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Privatization of Public Enterprises in Nigeria: Critical Success Factors

Olufemi O. POPOOLA, Ph.D
Department of Public Administration, Obafemi Awolowo University, Ile-Ife, Nigeria

Abstract
The persistent quest for social-economic development across the nations of the world occasioned the establishment of public enterprises and subsequent privatization policies/programmes. Countries of Africa, especially Nigeria, established large scale public enterprises with the intention of engendering and pursuing social equity among the populace. Regrettably however, the public hope and expectations from public enterprises were dashed as the operations of these public enterprises were brazenly characterized with inefficiency, massive corruption, ineptitude, nepotism and gross mismanagement leading to, not only the collapse of public enterprises, but also to a paradigmatic change of approach to national socio-economic development. Consequently, privatization policy was introduced with the promulgation of Decree No. 25 of 1988 by the then Federal Military Government of Nigeria. The issue of privatization, till date, has remained controversial as it has generated (and it is still generating) a seemingly endless debate among Nigerians. Regardless of the ongoing debate and controversy, government has forged ahead in its privatization exercise. It is against this backdrop that this paper examined the privatization of public enterprises for national development. The paper also traced the evolution of public enterprises, its justification and consequential failure. Furthermore, the paper explored privatization in Nigeria, its implications on economic growth and development as well as the critical success factors of privatization. The paper concluded that privatization of public enterprises is good for our national development if the critical success factors like putting in place proper and implementable regulatory framework, adequate public education, taking cognizance of the interest of the poor, effective monitoring and evaluation, transparency, and accountability (among others) are implemented. Thereafter, the economic objective of harnessing and distributing material resources of the nation to serve the common good (as stated in Section 16, sub-section 2(b) of the Constitution of the Federal Republic of Nigeria 1999) would have been achieved.
Key Words: Public Enterprises, Privatization, Socio-Economic Development, Policies/ Programs, Corruption, Transparency and Accountability

1.0 Introduction

Public enterprises were established to enhance Nigeria's socio-economic development, especially, after independence in 1960. The major concern, in this regard, had been to accelerate development and economic self-reliance through "economic nationalism" (Odeh, 2011). A public enterprise has been defined as one that has a corporate identity, whose capital is wholly or substantially provided by a central or local government authority. The enterprise is accountable to the central or local government, which acts as trustee for the community. The enterprise will be engaged in the production and marketing of goods and services and designed to add wealth to the community (Powell, 1987). Put differently, public enterprises are rationally organized activities by the government (Central, State or Local) aimed at producing services and commodities to its citizenry. From the foregoing, we can deduce that public enterprises are owned and run by the government and geared towards the production of either consumer or producer goods or services. In this regard, institutions and organizations are set up by the government to produce and market goods and services to the generality of the people. Government fully owns, finances, manages and controls these institutions.

While presenting a paper on commercialization and privatization of public enterprises with particular reference to the communication sector, Ayodele (2004) explained that Nigeria relied heavily upon public enterprises up to the mid-1980s for the development, management and allocation of utilities and social services. He affirmed that they were seen as major instruments, not only for the mobilization and allocation of public investments, employment generation and income redistribution, but also for determining government finances and the acceleration of overall economic development.

Obadan (2000), Obadan and Ayodele (1998) as cited by Adeyemo and Salami (2008) explained public enterprises as organizations whose primary functions are the production and sale of goods and/or services and in which government or other government controlled agencies have no ownership stake that is sufficient to ensure their control over the enterprises regardless of how actively that control is exercised. In his own explanation of public enterprises, Omokhodion (2013) saw them as organizations set up and wholly owned by government or ones in which government has majority shareholding.

Free enterprise characterized the classical economic era and the era of empires when kingdoms and empires were concerned mainly about securing their empires and kingdoms. They virtually left the production of goods and services in the hands of the private sector. They only provided proper economic, legal and institutional frameworks to enable the private sector operate more efficiently in the interest of the kingdom or the empire (Kuye, 1990). The great economic depression of the late 1920s and the early 1930s brought about the collapse of the private sector enterprises.

The justification for the establishment of Public Enterprises in Nigeria is clearly set out in the Constitution of the Federal Republic of Nigeria (1999). According to Section 16, Sub-sections 1 and 2

"(1) The State shall within the context of the ideals and objectives for which provisions are made in this constitution:

(a) harness the resources of the nation and promote national prosperity and an efficient, a dynamic and self-reliant economy;
(b) control the national economy in such manner as to secure the maximum welfare, freedom and happiness of every citizen on the basis of social justice and equality of status and opportunity;
(c) without prejudice to its right to operate or participate in areas of the economy, other than the major sectors of the economy, manage and operate the major sectors of the economy;
(d) without prejudice to the right of any person to participate in areas of the economy, within the major sector of the economy protect the right of every citizen to engage in any economic activities outside the major sectors of the economy.

(2) The state shall direct its policy towards ensuring:
(a) the promotion of a planned and balanced economic development;
(b) that the material resources of the nation are harnessed and distributed as best as possible to serve the common good;
(c) that the economic system is not operated in such a manner as to permit the concentration of wealth or the means of production and exchange in the hands of few individuals or a group; and
(d) that suitable and adequate shelter, suitable and adequate food, reasonable national minimum living wage, old age care and pensions, and unemployment, sick benefits and welfare of the disabled are provided for all citizens".

For government to achieve the above economic objectives, it has to be involved in the roles of entrepreneurs by setting up public enterprises, financing, managing and controlling them. Government's control of key public enterprises will enable the government to pursue the objective of preventing "the concentration of wealth or the means of production and exchange in the hands of few individuals or of a group" in line with the 1999 constitution.

According to Hemming and Hansoor, (1988), the decades following World War II witnessed an enormous expansion of government intervention in national economies, particularly in the 1960s and early 1970s, when the public sector was seen as a major contributor to economic growth and socio-political stability. Accordingly, public enterprises, especially in the developing countries, became active in key sectors as large-scale manufacturing, construction, finance, services, natural resources and agriculture. When such goods are supplied by the state, it is because of the belief that their quality or quantity of supply would be inadequate if left to the private sector, especially where the private sector is in a rudimentary stage (Obadan, 2000).

Another factor, which informed government involvement in the commanding height of the economy in the case of Nigeria, was the lack of expertise by indigenous Nigerians to occupy those heights especially with the indigenization of the economy in the 70s. There was also the need to create more places for the growing secondary and university graduands and to encourage self-reliance (Kuye, 1990). However, as time went on, it became crystal clear that the intentions of government for establishing public enterprises were far from being met. In fact, the public hope and expectations in public enterprises were dashed. The operations of public enterprises were brazenly characterized with mind boggling inefficiency, massive and blatant corruption, nepotism, huge waste of resources, gross mismanagement and political interference. The World Bank (1991), as cited by Odeh (2011), captured the grim and gloomy picture which public enterprises presented. It stated that:

> Generally, public expectations from these public enterprises were largely unmet, despite the sizeable proportion of public budgetary investible funds which were being allocated to them. In addition, public enterprises suffered from gross mismanagement and consequently resulted to inefficiency in the use of productive capital, corruption and nepotism, which in turn weakened the ability of government to carry out its functions efficiently.

Paul (1985) and Samuel (1999) summarized the reasons that account for the failure of public enterprises as follows:

"(a) economic inefficiency in the production of goods and service by the public sector, with high costs of production, inability to innovate, and costly delays in delivery of the goods produced;
(b) ineffectiveness in the provision of goods and services, such as failure to meet intended objectives, diversion of benefits to elite groups, etc;
(c) rapid expansion of the bureaucracy, severely straining the public budget with huge deficits of public enterprises becoming massive drain on government resources, inefficiency in government etc.
(d) poor financial performance of public enterprises, reflecting a history of huge financial losses, overstaffing and burden of excessive debts". The running and management of public enterprises are fraught with many problems which account for their failure. The operation of public enterprises right from the onset has been negating sub-section 2(b) and (c) of the constitution of Federal Republic of Nigeria (1999). Material resources of the nation do not serve the common good while concentration of wealth is in the hands of few individuals and groups.

Predominance of government in the financing and funding of public enterprises is a major problem. Most public enterprises derive their resources from the government; hence, they are politically dependent on the government. Funding of these public enterprises is poor and inadequate. Where it appears adequate, funds are delayed. Apart from this, public enterprises cannot secure loans without the approval of government and such approval may never be granted or may be delayed if granted at all.

Public enterprises do not enjoy autonomy for their funding policy. The autonomy of public enterprises will be the backbone of the management funding policy. Where there is autonomy, the managers of public enterprises will maximize their autonomy in looking for fund. If this is impossible, the managers will look for survival. The lack of autonomy for public enterprises has been worsened by the conflict between public enterprises and private investors. Whenever a public enterprise goes to the money market, crisis is created as the interest rate may increase. Government, as a result, does not allow public enterprises to go to the capital market for loans so that the interest of private investors is not jeopardized.

Many public enterprises not only have poor capital grants as take off, their internally generated revenues are dismally too low. They are thus in financial crisis most of the time. Corruption has also rendered many public enterprises comatose. Funds are mismanaged, misappropriated and embezzled. Those at the helm of affairs in the operation of public enterprises divert the nation's wealth to enrich themselves thus making the wealth of the nation to be concentrated in few hands. Since the operations of public enterprises have their godfathers and collaborators in government, accountability has been thrown into the winds. All these reasons account for the failure of public enterprises in many developing countries in general and Nigeria in particular. Omoleke (2008) lamentably remarked that Nigerian public enterprises had not recorded any significant achievement to justify the objectives for which they were established. He saw them as not being responsive to the changing requirements of a growing and dynamic economy and that they appear not to possess the necessary tools for translating into reality the hope of successful commercial operations. Expatiating further, Omoleke declared that public enterprises had failed to show profit proportional to resources being wasted, and they proved to be a massive drain and economic parasites on government resources through transfer and subsidies. As a result of this dismal performance, the issue of commercialization and privatization of Nigerian public enterprises had been on the agenda of government since 1988.

With the dismal performance and consequential failure of public enterprises, government's attention and focus shifted to the option of privatization. In 1988, privatization policy was introduced with the promulgation of Decree No 25 of 1988 by the then Federal Military Government of Nigeria as part of the Structural Adjustment Program (SAP) of the General (rtd) Ibrahim Babangida administration.

2.0 Literature Review

Privatization is the practice of engaging the private sector in some aspects of the functions and responsibilities of government operations (England, 2011). Privatization is often associated with the sale of state assets, or shares in public enterprises. The sale may involve all or some of the equity interests of an enterprise. It also involves the introduction of private capital or management expertise into a public sector activity (Obadan, 2000). Privatization refers to the transfer of ownership of public enterprises to the private sector. It gives room for state activities to be managed by private sector managerial expertise through contracts, leases and concessions. It also entails allowing the private operators to be involved in sectors which had been the exclusive preserve of public enterprises. Privatization can be "full privatization" or "partial privatization" as contained in policy documents. Full privatization' refers to divestment by the federal government of all its ordinary shareholding in the designated public enterprises while partial privatization means divestment by the federal government of shareholding in the designated enterprises (Obadan, 2000).

In the past several years, interest in privatization has been growing in both developed and developing countries. There are many reasons for this, but the most important have to do with a combination of growing pressures on public budgets and. mounting evidence that the competitive discipline of private markets increases efficiency, producing greater quality at a lower cost (Hanke, 1988). Ugorji (1995), as cited by Adeyemo and Salami (2008), declared that privatization has become an acceptable paradigm in political economy of states and that it is a strategy for reducing the size of government and transferring assets and service functions from public to private ownership and control. He further listed four core beliefs upon which privatization are based. These core beliefs are:

- government is into more things than it should be; it is intruding into private enterprise and lives;
- government is unable to provide services effectively and efficiently;
- public officials and public agencies are not adequately responsive to the public; and
- government consumes too many resources and thereby threatens economic growth.

Following the dismal performance of public enterprises, policy makers, professionals and scholars in Nigeria have been showing a growing interest in privatization. Privatization is believed to be a panacea to the inefficiency and dismal performance of public enterprises. The view is that when the public and private sectors are compared in terms of costs of producing similar output, the private sector outperforms the public sector (Jones, 1991). There are many 'public enterprises that operate in competition with the private sector enterprises and many of them have been seen to have incurred huge losses and debts and have earned records that are poorer than the private sector counterparts.

Before the then Federal Military Government rejected the IMF loan in December, 1985, there were indications that there was no going back on privatization. The address delivered by the then Chief of General Staff, Commodore Ebitu Ukiwe to Media Executives on November 27, 1986 indicated that government would take the necessary steps to divest itself of major equity participation in economic ventures which are better left to the private sector. Commodore Ukiwe indicated that despite the huge government investment in the various parastatals totaling *N23* .2 billion, returns in respect of both equity and loans were quite unsatisfactory.

The Federal Military Government eventually promulgated the Decree No. *25* of 1988 on Privatization and Commercialization to deregulate the Nigerian economy for better performance and to achieve the following specific objectives:

- to restructure and rationalize the public sector in order to lessen the dominance of unproductive investments in that sector;
- to re-orientate the enterprises for privatization and commercialization towards a new horizon of performance improvement, viability and overall efficiency;
- to ensure positive returns on public sector investments in commercialized enterprises;
- to check the present absolute dependence of commercially oriented parastatals on the treasury for funding and to encourage their approach
- to the Nigerian Capital Market;
- to initiate the process of gradual cession to the private sector of such public enterprises that by the nature of their operations and other socioeconomic factors are best performed by the private sector;
- creating a favorable investment climate for both local and foreign investors;
- reduction in the level of internal and external debts; and
- to provide institutional arrangements and operational guidelines that would ensure that the gains of Privatization and Commercialization are sustained in the future (Kuye, 1990).

A committee known as Technical Committee on Privatization and Commercialization (TCPC) was set up to achieve the above stated objectives. TCPC has involved relevant professionals like Financial Advisers and Investment Consultants in its assignment. The first thing that TCPC did was to diagnose and catalogue the problems of public enterprises. Some of the problems identified and catalogued are:

- inadequate or conflicting objectives,
- poor human resources management,
- extreme bureaucracy;
- lack of strategic planning;
- lack of technical management expertise;
- inadequate capital structure;
- inadequate systems and staffing;
- poor debt management;

- huge losses;
- inappropriate tariffs (pricing policy);
- poor accounting and auditing" (Usman, 1998).

The privatization program encompassed practically every industry except defense. A total of 111 enterprises were to be privatized either wholly or partially. Full privatization involves full divestiture of all Federal Government equity interests in 68 enterprises. Partial privatization involves the selling off of only a portion of its equity in the 43 affected enterprises. TCPC, in implementing the privatization program, adopted five methods. The methods are:

"- Public offer of the shares through the Nigerian Stock Exchange — dominant and preferred. As at 31/1/1993, nearly 1.5 billion ordinary shares of 35 companies were sold to over 800,000 shareholders across the country. This has led to the rapid growth of the Nigeria Stock Exchange whose market capitalization grew from 8 billion naira at the beginning of the programme to 30 billion naira by September, 1992;

- Private Placement — seven enterprises were privatized through this method.
- Sale of the assets of those enterprises judged to be so enviable that they could not be sold as going concerns. Their assets were liquidated and sold to the public through public tender. By December 1993, 26 enterprises were sold to the public using this method.
- another method is Management Buy Out (MBO) — Here, all or substantial part of the equity capital of the enterprise was sold to the workers of the enterprise. TCPC sold one enterprise via MBO.
- Deferred Public Offer — This method was adopted for enterprises which though viable, were such that their privatization by public offer would not raise revenue commensurate with the real value of their underlying assets. Four hotels under the programme were sold using this method". (Usman, 1998).

The TCPC, since its inception, has made a great impact in the economic development sector of the country and has achieved a measure of success. The Committee has been able to undertake national tours to enlighten the generality of Nigerians on the need to invest their money in business activities that are more rewarding to them in the long run, instead of committing them to activities which are consumptive in nature. The crusade has been largely successful as investment redistribution shows that investment opportunities are no longer limited to mainly high income group. It has spread to the lower income group of our population. Mass capitalism is being achieved through this program.

The TCPC has contributed more to the redistribution of national wealth than economic policy measures had achieved in the past. The Securities Exchange Commission and the Nigerian Stock Exchange have also benefited tremendously from the impact created by the TCPC program. The machinery of the Securities and Exchange Commission and those of the Nigeria Stock Exchange have been strengthened, and they have also benefited from increased income earned from fees arising from the floatation of shares. TCPC has also been able to dispel the fear that that the absorptive capacity of the market was too low for the massive floatation of TCPC. The Committee did not limit itself to the metropolitan area of Lagos but reached hinterland to get small but potential capital market investors thereby enlarging the absorptive capacity of the Nigerian capital market to the advantage of the economy (Kuye, 1990).

The Bureau of Public Enterprises (BPE) took over the from the Technical Committee on Privatization and Commercialization (TCPC) after the latter had concluded its assignment. The main assignment of the BPE is to implement the privatization program. In her explication of the privatization process in Nigeria, Nwoye (2011) chronicled that:

> Privatization in Nigeria was formally introduced by the Privatization and Commercialization Act of 1988, which later set up the Technical Committee on Privatization and Commercialization (TCPC) chaired by Dr. Hamza Zayyad with a mandate to privatize 111 public enterprises and commercialize 34 others. In 1993, having privatized 88 out of the 111 enterprises listed in the decree. The TCPC concluded its assignment and submitted a final report. Based on the recommendation of the TCPC, the Federal Military Government promulgated the Bureau for Public Enterprises Act of 1993, which repealed the 1988 Act and set up the Bureau for Public Enterprises (BPE) to implement the privatization program in Nigeria. In 1999, the Federal Government enacted the Public Enterprises (Privatization and Commercialization) Act; which created the National Council on Privatization chaired by the Vice President, Alhaji Atiku Abubakar. The functions of the council include:

- Making policies on privatization and commercialization ;
- Determining the modalities for privatization and advising the government accordingly;
- Determing the timing of privatization for particular enterprises;
- Approving the prices for shares and the appointment of privatization advisers;
- Ensuring that commercialized public enterprises are managed in accordance with sound commercial principles and prudent financial practices and
- Interfacing between the public enterprises and the supervising ministries in order to ensure effective monitoring and safeguarding of the managerial autonomy of the public enterprise.

The 1999 Act also established the Bureau of Public Enterprises (BPE) as the secretariat of the National Council on Privatization. The functions of the bureau include among others to do the following:

- Implement the council's policies on privatization and commercialization,
- Prepare public enterprises approved by the council for privatization and commercialization;
- Advise the council on capital restructuring needs of enterprises to be privatized;
- Ensure financial discipline and accountability of commercialized enterprises;
- Make recommendations to the council in the appointment of consultants, advisers, investment bankers, issuing houses, stockbrokers, solicitors, trustees, accountants, and other professionals required for the purpose of either privatization or commercialization; and
- Ensure the success of privatization and commercialization implementation through monitoring and evaluation

Adesanmi (2011) as cited by Odeh (2011) also lent credence to Nwoye's explanation. He asserted that;

> Government set up the Bureau of Public Enterprises (BPE) to privatize and commercialize public enterprises with the objective of reducing or eliminating the drain on public treasury as well as to seek to reduce corruption, modernize technology, strengthen domestic capital markets, promote efficiency and better management, reduce debt burden and fiscal deficit, resolve massive pension funding problems and broaden the base of ownership of business. Others include generating funds for the treasury, promoting governance, attracting foreign involvement and attract back flight capital.

The activities of the BPE are open for assessment and debate on how far the objectives for which it was set up have been achieved. This paper supports privatization but however, wishes to lay emphasis on critical success factors so that the goals of privatization could be achieved

3.0 Theoretical/Conceptual Clarification

This paper adopted the theory of Neoliberal School of Thought on privatization. According to Wikipedia (2011), this theory is premised on the principle of the idea of competition and profit –making based on free-market pricing and freedom from the interfering hands of state regulation. Mansfield (2013) described neoliberalism as a political economic approach that posits markets as the ultimate tool for achieving optimal use and allocation of scarce resources. He observed that policy makers around the world are applying such market-oriented approaches in myriad political settings most especially in privatization and /or deregulation.

TheFreeDictionary (2013) explained neoliberalism as a modern politico-economic theory favoring free trade, privatization, and minimal government intervention in business and reduced public expenditure on social services. Corroborating this explanation, Investopedia (2013) described neoliberalism as an approach to economic and social studies in which control of economic factors is shifted from the public sector to the private sector. The main thrust of this theory, according to Investopedia is that governments should reduce deficit spending, limit subsidies, reform tax laws to broaden the tax base, remove exchange rates, open up markets to trade by limiting protectionism, privatize state-run business, allow private property and back deregulation. Martinez and Garcia (2013) presented the main points of neo-liberalism theory thus:

- the rule of the market: liberating free enterprise or private enterprise from any bonds imposed by the government (the state);
- cutting public expenditure for social services thereby reducing government's role in social services like education, healthcare, maintenance of roads, bridges, water supply etc;
- deregulation: reduce government regulation of everything that could diminish profits;
- eliminating the concept of "the public good" and replacing with "individual responsibility"; and
- privatization: sell state-owned enterprises, goods and services like banks, key industries, railroads, toll highways, electricity, schools and hospitals to private investors.

The neoliberal theory believes and argues that with the privatization of public enterprises, efficiency, effectiveness accountability will be guaranteed. Beside this, wastage and corruption will be eliminated. The neoliberals' theory has its criticism which this paper does not want to dwell upon. The author supports privatization despite the criticism again it, and believes that if the critical success factors of privatization of public enterprises are followed, the material resources of the nation will be harnessed and distributed to serve the common good.

Implications of Privatization on Economic Growth and Development

Privatization appears capable of bringing about great positive change in the economic sector of this country. There are great prospects of privatization if the program is well implemented. The country stands to gain higher productivity through greater efficiency. The benefits of privatization program for the economy are numerous. (Ogunyemi, 1998) summarized them as follows:

- privatization will bring technical and managerial expertise to the economic sector;
- it will improve operating efficiency;
- it will result in large-scale injections of capital and greater efficiency in the use of that capital;
- it will reduce the need for subsidies from the government;
- it will increase responsiveness to consumer needs and preferences; and
- given the level of corruption in Nigeria, private sector participation in a well regulated or competitive sector will lead to lower tariff.

Apart from these benefits, privatization will also lead to open and competitive economy that will produce wealth and jobs. Developing countries, like Nigeria, hope to realize substantial revenues from the sale of state-owned enterprises to private entrepreneurs who will manage them efficiently. Privatization offers a number of attractive possibilities to governments and private citizens. These include an easing of foreign debt, increased productivity resulting from enterprises that are better managed in the private sector, a growth of the entrepreneurial climate necessary for economic growth, and a substantial broadening of ownership of private property in the society, thus broadening people's stake in and encouraging political support for the system. (Hanke 1988)

4.0 Critical Success Factors of Privatization

For privatization to be fully successful, certain steps must be taken by the government. These are referred to as success factors in this paper. The first thing that should be done is to put in place a proper regulatory framework. It is not just enough to transfer the ownership of public enterprises to the private sector that, on the long run, may lose interest in providing quality services to the consumers. An effective and efficient regulatory framework, in the form of rules, regulations or policies, including competitive policy, towards the sector and an agency or mechanism for monitoring and enforcing compliance with the rules of policies, is important in many respects (Otobo, 1998). Since there is no economy that is static, there will be a compelling need to review the existing regulations put in place when there is economic change. This will ensure fairness when a market place is opened up for competition.

Public education and enlightenment campaign is another step which the government must embark upon consistently and constantly. There are many people who oppose privatization because of lack of proper education. The generality of the people want to understand what privatization is, what they stand to gain, what the nation's economy stands to gain, what is to be done and how it will be done to achieve the goals set with little or no difficulty. Enlightenment can be done by effectively engaging the mass media through various programmes. Apart from this, government can partner with community-based organizations to organize open outdoor meetings with community people to enlighten them about the benefits of privatization. Public education and enlightenment will not only allay the inherent fears of privatization in the people, it will also convince them that privatization holds many benefits which are achievable. Both the electronic and print media should be deployed for public enlightenment. Jingles and promos could also be used. Besides, public enlightenment on the benefits of privatization could be taken to churches, mosques and various institutions. Experts in media should be engaged to educate the general public. The Telecommunication sector became the success it is today partly and majorly because of adequate public education and enlightenment. The private operators of the telecoms were able to inspire the confidence of the public through enlightenment both in the print and electronic media. This approach should be employed for the privatization of the power sector.

Training and re-training of specialists who will manage or who are managing the technical aspects of privatization program are very important. People who are involved in privatization program must be versed in the varied techniques of doing privatization. This will secure the support of the policy audiences and the general public. It will also make them to perceive privatization ventures as successful. Closely on the heels of this is to ensure that the private owner companies that will take over particular enterprises have the required technical knowledge, management skills and expertise. This is a *sine-qua-non* in the power sector especially. Those taking over the Power Holding Company of Nigeria must possess the required expertise to generate electrical power, distribute and sustain uninterrupted power supply. This will guarantee success and transform the lives of Nigerians.

Privatisation exercise should take a gradual process. Firms that can be privatized with relative ease should be concentrated upon**.** The principle should be that of privatizing companies with minimal financial problems. Thereafter, firms with terrible financial diffiu1tiës may be privatized. Those involved in privatising must have garnered a lot of experience which they can use when privatising firms with serious financial difficulties.

Firms to be privatized must be made attractive in a market. This can be done by establishing the prospects of that firm for profits. Buyers will be inspired to venture to buy if they find the attraction there. If the enterprise is one with serious financial difficulties, government may have to invest in it to upgrade the enterprise and consequently make it attractive to the private market.

Appropriate monitoring and evaluation of the whole privatization process must be pursued vigorously. This is to guide against sharp practices and consequently enforce compliance with the rules and regulations of privatisation. The power sector is, again, a case in point here. The private owners of the electricity companies appear to be solely interested and concerned about the quick huge profit they would make. One would expect them to firstly embark on the upgrading of infrastructural facilities and power supply system (generation and distribution). Consumers are more bewildered about worse power outages since the private owners took over. They also need to recruit adequate and competent hands to handle all power equipment and facilities. Rather than doing this, a large number of the inherited staff have been laid off leading to insufficient hands. Appropriate monitoring and evaluation will prevent this kind of scenario.

The privileges enjoyed by the workforce of any public enterprise slated for privatization should not be 'suspended'. In fact, it is advisable that contemplation of suspension should not happen at all. The workers may resist such contemplation through organized labor and privatization of such a firm may not materialize. A proper approach of "buying them out" with a cash settlement may be adopted and this must reach every worker. A pension plan, for instance, may be bought out. Apart from these, government must recognize the organized labor as important stakeholders in the privatization exercise. Workers must be involved in the whole process and their cooperation must be sought and received.

The interest of the poor must be taken into consideration every time in the privatization process. Some of the measures to protect the poor during privatisation include:

- dissemination of information to them;
- empowering them to participate in the privatization process through popular capitalism where shares are sold on credit at below the market prices to poor employees of the public sector;
- differential pricing may be necessary to enable the poor consume certain goods;
- where there is extreme shortage of essential goods e.g. food or clothing, it may be necessary to provide special coupons or ration cards to the poor to enable them buy these items from the shops, and for government to reimburse private suppliers to the extent of the subsidy (Obadan, 2000).

The whole privatisation exercise must be laced with transparency and accountability. This is one crucial critical success factor. Any act of omission or commission that stimulates distrust and suspicion can frustrate the whole privatisation exercise. Any corrupt act in the whole process must not be tolerated. There should be zero-tolerance for corruption. Besides, the whole process must be monitored by all relevant agencies to ensure the success of privatisation exercise. All allegations of corrupt acts in the privatisation process must be thoroughly investigated and all erring officials and their accomplices must be made to face the full wrath of the law. The shocking discovery at the Senate Probe Panel with regards to Transnational Corporation (Transcorp) where it is was uncovered that out of N301 billion privatisation proceeds, only N146 billion was remitted into the Privatisation Proceeds Account. All culprits must not go unpunished. Appropriate punishment to all corrupt elements will serve as a deterrent to others and guarantee the overall success of privatisation.

Auger (1999) presented a list of seven lessons learned from past privatisation success and failures which can be adapted as recommendations for implementing a successful privatisation program. These are very apt and germane here. They are:

- recognize that opportunities for privatisation are wide ranging but experiences are varied and complex;
- create an organizational support system capable of providing sound information and advice;
- emphasize strategies encouraging public-private competition for service delivery;
- understand how to assess feasibility and conduct effective cost analysis ;
- anticipate and respond to public employee issues and concerns;
- commit priority attention to contract administration and monitoring systems; and
- look beyond contracting to public–private partnerships volunteerism and other privatisation approaches.

5.0 Concluding Remarks

The major conclusion, from the foregoing, is that, privatisation, if properly implemented, can lead to enhanced performance of enterprises. It can also lead to enhanced efficiency and better service. However, it must be reiterated that enterprises that will be privatized must be ones that can be operated profitably, at least initially. Government may have to make some financial sacrifice by investing in enterprises with serious financial difficulties so as to upgrade such enterprises and make them attractive to the private market. The writer of this paper believes that privatisation of public enterprises is good for our national development in Nigeria if all the critical success factors discussed in this paper, and others that are not, are implemented. In the final analysis, government revenues will be maximized while property ownership will be spread, not only to the rich, but also to the poor. The economic objective of harnessing and distributing the material resources of the nation to serve the common good (as stated in Section 16, sub-section 2(b) of the Constitution of The Federal Republic of Nigeria 1999) would have been achieved.

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