

PUBLIC ENTERPRISES MANAGEMENT: VEHICLE FOR SUSTAINABLE DEVELOPMENT IN NIGERIA

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ABSTRACT

Public enterprises are established globally for the principal purpose of propelling the social and economic development of the nations. Though, these enterprises are more of social infrastructure driven to improve the welfare of the citizenries at affordable rate. However, the management of public enterprise is paramount to achieving this salient objective. This paper titled “public enterprises management: vehicle for sustainable development in Nigeria is written to evaluate the extent to which public enterprise has been effectively managed in Nigeria and how it has also contributed to economic development. The paper uses qualitative approach and relevant literature was elicited. The research concluded that public enterprise is significant to the nation’s economy but more needed to be done in area of effective management; therefore, the paper recommends that government should use a more elastic approach in investment toward social infrastructure so as to broaden the scope of opportunities and adequate mechanics should be put in place towards prudent management of public enterprise through proper accountability and legislation

Keywords: Public Enterprises, Management, Economic, Development

INTRODUCTION

Nigeria’s public enterprise also known as public corporations are legal entities apart from government Ministries, Departments or Agencies and they engaged in economic activities with the sole aim of providing essential goods and services for the citizens so as to meet their social, demographic, ecological, cultural and economic needs (Ogohi 2014). Jerome (2008) noted that public enterprises include corporations, authorities, boards or other agencies owned, run, financed and managed by board of directors appointed by government. Though Abubakar (2011) argued that the reality of globalization and structural transformation of national economics have increased access to investment by private sectors through lowering of economic barriers by nations thereby leading to increase competitiveness between the private sectors and corporate entities Cole (2011) concludes that public enterprise mechanism is not only cost effective, socially responsible and more efficient for citizens but serves as the only instrument for propelling a developing economy towards meeting the need of it citizens both on the short, medium and long term basis.

There has been serious debate for and against the justification, significance and effectiveness of public enterprises in Nigeria; while Cole (2011) for instance observed that public enterprises play a significant role to the socio-economic development of the nation, Ikechukwu (2013) argued that mismanagement of public enterprises has been the factor militating against its effectiveness and efficiency

thereby affecting the full utilization and exploration. Consequently, these controversies were responsible for the initiation and implementation of the Privatization policy and subsequently to the Public Private Partnership (PPP).

However, Adesanmi (2011) contended that despite the social infrastructure being induced through the techniques of public enterprise its effective management has been the major bottleneck resulting from corruption, nepotisms, policy Somersault, inefficiency and politicization of the process. Aluko (2004) concur that though government have spent huge amount in investing in public enterprise but its performance and output in terms of financial returns on capital have been poor on one hand and delivering social services to these citizens which was the principal target of setting up public enterprise have not been justified. Therefore, these evidences proved over whelming need to realign the existing policies towards strengthening the management of public enterprise while public private mechanism also becomes paramount so as to provide a complementary role towards effective services for the citizens. The thrust of this research is geared towards examining the significance of public enterprise and the extent to which it has been effectively managed in Nigeria.

STATEMENT OF THE PROBLEM

Public enterprisessupposed to complement the social and economic drive to boost investment and social infrastructure in a fragile economy like Nigeria which largely depends on oil as its major source of revenue however effective management of these public enterprise is the only avenue to achieving this objective especially knowingly well that government involvement in public enterprise could be dominated by political affiliation rather than socio economic domain which could boost the living standard of the citizens. This becomes imperative to appraise the management of public enterprise in Nigeria and how it has contributed to the socio economic development of the nation.

RESEARCH QUESTIONS

This paper shall be predicated upon four fundamental questions

1. To what extent is public enterprise significant to Nigerian economy?
2. Has public enterprise been properly managed?
3. What are the challenges facing public enterprise in Nigeria?
4. How can these challenges be effectively tackled to create a virile economy?

LITERATURE REVIEW

Public enterprise according to Cole (2011) refers to large scale business organizations set up, owned and financed by the government of a nation with the aim of providing essential services to members of the public. The United Nations (1971) noted that public enterprise refer to incorporated or largely unincorporated business through which public authorities possesses shares and take part in decision making of the business and also be part of controlling the affairs of the enterprise. This posits that public enterprise is not solely owned or managed by government agencies since it creates room for private sector participation. Moreso, Obadan and Adeyemo (2005) argued that public enterprises refer to institutions whose cardinal aim is the production of goods and services which government or its agencies take part in the management and affairs towards effective productivity.

Sanusi (2001) further noted that public enterprise is one of the fundamental realities of a capitalist economy where the wealth of a nation is jointly controlled by the government and private individuals. Consequently the mechanism of public enterprise is solely to improve the living standard of the citizens however, these public social facilities are not only provided by the government as individuals also play significant role in the provision and management of the facilities. Public enterprise encompasses all industrial, agriculture, commercial activities which are established, owned and managed by government to provide social facilities in form of goods and services to the citizenries on one hand and also to inculcate entrepreneurial culture into government activities (Ikechukwu 2013). Therefore, public enterprise serves as a

veritable tool to improving the nation economy through provision of essential goods and services at an affordable rate and also creation of entrepreneurialability of the citizenries.

PUBLIC ENTERPRISES IN NIGERIA: A CHRONOLOGICAL PERSPECTIVE

Public enterprises became imperative because of the need to harness the nation's scarce resources to produce essential goods and services to the general public at an affordable rate. Nwoye (1997) noted that private-sector was the traditional structural mechanism of the global economics and Nigeria as a nation is also dominated by private sector based. Consequently, the need to improve the wellbeing of the citizens through production of essential goods and service became paramount at post-independence. The transport sector and specifically the railways were the first main public sector enterprise in Nigeria. This was aimed at creating public utilities for the citizens at an affordable rate vis-a-vis promoting business and commerce through trade of cash crop across the nation. More so, this attempt was to create an avenue for industrialization and spur the nation's economy by encouraging mass investment and with the nation discovery of crude oil after the civil war in 1970 which propelled oil boom era, government became more interested in funding social infrastructure. The Nigeria military government established the Nigeria enterprise promotion decree of 1972 which commenced on 1st April 1974, and later amended in 1976 with, the cardinal objective of encouraging government participation in the ownership and management of public enterprise government participation in public enterprise cut across agriculture, power, mining, banking, transportation, commerce and manufacturing and it has been able to spur the economy towards job creation improving the living standard and promotion of entrepreneurial activities however, with the glaring issue of mismanagement the need to involve the private sector into management of government owned establishment became paramount thereby leading to privatization of public enterprise and consequently the option of public private partnership. Though, funding has never been the problem of public enterprise instead it all borders on effective management even though the option of Public Private Partnership emerged management of public enterprises in Nigeria is still an issue of contention.

SIGNIFICANCE OF PUBLIC ENTERPRISES IN NIGERIA

Public enterprise plays significant roles to the socio-economic development of Nigeria. Oji, Nwachukwu and Eme (2014) and Ogohi (2014) noted that public enterprises play the following roles to the citizenries. The first significance is the provisions of essential services to the citizenries at an affordable rate. Moreso, public enterprise helps in the provision of employment opportunities to the citizenries thereby improving the social and economic wellbeing of the people. Odukoya (2007) further buttressed the significance of public enterprise to include the protection of exploitation and discrimination by private sector which will have been concerned with profitability motive in providing goods and services for the people thereby making it difficult if not impossible to afford by the lower class and middle income earners. He further noted that public enterprise have been beneficial to the citizenries as well as government in the area of economic development, even distribution of public utilities, improved revenue profile for the government, protection of some strategic industries and improved standard of living hence, it can be concluded that the role of public enterprise to Nigeria economy cannot be over emphasized

EMPIRICAL VIEW OF PUBLIC ENTERPRISES IN NIGERIA

The paper titled privatization of public enterprise in Nigeria: Valuation issues and problems were written by Aluko (2004), the research was qualitative in nature and its emphasis was on privatization of public enterprise in Nigeria. Adeyemo (2005) wrote on public enterprise reforms in Nigeria a review, his research was also qualitative and the emphasis was on privatization and commercialization of public enterprise. More so Nwoye (2005) wrote on privatization of public enterprises in Nigeria: the views and counterinterviews, the paper was only able to create a balance between two opposing view on the concept of privatization of public enterprises while Agabi and Orokpo (2014) wrote on performance of public enterprise in Nigeria and the privatization option, the paper was more focused on the analysis and issues of privatization of public

enterprises while Ogohi (2014) wrote on the analysis of the performance of public enterprise in Nigeria, the paper discussed the general overview of the issues of public enterprise in Nigeria as well as the extent of its performance. More so, Oji, Nwachukwu and Eme (2014) wrote on privatization of public enterprise in Nigeria: A thematic exposition, apart from the paper being concerned with privatization of public enterprise it did not cover its management. Therefore, the major gap of these papers which is management of public enterprise and how it could serve as a veritable tool to the socio economic development of Nigeria shall be covered. It is believed that the timing of this research which is the post privatization era where assessment of privatization can be better determined is also significant hence this research shall focus on that area.

PUBLIC ENTERPRISES MANAGEMENT: A VEHICLE FOR SUSTAINABLE DEVELOPMENT IN NIGERIA

The Nigeria environmental society (2003) sees sustainable development as meeting the needs of the present without comprising the ability of future generation to meet their own needs, whereas Mbanefo (2003) posits that sustainable development means the process of developing land, cities, business and community that meet the need of the present without comprising the ability of future generation to meet their own needs. The analytical view of public enterprise management has showcase that it is pivotal to sustaining the social, economic, geographical, political and cultural liberation of the nation. Through public enterprise management the nation's economy has been improved upon with the avenue of providing infrastructural facilities, availability of large capital and pooling of government resources, continuity and succession planning towards effective management techniques, development of capital projects and rural electrification, increased public accountability and reporting, employment opportunity to the citizens, large scale production as well as economic of scale and improved revenue profile for the government.

CHALLENGES OF PUBLIC ENTERPRISES IN NIGERIA

i. Political Instability: Though government has good intention in creating public enterprises so as to improve the living standard of the citizens however political instability has constrained its effective implementation.

ii. Monumental corruption: The reality of corruption in Nigeria is better imagined. This negative trend has entered into every fabrics of our national life hence public enterprise has also been bedeviled with this negative trend.

iii. Political influence: Knowingly well that those government activities especially in a developing democracy like Nigeria is clouded with politicization rather than governance, it has posed negative influence on the acquisition of personnel, decision making, policy formulation and execution and pooling of resources to the sector.

iv. Underfunding: Though, government have spent much money in funding public enterprises but it has not given it much priority as some sectors has been faced with underfunding and lack of political goodwill to keep it afloat. A typically example is the gigantic Ajaokuta steel company limited.

v. Mismanagement: The major problem facing public enterprises in Nigeria is mismanagement especially as those saddled with managing the enterprises are lackadaisical and care less in managing it effectively. This was the major justification for privatization of some of its public enterprises.

vi. Infrastructural deficits: The nation has been faced with infrastructure deficits thereby posing serious challenge to effective utilization of its social infrastructure.

CONCLUSION AND RECOMMENDATIONS

This paper concludes that public enterprises are significant to the socio-economic development of the nation. More so, the major constraint of public enterprises is lack of effective management. Consequently, the paper recommends that government should adopt a more elastic approach in investment towards social infrastructure so as to broaden the scope of opportunities and there should be adequate mechanism towards prudent, efficient and effective management of public enterprises through proper legislation, regulation,

accountability, reporting and supervision. More so, funding should be improved towards public enterprises while adequate mechanism is put in place in protecting social infrastructure as well as strengthening the nation's institutional framework and giving sound and moral re-orientation in imbibing maintenance culture and protection of public goods and services. Finally, the problem of corruption and embezzlement of public funds be addressed by sanctioning erring officers found wanting.

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