

## **From Monopolism to Competitionism: A Market Analysis of The Performance Of The Nigerian Postal Service, 1985-2011**

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### **Abstract**

The Nigerian Postal Service (NIPOST) is an outstanding public organization that has enjoyed an overwhelming and voluminous customer patronage in the recent past. Key to this reality is the envious monopolistic hegemony enjoyed by the agency in the ‘dark ages’, when people willingly and helplessly cluster or pin themselves down in an endless cue, just to assess NIPOST services. However, the opening up of the postal industry in the ‘digital age’ rather dispersed this awkward trend. Particularly, well over 256 courier services are now in competition. Therefore, this paper seeks to link between the institutional limitations or poor adaptation of NIPOST to the prevailing market benchmark of qualitative service schemes (such as service automation/digitalization), and the dwindling public patronage uprooting the organization. Accordingly, qualitative methods of data collection and analysis are applied. We conclude that the failure of the NIPOST management to comprehensively automate and strategize its operations in tune with the prevailing postal market indications is fundamental to the poor performance of the organization. As a result, NIPOST faces a diminishing and waning customer patronage. However, genuine efforts towards service upgrading and diversification of operations are relevant in setting the organization in the right pedestal.

**Keywords:** Public Enterprises, Inefficiency, NIPOST, Customer Patronage, Service Delivery, Mail Performance, Automation, E-communication etc.

### **Introduction**

The Nigerian Postal Service (NIPOST) is a public enterprise, formally subsumed under the direct administration of the Telecommunications Department. However, by 1966, the Federal Government, by Decree No. 22 of 1966, further made the organization a quasi-commercial organization. Therefore, it is normally expected that after such commercialization, the organization would become a vibrant revenue generating enterprise. To achieve this, nevertheless, requires an efficient and effective service delivery arrangement. This must be so, to avert drenching or dashing such ambitious target into a mere wishful thinking.

Over the years, however, like most public enterprises, widely perceived as inefficient (Adamolekun, 1983), NIPOST has faced a difficult challenge of satisfying the rising demands of qualitative and effective service delivery to the teeming Nigerian populace. To be very frank and blunt, NIPOST has practically failed to put genuine smiles on the faces of its numerous customers. Generally, as it seems, public resentments to this effect have never been embraced with commensurate corrective schemes. As a result, effective and qualitative service delivery remains elusive (Agu, 2010). This is mainly institutional though. Beyond that however, the overwhelming and envious monopolistic tendency which the organization enjoyed, more especially in 1960s, 80s and early 90s, rather gave avalanche leeway for more administrative lapses and indifference. In most cases, customers cue endlessly, to either assess NIPOST

services or complain about a service already paid for but poorly rendered. At times, as the case may be, most of such complaints were simply about those services paid for but not rendered at all. That apart, NIPOST inadequacies are still pervasive in present time. More in particular, customers post their letters without such letters reaching the bargained and proposed destination. In such instances, oftentimes, valuable items are lost in the process. A customer, Miss Thomas Shola, who regularly patronizes NIPOST recounted her experiences with NIPOST, in an interview with *Weekly Trust*. She reflected thus:

This is not my first time. I always come to get my parcels here in the post office. I used to receive laptops, books and clothes sent in sealed cartons. It usually takes weeks depending on the system you paid for... they may not be as efficient as they should... I lost a couple of parcels sometime back when I started coming to get my stuffs from the post office newly, but after consistent transaction...everything has been relatively alright... (*Weekly Trust*, January 22, 2010:2).

In a nutshell, NIPOST is generally not so insulated from the usual inefficiency and malfunction, which pervades and undermines the relevance of public enterprises in Nigeria (Ezeani, 1995). Consequent upon this, however, and with the rising market challenge, informed by the opening up of the postal industry to well over 256 private courier operators, NIPOST faces a fundamental threat of retaining its market value and relevance. Obviously, customer patronage has waned drastically. The government spends a lot to keep the aching organization and workers therein afloat. More closely, NIPOST has been a drain on government coffers, as the Federal Government spends about N4 billion on annual bases to cater for the remuneration of the workers (Weekly Trust, January 22, 2010).

Therefore, this paper is an effort to critically assess the level of institutional conservatism, resistant or general limitations to service improvement schemes, as in line with the prevailing digitally-driven market indications, vis-a-vis the poor level of public patronage, and by extension, the probability of NIPOST's sudden collapse in a competitive postal industry.

### **Interrogating the Problem of Inefficiency in Public Enterprises in Nigeria**

It is almost a given that public enterprises are inefficient in Nigeria. The general notion is usually dualistic. A certain group believes that politicians run down these enterprises for their selfish interests, and therefore call for their privatization. Another takes it that these agencies have never worked owing to maladministration, thence, they tirelessly call for reforms upon reforms. Incidentally, as such reforms keeps failing, particularly those implemented so far in NIPOST, most stake holders now seem to be more confused with hollow ideas or have ran out of ideas entirely. Honestly, Obikeze and Obi (2003:271) understood more of the problem bedeviling public agencies in Nigeria. They noted:

In Nigeria, most government owned industries and establishments remain citadels of corruption, studies in inefficiency and consequently a heavy drain on the economy. Therefore, public corporations are inefficient, not because they are owned by the government, but because of environmental factors, the chief of which is corruption, and our attitude to public utilities, and that the programme is basically to the

benefit of the bourgeoisie class... Most of those who were recently given national honours by the President were former and present heads of inefficient government parastatals and public office holders who took part in looting our economy.

Remarkable, Obikeze and Obi did achieve an important finding, that is, that these enterprises are inefficient, not because they are owned by the government per se, but mainly due to certain environmental factors. Corruption, in which they rightly hinged their premise upon, is a serious limitation in this regard. Ejiofor (1984:13) rather supplied five factors that impinge on the performance of public enterprises in Nigeria. They include:

- (a) Lack of properly articulated objectives
- (b) Uncoordinated development programmes
- (c) Inadequate infrastructure
- (d) Dysfunctional leadership practices and styles
- (e) Unmotivated and dispirited workforce

In simple terms, Ejiofor has been able to summarize the knotty issues underlying the efforts of public agencies in Nigeria. The issue is that one should not expect a responsive management when the Board of Directors of these agencies are normally appointed on the grounds of political patronage and other primordial considerations, in substitution of expertise and merit. The net effect is that they become square pegs in round holes, as they lack the relevant skills and are largely unsuited for the task. The former Director General of Bureau of Public Enterprises (BPE), and later Minister of FCT, Almad El-Rufai, has this to say:

These enterprises, considered by many as jewel of Nigeria, operate at sub-optimal levels of capacity and are among the most inefficient in the world. These enterprises have become the hotbed for political patronage, corruption, parasitism and rent seeking for elite.... Most of the leadership of our public enterprise is perceived as incompetent and corrupt and they feel accountable only to the officials that got them their positions, instead of their customers and the ordinary Nigerian citizens (El-Rufai, 2002:16).

Former President Olusegun Obasanjo established his grievances in this manner:

It is estimated that successive Nigerian government have invested up to 800 billion naira in public owned enterprises. Annual returns on this huge investment have been well below 10 percent. These inefficiencies and, in many cases high losses, are charged against the public treasury. With declining revenue and escalating demands for effective and affordable social services, the general public has stepped up its yearning for state-owned enterprises to become more efficient.... Fundamental problems include defective capital structures, excessive bureaucratic control or intervention, inappropriate technology, gross incompetence

and mismanagement, blatant corruption and crippling complacency which monopoly engenders (cited in Madaki, 2001:18).

Definitely, there is every indication and reason to conclude that these agencies have performed abysmally low and are more or less drainage pipes on the nation's coffers

#### **The Problem of Inefficiency in NIPOST**

According to the Chairman of NIPOST Board, High Chief S.U Nwanganga, NIPOST is one of such disappointments and represents one of the worst cases of public agencies in Nigeria before the new NIPOST Board, which he chairs, was inaugurated in the year 2001. He did not mince words:

NIPOST, and indeed most parastatals and government owned companies, were in a serious state of decay before the inception of the new government. The organization lost public confidence and patronage due to inefficiency in mail delivery. Mail tampering and dumping became so rampant that the organization, at that time, could not justify the mandate for which it was established... The poor image of NIPOST over the years was not only due to poor quality of its services but also as a result of the dilapidated state of its buildings which are scattered around and constituting an eyesore in all nooks and crannies of the country due to abandonment and neglect. We saw this appalling situation as a challenge and resolved to uplift the image of the organization by renovating the post office buildings. In the year under review, over 30 of such post offices were renovated across the country. We intend to improve on these achievements in subsequent years (Nigerian Postal Service, 2001:12).

High Chief Nwanganga needs commendation for his frank assessment of NIPOST, even though he steers the affairs of the organization. However, no one is that blind not to observe that most post offices across the country, which he claimed have since been given facelifts, are not as he thought. Generally, most of these Post Offices remain desolate and forgotten. In spite of this, though, we are not unaware that lots of other good news has since happened to NIPOST.

The former Postmaster General, Nathaniel Zome, revealed some of the success steps taken towards uplifting the quality of service rendered by NIPOST. He boasted:

...the introduction of postcode system into Nigeria recorded significant achievements. The collation and classification of the postcode directories were successfully completed. Similarly in view of our inability to considerably expand our physical facilities, we have increased allowances due to Postal Agencies to encourage them improve

on the quality of service rendered. We have also completed arrangements to enrich their assignment adding more responsibilities such as acceptance and delivery of EMS/Speedpost items on commission basis. To also improve productivity, we completed plans to excise certain services and re-organize them in view of their specialist leaning and a desire to professionalism and profitability (Nigerian Postal Service, 1992:16).

In other assessment, the Report further emphasized:

In addition, we have not been able to satisfy our large volume mail customers with offices and businesses in all nooks and corners of this country. This is most confounded as their mailing facilities in their offices have been computerized and therefore establishing the need for us to urgently complement their efforts. In anticipation of this, we proposed comprehensive computerization package, that will put at our disposal a nationwide computer network or Electronic Mail facility. At the moment, we are awaiting a package for a test run case at 8 locations in Nigeria in respect of Electronic Mail by International Maritime Satellite organization (INMARSAT) (Nigerian Postal Service, 1992:21).

Certainly, there is every conviction that NIPOST has experienced some sorts of overhaul and refinement thereafter. Needless to mention, of course, that NIPOST has advanced variously in its business products with well several different services rendered to the public. While the efforts geared towards setting up the postcodes materialized, the issue of full computerization and automation of postal services has since remained elusive. For the immediate past Postmaster General, late Mr. A.M Argungu, NIPOST services have impressively improved over the years mainly due to the timely introduction of the National Mail Route Network. Mr. Argungu vaunted:

High premium was laid on the quality of service, identification of customer needs and responding appropriately to them. The efforts paid off handsomely. For instance, 80% success level was recorded on the mail delivery targets of 24- hour for intrastate, 48- hour for interstate and 72- hour nationwide. This unprecedented achievement was brought about, among other things, by the introduction of the National Mail Route Network (Nigerian Postal Service, 2001:17).

Frankly speaking, the National Mail Route Network (NMRN) has, ever since its introduction, improved service delivery in NIPOST. The NMRN is an innovation of the management of NIPOST which was designed to collaborate with private sector to provide the vehicles needed to facilitate delivery of mail. The NMRN was launched on June 1, 2000 by the former President Olusegun Obasanjo. Lagos and Abuja were chosen as the main hubs for national mail distribution. A total of seven major national routes with each having a minimum of three vehicles were established,

so that one vehicle operates daily from each end of the route with the third one serving as a back-up in case of maintenance or breakdown. The vehicle from each end of the route picks and drops mail bags throughout the major towns along the routes. Having said that, one wonders why the project has not been able to launch NIPOST fully on top of its hopes of achieving a 100 percent 24- hour, 48- hour, and 72- hour mail delivery targets for intrastate, interstate and nationwide respectively. This tall dream has rather remained but a wishful thinking. The reason, perhaps, must be because of its limited coverage of Abuja and Lagos alone. Even reactions from the public have shown that the acclaimed percentage level of achievement may have fallen, or actually be as low as half of what was claimed by the late Postmaster General.

All the same, despite these make-believe achievements, major stakeholders have continued to express great displeasure on the general performance of NIPOST. In his candid evaluation, the immediate past Managing Director of Red Star Express, Mr. Isaac Orolugbagbe argues that NIPOST has performed abysmally low in spite of the vast business opportunities available, particularly the exclusive rights provided by the Universal Postal Union (UPU) for the handling of mails well below 500 grammes by national posts, which NIPOST currently benefits from. Orolugbagbe (2011:28) reasons in this logical latitude:

Although the Nigerian Postal Service Decree 1992 gives exclusive rights for mail handling to NIPOST for all postal articles below 500 grammes, the volume of mails handled has remained very low despite its very low prices. The market perception of the organization has remained poor, NIPOST continues to face many challenges, which are impeding its ability to face competition and to motivate patronage. One of the main weaknesses of NIPOST is low efficiency. The number of mails handled per employee is tiny compared with similar organizations. Absence of trust is another obstacle, which the organization has to contend with... The new Postal Policy must address issues in order to restore public trust in the postal sector and to boost total volumes.

The above revelations tell a story of huge and tarrying inefficiencies. However, one very good point highlighted by the scholar is the fact that too many employees chase too few mails in NIPOST compared with similar organizations. To further vent this claim, Mr. Sunny Nwosu, a National Coordinator, Independent Shareholders Association of Nigeria, further identifies the challenges confronting NIPOST. According to him, “NIPOST is plagued by dismal services, inadequate manpower, inadequate funding, poor operational infrastructure, and lack of proactive mechanism to position the company toward the new global communication order. The absence of an efficient transport system to boost postal service operations also impedes operations” (The Business, September 6, 2011:2).

In their candid views, capital market experts believe that the inefficiency of the agency is grossly reflected in its poor handling of capital market mail business, which constitutes the bulk of its operations, especially in recent times. Mr. Abayomi Oluwato, the Deputy Registrar, First Registrars Limited, identified this problematic in this way:

Millions of annual financial report of companies, dividend warrants, bonus certificates, new offers certificates, rights issues certificates, new offer prospectus, e-offer allotment letters, e-dividend notice, and other

capital market statutory related documents dispatched through NIPOST/Bulkpost are either delivered late or get missing in transit. The same thing goes for share certificates. In the meantime, billions of naira in unclaimed dividends is mounting up in the accounts of registrars and publicly quoted companies instead of going into the accounts of their rightful owners. No thanks to NIPOST/Bulk post, tonnes of document mails in many post offices are often left unsorted for weeks and months (*The Business*, September 6, 2011:3).

However, the latest and more thought provoking is the concluded attempt to commercialize or unbundle NIPOST in January 2012 by the Federal Government, through the creation of a virtual private network for about one thousand five hundred (1500) of its post offices across Nigeria, through an agreement signed with the Galaxy Backbone Plc. The reason for this is the absolute loss of confidence in the recuperation of the agency should it continue to be run on deficits by the government. The ultimate idea is to allow NIPOST to operate for a number of years before it will be finally privatized. The Postmaster General of NIPOST, Mr. Ibrahim Mori Baba made this disclosure in Benin City, at the opening ceremony of the 2011 Annual Conference of Public Relations and Marketing Departments of NIPOST. He noted that if the postal agency would have to remain afloat, NIPOST should have to work extra hard to source the equivalent of 7 billion naira after the federal government withdraws its funding. He however urged the workers not to panic over the subvention withdrawal, assuring that there would be no loss of jobs.

Every reform has its challenges. There is this thinking that we are going to lose our jobs. Don't panic. Don't feel bad. We have to find the N7 billion. We have told government that we are ready for the commercialization. We need this commercialization. We need to improve on our efficiency and performance (*The Nation*, December 10, 2011).

What this means is that the reform does not involve the rightsizing of NIPOST workforce. Whether this process will lead to efficiency or not is what we do not have the immediate answers to. However, we insist that the problem haunting NIPOST, as did other similar public organizations, may not necessarily be as a result of its ownership status. NIPOST could be repositioned, particularly in line with the prevailing market standard to function optimally, and still be controlled by the Federal Government.

#### **Evaluation of the Performance of NIPOST**

Fundamentally, the level of quality of service or output in an organization determines its patronage. By inference therefore, the level of achievement of any organization is ultimately hinged on the magnitude of its patronage. However, in a fast digitalizing and globalizing world, the mechanization and automation of operations has become the hallmark of effectiveness and competitive success in business. Here, service automation, in a naked sense, is the invocation of technology into the process of transaction in order to achieve a more reliable and prompt operations and service delivery. Importantly, the Nairobi World Postal Strategy (WPS) approved by the last congress of the Universal Postal Union (UPU) as the blueprint for the development of post worldwide between 2008 and 2012,

reaffirmed service automation as a core dimension of qualitative service delivery (The Post News, Jan-Feb, 2011). For this reason therefore, our analysis of the performance of NIPOST shall narrowly focus on (i) Its conformity with service automation guideline for boosting quality of service, (ii) Its patronage levels, and (iii) Its financial records.

### **The Problem of Service Automation and Qualitative Service Delivery in NIPOST**

Service automation revolves around the whole gamut of electronic services and products as well as the deliberate reduction of some physical processes into electronic terms. Essentially, software applications are used to facilitate service delivery. Some of such services include the following:

#### **Integrated Logistics Services- i.e. providing logistic support for other business enterprises**

Electronic Postal Certification Mark- This is the digital equivalent of the physical postmark indicia that appears on every stamped letter. It ensures common standard, guaranteed security, and international regulations on all on-line transactions. It applies a trusted time and date seal to electronic documents or transactions.

E- Communications- This is the post's response to customers increasing use of digital channels and the UPU developed regulations and policies to encourage the usage of the products by administrators. Chief among these products is the Postal Registered E-mail (PREM). The Postal Registered E-Mail is the electronic version of the traditional registered mail, providing a secured and trusted exchange of electronic mail between authenticated partners. The goal of PREM is to enhance the traditional e-mail service so as to provide an end to end trusted digital communication service, encompassing both evidence of submission and delivery between authenticated peers. It can also be used to implement a lot of services such as: E-commerce, E-tendering, E-accounting, E-Government, E-Consignment, E- School and general purpose retail communication (The Post News, Jan-Feb, 2011:9).

Basically, the gains of service automation are many. In simple terms, service automation as detailed in (i) above avails the customers of the opportunity to track their parcels at any point of its movement till the final destination point. Beyond that, as highlighted in (ii) above, service automation harnesses the internal cooperation of managers enabling them to interchange information and perform transactions from their various offices nationwide. Take for instance, just as in the banking system, the uploading of delivery information could be completed to the headquarters by Area Postal Managers before closing for the day. To achieve this, NIPOST had established the NETPOST (Nig) Limited, a partnership between NIPOST and two private sector IT-based companies from Netherland. But "unfortunately, NETPOST has failed to meet the expectations of the organization. It was expected that through the provision of such IT backbone by the venture, 40% of our revenue would be from the introduction of the e-products. At the end of the plan period (i.e. 2001-2007) the venture contributed nothing to the coffers of NIPOST" (Nigerian Postal Service, 2007:14).

The point to be made from all these however, is that the inability of NIPOST to implement these service automation strategies over the years has had adverse effects on its operations. The benefits of service automation have copiously eluded NIPOST. One important challenge is that noted by NIPOST management:

The technology revolution came with full automation of mail processing from point of posting to delivery. Unfortunately, while most countries including some developing administrations have gone far in this regard, NIPOST is yet to introduce automation of any sort.... The absence of automation in mail processing causes delays, mis-sort, damage to packets, tampering, etc. (Nigerian Postal Service, 2007:22-23).



As highlighted, it is apparent that the continued application of manual methods in carrying out its services has made it impossible for NIPOST to achieve its mail delivery targets of 24- hour for intrastate, 48- hour for interstate and 72- hour nationwide as declared by NIPOST management (Nigerian Postal Service, 2001). While referring to the 17th Quality of Mail Service Assessment conducted in August, 2010, the Postmaster General of the Federation, Mallam Ibrahim Mori Baba and the Deputy Postmaster General, (Operations Planning) Mr. Edward Omodia who made paper presentations in a one day seminar on ‘Improving the Quality of Service Delivery’ held at the Corporate Headquarters, Abuja, expressed their dissatisfaction on the trend of performance of the organization over the last few years. Mallam Baba openly displayed his dissatisfaction over the result: “The reports showed that territories across Nigeria performed averagely..., necessitating the delivery time to drop considerably... the NIPOST growing complaints from customers have reached a crescendo that management could no longer tolerate...” (The Post News, Jan-Feb, 2011:5).

On his part, Mr. Edward Omodia warned the managers of losing out business to well over 256 courier companies daily jostling for mail business. He continued this way “complaints abound of mail items taking days, on end before they are delivered... bulk mail handling process (collection, sortation, conveyance and delivery) are the main area that require attention to bridge gaps in service delivery” (The Post News, Jan-Feb, 2011:5). The negative effects of this sad trend have been very unbearable on the side of the service consumers. Mostly, the public has overwhelmingly lost confidence on NIPOST. A customer, Miss Thomas Shola who regularly patronizes NIPOST recounted her experiences with NIPOST in an interview with Weekly Trust. She reflected thus:

This is not my first time. I always come to get my parcels here in the post office. I used to receive laptops, books and clothes sent in sealed cartons. It usually takes weeks depending on the system you paid for... they may not be as efficient as they should... I lost a couple of parcels sometime back when I started coming to get my stuffs from the post office newly, but after consistent transaction...everything has been relatively alright... (*Weekly Trust*, January 22, 2010:2).

Consequent upon this, customer patronage has waned drastically. The table 1 shows a considerable decline in the volume of mails handled by NIPOST between 2003 and 2007.

As depicted in the table, the total number of mail items handled by NIPOST fell from its benchmark of 57,718,129 in 2004 to average between 51,151,382 and 51,820,124 in 2005 and 2006 respectively. However, the patronage suffered more down to 47,551,985 in 2007. Remarkably too, the number of mails sent from Nigeria to abroad decreased from a high point of 8,342,477 in 2003 to as low as 1,575,492 in 2007. Again, items sent into Nigeria from abroad suffered the same fate as it nosedive from an appreciable level of 23,009,708 in 2003 to as little as 13,291,925 in 2007. Though, the volume of international exchanges has remained considerable high in favour of incoming mails. This could be better explained by such calculation that NIPOST customers, such as businessmen sending prospectus abroad, students applying for international scholarship etc, who depends solely on timely feedback may have boycotted NIPOST services for private courier services, while the clients or agencies abroad who have little or nothing to lose, as per time frame, may have innocently and unsuspectingly continued making use of NIPOST. All the same, the cataclysmic drop in the figures of mails circulated in Nigeria as in column (i) above reveals that Nigerians, having lost confidence in NIPOST, may have abandoned the organization for private courier providers as an enduring alternative. This logic is not totally wrong.

Our assumption that Nigerians has abandoned NIPOST for other service providers are further vented by a comparison

of the patronage level enjoyed by NIPOST in previous years, when people cue endlessly to perform one transaction or the other. For instance, the result of the 'Mails & Survey (HQ)' conducted by NIPOST in 1991 shows that between 1985, 1986 and 1987 the NIPOST patronage level soared and steadied at 140 million respectively. To be sure, in 1988 it rose to 293.60 million, in 1989 it was 330.20 million, in 1990 it came up to 379.66 million, by 1991 it stabled at 399.18 million and in 1992 it stood at as high as 451.42 million (Nigerian Postal Service, 1992). Conversely, in 2001, "the overall mail traffic handled was 50,583,441," further "indicating a negative trend when compared with the previous year's figures" (Nigerian Postal Service, 2001:25).

Much more, the numbers of post offices across the nation have been sliced down within the period of study. A reference to table 1 clearly elucidate that the Departmental Post Offices were trimmed down from 783 in 2004 to 712 in 2006. Sub-Post Office equally faced such unlucky experience as they were condensed from 174 in 2003 to 125 in 2006. Postal Agencies diminished from its spread of 1,855 in 2003 to a mere 1,553 in 2006. The extrapolative undertone of this reality is that customers in those areas deserted must seek for alternative service providers within the neighborhood. By extension, whatever magnitudes of such 'deserted' customer's partners at the other end (other locations) are compulsorily forced to find other means/couriers to mail their friends and business mates.

That is not all. NIPOST products and services have continued to shrink down as a trickledown effect of the fate it suffers presently. Table 2 illustrates the trend in the performance of NIPOST key products of boxes and private mail bags between 2003 and 2008.

The figures stated in the table are very simple to evaluate. First of all, the number of patronage in favour of private mail bags over business (i.e. P.O. Box) indicates that corporate entities/business moguls have lost confidence on the reliability of NIPOST as an effective means of transacting business. Perhaps, private individuals who may have little or no problem with timely delivery are only patronizing out of cost maximization. It is also obvious that more than halve of the two products remained unrented between 2003 and 2008. This shows an under-utilization of the two products which is a measurement paradigm of under-performance. However, the sudden increase in available products in 2007 was only as a result of computerizing few services in mere 40 major centers of NIPOST out of over 3000 offices belonging to the organization nationwide. The Area post manager for FCT, Mr. Aliyu Mahmud said technology has enhanced postal operations in the territory. Mahmud said there are 20,000 letter boxes in the territory and they are creating more because of increase in demand (Leadership, October 23, 2011). This single case goes on to show that full automation of service in post offices nationwide could stamp the organization back to the track of competitive success.

#### **The Impact on Financial Performance of NIPOST**

The general low patronage of NIPOST has had a sizable pound of flesh on its financial performance over the years. NIPOST has never had it any smooth in footing its bills and liabilities not to talk of generating sufficient revenue that can be ploughed back to boost operations. In other words, adequate funds have neither been generated for full automation of services nor for service expansion. And unfortunately, the government has always remained adamant all along, except that they always make belated efforts to clear workers remunerations. Much of this claim has already been demonstrated earlier in this paper. Table 3 and 4 extensively illustrates the financial performance of NIPOST between 2002 and 2007. The tables locate the internally generated income within the neighbourhood of N3-4 billion. which the Federal Government comes in annually, as a fire brigade approach, to offset workers salaries to an average tune of N4 billion. Only but a pittance of about N1 billion is invested in capital projects. The point being harnessed is that the demands of service upgrading and expansion have been dashed due to poor financial status of NIPOST. Accordingly, it is informed that the postal organization sucks about N4b from government coffers, on annual bases, to cater for the remuneration of the workers.

In the light of these realities, therefore, it is generally obvious that the inability of NIPOST management to holistically adapt and embrace digitally-driven service delivery scheme is primarily responsible for the drowning and near collapse of NIPOST.

#### **Conclusion**

This paper is a concentrated effort to fundamentally evaluate the performance of the Nigerian Postal Service (NIPOST) vis-a-vis its falling patronage and diminishing market relevance. We noted that the NIPOST management team have been practically unable or are nearly handicapped to launch a comprehensive and far-reaching service improvement scheme, especially to digitalize and align the organization in line with the market demands.

More importantly, the poor performance of NIPOST, as exemplified by its inability to implement mail

tracking/automation project, which would have curtailed mail tampering and unnecessary delays; the inability to meet delivery target; the inability to generate adequate revenue for service expansion and the loss of public confidence/patronage, have not only resulted to decline in the volume of mails handled, number of offices nationwide, boxes & mail bags etc, but has significantly created a patronage gap in favour of other private courier services.

By simple logic, the inability to fully digitalize or improve service delivery leads to public disaffection, and as a result low patronage. Low patronage, owing to the market reality of the existence of numerous competitive courier service providers, who are more digitally equipped, to provide better qualitative service to yearning customers. Upon this factum, hereunto, merely little income is being generated, very little, that it can neither pay workers remunerations or even be ploughed back to upgrade service. It is damn bad, that the Federal Government has only been paying off workers salaries in deficits of over 4 billion naira per annum. It has therefore become almost a suicide, for NIPOST to invest in service expansion, especially to various parts of the country, where NIPOST offices are not sited. These have been the insurmountable challenge faced by NIPOST.

Nonetheless, there could be a way out. As at now, Nigeria's population of one hundred and forty million people has one postal outlet to twenty-eight thousand inhabitants ([www.von-on-line.com/23/12/2011](http://www.von-on-line.com/23/12/2011)). This is still a far cry from the required International standards. Yet, over 237 local government areas out of the 774 LGAs in Nigeria do not have post offices, at all, as at today (Leadership, October 23, 2010; Daily Sun, August 29, 2011). On these grounds, we submit therefore, that the Federal Government should empower NIPOST management to diversify operations across the 237 local government areas that presently do not have post offices, and utilize/redeploy part of the existing personnel to man them accordingly, without necessarily employing too many new officers. Again, NIPOST management should make haste in the implementation of a comprehensive service automation in all its offices nationwide, in order to make its services more reliable, regain public confidence & patronage and achieve a competitive advantage in the postal industry.

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**Table 1: Total Number of Postal Articles Handled, 2003-2007**

Year	Number of Mails Posted in Nigeria i	Number of Mails dispatched Abroad ii	Number of Mails Received from Abroad iii	Total Number of Mails Handled
2003	21,626,702	8,342,477	23,009,708	52,978,587
2004	41,499,773	4,638,830	16,218,356	57,718,129
2005	32,251,616	4,440,145	14,459,621	51,151,382
2006	37,219,874	2,282,627	12,317,623	51,820,124
2007	32,684,568	1,575,492	13,291,925	47,551,985

Source: National Bureau of Statistics (2008) *Annual Abstract of Statistics, 2008*. Abuja: Federal Government of Nigeria.

**Table 2: Total Number of Post Office Boxes and Private Mail Bags Available and Rented, 2003-2008**

Year	Total Boxes Available	Private (Rented)	Business (Rented)	Number (Not Rented)
2003	206,344	25,664	29,037	124,643
2004	713,441	252,993	65,502	394,946
2005	747,123	279,441	87,474	390,305
2006	771,870	283,137	84,419	393,190
2007	1,415,118	583,096	-	698,804
2008	776,278	275,818	-	396,694

Source: Adapted from, National Bureau of Statistics (2008) *Annual Abstract of Statistics, 2008*. Abuja: Federal Government of Nigeria; National Bureau of Statistics (2009) *Annual Abstract of Statistics, 2009*. Abuja: Federal Government of Nigeria.

**Table 3: Revenue from Postal Service, 2002-2007**

Year	Sales of Stamps and other Revenue from Postal Services	Share of Postage on Parcels Received from Abroad	Postal Clearance and Delivery Fee	Total Revenue
2002	-	-	-	2,168,597,929.30
2003	2,318,246,821.59	95,750.00	16,568,361.40	2,334,910,932.99
2004	3,261,796,102.79	212,063.00	39,042,348.78	3,301,050,514.57
2005	3,740,503,229.28	420,511.20	52,274,311.55	3,793,198,052.03
2006	3,668,430,767.99	434,232.10	167,156,089.79	3,836,021,089.88
2007	3,840,159,636.26	354,569.95	159,730,444.85	4,000,244,651.06

Source: National Bureau of Statistics (2008) *Annual Abstract of Statistics, 2008*. Abuja: Federal Government of Nigeria.

**Table 4: Projected Income and Expenditure Analysis, 2007-2011**

	2007	2008	2009	2010	2011
<b>Income</b>					
1. Opening balance		200,000,000.00	560,000,000.00	474,000,000.00	94,000,000.00
2. Internal revenue	4,600,000,000.00	5,060,000,000.00	5,566,000,000.00	6,679,200,000.00	7,347,120,000.00
3. Govt. funding (Salary)	3,900,000,000	3,900,000,000.00	2,000,000,000.00	2,000,000,000.00	1,500,000,000.00

<b>Total Income</b>	<b>8,500,000,000.00</b>	<b>9,160,000,000.00</b>	<b>8,126,000,000.00</b>	<b>8,205,200,000.00</b>	<b>8,753,120,000.00</b>
<b>Expenditure</b>					
1. Overhead cost	3,000,000,000.00	3,300,000,000.00	3,300,000,000.00	3,300,000,000.00	3,300,000,000.00
2. Personnel cost	4,000,000,000.00	4,000,000,000.00	4,000,000,000.00	4,000,000,000.00	4,000,000,000.00
3. Capital expenditure	1,300,000,000.00	1,300,000,000.00	1,300,000,000.00	1,000,000,000.00	1,000,000,000.00
<b>Total Expenditure</b>	<b>8,300,000,000.00</b>	<b>8,600,000,000.00</b>	<b>8,600,000,000.00</b>	<b>8,300,000,000.00</b>	<b>8,300,000,000.00</b>
<b>Balance</b>	200,000,000.00	560,000,000.00	474,000,000.00	94,000,000.00	453,120,000.00

Source: Nigerian Postal Service (2007) *Nigerian Postal Service Corporate Plan 2007-2011*. Abuja: Nigerian Postal Service.

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