

PERFORMANCE OF NIGERIAN PUBLIC CORPORATIONS IN THE 21ST CENTURY: CHALLENGES AND FUTURE NEED FOR RATIONALIZATION

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ABSTRACT

The existence of Public corporations can be identified in the ancient, medieval and contemporary eras. But, each era doesn't pass without making its unique inclusions to the nature and function of public corporations. This analytical paper examines the challenges of public corporation in the 21st century, from the Nigerian perspective. This paper recommends an effective rationalization exercise to be done on Nigerian public corporations to brace up to the dynamics of 21st century. Rather than privatization, there should be a restructuring of the economic order to encourage a healthy competition between the public corporations and private ones, with the central aim of service delivery to the general public.

KEYWORDS: Public corporation; privatization; public service; rationalization; 21st Century

OBJECTIVES

At the end, we shall be able to understand:

- More-recent views of the operations of public corporations in Nigeria differentiated from the traditional view
- The challenges facing public corporations in Nigeria occasioned by the 21st century syndrome
- Possible solutions to the 21st challenges of public corporations in Nigeria

1.0 INTRODUCTION

Public corporations are essential to any state. This is largely because of their unique roles in the lives of the citizens. Public corporations exist in several forms with responsibilities attached to them. In this 21st Century, there is hardly any democratic state that does not have well institutionalized public corporations, charged with certain tasks to be performed in the interest of the people.

Public corporations are not just mere inventions of individuals but, that of government. Thus, their existence is at the prerogative of the state. Not neglecting its general importance, we should equally have in mind that the services of public corporations are mildly connected to the state's interests and only those things the state wants done that should have to be done.

The operations of public corporations vary with democracies. This variation is occasioned by the dynamics which are indigenous to states. Also, the constant political, administrative and bureaucratic modifications influence the order and functions of public corporations.

But, why has there been constant failure in the services of public corporations in spite of the huge cash smoked into them by the government? Regardless of the huge money spent in financing the existence of public corporations, the Nigerian experience has been quite unfavourable and puts a question to its existence and with declining level of interests by both the government and the citizens.

This paper therefore, focuses on examining the problems which face the existence of public corporations with Nigeria in view. To do justice to the topic and objectives of this paper, we shall briefly conceptualise the term, 'public corporations'.

2.0 PUBLIC CORPORATION: A CONCEPTUAL VIEW

Generally, public corporations are government-owned outfits which perform exclusive functions for the general public and citizens of the state. They are most times called 'Government Controlled Enterprise', (Mazzoline, quoted from Khan (2005)) or 'State Owned Enterprise' (Shirley, 1985). They were specifically created by the state governments "to address market deficits and capital short-falls, promote economic development, reduce mass unemployment...ensure national control over...the economy..." Khan (2005).

From the above, we will understand that there is no single public cooperation established to address all the issues of public or social concern. But, they are each, created to address a specific issue in the society which could be practically difficult for private individuals to handle and by their corporate existence, certain needs of the people are met, by the services they provide.

From the Nigerian experience, just as it applies to most modern states, public enterprises proliferate from the Act of the Parliament. Thus, their modes of operation and general activities are identified and defined by the legislature of any government system wherein they belong.

Occasionally and as often the case, the government wherein the public corporation is domiciled bankrolls the operating cost of the public corporation. This is not applicable to some exceptional cases where the government involves private individuals through Public Private Partnership (PPP)-just like in India where the government has allotted as much as \$2Billion for the construction of roads, Airports, Bridges, etc under PPP (Financial Times, 1995).

Even after involving the private interests, the government is expected not to withdraw totally from what goes on in the corporations. Here, we see government stand-by as a regulatory body, overseeing what is happening down there.

3.0 PERFORMANCE OF PUBLIC CORPORATIONS

Here, we shall do a brief retrospective review of the performance of public corporations from the Ancient cum Medieval eras to the Contemporary era.

3.1 Ancient and Medieval Eras

Public services are most essential in the sustenance of government's reputation. It has been traditional for presidents, governors and world leaders to enhance on the capacity of social services and welfare packages of the state in order to court the appeal of the electorates, (O'Connor and Sabine, 2006). This was the spirit for which public corporations were set up.

From the imperial states of the Rome; to the former feudal states of Europe; to the anarchical state systems of the ancient Sparta; to contemporary sovereign states, the list is endless of public corporations which states have created.

International political relationships of these states were initiated with the bid for states to acquire raw materials in order to sustain production in their totally state-owned corporations. Trans-border relations and global politics were, those times as it is now, economically motivated. And in most cases, the economic interests of states resulted to constant wars and political cessation. States sought for independence in order to control their economic wealth and enhance domestic production of goods and services both for domestic utilization and exportation to other countries.

During the era of colonial domination over Africa, the African slaves captured by European slave traders were taken to the Sugar Cane factories of Western Europe to produce goods which were exported to the then (developing) economies of Columbia, Portugal etc. Also, sugar trading was

brought into the West Indies by the Dutch, (Sharkey, 1998). For instance, in 1832, the Jamaican government had a medium size plantation which had up to 250 slaves in it, (Fogel, 1989).

The production of allied products from sugar cane was basically the main stay of global economy in the early days of modern globalization. Sugar trading dominated ancient cities of Martinique, Grenada, Santa Cruz, Jamaica, Leeward Islands, Cuba, etc and most of these farms were owned by French, British and Spanish governments and their profits were used to enhance the resource base of these nations. So, these factories and plantations were purely owned by the state governments. The profits of such transnational trade went to the coffers of the state and their services were focused on servicing the unified interests of the states who owned them

One other point to note is that economic efforts coordinated by these states were made possible because of the “Laissez-faire” (Socialist) policies which most states had, (Basu, 2008). The first world war (1914 – 1918) and second world war (1939 – 1945) ‘led to intensification of the role of State over the economic processes’ and states chose to engage in strategies to alleviate the large cases of hunger, poverty, death, illiteracy, etc and government made good use of public corporations to see to the wellbeing of the people in post-world wars era.

From the foregoing, we have seen the gradual ascension of public businesses to reality from the ancient and modern eras. And from a scholarly perspective, we will understand that states weren’t initially interested in establishing firms called ‘public corporations’ as they are today, but they were interested in making profits by investment and business. This is called Social-capitalism. This is a situation whereby states make profits with the utility of economic strategies, doing business in the open market in order to have what it needed to run a government.

So, from the ancient and medieval history we have been able to figure out that states set up public corporations to serve as income conduits to the state and such used to sustain the government. The goods and services provided by these corporations were sold out into the domestic and global markets while the profits get back to the state.

The good thing here is that state governments were committed to making gains and utilising the gains effectively to provide public good and basic social services that were of need to the people. It is contrary to the current day practice of public corporation. Let us look at Public Corporation from a contemporary perspective.

3.2 Contemporary Era

In Africa, just like in other European countries, trade was synonymous with states. More than 9,000 years ago, settlers in Bantu kingdom, Zimbabwe and other notable and prominent kingdoms of Africa were engaged in trade. Although the society was totally agrarian, the gains of the trade and investment went to the state governments. Djenné and Timbuktu (in Mali), Ghana, Benin and Akan were prominently civilised states during this era, championing public services as well-developed oligarchies and monarchies. In the advancement of time and democracies, public services in African states started wearing much-more civilized looks.

But, the rapid upsurge of capitalism in the late 19th century in the global economy resulted to a huge crack-down on the efficiency of public corporations. In addition to this spread of capitalism in Africa and Asia was the collapse of the Soviet Union after the Cold War (1990). It weakened state’s participation in economic activities and gave more room for private investors in the centre point of public business (Kahn, 2005).

As a result, public corporations were faced with strong competitors from the private sector. Apart from the seeming competitiveness which the private counterparts of public corporations have bequeathed, there is also an obvious dislike which the citizens have over the services of public corporations. This dislike was intensified by the high level of competition which fully launched into the open market, flooding the market with alternative choices of products by private entrepreneurs who were rolling out new inventions and innovative ideas into business.

But one will wonder how private individuals could measure up with high level of competition side-by-side with a wealthy government in running huge enterprises. Here, we see the role of banks. Majority of these private entrepreneurs were sponsored by banks. Banks sponsored individuals with loans to set up huge industries and establishments that could be good alternatives to public corporations by provision of services to the citizens. This is the springboard of capitalism.

So, from the birthday of capitalism, we see a decline in the utility and service of Nigerian public corporations as private businesses were good alternatives to public corporations. Also as a consequence, Public Corporations lost their patronage to the anxious private entrepreneurs who rocked the worst to make huge gains from the massive population of the country. They come up with higher quality of services and inventive techniques to capture the open market. With the advent of high level competition and the pending obsolescence of public corporation, the government saw itself as a bad manager and commenced the privatization of its firms.

In the Nigerian experience, privatization was initiated by the formation of the National Council on Privatization (Odu and Agida, 2003). This is captured in the agenda to keep government off the business of public corporation while it focuses on the serial and methodical responsibility of price regulation, state administration and public policy making.

In practice however, what we can see now in Nigeria is not public corporations but private-controlled public corporations. This is because the government has sold almost all of its commercial public corporations to private hands who pay little or no attention to direct service delivery but profit making. So the remaining public corporations become demobilised, waiting for private hands to clench them someday.

Little wonder the level of government's investment is not reflective of the gains of public corporations either to the societies or to the government system. Government of Nigeria invests so much in the sustenance of public corporations while getting a meagre level of (financial) returns and services from it.

In summary however, modern globalisation provides sovereign states the bedrock to maximise the productive capacities of domestic labour in order to explore and transform natural resources to finished goods for domestic utilization and also for off-border exportation. States engage in businesses primarily to make gains by production of goods and services. This economic agenda of states were generally made possible by the establishment of public corporations which were mostly used as fulcrum to actualize these aims. But, capitalism has led private entrepreneurs into the market, performing those services which public corporations were known for. Also, capitalism has made government to lose its control over public corporation in the name of privatization.

4.0. PERFORMANCE OF PUBLIC CORPORATIONS IN NIGERIA IN THE 21ST CENTURY

From critical examination, and as evidenced by their activities, we shall identify the following as the major fashion with which public corporations operate in Nigeria.

4.1 Service-Oriented

It is quite surprising that the events of 21st century has influenced the operations of public corporation in Nigeria making it to become a little more advanced, contrary to the traditional order for which it was known. This is because it has got broad range of interests both in its management and operation. The operations of public corporation is no more focused on economic benefits, as usually the case in the ancient and medieval eras, but in service delivery as it is in 21st century. Take for instance the Federal Road Safety Corps (FRSC), the Nigerian Fire Service (NFS) etc. These institutions do not engage in profit making but in full-time service delivery. If we identify public corporations as being exclusively into economic engagements in order to generate income for the states, now we see that corporations that provide services such as the ones listed above will be strategically side-lined.

This is one great mistake which most scholars make. You will find out that scholars tend to associate public corporations only as economic outfits. That is good and ok. But, looking into their operations

right here in 21st century, we can see that they have got good spread of functions, way away from the traditional money-making kind of thing they were used to in the 18th and 19th centuries.

But, the 21st century developments of public corporation in Nigeria have made it a little more daisy and technical to distinguish between public corporation and public enterprise. This is because all state-owned establishments which were perhaps set up to provide basic services are categorised as public enterprises but they do not really do the work of an enterprise.

This is particularly different from what we saw during the ancient and medieval era. We saw public corporations, as at then ran by states, as pure economic outfits. But, today in Nigeria, the difference is clear. Public corporations do not just engage in economic activities but in social activities, regulatory activities etc without taking any charge for the services they render. Well, that is a plus for Nigeria.

This development has equally affected their rate of performance of public corporations in Nigeria. In the first place, we refute the idea of privatization because we believe it is contrary to the spirit of 'public' service and its methods and practice are contrary to the general interest of the public. But, we also discover that government do not privatise those institutions which are purely service-oriented. This is because, in the first place, no private individual would buy up a property from the government which has no economic or financial value if not immediately but on the long run.

So the argument here lies that in as much as public corporations are non-profit in nature, we should loudly restructure our minds to believe that 21st century blends, dynamics and modifications have given us newer brand of public corporations which perform services totally free without any demand for cash and goods without price-tags.

4.2 Problem-Oriented

One other important point to note is that unlike the Ancient and Medieval democracies, Nigeria's public corporations proliferate from what Shepsle and Bonchek (1997) referred to as necessity. 'Necessity', here, implies the dire need for an area of action to be taken by the government.

In 21st century, when government sees a social challenge which could cause a great harm to the individuals or the state, it comes up with immediate ad hoc measures to tackle them. But, when it is obvious that such challenges are perennial, (that is, they are recurrent; they come from time to time), the government quickly establishes a corporation, with the help of the Legislature to handle them. This is not only applicable in the federal government cadre but in the state and local governments, even though the evidences in the states and local governments are very traceable because of federal hegemony of Nigeria's federalism.

Example of this is the establishment of Nigeria Fire service, Cross River State Water Board, Power Holdings Company of Nigeria, etc. These were set up to handle the problems of fire crisis, water dearth to avoid water born disease especially in the city and electric power challenge. Because, the government knows that the issue of water, fire and electricity (and many more) are recurrent problems and, if no lasting solution is initiated, the people's' life will be threatened by them, public corporations were set up to handle. So, we see here that Nigeria's public corporations in the 21st century are focused at providing solutions to problems of dire consequences. We see them as problem solvers rather than money-making machines.

4.3 Public Corporations are products of public policy

As an extension of the executive arm of government, public corporations are tools of public policy implementation. This unique feature of public corporation is evidently revealed and made practical in the 21st century. Here, the government makes use of the diverse professionalism, technical know-how and expertise of public corporations' staff to press forte its policy objectives to actualization.

Take for instance, the Niger Delta Development Commission which was established in 2000. Its establishment was aimed at fixing the crisis emanating from oil conflicts in the Niger Delta. So, in

order to implement public policies it has been traditional for Nigerian government to make use of public corporations.

Whether it is a policy pronouncement, or policy document, the governments utilizes the public corporations as handy tools to implement them. And in most cases, government may not likely set up new outfits. It uses the existing outfits to get things done. When government knows that the organization, structure and function of a particular public corporation can help to implement a particular policy, it goes straight away to mandate the corporation to do the task. But when it knows that there is no available corporation with skills and manpower to handle the task, it sets up a new one immediately with the help of the legislature to get things done. This is also a detachment from the traditional understanding of public corporations (the case of ancient and medieval eras) as purely economic outfits which can't serve any other purpose than commercial.

5.0. THE 21st CENTURY CHALLENGES FACING PUBLIC CORPORATIONS IN NIGERIA

We shall broadly distinguish the challenges into two: External and Internal.

5.1 External Challenges of Public Corporations In Nigeria

a. Political Influence

21th century politics in Nigeria has generally abused the relevance of bureaucracy; the public corporations are not exempted. The consequence of this influence reflects in almost every activity of public corporation ranging from employment, to promotion, training, transfer etc.

The political office holders here are those who play supervisory role over the public corporations such as ministers, commissioners etc who have their principals sitting in elective seats in the top cadre of the political hierarchy. They necessarily may not have professional and technical know-how about the field under their supervision before they were appointed (as that could not be one of the major prerequisites) but, merely having a close rapport with the political figure head will earn them an appointment to head the ministry.

Today, what we see is undue interference in the personnel activities of these corporations by these political office holders who man the ministries. They decide the terms of promotion, employment etc. They delve into the basic personnel activities of the corporation and mar the merit clause which guides the modes of operation while receiving back-up and coverage from their political patrons.

Politicians use the public corporations as patronage to those who supported their political ambitions. Politicians, instead of professionals are seen in most management boards of public corporations who, would subsequently turn down on credibility and effective service delivery in pursuit of profits for themselves.

For instance, in the Nigeria National Petroleum Commission (NNPC), recent research reveals that for the past 3 decades (30 years) refineries have been redundant without experiencing any activity. Meanwhile, everyday, up to 450,000 barrels of crude oil are released by NNPC into these refineries. Since they are not active, these barrels of crude are sold away to private crude oil buyers abroad and the cash ends up in the pockets of the Board members, leaving the refineries redundant and unproductive. Of course, some 'cuts' from the transaction goes to the political patriarchs who sit somewhere above.

So, the influence of political office holders into the administrative structure of the public corporations has caused a huge damage to the system. It has not yielded good fruits to the operations of public corporations. It has rather played down on the effectiveness of public corporations over the years.

b. Economic Influence

Economic influence on the operations of public corporations is occasioned by the following factors:

i. Market Changes

One other external factor that squeezes the survival of Nigerian public corporations is unstable market. This is purely an economic factor but it has had a huge impact on Nigerian public corporations. These market changes are seen in areas of market twist, inflation, deflation etc. Unlike the private enterprises, public corporations are not at liberty to make hasty price adjustment to meet up with the sophisticated system of the global and domestic market.

In fact, most of these market dynamics and indices are initiated as a deliberate attempt by capitalists to hijack the open market and make more gains while stifling the survival of weak and up-coming entrepreneurs. So, when the public corporations cannot cope with the market sophistications, they run bankrupt and fall back to the 'poor' government for funding to pay its staff and take care of other overhead costs. Global market failure hugely affects the productive capacity of the public corporations and makes it almost impossible for public corporations to adjust to the swift changes of market fluctuations.

ii. Foreign exchange hoopla

From global perspective, foreign exchange is highly unpredictable. The information in **Graph 1** (the appendix of this paper), will assist us to have a better view of the progressive upsurge of foreign US Dollar against Naira. The ever-worsening foreign exchange effects on public corporation is felt so much here in Niger because the machines and most of the raw materials needed for their operation are produced abroad and Dollar is the recognised currency in the global market. In acquiring factory materials and equipment, these local corporations engage in extra cost which is like a strain on its meagre profit and income base.

This is occasioned by the hegemony of a single currency in global transaction which has shot out very prominently in this 21st century. What actually do we mean here? In the Ancient and Medieval eras, we did not see the dominance of one country's currency over other currencies in global transactions. We saw, at most, a mild upsurge of technologically advanced countries in the open market who came into the market with new innovations, but their levels of innovativeness and expertise had nothing to do with their currency's value. The case was: you have your currency and I have mine. You have your goods to sell and I have mine. Right there in the market, you have your goods and I have my money. That was and ought to be the language in the open market system in global transactions.

But the 21st century and its attendant consequences have given us a bitter pill in the form of domination of global financial system by a single currency, particularly the United State's Dollar, in this situation. And as worst as the case has been, we see our own Nigerian public corporations presenting their annual reports in Dollars instead of Naira currency. That is, itself a threat to patriotism and downplays on the sense of nationhood.

On the other hand, these corporations cannot engage in quick price increment to succour the foreign exchange stress, because it is not profit-oriented. Also, the bureaucratic order of public corporation may not give room for price flexibility, unlike the private firms, in order to balance up with the foreign exchange dynamics. This leads to deficit budgets and internal financial frustrations.

So, the critical condition which Naira is experiencing in the global circles is also kicking against the survival of public corporations down here in the domestic arena.

5.2 Internal Challenges of Public Corporations

a. Lack of accountability

Post privatization era and its attendant happenings are hugely posing a major challenge to the operations of public corporations in Nigeria. The issue about privatization doesn't really end at shoving-off the public corporations into the private hands but ensuring accountability in management. To what extent does the government know what is exactly happening in the public corporations? The obvious fact is that the government has poor knowledge of the events which take place in the

corporations simply because the private managers have chosen to conceal the information which are needed to ensure accountability in the system.

The rapport which should exist between the government and the private managers, in whose hands these corporations are, has dwindled owing to the inability of private managers to constantly update the government supervisors with the needed information. In addition to that is the laxity exhibited by government functionaries in the administration and supervisions of already-privatised public corporations.

So, the paradigm of disconnect here portends that the government and the private managers of public corporations do not always have smooth relationships. This lack of synergy results to inability of the government to effectively monitor, control and regulate the activities of the public corporations.

b. Personnel challenges

Public corporations are overtly staffed. The reason is largely unconnected to the unemployment challenge facing the entire country. The management of Nigerian public corporation employs staff beyond the financial capacity of the organization. And when the corporation expends a greater percentage of the annual budget in staff maintenance and other recurrent expenditure then, the staff become a threat to the survival of the organization.

In the worst case scenario, we see situations whereby poor and untrained personnel fill up the entire organization. As such, the personnel activities become more like a burden to the organization. Rather than enhancing the productive capacity of the organization, we see ill-motivated personnel structure and overblown system.

c. Poor facilities and infrastructure

It is not possible to engage in effective service delivery without good facilities. But conditions of public corporations recent days are critical because there is dearth of materials needed to make a comfortable work environment. In some cases, the public offices do not have sufficient desks, computer equipments, machines etc to work. And as a consequence, works get redundant and the staff get frustrated. For instance, in a recent analysis of NNPC, the report revealed that the staff were frustrated because of bad facilities such the refinery has not done any meaningful activity for up to 3 decades.

In addition, we realise that public corporations are not given direct access to infrastructural tools they need to get the work done. Most public servants who occupy senior positions are not given vehicles to ease-up mobility and transport rather the vehicles that are purchased are given to politicians who do not even use them for the office's duty but drive them around in wanton opulence and luxury.

d. Red-tapism

Public corporations are victims of red tapism and officiousness which the system bequeaths. This is occasioned by excess emphasis on bureaucratic models which strictly apply while doing office works. As a consequence, change is threatened and the staff tend to spend so much time to acquire a single information and to follow a single command line in order to get things done. This causes huge delay to the organization and personal initiatives are zeroed-off from office duties. Staff are not allowed to make inputs to the order of business but are always constrained to the protocols of the system.

There is no denying the fact that office rules must be followed. But it becomes a bane to the system if the office rules are excessively applied such that they hinder success and development in the system. This has caused a collapsed of certain organizations because it does not guarantee quick actions on trending issues within the organization. Red tapism does not guarantee fast policy implementation and this delay is a challenge to the progress of any organization.

e. Lack of innovation

As we pointed out earlier, the 21st century post-privatization era floods the market with abundant varieties of products and services. It gives the consumers the right of choice of product. With abundant products in the market, the consumer has the freedom to choose which product serves best their needs. But, this syndrome is at the benefit of the private entrepreneurs than it is for the public corporation.

Public corporations lack innovative ideas of how to upgrade their product's brand. They are stuck in the past and have very slow speed of upgrade. This is the major reason why Nigeria Telecommunication collapsed. While, wireless communication had long been introduced in global telecommunication industry, NITEL was busy packing piles of cables without any iota of technological development. But, when private companies came in the early 20th century, they quickly introduced wireless communication services. The interest of the consumers was immediately switched over to private communication networks who are today hosting more than 92% of wireless communication customers.

So, lack of innovation which is the fault of the chief executives of public corporations has so much marred the growth of Nigerian public corporation. The level of innovativeness is low compared with the jet-speed of innovation happening out there in the open market.

6.0 NEED FOR RATIONALIZATION

Well, it was interesting having to go through a whole lot about public corporation. But the question comes: is there any need for rationalization? Let us understand the term 'rationalization'.

6.1 What is rationalization?

The *Investopedia* defined this concept as:

"a reorganization of a company in order to increase its efficiency. This reorganization may lead to an expansion or reduction in company size, a change of policy, or an alteration of strategy pertaining to particular products". - Investopedia (2015)

It is practically a progressive effort aimed at building up the efficiency of organizations. It involves a whole lot of processes both personnel and strategic, funnelled into the organization in order to revamp the entire system. At the end of a rationalization process, it is expected that public corporations get better than they were.

Rationalization is also known as re-structuralization. Through the process of rationalization, lots of factors are influenced including the rank and file (that is hierarchy) of the organization, the payment system, the personnel policy etc. When an organization undergoes a rationalization process, there should be an evidence in the area of productivity and value creation. Rationalization does not necessarily engage disciplinary measures by retrenching staff. But the staff which are handy must achieve full utility.

7.0. RATIONALIZATION OF PUBLIC CORPORATIONS AND RECOMMENDATIONS FOR A BETTER PUBLIC CORPORATIONS IN NIGERIA

Do we have any need for rationalization? The answer is 'yes'; it will be a good advantage to the economy of the country if our public corporations are rationalized. World Bank report (1999) recorded that public corporations are a major source of government revenue in many developing countries. The success stories are enormous with China getting 7%, Thailand: 7%, Turkey: 6% income from public corporations into the country's treasury. In Northern Africa, Algeria gets up to 60% income, Egypt: 12%, Morocco: 4%, Tunisia: 7%; In the Middle East Jordan gets 14%, Lebanon: 17%, Syria: 24%; In the Eastern Europe Czech Republic gets 2%, Hungary: 3%, Poland: 4%, Slovakia: 5%, Slovenia: 3% income.

In terms of employment, corporations serve as a huge channel for engaging the large army of the unemployed in the society in an active and productive fashion. According to reports, 34.3% of the total workforce in Ghana are engaged by public corporations; 25.1% in Gabon, 12.2% in Sri Lanka, 8.1% in India; 7.7% in Kenya and 7.4% in China-Khan (2005).

Considering the huge potential in public corporation, I think, we should restructure the order of public corporations. We should concentrate on enhancing the efficiency of public corporations because of the basic services they perform and at a minimum financial consequence. Private corporations which perform same services may be elitist in their costing and that may not be in the interest the middle income earner.

Some proponents of rationalization have argued that privatization is a major form of rationalization. But we do not buy that idea because privatization is itself a challenge of the progress of public corporation. In China, after the cold war, the economy was opened-up for the private enterprises without fully privatizing their Public corporations. So, privatization is not the answer neither is it a better form of rationalization that fits the Nigerian situation.

The China's form of rationalization can be achieved even in Nigeria if we can institutionalize a just management order and enhance Government- Industry partnerships (rapport), as well as introduce Public-Private Competition in a healthy manner to ensure:

- (i) not only the PEs run well with the active involvement and leadership of their governments
- (ii) but also that Private Enterprises run well with the new norms of corporate governance. Khan (2005).

Finally, we have suffix it to say that corporate governance involves the capacity of government to engage every stakeholder in the open market and in the entrepreneurship lines to achieve the central aim of economic development. In this way, both the factory man and the market man will have a proud role to play in quality product (from the factory man) and at good price (from the market man).

7.1 Recommendations for Rationalization and Better Operation of Public Corporations

a. Development of Personnel Policy

The government has a big role to play in the rationalization process. First, the government who is the proprietor of the business should be on the lead by coming up with worker-friendly policies that will place value on those working in the public corporations. Nigerian staff are having ugly treatment by the government and government officials. Some of them are owed salaries, allowances, pensions etc for months unpaid. This is largely a personnel issue which should not be owing to the huge income of the country.

Staff in public corporations should be appreciated by the management and requisite benefits should be given to them. Delays of salaries should be stopped. Staff should be paid their salaries, gratuities, pensions, allowances etc as and when due. The absence of this is a major de-motivating factor which has killed effective manpower development in public corporations because when staff aren't paid on time or are being owed for months, they lose interest in the job and rather seek for alternative sources of income, abandoning the major responsibilities they have in the corporation.

An in line with the recent wage system in the 21st century, the government should constantly review its payment system to blend with the trend. This will equalise the payment system of the labour force. When the government has low salary scale, professionals and technocrats will not be attracted. They would rather creep out to the private businesses who need their expertise and who are ready to give them much gratification for their skills and expertise.

b. Recruitment of qualified staff

Qualified and efficient staff should be employed into the organization and those must be people with requisite qualification for the job. This will be guaranteed if merit-based recruitment process is initiated

without patrimonial or clientele influence. When qualified staff are employed to do the job, they involve professionalism and skilfully get the job done. This will promote the quality of service and products which come from the public corporation and enable staff perform their roles without external influences.

c. Infrastructural development

The basic infrastructure, machines, facilities and amenities needed for a good work environment should be guaranteed. The obsolete ones should be upgraded to world class standard. This will not only help in producing quality products but will also help to ease-up the task of workers and reduce industrial hazards which occur as a result of bad machine parts and bad infrastructure in the organization.

d. Innovation development

Customers and consumers are often demanding for better service and products. That is why there is constant proliferation of ideas and initiatives in the open market. And as we discussed earlier, public corporation lost grip of their customers in the era following the massive upsurge of capitalism. And because they have no fit in the strong wave of market change, they lose out totally on their customers and experience a decline in patronage.

So, managers of public corporations should be equipped with the right personnel who are ready to adjust with the trends of 21st century and come up with innovative ideas that meet the time. This can be achieved by effective research and constant market review and consumer's opinion evaluation. This way, the public corporations will not lose patronage and will engage in a healthy competition with the private firms.

SUMMARY

From the foregoing, we have built a firm and optimistic resolve that, in spite of the oddities currently experienced in the public corporations, change possible.

We started by justifying the existence of public corporations in every society and particularly in Nigeria where their social and economic values are incalculable. This is in view of the advantage which the people will have by getting good and quality services from the public corporations at lowest cost, while the government gets reasonable income as return for its investment in running the public corporation.

We looked at public corporations in retrospect with emphasis on the uniqueness which can be identified in public corporations in Nigeria as it is being practiced today. We realised that public corporations were the main income conduit for ancient and medieval states. Also, we realised a little more advancement in the operations of public corporations in contemporary era. We identified the fact that public corporations are not contemporarily economic outfits as government uses them for regulatory and other purposes.

Public corporations as we saw are pillared on three objectives which include: service oriented, problem oriented and as offspring of public policy. In spite of all these nice values which clothe public corporations, we saw external and internal variables which threaten the productivity and effective performance of public corporations.

But the solution to the challenges of public corporation in Nigeria lies on the need for rationalization. Public corporations can be rationalised by active involvement of various parties and key role players one of which is the government who is in this case the proprietor of the public corporations. The government should set the pace and standard for the rationalization process. The bureaucratic system should be revitalised to fall in line and place with the trending issues of global commerce. By so doing, we should expect better and more-efficient deliveries from our public corporations.

We however summarise by consolidating our debate on the fact that public corporations in Nigeria have received a huge blow from cumulative factors of the 21st century. Even though these factors are

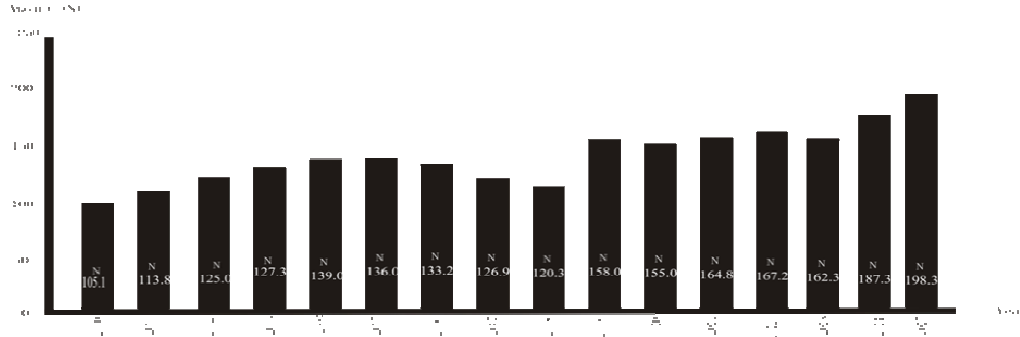
mostly relevant to the Nigerian situation, we discover that they are all critical to the survival of any organization. And because the Nigerian public corporations lack a strong fit in the 21st century they lose out totally in the area of service delivery, production of goods and services and income generation for the country which are most essential aims of their establishment.

But, the solution to this can be achieved if there is a complete overhaul of the system to systematically adopt the new solutions which are trending with the events in the 21st century and apply them to the operations of public corporations in Nigeria.

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Appendix



Graph One: Graph showing the foreign exchange matrix of Nigerian Naira to 1 US Dollar from year 2000 to 2015. This is figured as one of the major (external) challenges facing public corporations in Nigeria especially in area of purchase as public corporations spend so much money in importation of equipment and materials needed for production.

Source: Shebbs field data analysis (2015)