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**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
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**COURSE DEVELOPMENT**

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## **MODULE ONE:**

### **UNIT 1: DEFINITION AND ORIGIN OF PUBLIC ENTERPRISES**

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#### **1.0 INTRODUCTION**

Having gone through the course guide, this unit will introduce you to the concept of public enterprise. This is to enable you know the definition, meaning, and origin of public enterprises. You will also examine some definitions by various scholars on Public Enterprises, as well as the concepts of Public Enterprises. The comprehension of any concept depends on analysis of its features and this is the reason you are being introduced to them firstly.

#### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- i) Define of public enterprise
- ii) Discuss the meaning of public enterprises
- iii) Trace the origin of public enterprises.

#### **3.0 MAIN CONTENT**

##### **3.1 Definition of Public Enterprises**

Public enterprise can be defined as "an organisation that is set up as a corporate body and as part of the governmental apparatus for entrepreneurial or entrepreneurial-like objectives." Public enterprises are organisations which emerged as a result of government acting in the capacity of an entrepreneur (Obikeze and Anthony 2004:248). Public Enterprise (also known as public corporation) is defined by Dimock and Dimock (1970:69), as publicly-owned enterprise that has been chartered under federal, state or local

government law for a particular business or financial purpose. According to Pfiffner (1964:40), "A corporation is a body framed for the purpose of enabling a number of persons to act as single person."

### **3.2 Meaning of Public Enterprises**

Public enterprises essentially have the features of several individuals who act as one. The enterprise thus is viewed as an artificial person who is authorised by law to carry on particular activities and functions. 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 or over a particular type of commercial activity (Ekhtor, 2002:167).

Public enterprise is part of government apparatus and three implications are hereby highlighted. First, a 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 governmental control. Second, 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. Third, the combination of financial and economic objectives with social and political aims invariably makes it difficult to devise appropriate performance measurement instrument (Obikeze and Anthony, 2004: 248-249).

### **SELF-ASSESSMENT EXERCISE**

What do you understand by public enterprises?

### **3.3 Origin of Public Enterprises**

The origin of public enterprises could be traced to early twentieth century when government intervened in economic management through departmental organisations, which did not involve creating autonomous public bodies. In the alternative, it granted license to a private enterprise for the management of natural or national monopolies and where public bodies were involved in managing economic ventures, such bodies did not enjoy financial autonomy. Public enterprises made a very strong appearance after World War I for a variety of reasons, including managing the consequences of the war, especially the economic crisis of the 1930s. However, public enterprises sector developed rapidly because of the spread of Keynesian Interventionist. Between the two World Wars, political and ideological consideration prompted the establishment of parastatals in the former colonial metropolis. The movement toward the establishment of public enterprises received a new impetus after World War II for reasons related to both ideological considerations and economic efficiency. Economic nationalism and the success of the Soviet Revolution paved the way for nationalisation and strong state intervention in national economic management. When the former European colonies in Africa became independent in the late 1950s and the 1960s, there were only a few public enterprises in different countries. The public enterprises sector then developed at a tremendous pace in the immediate years after independence through the 1980s and a huge public enterprise sector was firmly established in most countries. The weakness of the private sector, the lack of infrastructure, the low level of social and human development,

and the unfavorable social, economic and financial environment are some of the reasons given to explain the proliferation of public enterprises in all areas of economic and social development. Other reasons include the urge to generate revenue to limit foreign economic domination, and to provide a substitute for private initiative where it was not forthcoming. Public enterprises in Nigeria date back to the colonial era when colonial government established some public enterprises to provide essential services like electricity, railway, and water. The post independent era marked a watershed in the growth and spread of public corporations. At Independence in 1960, Nigeria had 50 public enterprises, 200 in the 1970s and 1,500 in 1987 when government embarked upon economic reform programmes. The factors that account for the phenomenal increase include: the evolution of the federal administrative structures (from four units in 1950s to twelve in 1967, nineteen in 1976, twenty one in 1987, thirty in 1991 and thirty six in 1996), the oil boom, and successive governments commitment to making public enterprises an instrument of state economic intervention in the 1970s (Adamolekun,2002:33)

### **SELF-ASSESSMENT EXERCISE**

State two main factors responsible for the establishment of public enterprises in Nigeria

### **4.0 CONCLUSION**

A public enterprise is a publicly-owned corporation, which manages public resources and is subject to mechanism of accountability. In the next unit, emphasis will be made to classify public enterprises to enable you know how they operate.

### **5.0 SUMMARY**

Public enterprises are government interventionist efforts in entrepreneurial ventures. They became prominent between World War I and II in Nigeria. Public enterprises started during colonial era and increased rapidly after independence. Subsequently, reforms in Nigeria since the 1980s equally affected the upward quantity of public enterprises.

### **6.0 TUTOR-MARKED ASSIGNMENT**

Discuss the origin of public enterprises in Nigeria.

### **7.0 REFERENCES/FURTHER READING**

- Adamolekun, L. (Ed.) (2002), *Public Administration in Africa: Main Issues and Selected Country Studies*. Ibadan: Spectrum Books Limited.
- Ekhter, V.E. (2002), *Rudiments of Public Administration*. Kaduna: Joyce Graphic Printers and Publishers Co.
- Obikeze, O.S. and Anthony, O.E. (2004), *Public Administration in Nigeria: A Developmental Approach*. Onitsha: Book Point Ltd.14

## **UNIT 2: CHARACTERISTICS, CLASSIFICATION, CREATION AND REASONS FOR THE ESTABLISHMENT OF PUBLIC ENTERPRISES.**

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### **1.0 INTRODUCTION**

In the last section, you have an idea about what definition and origin of public enterprises is all about. This unit will introduce you a step further into what the characteristics, classification, creation and reasons for the establishment of public enterprises is all about? In this unit the focus will be on the characteristics, classification, creation and reasons for the establishment of public enterprises. This unit will enable you fully comprehend the concept of public enterprises.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- i) State the different characteristics of public enterprises
- ii) Classify public enterprises
- iii) Discuss how public enterprises are created
- iv) Give reasons for the creation of public enterprises.

### **3.0 MAIN CONTENT**



### **3.1 Characteristics of Public Enterprises**

The main characteristics of public enterprises are:

- i. A public enterprise comes into existence as a result of an Act passed by the legislature or a decree under military rule. Public enterprise also defines its aims and objectives, powers and duties, immunities, the form of management and relationship with established departments and ministries.
- ii. It is a legal person, capable of suing and being sued, entering into contracts, acquiring and owing property in its own name and can also dispose of property than ordinary government departments.
- iii. It is wholly owned by the state.
- iv. Except for appropriations to produce capital or to cover losses, a public enterprise is usually independently financed. It obtains its funds from the treasury or the public and from revenues derived from the sale of goods and services. It is authorised to use and reuse its revenues.
- v. It is generally exempted from most regulatory and prohibitory statutes applicable to expenditure of public funds. There are no hard and fast rules behind them in the matter of making contracts of buying and selling works, etc. Thus, a great deal of liability and discretion is left for the management in the matter of procedure.
- vi. It is ordinarily not subject to the budget, account and audit laws and procedures applicable to government departments. Their audit is to be done by the Accountant-General of Nigeria or any other person appointed by him. However, both the accounts and audit are commercial in nature.
- vii. Excluding the offices taken from government departments on deputation, the employees of public corporations are not civil servants and are not governed by government regulations in respect of conditions of service. The recruitment is not subject to civil service rules, promotion is by seniority and personnel can be fired easily if they are incompetent.
- viii. Corporations are free from the control of the legislature (Ekhaton, 2002:168-169).

### **3.2 Classification of Public Enterprises**

Public enterprises are classified into three; namely public/statutory corporations, state-owned companies, and mixed economy enterprises. These are explained below:

#### **3.2.1 Public/Statutory Corporation**

These are enterprises, which arise when the government assumes responsibility for the management of an economic or social pursuit through a special entity that has its own legal personality and still keeps some of the special prerogatives or privileges associated with a governmental organisation. The blend of these features is aimed at enabling the organisation to function effectively as an autonomous body while it remains an instrument of government policy. Enterprises that fall under statutory corporations include Central Bank of Nigeria (CBN), Nigerian Television Authority (NTA), and Federal Radio Corporation of Nigeria (FRCN) among others.

**3.2.2 State Owned Companies** These are companies created by government under the provisions of ordinary company law, though they belong entirely to the government. They are registered in the registry of companies, with the government as the sole proprietor. Government, therefore, appoints the

Board of Directors as is customary in private companies. Example of such companies includes New Nigeria Newspaper Ltd, New Nigeria Development Company Ltd., and Odua Investment Company Ltd.

**3.2.3 Mixed-Economy Enterprises** These are enterprises where the government is the majority shareholder in a partnership with private entrepreneurs. In such companies, government usually dominates the board since it is the major shareholder. One example of such enterprises is Peugeot Automobile Nigeria Ltd. (PAN) (Obikeze and Anthony, 2004:249-250).

### **SELF-ASSESSMENT EXERCISE**

Mention any 3 types of public enterprises.

**3.3 Creation of Public Enterprises** The creation of a public enterprise raises some important legal issues. Whether a government is setting up a parastatal from scratch or is taking over ventures belonging to private interest, the choice of the legal status of the enterprises depends greatly on the prevailing constitutional and legal provisions on government intervention in business and on private property protection.

**3.3.1 Creating a Public Enterprise from Scratch** In a democratic setting, the primary responsibility lies with the legislature. This is to restrict individual rights and public liberties, as it affects free competition and whatever reduces the freedom to embark on an economic activity in a society that recognizes private initiative must be backed by law.

#### **3.3.2 Taking over Private Business**

The process of taking over private enterprises or transferring the ownership of private enterprises to government is called nationalization. An enabling law is needed to affect such a transfer, which in some cases the enterprise being taken over is specifically mentioned in the law, but in other cases, some general criteria are indicated to delineate the activity or type of entities concerned.

#### **3.3.3 Dissolving a Public Enterprise**

Public enterprise can be dissolved by liquidation, a transfer to private ownership (privatization), or a merger with another public enterprise. In the last case, the executive arm of government can handle this, but in other cases, an act of parliament is required (Adamolekun, 2002:31-32).

### **3.4 Reasons for the Establishment of Public Enterprises**

There are many reasons for the establishment of public enterprises. These are outlined below:

- The desire to use the public enterprise as an instrument of effective plan implementation in a context where it appears futile to devise a development plan for the private sector.
- The need to secure economic independence.
- The urgent desire to assure government control over "strategic" sectors of the economy (e.g. central banking, broadcasting, iron and steel, roads, shipping, etc.).
- The need to separate some activities from the civil service and allow more autonomy in their running.

- The perceived need to provide employment for the citizens in context where the private sector offers very limited employment opportunities.
- The need to ensure state control of key profitable enterprises with a view to generating revenues that will add to available national capital for financing development programmes and projects.
- The desire of some socialist-orientated regimes to use state control of key profitable enterprises to pursue the objectives of preventing the concentration of wealth or of the means of production and exchange in the hands of few individuals or of a group (i.e. promoting equitable distribution of wealth) (Obikeze and Anthony, 2004:253).

### **SELF-ASSESSMENT EXERCISE**

How is public enterprises created?

**4.0 CONCLUSION:** The characteristics, classification, creation and reason for the establishment of public enterprises are discussed in this unit. This gives insight into how public enterprises are classified, their features methods, and reason for creating them.

**5.0 SUMMARY:** The eight characteristics of public enterprises were discussed and so the 3 types of public enterprises. Methods for creating public enterprises as well as reasons for their creation were analyzed. This gives you further explanation on the concept of public enterprises.

### **6.0 TUTOR-MARKED ASSIGNMENT**

No public enterprise is established from nothing. Give reason for the emergence of public enterprises.

### **7.0 REFERENCES/FURTHER READING**

- Adamolekun, L. (Ed.), (2002), *Public Administration in Africa: A Nigeria and Comparative Perspective*. London: Longman. Adamolekun, L. (Ed.). (2002). *Public Administration in Africa: Main Issues and Selected Country Studies*. Ibadan: Spectrum Books Limited.
- Ekhator, V.E. (2002), *Rudiments of Public Administration*. Kaduna: Joyce Graphic Printers and Publishers Co.
- Obikeze, O. S. & Anthony, O. E. (2004), *Public Administration in Nigeria: A Developmental Approach*. Onitsha: Book Point Ltd.

## **UNIT 3: PROBLEMS OF PUBLIC ENTERPRISES IN NIGERIA**

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### **1.0 INTRODUCTION**

In the last section you have an idea about what Characteristics, Classification, and Creation of Public Enterprises is all about. This section will take you a step further into the problems of public enterprises in Nigeria. These problems are lack of proper objectives, uncoordinated development programmes, bad leadership, government interference, monopoly, inadequate infrastructure, conflict of objectives, among others. Some of these problems are discussed in this unit.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- (i) Identify problems of public enterprises
- (ii) Identify incompetent management convergences
- (iii) Explain government interference in Public Enterprises
- (iv) Discuss the evils of monopoly
- (v) Discuss the conflict of objectives.

### **3.0 MAIN CONTENT**

#### **3.1 General Problems of Public Enterprises**

The fundamental problems of public enterprises are the defective capital structures, excessive bureaucratic control or intervention, inappropriate technology, gross incompetence, mismanagement, corruption and crippling complacency which monopoly engenders. 20 Public enterprises equally serve as platforms for patronage and promotion of political objectives and therefore even when their managements have the will and the capability to work honestly, they will still suffer from operational interference by political appointees. Furthermore, most of the leadership of public enterprises in Nigeria

is corrupt and they feel only accountable to the political office holders who got them their jobs instead of serving public interest (Ejiofor, 1984:18).

### **3.2 Incompetent Management**

It is mandatory for the management of every organisation to carry out its organisational objectives. Hence, it is expected that the management would have the technical or managerial competence to do their duties. But in most of Nigeria's public enterprises, the management teams are not appointed on merit, rather appointments are considered on political connections or primordial reasons. Consequently, the appointees lack the necessary skills, expertise or experience, and the management may end up mismanaging the enterprises. Similarly, board members of public enterprises may not possess any requisite skills to perform their functions because they are politicians who are usually compensated for their political patronage or contribution. The Max Weber's assertion that candidates for position in organisations must be selected on the basis of technical qualifications is not adhered to in appointing both management and board members. This also results into recruitment and selection being based on emotive, primordial, and purely sentimental reasons. The effect of incompetent staff is gross inefficiency in their operations. Moreover, political instability and lack of continuity of developmental programmes affect public enterprises in Nigeria.

#### **SELF-ASSESSMENT EXERCISE**

Mention one of the fundamental problems of public enterprises in Nigeria.

### **3.3 Government Interference in Public Enterprises**

With the limited autonomy granted public enterprises, they are expected to be free from the day to day bureaucratic bottleneck of the mainstream civil service and government. In reality, however, political office holders regard public enterprises as their "property" and frequently interfere in their affairs. Ministers and/or commissioners who are managers of ministries of public enterprises interfere in issues normally within the jurisdiction of the board or management of political or personal reasons. Consequently, their interference could lead to distortion of policies, corruption, and overstaffing of public enterprises which often accounts for their inefficiency.

### **3.4 Monopoly**

Most public enterprises operate as monopolies and are therefore faced with the same problems which afflict monopolies. Since monopolies do not have competitors, they don't take the challenge to either innovate or offer better services seriously. This is because they know that their customers have no alternative. Competitive market promotes efficiency since there are always options to choose from.

#### **SELF-ASSESSMENT EXERCISE**

How does government's interference affect the performance of public enterprises in Nigeria?

### **3.5 Conflict of Objectives**

While public enterprises are established to provide essential services as a public utility, they are also expected to make profit as a business outfit. These twin objectives are contradictory and have been the main reason for non-performance of public enterprises. For example, despite political interference from government at the expense of economic rationality, public enterprises are still expected to make profits. Economic and political rationalities are hardly compatible (Obikeze and Anthony, 2004:257 and 258).

### **4.0 CONCLUSION**

The problem of hindering the performance of public enterprises varies from one place to another. The basic ones however are the political office holders' interference, corruption, inefficiency, bad leadership, among others. Public enterprises are also expected to make profit but government interference does not allow operating efficiently. Most demands of government officials from public enterprises management contradict their set up objectives but since they are government organisations, they have no option than to obey, though at public expense.

### **5.0 SUMMARY**

We have discussed the problems of public enterprises in Nigeria in this unit. Such problems include: incompetent management, government interference, monopoly and conflict of objectives. From this unit, you should have deduced the reason for the non-performance of public enterprises, especially in Nigeria.

### **6.0 TUTOR-MARKED ASSIGNMENT**

Critically analyse the major problems of public enterprises in Nigeria.

### **7.0 REFERENCES/FURTHER READING**

- Ejiofor, P.N.O. (1984). "Making Our Organisations Perform." Anambra State Public Service Lecture. Enugu: Government Printer.
- Obikeze, S.O. & Obi, E. A. (2004). *Public Administration in Nigeria: A Development Approach*. Onitsha Book Point Ltd.

## **UNIT 4: MANAGEMENT OF PUBLIC ENTERPRISES**

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### **1.0 INTRODUCTION**

In the last unit, you have an idea of what the problems of public enterprises in Nigeria is all about. This section will take you a step further into what the management of public enterprises is all about. Management is the utilization of resources to achieve organizational goals efficiently, economically and effectively. Efficiency has to do with the management of output and inputs in such a way that outputs are greater than the inputs. Economical operations are based on purchasing the right quality for the right price while effectiveness has to do with achieving the results or the reasons for setting up a public enterprise. Unit 1 dealt with why nations need public enterprises. For example, the various government hospitals would be effective if there is decrease in mortality rates, morbidity, and poor management of patients, among others. To achieve the Public Enterprises objectives, a public enterprise requires good organizational structure, control and accountability procedures as well as performance measures. All these are discussed in this unit.

### **2.0 OBJECTIVES**

After studying this unit, you should be able to:

- (a) Draw the organization structure of public enterprises;
- (b) List the sources of finance of public enterprises;
- (c) Explain the control functions of the key actors in the evaluation of public enterprises performance;
- (d) Enumerate performance measures of public enterprises.

### **3.0 MAIN CONTENT**

#### **3.1 History of State Enterprises in Nigeria**

Historically, state enterprises in Nigeria, began in 1898 when the British colonial administration undertook the railway transport project from Iddo in Lagos to the hinterland. This was followed by coal

mining; electricity generation and ports construction with the development of relevant government organizations. All these organisations were established as administrative organs to facilitate trade and commercial activities in Nigeria. They were managed as government departments. The railway corporation was considered very important, then, so the General Manager was a member of the Legislative Council (Tokunboh, 1990). In 1949, the structure of seeing public enterprise as government departments came to an end. This was as a result of a labour dispute at the Enugu Coal Mines when, arising from a go-slow strike by the mine workers over wage claims, 21 miners were shot and killed by the police. A Commission under Fitzgerald was set up to carry out an investigation of the incident. A major recommendation of the commission was that government departments such as coal, mines, electricity (ECN) and railways should be transformed into public corporations.

Coal Mines - Nigeria Colliery Department

Electricity - Electricity Corporation of Nigeria (ECN)

Railways - Nigerian Railway Corporation

Ports - Nigerian Ports Authority

Since the 1950s, the growth of public corporations has been remarkable. By 1983, there were about 300 out of which 136 major ones were owned by the federal government alone. By 1988, there were about 3,000 state-owned enterprises of various forms and sizes.

In Nigeria, both the federal and state governments were using the public enterprises as employers of last resort. Hemming and Ali (1988) noted that state-owned enterprises enabled governments to pursue goals of social equity that the market ordinarily ignored. Many government undertakings were used to provide jobs for constituents, political allies and friends. The location of public enterprises had been defended on the need to maintain “federal character” and promote national integration.

One factor that accelerated the growth of public enterprises in Nigeria was the indigenization policy of 1972 as enacted by the Nigerian Enterprises Promotion Decree (Federal Government of Nigeria, 1972). The policy gave legal basis for extensive government participation in the ownership and control of the economy. In 1989, the Technical Committee on Privatization and Commercialization remarked that as at 1980, there were 70 non-commercial and 110 commercial federal enterprises and Parastatals, many of which depended on government support to cover their operational losses.

### **3.2 Forms of Public Enterprises in Nigeria**

Public enterprises take various forms. Broadly, these can be categorized into three (Adamolekun, 2002), namely:

- (1) The government department;
- (2) The statutory corporation;
- (3) The state company.

**(1) The Government Department:** Originally, this was the form in which public enterprises existed. The formations of the other forms – the statutory and state company are responses to the need to reduce excessive central control by governments. This is also to say in other words that the government department is the form of public enterprise in which the management has the least autonomy. Unlike the other two, there is no partnership with the private sector. They operate with money appropriated under



more or less detailed headings (either by items of expenditure or by functions) and issued from a single government fund. The staffs are usually civil servants although fairly stringent staffing and financial rules are applied.

Sometimes, it is possible for a government department to be given a legal personality and made “self accounting” with its own financial and personal rules. In such an instance, it becomes very difficult to see the difference between a government department and a statutory corporation, except that the minister is directly responsible in the case of the former.

**(2) The Statutory Corporation:** These are established by Law or Acts of parliament and exist as separate legal entities. Here, the minister has no direct responsibility for the corporation. Such enterprises are set up with Statutes that provide the mandate for their activities.

**(3) The State Company:** These also have distinct legal personalities. They are usually established to avoid the ministerial/departmental control. They are registered under the normal company law. The registration and operations of these companies are the same for privately owned companies. The only difference is that the government has majority shares.

### **3.3 Organization Structure of Public Enterprises**

The principal actors in the management of public corporations are the Board, the General Manager/Managing Director/ Director General and the Secretary of the board (Ezeani, 2006).

#### **3.3.1 The Board of Directors**

The board of a public enterprise plays a key role in its management. Government from within and outside the government circles appoints the board of directors of a public enterprise. Its primary responsibilities include:

(1) Formulation of policies and priorities within the framework of broad government policies and priorities (Adamolekun, 2004);

(2) Approval of public enterprises budget, monitoring of its performance and protection of its management from encroachments of sectional interests (Adamolekun, 2004). The performance of a public enterprise is, therefore, largely, dependent on the quality of its board.

Adamolekun (2004), identified two types of boards of public enterprises: the policy board and the executive board. The policy board is composed mostly of persons from outside the organization with the chief executive as the only internal board member. The policy board is more widespread than the executive board. Most public enterprises in Nigeria have policy boards.

The executive board is composed mostly of persons who are heads of major units of the organisation, with the chief executive as the chairman. There are normally few outside members appointed to represent outside interests in the board. The Nigerian Railway Corporation is an example of a public enterprise that has an executive board. The main advantage of the executive board is that the body responsible for policy is not separated from management. Again, the appointment of a few outsiders to the board, apart from ensuring that perspectives from outside the enterprise are considered, also constitutes a form of control.

It is important to state that the size and composition of the boards vary from one country to another as well as from one public enterprise to another. The size usually ranges from a minimum of five to a maximum of about twenty-five members. In general, the size of an enterprise’s board depends on its

scope and strategic importance within the economy. Worthy of note is lack of consensus on who should be appointed into the board. The tenure of the board membership varies from one country to another, ranging from two to six years, and could be renewed (Adamolekun, 2004).

### **3.3.2 The General Manager/Managing Director/Director General or equivalent**

The General Manager supervises the actual operational functions of the public enterprises. He usually possesses professional knowledge of one or more areas of the corporation's operations.

The General Manager plays a vital role in the success or failure of the public enterprises. As Olisa et. al. (1990) state, "he is the person who comes into direct touch with all the corporation's staff, and he can take a wide range of decisions on his own initiative, in order to ensure that the corporation is functioning smoothly and effectively". Several Heads of Departments who are in charge of various departments, divisions and sections of the public enterprises usually assist the General Manager.

### **3.3.3 The Secretary of the Board**

The Secretary of the board records the board's transactions and decisions. In many public enterprises, the Secretary is a lawyer, who gives legal advice to the organisation whenever necessary. The Secretary, therefore, helps "to clear any doubts or misinterpretations about the boundaries of authority, and function between all categories of officials of the corporation" (Olisa, et. al. (1990:86). In the University, the Registrar serves as the Secretary to the Governing Council, Senate, Congregation, Convocation and other statutory Committees.

### **3.3.4 Recommendations to Improve the Performance of the Board**

The following are the recommendations to improve the performance of the Board:

1. Board members should have a clear idea of their responsibilities and authority, and objectives of the organisation.
2. Board members should be trained in the principles of managing the public enterprises.
3. Size of the Board should be related to the functions of the organisation. However, board of 6 – 9 qualified members of integrity is recommended.
4. Required qualifications of Board members should be spelt out and enforced.
5. Level of remuneration/compensation should be commensurate with the work performed. Performance contract is advocated.
6. Tenure of a Board should be from 3 – 5 years, with possibility of continuity.
7. Use of Board Committees or subsidiary Boards is recommended for faster decision making.

### **Self Assessment Exercise**

1. Describe briefly the origin of public enterprises in Nigeria.
2. Describe three forms of public enterprises in Nigeria.
3. Describe the three top levels in the organization structure of a public enterprise.

### **3.4 Financing Public Enterprises**

Ezeani (2006) explains the financing of public enterprises. He states that there are two main sources of funding public enterprises which are internally generated revenues and externally generated revenues.

### **3.4.1 Internally Generated Revenue**

This is revenue generated internally by public enterprises from trading surpluses, taxes and dividends and earnings from sales of goods and services after payment of employed capital. The amount of revenue derived internally by public enterprises is usually small due to the fact that they are not primarily established to make profit. Furthermore, government's control over public enterprises tariffs and prices constrains their capacity to make profit (Adamolekun, 2004).

### **3.4.2 External Sources**

External sources of funds to the public enterprises comprise of funds from the government, national financial institutions, local private entrepreneurs, and international sources. We shall discuss, in detail, each of these sources of funding.

**1. Government Sources:** Public enterprises derive different kinds of funds from the government. They include:

(a) Capitalization funds: These are funds provided by the government in order to meet the needs of public enterprises, in terms of equipment, plant, and running capital (Adamolekun, 2004).

(b) Grants: Public enterprises receive various grants from the government. Grants can be statutory or special. Special grants are given for specific projects or activities, whereas statutory grants also referred to as subventions, are regular and mandatory.

(c) Subsidies: These are funds given to public enterprises to assist them offset the losses they incurred due to the following reasons: operation of uneconomic routes; government control of tariffs and prices, etc.

(d) Loans given to them by the government to ease their financial management problems or to assist them in specific projects or interventions that is of special interest to governments (Adamolekun, 2004). The main disadvantage of loans is that they are not a reliable source of revenue.

(e) Equity: This is a situation whereby "Government in its capacity as a shareholder in a joint venture, contribute to increase the capital of the enterprise or to increase its share" (Adamolekun, 2004).

**2. National Financial Institutions:** Public enterprises derive their revenues from financial institutions in the form of either equity or loans. For instance, financial institutions that have shares in mixed economy enterprises (public enterprises have the government as the major shareholder, operating in collaboration with other private investors) could decide to increase their shares in the enterprises.

**3. Private Entrepreneurs:** Private entrepreneurs are external sources of funding for public enterprises. They do this through equity (shareholding) or contractor finance. Contractor financing is a situation whereby a private entrepreneur funds a particular project for a public enterprise (e.g. a building) and is refunded later along with agreed interest.

**4. International Sources of Funds:** Public enterprises also derive their external funding from international sources, such as foreign private sector (financial institutions, as well as entrepreneurs), international development agencies, and in some cases, foreign government (Adamolekun, 2004).

In conclusion, public enterprises rely mainly on external sources of funds than on internal sources. Also in virtually every sub Saharan African country, public enterprises rely mostly on government funding. Furthermore, they must get government approval before they borrow from both the domestic and the

international capital market. The implication of heavy dependency on government for funding is limited autonomy for the public enterprises (Ezeani, 2006).

### **3.5 Control and Accountability in Public Enterprises**

In section 3.2, you learnt about the structure of public enterprises. Three distinct levels in the organization structure are the Board, the General Manager or Chief Executive and the Secretary to the Board. This structure also dictates the control and accountability procedures in public enterprises.

#### **3.5.1 Definition of Control**

Control is the function which a manager performs that enables corrective action to be taken.

Controls are signals, standards and landmarks or progress points which management watches to ensure that the desired objective will be achieved. In the case of public enterprises, control is the measurement and correction of activities of public enterprises to ensure the accomplishments of short and long-range plans. Examples of controls are: budget, return on investment, profitability, absenteeism, and efficiency.

#### **3.5.2 Definition of Accountability**

Accountability is being answerable for the performance of given responsibilities and according to the standards or objectives set. It answers the question “how well”. In the case of public enterprises, it means reporting and explaining on how the resources of the organization were used to achieve predetermined goals/objectives. Implicit in accountability is reward. Recognition and reward should be given for good performance while inadequate performance should be sanctioned. Public enterprises are accountable to their supervising authorities/the government and the public. Examples of accountability methods are quality of product and over service rendered, annual reports, external audit, judicial inquiries, press conference, physical inspection, scrutiny by other agencies.

#### **3.5.3 Control of Public Enterprises**

Public enterprises being owned by government, either wholly or partially, are subject to some control. The two main forms of control are ministerial control and parliamentary control (Ezeani, 2006).

**1. Ministerial Control:** Ministerial control of public enterprises takes various forms: firstly, a PE must inform its supervising ministry, and obtain its permission before it makes any major changes, and embarks on any new important lines of operation, especially, where such major changes affect the public interest. For example, a public corporation, such as the Power Holding Company of Nigeria (PHCN), must obtain clearance from its controlling ministry before it takes any major decision on almost all the major areas of its operation. Examples are personnel issues, increases in electricity bills, introduction of new products into the markets, construction or purchase of important technical installation, etc. (Olisa et. al., 1990). The second form of ministerial control is in the appointment of board members. The President is politically responsible for the appointment of the board and can dissolve it if he is not satisfied with their performance.

Usually, the controlling ministry has a representative in the board whose role is to explain government position on important issues, and ensures that the corporation’s affairs are managed along public service rules and other conditions of service of the public enterprise.

Each ministry, at the end of the year, prepares an annual report which it submits to the government through its supervising ministry. The ministry after studying the reports asks questions where necessary, before submitting the report to the government with its own comments. The minister also appoints

auditors to audit the account of public enterprises and intervenes whenever there is a crisis, like employees of a public enterprises embarking on riots or strikes or destruction of public property.

**2. Parliamentary Control/National Assembly:** Apart from ministerial control, public enterprises are ultimately accountable to the National Assembly through their ministers, who are the political heads of the specific government ministries and oversee public enterprises. Parliamentary committees maintain oversight functions over the public enterprises (Adamolekun, 2004). Parliamentary control takes the following forms (Ujo, 2001:83):

(a) Control through annual report- A public enterprise usually submits a comprehensive annual report of its activities to the parliament through the Minister.

(b) Control through annual account- A public enterprise usually submits its annual account for a given financial year to the parliament. Such annual account and report are subject to debate in the Parliament, and

(c) The Financial Committee of the House may summon the Minister whose ministry supervises a particular public enterprise to explain or discuss issues concerning his/her corporation.

### **3. Judicial Control**

Many public enterprises in Nigeria have, at one time or the other, been subjected to judicial control by the government. From time to time, a government sets up a commission of inquiry into the affairs of one or other of its public corporation (Olisa, et. al., 1990). This action is prompted by public or employee outcry about corruption, mismanagement or incompetence in the company/organisation.

#### **3.5.4 The Objectives of Control in Public Enterprises**

The objectives are as follows:

1. The major purpose of control is to ensure that the objectives of the public enterprise are achieved.
2. The effectiveness of public enterprises control is to ensure that the resources of the organisation are adequately used such that outputs are greater than inputs.
3. To ensure the implementation of government policies and targets.
4. To ensure financial responsibility. It facilitates accountability of management to higher authority and watches for misuse of fund.
5. To ensure the achievement of social objectives of the government and achievement of non-commercial objectives.
6. To curb the undue use of power of management.
7. To minimise centralisation/concentration of power by supervising ministry or board.
8. To provide timely, accurate and sufficient information to appropriate authorities and the public for the appraisal of the effectiveness of public enterprises.

The agencies of control of public enterprises are:

1. National Assembly/Parliament
2. Minister/ Supervising Ministry
3. Board
4. Accountant General/Auditor General
5. Public Accounts Committee
6. Special Agencies of Control for example, Consumer Associations, Economic and Financial Crimes Commission, and Independent Corrupt Practices and Miscellaneous Offences Commission.

## **1. National Assembly/Parliament as a Control Organ**

In any democratic setting, parliament is assigned the function of control and account of public enterprises.

The Need for Parliamentary Control are:

- (i) To fulfill constitutional responsibilities;
- (ii) To protect capital invested in the public enterprises;
- (iii) To safeguard public interest;
- (iv) To ensure uniformity in policies of government;
- (v) To monitor the implementation of policies;
- (vi) To control the civil servants in the supervising ministries and public servants in the public enterprises.

## **2. Methods of Control by Parliament**

- 1. Parliamentary questions;
- 2. Discussions;
- 3. Debates on outstanding issues; and
- 4. Parliamentary Committees on public enterprises for in depth analysis of issues.

## **3. Minister as a Control Organ**

A Minister exercises control through one or the other, or combination of the following methods (Prakash et. al., 1997):

### **(i) Formal Ministerial Control**

#### **(a) Administrative Devices**

- Issue of general policy directions;
- Issue of specific directions;
- Approval or veto of specified categories of actions and policies;
- Participation in management as chairman, member of the board, etc;
- Appointment of government board and top officials of the enterprises;
- Power to call for reports, returns, etc. and
- Power of suppression

#### **(b) Financial Devices**

- Approval of issue of additional capital;
- Approval of capital expenditure beyond specified limit;
- Appointment of financial adviser; and
- Prior approval of operating budget

### **(ii) Informal Ministerial Control**

Under such control method, the Minister concerned is able to wield more effective control over SOEs informally. Such informal control is exercised through consultation and discussion between the Minister and the Board behind closed doors or pressures, wire pulling or other informal contacts.

## **4. Accountant General/Auditor General**

In many countries, audit control is vested in an auditor general. The power of auditor general varies from country to country depending on the legal frameworks.

Basically, the audit control by Auditor-General covers the following:

- (i) Provision of funds
- (ii) Regularity
- (iii) Sanctions to expenditure
- (iv) Propriety
- (v) Efficiency audit.

### **5. Public Accounts Committee**

This is a committee of the Senate consisting of not more than 40 members, who are saddled with the responsibility of examining the accounts of government organizations showing the appropriation of the sums granted by the House to meet Public Expenditure, together with the auditor's reports thereon. The Committee shall for the purpose of discharging that duty, have power to summon persons, subpoena papers and records, and report its findings and recommendations to the House from time to time. The Auditor General shall bring to the attention of the committee any prepayment audit queries raised by the Internal Auditors of a Ministry, Department or Agency but overruled by the Chief Executive

**6. Special Agencies of Control-** Examples are: Consumer Associations, Economic and Financial Crimes Commission, and Independent Corrupt Practices and Miscellaneous Offences Commission.

### **3.6 Problems of Public Enterprises in Sub Saharan African (SSA)**

The performance of public enterprises in Sub Saharan Africa (SSA) and in Nigeria has not lived up to expectations. In general, they face the following problems:

**1. Distorted Pricing Policy:** The pricing of public enterprises is not guided solely by profit optimization principle. In the case of Power Holding Company of Nigeria, prices are kept low by government even when costs have been rising.

**2. Inappropriate Investment Decisions:** Many sub-Saharan African public enterprises have been established without sufficient reflection, with unclear objectives and few linkages to the rest of the economy (Savas 1971).

**3. Heavy Burden of Social Overheads:** The prevalence of social objectives has greatly complicated the operation of public enterprises in Sub Saharan Africa by making commercial criteria almost inapplicable. In Ethiopia, public enterprises are expected to provide many social infrastructure, which creates heavy financial burden.

**4. Under Capitalization:** Sub-Saharan Africa suffers from insufficient equity capital. This problem worsened through drastic cuts in government subvention to public enterprises.

**5. Excessive Political Interference:** Public enterprises also suffer from frequent political interference. They are often seen as instruments of political patronage by the government in power. This results in overstaffing, poor choices of product and location, recruitment of mediocre, etc.

### **6. Absence of Competitive Environment**

This leads to complacency on the part of the management of most public enterprises, resulting in poor service delivery and inefficiency.

**7. Corruption:** PE managers and political appointees see most public enterprises, especially in the developing countries, such as Nigeria, as instruments for private wealth accumulation. Consequently, huge sums of money are often siphoned into private accounts, leading to huge losses by the enterprises.

**8. Poor Infrastructures:** The deteriorating state of infrastructures in most African countries also contributes to the failure of public enterprises as they contribute to high cost of operation. In Nigeria, for instance, power supply is unreliable, consequently, most public enterprises rely on standby generators which cost much to purchase and maintain. In addition, the roads are in a bad state.

#### **4.0 CONCLUSION**

The success of public enterprises depends on the strict application of management principles and practices. There is no short cut to efficiency and effectiveness. The resort to sale of public enterprises confirms the fact that inefficient management cannot produce the desired results. The problems of public enterprises in Sub Saharan Africa should be addressed as a means of improving their performance.

#### **5.0 SUMMARY**

This unit presents a brief history of public enterprises in Nigeria. We also discussed and drew the organisation structure of public enterprises; listed the sources of finance of public enterprises. Also we explained the control functions of the key actors in the evaluation of public enterprises performance; enumerated performance measures of public enterprises and the problems of public enterprises in Sub Saharan Africa.

#### **6.0 TUTOR-MARKED ASSIGNMENT**

Explain the sources of fund for public enterprises in Nigeria.

How can public enterprises be held accountable for their performance?

What are the problems of public enterprises in Nigeria?

#### **7.0 REFERENCES/FURTHER READINGS**

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## **UNIT 5: MANAGEMENT AND CONTROL OF PUBLIC ENTERPRISES**

### **TABLE OF CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Management of Public Corporations
  - 3.2 Control of Public Corporations
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

In the last section you have an idea about what the problems of public enterprises are all about? This section will take you a step further into the management and control of public corporations. It is necessary in order to have effective and efficient public enterprises. The techniques therefore would be explained to you in this unit.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- i) Explain the management techniques of public corporations
- ii) Explain the control mechanisms employed by government in controlling public corporations.

### **3.0 MAIN CONTENT**

#### **3.1 Management of Public Corporations**

The management of public corporations is done through the management boards and the policy board. Each of them is briefly explained below:

**3.1.1 The Executive Board:** In the executive board, majority of members of the board are staff of the same organisation. They are usually the heads of the various departments of the organisation. However, a few outside representatives are brought in to represent some outside interest. For example, the Nigerian Railway Authority is an example of public utility that has an executive board.

**3.1.2 The Policy Board** Majority of the members of the policy board are from outside the organisation with few members from within the organisation. The policy board is responsible for managing all the policy decisions of the organisation, but the implementation of policies and the day-to-day operation of the organisation are carried out by the managing director. This method is applied to most public corporations in Nigeria (Ujo, 1994: 82).

### **SELF-ASSESSMENT EXERCISE**

Identify the two management methods of public corporations.

### **3.2 Control of Public Corporations**

Even though public corporations are created to enable them have some degree of freedom to manage their affairs, they are still subject to various levels of control.

#### **3.2.1 Ministerial Control:**

The supervising minister controls the public corporations under his or her ministry in the following ways.

#### **3.2.2 By the Appointment of Board Members:**

Since the minister is politically responsible for appointing members of the board, he can dissolve it if he is not satisfied with their performance.

**3.2.3 Through Direction:** The minister ensures that public corporations satisfy the public interest they are created to serve and this is done by giving occasional directives, which the corporation must obey.

**3.2.4 Giving Specific Controls:** Some form of specific controls may be exercised by the minister on public corporations under his ministry. These controls may include the appointment of external auditors to audit the account of public corporations, reorganization of departments, and controls on borrowing.

**3.2.5 Parliamentary Control:** The parliamentary control is necessary to ensure that the operation of public corporations is in accordance with public policy. Such controls include the following:

**3.2.6 Through Annual Report:** Public corporations are expected to submit comprehensive annual reports of their activities to the parliament through the minister and such reports are to be tabled in the parliament.

**3.2.7 Through Annual Report:** A public corporation is required by law to submit to the parliament its annual account for a given financial year.

**3.2.8 Through Debates:** Both annual accounts and reports submitted by public corporations to the parliament are subject to debate in the parliament. Such debates are done within the policy framework of the corporations.

**3.2.9 Through Financial Committees:** The Senate House Committee on Finance may summon the minister or chief executive of a particular public corporation to explain or discuss issues concerning his corporation (Akpan, 1882: 63).

### **SELF-ASSESSMENT EXERCISE**

A Minister can control public corporation through directives. Explain.

### **4.0 CONCLUSION**

Control of public corporations is necessary to compel them to provide the services they are created to provide in the public interest. These controls could be done through management mechanisms or outright control of public corporations in accordance with the laws establishing them.

### **5.0 SUMMARY**

In this unit you have learned the management of public corporations as well as their control techniques. Specific management methods

(executive and policy boards) were discussed. Furthermore, controls through ministerial and parliamentary systems were also analysed.

#### **6.0 TUTOR-MARKED ASSIGNMENT**

Identify and discuss three ways by which parliament controls public corporations.

#### **7.0 REFERENCES/FURTHER READING**

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## **UNIT 6: PERFORMANCE, PROBES OF PUBLIC COMMISSIONS OF INQUIRY INTO PUBLIC ENTERPRISES**

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  - 3.2 Probes and Commissions of Inquiry into Public Enterprises
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### **1.0 INTRODUCTION**

In the last section you have an idea about what management and control of public enterprises is all about. This section will take you a step further into what performance, probes of public commissions of inquiry into public enterprises is all about? It is a fact that most public enterprises in Nigeria have performed below expectations. They have become inefficient as epitomized by the epileptic services they render to the public. The poor performance led to some probes and commissions of inquiry into the services of affected public enterprises in Nigeria. The aspects are discussed in this unit.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- (i) Assess the performance of public enterprises in Nigeria
- (ii) Discuss probes and commissions of inquiry into public enterprises
- (iii) Discuss government’s efforts in public enterprises.

### **3.0 MAIN CONTENT**

#### **3.1 The Performance of Public Enterprises in Nigeria**

Over the years the government has pumped in a lot of money into public enterprises in Nigeria. However, instead of improving their services, most of them seemed to be retrogressing and became drain pipes on the economy without making any meaningful contribution to the nation’s economy development through service delivery (Obikeze and Obi, 2003: 41).

Virtually all public enterprises in Nigeria render epileptic and unsatisfactory service to the people. Commenting on the issue of inefficiency of public enterprises on Nigeria, the Director-General Bureau of Public Enterprises, Alhaji Ahmed el-Rufai stated that “One needs to review the level of coverage and inefficiency of our utilities measured against what they draw, directly or indirectly from the federal treasury for this point to be irrevocably settled.” (Obikeze and Obi, 2003:42).

Fubara (1983:16) said the performance of public enterprises in Nigeria was low because: “In most government owned companies, government determined the financial pricing and distribution policies. And various competing extraneous authorities like the head of government, the chairman of the ruling party, the ministry of finance and the controlling ministry all influence decision of the board, and therefore, keep the chief executive on his toes trying to manipulate their influence for his convenience. In effect because the chief executive has too many bosses whom he must please, he has little time to plan for the success of his company. Here lies the problem of government companies and their inability to perform efficiently.” It is in view of the above reasons that returns on investments of public enterprises has been very poor. In 2002, El-Rufai said that: “These public enterprises consumed over one-third of all the money we made from the sale of oil since 1973. Estimates of the Vision 2010 committee indicate that federal government investments on public enterprises stood at over US\$100 billion in 1996. The return on these investment averaged less than 0.5 percent per annum (Obikeze and Anthony, 2004:255).”

### **SELF-ASSESSMENT EXERCISE**

How do you rate the performance of public enterprises in Nigeria?

### **3.2 Probes and Commissions of Inquiry into Public Enterprises in Nigeria**

Due to problems faced by public enterprises in Nigeria in the recent past, which included corruption, inefficiency and poor management, the Nigerian government attempted to solve these problems by taking certain steps. A commission was set up under Michael Ani to look into the problems of public corporations and make appropriate recommendations. The Ani Commission had recommended that the responsibility for personnel matters be removed from the boards and entrusted to an independent body to be called the Statutory Corporation Service Commission (SCSC). The recommendation was implemented at both the federal and state levels. However, after its review in the early 1970s, the Udoji Commission recommended that it should be abolished.

The government accepted the recommendation and SCSC was eventually abolished.

The second option to solve the problem of public corporations in the Nigeria by the government was to invite foreign management consultants to manage some of them. In 1979, the federal government brought into the country some experts to manage public corporations. A two-year management services agreement was signed between the federal government and Rail India Technical and Economic Services Corporation (RITES) for the management of Nigerian Railways Corporation. Another agreement was signed with the Metallurgical Engineering Consultants of India (MECON) to manage the Nigerian Steel Authority. The government later terminated these agreements and reverted to the previous methods of management (Ujo: 1994: 84).

### **SELF-ASSESSMENT EXERCISE**

Mention one solution adopted by the Nigerian government to solve the problem of public enterprises in Nigeria.

#### **4.0 CONCLUSION**

From the analysis of the various problems threatening the effective performance of the public enterprises in Nigeria, it is clear that only government support, because of the social objectives, has enabled some of these enterprises to survive till now.

#### **5.0 SUMMARY**

In this unit, we had discussed the performance of public enterprises in Nigeria and realised that it is low. In view of this fact, government signed few agreements and commission of inquiry to probe their activities which later came up with some recommendations and were accepted by government but eventually dropped because of lack of positive effect.

#### **6.0 TUTOR-MARKED ASSIGNMENT**

Why did public enterprises in Nigeria fail to perform effectively?

#### **7.0 REFERENCES/FURTHER READING**

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# **UNIT 7: PRIVATISATION AND COMMERCIALISATION FROM PUBLIC ENTERPRISES PERSPECTIVE**

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### **1.0 INTRODUCTION**

In the last section you have an idea about what performance, probes of public commissions of inquiry into public enterprises Public is all about. This unit will take you a step further into what privatization and commercialization is. Privatization is premised on the fact that business should be left for those who are better qualified to handle them, which is the private sector, while the government concentrates on its core duty of governance. Governance in this sense entails law making, law implementation and adjudication. Government involvement in business takes the form of regulation and it does this through its agencies. However, in a contest where the referee is grossly incompetent, biased or both, then a fair result will not be expected.

Anyanwu, (1993:16) states that it is the activity of the government to regulate business in order to among other things achieve public policy objectives of financial stability, high economic growth, stable prices, full employment, levels of output and equilibrium, balance of payments position. Thus, privatisation without adequate regulatory agencies and measures will mean allowing 'laissez-faire' attitude pervade the economy and this may lead to economic disorder and chaos. For example, businessmen, driven by the pursuit of profit, employ both ethical and unethical means. It is only law that will restrain their activities thereby protecting the people, business and society in general (Obiajulus and Obi, 2004:273).

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- (i) State the definitions, meanings and objectives of privatisation and commercialisation
- (ii) State how privatisation affects citizens and the economy
- (iii) Discuss the effects of commercialisation on public enterprises.



### **3.0 MAIN CONTENT**

#### **3.1 Privatisation of Public Enterprises**

In the Nigerian context, privatisation involves the disposal of all part of shares held by the government directly or through any of its agencies in the concern under consideration to carry on business. In other words, privatisation involves the sale of government shareholdings in enterprises to non-governmental entities (institutions or individuals). The Nigerian economy is non-cultural – being dependent on petroleum for over 90% of its earnings from the rest of the world. This is like putting one's eggs in one basket. Thus, the so-called structural adjustment programme of government aims at correcting this defect in the commercialisation of some of our public enterprises, had been put in place with the hope that they would bring about desired structural changes. In July 1988, the Federal Military Government promulgated Decree No. 25, (Privatisation and Commercialisation Decree) which gave a legal backing to the execution of the privatisation and commercialisation programme in Nigeria. The objectives of the programme are:

- (i) To re-orientate the enterprises for privatisation and commercialisation towards a new horizon of performance improvement, viability and overall efficiency.
- (ii) To develop the capital market.
- (iii) To restructure the capital of affected enterprises in order to facilitate good management and access to capital market.
- (iv) To restructure and rationalised the public sector in order to lessen the dominance of unproductive investments in that sector.
- (v) To ensure positive returns on public sector investments in commercialise enterprises.
- (vi) To check the present absolute dependence on the treasury for the funding by otherwise commercially oriented parastatals, and encourage their approach to the capital market.
- (vii) To initiate the process of gradual cession to the private sector of such public enterprises which, by their nature and type of operations, are best performed by the capital market?
- (viii) To promote wide share ownership. The decree provides for the establishment of the Technical Committee on Privatisation and Commercialisation (TCPC) which is vested with the responsibility of implementing the programme.

Details of the duties of the committee are spelt out in Sections 54 (1) and (2) of Decree 25 of July 1988.

#### **SELF-ASSESSMENT EXERCISE**

What is privatisation?

#### **3.2 Commercialisation**

Commercialisation is the re-organisation of enterprises wholly or partly owned by the government in which such commercialised enterprises shall operate as profit making commercial ventures and without subvention from the government.

##### **3.2.1 Objectives of Commercialisation**

The objectives of commercialisation programme are as follows:

- (i) To restructure and rationalise public enterprises to ensure an effective, cost conscious, and goal oriented management and staff whose future is linked with the fortunes of the organisation they operate.

- (ii) To undertake a comprehensive review of the accounting and management information system of the parastatals with a view to installing and maintaining modern and effective accounting systems which will produce promptly the necessary data for monitoring their financial and operational performance.
- (iii) To re-orient the enterprises for commercialisation towards a new horizon of performance improvement, viability and overall efficiency: through the enforcement of strict commercial principles and practices.
- (iv) To check the present absolute dependence on the treasury for funding the otherwise commercially viable parastatals through a more realistic capital structure which will enable them approach the capital market to fund their operations without government guarantees.

### **3.2.2 Commercialisation in Nigeria**

Commercialisation in Nigeria began in 1990 in the following areas.

- (a). Use of financial resources
- (b). Profitability
- (c). Development of its functional strengths and elimination of its weakness
- (d). Product/service range
- (e). Human resources and organisation

### **3.2.3 Problems of commercialisation**

The Problems of commercialisation include:

- (i) Policy environment (not being conducive)
- (ii) Special privileges to some groups (negating the objectives of the programmes)
- (iii) Capital markets (not being able to cope) social costs (labour unions objecting)
- (iv) Inadequacy of preparation (TCPC coping)
- (v) Administrative capacity (training may help)
- (vi) Transparency of the process (enlightenment campaign)
- (vii) Other forms of privatisation (e.g. contract)
- (viii) Measures for improving those that remain (important, may be neglected)
- (ix) Investment of proceeds.

For the commercialisation programme in particular, success requires that more attention be paid to the issues of the rate of return, profit, the role of boards of debtors and management capacity (Sexty, 1985:60).

### **SELF-ASSESSMENT EXERCISE**

Define the term Commercialisation.

### **4.0 CONCLUSION**

Privatisation and commercialisation are discussed in this unit to enable you know their advantages and disadvantages to public enterprises in Nigeria.

## **5.0 SUMMARY**

Privatisation means government selling part or whole shares owned by it in public enterprises to individuals or institutions. Commercialisation, on the other hand, refocuses public enterprises for profit making.

## **6.0 TUTOR-MARKED ASSIGNMENT**

What does privatisation involves?

## **7.0 REFERENCES/FURTHER READING**

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## **UNIT 8: PRIVATIZATION AND COMMERCIALIZATION IN NIGERIA FROM THE ECONOMIC PERSPECTIVE**

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### **1.0 INTRODUCTION**

In the last unit you had an idea amount what privatization and commercialization from the public enterprises perspective is all about. This unit will takes you a step further into what privatization and commercialization from the economic point or perspective is. In this unit, the focus is on privatization and commercialization. In this unit an attempt is made to look at privatization and the extent to which privatized industries should be regulated in order to prevent them from abusing the market power the concept of commercialization will be considered.

### **2.0 OBJECTIVES:**

At the end of this unit, you should be able to do the following:

- i Define (a) privatization; (b) commercialization .
- ii list and explain the benefit and demerits of privatization
- iii list and explain the advantages and disadvantages of privatization.
- iv write short but detected not on privatization and commercialization in Nigeria

### **3.0 PRIVATISATION AND COMMERCIALISATION**

#### **THE MENING OF PRIVATISATION**

Privatization primary, is the process of transferring owner ship of business, enterprise, agency, public service or public property from a public sector ( a government)to the private sector , either to a business that operates for a profit or to a non-profit organization . It may also mean government outsourcing of service or functions to private firms, for example, revenue collection, law enforcement, and prison

management. In other word it is the shifting of services previously undertaken by the public sector into the private sector.

### **3.1 FORMS OF PRIVATISATION**

There are four main method of privatization viz: share issue privatization (SIP), Asset sale privatization selling an entire organization (or part of it ) to a strategic investor, usually by auction or by using the freehand model, voucher privatization – distributing share of ownership to all citizens , usually for free or at a very low price and privatization from below - start-up of new private businesses in formally socialist countries . the method or choice of sale is influenced by the capital market, political and firm- specific factor .SIPs are more likely to be used when capital markets are less developed and there is lower income in equality . Share issue can help broaden and deeper domestic capital markets, booting liquidity and economic growth. Voucher privatization has mainly occurred in the transition economics of central Eastern Europe, such as Russia, Poland and Czech Republic and Slovakia. Additionally, privatization from below is important types of economic growth in transition of economics.

### **3.2 ARGUMENTS FOR PRIVATISATION**

**i GREATER COMPTITION** : privatization creates room for increased competition in the good market . The splitting of an industry into competing parts may drive cost and price down. There will also exist greater competition for finance. The fact that a privatized company has finance investment through the market: it must issue share or borrow from financial I institution will make the concepts with other companies and thus be seen as capable of using these funds profitably.

**ii ACCONTABILTY TO SHARE HOLDERS:** shareholders put their money into a company in order to make profit. It is argued that a private firm has pressure from shareholders to perform efficiently. If the firm is inefficient then the firm could be subject to a takeover. A state owned firm does not have these types of pressure and so it is easier for them to be inefficient.

**iii REDUCED POLITICAL/GOVERNMENT IN TERFERENCE:** state owned firms are sometimes mismanaged or managed inefficiently for political benefits is argued that government make poor economic managers. They are often motivated by political pressures rather than sound economics and business sense. Nationalized industries may also be frequently required to adjust their targets for political reasons. Privatization frees the company from these constraints and allows it to make rational economic decision and plan future investments with great certainty.

**iv IMPROVED EFFICIENCY :** A private firm is ,mainly interested in marking profit and it is more likely to cut costs and be efficient . Also the firm is accountable to its share holders and thus efficiency will be the way to go in order to will the support of the shareholders.

**v.** other advantages of privatization are ; it is a source of revenue for the government as money is made from the sale of nationalized industries . it also allows for re-distribution of wealth and income . Additionally, resources wastages are reduced or completely eliminated, thrift is encouraged and industry owner of the company is encouraged and industry ownership of the company is encouraged.

### **3.3 POTENTIAL PROBLEMS WITH PRIVATISATION**

**i NATURAL MONOPOLY:** privatization can bring about natural monopoly. A natural monopoly occurs when the most efficient number of firm in an industry is one. A good examples of natural monopolies are the national electricity grids the national gas pipe network and the network of railway lines. The more insensitively the electricity and gas grids are used, however the lower their cost will become per unit of fuel supplied. The same argument is true for the other two grids. Consequently, in these cases privatization would just create a private monopoly which might seek to set higher prices which exploit consumers therefore it is better to have a public monopoly rather than a private monopoly which can exploit the consumer.

**ii PROBLEMS OF INEQUALITY :** Privatization creates problem of externalities and inequality such concentrating wealth in the hand of few individuals. In Nigeria for example, the poverty rate is alarming and so not many people can afford the resource to purchase the share and manly financial institution were not prepared to give loans to industry to buy the share the outcome of this is the concentration of wealth made perhaps by the exploitations of masses by those few individuals who could afford the resources to purchase resources.

**iii CAPITAL FLIGHT :**this could surface as foreigners may buy majority of shares. Profits made by these foreigners may not be reinvested into the economics to generate more employment.

**iv REGUCATORY PROBIEM:** privatization crates private monopolies any lapses in the aspect of the government may lead to abuse of monopoly power by such private companies therefore , there is still the need for government regulation other short falls of privatization include:; oppression and victimization of the masses , retrenchment and unemployment , fragmentation of industries and abuse of public interest.

### **3.4 The Meaning of Commercialization**

Decree No.25 of 1998 on privatization and commercialization of defines commercialization as the reorganization of enterprises wholly and partially owned by the federal government in which such commercial enterprises shall operate as profit-making commercial ventures and without subvention from the federal government. Therefore, simply put, commercialization is the process of running previously publicly owned and managed enterprises in such a guarantee. The maximization of profit commercialization is the redirection of publicly welfare providing ventures into a profit marking venture.

### **3.5 Types of Commercialization**

#### **i FULL COMMERCIALISATION**

This is a types of commercialization in which the enterprises so designated will be expected to operate basically commercially for the main purpose of making profit and also be able to raise funds from the capital market without government interference such enterprises are expected to use private sector procedures in the running of their businesses.

## **ii PARTIAL COMMERCIALISATION**

Under this arrangement, enterprises so designated will be expected to generate enough revenue to cover their operating expenditures. The government may consider giving them capita grants to finance their capitals projects.

In the two types of commercialization no divestment of the federal government sharing will be involved, and subject to the general regulatory power of the federal government.

### **3.6 ADVANTAGES OF COMMERCIALIZATION**

Many arguments favor commercialization. Apart from that the commercialized enterprises are expected to be profitably, efficiency is also guaranteed. There is also optimum utilization of resources in terms of opportunity cost. Government also stands the change of saving subvention or subsidies given to such enterprises when they were publicly managed. Besides all these, it brings about improved quality of goods and services.

### **3.7 DISADVANTAGES OF COMMERCIALISATION**

Arguments against commercialization are:

- i For partial commercialization, efficiency may not be guaranteed since the government will still be in control of such enterprises.
- ii The poor in the society will be affected by a rise in price, charges, tariffs or rates of such commercialization enterprises since profit is their main focus.
- iii Full commercialization that is void of government control may bring about poor service delivery and other attendant social problems.

### **3.8 PRIVATISATION AND COMMERCIALISATION IN NIGERIA**

A structural adjustment programme (SAP) came into existence in Nigeria on 26<sup>th</sup> September 1986 under General Ibrahim Babangida administration. Privatization and commercialization was a major component of SAP. Before the structural adjustment programme (SAP) made privatization and commercialization a component of its conditionality, two committees on the evaluation of the operations of public enterprises were instituted in the 1980s. While Onosode Commission's report of 1982, during Shagari administration recommended the commercialization of public enterprises, the report of Atkinson's committee of 1984 recommended the privatization of public enterprises, Oninode (1988). This development was due to the degree of enormity of government investment in public enterprises with the resultant disheartening yields. With this, the policy of privatization and commercialization was made an issue of importance in 1986 budget speech, consequently, the government introduced the policy on July 27<sup>th</sup>, 1988 with the promulgation of the privatization and commercialization act. The methods adopted by the technical committee on privatization and commercialization (TCPC) include:

- Public offer of shares of affected enterprises.
- Private placement of shares of affected enterprises.
- The sale of assets of affected enterprises where such enterprises cannot be sold either by public offer or private placement.

#### **4.0 CONCLUSION**

The failure of nationalized industries in addressing the problem of market failure resulted into the privatization and commercialization of such industries. By the mid 1970s, it became increasingly clear that nationalized industries (state-owned industries that produce goods and services that are sold in the market) were in a state of unrest. A change of policy was however introduced from the early 1980s when conservative government under Margaret Thatcher and the John Major engaged in an extensive programme of 'privatization' with their effort, other countries have followed similar programme of privatization and today privatization and commercialization have become a worldwide phenomenon.

#### **5.0 SUMMARY**

Privatization simply refers to the process of shifting services formerly undertaken by public sector into the private sector in order for efficiency to be achieved. Commercialization is the redirection of publicly owned welfare providing ventures into profit making venture. Privatization has a lot of advantages. They include: greater competition, not only the good market but in the market for finance and for corporate control; reduced government interference; and raising revenue to finance tax cuts. Arguments against privatization include: the firm are likely to have monopoly power because their grids are natural monopolies; it makes overall planning and co-ordination of the transport and power sector more difficult. Commercialization raises government revenue, savings and savings and brings about improvement in quality of goods and services. The economic arguments against privatization include, inefficiency, rise in prices, charges, tariffs or rates and poor service delivery. Privatization and communalization were major components of the structural Adjustment programme (SAP)

#### **6.0 TUTOR MARKED ASSIGNMENT**

Write short note on the relative benefits to consumers of the following:

- (a) Privatizing a nationalized industry, and
- (b) Keeping it in the public sector but introducing competition.

#### **7.0 FURTHER READINGS**

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**MODULE TWO:**

**UNIT 9: DEFINITION, MEANING AND CHARACTERISTICS OF ORGANISATION**

## **TABLE OF CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Definition and Meaning of Organisation
  - 3.2 Characteristics of Organisation
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

In the last section you have an idea about what privatization and commercialization is all about. This unit will take you a step further into what organization entails. The focus of this unit is on the meaning, and characteristics of organization. Organisation is the most significant and integral part of administration. Without proper organisation, administration is no possible. Administration involves cooperative effort by a number of persons to achieve certain objectives. It is a clear fact that a number of persons must be organised so as to achieve the desired goal. They should work towards the same goal. This is possible with the existence of an organisational structure wherein their energies are directed towards a common goal. Thus, organisation is prior to every administrative action for no administrative action can be implemented without an organisation. In view of the above facts, our discussion will focus on the following themes: meaning, characteristics, and analysis of organisation (Ekhaton, 2003:149).

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- (i) Define the meaning of organisation
- (ii) State the characteristics of organisation.

### **3.0 MAIN CONTENT**

#### **3.1 Definition and Meaning of Organisation**

The word ‘organisation’ is used to denote the construction of the organisation or the result of the administrative structure. Organisation should, therefore, mean only ‘designing’ the administrative machine. Urwick (1944), defines organisation as “determining what activities are necessary to any purpose and arranging them in groups which may be assigned to individuals.”

Other definitions given by various scholars are as follows:

Organisation is the form of every human association for the attainment of a common purpose (Mooney 1947). Organisation is the arrangement of personnel for facilitating the accomplishment of some agreed purpose through allocation of functions and responsibilities” (White 1948).

Organisation structure is a pattern of interrelated posts connected by line of delegated authority.

Organisation is the formal structure of authority through which work sub-divisions are arranged, defined and coordinated for the defined objectives (Gulick, 1937).

### **3.1.1 Meaning of Organisation**

However, in common usage the term organisation means the act of putting things in working order. In public administration this term is used in three different ways. In the first place, it is used as the act of designing the administrative structure in such a way that Mr. "X" is seen as a great organising leader. In the second sense, it is used as designing and building the structure. In the third sense, the term refers to administrative structure itself, as when we speak of the organisation of the government of Japan, USA and UK. Some thinkers like Urwick confine the use of the term 'organisation' to the first meaning. But many other thinkers, like Gladden, Pfiffner, Simon, etc. do not approve of this view and are of the opinion that Urwick has missed the human aspect of organisation (Ekator, 2003:149-150).

## **SELF-ASSESSMENT EXERCISE**

What do you understand by the term organisation.

### **3.2 Characteristics of Organisations**

Most organisations possess certain basic characteristics. According to Spiers (1975), there are five basic characteristics of an organisation. These are:

**3.2.1 i. Membership:** Most organisations comprise of a group of persons. Spiers writes that in the case of organisations, knowledge of belonging is a necessary criterion, and membership is nearly always voluntary, in that people are free to withdraw. He mentioned certain exceptions, e.g. the state, or enforced membership of a military organisation.

**3.2.2 ii. Organisations are consciously purposive:** Organisations are there to do something positive for their members, for society, or for both. Political parties contest elections and try to get control of government, business organisations produce goods, religious organisations save souls and minister to people's spiritual needs, etc.

**3.2.3 iii. Formal structure:** A very prominent feature of organisational life is the phenomenon of formal structure. Formal structure means the definition of functions in an organisation and their arrangement into a total pattern. According to Spiers, the essence of formalism is that functions are defined primarily in relation to one another and persons are considered as fulfilling these functions.

**3.2.4 iv. Value system or Ideology:** Spiers argues that all organisational life implies some reasonably coherent value system. The existence of such ideologies is equally observable in administrative and the political sphere. These ideologies affect the life and structure of organisations.

**3.2.5 v. Corporate status:** Organisations almost always have some legal status by which they can be treated as social and legal entities, irrespective of the persons who might be said to inhabit them (Ekator, 2003: 151).

## **SELF-ASSESSMENT EXERCISE**

List 2 characteristics of an organisation.

#### **4.0 CONCLUSION**

Organisation means the act of putting things in working order and is prior to any administrative action, hence, its definition, meaning and features are discussed in this unit.

#### **5.0 SUMMARY**

The importance of organisation in administration is discussed as well as its meaning and features. Without organisation, nothing works out fine. More analysis of organisation shall be made in the next unit.

#### **6.0 TUTOR-MARKED ASSIGNMENT**

Organisation precedes any administrative process. Discuss.

#### **7.0 REFERENCES/FURTHER READING**

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- Mooney, J.D. (1947). *Principles of Organisation*. New York: Haper and Brother.
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## UNIT 10: ANALYSIS AND TYPES OF ORGANISATIONS

### TABLE OF CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Analysis of Organisations
  - 3.2 Types of Organisation
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### 1.0 INTRODUCTION

In the last section you have an idea about what the concept of organisation is all about. There are many literatures on the analysis of organisation. However, here, organisation is described in various ways and the significant consequences of organisation theories for practical administration.

### 2.0 OBJECTIVES

At the end of this unit, you should be able to:

- (i) Identify some analysis of organisation
- (ii) State types of organisations.

### 3.0 MAIN CONTENT

#### 3.1 Analysis of Organisations

Spiers (1975), describes six such ways of looking at these organizations, these are as follows:

**(a) Organisation as machines:** The most basic of all approaches to the study of organisations assumes that organisational behaviour can be considered broadly in mechanistic terms. That is to say, the organisation is considered to be most usefully described in terms of machines. According to Spiers, if one supposes that organisations can, in some sense, be perceived as machines, the following consequences ensue. First, the conception of organisation as a system of interrelated parts predisposes one to think that coordination is a primary task in the evaluation of organisational behaviour. Second, this necessitates the definition of functions in relation to work to be done, both for separate parts of the organisation, and for interrelated parts. Third, behaviour and activity are viewed primarily in term of their work coordination. Fourth, unsatisfactory circumstances are viewed in the same mechanical sense, i.e. as functional problems rather than any other way.

**(b) Organisations as needs and responses:** There are certain thinkers who give more emphasis to structure and function in the interpretation of organisational behaviour. The functionalist approach mainly concentrates on needs and responses to needs. He defines needs in terms of the "goals" or "purposes" of (a) individuals, (b) groups within organisation, (c) organisation as a whole, (d) a group wider than the organisation but less than society, and (e) society itself.

**(c) Organisation as societies:** This analysis closely resembles the functionalist approach. It views organisation as a miniature society. The functionalists believe that the central problem for society as a whole is the reconciliation of varying needs and interests of its members. The social functionalism, as it may be called, points out the prior necessity of a shared value system in order that such reconciliation may take place. The broad administrative consequence of this kind of approach is that there is a predisposition to see the organisation not simply as a system of relatively discrete and interrelated parts but as a community of people.

The structure of this community is analogous to the structure of society at large. This conception aids in understanding the internal life of an organisation.

**(d) Organisation and individual persons:** Instead of seeing organisations as elements in society-wide systems, this approach concentrates on the experience of the individual member. This human relations approach stresses the need for organisations to make provision for the adjustment of individual psychological needs as expressed through small group relationships, to the wider needs of an organisation's behaviour.

**(e) Organisation and the technological core:** There are some theorists who give importance to the concept of socio-technical system. This means that in any organisation, there is always a kind of technological core. In administration, the work processes of routine information systems could be regarded as the technological core.

They state that the consideration of internal technology must have certain important consequences for administrative action. First attention is shifted to the physical environment of the work process; secondly, the conception of the person and his physical environment leads to much more flexible possibilities to see that changing technology or even the technical expression of changing economic circumstances may have psychological effects because of its impact on the system.

**(f) Organisation as Culture:** This theory states that the activities of persons in organisations cannot be understood apart from meanings given to them by the persons themselves, colleagues, supervisors and official; goals which chiefly condition their actions and relationships.

The main impact of this cultural approach is that individuals and groups are seen as constrained, not by formal structures or even beliefs, but by roles and expectations, personally conceived, which in turn determine norms in an essentially relative fashion. Secondly, it is assumed that the organisational change and possibilities for change have to take account of these roles and expectations. Next, it diverts attention towards the exploration of internal subcultures and subtle cultural factors which determine norms and attitudes to work, authority, and types of organisation. (Ekhaton, 2003:151-152).

### **SELF-ASSESSMENT EXERCISE**

Describe 2 ways of looking at organisations.

### **3.2 Types of Organisations**

Spier (1975), mentions five types of organisations. These are: firms engaged in goods production: In this category are included:

- i. Business firm engaged in goods production: in this category are included those forms which may not produce goods but are concerned with the provision of services, e.g. newspaper agencies.
- ii. Those organisations that handle the administration of public services under this category are, the government Ministries/departments created to this laws and regulations of a country.
- iii. Other types of organisations are the religious organisations: According to Spier, these are among the most influential bodies in terms of numbers.<sup>44</sup>
- iv. Private political organisations such as political parties: These include the pressure groups or interest groups. The main activity of these groups is to mobilise and represent the opinions of members.
- v. Military organisation, i.e. armies. These organisations are geared towards welfare activities (Ekhator, 2003: 153).

### **SELF-ASSESSMENT EXERCISE**

Itemise any 3 types of organisation.

### **4.0 CONCLUSION**

The analysis and types of organisation discussed as a necessity to enhance your knowledge on the importance of organisation.

### **5.0 SUMMARY**

The unit discussed both the analysis and types of organisation for your further understanding.

### **6.0 TUTOR-MARKED ASSIGNMENT**

How many types of organisation are mentioned in this unit?

### **7.0 REFERENCES/FURTHER READING**

Ekhator, V.E. (2003). *Rudiments of Public Administration*. Kaduna Joyce Graphic Printers & Publishers.  
Spiers, M. (1995). *Techniques and Public Administration*. Glasgow Williams: Collins.



## **UNIT 11: ORGANISATION AND MANAGEMENT OF PUBLIC AGENCIES**

### **Table of Content:**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Meaning of Organisation
    - 3.1.1 Types and Kinds of Organisation
  - 3.2 Elements of Organisation
  - 3.3 Characteristics of Big Organisation
  - 3.4 Approaches to the Study of Organisation
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 Reference and Further Reading ...

### **1.0 INTRODUCTION**

In the last section, you have an idea about what analysis and types of organisations is all about. This section will take you a step further into the Concept of Organisation and Management of Public Agencies. In this unit, the focus is on the Concept of the Organisation and Management of Public Agencies; we shall be looking at meaning and concepts of Organisation, The types and kinds of organisations, The Elements of Organisation, The Characteristics of Big Organisations, as well as the Approaches to the study of Organisation will all be examined.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- a. Define the term Organisation.
- b. Identify the Elements of Organisations.
- c. What are the Characteristics of a Big Organisation?
- d. Identified the Approaches to the study of Organisation

### 3.0 MAIN CONTENT

#### 3.1 MEANING OF ORGANISATION

Logically, organisation precedes management, for an activity must be organised before it is managed. But in practice the continual modification of organisation and the management of the people and processes go hand in hand. An organisation may be defined as a group of persons who cooperate in the accomplishment of objectives upon which they are agreed. It also means an official group of people, for example a political party, a business, a charity, or a club with formal or informal structures. The performance of the group will be influenced by how well the objectives are understood and supported by its members. Bernard, (1948), defines organisation as a system of consciously coordinated activities or force of two or more persons. In the same vein, Gaus (1947), defines organisation as the arrangement of personnel for facilitating the accomplishment of some agreed purpose through the allocation of functions and responsibilities. However, we can deduce that organisation provides the means whereby the efforts of large numbers of employees are directed and coordinated. Organisations whether formal or informal, must have a well constituted structure in place where the elements of an organisation can be put to practice.

#### Types and Kinds of Organisation

Generally, there are two main types of organisation. These are the formal and informal. All formal organisations have a well constituted structure in place unlike the informal organisation. Examples of formal organisations with constituted structures includes, all government establishments, institutions, and corporate establishments like: banks, companies, insurance houses, industries, clubs etc and some other small and medium scales business establishments e.g. supermarkets, hotel, firms, etc. Organisation can be of two kinds, the small and the big/large. The smaller organisations are those with less personnel, authority, command, and control, and also without a formal structure in place e.g. a sole proprietorship or partnership forms of business. The big or large organisations are those with medium and large groups of personnel e.g. an academic institution (University, Polytechnics, Colleges of Education), government departments, agencies or parastatals, large companies (Mobil, Oando, Shell, Chevron plc.), industries, etc.

#### 3.1 ELEMENTS OF ORGANISATIONS

Generally, there are five elements of organisation. These are as follows:

- (a) **Objectives:** The performance group will be influenced by how well the objectives are understood and supported by its members. Objectives change with changing problems and need; and must be restated and redefined from time to time.
- (b) **Specialise:** An organisation distributes work so that workers may specialise. The assignment of specialised tasks to each member of an enterprise is an element of organisation.
- (c) **Coordination:** An organisation provides for coordination. The efforts of workers specializing in various tasks must be effectively interrelated. This is accomplished by defining each worker's job, and by grouping worker performing related tasks under the same boss, and groups of workers

performing related tasks similarly under a common boss. For each boss the span of control, i.e., the number of individual he is expected to direct, must be limited if he is to achieve coordination.

- (d) **Hierarchy**: An organisation is built upon a hierarchy. There must be clearly established channel of *command*, *communication*, and *control*. Workers and supervisors must clearly understand from whom they take orders and to whom they report. The vertical lines of responsibility within an organisation must be defined and kept clear.
- (e) **Authority**: An organisation fixes authority. When men work together someone must have authority to give direction, to resolve differences among individuals working on related tasks.

### 3.2 CHARACTERISTICS OF A BIG ORGANISATION

Big organisations produce different products and rendered different kinds of services. They have similar characteristics and tend to operate in a similar manner. The following are characteristics of big organisations. These are:

- (a) There is competition and conflict between authority based upon position and authority based upon expertness.
- (b) All developed standardised methods and procedures
- (c) All arrange skills and relationships in order to perform the activities necessary to achieve their goals and to secure continuity and stability.
- (d) They have the characteristics of specialisation, hierarchy, status, oligarchy, rationality, and the search for efficiency.

One of the earliest systematic analyses of the characteristics of big organisations or bureaucracy was that of Max Weber in the 17<sup>th</sup> century. He stated that bureaucracy organisation as far superior to other forms of organisation that had preceded it, and essential to the modern state and cooperation. Weber observed the following as common characteristics of bureaucratic organisations. These are as follows:

- The authority and jurisdiction of official are prescribed, regulated and controlled by a set of rules, and administrative organisation.
- Administration is carried on by full-time employees who are selected for their qualifications, specially trained in their duties, and given a status with permanence of tenure and pensions
- Offices are arranged in a hierarchy of levels of graded authority in an ordered system of super and subordination in which the lower offices are supervised by higher ones.
- Administration is based upon written records that are preserved, the body of officials and these records and files make up the bureau or office, and
- Administration is conducted under general rules, which are more or less stable and comprehensive etc.

#### SELF ASSESSMENT EXERCISE1

Define the term organisation and states any five objectives of a formal organisation.

### **3.4 APPROACHES TO THE STUDY OF ORGANISATION**

The importance of organisation in modern society is attested by the many recent studies and publication on the theory and characteristics of organisation and human behaviour in organisation. Two distinct approaches are used in the study of organisation. These are as follows:

- (a) Structure of the Organisation: This happens to be the first and older approach. This approach deals primary with (observation) the structure of organisation. The allocation of functions and authority, specialisation, coordination, overhead direction and control, span of control, the role of line and staff units, government cooperation's, and relations of the Central Headquarters to field offices etc.,
- (b) Sociologists and Social Psychologists: This approach primary attention is devoted to the individuals and human behaviour in organisation.

Students of administration and management need to focus attention on the official or formal structure or organisation. The behaviourists inquired into individual and group behaviours, and the role of unofficial or informal organisation.

#### **Criticisms of Approaches to the Study of Organisation**

Generally, both approaches are essential to an understanding of organisation and the motivation of individuals within an organisation. On the bases of the above, the following are some of the defeats of these approaches. These are:

- The approach on the structure of the organisation was based largely upon observation rather than empirical research. The approach failed to give adequate attention to the individual employee and his needs.
- Students of administration have stressed the importance of overhead planning, direction, and control of authority commensurate with responsibility of clear cut assignment of duties and responsibilities, and the need for adequate supervision throughout an organisation.
- Behavioural studies of organisation indicate however, that authoritarian supervision and too much emphasis upon authority, control and the administrative hierarchy tends to depress employee motivation and result is low levels of performance, and that employee-oriented supervision is conducive to high motivation and levels of production.

#### **4.0 Conclusion**

The foregoing discussion on concept of organisation and management of public agencies, we have seen that organisation precedes management. Organisation is a system of consciously coordinated activities of group of persons and government agencies. Organisations can be formal or informal, small and big. Objectives, hierarchy, authority, coordination, and specialization are the essential elements of organisation. All organisations have elements of bureaucracy in them. There should be clearly established channel of command, communication, and control in any organisation. Competitions and conflicts are bound to exist in organisation. Two approaches are bound to the study of organisation and management of public agencies. However, these approaches are subject to criticisms.

## 5.0 Summary

This unit has covered the meaning of organisation, the types and kinds of organisations, the elements and characteristics of organisations and the approaches and criticisms of the study of the theories of organisation were all examined. The concepts of bureaucracy exist in all forms of organisation. Organisations developed standardised methods and procedures of organising and arranging things. Organisations are termed as formal or informal. A formal organisation has a well constituted structure in place with large groups of personnel. All organisations are open to competitions, conflicts, and criticisms.

## 6.0 TUTOR MARKED ASSIGNMENT

### Question:

1. Give an account of the concepts of organisation and management of a big organisation.
2. Enumerate the objectives of a formal organisation.

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## **UNIT 12: DECISION-MAKING IN ORGANISATION**

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### **1.0 INTRODUCTION**

In the last section, you learnt about what Recruitment, Selection, and Placement are all about. This unit will take you a step further into the process of decision-making in Organisation. We shall be looking at the Styles, Types and Processes of Decision-Making, the differences between well-structured and ill-structured decision, the importance and components of decision-making process and the critical steps in decision-making process.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- i) Define Decision-Making
- ii) Enumerate the various types and styles of Decision
- iii) Identify the Important Components of the Decision-Making
- iv) Explain the critical steps in Decision-Making process

### **3.0 MAIN CONTENT**

#### **3.1 MEANING OF DECISION-MAKING**

A major responsibility of an administrative manager is the ability to make effective and rational decisions which can lead to the best way of achieving the goals of the Organisation (Abari and Mohammed, 2006). One of the most critical activities of the Chief Executives is decision-making. Decision-making is the rationale behind the success of an Organization. Decision making is a sensitive issue which requires time and understanding. The Chief Executives are rated for the quick, time and qualitative decisions they

makes on Organizational problems and to goals. Decision-making is a vital feature of all administration. It involves a situation where one takes a step “to do or not to do”.

All levels of administration take part in decision-making; the Chief Executive has the final say, because he is held responsible and accountable for all acts of Omission and Commission. Right decisions about solutions to problems make an Organisation better off. Making good decisions demand that the decision maker should have a good understanding of consequences before choosing the best alternative that can effectively solve the problem. Decision-making involves creative thinking (Nwanchukwu, 1988). Mbieli (2006) states that decisions are the will of an individual or group to select and apply the right behaviour in thoughts, word and actions in all human understanding. Gregg (1957), postulates that decision is the very heart of administrative process and leadership. Steiner (1969), states that, decision is a choice made by a decision maker on what should and not be done in a given situation.

Decision-making process is the chain of events involved in identifying, analysing and choosing the best alternative from many analysed alternatives and implementing it. If there is no alternative, then there is no need to wary about decision-making. Jones (1957), defines decision as a course of action chosen by the decider as the most effective means of his disposal for achieving the goals he is currently emphasizing – for solving the problem that is bothering him. Quality decisions make quality Organization. There are two kinds of decision, the Programmed and Non-Programmed decisions. Decisions can be made under certainty, risk and uncertainty conditions and these are part of the duties of the Chief Executive Officer. The essential characteristics of decision-making are that it cuts across (permeates) all operations of the management and it involves judgment, risk and uncertainties.

### **3.2 TYPES OF DECISION MAKING**

There are many types of decision among which we have following are the types of decision:

#### **3.2.1 Broad-Comprehensive and Tactical-Operational Decisions:**

These types of decisions are fundamental to the Organisation; they cut across the basic mission of an organization such as long-range objectives, tactical, policies and strategies.

#### **3.2.2 Organizational and Personal Decisions:**

These types of decisions are taken formally in an organisation. Such decisions can be delegated to lower echelons, who may take further decisions on them. Personal decisions are those made by an employee acting as an individual member of an organization. These decisions ordinarily cannot be delegated, and if subsequent decisions must be made to implement them the same employee makes those decisions as well.

#### **3.2.3 Decisions made Under Certainty, Uncertainty and Risk Conditions:**

a. **Certainty:** A decision is said to be made under conditions of certainty when a manager knows the available alternatives, benefits and implications associated with such decision. In this type of decision there is perfect knowledge about available alternatives and their consequences. No element of chance

intervenes between an alternative and its outcome. The outcomes of this decision are known in advance with complete certainty. Under such conditions, a manager is faced simply with identifying the consequences of available alternatives and selecting the outcome with the greatest benefit. Managers mostly make decisions under these conditions; an example of decision made under certainty is the purchase of US Savings Bonds. If one invests \$1,000 in a savings bond for one year at 10% will yield \$100 interest.

b. **Risk:** A decision is said to be made under conditions of risk, when a manager knows the available alternatives, the likelihood of their occurrence, and the potential benefits associated with each. Decisions under conditions of risks are perhaps most common. In this situation, alternatives are recognized, but their outcomes are in doubt. In practice, however, managers usually assess the likelihood of the outcomes based on past experience, research and other information.

c. **Uncertainty:** A decision is said to be made under conditions of uncertainty when a manager does not know the available alternatives, the likelihood of occurrence or potential outcomes. Decisions under conditions of uncertainty are the most difficult. In such situations, a manager has no knowledge on the likelihood of outcomes. Decisions under uncertainty generally occur in cases where no historical data are available, or in instances that are so novel and complex that it is impossible to make comparative judgments. Furthermore decision can be classified as programme or non- programmed

**d. Programmed and Non-programmed Decisions**

A number of authors have made a distinction between two kinds of decisions. Simon (1976), identified the “programmed” and “non-programmed” decisions. He described the programmed decisions as those that are repetitively and have become routine as a result of frequent occurrence with the same situation. The distinction between “programmed” and “non-programmed” decisions refers to the procedure that is adopted in the process of resolution of the decision situation. Programmed decisions are seen as having a well-defined and recognizable structure, so that new occurrences of a well-known type of situation can be placed in a category and processed routinely. The Non-programmed decisions are those where no routine procedure or structure is applied. Each non-programmable decision appears to those involved to have characteristics that do not fit into any of the structures that have been formulated for the routine treatment of decision situations. This emphasis on structure has resulted in the use of the terms well-structured and ill-structured, (Simon, 1976).

**3.3 STYLES OF DECISION-MAKING**

There exist five styles of decision-making available to the Chief Executive. The Chief Executive may choose one he think appropriate as best option or alternative to the identify problem. The styles of decision-making process overlap with one another. They are:

a. **Solve the Problem Yourself.**

This style of decision-making is based on available information. In this approach the Chief Executive does not believe in intensive discussion. This style of approach is common among the autocratic Chief Executives. They believe in themselves and their decisions are final. This style of decision-making is not common in the public service where series of Brainstorming sessions take place. A corporate



organization may not want to share his problems with another organization instead, they find ways and means of solving the problem themselves (Simon, 1976)

**b. Obtain the Necessary Information.**

In this approach, the Chief Executive seeks the opinions of his subordinates through intensive discussion or brainstorming sessions before the final decision. The role of the subordinates here is to provide the necessary information needed to solve the problem. The subordinates may have better knowledge of the environment and understanding of the situation than the Chief Executive. This style of decision-making is used by consultative or participative executives (Simon, 1976)

**c. Share the Problem Individually.**

In this approach, the Chief Executive may decide to share the problem first with relevant subordinates individually without bringing them together as a group for intensive discussion. The essence of this action is to enable the Chief Executive to have individual ideas and suggestions from his subordinates before the final decision. The major difference of this approach from the former is that the Chief Executive seeks his subordinate opinions for information before making the final decisions.

**d. Share the Problem as a Group.**

This style of decision-making is similar to the ones above; the only difference is that instead of sharing the problem individually. The Chief Executive shares information with groups of employees before taking a decision. These groups hold intensive discussion on the problems and apply the best alternative to the problem.

**e) Share the Problem as a Group and Look for Solution Jointly**

This style of decision-making is more acceptable and adopted in most Organizations. This is where the Chief Executive and his subordinates share the problems as a group and look for joint solutions to the problems identified. The role of the Chief Executive here is to coordinate the ideas and evaluates alternatives of the groups and attempt to reach an agreement (decision-making) on the solution to the problem identified.

**SELF-ASSESSMENT EXERCISE:**

1. Explain the types of Decision making
2. Differentiate between well-structured and ill-structured decision

**3.4 PROCESS OF DECISION-MAKING.**

The process of decision making means the same as the components of decision making. The nature of decision making has been studied intensively in recent years. The conclusions drawn from individual studies have been different in many respects. However, decision making is a process which involves a number of interwoven stages. Decision making steps are closely linked to the problem solving approach.

The process of problem solving could be thought of as consisting of three phases, namely:

- i. What is the problem
- ii. What are the alternatives
- iii. Which alternative is best

Simon (1976), states that process of decision making model consists of three stages.

- a) **Intelligence:** The internal and external environments of the decision maker are searched for conditions requiring a decision, and information is gathered about these conditions.
- b) **Design:** The courses of action available to the decision maker are determined and analysed as possible solutions to the decision problems that have been detected and
- c) **Choice:** One of the available courses of actions is selected for implementation on the basis of an evaluation of their effectiveness relative to the achievement of objectives.

However, Simon added a fourth phase which he called the review. This review phase consists of a process of assessment of past choices during which possible modifications to the approaches used are considered in preparation to further decision making activity.

Drucker (1979), states that, the decision making process consist of four basic steps:

- i. Defining the problem;
- ii. Defining expectations;
- iii. Developing alternative solutions; and
- iv. Knowing what to do with the decision after it is reached (implementation).

Nwachukwu (1988), identifies five elements in the decision making process:

- i. Formulation of goals;
- ii. Acquisition of knowledge of the problem;
- iii. Analysis of the situation to determine alternatives;
- iv. Selection of action; and
- v. Implementation.

Method (1997) and Hodgetts and Aitman (1979) state that there exist six essential elements in the decision making processes are:

- i. Develop a concise decision statement;
- ii. Establish goals;
- iii. Define the importance of each goal;
- iv. Develop a list of options;
- v. Determine the best option; and
- vi. Implement the decision.

### **3.4.1 Critical Steps in Decision Making Process**

There are a number of steps involved in the decision making processes, these steps range from 4 to 6 and differ slightly among contemporary authors and management experts. However, these steps focus on crucial and central elements in the decision process such as problem definition, setting/ clarification of objectives and goals, generation of alternative options or courses of action, analysis/evaluation of various options, research/information gathering towards analysis of alternative courses of action, choice of option, and implementation of decision.

The following are the critical Steps in Decision Making Process.

### 1. **Definition of the Problem**

The intellectual process that culminates in making a decision is for problem solving. It is an activity undertaken by an individual or group (Simon, 1976). No amount of care and effort in the sub-sequent steps of analysis and development will yield a decision capable of reaching the desired objectives, unless the problem requiring solution is properly defined. It is a common error to confuse obvious symptoms with the cause of the problem. For example, excessively high, manufacturing costs may be attributed to too many people yet an excess number of workers are a symptom, not a cause. The causes may be due to poor product design, poor scheduling, or frequent breakdown of equipment. Similarly, an unsatisfactory sales volume can be the result of excessively high sales price, competition from other producers and not the incompetence of salesmen. A good way of getting behind the symptom and to the problem is to ask the following questions: why are manufacturing costs too high? Why is the sales volume too low? Would the solution to the problem as diagnosed provide an effective means of achieving the desired goals and objectives.

However, a summary of the foregoing revealed that there is need for careful problem analysis before embarking on the decision making process, to this effect, the decision maker(s) should do the following:

- (i) Recognize the problem: problems are cognized by deviation from fixed or assumed standards.
- (ii) Specify the problem: This is done by finding and recording what is and what is not, where it is and where it is not, when it did occur and when it was not there, how big is the problem and how does it change with time.
- (iii) Collect information and decide why the information is required; what information is required; where and how the information will be obtained; how accurate/valid the information is in view of your own and other people's interests.
- (iv) Identify the causes of the problem: decide what factors could have caused the problem by using your own and other people's experiences through brainstorming and critical factor analysis.
- (v) Test causes: ascertain whether the cause/causes identified could have accounted for the whole problem.

### 2. **Formulating Aims or Goals of Decision**

Decision makers must have aims and objectives they intend to achieve. The goals to be achieved may be determined by the Organization. For example, the aim could be to minimise cost and maximize profit. In the case of a Production Manager, the aim of the decision at that level could be to reduce by 20 percent or increase average output by 10 percent. Also there is need to identify both the desirable aims and the essential aims of the decision.

### 3. **Search for Alternatives**

This involves identification of alternative ways of meeting the aims of the decision. Courses of actions available to the decision maker are determined and analysed as possible solutions to the decision

problems that have been detected. The first thought of solution may not be the most satisfactory. However, various possible alternatives should be identified; such as follows.

- i) **Brainstorming** is a creativity technique that involves the spontaneous identification of alternatives by individuals interacting in an unrestrained setting.
- ii) **Synectics** is a creativity technique that involves the identification of novel alternatives through the joining together of different and apparently irrelevant elements (Simon, 1976). The term synectics means the fitting together of diverse elements. A basic feature of synectics is the use of analogies as a stimulus to creativity. Analogies have been used to solve a variety of problems. Radar resulted from studying the use of reflected sound waves by bats. Airplane cargo doors were designed to work much like how a clam shell opens. synectics is highly dependent upon group processes. However, a technical expert is ordinarily present to assist a synectics group in evaluating the feasibility of ideas.

#### 4. **Evaluation of Alternatives**

There is the temptation to take the first suggested alternative solution as the right one. This may be dangerous because what may appear at first as the solution may turn out to be the weakest alternative. The only way to avoid this pitfall is to make a critical and objective evaluation of all the alternatives. Evaluation and choice are difficult to clearly separate. Ordinarily, once an alternative that seems reasonably satisfactory comes along, it is accepted. Criteria for choice and their relative importance are not considered explicitly. The idea is for the consequences of implementing each alternative to be considered and estimated in addition to evaluating the potentially new problems which are likely to be generated by each alternative.

Management experts have identified five constituents that can be conceptually distinguished in the process of overall evaluation and choice of options. First, there is evaluation of anticipated benefits and costs of available alternatives. Benefits and costs in this regard are estimated for each alternative. A second constituent deals with estimates of the risks and uncertainties that the various competing alternatives will succeed or fail to close the gap in the problem situation. The third constituent is closure that is commitment of one alternative to close the gap. The fourth constituent is concentration on justifying the choice of option. The fifth constituent is an evaluation of outcomes resulting from implementing the chosen alternative.

In summary, the five ideal constituents are evaluation of alternatives, risk estimation, commitment, justification and evaluation of outcomes. Each of the alternatives is qualitatively and quantitatively evaluated. This requires the use of such quantitative techniques as Cost Benefit Analysis, Decision Tree and Probability Analysis. Evaluation also involves time evaluation and feasibility evaluation through the use of bar charts and programme evaluation and review techniques.

## **5. Choice**

Once a number of alternatives have been developed, the decision maker must choose one. Meeting objectives is the purpose of decision making. Objectives are multiple, so the choice is made in the light of multiple and often conflicting objectives. The decision maker must survey the full range of objectives to be fulfilled and the values implied in each choice and carefully weigh costs, risks, and benefits that could flow from each alternative. Both analytical and intuitive thinking are appropriate. The decision maker must re-examine the positive and negative consequences of all known alternatives, including those originally regarded as unacceptable, before making a final choice. This is necessary in order to break away from past patterns. There is a strong tendency among decision makers to become increasingly committed to past decisions. After all these considerations, the decision maker takes a personal decision on the best course of action.

## **6. Implementation**

Once a decision is made, the effective managers communicate and assigned resources for its implementation. The manager also designs a feedback system to ensure they are alerted through a control system where the decision is not implemented and make respond if the desired results do not flow from the chosen alternative. The decision maker should also make detailed provision for implementing the chosen course of action with special attention to contingency plans that might be required if various known risks were to materialize. In order for effective implementation of decisions, the manager must schedule what has to be done, by whom and when. He could use such implementation concepts as Management by Objectives (MBO) and target setting. The managers can also achieve these implemented objectives by use of such tools and techniques as Networks, Charts and discussions which ensures that the desired results are obtained. The manager should learn to change methods were necessary, and change goals when appropriate.

## **4.0 CONCLUSION**

From the foregoing discussion, Decision-making is sensitive to all organisations being it Private or Public. Planning and decision-making as one of the functions of management, requires time, understanding and caution. All levels of organisations take part in decision-making. There also exist three types of decisions, the Broad-Comprehensive, Organisational and Personal decision as well as the programmed and non-programmed decisions. The styles of decision-making process overlap with one another. The process involves a number of interwoven stages. It is therefore important that organisations should be watchful of the types of decisions they make.

## **5.0 SUMMARY**

In this unit, you have learnt about that Decision-making is very sensitive to all organizations. The essentials of decision-making are definition of the problems, identification of alternative course of action, search for alternatives, selection of best alternative, choice implementation and evaluation or follow-up. The success of any organizational setup depends to a great extent on the types and styles of decision-making and implementation process

## **6.0 TUTOR-MARKED ASSIGNMENT**

1. Define Decision-making.
2. Identify the types and styles of decision-making.
3. Discuss the process of decision-making.

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## **UNIT13: BUDGETARY CONTROL IN ORGANISATIONS**

### **CONTENT OF CONTEXTS**

1.0 Introduction

2.0 Objectives

3.0 Main Content

3.1 The Meaning of Control

3.2 Budgetary Control Method

4.0 Summary

5.0 Conclusion

6.0 Tutor-Marked Assignments

7.0 Reference/Further Readings

### **1.0 INTRODUCTION**

In the last unit, you have an idea of what decision making in organization is all about. This section will take you a step further into what budgetary control in organisations is. In this unit, the focus will on budgetary control in organizations. We shall examine budget and budgetary control in an organization. We will be looking at the meaning of control and budgetary control method.

### **2.0 OBJECTIVES**

The objectives of this unit include:

1. To understand the meaning of control and its various types
2. To examine budgetary control methods

### **3.0 Main Contents**

#### **3.1 The Meaning of Control**

Control is a process of comparing performance with standard set and measuring deviation thereby enhancing future standard setting. It is a process of obtaining feedback from organization activities. Every organization must set objective to be achieved and within a specific period of time. To this objective, resources of the organization are normally committed. Feedback from the system is always obtained by comparing actual performances with standard set deviation are measured. Reasons for this deviation are sorted and corrected so that future performance could be better than the previous years, significance of deviation is measured and controlled is made and controlled to ensure that performance conforms to plans.

## **Process of Control**

There are several process involved in control these include:

1. Objective setting
2. Establishing standards
3. Monitoring the performance
1. Measuring performances against standards
2. Obtaining feedback
3. Evaluating performances
4. Taking corrective action.

## **Types of Control**

Ousage (1999), states that control could be classified according to level of authority in an organization. His classifications of the types of control are as follows:

- (1) Control to standardize performance
- (2) Control to conserve assets or as set control
- (3) Control to standardize quality and quality control
- (4) Control to limit authority without top management's approval
- (5) Control to measure performances.

Control could also be classified according to level of management authorities and position in the organization. In this regard control would be classified as:

1. Strategic control or top management control.
2. Management control or middle management control.
3. Operations control or day-to-day control of performance by staff.
3. Profitability control.



## **Method of Control**

There are several forms of activities in the organization to each of these activities techniques of control can be adopted. These include:

- (1) Budgetary control method.
- (2) Audit control method.
- (3) Network analysis method
- (4) The Grant chart method.

### **3.2 Budgetary Control Method**

Budgetary control entails the process of using budgeting as a means of control of financial activities in an organization. The organization transmutes the plan into a financial or quantitative form that covers a period time normally a financial year. The budget is the standard of performance expected during the year, the actual performance at the end of the year could now be compared to standard set, and deviation could be monitored and corrected in future budget.

**Audit Control:** This entails the usage of internal control system of the organization to ensure control of activities, the safety physical of assets, cash, and other assets include what Audit control is aimed at:

**Network Analysis:** The network analysis is the process of ensuring that the job events are completed within a reasonable time and at the least cost. Thus Network analysis ensures cost and time control of an event or job to be done.

### **Budgeting and Budgetary Control**

The process of ensuring success in an organization entails evolving the goals of the organization from the organization vision. The goals and objectives of the organization state where the organization is going and what it aims at, achieving goals are normally long term and broad in nature while the objective are short term and concise in nature. Budgets are set to achieve the various objectives of the firm; sales budget is set to achieve the market (or sale) objective.

Cash budget is set to achieve the level of liquidity required by the organization. Various other expenses budget is set to ensure that the targeted profit objective is attained etc.

### **Self-Assessment Exercise (SAE)**

Explain the meaning of control and its various types

#### **4.0 CONCLUSION**

The unit examined the meaning of control and its various types. We have explained budget and budgetary control, and the major problems of budgeting.

#### **5.0 SUMMARY**

Every organization must set objective to be achieved and within a specific period of time. Control is a process of comparing performance with standard set and measuring deviation thereby enhancing future standard setting. It is a process of obtaining feedback from organization activities.

#### **6.0 TUTOR-MARKED ASSIGNMENTS**

1. Explain the concept Control
2. Briefly explain the budgetary control methods in Nigeria

#### **7.0 REFERENCES/FURTHERREADING**

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## **UNIT 14: DEFINITION AND PRINCIPLES OF CIVIL SERVICES**

### **TABLE OF CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Definition and Meaning of Civil Service
  - 3.2 Principles of Civil Service
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

In the last section you have an idea about what budgetary control in organization is all about? In this unit, you will take a step further into the definition and principles of civil services. The focus here will be on the civil service. The civil service is the umbrella organisation in which the executive arm of government utilises to implement the rules and regulations as made by the legislatures.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- i) Define and state what a civil service is
- ii) Discuss the salient principles guiding the civil service especially in Nigeria.

### **3.0 MAIN CONTENT**

#### **3.1 Definition and Meaning of Civil Service**

The civil service is a term used to cover the public servants who are direct employees of the federal and state governments, other than the police, the armed forces personnel, judicial personnel and the teachers. Its usage excludes also employees of statutory corporations and boards 46 (Nwosu, 1977). According to Adebayo (1986), the civil service comprises all servants of the state, other than those holding political appointments, who are employed in a civil capacity and whose remuneration is paid out of money voted by the legislature. Adamolekun (1983), sees the civil service as "the body of permanent officials appointed to assist the political executive in formulating and implementing governmental policies." He also sees the second usage of the term as referring to "the ministries and departments within which specific aspects of government are carried out." Though people often see the civil service and the public service as the same thing, they are technically, not the same. Public service as a term is broader in scope than civil service. Hence, it includes not only those who work in the regular government ministries and departments but also statutory corporations, boards and the armed forces. Hence, Adamolekun (1983) defines it as the totality of services that are organised under government authority. It can therefore be said

that civil service is narrower in scope and excludes some government employees who are public servants (Obikeze and Anthony, 2004:140).

### **3.1.1 Meaning of Civil Service.**

The civil service is the administrative structure employed in civil capacity to fulfill government policies and programmes. This can be viewed in terms of structures i.e. ministries, departments, etc. or the human occupants of public offices i.e. permanent secretaries, ministers, and higher administrative staff. The Nigerian Interpretation Act of 1964 does not expressly define the term civil service. However, Section 2 of the Pensions Act of 1951 defines the "civil service, as the service in a civil capacity under the government of the federation or in a college, university or a pensionable employment under local authority." The civil service is distinguishable from the military service and police service in that while the latter two are principally concerned with the safeguard of the country from external and internal dangers, the former is concerned with purely civil and non-technical affairs of the state. Members of the civil service are employed in a civil capacity as distinguished from military, judicial or police capacity. Military officers, judicial officers, police officers and many other technical officers like doctors, engineers, and draughtsmen are, strictly speaking, not civil servants.

Civil servants are mainly of two categories: lower clerical staff and higher administrative staff. The higher administrative staff is directly responsible to the political head of department. The lower clerical staff helps the administrative staff and works under its direct supervision and control. The state reaches the citizens through the civil servants who are well trained, skilled and permanent body of professional class of officials, and who have taken government service as a career (Ekhaton, 2003: 254).

### **3.2 The Principles of the Civil Service**

The civil service is guided by impartiality. The principle of permanence is also seen as part of the maxims. We will now explain all of them.

#### **(a) Anonymity**

The principle of anonymity states that civil servants should be seen and not by principle be heard. Though they advise political office holders on issues relating to government they neither take the blame nor the glory of such policies. They are not expected to be seen defending such policies. That job is better left for political office holders and not the career officers. Civil servants as far as possible, are anonymous, and should not be seen as craving for publicity.

#### **(b) Neutrality**

The civil servant must be politically neutral. His job is to serve the government of the day with full dedication irrespective of what he feels about that particular government. He ought not to allow personal prejudices to colour his dedication to his duty. He is not expected to be a card carrying member of a political party or get involved in partisan politics though he is expected to vote at election times. The essence of making the civil servant politically neutral is hinged on the fact that since he does not leave with a change in government, he is not expected to have a strong attachment to any particular government so as to enable him give his best to make government policies succeed irrespective of his personal feelings towards such policies or government.

### **(c) Impartiality**

Civil servants are paid from tax payers' money which does not belong to anybody or group in particular. They are therefore, expected to discharge their duties without fear or favour. Since the constitution emphasises the equality of all citizens, they are supposed to be treated equally by the civil servants.

In rendering service to the public, the civil servant is expected to treat everybody with a high degree of impartiality. Favouritism is against the principle of the civil service and should not be encouraged in any guise whatsoever.

(d) **Permanence** The civil service is often defined as a permanent body of officials that carry out government decisions: It is permanent and its life is not tied to the life of any particular government. Governments come and go but the service remains, or to use the; Nigerian jargon, *soldier go, soldier come but barrack remain*. The civil service in this regard, is the barrack that remains (Obikeze and Anthony: 2004).

### **SELF-ASSESSMENT EXERCISE**

How many principles of civil service are mentioned in this unit?

### **4.0 CONCLUSION**

The definition and principles of civil service introduced you to the concept. More analysis of civil service shall be discussed in subsequent units.

### **5.0 SUMMARY**

The concept of civil service is briefly discussed hereby discussing its definition and principles.

### **6.0 TUTOR-MARKED ASSIGNMENT**

Mention three principle of civil service.

### **7.0 REFERENCES/FURTHER READING**

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## **UNIT 15: FEATURES AND FUNCTIONS OF CIVIL SERVICE IN NIGERIA**

### **TABLE OF CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
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  - 3.2 Functions of Civil Service
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### **1.0 INTRODUCTION**

In the last section you have an idea about the meaning and principles of civil service is all about. This unit will take you a step further into the concept of civil service. We shall be examining the features and functions of the civil service. The civil service has features and functions. Both of them are discussed in this unit for your understanding.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- i) List the features of civil service
- ii) Identify the functions of civil service.

### **3.0 MAIN CONTENT**

#### **3.1 The Features of Civil Service**

The administrative institutions in Nigeria are a legacy of the British model. Since Nigeria inherited virtually all administrative institutions from Britain, her erstwhile colonial rulers, the Nigerian public service is based on the West Minister model. The main characteristics of the Nigerian public service include the following:

##### **3.1.1 Professionalism**

The most significant feature of civil service is that it is a professional class of officials who are trained and skilled. Like other professional groups of people engaged in different profession, the profession of civil servants is to run the administration. It does not mean that civil service is a single profession like shoe-making or brick laying, rather, it is a sum total of multi-profession ranging from mail delivering to administering a

local government area council, all engaged in a single aim, i.e. the execution of public policy.

### **3.1.2 Hierarchy**

Hierarchy is the second fundamental characteristic found in civil service. By hierarchy we mean the separation between superior and subordinate offices; i.e. each lower office is under the control and supervision of a higher one. Then, there exist fixed salaries which are paid in accordance with the nature of the job and responsibility as well as the social status. In addition, there are chances of promotion and career advancement based on seniority and merit. Moreover, there is a right of appeal and statements of grievances from the lower to the higher authority.

### **3.1.3 Legal Basis**

The civil service system is always provided with a legal, basis. This may, to a large extent, be customary and uncodified or it may be in the form of ministerial regulations as in the United Kingdom, or it may be set forth in considerable detail in, a written constitution for the political jurisdiction. Generally, it possesses a statutory base either in an elaborate civil service code or in a collection of civil service laws.

### **3.1.4 Personnel Agency**

In some countries there is a provision for a central personnel agency or agencies that are in charge of maintaining the civil system. To this end, usually the British model is adopted by a large number of countries, where the responsibility of selection of civil servants is given to the civil service commission. In Nigeria, the Federal Civil Service Commission and state's civil service commission are made responsible for recruitment of federal and state civil servants.

### **3.1.5 Security of tenure or permanence**

This means that changes in government do not bring about changes in public servants. Governments come and go but public servants remain as long as they perform their work properly. The public service is a career to which the public servants can devote their time and energy until they attain retirement age. It is only in very serious cases of misbehavior that they can be dismissed or retired.

### **3.1.5 Political Neutrality**

This means that public servants should not be member of any political party. They should not take part in partisan or party politics. They cannot contest election or comment publicly on political matters. If they wish to do so, they have to resign their appointment.

### **3.1.7 Impartiality**

The public servants are expected to apply the laws of the land without any fear or favour to any person or group of persons in the society. Thus, the public servants should serve all members of the public to the very best of their ability. They should act with maximum fairness towards all members of the society. There should be no discrimination of any kind.

### **3.1.8 Anonymity**

This means that they must work without any aim of making fame or name. They should remain anonymous, whatever blames or praise for any act of omission or commission will directly go to the minister who is the political head of the department.

### **3.1.9 Meritocracy**

Another significant characteristic feature of the public service is that both recruitment from within and recruitment from without are based on merit. To be recruited into the service one has to satisfy certain

given standards such as educational qualifications, good performance in the qualifying examination and interviews. Above all, promotion within the system is based on seniority, efficiency and experience.

### **3.1.10 Established Procedures of Work**

In a developed civil service system, well established procedure are planted for the conduct of common personnel transactions such as recruitment, training, promotion, demotion, dismissal, performance evaluation, compensation, etc. These standardised methods provide objectivity in the choice of entrants to the civil service and also help in offering equal treatment to everybody already in service (Ekhatior, 2003: 255-256).

### **SELF-ASSESSMENT EXERCISE**

How many features of civil service are mentioned in this unit? List any five.

### **3.2 Functions of Civil Service**

The functions of the civil service may be discussed under the following main heads. These are as follows:

**(a) Advice:** The primary function of the civil service is to advise the political executive. Ministers depend on the advice of their higher administrative staff who are the reservoir of information and wisdom regarding the subject matters which they administer. Even to formulate his own programme, the political executive relies on the civil service officials while administering many problems which arise - which are usually solved by the civil service before reporting to the political head, if at all, for approval or mere information.

**(b) Programme Planning:** Broadly speaking, planning is the duty of the political chief executive. Planning and periodic adjustments of the revenue structure is a responsibility of the minister for finance; agricultural prices and water policy - functions of the ministers for Agriculture and Water Resources; petroleum policy, a function of the minister for petroleum, etc. But there is a field where the civil servants also perform the function of planning, and this is the field of delegated legislation. The legislature makes laws in broad outlines for execution and implementation of which certain basic rules and regulations are required. The civil servants who execute those laws determine the specific steps to take in order to bring to fruition a policy or a law already agreed upon. To the extent that the policy decision is ambiguous or vague, programme planning may actually affect policy though in principle. Its purpose is merely to effect policy. Programme planning involves a careful analysis of the job to be done. It is a deep perception of the whole operation. The success of any new policy will depend ultimately upon good programme planning. Good performance planners develop by experience. They learn the art by daily practice and not by reading from books.

**(c) Policy Formulation:** The civil servants advise their political head, the minister, on a wide range of policy matters. Thus, the civil servants play crucial roles in policy formulation.

**(d) Drafting Bills:** Top civil servants aid their political boss to draft bills or to prepare legislative proposals. This is a usual practice in a parliamentary democracy.



**(e) Policy Implementation:** Once a minister has decided on what to do, it is the responsibility of the civil servants to carry out such decisions.

**(f) Budget Preparation:** The civil servants prepare the annual financial statements of their respective ministries. This annual financial statement which is technically called the yearly budget comprises income and expenditure of government. The various financial statements from the various ministries are integrated into one document known as the budget.

**(g) Law Making:** Besides bill drafting, the civil servants now make minor laws known as delegated legislation.

**(h) Negotiation with Outside Groups:** Civil servants discuss, bargain or negotiate with interest groups, other governments and international organisations on behalf of their own government.

**(i) Quasi - Judicial Function:** In recent times, civil servant protect civil liberties by institutional administrative inquiries into alleged wrong doings of public officers and where such allegations are proved right, they recommend disciplinary actions to be taken against the affected officers.

**(j) Production** Another important function of the civil service is production. Goods produced may be tangible goods like kilograms of rice and kilometers of concrete roads, and less tangible services such as cases of legal disputes decided or school children educated. Every official involved in administration needs work standard to enable him to determine whether his organisation is reasonably living up to mark, whether his subordinate staff are competent and whether there is a rise or fall in the level of efficiency and output.

**(k) Organisation and Methods:** The primary purpose of which a civil service is set up is to effect improvement of working methods so as to remove waste and loss of efforts and secure complete utilisation of available resources. This function is performed with the aid of units specialised in what has come to be known as organisation and methods of work often called O and M (Ekhator, 2003: 257-2458).<sup>54</sup>

## **SELF-ASSESSMENT EXERCISE**

Discuss any 6 functions of the civil service.

## **4.0 CONCLUSION**

The features and functions of civil service are important in its understanding, hence, they have been analysed for you.

## **5.0 SUMMARY**

Extensive analysis of the features and function of civil service are discussed in this unit. The evolution of civil service shall be discussed next.

## **6.0 TUTOR-MARKED ASSIGNMENT**

Itemise any 5 functions of civil service.

## **7.0 REFERENCES/FURTHER READING**

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## **UNIT 16: EVOLUTION AND STRUCTURE OF THE CIVIL SERVICE IN NIGERIA**

### **TABLE OF CONTENTS**

1.0 Introduction

2.0 Objectives

3.0 Main Content

3.1 The Evolution of Civil Service in Nigeria

3.2 The Structure of Nigerian Civil Service

4.0 Conclusion

5.0 Summary

6.0 Tutor-Marked Assignment

7.0 References/Further Reading

### **1.0 INTRODUCTION**

In the last section you have an idea about what the features and functions of civil service is all about. This unit will take you a step further into the evolution and structure of the civil service in Nigeria. The focus here is on the evolution of civil service in Nigeria. Nigeria was colonised by Britain and the civil service in Nigeria was modeled after that of Britain. The evolution of the civil service in Nigeria started from colonial period and has undergone many processes. You are being treated to these process to enable you know how the civil service had evolved over the years.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- (i) Discuss the evolution of Nigerian civil service
- (ii) Analyse the structure of the Nigerian civil service.

### **3.0 MAIN CONTENT**

#### **3.1 The Evolution of Nigerian Civil Service**

In tracing the emergence and growth of the civil service in Nigeria, Nwosu (1977), started from 1900 when Britain formally established her authority in most of the area that had then become Nigeria. The British divided the country into three for administrative purposes. They were the Colony of Lagos and the Protectorates of Northern and Southern Nigeria. Later in 1906 the Lagos Colony was merged with the Southern Protectorate and renamed the Colony and Protectorate of Southern Nigeria. In 1914 the two

protectorates were amalgamated, and subsequently became known as the Colony and Protectorate of Nigeria. In order to be able to administer the territory, Britain imposed a unified alien civil service on Nigeria without giving much thought to its impact on the Nigerian traditional communities with their conflicting values, interests, norms and authority structure (Kingsley, 1963). It must be pointed out that despite the amalgamation and its attendant unification of the civil services of the north and south, the two areas still developed, at their own pace. The major function of the civil service was mainly the maintenance of law and order and raising enough revenue to sustain the colonial authorities. According to Okoli (2002), the service was geared towards the negative policy of preventing trouble in the areas under its administration. Economic and social development was never a major objective of the administration. Nwosu (1977) outlined the structure of the colonial service thus; At the head of the public service was the Governor-General, who was accountable to the colonial secretary in London. The colonial secretary was himself accountable to the British cabinet and the parliament.

The Governor-General delegated his authority to the Chief Secretary, who was the effective head of the service. The chief secretary coordinated the entire service which was divided into two major parts - the departmental and the political administration. The departmental administration covered the technical and professional functions of the colonial regime. Such as education, health, agriculture, treasury, forestry, public works and audit. Assisting the Chief Secretary were the various departmental heads. In the absence of elected representatives of the people, they not only advised the Governor, but initiated policies, participated in legislation, and supervised the execution of enacted bills and approved policies. While the heads of technical departments operated from the central secretariat in Lagos, their subordinates were in charge of field offices. Considering the 'authoritarian' nature of colonial regimes and given the limited scope of colonial policies, the technical and professional heads of departments carried their duties without deference to any organised clientele or public; the constraints and contingencies that stemmed from the wider environments were tackled by the field administrators.

The field officers referred to above were the Lieutenant Governor, the Residents, and the District Officers. These officers who were the pillars of colonial administration were fully responsible for the maintenance of law and order and the mobilisation of resources, which in any case were the main goals of colonialism. In explaining the importance of these officials in colonial administration, Kingsley (1963), stated that: The president and the governor, each in his geopolitical area, were concerned and more often than not, in more remote areas, a strong administrative officer was the government in the real sense of it.

These field officers it must be pointed out did not rule the people. Indirectly, instead they ruled them through their own people indirect rule in the north it was fairly easy since the emirs were already fully in-charge before the advent of colonialism. They had almost questionable powers and also had a system of taxation. In the west where the Obas were fully in charge, (though with some measure of checks and balances) the indirect rule system was also successful. The east provided a different scenario all together. With the exception of few areas, where established traditional authorities were already in existence, the diffused authority system which was described as segmentary or fragmented (Ubikeze and Obi 2003), made it difficult for the indirect rule system to be introduced. However, this did not deter the colonial

officials from building a structure on which their administration rested. They created the 'Warrant Chiefs' and made them to perform the roles that their counterparts in other parts of the country had been performing. It undoubtedly encountered many problems.

The fusion of western administration with the traditional African, System, produced a new structure which Nwosu (1977), says corresponded with Fred Rigg's description of the pattern of role differentiation in a traditional society. Riggs (1963) said that: "We find, then, in the transitional society a dualistic situation. Formally superimposed institutions patterned after, western models coexist with earlier indigenous institutions of a traditional type in a complex pattern which was heterogeneous over lapping. The new patterns thrive best at the centre in the higher levels of society; the older patterns persist most vigorously at the periphery, in the rural hinterlands and the lower levels of society, but the mixture is everywhere present and produces new forms characteristics of neither the western nor the traditional institutional systems."

At this early period, Nigerians were restricted to the lower echelons of the civil service. Though the south and the north were amalgamated in 1914, both regions still had their separate civil services. In fact Odumosu (1963), states that departments like education, policy and prisons in the north were separated in policy and control from their southern counterparts. 58

The Richard's Constitution of 1946 marked a watershed in the political and administrative history of Nigeria. The constitution provided for a House of Assembly for each of the regions plus a House of Chiefs for the northern region: It equally provided a legislative council at the centre with an African unofficial majority. The councils were to advise the Regional Governors on any matter referred to them. The Governors were however not bound to accept their advice. According to Arthur Richards the objective of the 1946 Constitution was to Create a political system which is in itself present advance and contains living possibility of further orderly advance - a system within which the diverse elements may progress at varying speeds amicably and smoothly towards a more closely integrated economic, social and political unity without sacrificing the principles and ideals inherent in their divergent ways of life (Obikeze and Obi, 2004: 142-145).

### **SELF-ASSESSMENT EXERCISE**

When do you think the evolution of civil service started in Nigeria?

### **3.2 The Structure of the Nigerian Civil Service**

Prior to the Udoji Commission Report of (1974), the Nigerian civil servants were divided into two separate groups - the administrative group and the professional group. Both groups were hierarchically organised. While the administrative group was made up of the administrative class, the executive class the clerical class and the manipulative class, the professional group consisted of the professional class, the technical class, the auxiliary class and the minor technical class. Each of the classes within the two groups operated so rigidly that it was very difficult for a civil servant to move from a lower to a higher class. This implied that a civil servant once recruited remained in the same class or grade throughout his service career. However, in 1974, based on the recommendations of the Udoji Commission on the re-

organisation of the civil service, the Federal Government of Nigeria abolished the former four classes and replaced them with a unified grading system in which all the jobs or positions in the service were graded from levels 01-17, grade level 01 being the lowest while grade level 17 represents the highest position in the civil service. With this development, an employee can now join the service at level 01 and climbs upwards to his ability before retirement.

In spite of this significant change, five main classes of civil servants still exist today in Nigeria, though not officially: These include the administrative class, the professional class, the executive class, the clerical class, and the manipulative class.

Let us briefly explain each of these classes:

(a) The administrative class: This is the most prestigious and remunerative class in the civil service. Civil servants in this class are very close to the political head, i.e., the ministers/commissioners. Their main function is to advise the political head on policy matters. To be recruited into this class, the applicant must possess at least a second class honours degree from a recognised university and must in addition pass the interview conducted by the civil service commission.

(b) The professional class: This class consists of specialists like doctors, lawyers, engineers, surveyors, architects, etc., who are charged with the responsibility of advising the government on technical matters. These experts help the government in construction of roads, houses, run hospitals, engage in agriculture, etc.

(c) The executive class: The executive class consists of such positions as the executive officer, higher executive officer and senior executive officer. Civil servants in this class are involved in general administration and are charged with the actual implementation of government policies and programmes. The executive class used to be recruited from among people with good Higher School Certificates or General Certificate of Education, Advanced Level or a Diploma in Public Administration. These days, however, it has become the preserve of the people with less than a second class lower degree as well as that of Higher National Diploma Holders in the relevant fields.

(d) Clerical class: This class is made of a large number of subordinate staff who performs supportive functions to the government.

(e) The manipulative class: This class is made up of all the skilled and semi-skilled workers who abound in the various ministries and departments. These include the drivers, cleaners, guards, postmen, gardeners, etc. who represent the manual labour forces of the government (Ekhaton, 2003:259-261).

### **SELF-ASSESSMENT EXERCISE**

List any 5 main classes of civil servants.

### **4.0 CONCLUSION**

The evolution of civil service in Nigeria started in 1900 when Britain formally colonised Nigeria. Since then, many reforms have changed the features of the civil service in Nigeria. You are treated to these changes in the civil service to enable you know its evolutionary process.

## **5.0 SUMMARY**

In this unit, we discussed the evolutionary and structural processes of the civil service in Nigeria. Main features and events were highlighted and discussed.

## **6.0 TUTOR-MARKED ASSIGNMENT**

Who were the field officers during colonial administration?

## **7.0 REFERENCES/FURTHER READING**

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## **UNIT 17: APPOINTMENT TO THE PUBLIC SERVICE**

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- 5.0. Summary
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### **1.0 INTRODUCTION**

In the last section you have an idea about what the evolution and structure of the civil service in Nigeria is all about. This unit will take you a step further into the appointment to the public service in Nigeria. The focus here is on the appointment to the public service in Nigeria. A major function of the personnel division is to ensure that an organization is staffed with highly qualified and experienced staff. Appointment of employees to the Public Service has certain guidelines that must be adhered to. Any person that is not duly employed can be weeded out at any time the error is discovered. Apart from newly employed staff, rules are also available for probation period, for officers, Conditions for transfers and secondments and acting appointment are also spelt out in this unit. This unit cannot reproduce all the public service rules but concentrates on those rules that are common to public service organizations in Nigeria

### **2.0 OBJECTIVES**

After studying this unit, you should be able to:

- (a) List the authorities responsible for appointment in the Public Service
- (b) Enumerate the rules for appointments on probation and contract
- (c) Differentiate between transfer and secondment
- (d) Explain the rules guiding acting appointment

### **3.0 MAIN CONTENT**

#### **3.1. Authorities for Appointment**

Appointments to Public offices in the Federal Civil Service are made on the authority of the Federal Civil Service Commission. These appointments are made either:



- (a) By letter written under the direction of the Federal Civil Service Commission; or
- (b) By formal agreement between the officer and the Federal Government or its appointed agents. Subject to Rules 020205, 020206 and 020207—Permanent Secretaries/Heads of Extra-Ministerial Offices have power of appointment which has been delegated to them.
- (i) The Federal Civil Service Commission shall make appointments to posts graded GL.12 -17. Such appointment shall be made as the need arises into the available vacancies after advertisement. Officers intending to transfer their services shall take part in the annual Public Service Examinations for posts GL 07-10.
- (ii) Subject to modalities to be prescribed by the Federal Civil Service Examinations from time to time, each Ministry/Extra-Ministerial Office shall select from the pool of successful candidates at the Civil Service Examination prescribed in Rule 020102.
- (iii) There shall be an annual competitive Civil Service Entry Examination for posts graded GL. 07-10 for new entrants and serving Officer wishing to transfer from other schedule services. This examination shall be conducted by the Federal Civil Service Commission in conjunction with the Office of the Head of Civil Service of the Federation, Administrative Staff College of Nigeria and the Public Service Institute of Nigeria.
- (iv) To qualify for this examination candidates must possess an Honours Degree or Higher National Diploma not below upper credit in relevant disciplines as provided for the in the Schemes of Service. Final selection shall be made by the line Ministries/Extra-Ministries Offices in line with their requirements.
- (a) Each Ministries/Extra-Ministries Office shall appoint Junior Staff on GL. 06 and below. This shall be handled by the Junior Staff Committee of each Ministry/Office, with a representative of the Federal civil Service Commission and the Head of the Civil Service of the Federation at any meeting of the Committee, subject to the approval of the Permanent Secretary/Head of Extra-Ministerial Office.
- (b) Appointment in the Federal Ministries/Extra-Ministerial Offices in the State shall be from the residents of that state who possesses the qualifications prescribes in the approved Scheme of Service.
- (c) Each Ministries/Extra-Ministries Office shall work out the actual establishment or requirements for each State Office. The Junior Staff Committee (Local) shall conduct the interview to appoint the officers subject to approval of the Permanent Secretary/Head of Extra-Ministerial offices.
- (d) Promotions to all posts in the Federal Public Service other than those of Permanent Secretaries are vested in the Federal Civil Service Commission, which, has however, authorized Permanent Secretaries/Head of Extra- Ministerial Offices to promote eligible candidates to posts in respect of which the powers of appointment have been delegated.
- (e) Seniority in any department shall be determined by the entry date/the assumption of duty certified by an authorized officer as reflected in the appropriate register.
- (f) Date of birth recorded on appointment by an officer shall not be changed throughout the career of the officer. Any contravention shall be regarded as an act of serious misconduct.

### **3.2. Recruitment**

020201 – “Recruitment” means the filling of vacancies by the appointment of persons not already in the Public Service of the Federal Republic of Nigeria. It, however, excludes the transfer of officers from other Public Service in the Federal Public Service.

020202 – Direct appointment to the Federal Public Service may be in any of the following categories:

- (a) As trainees or pupils;
- (b) On probation in a pensionable post;
- (c) On non-pensionable contract to a non-pensionable post, or against a pensionable post for a specified period; and
- (d) On temporary basis other than (c)
- (e) When posts prove difficult to fill, they shall normally be advertised.

020204 – Except where the Federal Civil Service Commissions decides otherwise, all first appointments to the pensionable establishment in posts other than trainee post (see Rule 020203) will be on probation. An officer confirmed in a lower pensionable office will not however be regarded as on probation in a higher post to which he/she is promoted nor will an officer seconded or transferred as confirmed officer from pensionable service elsewhere.

020205 – To be eligible for appointment into the Federal Public Service, every applicant must:

- (a) Not be less than 18 years and not more than 50 years of ages;
- (b) Posses such minimum qualification as may be specified from time to time including computer literacy;
- (c) Be certified by an authorized Health Care Provider as medically fit for Government Service;
- (d) Possess a testimonial of good conduct from last employer or if not previously employed, form the last school or college attended;
- (e) Possess requisite qualifications as provided for in the Scheme of Service; and
- (f) No officer shall be appointed into the Federal Public Service without authorization for appointment from the Office of the Head of the Civil Service of the Federal and Supervisory Boards in the case of Parastatals. **020206** – No candidates shall be appointed to any post in the Federal Public Service without the prior specific approval of the Federal Civil Service Commission if:

- (i) The candidates has been convicted of a criminal offence; or
- (ii) He/she has previously been employed in Government Service and been dismissed or called upon to resign or retire there from. Such approval must always be obtained irrespective of any delegation of the Commission’s power.

**020209** – It is the duty of every Permanent Secretary/Head of Extra Ministerial Office to ensure that all officers/staff in his Ministry/Extra – Ministerial Office sign an Oath of Secrecy Form I and that the Oath so signed is carefully preserved.

**020210** – No Public Officer shall become a member of any Secret Society. Any Public Officer who is a member of such Society shall renounce his membership forthwith by making a Statutory Declaration to that effect, or resign his appointment, or retire from the service.

**020211** – Contravention of Rule 020210 shall be regarded as an act of serious misconduct and shall attract appropriate disciplinary action which may include dismissal from service.

### **Self-Assessment Exercise**

1. List the Authorities for appointment in the Federal Public Service.
2. Which organ is responsible for the promotion to all posts in the Federal Public Service except those of Permanent Secretaries?
3. What is the current rule about date of birth?

### **3.3. Rules for Appointment on Probation and Contract**

**020301** – Officers on probation will be required to serve for two years before being confirmed in the service. This period may however be reduced to not less than six months by deduction of any previous period of Public Service rendered satisfactorily in posts of cognate status involving similar duties. The period of probation shall not exceed two years unless an extension may result in the increment penalty referred to in Rule 040206, if the Commission so decides.

**0202303** – To be eligible for confirmation in the Permanent Establishment, an officer appointed on probation is required to pass the prescribed examination, if any, during his probationary period and to complete his probationary period to the satisfaction of the authority empowered to appoint him. At the end of the period of probation the officer will, unless his probationary appointment is terminated or extended, be confirmed in his appointment.

### **Rules for Appointment on Contract**

**020401** – A contract appointment is a temporary appointment (which does not provide for the payment of a pension) to a post of the level to which appointment is made by the Federal Civil Service Commission for a specific period as opposed to appointment on pensionable terms and temporary employment. The contract appointment must be recorded in a formal document of agreement.

**020402** – (a) The Conditions of Service of a Contract Officer are those provided for his/her contract and the privileges, emoluments or allowances described in these Rules do not apply to him/her unless they are specifically so stated in the contract itself. Any question of the interpretation of a contract affecting his/her Conditions of Service should be referred to the Office of the Head of the Civil Service of the Federal.

(b) (i) Contract appointments may be offered to expatriates only when suitable Nigerians are not available. Nigerians may be appointed on contract terms if:

(a) They are pensioners;

(b) They are 50 years of age or over at the time they are being appointed;

(c) They specifically request to be employed on contract terms and it is

(d) The candidate possesses specialized and competencies or skills and provided such posts are duly advertised in at least three national newspapers.

- (ii) For non-Nigerians, the provisions of the Public Service Rules regarding appointments shall apply in all cases, except for those persons married to Nigerians.
- (iii) Spouses married to Nigerians should remain on contract until granted Nigerian citizenship before being considered for appointment

### **3.4. Transfer and Secondments**

**020501 –Transfer** is the permanent release of an officer from one scheduled service to another or from one class to another within the same service.

**Secondment** means the temporary release of an officer to the service of another Government, approved body or any recognised International Organisation or body for a specified period.

**020502 – Inter-Service Transfer/Secondment:** The following procedures shall apply in processing Inter-Service Transfer and Secondment:

- (i) Applications for Transfer/Secondment to posts graded GL 06 and below shall be determined by the Ministry/Extra-Ministerial Office of the applicant's choice.
- (ii) That applicant for Transfer/Secondment to posts graded GL 07 – 10 in any Ministry/Extra-Ministerial Office shall be determined by the Federal civil Service Commission. Since GL 07 – 10 is an entry point, Officers seeking transfer from scheduled establishments are required to sit for the Annual Competitive Civil Service Entry Examination.
- (iii) Confidential reports covering the last three years (or whole service if less than three years) of the officer's service shall be furnished.
- (iv) Secondment of an officer to the service of another Government, or Approved Body or recognised International Organisation at his own request shall be for a maximum period of two years in the first instance after which the officer must apply for extension, seek for transfer or return to his former post. All extensions must be approved by the appropriate Committees and the Federal civil Service commission.

The total period of such secondment must not exceed four (4) years.

**020503 – (a) Senior Posts** – Transfers from one senior post to another or from one class to another within the Federal Public Service require the prior approval of the Federal Civil Service Commission. An officer must have served for a minimum period of 6 months in his original Department before seeking transfer to another Department. An application for such transfer must be submitted to the Permanent Secretary/Head of Extra-Ministerial Office of the applicant and must state the applications reasons for desiring a transfer and his qualifications for the work to be undertaken. Such applications should be forwarded to the Federal Civil Service Commission by the Permanent Secretary/Head of Extra-Ministerial Office together with a statement as to:

- (i) How the applicant has performed his/her duties;
- (ii) Whether the applicant is considered to be well qualified for the post desired; and
- (iii) Recommendations as to the grant or refusal of the application.

**(b) Junior Posts** – Transfers from one junior post to another within the Federal Public Service or from one Department to another may be arranged, with the consent of the officers being considered for transfer, at the mutual discretion of their Permanent Secretaries/Head of Extra- Ministerial Offices.

### **3.5. Acting Appointment**

When it is necessary that a particular duty post (of status not lower than Senior Clerical officer) should continue to be filled at a time when no officer of corresponding substantive rank is available for posting thereto, some other officers may, with the approval of the Federal civil

Service Commission; be formally appointed, by notice in the gazette, to act in the duty post and assume either fully or in part, the duties and responsibilities thereof. The mere fact that the substantive holder of a duty post will be absent therefore for a short period (e.g. on casual leave or on sick leave) does not in itself justify an acting appointment; there may however be circumstances, (such as compliance with statutory provisions) which necessitate the making of an acting appointment for a relatively brief period. The decision whether an acting appointment is necessary or desirable in any particular case will rest with the Federal Civil Service Commission.

Acting Appointments are not intended as a means of testing the suitability of officers for promotion; they will normally be made only in order to fill posts that are temporarily vacant and their duration should be limited accordingly.

Recommendations for Acting Appointments must be forwarded to the Federal Civil Service Commission on general form 66 and must include thereon a certificate to the effect that the Acting Officer will assume the full duties and responsibilities of the post in question. Approved acting appointment will be gazetted by the Federal Civil Service Commission but it will on no account be back dated to a period in excess of six months of the date of receipt of the recommendation by the commission.

### **4.0. CONCLUSION**

A Public Servant must be conversant with the rules guiding his/her employment in the Public Sector Organisation he/she works in. Such knowledge enables the officer to know what to expect and how to conduct him/her appropriately. Apart from personal advantage, a

Public Officer should be able to explain Public Services Rules guiding, appointments, transfers and secondments to all who desire such information.

### **5.0. SUMMARY**

This unit explains Public Service rules on authorities for appointment, recruitment, probation, contract, transfers, secondments and acting appointments. The Federal Civil Service is responsible for appointments. This power of the Federal Civil Service is often delegated to Permanent Secretaries and Heads of Extra-Ministerial Offices. The term recruitment in the

Nigerian Public Service means filling of vacancies by the appointment of persons not already in the Public Service. A person is on probation until his/her appointment is confirmed. Public servants can be transferred or seconded to another organisation, public or private employee on a lower scale can act in a higher capacity.

### **6.0. TUTOR MARKED ASSIGNMENT**

1. Explain five conditions guiding eligibility for appointment in the Nigerian Federal Public Service.
2. What are the terms guiding contract appointments in the Nigerian Federal Public Service?
3. What are the rules guiding secondments of officers?

#### **7.0. REFERENCES/ FURTHER READINGS**

Federal Republic of Nigeria (2009), *Public Service Rules*. Abuja: Office of the Head of Civil Service of the Federation.

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## **UNIT 18: PERSONNEL MANAGEMENT IN THE NIGERIAN CIVIL SERVICE**

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### **1.0 INTRODUCTION**

In the last section, you have an idea of what training and manpower development are all about. This section will take you a step further into the Concept of Personnel Management in the Nigerian Civil Service. In this unit, we shall be looking at the meaning and evolution of the Civil Service; the organizational chart of the service, the Principles or Characteristics of the Nigerian Civil Service, the functions, advantages and disadvantages of the Nigerian Civil Service.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- i) Explain the meaning and evolution of the Nigerian Civil Service
- ii) Identify the principles of the Nigerian Civil Service.
- iii) List the functions of the Nigerian Civil Service
- iv) List the advantages and disadvantages of the Civil Service

### **3.0 MAIN CONTENT**

#### **3.1 MEANING AND EVOLUTION OF THE NIGERIAN CIVIL SERVICE**

The Civil Service is an institution created by the government to take care of the various needs of the society or a country either directly or through agencies responsible or answerable to the service (Nwosu, 1977). The Civil Service had laid down rules and regulations but the service is designed primarily to govern the conduct of governmental affairs and to safeguard public interests. The service spent time taken in considering issues thoroughly and ensure that decisions are not based on wrong conclusions and premises but that facts are made available.

The Civil Service refers to the body of permanent officials employed to assist the political executives in implementation of governmental policies. The effectiveness of the Civil Service in the discharge of its functions depends on the will of the society it serves and also on its ability to responds in practical terms to its policy decisions (Nwosu, 1977). There is self-respect and security of tenure of office of the Civil Servants. It can therefore be said that, Civil Service is narrower in scope and exclude some government employees who are public servants. According to the 1998 Civil Service reforms, Civil Servants excludes the President and Commander-in-chief of the Army Forces, Governors, Local Government Chairmen, Ministers, Commissioners, Supervisory Councilors etc. (precisely all political office holders) The term Civil Service therefore covers all employees of the state other than those holding political appointments who are employed into the Civil Service.

The vision of the Civil Service is to develop professionally sound, highly competent and qualified personnel, technological-driven and performance-oriented. The office of the Head of Service of the Federation is responsible for providing leadership and direction to the service through the promotion of good relations between Ministers and the Civil Servants. The mandate of the Head of Service is to provide management leadership, planning, training and motivation of Civil Servants in all the Ministries and departments of the government. Ademolekun, (1983), believes that the Civil Service is meant to provide social services to the populace. Public service as a term is broader in scope than Civil Service. It includes not only those who are employed into government Ministries and departments but also, statutory cooperation e.g. (PHCN, NITEL) etc. and the armed forces.

Public service means the totality of services that are organized under government authorities. The evolution of the Civil Services in Nigeria started from 1900 when Britain formally established her authority in most areas in Nigeria. The British divided the country into three regions (Colony of Lagos, and the Protectorates of Northern and Southern Nigeria). In 1906, the Colony of Lagos was merged with the Southern Protectorate and by 1914 the Northern and Southern protectorates were amalgamated, and subsequently became the colony and protectorate of Nigeria. Before now, the British imposed an alien Civil Service on Nigeria without giving much thought to the impact on the Nigeria traditional communities, their conflicting values, interest, norms, and structures.

Despite the amalgamation and its attendant unification the two regions developed at their own space. The major function of the Civil Services at that time was mainly the maintenance of law and order and



secondly to raise revenue to sustain the colonial authorities. Economic and social Development was never a major objective of the administration. However, Nwosu, (1977), outlined the structure of the colonial service in Nigeria thus: The Governor-general was the Head of Public Service; he was accountable to the colonial secretary in London. The colonial secretary was himself accountable to the British cabinet and to the parliament. The Governor-general delegated his authority to the Chief Secretary as the effective Head of Service. The Chief Secretary divided the activities of public services into two parts for effective coordination.

A department, comprises of (technical, professional) and the political administration class. This category of personnel assists the Chief Secretary in overseeing the territory. The departmental and political heads, do not only advise the governor, but initiate policies, participates in legislation, and supervised the execution of enacted Bills and approved policies. The Head of the technical and professional department operates from the Central Secretariat in Lagos with the assistance of the Field Officers. They carried out their duties without deference to any clientele. The Field Officers who were referred to as Lieutenant Governor do not rule the people directly; instead they ruled them through their own people-indirectly.

In the North, the indirect rule system was easy because the Emirs were fully in control of the people before the advent of colonialism; they had unquestionable powers. In the West, the indirect rule was also successful; the Obas were fully in control (though with some measures of checks and balances). In the East, it was a different scenario all together, with the exception of few areas. The diffused system of authority was described as segmentary /fragmented; this made it difficult for the indirect rule system to be introduced. However this did not deter the colonial officials from building an administrative. They created the warrant chief and made them to perform the roles of their counterparts in the North and Western regions.

However, the system of administration in the Eastern region undoubtedly encountered many problems as stated in Unit six of module one (Ecology and Evolution of Public Administration). During this period, Nigerians were restricted to the lower echelons of the civil service.

### **3.1.1 Organisational Structure of the Nigerian Civil Service**

The defunct 1988 Civil Service reforms recommended the organisational structure of the Nigerian Civil Service to comprise the following:

- (a) Secretary to the Government
- (b) Permanent Secretary
- (c) Directors
- (d) Deputy Directors
- (e) Assistant Directors
- (f) Principal Officers
- (g) Senior Officers
- (h) Administrative Officer I & II, and
- (j) Junior Officers.

However, the Structure of the Civil Service can be divided into the following categories:

- (i) The Administrative Class
- (ii) The Executive Class
- (iii) The Professional Class
- (iv) The Junior Cadre.

**The Administrative Class:** The administrative classes are officers admitted into the Civil Service with a University degree in any discipline or with the attainment of a Professional qualification. These categories of staff are referred to as the core Civil Servants. They could rise to the peak of the Civil Service. A university graduate enlisted into the Nigeria Civil Service starts from the position of an administrative officer II and can rise to the position of the Permanent Secretary and probably Secretary to the Government.

**The Executive Class:** These categories of Civil Servants are called 'Assistants'. They are admitted into this class with a Polytechnic degree, Higher National Diploma (HND) or other lower qualifications and can rise through the ranks. Unlike the administrative officers, the highest level for them in service is Grade Level 13. On the attainment of this level, they either obtain additional qualification (a degree or professional qualification or mark time on the level until they retire). These categories of Civil Servants can be converted to administrative class only if, they have the necessary qualification.

**The Professional Class:** These categories of Civil Servants are the Engineers, Doctors, Lawyers, Architects and Accountants etc. The academic and professional qualifications they possess determine their positions as officers or assistants. They can rise to the peak of the Civil Service.

**The Junior Cadre:** These are Officers on Grade Level 01-07, their academic qualifications may range from First School Leaving Certificate to National Certificate of Education (NCE) they are not specifically trained, and they are not professional. They constitute the unskilled and semi-skilled labour. They constitutes about 40-60% of the workforce of any Organisation. These categories of Civil Servants are the clerical officers, drivers, massagers/office assistants, cleaners, typist, gardeners, security guards, key punch operators, receptionist etc.

#### **Self-Assessment Exercise:**

1. Explain the Personnel practices performed by the Civil Service
2. Explain the Organisational Structure of the Civil Service

### **3.2 PERSONNEL PRACTICES PERFORMED BY THE CIVIL SERVICE**

The Civil Service like any other organisation has organisational goals (provision of social services) Personnel management in the civil service encompasses the following functions:

**(a) Recruitment:** The mode of recruitment into the civil service is through the Civil Service Commission for officers on grade level 08-17 on the completion of civil service form, while the individual ministries recruited officers on grade level 01-07. A written and oral interview is conducted before suitable candidates are offered appointment. A list of the successful candidates is sent to the Office of the Secretary of the Government for posting to the different Ministries and Departments. Civil service appointments are pensionable.

There is also contract appointment (the appointment of Officers who have retired from the service of the government on the attainment of the retirement age of 60 years or who has put in 35 years of service). However, this is a form of contractual agreement between the employee and the employer. This appointment is not pensionable and subject to termination with one Month Notice by either party involved or as stated in the condition of service.

**(b) Confirmation of Appointment:** On appointment into the Civil Service, an officer will be placed on probation for two years. This period is to test the person's abilities and behaviour on the job. On satisfactory performance during this period he or she is given Letter of Confirmation.

**(c) Training and Development:** The defunct 1988 Civil Services reform placed emphasis on training and re-training of personnel. The reform suggested that each Ministry should have a departmental training officer to train people on level 01–12, while the office of establishment, pension to training, and train officer on level 13–17.

Training makes workers to be more efficient on specific areas of the job to the accomplishment of the organisational set objectives. Training and development constitutes one of the major cardinal areas of personnel management as it entailed the process where successful employees are subjected to some systematic process to acquire technical knowledge, skill and attitude required to perform a specific task. In organising training programme either internal or external, top management staff are involved to share their worth of knowledge, experience and skills acquisition to the newly recruited employees.

**(d) Promotion:** Civil Servants are entitled to promotion. Each Department or Ministry prepares at the end of the year a comprehensive list of staffers, showing the order of seniority of all the staffer in each grade, within each cadre officers are eligible to undertake promotion.

**(e) Annual Increment:** Civil Servants are entitled to an annual increment of salary on the same grade, different steps until the person is due for promotion (Attwood, 1985).

### **3.3 CHARACTERISTICS OF THE CIVIL SERVICE**

The Characteristics of the Civil Service encompasses the features of the German Sociologist (Weber, 1914).

**3.3.1 Hierarchy:** The nature of the Civil Service in Nigeria is hierarchical in structure. It involves the supervision and control of lower officers' from the higher class. For instance, we have the administrative class, professional class, executive class and the junior cadre. Each unit exercise some measure of control over the unit below.

**3.3.2 Anonymity:** The principle of anonymity states that, Civil Servants should be seen and not heard. Though they advise political office holders on issues relating to government, they either take neither the blame nor the glory for such policies. They are not expected to be seen defending such policies, that job is better left for political office holders and not the career officers. Civil servants thus work for the Minister but they are not mentioned.

**3.3.3 Neutrality:** The Civil servant must be politically neutral, it major responsibilities is to serve the government of the day with full dedication irrespective of what they feel about a particular government. He is not expected to carry placard or get involved in partisan politics. He is expected to vote at election time: they not expected to have a strong attachment of any particular government. This is to enable them give their best and to make government policies to succeed.

**3.3.4 Performance or Permanency:** Politicians are birds of passage, they are essentially temporary administrators. The Civil Service is often defined as a permanent body of officials that carry out government decisions. It is permanent and its stewardship is not tired to the life of any particular government. A Civil Servant is sure to keep his post, and pensionable unless he misbehaves.

**3.3.5 Loyalty and Impartiality:** The Civil Servant is expected to treat everybody with a high degree of impartiality. Favouritism is against the principle of Civil Service and should not be encouraged; they performed their duties without fear, favour and with equal loyalty to any government of whatever complexion.

### **3.4 FUNCTIONS OF THE CIVIL SERVICE**

The Civil Service covers all staff of Ministries and Departments from the Permanent Secretary to the daily rated employees in the Local government institutions and whose remuneration is paid out of the money voted by the legislature. The following are the functions of the Civil Service:

**3.4.1. Policy Implementation:** The major function of the Civil Service is the implementation of government policies. Civil Servants are not policy makers and are not really in a position to question government policies. Whenever policy is made, it becomes the role of the civil servants to implement the policy the way it ought to be implemented. Often times, it is when policies are being implemented that most people become aware of the policy and its effects and where the policy is unfavourable to the masses, they may react adversely to it. Policies are subject to adjustment and the Civil Servants give feed-back to the political office holders who are policy makers.

**3.4.2. Ensuring Continuity of Public Administration:** The Civil Service being a body of permanent officials of the state stands for continuity, this helps to stabilise the state by ensuring the

continuity of government activities mostly to societies like Nigeria with unstable political history. As governments come and go, the civil service makes sure that vital activities of the state do not break down.

**3.4.3 Advising Policy Makers:** Civil servants are people with a lot of experience and are expected to advise political office holders on policies (formulation and implementation). This role was more emphasized during the military regimes where young military officers with little experience found themselves in power. Being ‘novice in parade’ they had no choice than to rely on the expertise of top Civil Servants. Where the advice of the civil servant is rejected, he must go ahead to implement the decision of the government even though it is against his personal wish.

**3.4.4. Provision of Input for Policy:** Civil Servants with vast knowledge of experience make provision of inputs for policy formulation. Whenever a Policy is to be formulated, some top level Civil Servants (professional and seasoned administrators) makes their inputs with the elected office holders (Ministers, Governors, Special advisers, Commissioners) etc.

**3.4.5 Information Function:** It is one of the duties of the Civil Servants to pass information from the political office holders down to the masses and vice versa. It is expected that the Civil Servants who come into contact with the masses, should give a feed-back to the political office holders who are policy makers who can then adjust the policy, to suit the demands of the people. The core civil servants are always on ground to give information to the public.

### **3.5 ADVANTAGES AND DISADVANTAGES OF THE CIVIL SERVICE**

#### **3.5.1 Advantages of the Civil Service:**

- (a) As a career service; there is a measure of security of tenure of Office, Pension and Gratuity etc.
- (b) It gives room for speed, precision, unambiguity, continuity, discretion, unity, strict subordination and restriction of friction of materials.
- (c) The sense of being fulfilled and the achievement of being appointed to a senior post call for high qualities of judgement, ability and knowledge.
- (d) Recruitment is usually based on the merit, quota and federal character system
- (e) It placed total emphasis on effectiveness and efficiency of services delivered and less on profit making.

#### **3.5.2 Disadvantages of the Civil Service**

- (a) There is too much red-tapeism, the excessive use of formalities and over-devotion to precedence and or reliance on established practices.
- (b) Lack of segmented control as Civil Servants have no opportunity to exercise individual judgement. The power of control rests on the boss (political office holders) and this does not encourage efficiency

- (c) Under the umbrella of anonymity, Civil Servants sometimes ill-advise the governments which brings about confusion in the society. Some of them exercise wide discretion of power simply because they have access to vital information and power than public office holders
- (d) Most officials join the service straight from the University with additional qualifications and limited experience.

#### **4.0 CONCLUSION**

The Nigerian Civil Service started in 1900 when the British established her authorities in Lagos, Northern and Southern Nigeria and by 1914 the country was amalgamated into two regions, the Northern and Southern protectorate. There have been remarkable differences in the Organisational Structure of Civil Service during the British era and the current Civil Service. The programmes and projects of the government are well implemented by the Civil Servants. Emphases are placed on hierarchy of structure and anonymity of personnel. The Nigerian Civil Service is characterised with security of tenure of office, pension and gratuity of personnel while the major default is on red-tapeism and lack of segmented control.

#### **5.0 SUMMARY**

In this unit, you have learnt that, Civil Servants are the body of Permanent Officials appointed to assist the political executives in formulating and implementing governmental policies. They provide social services to the populace. The personnel practices performed by the Civil Services are recruitment, confirmation of appointment, training and manpower development, promotion and discipline of personnel. The Principles of the Civil Service of Nigeria are hierarchy, neutrality, anonymity, permanent and impartial in the discharge of their duties. The functions of the Civil Service are policies implementation, ensuring continuity of public administration, advising policy makers, provision of inputs for policy and informative functions. There is security; gratuity and tenure of office holders in the Civil Service.

#### **6.0 TUTOR-MARKED ASSIGNMENT**

1. Explain the evolution of the Nigerian Civil Service
2. List the advantages and disadvantages of Civil Service

#### **7.0 REFERENCES/FURTHER READING**

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## **UNIT 19: THE UDOJI COMMISSION**

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- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 The Udoji Commission
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

In the last section you have an idea about what the appointment to the public service in Nigeria is all about. This unit will take you a step further into the Udoji commission. The focus here is on the Udoji commission. The significant milestone in the reforms of the civil service comes with the Udoji Commission of 1972. It was a thorough –going Public Service review which introduced a unified salary grading system and advocated new management techniques. It also introduced the open report system to replace the age old confidential reporting, sought to make prescriptions for optimum utilisation of manpower and to evolve a development oriented public service. The commission also undertook the regarding of all posts in the public service, job evaluation of all posts and recommended salaries applicable and payable to each post.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- (a) Review the Udoji commission
- (b) Discuss the Udoji commission
- (c) State the contributions of Udoji Commission to the development of civil service in Nigeria.

### **3.0 MAIN CONTENT**

#### **3.1 The Udoji Commission of 1972**

A public service review commission was set up in September 1972 to carry out comprehensive review of the nation's public service. The commission was later customarily referred to as the Udoji Commission, after its chairman, Chief Jerome O. Udoji. More than any other commission before it, the Udoji Commission had the highest wide ranging terms references. The commission was mandated to:

- i. examine the organisation and structure of the public services
- ii. Investigate and evaluate their methods of recruitment, conditions of service and staff development programmes
- iii. Examine existing pension and superannuation schemes in the public and private sector



- iv. Make recommendations that would facilitate inter-sectorial mobility, without detriment to the retention of efficient and qualified personnel in the public services; and
- v. Undertake regrading of all posts in the public service and establish appropriate salary scales.

Many scholars who studied the commission's report felt that the terms of reference was too broad, and it affected the quality of work done by the commission. Commenting on this, Williams (1979), states that, whilst there is much sympathy for a reform that is based on a careful consideration of inextricable bound social factors, a commission that has elastic terms of reference increased the likelihood that myriad social factors would intervene to distort objectives." Williams further asserted that the commission regarded development as its main concern and viewed the reform of the public services as instrumental to this. Consequent upon this, the commission's terms of reference can be seen as consisting of two parts: i. The fundamental and effective – which seeks to facilitate social development; and ii. The incidental and effective which seeks to renovate the public services as instrument for development.

The commission submitted its report on 25th September 1974, exactly two years after it was established. True to its terms of reference, the commission reviewed every aspect of the country's public service including: recruitment, career and staff development, superannuation, salary grading and every sector of the public service, public enterprises, the teaching service, and the various local government administrations. The report was released in December 1974, with the government white paper on it (entitled, Government Views on the Report of the Public Service Review Commission).

A summary of the Commission's report is as follows:

- i. That the concept of result-oriented management be adopted
- ii. That a unified structure be introduced
- iii. That administration be transformed into 'management'
- iv. That pay be dependent upon job content and performance
- v. That promotion be based on merit and not seniority
- vi. That public sector compensation be related to private sector compensation
- vii. That financial management be strengthened and modernised
- viii. That personnel management practice be modernised (Obikeze and Obi; 2004:153).

### **SELF-ASSESSMENT EXERCISE**

Mention 2 of the major contributions of Udoji Commission to civil service reforms in Nigeria.

Incidentally, immediately the report was released, several groups in the public sector raised a lot of dust about it. The mass discontent and industrial unrests which the report caused made the government to set up a new Review Panel to handle public discontent on the government white paper on Udoji Report. The committee was headed by Mr. Akintola Williams, the doyen of the accounting profession in Nigeria.

In a nutshell, the Udoji Commission in its pursuit of a development-oriented public service recommended the adoption of modern management techniques like the Planning, Programming, Budgeting Systems (PPBS), Management by Objectives (MBO) and project management in the Nigerian Civil Service. It equally advised that the dual hierarchies in ministers be abolished, while training should be intensified in

order to make workers suitable to handle senior management positions. It reviewed and simplified the wage scales in the public service and reduced it from over a hundred to just seventeen.

It must be pointed out that despite the fact that the issue of wages was the fourth issue in the commission's term of reference; the issue of wages almost overshadowed the other aspects of the commission's work and report. The result is that today, whenever Udoji Commission is mentioned, people think more about 'salary awards.' Perhaps this is due to the fact that many previous commissions before the Udoji Commission were wage commissions. Also, the fact that the awards had very adverse effect on the economy in terms of inflation has left most analysis of the commission in most texts to concentrate on the awards. By way of innovations, the Udoji Commission introduced a number of key features in the civil service, notably the opening of the post of Chief Executive of the Ministry referred to as permanent secretary, to both administrative and professional/specialist staff; the harmonisation and unification of job grading and salary system throughout the service; the introduction of a new code of conduct for all public officers. Since the commission's work was mainly on increasing efficiency and effectiveness of the public service, one will conclude by saying that though some minor improvement were made, the public service remained almost what it was before Udoji in terms of service delivery (Obikeze and Obi: 2004:154).

**SELF-ASSESSMENT EXERCISE** How did the Udoji Commission contribute to the development-oriented programmes in the public service?

## **CONCLUSION**

The Udoji Commission has been analysed for you to understand the past efforts of government in improving the civil service in particular and public service in general.

## **SUMMARY**

The Udoji Commission which was set up in 1972 made far reaching recommendations to enhance the civil service, which this unit has highlighted.

## **TUTOR-MARKED ASSIGNMENT**

When was Udoji Commission set up and when did it submit its report?

## **7.0 REFERENCES/FURTHER READING**

Obikeze, S.O. & Obi, E.A. (2004). *Public Administration in Nigeria: A Developmental Approach*. Onitsha: Book Point Ltd.

Udoji, J. (1995). *Under Three Masters: Memoirs of an African Administrator*. Ibadan: Spectrum Books.

## **UNIT20: THE 1988 CIVIL SERVICE REFORM**

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- 2.0 Objectives
- 3.0 Main Content
  - 3.1 The 1988 Civil Service Reforms
  - 3.2 An evaluation of the 1988 Reforms
- 4.0 Conclusion
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- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

In the last section you have an idea about what the Udoji commission is all about. This unit will take you a step further into what the 1988 Civil Service Reforms is. The focus here is on the 1988 Civil Service Reforms. The 1988 civil service reform was to professionalise the civil service. The position of permanent secretary became political and was designated Director-General. Ministers became the accounting officers instead of permanent secretary as it used to be before them. These features of the 1988 civil service reform and other major changes in it are discussed in this unit.

### **2.0. OBJECTIVES**

At the end of this unit, you should be able to:

- (a) Analyse the 1988 civil service reform
- (b) Evaluate the 1988 Reform.

### **3.0 MAIN CONTENT**

#### **3.1 The 1988 Civil Service Reform**

The Federal Military Government in 1984 set up a panel to study the structure, staffing and operations of the federal civil service and make appropriate recommendations which will enhance efficiency, effectiveness and productivity in the service. The panel equally submitted its report in 1985.

Military President, General Ibrahim Babangida announced the reform package. As at the time the reforms were introduced in 1988, the civil service was already in a terrible state characterised by: Over-centralisation; incessant conflicts between the cadres; Scant emphasis on results and concrete performance; excessive focus on compliance with regulations, forms and procedures, counter-productive separation of authority from responsibility at the top of the Civil Service hierarchy; dangerously low staff morale and productivity; inappropriate staff deployment practices which often ignored the profession or specialisation of staff, thereby putting square pegs in round holes in critical areas outside of the traditional registrable profession fields; and increasingly patent inability to cope effectively with the

challenges of modern, complex and development hungry society. The above inevitable state of the nation's civil service resulted from long years of neglect by successive government that never bothered to invest in the civil service in the forms of office space, equipment materials, staff training, modern operational techniques, and adequate staff remuneration and so on. The 1975 civil service purge by Murtala Mohammed equally adversely affected the civil service. These coupled with the fact that the Babangida regime embarked on a socio-economic restructuring of the nation through SAP and the fact that it was realised that a presidential system of government cannot be run successfully with a white hall civil service necessitated the reforms. The reforms sought to:

- i. considerably enhance the degree of professionalism in the civil service
- ii. Align the service with the form and spirit of presidentialism
- iii. Ensure that its management and control systems are such as would no longer separate responsibility from authority at the top of the civil service hierarchy
- iv. Install accountability (not only for money, but also for performance) as the unmistakably hallmark of the civil service systems
- v. ensure that the systems significantly enhance the degree of efficiency, effectiveness, promptness and speed of civil service operations
- vi. Introduce considerable delegation of functions and power not only at the top but further down the line in the service
- vii. Install appropriate checks and balances to prevent misuse or abuse of authority, but without jeopardizing the efficiency, speed and effectiveness of the service
- viii. Minimize, if not eliminate, areas of conflict, particularly at the top of the civil service
- ix. Significantly insulate the civil service from partisan politics, but at the same time, erect a smooth and efficient bridge between the civil service and the political/ruling class
- x. put the civil service in a form and shape which would enable it to meet the challenges of the modern age, with its emphasis on high technology, speed of decision-making, efficient information systems and achievement orientation
- xi. Implement the reforms without jeopardizing the unity and integrity of the civil service (Philips, 1988).

In order to achieve the above aims, the reforms emphasized four main elements. There are:

- i. enhanced professionalization of the civil service

ii. rationalization of authority and responsibility at the top level of a ministry by making the minister instead of the permanent secretary as hitherto the chief executive and accounting officer of his ministry; and re-designating the permanent secretary as director-general who will now serve as the minister's deputy

iii. Installation of a strong scheme of checks and balances to prevent misuse or abuse of power especially on the part of the minister

iv. Enhancement and strengthening of the economic and financial management apparatus of the presidency by placing the Central Bank of Nigeria and the planning and budget office directly under the president. The plank on which the entire reform rested was on the professionalisation of the civil service, for the Dotun Philips Report recommended an enhanced professionalisation of the civil service through the following measures:

i. The staff structure has been changed, so that there now existed in the civil service three basic staff categories, namely; assistant, officer and director, (each at different grades); the assistant is a sub-professional, the officer is a full professional, and the director is a full professional with general management responsibilities.

ii. Staff nomenclatures have been changed to reflect areas of specialisation, profession or basic function.

iii. The horizontal and vertical structures of the ministry have been changed to reflect professional and specialised operational areas.

iv. The central pooling and central deployment of staff have been discontinued.

v. Each staff is now to spend his entire career in his ministry or extra, ministerial department.

vi. Much greater emphasis is now to be placed on staff training, which is now to be obligatory and systematically periodic for every staff in the civil service.

vii. Performance evaluation schemes at institutional and individual levels are being revamped to reflect overriding emphasis on concrete performance and accord less weighty than hitherto to politics, seniority and subjective factors.

viii. Much greater decentralisation introduced in personnel, finance and operational matters (Philips, 1988) (Obikez and Obi, 2004: 155-157).

**SELF-ASSESSMENT EXERCISE** Who became the accounting officer in a ministry after the 1988 civil service reform?

### **3.3 Art Evaluation of the 1988 Reform**

The reform package despite its lofty look failed almost completely in achieving its aims people now remember it mainly for the change in the nomenclature of Permanent Secretaries to Director-Generals and for politicising the civil service.

Many factors have been adduced as reasons behind the failure of the reforms. We will look at a few of them. The first factor is corruption. Corruption ate deep into the civil service and rendered it impotent. The civil service became a hot bed for corruption and as such the efficiency and effectiveness which the reform sought to achieve remained a pipe dream. Nobody was interested in the lofty ideals of the reforms. People were more interested in looting the public treasury.

Another factor that accounts for the failure of the reform is the politicisation of the appointment of Director-Generals. Though the reforms objective of trying to “align the service with the form and spirit of presidentialism might look lofty; its implementation left much to be desired. It was hoped that Governors who were now empowered to appoint Director-General from where they deemed fit, would consider merit in exercising such powers. However, in actual practice, they saw it as an opportunity to reward political lackeys and errand boys. The position of Director-General became highly politicised. In some cases, fresh university graduates who had no experience at all were appointed to head ministries that had experienced civil servants, who in some cases had over thirty years experience. As expected, there were a lot of frictions. This manner of appointments naturally affected morale of the top echelon of the civil service. Some of them felt that politics and politicians have invaded and desecrated the hallowed grounds of the service. Accusations of insubordination, sabotage, and lack of commitment became the order of the day. In such circumstances the reform couldn't have achieved anything meaningful.

Thirdly according to Okoli and Onah the reform like its predecessors was based on faulty assumptions. The liberal approach of the reforms focused on the perceived problems of the civil service which were lack of appropriate managerial and professional skills, absence of organisational machineries needed for social change lack of appropriate management techniques, antiquated personnel and financial management strategies and techniques, poor wages and inadequate incentives, inefficiency, ineffectiveness and low productivity. By focusing on these problems the reform failed to ask the important questions of:

- a. Why did many professionalised and well trained public officers fail to perform in the past?
- b. Why were existing machineries for public accountability weak?
- c. Why did corruption persist?
- d. Why were existing punitive measures ineffective?
- e. Why did existing management practices and techniques not work satisfactorily?
- f. Why did some civil servants misuse their enormous administrative powers?

The reform simply failed to address these issues and could not see the limitation of the civil service in a neo-colonial capitalist state.

Another factor which was reinforced by the corruption of that era was executive job insecurity. Citing Abubakar (1992), Okoli and Onah (2002) see the Babangida government’s penchant for frequent change in executive leadership as a factor for the failure of the reform. Due to the fear of job security, those that

occupied executive positions were much more pre-occupied with how much they will make before they will be removed, than with implementing government policies. The frequent changes which were necessitated by the need to allow the pie go round the 'boys' made every top government functionary believe that the position he is occupying is meant for him to better himself through corrupt practices and that he had just a little time to do this before it gets to another person's turn. Under this 'chop and go' attitude, it was just not possible to achieve the activities of the reform.

### **SELF-ASSESSMENT EXERCISE**

Mention one fundamental factor that attributed to the failure of civil service reforms.

## **4.0 CONCLUSION**

The unit has discussed the features of the 1988 Civil Service Reforms for you to know its problems and prospect. The reform had since been reformed by the Ayida Panel of 1994 which is the next and last unit to be discussed in the course.

### **5.0 SUMMARY**

The 1988 Civil Service Reform and its evaluation were disused. Since no reform has the overall solution to problems, the 1988 reforms was not an exception, and therefore, its shortcomings were remedied by the 1994reform.

**6.0 TUTOR-MARKED ASSIGNMENT** What was the new name and role of permanent secretaries in the 1988 reforms?

**7.0 REFERENCES/FURTHER READING** Abubakar, H.I. (1992). "The Philosophy and Rationale for the Civil Service (Reorganisation) Decree No. 43)." In: Yahaya, A.D. (Ed.). *New Trends in Personnel Management*. Ibadan: Spectrum Books Ltd.

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Federal Government of Nigeria (1985) "The Nigerian Civil Service in the Mid 80s and Beyond." (Dotun Philips Report).

## **UNIT 21: THE 1994 REVIEW PANEL ON CIVIL SERVICE REFORMS (AYIDA PANEL)**

### **TABLE OF CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
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### **1.0 INTRODUCTION**

In the last section you have an idea about what the 1988 civil service reforms is all about. This unit will take you a step further into the 1994 review panel on civil service reforms (Ayida Panel) is. The focus here is on the evolution of civil service in Nigeria. The 1994 Review Panel on civil service reform which was referred to as the Ayida Panel named after its chairman, Alison Ayida. The report was actually submitted its report in June 1995. It was later in 1997 that the government began to gradually implement its recommendations. Otoba (2002), states that the two key features of the 1988 reforms which the Panel reaffirmed were the personnel management board in each ministry and the devolution of authority to incur expenditure to certain categories of senior management staff specifically to the level of assistant director and above. The Panel also made a case for upward review of pay and other incentives for civil servants in view of the serious decline in the value of the naira caused by inflation and devolution.

The Panel also addressed the issue of federal character and corruption in the bureaucracy. The abuse of the federal character principle had led to low morale and performance in the civil service, thus making one panel to recommend that recruitment into the civil service, especially at the entry grades of professional cadres, should as much as practicable be based on a combination of merit and federal character so that the best candidates from each state are selected on a purely competitive basis. It equally recommended that in order to eradicate the widespread corruption in the civil service, strict sanctions are applied against those caught in corrupt practices, while the remuneration of civil servants should be sufficient enough to discourage corruption. It needs be pointed out that politicisation of the civil service, as regards appointment of Directors-General has since been reversed to the status-quo. The career



permanent secretaries have since been restored (Obikeze and Obi, 2004:158-9).

## **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- (a) State why Ayida Panel was set up in 1994
- (b) Discuss the Civil Service Reforms as a result of the panel's recommendations in 1997
- (c) Mention other features of the reforms.

## **3.0 MAIN CONTENT**

### **3.1 Civil Service Reforms of 1997**

The following are the decisions of the federal government from the white paper published in June, 1997 on the recommendations earlier submitted to it by the Ayida Panel in June, 1995.

- i. Ministries and extra-ministerial departments should be structured according to their objectives, functions and sizes and not according to a uniform pattern.
- ii. The minister should no longer be the accounting officer of the ministry. This function now becomes the responsibility of the director-general. The minister should continue to be the head and chief executive of the ministry while the director-general is the chief adviser to the minister and the accounting officer.
- iii. Government accepted the recommendation that the title of director-general should revert to permanent secretary. This will remove the confusion between the directors-general of ministries and those of parastatals and myriads of government agencies.
- iv. Government accepted the recommendation that the post of permanent secretary should be a career post. Appointments will be made from among serving senior officers in the civil service on the advice of the Head of the Civil Service and the Chairman of the Civil Service Commission.
- v. Government accepted the recommendation that the post of Head of Civil Service should be restored, and that he should be from among permanent secretaries or officers of equivalent ranks. The panel had recommended that both the post of Head of Civil Service and that of the Secretary to the Government should be filled from among the permanent secretaries or officers of equivalent rank. While government accepted the commendation on the appointment of the Head of Civil Service, it rejected the recommendation on the - Secretary to the Government. This latter post will remain a political appointment to be filled at the discretion of the President.
- vi. The panel recommended and government accepted that the following parastatals be scrapped:
  - a. National Council on Inter-Governmental Relations
  - b. National Committee against Apartheid
  - c. Centre for Democratic Studies.

vii. The Panel had been astonished to discover that the Office of the Secretary to the Government of the Federation supervises about forty parastatals and agencies. This has made the office complex and unwieldy and has led to duplication of functions, lack of clearly defined lines of authority and conflict of roles. Besides, parastatals and agencies prefer to hide under the Presidency to avoid close scrutiny and supervision by ministries and to facilitate and obtain funds through the Presidency. Apart from the three agencies approved for scrapping above, government approved that twelve other parastatals and agencies be transferred to relevant ministries connected with the functions of each agency.

viii. Government accepted the recommendation that the Federal Executive Council should meet at least fortnightly so as to enhance the coordination of government policies. The panel got to know that the Federal Executive Council hardly ever met. There was no coordination of policy, there were frequent frictions between ministers and each minister contrived to see the Head of State and get approval for whatever he wanted, while there were some ministers who never succeeded in getting to the presence of the Head of State.

ix. Government accepted the recommendation that the "Guidelines of Administrative Procedure of the Federal Government" should be updated and applied in the conduct of government business. The document stipulates the procedures and rules for the conduct and interrelationship of various arms of government.

x. Every ministry and extra-ministerial department should have the following staff committees for dealing with personnel matters:

- a. Management Staff Committee for officers on G.L. 14-17;
- b. Senior Staff Committee for officers on G.L.07-13;
- c. Junior Staff Committee at Headquarters for officers on G.L. 01-06;
- d. Junior Staff Committee at out-stations for officers on G.L. 01-06.

xi. Recruitment into the civil service at the entry grades should be based on a combination of merit and federal character, but for further progression thereafter it should be based normally on merit.

xii. Maturity period for promotion of staff should be:

G.L. 01-06 - 2 years.

G.L. 07-14 - 3 years.

G.L. 15-17 - 4 years.

xiii. The Pool System which was abolished by the 1988 Reforms was restored in respect of the following cadres: Accountants, Administrative Officers, Auditors (External), Executive Officers (Account and General Duties), Information Officers, Legal Officers, Librarians and Library Officers, Medical, Health and Auxiliary Officers, Engineers, Architects, Surveyors, Technicians, Secretarial and Typist cadre.

- xiv.** Government observed that the present 10 per cent of annual personal emoluments, set aside for training appears grossly inadequate. Government therefore directed that adequate provision be made in each department's budget until the training need of the civil service is well addressed.
- xv.** A senior management course should be introduced for all officers who are expected to attend it before entering the senior management category on G.L. 14.
- xvi.** Study leave without pay was restored as a way of encouraging offices to improve themselves to render valuable service.
- xvii.** Government accepted the recommendation that the Centre for Democratic Studies be scrapped. As for the recommendation that the premises be converted to start a Civil Service College, government noted that the premises had already been handed over to the Nigerian Law School. However, government directed that the development of a Civil Service College at Abuja should be given priority attention.
- xviii.** Ministries and extra-ministerial departments should set targets for themselves, their departments and divisions as well as individual staff, and each ministry should submit an annual report of its activities to the government within the first quarter of the succeeding year.
- xix.** Retirement age in the civil service should be 60 years irrespective of the length of service.
- xx.** Government accepted the recommendation that there should be no retirement of any civil servant without following all laid-down procedures. This is to prevent indiscriminate and arbitrary retirement of civil servants.
- xxi.** Pensions should continually be reviewed upwards immediately salaries and allowances are reviewed, and in particular government accepted the recommendation that pension rates of those who retired since 1991 be harmonised.
- xxii.** A Funds Allocation and Budget Committee should be established in every ministry, extra-ministerial department and parastatal and its recommendations should be submitted to the Minister or Chairman, as the case may be for approval.
- xxiii.** Powers to approve expenditure should be devolved down to G.L. 14 officers and heads of out-stations. xxiv. Government approved that tenders procedures should be followed strictly in the award of contracts (Adebay, 2000:217-8).

### **SELF-ASSESSMENT EXERCISE**

Why was Ayida Panel set up?

### **Moral and Corruption in the Public Service**

The major problem in the civil service in Nigeria today and even in the past has remained corruption. Instituting various reforms without tackling this monster called corruption will simply remain an exercise in futility. It is only when corruption is eradicated that we can talk about actually reforming the civil service to be people-oriented and capable of living up to its billing as it is in other parts of the world. The Nigerian Civil Service today has both the managerial and the technical capacity to excel to very high standards, but that will be only and surely if corruption that has been applying the brakes on this reservoir of human knowledge and intellect is given a killer punch. The following are further recommendation of Ayida Panel accepted by the Federal Government:

(a). Government approved the recommendation that job security should be restored in the civil service and that normal disciplinary procedures should be followed in dealing with erring staff.

(b). Basic facilities like stationery, typewriters, telephones, photocopiers, etc., should be made-available to enable staff perform their duties efficiently.

(c). The problem of transportation affects efficiency when staff find it difficult in being punctual because of transportation problems or have to spend so much of their meager salary on buses and taxis. This leads to truancy and absenteeism.

To remedy the situation, "Government agrees to provide adequate and coordinated transportation facilities by road, rail and waterways for civil servants and other urban dwellers. In the meantime, government directed that each ministry/extra-ministerial department should provide and maintain adequate staff bus services for its staff. Furthermore, government will encourage the administration of the Federal Capital Territory and other major cities to improve mass transit services in the nation's urban centres."

(d). Merit awards should be instituted for long-serving and outstanding civil servants. But government will no longer allow public officers to accept traditional titles in any form.

(e). The panel had recommended that there should be upward review of housing loans and motor vehicle advances in view of the high rate of inflation in the country. Government, on its part, said that it is aware of the present high cost of building houses and purchase of vehicles in the country and that it has become increasingly difficult to fix adequate level of housing and vehicle loans because of the recovery terms.

In view of this, government directed a comprehensive review of the existing situation by the Ministries of Works, Finance and National Planning, and the Head of Civil Service and a report to be submitted to government for consideration and approval.

(f). Government accepted the recommendation that the suspension placed on promotion be lifted.

(g). In order to improve morale and reduce corruption, the panel recommended that salaries and allowances of civil servants should be substantially reviewed upwards. Government said that it "is aware that the public officer is the least paid worker in the economy" and that "consequently adequate measures will be taken to redress the situation."

(h). On the recommendation that civil service salaries should be adjusted annually to accord with inflation in the economy, "Government accepts in principle, the idea of annual 'review of salaries and allowances in the civil service, and directs the National Salaries, Income and Wages Commission to advise accordingly, taking into account productivity and government revenue profile to support the policy."

(i). The panel recommended that education allowance should be introduced as an item in the pay package of civil servants. Government noted this recommendation and directed the National Salaries, Income Commission to advise accordingly.

(j). The panel recommended that government should embark on a commitment to eradicate corruption both in the public service and in the larger society. Government accepts this recommendation" and also observed that "as a matter of fact government has put in place a policy on War Against Indiscipline and Corruption which should be intensified." k. Government accepted the recommendation that government leaders, should lead by example. l. Government-accepted the recommendation that political office holders and other public functionaries should be made to adhere strictly to the rules and regulations

guiding the conduct of government business. m. The panel recommended and government accepted that strict sanctions should be applied against those found to have engaged in corrupt practice and they should be publicly exposed. n. Government accepted the recommendation that public functionaries found to have corruptly enriched themselves in the past should not be appointed to any public post or fraternised with by government (Adebayo, 2000:219-220).

### **SELF-ASSESSMENT EXERCISE**

Mention 2 decisions of the 1988 reforms reverted by the 1997 reforms.

**3.3 Other Matters** Other recommendations of the Panel accepted by the federal government were:

- (i). Government accepted the recommendation that basic working tools and facilities be adequately provided to enhance efficiency in the civil service.
- (ii). Government accepted the recommendation that the housing loan entitlement of civil servants should be increased substantially and the fund allocation to the staff housing scheme should be increased. Government accordingly, directed the Federal Staff Housing Loans Board to liberalise its terms.
- (iii). In the spirit of deregulation of labour whereby each tier of government is independent and is required to negotiate with its staff based on its ability to pay, government decided that the decisions of the federal government on the panel's report should not be made mandatory on state and local governments. State and local governments should be free to adopt or adapt any of the recommendations in the report as they may deem suitable.
- (iv). Government accepted the recommendation that an implementation committee be constituted to implement the accepted recommendations of the panel's report.

### **4.0 CONCLUSION**

The 1997 reforms of the civil service went to the roots of the problems militating against efficiency and devotion to duty in the civil service. However, it is another to ensure that the prescriptions are carried out. Compliance with any reforms of civil service must spring from the mental attitudes of the civil servants. It must be informed by a conscious determination on the part of the rulers to the state and federal levels to maintain and uphold an enlightened and honest public service.

### **5.0 SUMMARY**

Irrespective of the different orientation of the various civil service reforms in Nigeria in both pre and post independence the basic fact remains that the main aim of all of them has always been to make the civil service more efficient, effective, and result oriented.

However, it is quite appalling that despite all the resources sunk into the civil service in Nigeria, it has failed to live up to expectations of the people as the engine of growth and development. The various reforms of the service have not helped in any significant way in bringing about the desired state. Worse still, some have even seen the reforms as a way of 84

creating jobs for retired bureaucrats and political cronies of the governments that initiate such reforms.

## **6.0 TUTOR-MARKED ASSIGNMENT**

What is the major problem of the civil service?

## **7.0 REFERENCES/FURTHER READING**

Adebayo, A. (2000), *Principles and Practice of public Administration in Nigeria*. (2nd ed.). Ibadan: Spectrum Books Limited.

Obikeze, S.O. & Obi, E.A. (2004), *Public Administration in Nigeria: A Developmental Approach*. Onitsha: Book Point Ltd