually necessitated the privatization policy of government in the first instance.

The paper also discussed the way forward for the public sector in Nigeria and proffered solution to make the public sector to be more result-oriented in bring about efficient and effective provision of goods and services to the people. The study also pointed out the proper role of the public sector in Nigeria by focusing its attention from commercial activities to adequate provision of security of lives and properties in the society, which enhances economic development.

Privatization of state-owned enterprises no doubt has proved to be a solution to the inefficient and ineffective provision of goods and services world over by the public sector. The major challenge in Nigeria therefore, rests on the fact of proper implementation of the policy of privatization of government in order to achieve its maximum goals and objectives.

Recommendations

Based on the study, the following recommendation became relevant: Government should pursue vigorously its policy of privatization of state-owned enterprises, with all sense of genuineness and transparency in order for its maximum benefits of freeing the public sector to involve in the activities where its comparative advantage is greatest that will bring about development in the society to be realized.

References

- Adubi, A.A. & J.A. Adam. 2002. The impact of privatization on the banking sector in Nigeria: A case study of First Bank Nig. Plc NCEMA Policy Analysis Series 8(2): 160 - 161.
- Armstrong, M.. 2000. *A Handbook of Human Resource Management Practice* 7th edition. London: Kogan Paul.
- Ayagi, I.A. 2001. Globalization and the Nigerian environment: a wake-up call for the Human resource practitioner. *Human Resources Management* 10(6).
- Dike, M.E. 2002. The management imperatives of privatization. *Management in Nigeria* 38(2).
- Ejiga, B. 1999. Problems of public administration in Nigeria. *Journal of Professional* 1(4).
- Ejiogu, A. 2001. Enhancing productivity in the public service. *Journal of Professional Administration* 2(2).
- El-Rufai, N.A. 2003. Is Liberal democracy encouraging corruption and corrupt practices? The privatization process in Nigeria. The

Nigerian Social Scientist 6(2).

- Fasusi, M. 2001. The imperative of change: organizational development and capability building. *Human Resources Management* 10(6).
- Isaak, A.C, 1975. *Scope and Methods of Political Science: An Introduction to the Methodology of Political Enquiry*, Revised edition. Housewood: The Dorsey Pres.
- Kast, F.E. & J.E. Rosenzweign. 1985. *Organization and Management: A System and Contingency Approach* 4th edition. New York: McGraw-Hill Inc
- Ojo, O. 2003. *Fundamentals of Research Methods*. Ibadan: Nelson Clemmy Press.