

Analysis of the Performance of Public Enterprises in Nigeria

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Abstract

Public enterprises are created in all countries of the world to accelerate economic and social development. Yet, increasing evidence indicates that most public enterprises either do not contribute strongly to national development or do not perform their public service functions effectively and efficiently, leading to policy-makers engaging in continuing debates over whether or not state-owned corporations are viable to economic and social development; and why so many of them have failed to deliver the services for which they were created, and how their management can be improved upon to achieve efficient service delivery and engender national development. These issues are more crucial as shortage in public goods have been unprecedented hence the epileptic power supply issue, public water supply that has gone to social services is essential for human and national development. The data for this study were purposely collected through the secondary sources and analysed using content analysis approach. Some schools of thoughts have blamed it on the socio-cultural milieu of the developing nations. Others blamed it on the relationship of the developing nations with the developed nations. This paper examines the Nigerian Public Enterprises and attempts expatiations on the status of its performance from the standpoint of modern organisation theory.

Keywords: Public Enterprises, Performance, Privatization, Commercialization, Reform.

1.0 Introduction

1.1 Background of the study

Nigeria's Public Enterprises are generally corporate entities other than ministerial departments; they derive their existence from special statutory instruments and engage in business type of activities to provide goods and services for the cultural, social and economic upliftment of the citizen. These include corporation, authorities, boards, companies and enterprises so owned and operated (Jerome, 1999).

The contemporary globalization, liberalization, marketization and structural transformations of national economies have contributed to the expansion of the private sector, on the one hand, and downsizing of the public sector including dismantling or divestment of public enterprises, on the other, earmarking two main objectives – giving more space to the private sector to function as the main engine of growth and at the same time, by downsizing and divesting inefficient public enterprises, save costs and generate more revenue, which are the cardinal arguments of privatization and commercialization. Nevertheless, the divestments and dismantling of Public Enterprises, have continued to play significant roles in many countries, both developed as well as developing especially in the Sub-Sahara Africa, the principal suppliers of social services, some relevant to the attainment of the Millennium Development Goals (MDGs), especially in the areas of employment generation due to the slow growth of the private sector, the main sources of employment in many countries such as Nigeria (Abubakar, 2011).

These developments have necessitated painstaking and meticulous review of the role of the Public Enterprises in socio-economic development of countries. Several scholars (Abubakar, 2011; Nwoye, 2011) have argued that the current debate on Public Enterprises is no longer whether Public Enterprises have a role to play in national development, but on what that role should be and how it should be played, as it became crucial that new Public Enterprises must perform efficiently and effectively and where appropriate, under market conditions to excel. The reform agenda of Public Enterprises include, inter alia, the issues of management, structures, performance monitoring and feedback arrangements including exploring options of private/public partnerships etc, encapsulated in privatization.

Since the 1930s and particularly after World War II, numerous State Owned Enterprises (Public Enterprises), were created in both developed and developing countries to address market deficits & capital shortfalls, promote economic development, reduce mass unemployment and/or ensure national control over the overall direction of the economy. By providing capital and technology to strategic areas where the private sector either shy away from or lacked the capacity to invest (such as heavy industries, infrastructure etc), most governments resorted to Public Enterprises to increase capital formation, produce essential goods at lower costs, create employment and generally contribute to the economic development of the country. This trend continued till the early eighties (Adesanmi, 2011).

However, increased corruption, management inefficiencies, overstaffing (without due regard to their economic viability, many government treated Public Enterprises as easy conduits for job creation and a convenient vehicle for patronage distribution), inflation and rising current account deficits of the 1980s, exposed

serious government failures and the limits of Public Enterprises as major players in economic development. In addition to management deficits, many Public Enterprises also suffered from technological shortcomings. Imported through either foreign aid or soft loans from abroad, many of the Public Enterprises were either equipped with low or second grade machineries contributing to low capital/output ratio, or were established without due regard to their economic and financial sustainability. (Okoli, 2004)

As a result of these failures, large-scale privatization of Public Enterprises were undertaken in the 1980s and 1990s, with the vital support (if not inducement) of multilateral financial institutions as the possible way out of the shambles. The collapse of the Soviet Union also removed ideological and political barriers that hindered capitalist/market-oriented reforms, triggering a movement towards marketization and privatization. Howbeit, the main thrust of this paper is to determine how this public enterprises failures have come to be in Africa in general and Nigeria in particular.

Available evidence shows that the performance of the public service in virtually all tiers of government in Nigeria has remained very dismal, hence the present state of underdevelopment (Abubakar, 2011). The dismal performance of parastatals and agencies of government, like the former National Electric Power Authority (NEPA) and the Nigerian Telecommunication (NITEL) is very obvious in this regard (Adewale, 2011). And even the current Power Holding Company of Nigeria that were privatized recently. Nigerians are demanding more and better services and their demands are not being met, by all indications on the basis of the score cards of the civil service and other parastatals. In effect, this has slowed the process of socio-economic and political development of Nigeria as pipe borne water is no longer seen anywhere except for boreholes, usually owned by individuals. Public schools are no longer attractive to attend as their activities are considered moribund; government owned transportation lines have wended up while those of the private individuals flourish and the same goes to public health centres especially in the rural areas.

Studies on Public Enterprises performances, although deriving from political, economic, social and environmental milieu have shown that Public Enterprises are performing far below expectations and, expatiations have emerged on these phenomena. The exposition of the explanations is the main thrust in this study.

1.2 Statement of the Problem

The non performance of the Public Enterprises in Nigeria has prompted services of discussions and policy recommendations on how best to move them out of their present quagmire. Privatization and commercialization of Public Enterprises is a vital tool for the upliftment of a country's political economy, more especially the developing countries like Nigeria. Regrettably, the problems facing this privatization and commercialization program of Public Enterprises are too numerous to mention: corruption, lack of transparency, inconsistency and incredibility to mention just a few.

However, it is based on these problems that the basis of propositions for the effective performance of Public Enterprises in Nigeria are being hindered. In trying to look towards a positive state, it becomes imperative to analyze the performance of Public Enterprises in Nigeria.

1.3 Objectives of the Study

The specific objectives of the study are:

1. To take a general look at the evolution of Public Enterprises in Nigeria.
2. To determine the performance of Public Enterprises in Nigeria.
3. To identify the challenges facing of Public Enterprises in Nigeria.

2.0 Review of Related Literature

2.1 Conceptual Framework

Public Enterprises

According to Nwoye (2011), a Public Enterprise is viewed as an artificial person, who is authorized by law to carry on particular activities and functions. It essentially has the features of several individuals who act as one. It is described as a corporate body created by the legislature with defined powers and functions and independently having a clear-cut jurisdiction over a specified area of a particular type of commercial activity. It is a part of government apparatus and three implications are hereby highlighted:

Public Enterprise, by virtue of its intricate relationship with government, is an instrument of public policy and its primary mission is in connection with governmental objectives and programmes. It is therefore, naturally under government control.

Secondly, a Public Enterprise by its nature mostly manages public resources, especially public money and this means that attention must be paid to mechanisms for enforcing accountability.

Thirdly, the combination of financial and economic objectives with social and political arms invariably makes it difficult to devise appropriate performance measurement instrument.

The definitions of Public Enterprise can vary between countries and can also change over time. The first United Nations (1968) definition of Public Enterprises is thus: industrial, agricultural and commercial

concerns, which are owned and controlled by central government (in a Unitary State) or the central government and regional that is set up as a corporate body and as part of the governmental apparatus for entrepreneurial or entrepreneur-like objectives. The United Nations (1971) added to that: Public Enterprise is ‘an incorporated or large unincorporated enterprise in which public authorities hold majority of the shares and/or can exercise control over management decisions’. Some of the problems with this approach are reviewed in the following three classifications.

A loose definition of a Public Enterprise might be ‘an enterprise which is controlled by the government’. However, such a definition raises problems of interpretation in specific cases; for example, how can we be sure that the government ‘controls’ a particular firm? It is the essence of our entire approach to see government-industry relationships where one party can rarely be said to ‘control’ the other in a mechanical way. Does ‘the government’ mean just the central government or does it include local governments? For example, statistical information from some countries excludes enterprises run by local governments (Nwoye, 2011).

The legal right to appoint and dismiss directors and the right to receive the profits from the operations of an enterprise are important factors, which can be used to establish a definition of Public Enterprise. Where, for example, (i) an enterprise is established as a corporation with no privately exchangeable rights to the profits, and (ii) where directors are appointed by the government, the enterprise is clearly in the public sector. A limited company with 100 percent of the shares owned by the government would be one in which the government would have the power to appoint directors and in which no private individual would receive a share in the profit. It would be virtually the same as a public corporation apart from the fact that the simple sales of shares by the government would be sufficient to transform it into a normal ‘private sector’ company.

The sales of less than 50 percent of the shares would still give the government the power to appoint the directors of the company, although the existence of private shareholders would contravene condition (i) above. Even the sales of more than 50 percent of the shares might still put the government in a sufficiently dominant position to influence corporate policy. Thus, in practice, there is a spectrum of types of enterprise, ranging from the ‘purely public’ corporation to the ‘purely private’ corporation in which the government has no equity stake. In between are ‘mixed enterprises’ of different varieties (Ayodele, 2011).

The absence of private rights to profits and the power of the government to appoint directors are conditions which are compatible with a wide range of institutional forms. For example, a bureaucracy supplying a social service such as health or education might well satisfy these criteria. The distinction that we have used between a bureaucracy and a public enterprise is that the bureau produces output which is not marketed whereas a Public Enterprise receives most of its revenue from the sale of its products. Once again, these distinctions produce difficulties of interpretation in intermediate cases. Public Enterprises may receive subsidies from the government if these are required in the interests of wider social objectives, and may offer their services at a low or zero price to certain classes of consumer (for example, cheap rail travel for retired people). Conversely, educational institutions which are otherwise free to the user may at the margin charge fees for certain services.

The term “Public Sector” is understood to mean different things to different people in different countries. In its widest interpretation, the Public Sector encompasses all activities of Government. An understanding of the distinction between “Public Sector”, which is a very compendious term and Public Enterprise (PE), which is otherwise called Government Controlled Enterprise (GCE) or “State Owned Enterprise (SOE), would be instructive. With a vast range of activities extending to diverse fields, a working definition is desirable for a meaningful interpretation. In this endeavour, the definition adopted by one of the ICPE Expert Groups provides some guidance. It covers “Any commercial, financial, industrial, agricultural or promotional undertaking – owned by public authority, either wholly or through majority share holding – which is engaged in the sale of goods and services and whose affairs are capable of being recorded in balance sheets and profit and loss accounts. Such undertakings may have diverse legal and corporate forms, such as departmental undertakings, public corporations, statutory agencies, established by Acts of Parliament of Joint Stock Companies registered under the Company Law” (Dimgba, 2011).

Basic to the adoption of this definition is the concept of an expected economic or social return on investment. In the evolutionary process, Public Sector has taken distinct forms, each with its own status and varying degrees of autonomy. There are three distinct forms; (i) Departmental undertaking; (ii) Statutory Corporation and (iii) Joint Stock Company with shares owned by State.

In any economy, there are four types of economic activity: first, those that are privately remunerative – provided by market through Directly Productive Investments (DPI); secondly, those that are socially profitable but not privately remunerative – provided by State, like road building, irrigation, through Social Overhead Capital (SOC); and third, those that are privately remunerative but not capable of private execution, like heavy industry, high technology involving capital intensive investments like power, transportation, etc – also provided by the State with/without the help of the market; and fourth, those that are natural monopolies.

Public Enterprises are set up to undertake the second, third and fourth categories of activity. The third category of activity, can be transferred to the private sector when the capitalist development in these countries

attain sufficient maturity to enable them handle capital intensive investment where private sector development takes place along with financial sector restructuring. That state intervention through economic planning and Public Enterprises can help countries to catch up decades of poor growth and slow development, it is also borne out by experiences in India, Mexico, South Korea, Brazil and China. Ideological and strategic economic and social considerations provided the genesis of growth and development of Public Sector in several of these countries (Dimgba, 2011).

2.1.1 A Brief Historical Perspective on Development of Public Enterprises in Nigeria

The private sector was the traditional structure of the world's economies. The Nigerian economy is largely private-sector based. The public sector emerged in Nigeria as a result of the need to harness rationally the scarce resources to produce goods and services for economic improvement, as well as for promotion of the welfare of the citizens. The involvement of the public sector in Nigeria became significant during the period after independence.

The railways were probably the first major examples of public sector enterprises in Nigeria. At first, conceived mainly in terms of colonial strategic and administrative needs, they quickly acquired the dimension of a welcomed economic utility for transporting the goods of international commerce, like cocoa, groundnut, and palm kernels. Given the structural nature of the colonial private ownership and control of the railways in the metropolitan countries, it would hardly be expected that the Nigerian Railways Corporation could have been started as any other project than as a public sector enterprise for such mass transportation. (Abubakar, 2011)

The colonial administration was the nucleus of necessary economic and social infrastructural facilities that private enterprise could not provide. Facilities included railways, road, bridges, electricity, ports and harbors, waterworks and telecommunication. Social services like education and health were still substantially left in the related hands of the Christian Missions. But at this initial stage government itself moved positively into some of the direct productive sectors of the economy; the stone quarry at Aro, the colliery at Udi, and the sawmill and furniture factory at Ijora. Those were the early stages (Dimgba, 2011).

The emergence of the crude oil industry into the Nigerian economy, after the civil war in the 1970s, with the associated boom intensified governmental involvement in production and control of the Nigeria economy. One major aim of government at that time was to convert as much as possible of the growing oil revenue into social, physical and economic infrastructural investments. The Nigerian Enterprises Promotion Decree of 1972, which took effect on 1 April, 1974, with its subsequent amendment in 1976, provided a concrete basis for government's extensive participation in the ownership and management of enterprises.

Given these developments, Public Enterprise at the federal level had exceeded 100 in number by 1985; and these had spread over agriculture, energy, mining, banking, insurance, manufacturing, transport, commerce, and other service activities. Before long, the range of Nigerian Public Enterprise had stretched from farm organisations to manufacturing, from municipal transport to mining, from housing to multipurpose power, and from trading to banking and insurance. At the state and local governmental levels, the range of activities that had attracted public sector investment also had become quite large. Thus, a variety of enterprises – with public interest in terms of majority equity participation or fully-owned by states and local governments, as well as other governmental entities – became visible in various parts of Nigeria. Between 1975 and 1995, it was estimated that the Federal Government of Nigeria had invested more than \$100 billion in Public Enterprise (Nwoye, 2011).

2.1.2 Justification for Establishment of Public Enterprises

Many reasons have been adduced as the justification for creating Public Enterprises. The following are six important ones:

The first of these, especially in the context of developing countries such as Nigeria, is the development emphasis. In many developing countries, the resources available to the private sector are not adequate for the provision of certain goods and services. For example, the investments required in the construction of a hydroelectricity-generating plant or a water scheme for a large urban centre are quite enormous and the returns on such investments will take a very long time to realize.

Secondly, political considerations influence governmental involvement in the provision of certain social and economic services. In many African countries, development is closely associated with the provision of social services; consequently, the performance of the government, in many of these countries, is evaluated on the basis of its ability to provide different types of public services in areas where such services do not exist.

The third reason for governmental intervention in the provision and management of goods and services in many parts of the world is the fact that no person should be permanently deprived of the access to such facilities because of lack of finance or by reason of geographical location.

A fourth reason relates to the need to protect the consumer, which may not be of interest to the private sector. For example, government intervenes in the provision of education in many countries to protect children, who are not capable of making important decisions for themselves, by making education up to a certain age compulsory and free.

The fifth reason for governmental intervention in the provision of certain goods and services relates to

the indivisibility that characterizes such services. Some facilities, such as bridges, tunnels, roads, streetlights, etc. Facilities of this type must therefore be provided publicly and financed through taxation.

The sixth reason for governmental intervention is the consciousness of the national security. Certain facilities, like the National Ports Authority and the police, are too vital to be left at the mercy of private citizens.

2.2 Theoretical Framework

This study has for its purpose, the modern organisation theory as its theoretical framework for analysis. The modern organization theory focuses primarily on human organisation. It therefore, treats organisation as a system of mutually dependent variables, which studies the key elements in an organisation; how they interact with one another, and the influence of the environment as each system is comprised of sub-systems (Ezeani, 2005).

According to Anise (1984), the modern organisation theory asks a range of interrelated questions, which are not seriously considered by both the classical and neo-classical schools such as what are the strategic parts of the system? What is the nature of their natural dependency? What are the main processes in the system that link the parts together, and facilitate their adjustment to each other? What are the goals sought by the system?

The theory according to Ezeani (2005), identified the following parts of the system: the individual and the personality structure he brings to the organisation; the formal organization – interrelated patterns of jobs, which make up the structure of the system; the informal organisation status, role pattern and the physical environment of work.

All the parts interact and are linked together through the following processes: Communication, which is the method by which action is evoked from the parts of the system; balance, which refers to the equity breeding mechanism that harmoniously maintain the structured relationship of the parts to each other in the society.

Essentially, the modern organisation theory has as its advantage over other theories. Its distinctive qualities, which comprise its conceptual analytical base, its reliance on empirical research data, and most importantly, its integrating nature.

The importance of modern organisation theory is further stated by Asolo (2000). That;

Human behaviour in organisation, and indeed, organisation itself, cannot be adequately understood within the ground rules of classical and neoclassical doctrines. Appreciation of human organisation requires a creative synthesis of massive amounts of empirical data, a high order of deductive reasoning, imaginative research studies and a state for individual and social values. Accomplishment of all thesis objectives, and the inclusion of the system, appears to be the goal of modern organisation theory.

In applying the modern organisation theory to the study of public enterprises performance, the modern organisation theory studies the organisation as a whole, paying attention to virtually all parts that make up the system. One of the major parts of the organisation is the environment. This environment includes everything that the society is known for, including its political experiences, economic strength, social groups' interactions and cultural patterns of the people of the society in which the organisation is found. In any public enterprises, there are inputs from the workers, the government, the management and the community where the Public Enterprises is situated. These inputs which may be the demand of the people on the Public Enterprises such as Job Opportunity to the people of the community, may lead to promotion of mediocrity. The workers need more money to enable them take care of their extended family relations and as a matter of ostentatious life style, workers of these Public Enterprises like good cars (latest model) irrespective of the costs and when they finally get all means necessary, hence, accountability is dead in the Public Enterprise especially if one is in line with the ruling political party.

As an output, inefficiency is inevitable as monies meant for the smooth running of the Public Enterprises are engulfed in other personal problems solving, which negates the Weber's bureaucratic tenet of incumbents, not appropriating means of production and the office. As a result, the outcome is death of resources resultant from mismanagement and embezzlement of public funds and this singular act renders the Public Enterprise inadequate in performance. Again, the government seems unable to control this saga because their connival tendencies increase the embezzlement chronicle and more so, the people in the top echelon of the organization are actually placed there by those in government. This is of course, what generates the cycle of doom and infertility in our Public Enterprises. Hence, the feedback is a much more demand on the Public Enterprises and the incumbents as well as the government. Therefore, the modern organisation theory, which lays emphasis on the effectiveness of studying an organisation as parts to understand the whole where the various administrative theories come to bear and especially, the theories of administrative weakness, most especially the cognitive melodrama where nothing seems to work well except some form of anomaly is inherent.

2.3 Empirical Framework

2.3.1 Performance of Public Enterprises in Nigeria

Anyanwu (1999), succinctly explained that despite the great expectations that spurred the establishment of

Public Enterprises and the huge investments and subventions pumped to float and maintain them, they have remained a colossal drain on the nation's hard earned resources with little positive impact on the socio-economic life of the country. The Fourth National Development Plan (1975-1980) states that: "The actual performance of the Public Enterprises in Nigeria leaves much to be desired. It is clear that many of them are not responding to the changing and dynamic economy. Some do not possess the tools for translating into reality, the hope of successful commercial operations. The level and quality of personnel are sometimes mediocre and reflect the worst traditions and rigidities of the civil services".

In the words of Ademolekan, and Gboyega, (1979), profit is the commonest measure of efficiency in productive organisations, but it is usually regarded as non-profit; and as is to be expected, an evaluation of their performance is usually required. A resolution of this dilemma has been a major concern among scholars; the solution, however, has remained elusive. This exercise is significant, given the increasing use to which Public Enterprise as an organizational form is justifiably being put in many developing politics.

In discussing their performance, the central task is to focus not on the difficulty of stating in measurable terms the results that Public Enterprises are expected of. This problem is closely associated partly to the rather broad objectives as opposed to specific objectives they are expected to achieve. Related to the lack of clarity in the objective, is the conjuncting expectations they are expected to achieve.

In Nigeria, the failure or inability of most of the Public Enterprises to achieve the objectives for which they were created is no longer in doubt. In an address to the working party appointed in 1966 in Nigeria Statutory Cooperation and state-owned companies, the then Head of State said:

"The present states of the statutory corporations, state-owned companies and allied organizations have given the Federal Military Government some cause of anxiety. Sufficient time has elapsed to enable an objective fragment to be passed on whether or not these various organizations have creditably satisfied their objectives. The spate of public opinion in the last five years and more provides available evidence that these organisations have failed to fulfill their expectation" (Report of the Nigeria Railways Corporation, 1966:13).

The series of public inquiries into the operation of Public Enterprises are reflections on the standard of their performance. At least 50 percent of the enterprises in Nigeria have had public inquiries conducted into their operations. Between 1960 and 1966, the Nigerian Railways alone had thirteen (13) inquiries into its activities (Aboyade, 1974).

There are several reasons for the failure of some of the Public Enterprises to achieve their objectives. The first in order of precedence is that the objectives of each enterprise are never clearly defined; other reasons are fundamental non-availability of many projects, political patronage in appointment to the Board and staff, lack of suitably qualified manpower; and corruption. A few examples will suffice in each case.

According to Ademolekan, and Gboyega, (1979), in an effort to reverse the above ugly tide, Nigerian government in the early 1980s made effort to use performance contract to measure the performance of Public Enterprises in Nigeria. This plan constitutes a pact between a government and the management of the Public Enterprise by stating the objectives to be achieved within a given specific terms and conditions for attaining the objectives. Normally the agreement includes a formal commitment of the government to provide the necessary resources for the enterprise. The outcome of this exercise produced poor results. This is because the government did not fulfill their part of the bargain and showed no interest in monitoring the impact of the contracts.

Another manifestation of the concern about poor performance of public enterprise is the introduction of some reform measure by the new democratic government in 1979. This new reform was half-hearted and some useful reform measures recommended by review bodies such as the Onasode (1981), were never faithfully implemented. A notable example is a 1979 two-year management service agreement with Rail India Technical Services and the Dutch Royal Airtime to assist in improving the performance of the Nigerian Railways Corporation and the Nigerian Airways, respectively. The pacts were signed in 1979, but the temporary improvement in service could not be sustained. Obviously, attaining improved performance in Public Enterprises requires more far-reaching reform in and greater commitment on the part of the government and her leadership and the management of the Public Enterprises (Ademolekan, and Gboyega, 1979).

2.3.2 Challenges facing Public Enterprises in Nigeria

Public corporations have several challenges which can affect the quality of their goods and services. In fact, most public corporations in Nigeria cannot compete effectively with private companies engaged in the same line of business. A number of factors are responsible for this among which is political instability, political interference, poor management, control by government, poor attitude to work by staff and financial mismanagement. These problems are explained below:

Political Instability: Instability in the political system occurs when the government of a state changes too frequently and unexpectedly. Every new government wants to appoint its own representatives to the boards of government corporations. These constant changes in the policy-making body of the corporation lead to inconsistent policies. Constant changes can also lead to delays in the completion of projects or unnecessary

changes in projects already embarked upon. Some projects in which huge amounts of money have been spent are abandoned because the new board of directors does not approve of them.

Political Interference: Public corporations are government companies and sometimes the government and important government officials make them do things that may not be in the overall interests of the corporation. For political reasons they can force the corporation to employ persons that are not qualified for the job or embark on projects that are of no real value to the corporation. Sometimes, the government corporations are forced to donate money to the ruling party for elections and other purposes. Such interference in the affairs of the corporation by the government and politicians will necessarily affect the efficiency of the organisation.

Poor Management: This problem is closely related to the two problems mentioned above. Members of the board who make policies for the corporation are political appointees who may not have any exposure in the corporation's area of operations. Again, the government can make its corporations employ management staff that are not properly qualified. These two factors can result in poor management.

Government Controls: It is necessary for the government to exercise some control over its corporations but sometimes these controls are so oppressive that the corporations is rendered inactive. In order to compete effectively with private companies engaged in the same business, a government corporation should be allowed to operate under similar conditions. For instance, if the government, for political reasons, imposes price controls on its corporations and cannot control the prices of other companies engaged in the same business, then the government company cannot return as much profit as the private companies.

Over-Protection by Government: Some government corporations are like over-indulged children who cannot do anything for themselves. Most of them depend on the government for everything including the payment of staff salaries and the maintenance or replacement of equipment even though they were established to provide services to the public and to make profits or the company will close down and they will become unemployed. For this reason, the workers work hard to improve on their goods and services. In public corporations the workers work hard to improve on their goods and services. In public corporations the workers do not seem to care especially as they have secure tenure of office, regardless of the financial positions of the corporation. In fact the services of some public corporation are so bad that the public would have nothing to do with them if it had any choice. Thus the practice whereby government give grants to its companies on a regular basis makes the workers careless about the quality of work they offer to the corporation.

Poor Attitude to Work: Many workers in the public sector see their work as government work. Government work, they unfortunately believe, require neither seriousness nor commitment. The result is that workers do not do their work at all or do it poorly and the corporation consequently cannot effectively discharge the duties for which they were set up.

Financial Mismanagement: Some government corporations are notorious for their mismanagement of funds. Money is sometimes embezzled outright. Officials also connive with contractors who are paid in full for work that is either not done or is improperly carried out. There have been used for necessary development projects by the company or the government.

2.3.3 Suggestions of Resolving Nigeria's Public Enterprises Problems

The followings are suggested methods of solving the above mentioned problems:

2.3.3.1 Quality Management of Personnel Should be Improved: The quality of leaders in any organisation is essential to the success of that organisation. It has been stated that the appointment of directors and managers can lead to the appointment of unqualified and incompetent persons to these vital positions. Thus, to solve the problem of poor management in public corporations, the government, which appoints board members and other top management staff, should ignore political considerations and make qualifications and experience the determining criteria for the appointment of persons to these positions. Furthermore, the government should discontinue the practice of frequently dissolving and changing the membership of boards of directors of its corporations. Members of the board should only be changed for non-performance. Finally, the conditions of services in public corporations should be made more attractive so that better qualified and experienced management personnel will be attracted to public service.

2.3.3.2 Over-Protection and Control of Public Corporation by Government should be reduced by the Privatization of some Public Corporations. Most boards and managers are not given a free hand in the management of their corporations. They are controlled and directed by politicians to take actions that may be unprofitable to their corporations. Most private companies on the other hand declare large profits annually because they are better managed than public corporations. It can therefore be argued that converting public corporations into private companies could be a solution to some of the problems that beset public corporations. This process is known as privatization. Privatization involves two things; firstly, that government must give up its ownership and control of public corporations and secondly, that private individuals should be able to take over these corporations. These private individuals should be free to manage these companies in whatever manner they wish. Besides the advantage of freeing corporations from excessive government control and protection, there are other advantages. In the first place, huge amounts of money spent annually by government on these

corporations can be used for other public purposes. Secondly, privatization will mean more efficient and profitable management of these corporations because the new owners can employ whoever they require at whatever conditions of service they feel will attract the right caliber of personnel. They can also sell their goods at any price they wish. Even though privatization may be a good thing, certain condition must be fulfilled before it can be successful and beneficial to everyone. Firstly, a few rich individuals should not be allowed to acquire these corporations. Secondly, the privatized companies should make reasonable profits but the prices of their goods and services conditions are allowed to exist, wealth will be concentrated in the hands of few person and the masses may suffer for it (Ezeani, 2006). It is in this regard that we observed that upon all the reforms the Nigerian public enterprises have been subjected to, their performance has remained abysmally poor. The actual reason is the focus of the next section.

3.0 Methodology

The paper adopted a singular source of data collection. The secondary source of data generation, which include the use of textbooks written by different authors on the subject matter, journals, magazines, information from the internet and other published and unpublished materials relevant to work. The data was analysed using the content analysis approach. This is because of its major dependence on the secondary source data.

4.0 Conclusion and Recommendations

4.1 Conclusion

Understanding the performance of Public Enterprises in Nigeria has varied in context as different people give different reasons for their performance rate but what is certain is that their performance has been rated as abysmally low. This is why the federal government of Nigeria has since independence adopted several approaches to ensure the revitalization of the Public Enterprises but all to no avail, necessitating the current trend of privatization and commercialization. Privatization of the Nigerian Public Enterprises as a reform process has evoked controversy as to its essence and justification. The justification of the privatization exercise and the reason for the low performance of the Nigeria Public Enterprises have led to the exploration of the understanding of the performance of the Nigeria Public Enterprises within the framework of modern organisation theory. The justification also explained categorically and differently the reasons for the abysmal performance of the Nigerian Public Enterprises.

4.2 Recommendations

Following the above exploration of the performance of the Nigeria Public Enterprises, we make bold to recommend as follows:

1. That the reason for the poor performance of the Nigerian Public Enterprises is embedded in the people's attitude to work as they perceive work in the Nigerian Public Enterprises as no man's work and therefore tend to look it and display high level of lackadaisical tendencies towards work and thereby reducing the efficiency of work and the performance of the entire enterprises. Therefore, the people need to be re-oriented on the essence of job commitment and proficiency at work.
2. That politicization of the policies in Nigeria has been identified as the core of the problems of Nigeria and that same also applied to the Nigerian Public Enterprises and as such if depoliticized will also ensure efficiency and better performance of the public enterprises.
3. The demands for high quality management of Public Enterprises have become too complex to be understood without prior planning and analysis. Government should discard the idea of planning for, funding and management of these enterprises and allow them to run as socio-economic services and be so accountable.
4. Appropriate accounting, legal regulatory infrastructure must be provided for the new crop of managers with different functional expertise to exploit and develop. This implies that the role of the manager is not that of a chief of defence but institutional leadership.
5. Management must always be sensitive to a wide range of popular orientation and expectation and adopt organizational circumstances accordingly. However, the government could help by ensuring conducive investment and ethical climate for socio-economic development.
6. Government needs to be elastic in its thinking and not constrained to its search for alternatives within the western scope or World Bank at the expense of the developing economy.

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