



**NATIONAL OPEN UNIVERSITY OF NIGERIA**

**SCHOOL OF MANAGEMENT SCIENCES**

**COURSE CODE: PAD 312**

**COURSE TITLE: MANAGEMENT OF PUBLIC SERVICES**

## **COURSE GUIDE**

### **PAD 312 MANAGEMENT OF PUBLIC SERVICES**

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<b>CONTENTS</b>	<b>PAGE</b>
Introduction.....	iv
What you will Learn in this Course.....	iv
Course Aims.....	v
Course Objectives.....	v
Working through this Course.....	v
Course Materials.....	vi
Study Units.....	vi
Assignment File.....	vii
Presentation Schedule.....	viii
Assessment.....	viii
Tutor-Marked Assignment.....	viii
Final Examination and Grading.....	ix
Course Marking Scheme.....	ix
Facilitation/Tutors and Tutorials .....	ix
How to Get the Most from this Course.....	x
Summary.....	x
Textbooks and References.....	xi

## **INTRODUCTION**

**PAD 312** is a three-credit unit course for Master of Science (M.Sc.) in Public Sector Management students. It is assumed that these students do have some knowledge about the workings of the public service. This course Guide tells you about the nature of the course, the materials you are going to use and how you are going to use the materials for meaningful benefits. It is expected that, at least 3 hours should be devoted to the study of every course unit since the course carries three (3) units.

For each course unit, there are exercises. You are encouraged to attempt these exercises. They obviously serve as points of reflections, which are necessary for proper understanding of the facts contained in the course. At the end of each unit, there is a Tutor –Marked Assignment (TMAs) which you are expected to answer. They serve as revision for the unit.

## **WHAT YOU WILL LEARN IN THIS COURSE**

This course will introduce you to the structure and functions of the civil service. In connection with this you will learn in details about the evolution of the civil service and their public enterprises. You will also go through an overview of the major decrees in the Nigerian public service and how they affect the public service. Public enterprise management is examined from the point of view of its own peculiarities in the public service. In this course, you will learn about the concept of public management and key components of public personnel management such as labour-management relations, performance appraisal system in the public service and the characteristics of public personnel management. You are already aware that there operational arms of government that are tagged public enterprises and parastatals. The management of these agencies is well discussed in this course. The public service is run on trust on behalf of the people; hence there is the need to have rules and regulations to guide the management of national resources. This course will take you through some of the public service rules that are common to public service organisations.

## **COURSE AIMS**

This course is designed to give students a broad introduction to the public service. Students will go through the following: Evolution of public service; the scope of public administration; history and development of modern public service in Nigeria; public enterprises management; public personnel management; public service rules; the concept of civil service neutrality; ethics and accountability in the public services; civil service reforms and problems of public services.

## **COURSE OBJECTIVES**

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

- define and explain the terms ‘civil service’ and ‘public service’
- trace the history of the civil services in some selected countries
- differentiate the characteristics of personnel management in the public service and the private sector
- articulate the functions of public personnel management
- apply public personnel management principles in managing human resources in your organisations
- manage labour- management relations in organisations
- describe the public personnel management procedures in the Nigerian public service
- explain the concept of public enterprises as a national development strategy
- specify the advantages and disadvantages of privatisation and commercialisation of public enterprises
- list the authorities for appointment, promotion, discipline and retirement of public officers
- discuss unethical behaviour and their consequences, as well as the organs of government responsible for dealing with corruption and financial crimes.

## **WORKING THROUGH THIS COURSE**

To complete this course, you are required to read all the study units, attempt all the self-assessment questions, tutor-marked assignments and study the concepts, practices and operational modalities in the public service as provided in this material by the National Open University of Nigeria (NOUN). You will also need to undertake practical exercises for which you need access to a personal computer running the necessary software that can be used to update your knowledge on current issues in the public service. Each unit contains self-assessment exercises, and at certain points during the course, you will be expected to take tutor-

marked assignments as e- examination. At the end of the course is a final examination. The course should take you a total 19 weeks to complete.

## **COURSE MATERIALS**

- i. Course Guide
- ii. Study Units
- iii. Textbooks/References
- iv. Tutorials

## **Study Units**

There are twenty one study units divided into four modules. The first module on the overview of Nigeria Public Service operations has 6 study units, the second module which is on Public Personnel Management has 5 study units, and the third module on Public Enterprises has 4 study units, while the fourth module on Public Service Rules has 6 study units.

### **Module 1 Overview of Nigerian Public Service Operations**

- |        |  |
|--------|--|
| Unit 1 | Evolution of the Nigerian Public Service   |
| Unit 2 | Composition and Structure of the Public Service                                    |
| Unit 3 | Interrelationships of Major Decrees in the Civil Service                           |
| Unit 4 | Roles and Functional Relationship between Public Office Holders and Civil Servants |
| Unit 5 | Management Techniques for Improving Public Service Performance                     |
| Unit 6 | Planning for Retirement  |

### **Module 2 Public Enterprises Management**

- |        |  |
|--------|--|
| Unit 1 | Public Enterprises Management Concept  |
| Unit 2 | Management of Public Enterprises   |
| Unit 3 | Relationship between Board Members, and Chief Executives of Public Enterprises |
| Unit 4 | Commercialisation of Public Enterprises  |
| Unit 5 | Privatisation of Public Enterprises  |

### **Module 3 Records Management in the Public Service**

- |        |   |
|--------|---|
| Unit 1 | Introduction to Records Management          |
| Unit 2 | Organisation and Management of the Registry |
| Unit 3 | Classification and Indexing of Records      |
| Unit 4 | Archiving                                   |



## **Module 4     Motivational Techniques in the Public Service**

Unit 1	Concept of Motivation
Unit 2	Maslow's and Alderfer's Hierarchy of Needs
Unit 3	Frederick Herzberg's Motivation and Hygiene factors
Unit 4	Douglas McGregor's Theory X and Theory Y
Unit 5	Adams Equity theory on Job Motivation
Unit 6	Motivation Factors in the Nigerian Public Service.

All the units are important for proper understanding of 'Introduction to Public Services'. For each study unit, you are to spare at least 2 hours each day to read, there are specific objectives. At the end of each unit, measure what you have learnt against the objectives. If there is any deviation, go back to the contents of that unit. There are textbooks, which you may go through for additional information. These textbooks are listed under "References/Further Reading" after each unit.

### **ASSIGNMENT FILE**

The self-assessment exercises in each unit have to be gone through to assess that you are following the ideas being presented. In addition, there are tutor-marked assignments. You are enjoined to attempt all of them, as some of them will be part of the continuous assessment. In this course, you will find all the details of the work you must submit to your tutor for marking. Carrying out the tutor- marked assignments will assist you in passing the e-TMA examination. There are 19 tutor-marked assignments in this course; you should attempt all the assignments.

**Table 1: Assignment File**

<b>Unit</b>	<b>Title of work</b>	<b>Weeks activity</b>	<b>Assessment (end of unit)</b>
1	Definitions of Public service	1	
2	Functions of the Civil Service	1	
3	New public management	1	
4	Tracing the history of public service	1	
5	Public service reforms	1	
6	Concept of Public Management	1	
7	Personnel management functions	1	
8	Labour management relations	1	
9	Performance Appraisal in the Public service	1	
10	Public Personnel Management	1	
11	Definition of Public Enterprises	1	
12	Management of Public Enterprises	1	

13	Commercialisation of Public Enterprises	1	
14	Privatisation of Public Enterprises	1	
15	Appointment to the Public service	1	
16	Leave and Promotion rules	1	
17	Disciplinary rules	1	
18	Salaries, Allowances and Staff welfare rules	1	
19	Ethics and accountability	1	
	<b>Revision</b>	1	
	<b>Total</b>	<b>19</b>	

## PRESENTATION SCHEDULE

This is about dates for tutorials and submission of assignments which you should keep in order to be on top of your studies.

## ASSESSMENT

This is in two forms, namely:

- i. The continuous assessment, which will be based on 30%. This will be tested through the e-TMA.
- ii. The final semester examination comes after you have completed the course material which will be based on 70%. You will be tested through the e-examination.

## TUTOR-MARKED ASSIGNMENT (TMA)

There is one tutor -marked assignment in each unit of this course which you are to attempt and send immediately to your tutor. There are nineteen tutor-marked assignments in this course and you are advised to attempt all. Aside from the course material provided, you are advised to read and research widely using other references (under further reading) which will give you a broader viewpoint and may provide a deeper understanding of the subject. Ensure all completed assignments are submitted on schedule before set deadlines. If for any reasons, you cannot complete your work on time, contact your tutor before the assignment is due to discuss the possibility of an extension. Unless in exceptional circumstances extensions may not be granted after the due date for submission of Tutor-Marked Assignments.

## FINAL EXAMINATION AND GRADING

The final examination for this course will be of 'three hours' duration and have a value of 70% of the total course grade. All areas of the course will be assessed and the examination will consist of questions, which reflect the type of self-testing, practice exercises and tutor-marked problems you have previously encountered. All areas of the course will be assessed. You may find it useful to review your self-assessment tests, tutor-marked assignments and comments before the examination.

## COURSE MARKING SCHEME

The e-TMA will count for 30% of your total course marks. At the end of the course, you will be required to sit for a final examination, which will count for 70% of your total marks. The table below shows how the actual course marking scheme is broken down.

**Table 2: Course Marking Scheme**

Assessment	Marks
E-TMA examination	30%
Final Examination	70% of overall course marks
<b>Total</b>	<b>100%</b>

## FACILITATION/TUTORS AND TUTORIALS

There are 19 hours of tutorials provided in support of this course. You will be notified of the dates, times and location of these tutorials, together with the names and phone numbers of your tutor, as soon as you are allocated a tutorial group.

Your tutor will mark and comment on your assignments, keep a close watch on your progress and any difficulties you might encounter as they would provide assistance to you during the course. You must submit your tutor-marked assignments to your tutor well before the due date (at least two working days are required). They will be marked by your tutor and returned to you as soon as possible. Do not hesitate to contact your tutor by telephone, e-mail, or discussion group if you need help.

You would find help necessary, when:

- you do not understand any part of the study units or the assigned readings
- you have difficulty with the self-tests or exercises

- you have a question or problem with an assignment, and your tutor's comment on an assignment or with the grading of an assignment.

You should try your possible best to attend the tutorials. This is the only chance to have face-to-face contact with your tutor and to ask questions which are answered instantly. You can raise any problem encountered in the course of your study. To gain the maximum benefit from course tutorials, prepare a question list before attending them. You will learn a lot from participations in discussions.

## HOW TO GET THE MOST FROM THIS COURSE

1. As a diligent student, you are expected to devote at least 2 hours to go through each unit. You are going to play a dual role, that is, as a lecturer and a student. This means that some confidence has been reposed in you. Read the course carefully just as you will listen carefully to a lecturer.
2. As you read each paragraph, try to interpret and evaluate so as to bring out the sense contained therein.
3. After going through the instruction, read the objectives. As you read the main content, ask yourself whether or not what you are reading tallies with the objectives.
4. Ensure you take time to work through the self – assessment exercises. You may discuss these with other students studying the same programme.
5. You should get your tutor's e-mail address and telephone numbers, do not hesitate to contact him or her whenever you encounter any problem in your course.
6. Always send your tutor – marked assignments on time. Also, note the tutor's comments against future assignments.
- 7) Above all, never get involved in examination malpractices.

## SUMMARY

PAD 312 is designed to give you a broad knowledge of the public service. It contains information on the workings of the public service, especially, the common public service rules that apply to both the civil service and the public service. Public enterprises play a major role in national development. This course gives you information on the strategies for managing public enterprises in Nigeria. We hope you will enjoy your study at the National Open University of Nigeria (NOUN). We wish you every success in the future.

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## MAIN COURSE

CONTENT	PAGE
<b>Module 1 Overview of Nigerian Public Service Operations.....</b>	<b>1</b>
Unit 1 Evolution of the Nigerian Public Service....	1
Unit 2 Composition and Structure of the Public Service.....	9
Unit 3 Interrelationships of Major Decrees in the Civil Service.....	23
Unit 4 Roles and Functional Relationship between Public Office Holders and Civil Servants.....	33
Unit 5 Management Techniques for Improving Public Service Performance.....	44
Unit 6 Planning for Retirement.....	66
<b>Module 2 Public Enterprises Management.....</b>	<b>79</b>
Unit 1 Public Enterprises Management Concept.....	79
Unit 2 Management of Public Enterprises.....	86
Unit 3 Relationship between Board Members, and Chief Executives of Public Enterprises....	99
Unit 4 Commercialisation of Public Enterprises.....	112
Unit 5 Privatisation of Public Enterprises.....	121
<b>Module 3 Records Management in the Public Service...132</b>	
Unit 1 Introduction to Records Management.....	132
Unit 2 Organisation and Management of the Registry..	141
Unit 3 Classification and Indexing of Records.....	149
Unit 4 Archiving.....	159
<b>Module 4 Motivational Techniques in the Public Service.....165</b>	
Unit 1 Concept of Motivation.....	165
Unit 2 Maslow's and Alderfer's Hierarchy of Needs...	172
Unit 3 Frederick Herzberg's Motivation and Hygiene factors.....	180
Unit 4 Douglas McGregor's Theory X and Theory Y..	185
Unit 5 Adams Equity theory on Job Motivation.....	189
Unit 6 Motivation Factors in the Nigerian Public Service.....	194





## **MODULE 1      OVERVIEW OF PUBLIC SERVICE OPERATIONS**

Unit 1	Evolution of the Nigerian Public Service
Unit 2	Structure and Functions of Public Servants
Unit 3	Interrelationships of Major Decrees in the Civil Service
Unit 5	Roles and Functional Relationship between Public Office Holders and Civil Servants
Unit 5	Management Techniques for Improving Public Service Performance
Unit 6	Planning for Retirement

## **UNIT 1      EVOLUTION OF THE NIGERIAN PUBLIC SERVICE**

### **CONTENTS**

1.0	Introduction
2.0	Objectives
3.0	Main Content
3.1	Conceptual Clarification
3.1.1	Definition of Public Service
3.1.2	Definition of Civil Service
3.1.3	Definition of Parastatals or Public Enterprises
3.2	Origin of the Nigerian Public Service
3.2.1	Historical Evolution of the Nigerian Civil Service
3.2.2	Initial Public Service Structure
3.3	Public Service Functions
4.0	Conclusion
5.0	Summary
6.0	Tutor-Marked Assignment
7.0	References/Further Reading

### **1.0      INTRODUCTION**

The public service is an organisation that is responsible for managing the resources of a nation on behalf of the people who are the owners of these resources. It is run by both elected and appointed officials. According to Section 318(1) of the Nigerian 1999 constitution, elective as well as appointed officials include: The president and vice president, governors and their deputies, ministers and commissioners, members and staff of legislative houses, chairmen, directors of all corporations and companies in which the government has controlling shares (Federal Government of Nigeria 1999). In this unit, you are introduced to the concepts of public service, civil service and parastatals. This is to enable

you to understand the meaning of public service and other associated terms. The comprehension of any topic depends on your understanding of its main terms and this is the reason you are being introduced to them first.

## **2.0 OBJECTIVES**

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

- define public service
- explain the terms public service, civil service and parastatals
- list the functions of public service
- describe how the Nigerian public service evolved.

## **3.0 MAIN CONTENT**

### **3.1 Conceptual Clarification**

The term “Public Service” refers to all organisations that are responsible for the delivery of government services (Adegroye 2005). The term includes:

- the civil service – the career personnel of the presidency, ministries, extra-ministerial departments, the national assembly and the judiciary
- the armed forces, the police, other security agencies e.g. paramilitary organisations
- the parastatals or public enterprises.

The term Ministries, Departments and Agencies (MDAs) is used as an umbrella term to cover all these organisations. The public service is the bedrock upon which the government is hinged. It is the hub for the implementation of programmes, policies, plans and actions of government (Adelegan 2009). The public service is defined as the vehicle for public service delivery and governance. The quality of the public service largely determines the pace of development of any nation. This is because of the crucial role public servants play in the formulation and implementation of programmes of governments.

#### **3.1.1 Definition of Public Service**

The meaning of public service is contained in Section 277 Sub section 91 of the Constitution of the Federal Republic of Nigeria of 1979 as amended in 1989 as encompassing the civil service (Ministerial departments), statutory corporations or parastatals, judiciary, legislature,

educational institutions, financially, wholly or principally owned by government at the state, local and federal levels, Nigeria Police or Armed Forces and other organisations in which the federal or state governments owned controlling share of interest: the meaning of the concept of public or civil service as established by the Nigerian constitution is provided for in sections 169, 171, 206, 208 and 318 and in section 10 of the Third schedule of the 1999 constitution. The constitutional provisions do not recognise the term. “*The Nigerian Public Service*” The constitution only recognises the public service of the Federation at the federal, state and local government levels (Olaopa, 2008:371). In Nigeria, the country’s government bureaucracy is the public service. This is because government at whatever level enunciates and implements its policies, programmes and projects through the instrumentality of the public service. Most public services are service-oriented.

### **3.1.2 Definition of Civil Service**

The civil service is an organ created to ensure that policies and programmes of any government at any particular time are carried out. The civil service as part of government never dies. Because of its perpetual nature and the changing nature of constitutionally elected governments, it has to be endowed with specific peculiarities or leanings of that government. Further characteristics of the civil service are that:

- it is non-partisan to enable it serve the government of the day
- it has to be made up of experienced men and women with the technical and professional know-how to enable it implement government policies
- it has to be orderly and also ensure that orderly administration of the country is continuous
- the civil service is indispensable since it continues the traditional role of keeping the functions of government running no matter what changes occurs in the administration of the country
- it operates under rules which guide its conduct
- the civil service is an entity, but operates its activities, divided between ministries and departments. Each ministry or department has its set functions and goals (Federal Government of Nigeria 1999).

### **3.1.3 Definition of Parastatals or Public Enterprises**

There is a category of public service organisations which Okigbo (1986), refers to as Quasi National Government Organisation (QUANGO). They are the operational arm of government ministries; that are established to provide services to the populace. The scopes of

the services they provide are usually sufficiently complex to warrant their establishment as separate bodies outside the normal operations of government departments. The laws setting them up do not only allow considerable flexibility as against the rigid demands of the civil service for high degree of accountability, but also guarantee some measure of autonomy. This autonomy is subject to government general direction of their operations to ensure the achievements of the desired objectives without sacrificing accountability.

### **3.2 Origin of the Nigerian Public Service**

The civil service was conceived as an apparatus or instrument of British rule to serve British interests. It had an upper service echelon, occupied by the colonialists and the junior service positions occupied by Nigerians. This situation remained till 1945 when agitation by Nigerian nationalists reached its peak. Gradually, Nigerians began to take over the functions of the colonialists until the civil service and all other organs of government were completely indigenised (Oladoyin, 2008).

The patriarchs of the Nigerian public service whose contributions stood out indelibly were Chief Simeon Adebo for the Western Region, Chief Jerome Udoji for Eastern Region and Sir Kashim Imam for the Northern Region. The public service in Nigeria is a colonial heritage of public administration during which the upper echelon of the civil service was dominated by the Europeans on whom were concentrated executive, judicial and legislative powers. The Nigerian public service is a creation of the constitution of the Federal Republic of Nigeria. Successive constitutional reviews increased the stake of Nigerians at the helm of the public service until independence in 1960. Independence was supposed to catalyse the evolution of the service as a national institution to lead the rapid transformation of the nation and enduring continuity in administration. It has failed to do any of these. Though the Nigerian public service has undergone changes and transformation over the years, unfortunately successive reforms have not made significant impact to re-engineer the public sector. Reforms were tailed towards achieving effectiveness of the service because of the successive governments that a thorough bred public service was necessary for effective delivery of public services (Olaopa, 2006).

The Nigerian public service of today has its origin in the amalgamation of the colony and protectorates of Northern and Southern Nigeria. Prior to the amalgamation of the Northern and Southern protectorates of Nigeria in 1914, there was in existence some form of administration in the colonies/territories of what later became Nigeria (Maduabum, 2006: 14). The root of the early Nigerian public service could be traced to 1847 when Mr. John Beecroft was appointed consul for the Bight of

Biafra with headquarters in Fernando Po, which was then a Spanish colony. The responsibilities of the consul then were essentially those of prosecuting legitimate commercial activities and observing commercial treaties (Maduabum, 2006).

### **3.2.1 Historical Evolution of the Nigerian Civil Service**

The following are the highlights of the evolution of administrative machinery later known as the Nigerian public service (Maduabum, 2006):

1. From 1866 to 1874, the central administration for Lagos, Gold Coast, Gambia and Sierra Leone was transferred to Freetown, Sierra Leone.
2. From 1874 to 1886, Lagos Colony was administered from Gold Coast.
3. From 1886, Moloney was appointed Governor of Lagos.
4. In 1889, the Niger Coast protectorate was merged with the territories of the Royal Niger Company.
5. On 1<sup>st</sup> January, 1900, the protectorate of Southern Nigeria was created along with that of Northern Nigeria.
6. In 1906, Lagos Colony was merged with Southern Nigeria.
7. In 1914, Lagos Colony plus Southern Protectorate were merged with Northern protectorate to form an amalgamated territory called Nigeria. A Governor-General – Sir Fredrick Lugard was thereafter appointed for the amalgamated territory that was to be assisted by an all European executive council that had been in existence since 1862 (Maduabum, 2006).
8. The administrative machineries run largely by the then Governor-General wielded so much powers that he appointed the top officials in the executive and legislative councils, and made them answerable to him. The first attempt at involving Nigerians in the council was in 1913 when a Nigerian Council of thirty members was established. Among the thirty members were six Nigerians. The commencement of a proper public service in those early days could be traced to the period 1900 to 1914. By the end of the First World War, the structure of administration had been sufficiently established.

### **SELF-ASSESSMENT EXERCISE**

- i. Define the term public service as it applies to Nigeria.
- ii. Trace the historical evolution of the Nigerian public service.
- iii. Differentiate public service, civil service and parastatals.

### **3.2.2 Initial Public Service Structure**

Okigbo (1986) argued that the Nigerian colonial public service was not modeled on the British Home Public Service. The overseas public service had to be created and fashioned out to suit the peculiar circumstances of the people being ruled.

The rulers considered the people valuable only for what they have to contribute to the colonial power. Another legacy inherited from the colonial administration was the dichotomy of senior staff which existed even after the departure of the junior Europeans. By 1954, the British model of public service had undergone changes and modifications but remain basically a class oriented service based on the recommendations of the Gorsuch Commission of 1954.

The most critical period of the public service was the time of what has come to be described as the great purge of 1975 following the military putsch which terminated the nine year military rule of General Yakubu Gowon. The Murtala-Obasanjo regime came with the belief that the Public Service then was rotten all over and only a massive purge could cleanse and reinvigorate it. A gale of retrenchment blew which swept off no fewer than 11,000 public servants, super permanent secretaries and others who had become very powerful. This saw the exit of some of the nation's best brains and hands from the public service on account of alleged poor productivity, disloyalty, corruption, and inefficiency. This eroded the job security characteristic of the public service.

### **3.3 Public Service Functions**

The public service (Ministries, Departments, and Agencies) has always been the tool available to the Nigerian government for the implementation of developmental goals and objectives. It is seen as the pivot for growth of African economies (Economic Commission for Africa, 2003). It is responsible for the creation of an appropriate conducive environment in which all sectors of the economy can operate maximally.

Under the new public management, the public service is expected to play a catalytic role in the economy by providing enabling policies for all sectors of the economy.

The functions of the public service include:

1. implementing and enforcing economic, political and social policies of the government
2. designing and implementing public programmes

3. generating revenue for the government
4. ensuring managerial, political and financial accountability
5. serving the people
6. monitoring and evaluating the performance of organisations (public, private or non-governmental) that are rendering service on behalf of government
7. driving all development initiatives
8. delivering quality public services (such as education, electricity, water and transportation).

In summary, the public service is crucial to the overall efforts of nation building.

#### **4.0 CONCLUSION**

No government can survive without a public service. The quality of the public service is therefore critical to the effectiveness of the government of the day. This section is aimed at providing some historical background of the origin of the civil service since the amalgamation of the Northern and Southern Protectorates.

#### **5.0 SUMMARY**

The public service is the vehicle for the delivery of public services. The public service of Nigeria encompasses the civil service, statutory corporations, parastatals, judiciary, legislature, educational institutions, financially, wholly or principally owned by the government at Federal, State and local government levels. The origin of the Nigerian public service is widely accepted to have started in 1847 when Mr John Beecroft was appointed consul for the Bight of Biafra with headquarters at Fernando Po, a Spanish colony. However, it is the formation of the administrative machinery after the amalgamation of the Northern and Southern Protectorates that is considered the beginning of the Nigerian public service. The public service performs many functions which summarily can be described as the implementation of government policies and programmes

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

- i. The beginning of the Nigerian public cannot be rooted in a particular date. Discuss.
- ii. A government cannot do without a public service. Explain this statement.

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## **UNIT 2     STRUCTURE AND FUNCTIONS OF PUBLIC SERVANTS**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Structure of the Public Service
  - 3.2 Functions of Public Servants
  - 3.3 Classification of Public Servants
    - 3.3.1 Administrative Class
    - 3.3.2 The Professional/Scientific/Research Officers Class
    - 3.3.3 The Executive and Technical Class
    - 3.3.4 Secretarial Class
    - 3.3.5 Clerical and sub-Clerical Classes
    - 3.3.6 Messengerial Class
  - 3.4 Problems of Public Servants
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

The public service is part of the executive arm of government. It is the tool which the government uses for planning and executing its programmes. The public service is an organisation which is made up of the Ministries, Departments and Agencies (MDAs). The minister is the chief executive of the ministry. An extra-ministerial department is headed by a chairman (e.g. Federal Civil Service Commission). The permanent secretary is the chief adviser of the minister on policy and operational issues, and he is the accounting officer. The power to make appointments to offices is vested in the Federal Civil Service Commission while promotion, dismissal and disciplinary matters are vested in the Federal Civil Service Commission. The public service is a typical bureaucratic organisation made up of public servants who are recruited on the basis of their skills/qualifications and expertise.

### **2.0 OBJECTIVES**

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

- explain the structure of the public service
- describe the functions of public servants
- discuss the problems of the public service.

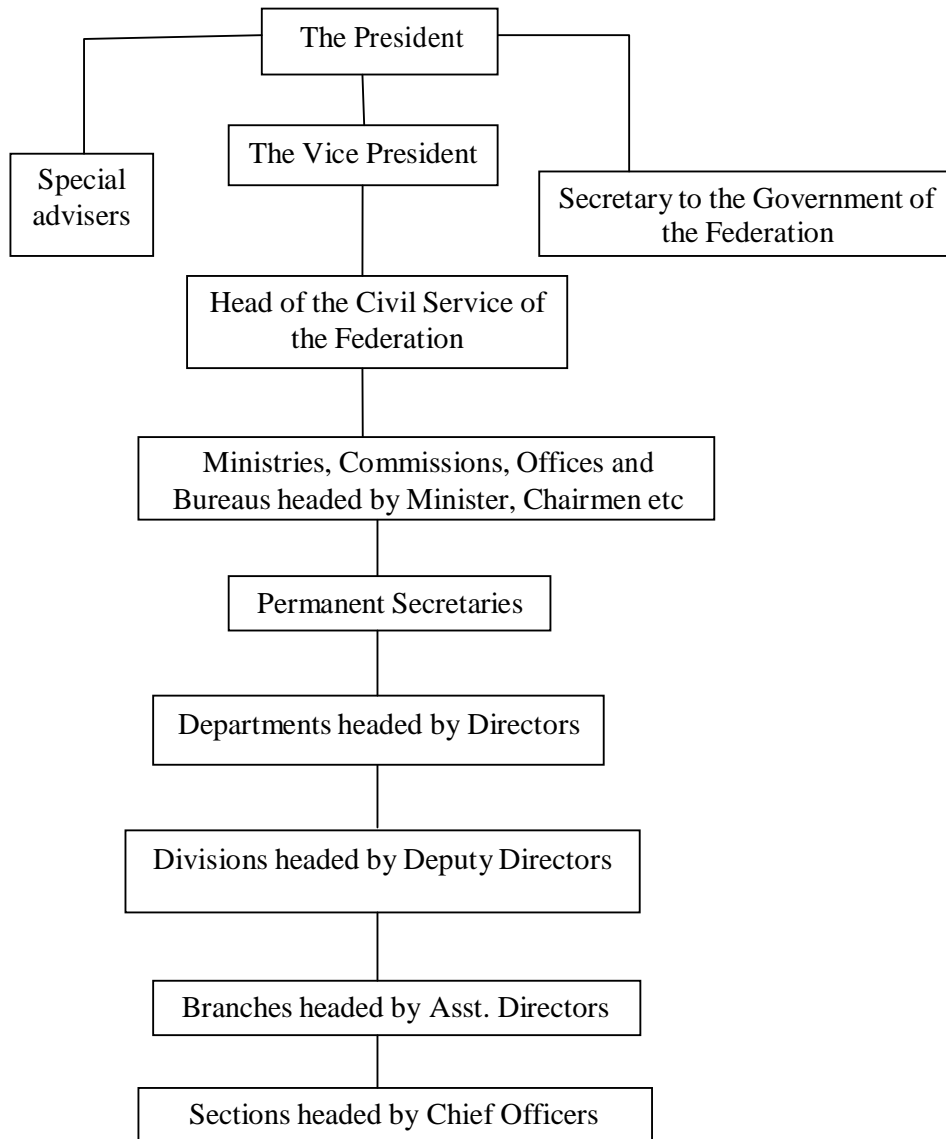
### **3.0 MAIN CONTENT**

#### **3.1 The Structure of the Public Service**

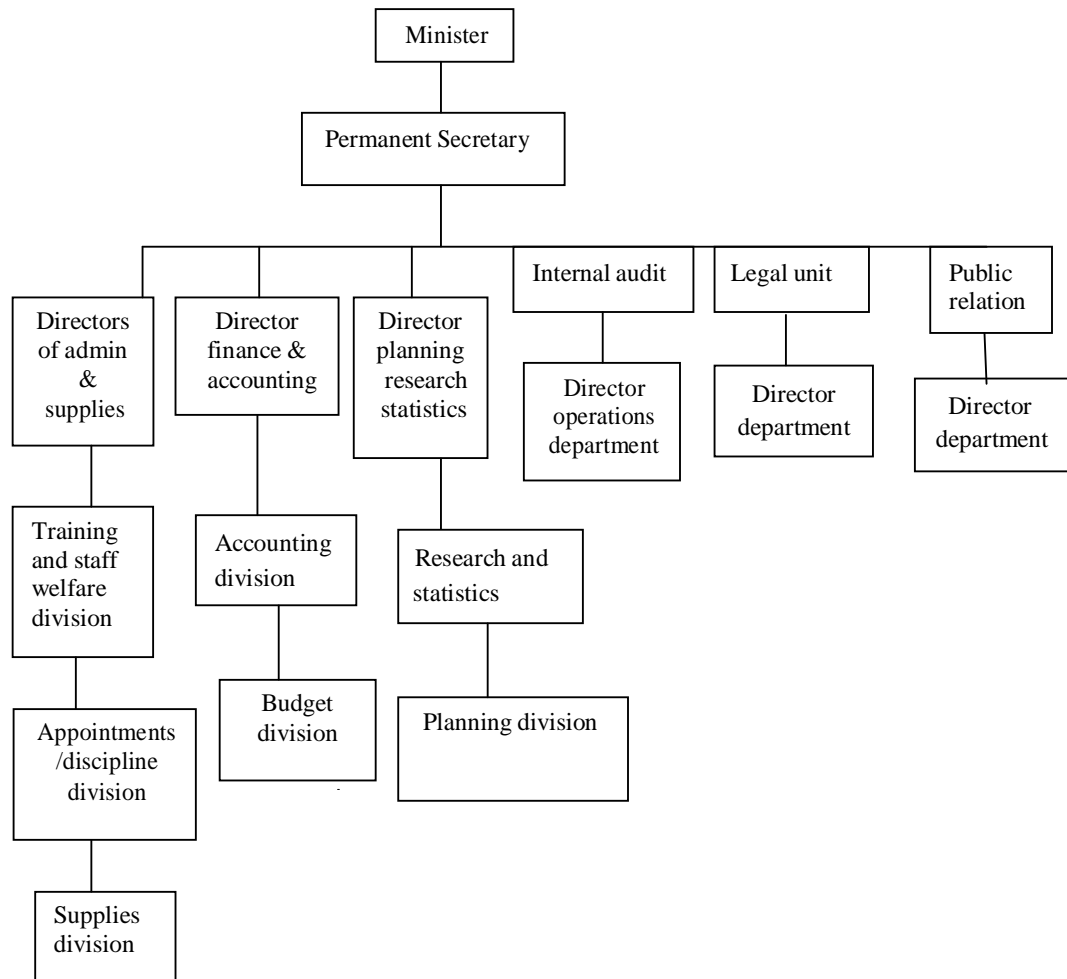
The public service consists of MDAs. In addition to the civil service, the public service, encompasses the armed forces, the judiciary, the police, parastatals, government owned companies and statutory agencies. Parastatals and government owned companies/ statutory agencies are usually attached to ministries or the Presidency for the purposes of supervision and co-ordination. Each ministry usually has a minister/ commissioner in the state and director general/ secretary/ managing director in a corporation. The third tier of government in Nigeria is the local government. Local governments are less elaborately structured in comparison with the federal and state governments. The chief executive of a local government is designated as chairman and the post is an elective one. The highest career post in the local government is the secretary to the local government.

The civil service is divided into ministries and extra – ministerial departments. The chief executive of a ministry is the minister at the federal level and the commissioner at the state level. The permanent secretary is the accounting officer. In the extra ministerial departments, the chairmen are the chief executives; while directors general or secretaries as the case may be are the accounting officers. In the parastatals and government owned companies, directors general, managing directors or general managers are the accounting officers.

The most important tool or instrument the government uses to achieve its objectives is the civil service. The political class initiates policy and the civil servants execute the policy. The civil service also advises the political class on policy options and the implications of various options. Figure 2.1 shows the organisational structure of the public service, while Figure 2.2 shows the organogram of a typical ministry /extra ministerial department.



**Fig. 2.1: Organisational Structure of the Public Service**  
Source: Administrative Staff College of Nigeria (2005)



**Fig.2.2: An organisational structure of a typical ministry/extra-ministerial Department**

Source: Administrative Staff college of Nigeria (2005)

Under the constitution, the general direction and control of a ministry is under the minister or commissioner. However, discipline and control of civil servants are vested by the constitution in the Civil Service Commission. All policy decisions are taken by the minister/commissioner. Before taking his decision, he is expected to seek the advice of the permanent secretary. He is not necessarily bound to accept this advice, but it is advisable that it be tabled. Within the framework of approved policy, the management of the ministry is the responsibility of the permanent secretary and the directors.

### **The Permanent Secretary**

The appointment of Permanent Secretary is vested in the President and state governor, as the case may be. The permanent secretary is the chief adviser to the minister / commissioner in the formulation of policy and

is responsible for the execution of the policies thus formulated. It is his duty to keep the minister/commissioner fully and regularly informed of what is happening in the ministry and he serves as the authoritative interpreter of ministerial and government policies to other officials of the ministry, as well being the coordinator of activities and policies affecting the different branches of the ministry.

In addition to his responsibility to the minister/commissioner, the permanent secretary is responsible to:

- a) the Head of Civil Service and the Civil Service Commission for the control and direction of civil servants serving in the ministry
- b) the legislature, through the Public Accounts Committee, for the proper, economical and lawful expenditure of public funds voted by the legislature.

### **3.3.6 Organisation of an MDA**

An organisation consists of individuals and groups of individuals whose work is required for carrying on the objectives of the establishment. It consists further of the uniting of the individuals and groups of individuals in such manner that they can work harmoniously, promptly and economically for the common good.

A ministry should be organised into appropriate working units and for purpose of clarity, the following organisational nomenclatures apply:

- i. **Ministry:** a ministry is a government department with a political Head (the minister or commissioner) and a permanent secretary in charge
- ii. **Department:** a department is the largest government organisational unit responsible for specified function assigned to it by the Head of Government; it does not necessarily have a political head, e.g. Audit Department
- iii. **Division:** a division is a workable unit within a ministry but large and distinct enough to stand on its own, yet sufficiently compact for its Head to be able effectively to co-ordinate and supervise the entire activities and reporting direct to the permanent secretary e.g. Treasury Division of the Ministry of Finance
- iv. **Section:** a section is a subdivision of a branch performing a block of related activities/services. The head of a section usually reports through the branch head
- v. **Unit:** a unit is a specialised branch or section (e.g. examination unit; internal audit unit; planning/programming unit, etc) whose head may report, as the case or nature of assignment may dictate, direct to the permanent secretary or head of department.

### 3.2 Functions of Public Servants

The public service is the instrument of government for policy implementation, but neither the service nor its members can identify with any particular political party. A public servant is, therefore, required to assist in formulating and implementing the policies approved by the government, whatever his personal or private opinions or attitudes may be. This does not imply that a civil servant should comply with unlawful directives; if directed unlawfully, he should invite attention immediately to the legal position or requirement and advice on the proper action to take. It is also his duty to advise on the implications of a particular policy or action.

The public service consists of MDAs. The public service on the other hand, in addition to the civil service, encompasses the armed forces, statutory agencies, parastatals, and government owned companies.

1. Decisions are taken by ministers/directors general/ chairmen and it is the duty of public servants to apprise the minister with the information necessary to make a right decision.
2. The public servant must place before his/her minister/director general, arguments for both sides of the case, fully and fairly. Whatever his own sympathies may be, he must put all the arguments for and against the recommendations.
3. Once the decision is taken, the public servants must carry out loyally the policy chosen, even though he or she may have been averse to it.
4. The decision once taken is that of the MDAs as a whole, and it is contrary to tradition for a public servant to take credit for any measure accepted by government and of which he is the originator. Since the decision is that of the minister, the minister must take full responsibility for it. If the decision happens to be wrong or unpopular, the minister must protect his officials. It is also expected that the head of an MDA should defend his officials if they are attacked in public. A head of an MDA who cannot observe this tradition is normally expected to resign.
5. The public servant must observe absolute silence and be discreet as to what takes place in the office, since responsibility for the policy rests upon the minister. The civil servant is concerned with formulation of policy as directed by his minister.
6. The public servant is responsible for continuity of government. Its concern is therefore the good of the nation as a whole irrespective of political party goals or affiliation, and therefore to each minister in turn as they come, the civil servants must submit the national point of view. Almost any administrative decision may be expected to have consequences which will endure or

emerge long after the period of office of the government under whose authority it is taken. It is the peculiar function of the civil service, in their day-to-day work to record these exigencies of the moment, in order that the convenience of today may not become the embarrassment of tomorrow.

7. It follows from all the foregoing that public servants should strictly observe the triple maxim of *impartiality*, *neutrality*, and *anonymity*.
8. While the public servant must carry out the decisions and policies laid down by the political boss, he must resist illegitimate political demands or pressures. To succeed in doing this and to develop the capacity for resisting illegitimate and improper demands, the public servant must learn that it is in his own interest to resist political encroachments in the performance of his duty. For example, on such matters as financial accounting, award of contracts assessment, promotion and discipline of staff, there are public service rules for the public servants to obey and follow, and no minister or political boss should be allowed to encroach, interfere, or in any way influence the public servant in the discharge of such functions. There will always be some degree of conflict between the politician's interest to promote his political fortunes and the public servants' duty to apply impartial rules and procedures. Fortunately, the public servants are sufficiently protected by rules and regulations made under the laws and should have nothing to fear.

### 3.3 Classification of Public Servants

The functions of the public service are carried out by various categories of public servants (Federal Republic of Nigeria Constitution, 1999). Apart from the permanent secretaries/directors general/chairman of commission/ managing director; there are five categories of staff in the public service. These are:

- i. Administrative, Professional and Scientific / Research Officers
- ii. Executive and Technical Class Officers
- iii. Secretarial Class Officers
- iv. Clerical / Junior Technical and sub-Clerical / sub-Technical Class Officers
- v. Miscellaneous Class e.g. Telephone Operators, Messengers, Security Guards, Gardeners, etc.

### 3.3.1 Administrative Class

One of the most important groups in the civil service is the administrative class whose *raison d'être* and functions are derived from the ministerial and parliamentary system of government. In order to make it possible for ministers/commissioners to carry out their functions efficiently and effectively they are supported by a body of staff under the leadership of permanent secretaries. It is the responsibility of this group to bring together the diverse information on the appropriate decisions and put them into effect.

Potential administrative officers are usually university graduates. Some are transferred or promoted to posts within the class from other classes in the service or public bodies. Appointments to posts other than the initial grade may be directly by the Civil Service Commission from candidates considered suitably qualified. The new scheme of service for administrative officers cadre spells out posts and salaries, duties and methods of entering into the cadre. Most administrative posts, like other posts in the service are graded to discharge specific functions called schedule of duties. Administrative officers are liable to posting from ministry to ministry.

### 3.3.2 The Professional and Scientific / Research Officers Class

The qualifications of the members of this class are university degrees or professional certificates. Most professional officers in the service are in the specialist ministry and non-ministerial departments, such as agriculture and natural resources, audit, education, finance and treasury, industries, justice, health, works and housing etc. The new schemes of service spell out posts and salaries, duties and methods of entering into the various cadres.

Scientific and research officers are mainly in the ministries of Agriculture and Natural Resources, Industries and Health. Scientific and research officers' nomenclature used here are generic terms. These classes of officers assume their appropriate designation in their respective ministries/department. In the Ministry of Works, there are executive engineers, civil, mechanical or electrical, quantity surveyors and architects and doctors in the Ministry of Health.

Professional scientific and research officers in their respective ministries and departments are responsible for planning, organising and controlling the professional scientific and other specialised programmes of the government. They advise the government on specialised matters as and when the need arises. They also participate actively in the formulation and implementation of government policies.



### 3.3.3 The Executive and Technical Classes

The duties of this class of officers are of a general nature including routine accounting and sub-professional work. Executive class officers who perform non-technical duties discharge considerably supervisory work as well as take charge of specific assignments within a unit in the ministry / department.

This non-technical class falls into the two groups listed below:

- (i) Executive Officers (General Duties)
- (ii) Executive Officer (Accounts)

The grading of their posts is as follows:

#### **Executive Officers (General Duties)**

Assistance Executive officer  
Executive Officer  
Higher Executive Officer  
Senior Executive Officer  
Principal Executive Officer II  
Principal Executive Officer I  
Asst Chief Executive Officer  
Chief Executive Officer

#### **Executive Officers (Accounts)**

Assistance Executive Officer  
Executive Officer  
Higher Executive Officer  
Senior Executive officer  
Principal Executive Officer II  
Principal Executive Officer I  
Asst Chief Executive Officer  
Chief Executive Officer

Deserving members of the executive class may be promoted to the administrative class or, if they are engaged in accounting work, to the cadre of accountant. Some of these officers who have undergone specialised training courses are deployed in specialised duties. Some officers perform technical, duties for which technical or technological rather than professional qualifications are necessary. The following grades apply to them:-

- i. Assistant Technical Officer
- ii. Technical Officer
- iii. Higher Technical Officer
- iv. Senior Technical Officer
- v. Principal Technical Officer I
- vi. Principal Technical Officer II
- vii. Assistant Chief Technical Officer
- viii. Chief Technical Officer

### **3.3.4 Secretarial Staff**

The grading of secretarial staff is as follows:

- Confidential Secretary, Grade IV
- Confidential Secretary, Grade III
- Confidential Secretary, Grade II
- Confidential Secretary, Grade I
- Personal Secretary, Grade II
- Personal Secretary, Grade I
- Senior Personal Secretary.

For official reporter grades, the grading is as follows:

- Official Reporter, Grade II
- Official Reporter, Grade I
- Senior Official Reporter
- Deputy Hansard Editor
- Hansard Editor

### **3.3.4 Clerical and sub-Clerical Classes**

The following posts exist in both the federal and state civil service:

- (a) Clerical Assistant
- (b) Clerical Officers
- (c) Senior Clerical Officer
- (d) Chief Clerical Officer

The minimum educational qualification of direct entrants to the clerical grade is the West African School Certificate (with a pass in English) or the General Certificate of Education (Ordinary level) with passes in at least four subjects including English or in five subjects at two sitting including English. Promising members of the clerical class may be promoted to the executive class from the grade of senior clerical officer and above.

The minimum educational qualification for a clerical assistant is Certificate S.75 or Secondary III or IV. Clerical assistants may be promoted to the standard clerical grade if they pass the combined confirmation/promotion test at promotion level.

### **The Junior Technical and sub-Technical Classes**

The qualifications of the employees in this grade are the same as those for clerical and sub-clerical grades, although a pass in the necessary scientific subjects such as physics, chemistry, mathematics and biology is essential for appointment. The members of this class are usually found in the professional ministries and departments.

#### **3.3.5 Messengerial Class**

This consists of labourers, messengers, cleaners and drivers. This class has been outsourced in most MDAs.

### **SELF-ASSESSMENT EXERCISE**

- i. What are the characteristics of an administrative officer?
- ii. What are the characteristics of professional / scientific / research officers?

### **3.4 Problems of the Public Service in Nigeria**

The problems of the public service are so numerous that only some will be discussed in this section.

**1. Slow decision making process:** the structure of most if not indeed all of the civil service in developing countries has been described as defective. Although this structural defect has since being rectified with the introduction of different classes (the administrative, professional and executive classes and subclasses within the above three classes), there are still inter and intra class conflicts. In a country like Nigeria, there is still the use of authority relationship which requires that power, functions, processes and procedure be structured. The long chain of command is often responsible for slow decision making.

**2. Tension between Minister and Permanent Secretary:** the tension between the Minister and the Permanent Secretary (PS) or the administrative head of the ministry by whatever name he/she is called poses another problem for the civil service. The tension arises from the pre-eminent position which the PS occupies in relation to the minister as the accounting officer of the ministry. In some cases, the minister may decide that some actions be taken only to be told by the PS that there is no fund for it. On the other hand, the orientations of the ministers and PS are different. While the minister seems to be in a hurry to please his/her electorate or constituency, the other as a technocrat, has been trained to ensure compliance with public service rules. Such differences in orientation are sources of conflict which tends to be problematic for

the service. The relationship between the two officers (political and administrative executives) tends to be sour.

**3. Rigidity of Public Service Rules:** public service rules in Nigeria regularly take account of societal dynamics. They are in bits and pieces which are scattered in memoranda and other documents such that in some cases, public servants themselves forget some of the amendments, or cannot locate the files or some of them are not aware of the existence of some rules as there is no common reference point for rules or most of them.

**4. Inadequate Human Resources:** this is noticeable in terms of quality and quantity. The Nigeria public service moved towards a lean government in order to reduce its overall costs. The management number has not been mentioned in many MDAs after the right sizing exercise of the 2000s.

**5. Politicisation of the Service:** this has come in different forms through recruitment, deployment, authoritative allocation of resources, etc. with respect to recruitment; politics has contributed to a heavy dosage. To get recruitment many people have to have political and other connections. There is the issue of quota system which is anti-merit. Admittedly in some countries, it has been found that their nationalism can be fuelled through the quota or representative system of recruitment into the service. The 1999 constitution of the Federal Republic of Nigeria, section 153 and the third schedule section 7c are on the Federal Character Commission. The Commission is empowered to work out an equitable formula subject to the approval of the National Assembly for the distribution of all cadres of post in the public service of the Federation (Federal Government of Nigeria Constitution 1999).

**6. Insecurity of Tenure:** this has manifested in the rightsizing of the Nigeria public service. It is not being suggested that dead woods should be kept in the service because they cannot keep pace with the dynamics of the job and the need for development administrative in LDCs. But in disengaging employees, order and procedure should be respected.

**7. Lack of Adequate Resources:** inadequate resources are a major problem of all civil services both in the developed and developing countries.

#### **4.0 CONCLUSION**

The structure of the Nigerian public service has been relatively stable. While MDAs are merged or divided, the structure remains the same. The

same applies to the categories of officers in the public service. The stability in classification of public servants ensures easy transfer of services of public servants from the States to the Federal service and vice-versa.

## 5.0 SUMMARY

There are five categories of staff to carry out the functions of the public service. The public service consists of Ministries, Departments and Agencies (MDAs). In each ministry, there is the minister. Under the minister, is the permanent secretary as well as director general, secretaries, managing director, general managers of parastatals and government commissions which are headed by chairmen.

## 6.0 TUTOR–MARKED ASSIGNMENT

- i. What are the likely problems of making the permanent secretary the accounting officer while the minister is the chief executive?
- ii. Discuss five problems of the Nigerian public service.
- iii. What are the main duties of a public servant?

## 7.0 REFERENCES/FURTHER READING

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## **UNIT 3 INTERRELATIONSHIPS OF MAJOR DECREES IN THE CIVIL SERVICE**

### **CONTENTS**

- 1.0** Introduction
- 2.0** Objectives
- 3.0** Main Content
  - 3.1 Abrogated Decree 43 of 1988
    - 3.1.1 Rationale for Decree 43 of 1988
    - 3.1.2 Highlights of Decree 43 of 1988
    - 3.1.3 Impact of Decree 43 of 1988 on the Public Service
    - 3.1.4 Ayida Review Panel Report of 1995
  - 3.2 The 1979 Pension Decree 102
    - 3.2.1 Salient Features of Decree 102
  - 3.3 Interrelationships among Decrees 43 of 1988, 102 of 1979 and the 1994 Ayida Review Panel Report
    - 3.3.1 Area of Departure among the Provisions of Decrees 43, 102 and the Ayida Review Panel Report
- 4.0** Conclusion
- 5.0** Summary
- 6.0** Tutor-Marked Assignment
- 7.0** References/Further Reading

### **1.0 INTRODUCTION**

In a military dictatorship the political power resides with the military. In Nigeria, the military ruled the country for more than 30 years. Under the military, the Constitution was suspended; consequently the executive, legislative and the judiciary were rolled into one under the military Head of State. While democratic governments rule through legislative Acts, the military ruled by decrees. During the over 30 years of military rule in Nigeria, many decrees were promulgated. By 1999, 32 of the decrees were repealed (ABFR&CO 1999).

This unit will focus on those decrees that were not totally repealed and are relevant to the management of the public service.

### **2.0 OBJECTIVES**

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

- differentiate between government acts and decrees
- list major decrees by the Federal Military Government
- focus on Decree 43 of 1988 and its impact on the public service
- outline the relationship between Decrees 43 of 1988, 102 of 1979 and the 1994 Ayida Review Panel Report.

### **3.0 MAIN CONTENT**

#### **3.1 Decree 43 of 1988**

Early in 1984, the then Federal Military Government of General Buhari constituted a study group led by Professor Dotun Phillips, to assess the effectiveness of the Federal Civil Service and make recommendations that would lead to the reduction of personnel (Mongabay.com 2011). Though, the team submitted its report in September 1985 a successful coup had in August 1985 brought Ibrahim Babangida to government as Head of State. The new government inherited the 1985 Study group report and attempted to synchronise the management adopted the 1979 constitution.

##### **3.1.1 Rationale for the 1988 Decree 43 of 1988**

The rationale for the 1988 Civil Service Reform as provided by Dotun Phillips was as follows:

- (i) to enable civil servants make their career in particular ministries just as their counterparts in the private sector;
- (ii) since the bulk of the civil servants such as the professionals like the Medical and Allied Officers, law and engineering, etc. already make their careers in specific ministries, the practice should be extended to the entire civil service so that the administrative and executive cadre officers that were hitherto constantly on the move by way of transfer from one ministry to another should equally make their career in specific ministries ;
- (iii) frequent movement of administrative and executive officers cause incalculable disruption to policy formulation and execution;
- (iv) similarly, the effective conduct of Nigeria's international affairs had suffered due to frequent postings;
- (v) in the modern world, the "jack of all trade syndrome" is hardly tolerated. The Nigeria civil service should therefore adopt a similar stance as in the private and public sector management in the modern public service which requires specialisation, clear division of labour and inter-professional team-work;
- (vi) the British civil service along which the Nigerian civil service was fashioned had since moved away from a generalist civil service to a professional civil service as in the case in other countries particularly the developed ones; and
- (vii) Professionalism will enhance the post-retirement market-ability of the erstwhile centrally-deployed administrative and executive officers.



### 3.1.2 Highlights of Decree 43 of 1988

1. **Professionalisation of Civil Service.** This entailed that all civil servants were expected to perform specialised or professional functions.
2. **Abolition of the post of Head of Civil Service.** The decree abolished the post of Head of Civil Service which performs specific functions that are highly essential for the morale of the civil service.
3. **Maintenance of Internal Audit.** The decree provided for the establishment and maintenance of an internal audit by the accounting officer of each MDA in the civil service.
4. **Dismantling of the Pool-System.** The reason for dismantling the pool system, according to the authors of the 1988 civil service reforms was the need for the civil servants to make their career in the ministries of their choice, the bulk of whom have already spent their career in their respective ministries and frequent movement of centrally-deployed officers had caused incalculable disruption to policy formulation and implementation..
5. **Politicisation of the Post of Director-General and Director** Director-General, commanded the loyalty and respect of all the civil servants since he was the most senior career officer. In addition, he was the administrative head and accounting officer of his ministry and his post was somehow permanent.
6. **The Audit Alarm System.** The audit alarm system remained controversial both in theory and practice. In the past, irregularities discovered during the course of auditing were brought to the immediate attention of the Accountant-General. But the reforms provided for the establishment and maintenance of an internal audit unit by the accounting officer of each ministry/extra-ministerial department, and the internal auditor of each ministry was directly responsible to the accounting officer who was a political head.
7. **Concentration of Powers in the Ministers\Commissioners.** As clearly stipulated in the reforms, the minister/commissioner was the chief executive and accounting officer of the ministry. He was also in full control and responsible for men, material and money which were critical inputs in the management of the organisation. The reform went further to state that “the minister or the commissioner shall delegate a substantial part of administrative and financial functions and authority to the director-general who should be involved in the key decision-making process. There shall be further delegation of powers and functions down the line in each ministry. This statement as contained in the reform document did not specify which substantial part of the minister’s

or commissioner's administrative and financial functions and authority should be delegated to the director-general.

### **3.1.3 The Impact of Decree 43 of 1988 on the Civil Service**

The decree among other things, introduced reforms that aimed at total transformation and professionalisation of the civil service, it created openings, upgrading and opportunity to move up along one's career line. It also encouraged training and retraining. As a result of the decree that introduced reforms in the civil service, two important benefits to civil servants could be easily identified. First, is the fact that there was wider and brighter prospects at the top of the Federal Civil Service. Prior to the reform, the top of the ladder positions in the Federal ministries were narrow and consequently occupied by less than sixty officers on GL. 17 (Maduabum, 2006).

Again, performance evaluation exercise was fully revamped to give the rightful emphasis at job performance. Although, the open reporting system brought about by the 1974 reforms survived changes, there was a shift of emphasis from subjective factors or attitudinal traits to concrete and measurable factors, such as actual work performance. With this arrangement, the civil servants became more confident that their actual performances as against primordial factors were brought to bear on the performance evaluation process.

Despite all the foregoing, however, a number of problems could easily be identified with the reforms. For instance, the frequent changing of ministers within the reform period undermined the civil servants morale and self confidence. The introduction of Decree No. 43 in the civil service in 1988 also saw the incursion of the military into the Nigerian civil service. The service became political in outlook. The decree that brought the 1988 reform into existence politicised the civil service. The involvement of some top civil servants in politics, especially during the Gowon era, when some civil servants were allowed to be actively involved in policy making brought about politicisation of the civil service. (Olaopa 2006)

### **SELF-ASSESSMENT EXERCISE**

- i. Why is the abrogated decree 43 of 1988 still important to the Nigerian public service?
- ii. Discuss the rationale for Decree 43 of 1988.

### 3.1.4 The Ayida Review Panel Report of 1995

By 1994, it was already obvious, in spite of the spirited attempt by Professor Phillips' seminar reviews to redress the gap in the 1988 reform, that the reform had not brought the required change in the administrative system. The Ayida Review Panel was to examine the service as the 1988 reform restructured it, and to restore the civil service of the glorious past by reinventing those factors that facilitated its effective performance.

The key elements of the recommendations of the panel included:

- abrogation of Decree No. 43 of 1988 and reverting of the service to a system guided by relevant provisions of the constitution, the civil service rules, financial and circulars and restoration of the permanent secretaries as accounting officers
- second, restoration of the title of Permanent Secretary as a career rather than political appointment and re-establishment of the post of the Head of the Civil Service as a career position separate from the post of Secretary to the Government, which remains a political appointment
- thirdly, structuring of ministries according to their workload and not according to a uniform pattern
- fourth, restoration of the powers of the Civil Service Commission in personnel management with delegated powers to the ministries
- fifth, replacement of Planning, Research and Statistics Department (PRSD) with a Management Information Unit (MIU) for central data collection with the PRSD becoming optional for ministries
- Sixth, abolition of some cadres like messengers, cleaners, caterers, domestic staff and so on, whose jobs are better performed through some other arrangements instead of established post.

### 3.2 The 1979 Pensions Decree (Decree 102)

In 1979, a pensions decree often referred to as Decree No. 102 was promulgated to replace the colonial pension scheme. This was in exercise of the exclusive powers of the Federal Government over matters relating to pensions and gratuity. Like every well constituted pension scheme, which is usually associated with a trust deed and a set of rules, the Office of Establishments and Pensions served as its trustees while the Pensions Decree, No. 102 as may be amended from time to time, constituted the rules of the scheme. The commencement date, however, was 1st April, 1974, and it consolidated all enactments on pensions and incorporated the pensions and gratuity scale devised for

public officers by the Udoji Public Service Review Commission in 1974.

The Pensions Decree No. 102 of 1979 is the basic pension's law from which other pension laws in the public service of Nigeria developed. The other laws which cater for specific professions but retained the main ingredients of Decree No. 102 of 1979 are:

- i. The Armed Forces Pensions Decree No. 103 of 1979
- ii. The Pensions Rights of Judges Decree No. 5 of 1985
- iii. The Amendment Decree Nos. 57 Of 1988, 29 of 1991 and 62 of 1991.

### **3.2.1 Salient Features of the Decree**

#### **Eligibility**

The Pensions Decree expressly provides that only employees on permanent and pensionable appointment are entitled to receive retirement benefits if they retire from the service in pensionable circumstances. An officer's pensionable service starts counting if he joins the service in pensionable circumstances from the age of 15. Persons who are over 45 years cannot be employed on permanent and pensionable terms in the public service (Adelegan, 2009).

#### **Statutory retirement age**

The normal or compulsory retirement age in the civil service is 60 years for both male and female employees. However, for High Court judges and Court of Appeal/Supreme Court Justices, the normal retirement age is now 75 years. However, provided the employee has put in 15 years service before age 45, he shall receive only gratuity immediately while payment of pension is deferred until the person attains the retirement age.

#### **Basis of contribution**

The previous pension scheme in the public service was non-funded and non-contributory. The liabilities were borne hundred percent by the government in the country and are met from the Consolidated Revenue Fund Charge. The Federal Government bears responsibility for the payment of pension to all officers for the service they rendered to the state government or Voluntary Agency Teaching Service up to 31st March, 1991. The state governments make these payments to the retirees and then claim re-imbursement from the Federal Government. However,

the contributory pension scheme has now been introduced into the civil service by the government.

### **Approximation of the length of service**

Under section 1(2) (b) of the Decree, any period of service over six months and not included in a completed year shall count as one year. Approximation can only be applied to an officer who has qualified for the award of pension i.e., having attained the qualifying period of 15 years or 10 years with effect from 1st June, 1992.

### **Death Benefits**

Where an officer dies as a result of natural causes before completion of the minimum qualifying period of 10 years service, one year salary shall be payable to the estate of the deceased employee. Where death occurs after the completion of the minimum qualifying period, pension and/or gratuity shall be paid to the estate of the deceased employee as if he had actually retired on the date of his death. The pension entitlement shall be payable for five years or commuted as a lump sum. Where an officer is killed in the course of duty, his estate shall be paid a gratuity to which the officer would have being entitled at the date of his death. In addition, there shall be payable widow's and orphans' pensions according to stipulations not different from that of 1951 Pensions Act except an increase in the percentage of emoluments and limit of age of children from 21 years to 18 years.

### **Guaranteed pension**

Whether or not an officer survives, pension is guaranteed for five years.

### **Withdrawal from service**

Section 21 of the decree provides that "An officer who wishes to retire from the service after for 15 years or more shall give three months' notice of his intention to do so or he shall pay three months of salary in lieu of such notice. An officer who wishes to withdraw from the service after serving for not less than 10 years but not up to 15 years shall give one month's notice of his intention to do so or he shall pay one month's salary in lieu of such notice."

## **3.3 The Interrelationships between Decrees 43 of 1988, 102 of 1979 and the 1994 Ayida Review Panel Report**

These major decrees were put in place to reform, restructure and reorganise the civil service of the Nigerian Federation. For instance,

Decree 102 of 1979 was meant to replace the colonial pension scheme that was anti-Nigeria. The pensions decree provides that only employees on permanent and pensionable appointment are entitled to receive retirement benefits if they retire from service in pensionable circumstances. Section 3 (1) of the decree stipulates the circumstances in which pension and gratuity may be granted. The Ayida panel was to identify and correct the lapses of Decree Nos. 43 of 1988 and 80 of 1993 on the civil service reforms. This approach to reforms was applauded because time was allowed for implementation of the 1988 reforms during which certain lapses were empirically identified

### **3.3.1 Areas of Departure among Ayida Panel review Report and Provision of Decree No 43 of 1988**

The Ayida panel disagreed with Decree No. 43 of 1988 on a number of issues which include:

#### **a. Authority and responsibility of the minister**

Whereas the decree provided that the minister should combine the headship of the ministry with the accounting officer, the panel favours the minister only as the head of the ministry while the permanent secretary should be the accounting officer.

#### **b. The position of the Permanent Secretary/Director-General**

The decree provided that the post of the permanent secretary, which is a career position, should be re-designated Director-General and become politicised by being designated a political appointment which must disengage with the government that appointed the officer.

However, the Ayida panel frowned at the arrangement and recommended that the permanent secretary retains his original title and powers as permanent secretary and the accounting officer, who should neither be appointed politically nor be expected to leave the service with any government or regime (Maduabum, 2006).

#### **c. The Head of Service**

Whereas, the Decree abrogated the post of the Head of Civil Service and merged his duties with those of the Secretary to the Government, the Ayida panel recommended that the post be restored and separated from that of the secretary to the government.

**d. Structure of Ministries and Departments**

While the decree recommended that the ministries and departments should be structured according to a uniform pattern and may have a maximum of eight departments and a minimum of two, the panel advocated for a structure patterned to suit the functions and sizes of the ministries/departments and to be limited between two and six departments (Olaopa, 2006).

**e. Personnel Management**

The decree favoured a decentralised personnel management function which should be left with the ministries, whereas the panel prefers that personnel functions should remain with the civil service commission as was previously the case.

**f. The Pool System**

While the decree favoured the pooling system as well as departmental transfers, the panel welcomed these as good enough for the civil service.

**g. Abrogation**

The government that promulgated Decree No. 43 of 1988 regarded the decree and its reforms as a great favour to the civil service and therefore wanted its full implementations, whereas Ayida panel which saw the decree as an unnecessary aberration recommended its total abrogation.

**h. Power to hire**

The 1988 reforms recommended that the civil service commission should play an appellate role with particular regards to case pertaining to the appointments, promotion or disciplinary control of a person employed in the service of the ministry. However, the panel kicked against this and asked that the commission should be allowed to exercise its original power, including as an employer for certain cadres of staff for the ministries and departments (Oladoyin, 2008)

**4.0 CONCLUSION**

The decrees that introduced reforms in the Nigerian public service saw the introduction of sweeping changes into the operations, structure, management and functions of the civil service. The three decree discussed were aimed at modernising the public service. Although, the intentions of Decree 43 were noble, the public service could not cope with a headless service. However, the idea of a professional public service stayed despite the repealing of Decree 43 of 1988.

## 5.0 SUMMARY

Decrees are military laws and they are normally introduced when there is intervention by the military in the governance of a country. This unit focuses on the significant impact of Decree 102 of 1979, Decree 43 of 1988 and the Ayida panel report. The three decrees are interrelated. The earlier Decree 102 of 1979 had provided input to Decree 43 of 1988. The Ayida review panel improved on the provisions of the abrogated Decree 43 of 1988 and retained some of its recommendations.

## 6.0 TUTOR-MARKED ASSIGNMENT

- i. Explain in detail the highlights of the abrogated Decree 43 of 1988?
- ii. The Ayida Review Panel Report seems to have stood the best of time. Discuss.
- iii. What are the laws of Decree 102 of 1979?

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## **UNIT 4 ROLES AND FUNCTIONAL RELATIONSHIP BETWEEN PUBLIC OFFICE HOLDERS AND PUBLIC SERVANTS**

### **CONTENT**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Functions of National/State Executive Councils
  - 3.2 Functions of the Secretary to the Government of the Federation/Secretary to a State Government
  - 3.3 Function of Head of Service of the Federation/Head of Service of a State
  - 3.4 Relationship between Ministers, Permanent Secretaries and other Officers
  - 3.5 Functions of Permanent Secretaries
  - 3.6 Relationship between Public Office Holders including Permanent Secretaries/Director/General as well as/Special Advisers/Assistants
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

The duties of the executive, legislative and the judicial arms of government are carried out by public office holders (elected representatives) and public servants who are appointed by the executive. Public servants serve as the symbol of continuity from one government to the other; hence they possess a lot of knowledge and experience. Public office holders, being elected representatives of the people have both the people's mandate and their own agenda. In achieving this, they must be prepared to accept the guidance, knowledge and skills of public servants who are the technocrats. Oftentimes, friction occurs when, public office holders do not want to adhere strictly to due process and procedure as laid down in the public service rules and other guidelines. A smooth relationship between public office holders and public servants enhances the achievement of the goals and objectives of MDAs.

### **2.0 OBJECTIVES**

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

- explain the functions of government

- clarify the relationship between political appointees and public servants
- mention the functions of the Secretary to the Government of the Federation/State
- list the functions of the Head of Civil Service of the Federation/State
- list the functions of a permanent secretary
- describe the relationship between ministers/commissioners/permanent secretaries/directors- general and others officials
- discuss the relationship between ministers/commissioners/permanent secretaries/directors general and special advisers/assistants.

### **3.0 MAIN CONTENT**

#### **3.1 Functions of National/State Executive Councils**

The functions of key actors in government are well spelt out in:

- i. The 1999 Constitution of the Federal Republic of Nigeria,
- ii. The laws of the Federal Republic of Nigeria (codified and collected in many volumes) and Acts of the National or State House of Assembly;
- iii. Public service rules and financial regulations;
- iv. The manifesto of the ruling party; and
- v. Guidelines for administrative procedures in the public service.

The 1999 Constitution vests the execution authority of the country in the president, while the governor is the chief executive of the state. It cannot be over-emphasised that the President/Governor drives his mandate from the people who elected him/her for a four-year tenure. To get elected, the President /Governor and his political party must have convinced the citizens of the country/state of the veracity of their manifesto. It is therefore, incumbent on all public officers to discharge their duties diligently and dispassionately in furtherance of the well-being of the nation/state as enunciated in the policies and programmes of the government. These policies and programmes are normally considered and approved by the nation/state executive council.

#### **The Nation/State Executive Council**

The President shall be the Head of State, the Chief Executive of the Federation and Commander-in-Chief of the Armed Forces of the Federation. Sections (5) – (1) Subject to the provisions of the 1999 constitution, state that the executive powers of the Federation shall be

vested in the President and may, subject as aforesaid and to the provisions of any law made by the National Assembly, be exercised by him either directly or through the Vice-President and ministers of the government of the Federation or offices in the public service of the Federation; and

(a) Shall extend to the execution and maintenance of this constitution, all laws made by the National Assembly and to all matters with respect to which the National Assembly has, for the time being, power to make laws.

Section 193 of the 1999 constitution, stipulates that the Governor may, in his discretion, assign to the Deputy Governor or any commissioner of the government of the state responsibility for any business of the government of the state, including the administration of any department of government. It is also stipulated that the Governor shall hold regular meetings with the Deputy Governor and all the commissioners of the government of the State for the purpose of:

- i. determining the general direction of the government of the state;
- ii. coordinating the activities of the governor, the deputy governor and the commissioners of the government of the state in the discharge of their executive responsibilities; and
- iii. advising the governor generally in the discharge of his executive functions other than those with respect to which he is required by the constitution to seek the advice or act on the recommendation of any other person or body
- iv. from the fore-going, it is clear that the state executive council, made up of the governor and the commissioners, is responsible for determining the policies of the State government within a framework which, from time to time may be determined by the governor and the House of Assembly. In arriving at its decisions, the council is guided by the principle of collective responsibility in order to ensure consensus and united support for all council decisions. In furtherance of the tenets of collective responsibility, it is the primary responsibility of each commissioner to play a full part in reaching decisions on policy matters which only the executive council can take. In performing this and other functions, all commissioners are of equal standing. Hence a commissioner may not speak either in public or private against a decision of the council and he should not commit the government to any course of action save in accordance with decisions on policy already made by the council.

### **3.2 Functions of the Secretary to the Government of the Federation/Secretary to a State Government**

The duties include:

- i. management of the Office of the President/Governor and the cabinet Secretariat;
- ii. coordinating the activities of ministries and government agencies with particular reference to the implementation of government policies/decisions and ensuring the functioning of the machinery of government;
- iii. dealing with constitutional , political and economic matters that may be referred to the governor's office;
- iv. co-ordinating appointments to statutory bodies and agencies;
- v. dealing with matters relating to conditions of service and residential accommodation of political office holders in the executive, the legislature and the judiciary; and
- vi. processing matters on prerogative of mercy and petitions appeals to the governor from non public officers.

The relationship between the Secretary to the government of the federation/state ministers and commissioners is self-evident from the ramifications of the duties enumerated. It is similarly to be observed that the effective functioning of his office depends largely on the expertise, experience and competence of civil servants who man the various offices in the cabinet secretariat. Therefore, an efficient civil service is essential for the success of the administration and the secretary to the government must take a keen interest in the performance of the service, particularly the higher civil service. Hence the case for mutual respect, understanding and collaboration between the office holder and the Head of the Civil Service, particularly in maintaining the political neutrality of the service in the management of the financial and material resources.

### **3.3 The Functions of the Head of the Civil Service of the Federation/Head of the State Civil Service**

The duties of the Head of Service of the Federation/Head of a state civil service can be summarised as follows:

- i. providing leadership and direction to the civil service by maintaining high moral, esprit de corps and good image of the service;
- ii. ensuring professionalism among civil servants;
- iii. advising the governor, in consultation with the chairman, states' civil service commission on the appointment and deployment of permanent secretaries;

- iv. promoting good relations between commissioners and other political officer holders on the one hand and permanent secretaries and other civil servants on the other;
- v. career development of all senior management staff (GL. 14 and above), including training schemes for such officers;
- vi. establishment and management matters of the civil service;
- vii. civil service pension schemes and welfare matters;
- viii. civil service training institutions;
- ix. the state council on establishment;
- x. providing staff for newly established and ad-hoc bodies;
- xi. providing the secretariat for the Public Service Negotiating Councils and co-ordinating industrial relations of the civil service.

The Head of Service (Federal/State) must monitor very closely matters pertaining to the appointment, promotion and discipline of civil servants and any perceived anomalies should be brought to his/her attention. There should be constant consultation between the Head of Service, Secretary to the Government and states' civil service commission in order to enhance understanding and co-operation thereby ensuring efficiency and higher productivity in the service. Furthermore, the Head of Service is expected to be firm but fair to all staff so that he can earn the confidence and respect of the political elite, the permanent secretaries and the entire work force.

The functions of the Secretary to the Government and the Head of Service, as highlighted, demonstrate quite vividly the very organised management of human and other resources to execute the programmes and achieve the goals of the President/Governor and his administration. In recognition of the vital role of the civil service in the machinery of government, these key functionaries who are concerned with the management of the Service and the co-ordination of public sector activities, must see themselves as pursuing the same goal and therefore work harmoniously towards the achievement of same.

### **SELF-ASSESSMENT EXERCISE**

- i. What are the functions of the National and State Executive Councils?
- ii. List the functions of the Secretary to the Government of the Federation.
- iii. Why must there be harmonious relationship between the Secretary to the Government and the members of the State Executive Council?

### **3.4 Relationship between Commissioners, Permanent Secretaries and other Officials**

The assignment of a portfolio confers on a minister/ commissioner the membership of the national/state executive council which is the body charged with the responsibility for determining the general direction of government's policies. In practice, therefore, a minister/ commissioner is:

- i. responsible for referring to the national//state executive council or the President/Governor all matters within his/her portfolio;
- ii. the chief executive of the ministry and he/she is personally and politically responsible for each and every act of the ministry;
- iii. expected to exercise his powers in full consultation with his permanent secretary. However, a minister/commissioner has the right and prerogative to decide the direction of policy and he has the final say;
- iv. expected to carry along his/her officials in the formulation of new policies not only to make for easy and speedy implementation, but also for the officials to continue to defend the policies long after the minister/commissioner would have left office.

Should the minister/commissioner find it expedient to summon a director, deputy director or any other schedule officer and give him specific written or oral directives, the officer must adhere to the traditions of the service by minuting through his immediate superior i.e. a director through the permanent secretary and a deputy director through his director/head of department. That way, the permanent secretary and other superior officers will add their inputs and observations, thereby greatly enhancing the quality of recommendations emanating from the junior officer. In complying with minister/commissioners' directives involving expenditure of public funds, the subordinate officer must route same through the permanent secretary/accounting officer. This *modus operandi* is binding on all concerned despite the fact that the minister/commissioner is the political head and chief executive of his ministry while the permanent secretary is the administrative head and accounting officer. It therefore follows that the minister/commissioner will continue to insist on being in charge of personnel, materials and funds if he is to be held accountable for the full or non-implementation of party programmes assigned to his ministry.

It is to be observed that in order to strengthen the public service and protect the integrity of the service conflict between the minister/commissioner and permanent secretary that cannot be settled at the ministry level, should be referred the Head of Service and the President/Governor for resolution. Also, should a permanent secretary

feel very strongly that his advice has not been fully appreciated, for example, in the final draft of a Council Memorandum; he is entitled to have his views placed before the President/Governor so that all the information will be available before the President/Governor before a decision is taken by the council. In addition, should a minister/commissioner direct that some actions should be taken that are strongly against the officer's conscience, the permanent secretary could similarly make his views available to the President/Governor. However, such extreme cases are very rare and should be avoided.

### **3.5 Functions of the Permanent Secretary and his relationship with Ministers/Commissioners/Secretary to the Government/Head of Service and other Civil Servants**

Permanent secretaries and other chief executives are appointed by the President at the federal level and the Governor at state level on the recommendation of the Head of the Service from among serving directors in accordance with the constitution. In practice, the permanent secretary is:

- i. The principal civil service adviser to the minister/commissioner and accounting officer of his ministry or extra-ministerial officer.
- ii. The chief administrative officer of the ministry charged with responsibility for the control and supervision of all the departments in the ministry, subject to the overall direction and control of the commissioner.
- iii. Responsible for the initiation and formulation of policy on matters within the mandate of the ministry and he should co-operate with the minister/commissioner for the effective conduct of government business.
- iv. Responsible for the preparation of memoranda to be placed before the state executive council by his minister/commissioner and ensuring that decisions reached in council on matters which the commissioner is responsible are expeditiously implemented.
- v. Responsible for staff matters in collaboration with the Head of Service and the state civil service commission.
- vi. The first recipient of government's policy directives and circulars emanating from the Secretary to the Government and he must ensure that these are expeditiously and faithfully implemented with dispatch.
- vii. Responsible for handling official correspondence passing to and from the Ministry and for keeping the minister/commissioner fully informed regarding all proposals and activities affecting matters within his portfolio, including those in council memoranda submitted by other ministers/commissioners.

- viii. Responsible for inviting the minister/commissioner's attention to current financial regulations and relevant circulars especially where the minister/commissioner's directive may be in conflict with these regulations and circulars.
- ix. Responsible for ensuring that effect is given to government decisions with which the ministry's parastatals are concerned.

One cannot over-emphasise that the permanent secretary should be in charge of day-to-day administration and personnel matters. Occasionally, however, some ministers/commissioners give irregular directives in respect of these matters or on expenditure especially in the absence of the permanent secretary. Such irregular or unlawful orders should be resisted in the interest of the integrity and stability of the service.

The stability and integrity of the civil service depend entirely on positive collaboration between the permanent secretary and the officers in the directorate cadre.

Some relevant issues are follows:

- i. permanent secretaries should always harness the capabilities of their directors for the benefit of the ministry
- ii. a director with a wealth of experience and knowledge should not feel arrogant; rather he must do whatever is possible to facilitate his permanent secretary's success
- iii. any director acting for the permanent secretary should not pander to the whims and caprices of the commissioner in violation of laid-down rules and procedures, because this could engender very bad working relationship between him and the permanent secretary.

### **3.6 Relationship between Public Office Holders including permanent Secretaries/Director General as well as Special Advisers/Assistants**

You may wish to note that special advisers and special assistants are assigned to the President/Governor and his deputy while special assistants only are assigned to the commissioners. The political rationale for appointing these functionaries would seem to lie in the following reasons:

- i. the need to involve those who participate in the incubation and canvassing of the manifestos and policies of the governor in the process of their delivery



- ii. the need to bring on board close associates of the governor in whom he has unquestionable confidence
- iii. the necessity to circumvent the perceived red-tapism to which policy formulation implementation are subjected to in the civil service structure
- iv. the desire to breathe into the civil service a sense of urgency in appreciation of the fixed tenure of the political administration.

Conventionally, the special advisers and assistants are largely confined to purely policy and advisory roles and they are:

- i. appointed to proffer second opinions on proposals requiring the approval of the minister/governor or the commissioners
- ii. appointed on individual basis to offer advice in respect of matters within the field of their specialisation or expertise
- iii. not subject to direct control through the normal bureaucratic procedures.

In practice, the special and personal assistants appointed by a minister/ commissioner from outside the civil service should be offered contract or temporary appointments arranged by the permanent secretary. It would serve the interest of harmonious working relationship and collaboration for the minister/ commissioner to make the special assistant recognise and accept the superior status of the permanent secretary.

The relationship of public office holders and management of parastatals and state-owned companies are discussed in Module 2.

#### **4.0 CONCLUSION**

Synergy is achieved when all the elements of a system work harmoniously together. Harmonious relationship among the key players in government is essential for the smooth running of the public service and national development. Realistic and progressive public policies can only be implemented in an environment of trust, cooperation and honesty of purpose. This unit has pointed out that the functions of the key actors in government including public servants are intertwined and requires mutual cooperation. This needs to be realised by both public office holders (political appointees and public servants).

#### **5.0 SUMMARY**

This unit discussed the functions of the key actors in government as a way of explaining their relationship among each other and with public servants. Ministers/commissioners and permanent secretaries need to

work together in harmony so as to ensure the smooth running of a ministry. A permanent secretary has the right to disobey a minister/commissioner if his/her directive is contrary to established rules and regulations. This also applies to senior public servants such as directors. Special advisers/assistants should not usurp the role of the permanent secretary and directors. In summary, all key actors in government must carry out their duties harmoniously within public service rules and regulations. Clear role definition helps to reduce areas of friction. This unit has extensively dealt with the functions of the key actors to ensure compliance.

## 6.0 TUTOR-MARKED ASSIGNMENT

- i. Identify areas of friction between ministers/commissioners and permanent secretaries.
- ii. List the functions of a Permanent Secretary.
- iii. Why do President/Governor/Commissioners and Permanent Secretaries need Special Advisers/Assistants?

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## **UNIT 5      MANAGEMENT      TECHNIQUES      FOR IMPROVING      THE      PUBLIC      SERVICE PERFORMANCE**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Total Quality Management
    - 3.1.1 Elements of Total Quality Management
    - 3.1.2 Applying Quality Improvement Principles to Public Services
    - 3.1.3 Problems of TQM Application
  - 3.2 Performance Management
    - 3.2.1 Objectives of Performance Management Techniques
    - 3.2.2 Framework for Performance Management
  - 3.3 Decentralised Management
  - 3.4 Bench Marking
  - 3.5 Public-Private Sector Partnership
    - 3.5.1 Definition of Public Private Sector Partnership (PPP)
    - 3.5.2 Purposes of PPP
    - 3.5.3 Common Methods of Public Private Sector Partnership
    - 3.5.4 Problems of PPP
  - 3.6 Service Compact with All Nigerians (SERVICOM)
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

For the last three decades, governments all over the world have been concerned with improving public service delivery. New techniques in management, particularly those that worked in the private sector such as: Total Quality Management (TQM), Performance Management, Decentralisation, Benchmarking, Public- Private Sector Partnership and Citizen's Charter which we have as SERVICOM in Nigeria, have been recommended for adoption in the public sector. You, therefore, need some introduction to New Public Management techniques. Several changes led to in the worldwide desire for positive changes in the public service delivery system. Among these changes, is the changing perception regarding the need for good governance. The aim is to

improve the performance of the public service. However, the new public management revolution has taken different forms in many countries. Some countries, like Britain, Malaysia and United States of America have come in with successful implementation of the management techniques, and their best practices provide benchmarking examples that other countries can emulate.

## **2.0 OBJECTIVES**

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

- explain the management techniques for performance in the public service
- identify aspects of decentralised administration in your organisation
- apply the step by step approach to performance management
- describe the technique of benchmarking
- use Total Quality Management techniques in all aspects of your work
- mention possible areas of public private sector partnership
- discuss what SERVICOM is all about.

## **3.0 MAIN CONTENT**

### **3.1 Total Quality Management**

Among the new public management techniques, TQM is vital for you to know. This is because the technique is directly related to improved customer service delivery and customer satisfaction.

It targets high quality service and customer satisfaction. Quality refers to the degree of excellence in producing a desired output or service. It is characterised by minimum error or dissatisfaction. The desired output could be in terms of timeliness, reliability, accuracy, accessibility, convenience, waiting time specification and response time, etc. Quality can also be seen as conforming to the requirements of the customer (Stephen 1991).

TQM is a structured system for meeting and exceeding customer needs and expectations by creating organisation-wide participation in the planning and implementation of breakthroughs and continuous improvement of processes. To be able to apply TQM, you need to have a very good understanding of the traditional concept of the customer and the principles of TQM. This will help you in applying the quality improvement principles to public services.

TQM is based on the theory that the greater an employee is involved in determining organisational goals, the more committed he or she will be to improving the process of achieving them. TQM encourages participation, teamwork, and high-quality results by providing incentives to increase the success of the whole enterprise. TQM is based on statistical management control theories aimed at satisfying customer expectation by continuously working together to improve work processes. Customer satisfaction is the primary goal and ultimate measure of quality in any public service organisation.

### **3.1.1 Elements of Total Quality Management**

The key elements of TQM are:

- everyone has a customer
- adopt a partnering philosophy with suppliers
- everyone is responsible for quality
- focus on preventing problems not fixing them
- teamwork is required
- organisational processes fail most of the time not the people
- top management must lead
- middle management must support.

The definition of customer is broadened to include both those internal to the organisation (for example, employees in other departments) and those external to the organisation (vendors, taxpayers, contractors, regulators, suppliers).

### **3.1.2 Applying Quality Improvement Principles to Public Services**

To improve quality, Deming's (1986) theories and methods stress both statistical process control and behavioural techniques. Both aspects of the philosophy are equally powerful. In other words, knowing what to do is as important as how to do it. These are Deming's (1986) fourteen quality improvement principles:

- create constancy of purpose toward improvement of product and service. All departments and employees must work towards the behavioural purpose of the organisation;
- adopt the new philosophy of TQM;
- stop dependence on mass inspection. Mass inspection may make it difficult for the manager to identify bad products;
- end the practice of awarding business on the basis of price tag alone. The price and quality must match. Not every expensive

- item is good , and not all the cheap ones are bad;
- improve constantly the system of production and service;
- institute modern methods of training;
- institute leadership;
- drive out fear, so that everyone may work effectively for the organisation;
- break down barriers between staff areas. Good human relations and effective communication are needed for harmony in an organisation;
- eliminate arbitrary numerical goals, and targets;
- eliminate work standards and numerical quotas;
- remove barriers to pride in doing a good job;
- take action to accomplish the transformation;
- reduce excessive costs of warranty by producing high quality goods/services.

**Create constancy of purpose:** everyone must clearly understand the mission of the organisation and his or her role in achieving it. Continuously improving the quality of service to customers must be the focus of top management at all times. Government is not a business in the profit-making sense, but is responsible for providing quality service to taxpayers.

**Adopt the new philosophy:** one of the major problems that face most public organisations is the perception that they are inefficient. In a new age of international economic competition, people can no longer live with the delays, mistakes, incompetent service, defective material, and poor workmanship that they have accepted. Customer satisfaction must be emphasised as the primary objective of all public service organisations. In order to accomplish this goal, agencies must increase their efforts to streamline their process, measure customer needs, and merge data with management systems designed to monitor and improve quality continuously.

**Stop depending on mass inspection:** instead of depending on mass inspection, ensure statistical evidence that quality is built into the process. Although inspection is one of the central concerns of quality control, quality cannot be inspected if it is not built into a process or a product. Thus, the objective should be to provide a quality service or product, so that inspection and the rework needed to correct mistakes become unnecessary.

**Stop awarding business on the basis of price alone:** instead of awarding business only on the basis of price, depend on meaningful measures of value as well as price. Build a long-term relationship of loyalty and trust. The emphasis of most governments on finding the

lowest bidder usually leads to an unused inventory of low-quality parts, cost overruns, and low quality service.

**Improve production and service:** too often, public officials think in terms of program, as organised sequence of tasks that has a beginning, middle, and an end. TQM must be continuous, well after processes have become visibly stable, and under control. A good rule here is that any process, or procedure that has been in place five or more years is definitely in need of review, and perhaps of replacement.

**Institute modern methods of training:** internal customers/employee must be provided with the proper training tools and methods, if they are to implement quality improvement. Likewise, external customers must be given the proper specifications for supplies and services. Managers must work harder to define exactly what they need from vendors and how the achievement of goals will be measured.

**Institute leadership:** supervisors must coach their subordinates by learning who needs special assistance or intensive guidance and training and then work individually with these individuals to enhance their job performance.

**Drive out fear:** productivity losses from chronic anxiety in public agencies are staggering. So, fear of change must be reduced.

**Break down barriers:** everyone must work together to address the special cause of problems, take steps to eliminate destructive interdepartmental competition, and replace it with cooperative teamwork. Communication across functions is essential, if public organisations are to cut through the absorbent layers of bureaucratic middle management and provide customers with timely and efficient service. Any type of organisation can use organisational wide quality control.

**Eliminate arbitrary goals, slogans, and target:** zero defects, increase output by 10 percent, and reduce accidents by 5 percent are all examples of seeking new levels of productivity without giving anyone the methods needed to achieve them. Such empty goals can only hinder attempts to achieve quality. Emphasis must be placed on providing workers with the means to achieve customer satisfaction, not on setting increasingly high standards and then cutting corners when work is not completed on time or within budget. This is short-term thinking at its worst.

**Eliminate work standards and numerical quotas:** stress the quality of service rather than numbers to be completed. Allow properly trained and



motivated employees to provide quality service, free from the fear generated by morale-destroying effects of individual punishment-and-reward control system, incentive pay, and the merit system.

**Remove barriers to pride in doing a good job:** this implies that the organisation should ensure that members of staff are provided with vigorous programmes of training and retraining. This would improve their capacity to perform their work excellently.

**Take action to accomplish transformation:** top management must take action to transform the organisation through a system of meeting and exceeding customer needs and expectations.

**Reduce excessive costs of warranty or guarantee by producing high quality goods/services:** if organisational services and goods are produced at the right quality; there will be no need to pay warranty cost either directly or through repairs. A warranty is a promise to repair or replace a good/article or improve a service if necessary.

**Using of Quality circle:** employees need to participate in the search for quality services to the taxpayer. This is valuable process of TQM and it is conducted through the setting up of quality circles. TQM uses quality circles to guarantee high quality products and services. A *quality circle* is a group of staff that meets regularly to discuss quality related work problems so as to examine and generate solutions to them. A group of 6-9 people may be given this responsibility. The main duty of the group is to challenge assumptions about existing methods and processes.

### 3.1.3 Problems of TQM Application

Major policy problems must be solved before TQM can be widely implemented in the public sector. These problems include defining and controlling the costs of poor quality, protecting the interests of minority groups, retraining workers in TQM techniques, and establishing valid customer-driven quality measurement characteristics.

## 3.2 Performance Management Technique

Performance Management (PM) is the total system of managing the achievement of organisational goals and objectives through the assignment of duties and tasks to employees, appraising performance and institutionalising a performance based reward system. PM concept proposes that organisations can improve service delivery by:

- focusing on goals, objectives and targets
- mobilising employee capacity and potentials

- ensuring high quality standards
- accountability for achieving objectives
- ensuring employee training and development
- efficiency.

The civil service is the executive arm of the government. It is responsible for government policies, plans and programmes. In addition it provides inputs into the decision making process at all levels of government. The effectiveness and efficiency of any government is therefore a function of the performance of its civil service.

### **3.2.1 Objectives of Performance Management Techniques**

Performance is the attainment of the goals of an organisation. Hence, performance management techniques embrace all aspects of managing an organisation. More specifically, the objectives of performance management techniques are to:

- ensure the continuous relevance of the organisation's mission
- ensure managers have the capacity to derive goals from the mission statement
- equip managers with the capability of deriving short-term objectives targets from the goals of the organisation
- use target setting, accountability, performance standards and measures to enhance employee performance
- equip managers with skills to appraise and review organisational and individual performance
- use reward as incentive for high performance.

### **3.2.2 Framework for Performance Management**

The framework for the guidelines for performance management technique is presented in Figure 5.1. The framework presents a ten - component system for performance management as follows:



**Fig. 5.1: The Performance Management System**

Source: Fagbemi 2000

These components are further discussed as follows:

### **Component 1: Organisation's Mission**

Organisation's mission is a long-term vision of what the organisation is trying to aim at. It is a statement of the reason for the creation of an organisation.

A mission is the essential purpose for which an organisation exists. The organisation's mission is both a statement(s) of the purpose of existence and a description of the "end result" that the employees of the organisation must achieve.

Example: A mission statement for a civil service

The civil service is to implement government policies and programmes, by delivering high quality services to the public efficiently and effectively at minimum cost to the taxpayers.

The mission statement should be:

- brief
- comprehensive
- descriptive of results rather than activities
- simply and clearly expressed
- unambiguous

The choice of the mission for a ministry or government agency lies with the government. The organisation's mission provides the basis for analysing performance effectiveness and for setting performance goals.

### **Component 2: Government Priorities**

Government priorities are the important issues among various ones. Within the organisation's mission, some issues are more pressing than others.

Every government has a vision of an ideal state towards which it wants to move the society. Towards this end, the government usually sets reference points or national development plans that lay out the direction it wants to take the legislative, executive and the judiciary. A major feature of the national development plan is the priorities of the government of the day.

Examples of government priorities:

- eradication of illiteracy
- free primary education
- balanced development
- security of lives and property

Government priorities influence the goals of government ministries and agencies, as they form the basis of budgetary allocations. Ministers are expected to guide their ministries towards the achievement of the priorities of the government that appoints them. Government priorities are also derived from the needs of the society that appoint them.

### **Component 3: Organisational Goals/Key Objectives**

Organisational goals/key objectives/ critical elements are areas of results expected from the mission statement, which can be stated in broad terms. These are usually qualitative but may be quantitative. Organisational goals are the visible results that organisations must achieve in order to realise their mission. 'Goals' in this context are not specific objectives. They are statements of results that are subordinate

to the mission of an organization. They are areas of results/critical elements which achieved would lead to the overall achievement of the mission. Goals usually cover a period of more than three years and consist of long-term indications of the direction to which the organisation is going. Example of goal statements:

Goals or key objectives could be:

- to improve crop yield
- to improve yield of crops per acre through modernised farming
- to encourage export of animals and animal products
- to increase arable land.

#### **Component 4: Performance Measures /Indicators**

Performance measures/indicators are events or incidences that would confirm that the goals of an organisation are being achieved or will be achieved. They are landmarks for accomplishment of key objectives. A set of performance measures or indicators (where quantitative statements are not possible or there is absence of direct measures) is needed to provide a balanced and accurate picture of an organisation's performance.

Performance measures or indicators provide ways by which the attainment of identified goals can be assessed. Performance measures are landmarks in the process of achieving goals. Usually one to three measures is defined for each goal or key objectives. The measures should be such that they provide corrections to the planned course of action. Hence the usefulness and effectiveness of performance measures can be assessed by their relevance, timeless and accuracy.

Example: A goal of eliminating illiteracy by the year 2010 can be measured by:

- number of adult literacy centres
- number of adult learners or students taught
- number of adult learners that passed set examinations

When performance cannot be measured quantitatively, qualitative ones or performance indicators can be substituted. Performance measures provide the basis of performance monitoring, evaluation and review and should, therefore, be realistic and attainable.

### **Component 5: Strategic Plans**

A strategic plan is a long-term plan and intended course(s) of action of an organisation in its interaction with its external and internal environment. A useful set of questions that can assist in the formulation of a strategic plan is shown in the following box.

The following questions assist in the formulation of strategic plans:

- What is the mission of the organisation?
- What are the goals or key objectives or critical elements?
- What are the practical alternatives to achieving the goals/key objectives?
- What are the inhibiting and enhancing factors to the realisation of the alternatives?
- How can the inhibiting factors be minimised?
- What major actions must the existing staff take within the next year to implement major proposals?

### **Component 6: Departmental Operational Plans**

Departmental operational plans are yearly plans derived from the organisational goals and the strategic plans. The departmental operational plan contains:

- objectives of the department
- forecast of the internal and external environmental factors affecting the objectives
- plans, programs, projects or key activities
- budgets and other resources needed to attain the objectives
- specific policies related to the achievement of the departmental objectives.

They provide the basis of budgetary allocation from government.

### **Component 7: Individual Targets for Key Tasks**

Individual targets for key tasks are time, cost, specification quality and quantity bound statements of what an individual is to achieve on a key task. An employee could have many targets for the various tasks to be performed. To achieve goals and departmental operational plans, targets have to be set for individuals on their key tasks. Such targets are useful for both planning and appraisal of performance. Example of a target for Ministry of Education's Project Officer would be:

"To build ten primary schools in Ikorodu in the year 2015".

An individual target must be:

- acceptable
- realistic
- liable to comparison with alternatives
- time bound
- clearly stated; and
- cost bound if possible

### **Component 8: Employee Performance Appraisal**

Employee performance appraisal is the periodic assessment of employees' job performance against assigned responsibilities, duties and tasks.

The guidelines for employee performance appraisal must be in accordance with the extant government employee appraisal rules and regulations. However, there is the need to take into consideration the adverse comments on the existing performance appraisal criteria and to urge the government to initiate a new system that is more open and less subjective.

### **Component 9: Organisational/Departmental Performance Review**

Organisational/departmental review is a process of getting feedback on the achievement of operational plans of each department. The focus is on the variance between the planned and actual plans and the identification of causes and suggestions of solutions to minimise the negative variance.

In summary, the following steps could make organisational/departmental performance review successful.

- prepare the report at the departmental level
- have a meeting on the report at the departmental level
- effectively prepare for a meeting at organisation level, taking into consideration
- the environment
- develop meeting strategy, which department head will speak first
- effectively open the meeting
- review strengths and areas of past performance
- review weaknesses and areas of unsatisfactory performance
- discuss remedial actions and set new goals
- close the meeting.

### **Component 10: Performance-Related-Pay**

Performance-related-pay is a reward system that is linked to the level of performance of employees and managers. It is difficult to suggest any guideline for performance-related pay, except that any pay scheme must differentiate between different levels of performance. The performance appraisal too must be such that different levels of performance can be clearly measured and identified. The government's ability to pay is another important variable in the implementation of any performance related to pay scheme. Of all the forms of performance related pay, the merit bonus, in addition to the salary at the end of the year, has been found to be less problematic and highly motivating.

### **3.3 Decentralised Administration**

In your organisation you should be aware of *decentralisation* to some extent through delegated authority and decision-making power to departments and divisions. Similarly governments have responded to demands for increased good governance by sharing power with and devolving authority to lower tiers of government and this trend is continuing. The experience of the last 15 years shows that *decentralisation, deconcentration and devolution of power* affect positively political stability, public service performance, equity and macro-economic stability (World Bank 1997). Decentralised administration enhances the development of local solutions to some local problems. It also enhances a better fit between the needs of the local community and the services provided.

Decentralisation is the dispersion of power among the various national constituents to enable an increasing number of people to identify with the community's social, economic and political choices. It is the transfer in varying degree of sovereign power, functions, responsibility and resources of the state and decision-making from the centre to autonomous regional, provincial, local authorities or organs of the central government.

In other African countries, South Africa has a new constitution, which favours the provinces. Zimbabwe is decentralising responsibility in areas of health, education and social service welfare to local governments (Kaul 1998).

Deconcentration was adapted in the United Kingdom. United Kingdom government departments are expected to regularly consider the relocation of their offices to sites offering the best value for money, easier labour markets and increased operational efficiency. Since 1988



departments are required to report to the Treasury each year on their progress and plans for relocation.

Devolution is a form of transfer of governmental power and authority that involves the legal conferment of powers upon formally constituted local authorities to discharge specified functions.

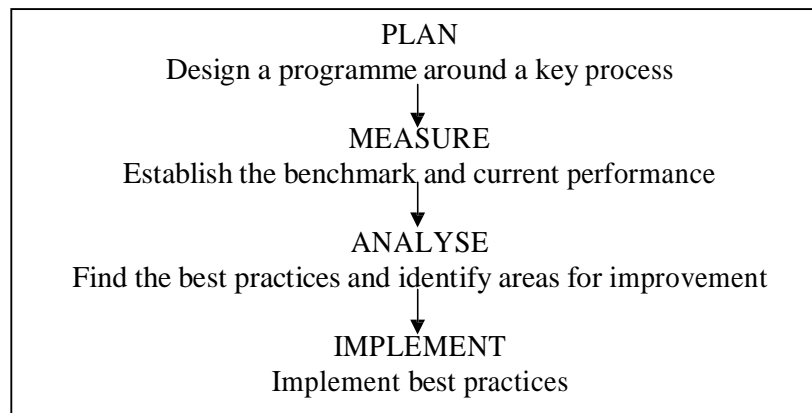
### SELF-ASSESSMENT EXERCISE

- i. To what extent is the decentralisation being practised in the Nigerian public service?
- ii. Discuss the elements of TQM and how it can be applied to your organisation or an organisation you are familiar with.
- iii. Outline the steps in the performance management technique.

### 3.4 Benchmarking

Benchmarking is a useful tool to compare the performances between and among organisations, or different units within a single organisation, undertaking similar processes. Sometimes when you have a problem, you would like to know who has had such a problem before and how he/she solved the problem. This reduces your expenditure of time and other resources on trial and error. This is more or less what benchmarking is.

Comparisons can be used to identify the best practice so that managers can emulate these practices. A regular meeting of chief executives of Ministries aimed at sharing good practices could contribute to quality improvement. It is possible to compare approaches to customer service, staff management, public relations, and decentralisation among organisations. This technique was used in the United Kingdom Department of Employment, in its contract branch to provide continuous improvements and planned innovation in its operation. A typical benchmarking process is shown in Figure 5.2 (Kaul 1998).



**Fig.5.2: Benchmarking Process**

The areas of work, which are suitable for benchmarking, vary from one organisation to another. However, the first step in benchmarking is to identify the 'core processes', i.e. those activities, which if improved, will have the greatest impact on the organisation's performance. Each activity selected for benchmarking should be evaluated; the start, content and end points of the activity must be clearly defined, with the factors critical to successful service delivery being specified, and the measures and indicators necessary to report achievement. The benchmarking process encourages change. By evaluating selected activities and comparing them with similar activities being undertaken elsewhere, the process not only identifies the need for change, but it also identifies what the change is and provides a measure of the result that may be achieved.

The case for benchmarking is a compelling one. When used appropriately, benchmarking has proved to be one of the most effective tools for bringing about leaps in performance. Benchmarking provides:

- an effective 'wake-up call' and helps to make a strong case for change;
- practical ways in which changes in performance can be achieved by learning from others who have already undertaken comparable changes;
- the impetus for seeking new ways of doing things and promotion of a culture that is receptive to fresh approaches and ideas; and
- opportunities for staff to learn new skills and be involved in the transformation process from the outset.

### **3.5 Public-Private Sector Partnership (PPP)**

The government and the private sector need to work together for the growth of the economy. The new development paradigm is the shift from the public sector to the private sector as the engine of growth. The new public management system draws on management techniques and practices that have worked in the private sector. In partnering with the private sector, the public service is expected to "steer" the economy rather than "row" it (Gary and Kanemi 1997).

#### **3.5.1 Definition of Public-Private Partnership (PPP)**

Bovaird (2003) defined PPP as working arrangements based on mutual commitment (over and above that implied in any contract) between a public sector organisation with any organisation outside the public sector. From the early 1980s, public servants have devoted considerable efforts to the creation and operation of partnership with political, managerial, legal, organisational and ethical dimensions.

The public service is dependent on the private sector and vice versa. This relationship entails clarity in the mechanisms for the exchange of goods and services across the boundary between the two sectors. Among these partnership strategies are full privatisation, leasing and contracting out. By far the most common strategy is contracting out. Gary and Kanemi 1997 gave some best practices in public-private partnership in Trinidad and Tobago. In Trinidad and Tobago, ministries and departments were asked to determine whether a service might be more effectively provided by an external agency. Services contracted out include:

- maintenance services for new police stations;
- security services at the Inland Revenue Division, the VAT administration office and the district offices;
- security services at the post offices and mail delivery between Piarco Airport and the General Post Office.

The Ethiopian Immigration, Security, Refugee and Nationalities Main Department has good partnering relationship with the major hotels and travel agencies in Addis Ababa (Fagbemi 2006)

### **3.5.2 Purposes of PPP**

Clearly there are a number of different purposes, which PPP might fulfill. Among these are:

- mobilisation of private funding for public services has become initially important e.g. Nigeria's Education Tax Fund;
- the interest in e-governance and Information and Communications Technology (ICT) which has driven governments to work more closely with private companies, in order to access the expertise of ICT companies;
- policy design and planning (e.g. land-use and transportation studies with consultants, where the consultants become a central part of the planning function over a long period);
- policy coordination (e.g. allocation of responsibility for particular policies to specific agencies perhaps through a policy steering group, although typically the final decision will rest in the public sector) or setting priorities;
- policy monitoring (e.g. policy steering group with partners from public, voluntary and private sectors);
- policy evaluation and review (e.g. policy steering group with partners from voluntary and private sectors);
- policy implementation and service delivery in one of three ways: in-house (with external partners in advisory capacity, e.g.

management consultants), co-production with external partners (e.g. joint venture for waste disposal) or full externalisation (e.g. selling of social housing stock to housing associations).

### **3.6.1 Common Methods of Public-Private Sector Partnership**

Common methods of public-private sector partnership are:

- a. Privatisation
  - Joint ventures
  - Contracting out services
  - Concession
  - Leasing
  - Management contract
- b. Fund contribution by private sector to public sector projects
  - Education tax fund
  - Gender and development projects
  - HIV/AIDS projects
- c. Enabling policy environment for the private sector to function for example recognition and encouragement of alternative and traditional healers alongside government medical doctors.
- d. Information technology

### **3.5.4 Problems of PPP**

The problems of PPP identified by Loafer (1999) include the following:

- blurring of responsibilities and of accountability especially information hoarding
- sponsorship of government policies that considerably favour a particular private sector industry
- staff fears of losing their jobs or experiencing worse conditions of service when a partnership takes over responsibility for their area of work
- politicians fear losing control over policy -making and service management
- service user/citizens fear becoming objects of a profit-making group without commensurate quality
- voluntary organisations/NGOs are reluctant to become service providers in partnership with public sector organisations.

### 3.6 Service Compact with all Nigerians (SERVICOM)

On 21 March 2004, at a special presidential retreat on service delivery in Nigeria, President Olusegun Obasanjo and the ministers entered into a service compact with all Nigerians (SERVICOM). This compact involves the dedicated to providing the basic services to which citizens are entitled, timely, fairly, honestly, effectively and transparently. By SERVICOM, it was also agreed that all ministries, parastatals and agencies, and all other government departments would prepare and publish, not later than the July 1, 2004, SERVICOM Charters whose provisions will include:

- quality services designed around customers' requirements;
- set out citizens' entitlements in ways they can readily understand;
- list of fees payable;
- commitment to provision of services within realistic time-frames;
- specify officials to whom complaints may be addressed;
- publish the details in conspicuous places accessible to the public;
- conduct and publish surveys on customer satisfaction.

The government organ for achieving this laudable contract is the SERVICOM Office, established within the Presidency to operationalise government commitments.

The SERVICOM Office is to:

- coordinate the formulation and operation of SERVICOM Charters
- monitor and report progress and performance under SERVICOM obligations
- carry out surveys of services and customer satisfaction (website).

By SERVICOM, it was agreed that all ministries, parastatals, agencies and all other government departments will prepare and publish not later than the 1<sup>st</sup> July, 2004, SERVICOM Charters whose provisions will include:

- provision of quality services designed around customer's requirements;
- setting out citizen's entitlements in ways they can readily understand;
- listing fees payable and prohibit illegal demands;
- commitment to provision of services, within realistic time-frames;
- specifying officials to whom complaints may be addressed;

- publishing these details in conspicuous places accessible to the public;
- conducting and publishing surveys of customer satisfaction
- periodically conduct and publish surveys of citizens to determine levels of customer satisfaction and the extent to which particular ministries and agencies are seen as honouring their SERVICOM commitments; and
- from time to time, review the commitments contained in their SERVICOM Charters and to revise them in the light of experience and further developments (SERVICOM Brochure 2004).

### **The Servicom Index**

As a monitoring and compliance tool SERVICOM Office (2005) developed the SERVICOM Index (The Presidency 2005).SERVICOM Index is a yardstick for measuring the quality of service as delivered by Government through its various ministries, departments, and agencies (MDAs). It is the result of rigorous assessment for SERVICOM compliance evaluation of service frontlines within the MDAs.

SERVICOM Index is predicated on the facts that:

- the ultimate purpose of governance is to serve the citizens
- citizens have the right to be served right
- service is well delivered only when the citizens are satisfied
- the Federal Government is committed to the provisions of SERVICOM.

The SERVICOM Index is calculated through the compilation of the service profile of all ministries. The service profile is broken down into service frontlines, i.e. a point where service is being delivered with clear identification of:

- Service - What service is being rendered?
- Clientele - to whom is service being rendered?

A service frontline is either:

- Intra-Ministerial – serving other departments within the same ministry.
- Inter-Ministerial - serving/other ministries.
- Public - serving the general public.

Each service frontline is evaluated and scored on the basis of criteria detailed on FORM SCOM.

## **Servicom Compliance**

Customer satisfaction is the overriding consideration of service delivery. Extensive research, consultations and surveys by the SERVICOM Office revealed that customer satisfaction is broadly driven by the following drivers:

- Service delivery
- Timeliness
- Information
- Professionalism
- Staff attitude

These drivers, weight of importance and critical elements of customer satisfaction are shown as follows:

### **Service delivery (30%)**

- standards and practices/ performance
- reception experience
- complaints and grievance redress

### **Timeliness (24%)**

- standards and practices/performance
- customer friendliness

### **Information (18%)**

- information
- customer feedback

### **Professionalism (16%)**

- transparency
- efficiency

### **Staff attitude (12%)**

- staff attitude

## **4.0 CONCLUSION**

The new way of managing the public sector is informed by the need for improved public service delivery with the aim of satisfying the

citizens/customers and clients. A major strategy is to adapt the new public management techniques some of which we have discussed. These are necessary for meeting changing public service customer needs; meeting changing market conditions, responding to competitive pressure and taking advantage of new opportunities. The public sector, which includes the civil service, is dependent on the private sector and vice versa. In partnering with the private sector, the civil service is expected to "steer" the economy rather than "row" it. There must be cooperation and collaboration between the two sectors. Private sector companies contribute fund to education and they serve as contractors and supplies to public sector organisations. Above all a government must aim to satisfy the citizens through the instrumentality of the public service.

## 5.0 SUMMARY

In this unit, you have learnt about new management techniques that have been introduced into managing the public service. This new form of managing the public sector is referred to as the new public management system. The aim is to prove how public service can be delivered better to the people. Some of the techniques discussed in this unit are: decentralisation; performance management, benchmarking, total quality management, public private sector partnership and SERVICOM.

## 6.0 TUTOR-MARKED ASSIGNMENT

- i. Which of the new public management techniques is most relevant to the public service and why?
- ii. What are the implications of public private sector partnership for government oversight function in the private sector?
- iii. What are the inherent dangers of benchmarking?

## 7.0 REFERENCES/FURTHER READING

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## **UNIT 6 PLANNING FOR RETIREMENT**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Concept of Retirement
  - 3.2 Reasons for Retirement
  - 3.3 Preparing for Retirement
  - 3.4 New Pension Scheme
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

In the last unit, you learnt about management techniques for improving the public service. In this unit you will learn about how to plan for retirement having spent years in the public service. Anybody who is in paid employment has the right to retire after certain number of years. Such retirement can be voluntary or compulsory. Voluntary retirement occurs when an employee decides to retire before the mandatory years for retirement. In the public service as at 2011 the retirement age is 60 years while there are variations in the judiciary and parastatals particularly the educational sectors. Uniform retirement age does not apply in the private sector organisations. The public service rules on retirement state the following conditions for retirement (Federal Republic of Nigeria, 2008):

No officer shall be allowed to remain in service after attaining the retirement age of 60 years or 35 years of pensionable service whichever is earlier. This provision is without prejudice to prevailing requirements for judicial officers and Professors who retire at 70. A director shall also compulsorily retire upon serving eight years on the post; and a permanent secretary shall hold office for a term of four years and renewable for a further term of four years, subject to satisfactory performance, and no more.

### **2.0 OBJECTIVES**

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

- explain the concept of retirement
- state the conditions for retirement
- list the actions involved in preparing for retirement
- discuss the highlights of the new pension scheme.

### 3.0 MAIN CONTENT

#### 3.1 Concept of Retirement

Retirement is the point where a person stops employment completely. A person may also semi-retire by reducing work hours. Many people choose to retire when they are eligible for private or public pension benefits, although some are forced to retire when physical conditions do not allow the person to work anymore (by illness or incapacitation) or as a result of legislation concerning their tenure. In most countries, the idea of retirement is of recent origin, being introduced during the 19th and 20th centuries. Previously, low life expectancy and the absence of pension arrangements meant that most workers continued to work until death. Germany was the first country to introduce retirement in the 1880s.

Nowadays most developed countries have systems to provide pensions on retirement in old age, which may be sponsored by employers and/or the State. In many poorer countries, support for the old is still mainly provided through the family. Today, retirement with a pension is considered a right of the worker in many societies, and hard ideological, social, cultural and political battles have been fought over whether this is a right. In many Western countries this right is mentioned in national constitutions (Wikipedia the free Encyclopedia, 2011).

The middle years of adulthood are the age bracket that essentially runs society in terms of power, authority, and responsibility. This period is immediately followed in tandem by the process of disengagement or retirement from work or paid employment. Work therefore, no matter how odious an implication it may have for a person, is an enormously valued and meaningful experience to most people. It is not punishment for man's transgressions as sometimes erroneously inferred, but has its blessings both for common sense economic reasons and because of its varied implications. A job is certainly part of the identifying bio-data that we all have. After asking a person of his name and address the next obvious question is "what do you do?" If he has to answer "nothing", there he is not a person to be reckoned with.

A person may retire at whatever age they please. However, a country's old-age pension rules usually mean that in a given country a certain age is thought of as the "standard" retirement age. The "standard" retirement age varies from country to country but it is generally between 50 and 70 (OECD 2005). In some countries this age is different for males and females, although this has recently been challenged in some countries (e.g., Austria), and in some countries the ages are being brought into line. Table 6.1 shows the variation in eligibility ages for public old-age

benefits in the United States and many European countries, according to the OECD.

**Table 6.1: Retirement Age in Different Countries**

Country	Early retirement age	Normal retirement age	Employed, 55–59	Employed, 60–64	Employed, 65–69	Employed, 70+
Austria	60 (57)	65 (60)	39%	7%	1%	0%
Belgium	60	65	45%	12%	1%	0%
Denmark	none	65	77%	35%	9%	3%
France	62*	65*	51%	12%	1%	0%
Germany	65	67	64%	23%	3%	0%
Greece	55	65	31%	18%	4%	0%
Italy	57	60	26%	12%	1%	0%
Netherlands	60	65	53%	22%	3%	0%
Norway	62	67	74%	33%	7%	1%
Spain	60**	65**	46%	22%	0%	0%
Sweden	61	65	78%	58%	5%	1%
United Kingdom	none	65	69%	40%	10%	2%
United States	62	67	66%	43%	20%	5%

**Notes: Source: OECD (2005).**

In the United States, while the normal retirement age for Social Security, or Old Age Survivors Insurance (OASI), historically has been age 65 to receive unreduced benefits, it is gradually increasing to age 67. For those turning 65 in 2008, full benefits will be payable beginning at age 66. Public servants are often not covered by Social Security but have their own pension programs. Police officers in the United States are typically allowed to retire at half pay after only 20 years of service or three-quarter pay after 30 years, allowing people to retire in their early forties or fifties. Military members of the US Armed Forces may elect to retire after 20 years of active duty. Their retirement pay (not a pension since they can be involuntarily called back to active duty at any time) is calculated on total number of years on active duty, their final pay grade and the retirement system in place when they entered service. Allowances such as housing and subsistence are not used to calculate a member's retired pay. Members awarded the Medal of Honour qualify for a separate stipend, regardless of the years of service. Military members in the reserve and US National Guard have their retirement based on a point system. In France, the retirement age has been extended

to 62 and 67 respectively, over the next eight years. In Spain, the retirement age will be extended to 63 and 67 respectively; this increase will be progressively done from 2013 to 2027.

In India - there are three sets of pension benefits.

1. Gratuity – Gratuity is a statutory benefit governed by payments of Gratuity Act, it is employer's statutory ability to pay 15 days salary for every completed years of service until the exit of the employees subject to a maximum of ten years.
2. Superannuation - Varies from company to company - good companies provide Group Annuity Schemes.
3. Employees Provident Fund and Family Pension - Employee Contributed at 12 % of salary per annum.

### **3.2 Reasons for Retirement**

Many factors affect people's retirement decisions. Social Security clearly plays an important role. In countries around the world, people are much more likely to retire at the early and normal retirement ages of the public pension system (e.g., ages 62 and 65 in the U.S.). Greater wealth tends to lead to earlier retirement, since wealthier individuals can essentially "purchase" additional leisure. Generally, the effect of wealth on retirement is difficult to estimate empirically since observing greater wealth at older ages may be the result of increased savings over the working life in anticipation of earlier retirement. However, a number of economists have found creative ways to estimate wealth effects on retirement and typically find that they are small. For example, one paper exploits the receipt of an inheritance to measure the effect of wealth shocks on retirement using data from the HRS. The authors find that receiving an inheritance increases the probability of retiring earlier than expected by 4.4 percentage points, or 12 percent relative to the baseline retirement rate, over an eight-year period. (Wikipedia, the free Encyclopedia, 2011).

A great deal of attention has surrounded how the financial crisis is affecting retirement decisions, with the conventional wisdom saying that fewer people will retire since their savings have been depleted; however recent research suggests that the opposite may happen. Using data from the HRS, researchers examined trends in defined benefit (DB) vs. defined contribution (DC) pension plans and found that those nearing retirement had only limited exposure to the recent stock market decline and thus are not likely to substantially delay their retirement. At the same time, using data from the Current Population Survey (CPS), another study estimates that mass layoffs are likely to lead to an increase in retirement almost 50% larger than the decrease brought about by the

stock market crash, so that on net retirements are likely to increase in response to the crisis. More information tells of how many who retire will continue to work, but not in the career they have had for the majority of their life. Job openings will increase in the next five years due to retirements of the baby boomer generation. The over 50 population is actually the fastest growing labour groups in the US. This might have something to do with the economy, or the fact that this generation is outliving any previous generation and needs a job to entertain them.

A great deal of research has examined the effects of health status and health shocks on retirement. It is widely found that individuals in poor health generally retire earlier than those in better health. This does not necessarily imply that poor health status leads people to retire earlier, since in surveys retirees may be more likely to exaggerate their poor health status to justify their earlier decision to retire. This justification bias, however, is likely to be small. In general, declining health over time, as well as the onset of new health conditions, has been found to be positively related to earlier retirement.

Most people are married when they reach retirement age; thus, spouses' employment status may affect one's decision to retire. On average, husbands are three years older than their wives in the U.S., and spouses often coordinate their retirement decisions. Thus, men are more likely to retire if their wives are also retired than if they are still in the labour force, and vice versa. There are many and diverse reasons for retiring. One of the following situations will apply depending on the circumstance, and may be cited by an employer or an employee as reason for disengagement:

- i. physical and mental pressures. This is the reasoning for administratively setting retirement age limits
- ii. the need for employers to open up higher positions to staff who are more active mentally and physically. This usually leads to retirement/lay-off under unusual circumstances
- iii. financial solvency – the ability of the individual to afford not being in employment usually for others
- iv. disenchantment with the work environment, business ethics, or economic, social or political order
- v. ill-health or failing health.
- vi. desire to have greater control over the ordering of one's life and the extent of the time working. This also includes the need to attend to pet ambitions.

## SELF-ASSESSMENT EXERCISE

- i. Explain the concept of retirement.
- ii. Why should there be variation in retirement age in the various sectors of an economy?
- iii. Discuss the terms; gratuity, superannuation, and employees provident fund.

### 3.3 Preparing for Retirement

Retirement at whatever age and stage, leads to unemployment thus exacerbating the social malaise of the stage of involuntary idleness of many of our citizens. Several measures have been taken to create employment for man, but the apple cart overturns each time someone disengages or is caused to disengage from regular pre-occupation.

At the individual level, retirement has been noticed to forebode stress and disequilibrium of life. Many resign in despair, but this paper examines options to this fatal outlook.

Leaving regular paid employment could either be pleasurable or harrowing. In most cases, watching a newly-retired person act or react could be very disturbing to the observer. The cause of such a pathetic sight is the lack of preparation for retirement. Many individuals have retired gleefully looking into the future. The period of retirement needs to be prepared for just as a person needs to train and prepare for his career.

There is a lot of argument in favour of planning for retirement. First, it has become a fact of life and a part of man's whole existences, and therefore should contribute to its enrichment and fulfillment. This enrichment, it has also been asserted, should continue beyond one's retirement. Second, the status of the retired population is an important aspect of society and should constitute an issue of national importance. Thirdly, there exist a large number of noticeable healthy and actively retired people. Besides, unplanned retirement creates some problems; notable among which are:

- a state of boredom;
- a condition of financial anxiety;
- distress;
- a tendency to lapse into a state of apathy and complete inactivity;
- unexpected dying within a few years of retirement;
- disintegration of health, strength, attitudes and general well-being;
- loss of contact with colleagues; and
- feeling of dissatisfaction and an unfulfilling life.

Fortunately there are various advantages derivable from a well-prepared retirement plan. The following benefits readily come to mind:

- a. it enhances good health in later life
- b. it provides adequate security for life after retirement
- c. it provides some kind of preoccupation by removing the burden of idleness in later days or years
- d. it reduces concern for money
- e. it eliminates a feeling of usefulness and not being wanted
- f. it eases the process of adjustment to a completely different framework for one's life
- g. it helps to remain prepared for old age.

For retirement to be meaningful to retirees, potential retirees, it should be seen as a multi-party exercise, involving the government, the employee, the society and the retirees' family. Each of these parties should be prepared to act in ways that will ease the pains of separation from what perhaps has been a life-long career.

The major step in planning for retirement is the elimination of the causes of anxieties in retirement. In this regard, a home into which to retire needs to be decided, since everyone cannot afford to build a house for this purpose. However when this is to be rented, the choice should be related to changes in income. The location of the home is important as well as the need to fit the retiree's new life-style. These considerations will help decide the geographical location of preferred accommodation. Later, in life the retiree may decide to move in with relatives or go to old peoples' home.

Another dimension of the retirement is financial planning. Retirement, we noted can impose considerable changes in the retiree's life style and these have financial implications which invariably affect the balance between income and living standard. Financial planning for retirement requires providing answers to such questions as:

- i. what is the minimum size of fund the individual would need for the standard of living he desires?
- ii. how much of these funds would be available to him from established source at the time of retirement?
- iii. how does he/she bridge the gap between what he desires and what is available?

The essence of financial planning is to determine how one's retirement will be financed. The usual source of money in retirement include pensions, in provident funds and some company's social security



schemes and insurance benefits, returns from invested gratuity, returns from invested personal saving and returns from current business. Consulting a financial expert may be useful in ensuring a balance between expected income and projected expenditures in retirement years.

In order to ensure satisfaction therefore, the following specific lines of the action are suggested in planning for retirement:

- i. there should be gradual disengagement from work
- ii. counselling sessions should be held for officers whose retirement is impending
- iii. employers should make adequate financial provision for the prompt payment of retirement benefits lump-sum
- iv. retirees should start developing new interests outside the employer's circles.
- v. above all, retiring staff should identify and start pursuing post-retirement occupations suitable of their life styles.

With regards to the last strategy, a choice can be made among the following:

- writing
- getting another paid job
- pursuing of hobbies
- starting one's own business—a small or medium size business.

### **3.4 New Pension Scheme**

As is typical worldwide, the Pay As You Go Defined Benefit Scheme that is currently operated in Nigeria is burdened with a lot of problems and has increasingly become unsustainable. Against the backdrop of a huge deficit, arbitrary increases in salaries and pensions as well as poor administrative structures, the need for pension reform became glaring.

#### **Elements of the New Contributory Pension Scheme**

The key objectives of the new scheme are to:

1. ensure that every person who has worked in either the public or private sector receives his retirement benefits as and when due;
2. assist employees by ensuring that they save to cater for their livelihood during old age;

3. establish a uniform set of rules and regulations for the administration and payment of retirement benefits in both the public and private sectors; and
4. stem the growth of outstanding pension liabilities.

The new pension scheme is contributory, based on individual accounts that are privately managed by pension fund administrators (PFAs) with the pension funds assets held by pension fund custodians. There will be strict regulation of the process.

### **Contributory System**

Under this system, the employees in the civil service and parastatals contribute a minimum of 7.5% of their basic salary, housing and transport allowances and 2.5% for the military. Employers shall contribute 7.5% in the case of the public sector and 12.5% in the case of the military. Employers and employees in the private sector will contribute a minimum of 7.5% each. An employer may elect to contribute on behalf of the employees such that the total contribution shall not be less than 15% of the basic salary, housing and transport allowances of the employees. An employer is obliged to deduct and remit contributions to a custodian within seven days from the day the employee is paid his salary while the custodian shall notify the PFA within 24 hours of the receipt of contribution. Contribution and retirement benefits are tax exempt.

The contributions are deducted immediately from the salary of the employee and transferred to the relevant retirement savings account. By so doing, the pension funds exist from the onset and payments will be made when due. The employee opens an account to be known as a 'Retirement Savings Account' in his name with a PFA of his choice. This individual account belongs to the employee and will remain with him through life.

He may change employers or PFAs but the account remains the same. The employee may only withdraw from this account at the age of 50 or upon retirement thereafter. This withdrawal may take the form of:

- a programmed monthly or quarterly withdrawal;
  - a purchase of annuity for life through a licensed life insurance company with monthly or quarterly payments; and
  - a lump sum from the balance standing to the credit of his retirement
- savings account: provided that the amount remaining after the lump sum

- withdrawal shall be sufficient to procure an annuity or fund programmed
- withdrawals that will produce an amount not less than 50% of his monthly remuneration as at date of his retirement.

With any of these opinions, there is an assurance that the pensioner has sufficient funds available to him for his old age. Although many have contended that at the end of the working period, they should be allowed to collect their savings in one lump sum, experience has shown that very few individuals have the discipline to manage funds effectively over a long period of time. This above was considered a better process than to allow the individual withdraw his/her accumulated savings at once, spend it all and then have no income when he is no longer in a position to work.

### **Life Insurance Policy**

Every employer shall maintain life insurance policy in favour of an employee for a minimum of three times the annual total emolument of the employee.

### **Privately Managed Pension Fund Administrators and Pension Fund Custodians**

The new scheme requires pension funds to be privately managed by Pension Fund Administrators (PFAs) and Pension Fund Custodians (PFCs). PFAs have been duly licensed to open retirement savings accounts for employees, invest and manage the pension funds in fixed income securities listed. The National Pension Commission (PENCOM) may from time to time prescribe, maintain books of accounts on all transactions relating to the pension funds managed by it, provide regular information on investment strategy to the employees or beneficiaries and pay retirement benefits to employees in accordance with the provisions of the Act.

PFCs are responsible for the warehousing of the pension fund assets. It is envisaged that at no time will the PFAs hold the pension funds assets. The employer sends the contributions directly to the Custodian, who notifies the PFA of the receipt of the contribution and the PFA subsequently credits the retirement savings account of the employee. The PFC will execute transactions and undertake activities relating to the administration of pension fund investments upon instructions by the PFA.

### **Eligibility for the Scheme**

The law makes it mandatory for all workers in the public service of the Federation and the Federal Capital Territory, and workers in the private sector where the total number of employees is five or more to join the contributory scheme at commencement of the scheme. Existing pensioners and workers that have three years or less to retire are exempted from the scheme. Also, exempted are the categories of persons under Section 291 of the Constitution of the Federal Republic of Nigeria. However, they may join of their own volition. The existing pensioners are also exempted.

### **Transitional Provisions for the Private Sector**

Viable pension schemes in the private sector already in existence shall continue to exist provided that they can demonstrate that they are fully funded at all times with any shortfall to be made up within 90 days. The assets of the company should be fully segregated from the pension fund assets; the pension fund assets held by a custodian; and the company has the requisite capacity for the management of pension fund assets. The company must also show that they have managed pension schemes effectively for at least five years before the commencement of the new scheme. However, existing members shall have the option to join the new scheme. Where an employee exercises that option, the employer shall compute his retirement benefits to date and such amount will be transferred to his retirement savings account as maintained with a PFA of his choice. A private pension scheme may retain all its existing investments subject to the regulations, rules and standards established by the Commission.

Any employer managing pension fund assets of N500, 000,000 and above shall apply to the Commission for a licence as a Closed Pension Fund Administrator in order to manage such funds directly or through a wholly owned subsidiary dedicated exclusively to the management of such pension fund assets. On issuance of the license, the Commission will supervise and regulate the activities of the closed PFA.

Where an employer is managing pension fund assets of less than N500, 000,000 and desires to maintain its existing scheme, such an employer shall have such pension scheme administered by a duly licensed PFA. NSITF has been established and was granted licence to undertake the business of a PFA in accordance with the Provisions of the Act. Contributors under the NSITF Act shall, at least five years after the commencement of the Act, select a PFA of their choice for the management of Pension Fund standing to their credit. However, the pension funds and assets held by NSITF shall be transferred to a

PFC. NSITF shall also be supervised and regulated by Pensions Commission.

### **Benefits**

Nigeria stands to benefit from the pension scheme. In the first instance, it addresses the pension liability by stemming its further growth and provides a platform for addressing this liability. Since the individuals own the contributions, the pensioner is no longer at the mercy of government or employer and is assured of regular payment of retirement benefits. An employee has up to date information on his retirement savings account. The scheme allows the contributor the freedom to choose who administers his retirement benefits account and this promotes competition among the PFAs. A major benefit of the scheme to the worker is that the individual accounts are portable and as such, the worker is able to change employment and still maintain the same account. He is merely required to provide the details of his account to the new employer. The scheme imposes fiscal discipline on the nation and is a solid foundation for economic development. There is an expansion of convertible funds, creation of a huge pool of long term funds and enhanced accountability. The scheme introduces clear legal and administrative sanctions and there is a separation of investment, administration and custody of assets. Transparency is also ensured by the requirements for published rate of returns, regular statements of contributions and earnings and annual audited accounts.

## **4.0 CONCLUSION**

Planned retirement makes for a better future and it helps to increase the chance of longevity of the retiring officer. In addition, we have identified other beneficial effects of planned retirement such as allowing officers/individual to prepare for the future by developing series of ideas that will eventually make life easier. Planning for retirement allows the individual to examine his/her strengths and weakness in respect of what to do after retiring.

## **5.0 SUMMARY**

This unit is on the important issues relating to retirement. Retirement is the point at which a person stops regular and paid employment completely. In Nigeria, the retirement age varies from 60 to 70 years. Preparing for retirement is important to avoid stress and financial anxiety, distress and feeling of dissatisfaction. Planning for retirement for public servants involves the government, the employee, the society and the retiree's family. Currently, Nigeria operates a contributory

pension scheme alongside the old pay as you go scheme until the last public servant in the old scheme retires.

## 6.0 TUTOR-MARKED ASSIGNMENT

- i. Discuss in details the consequences of unplanned retirement.
- ii. What are the benefits of a planned retirement for an employee?
- iii. State the highlights of the new pension scheme in Nigeria.

## 7.0 REFERENCES/FURTHER READING

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**MODULE 2      PUBLIC ENTERPRISES MANAGEMENT**

Unit 1	Public Enterprises Management Concept
Unit 2	Management of Public Enterprises
Unit 3	Relationship between Board Members and Chief Executives of Public Enterprises
Unit 4	Commercialisation of Public Enterprises
Unit 5	Privatisation of Public Enterprises

**UNIT 1      THE PUBLIC ENTERPRISES MANAGEMENT CONCEPT****CONTENTS**

1.0	Introduction
2.0	Objectives
3.0	Main Content
3.1	Definition of Public Enterprises
3.1.1	Nomenclature of Public Enterprises
3.1.2	Need for a Definition of Public Enterprises
3.2	Origin of Public Enterprises
3.3	Justification for Public Enterprises
3.4	Criteria for Identifying Public Enterprises
3.4.1	Classification of Public Enterprises based on Functions and Objectives
4.0	Conclusion
5.0	Summary
6.0	Tutor-Marked Assignment
7.0	References/Further Reading

**1.0      INTRODUCTION**

The major function of government is to make policies and get them implemented. Certain policies of government require programmes and projects for their implementation. Government ministries have operational arms to carry out such programmes and projects. These are known as public enterprises/parastatals/government-owned companies, among other names. These enterprises are fully or partially owned by the government. This unit is on the concept of public enterprises. It discusses the origin of public enterprises, the justification for public enterprises and the criteria for identifying public enterprises.

## **2.0 OBJECTIVES**

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

- define public enterprises;
- trace the origin of public enterprises
- justify the creation of public enterprises
- list the criteria for identifying public enterprises.

## **3.0 MAIN CONTENT**

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

United Nations Organisation (UNO, 1974), defines public enterprises as those enterprises in which the government has majority ownership and/or management. An earlier definition by the United Nations (UNO, 1968) defines public enterprises as industrial, agricultural and commercial concerns, which are owned and controlled by the central government (in a unitary state), or the federal government and regional government (in a federation). Ezeani (2006) defines public enterprises as legally constituted bodies operating services of an economic or social character or both on behalf of the government.

Putting all these three definitions together, you can see that a public enterprise is an organisation wholly or majorly publicly owned, set up to achieve commercial and social goals. They also engage in economic activities within the sphere of agriculture, industry, commercial or services involving investment and returns as well as sale of goods and services; and their affairs are capable of being stated in terms of balance sheets and profits.

This comprehensive definition agrees with Adamolekun (2002 quoted in Ezeani, 2006) modified in his assessment of the characteristics of public enterprises. These are that:

A public enterprise as an organisation is an entity with explicit or implicit specific objective and resources are utilised in the pursuit of these objectives. The government controls the majority of the shares, leaving other shareholders to hold the remaining shares.

As a corporate body, a public enterprise has a legal personality separate from that of the government that establishes it. It can own property, enter into contracts, and sue and be sued. In recent developments across the southern Sahara African countries, this feature is being stressed as a key element of a public enterprise. Consequently, departmental



organisations are being surreptitiously accorded the corporate body status.

The entrepreneurial objective connotes business orientation. However, this should not be equated with profit making. The aim of many enterprises is to promote efficiency and breaking even. A public enterprise is, by virtue of its intricate relationship with government, an instrument of public policy, therefore, naturally under governmental control. Second, by its nature, a public enterprise mostly utilises or manages public resources, especially public money. 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 instruments. Public enterprises can adapt some private enterprise principles and practices (e.g. commercial law and management practices) with positive consequences for performance.

### **3.1.1 Nomenclature of Public Enterprises**

In terms of nomenclature, public enterprise has many variants with many synonymous terms. Among these terms are:

1. Public sector undertaking
2. Nationalised industries
3. Socialised industries
4. State-owned industries
5. State-owned enterprises
6. Government concerns
7. Parastatals
8. Public business undertakings
9. Industrial and commercial undertakings
10. Public corporation
11. Crown corporation (Canada)
12. Statutory corporation (Australia)

### **3.1.2 Need for a Definition of Public Enterprises**

A definition of public enterprise is necessary for many reasons, among which are:

1. a clear definition of a concept is needed for statistical purposes. In research, a clear definition of the subject of study must be provided for data gathering and analysis. It is also needed in case two concepts or more are being studied.

2. international funding organisations need to have a clear idea of what a country regards as a public enterprise. Terminologies may differ but the definition may be the same.
3. for conceptual clarification, a definition is needed to understand the objectives and goals of public enterprises and its relationship with other arms of the government and the private sector.

### **SELF-ASSESSMENT EXERCISE**

- i. List 10 nomenclatures of public enterprises.
- ii. Explain the origin of public enterprises.
- iii. In your own words, define public enterprises.

### **3.2 Origin of Public Enterprises**

It would interest you to know how public enterprises started. Tokunboh (1990) narrates the origin of public enterprises. According to him, one of the earliest examples of institutionalised public service was the British Post Office in 1516, a 'Master of Posts' was appointed by the King of Britain at that time, to run regular postal service along the major roads with couriers operating a relay system. In 1635, there was a Royal proclamation establishing a postal service for England and Scotland to be organised by a London merchant – Thomas Witherings. By 1682, a rival, William Dockwa started to run a private post in which letters were prepaid and stamped to indicate place and time of posting. This was disallowed in 1682 as an infringement of state monopoly. The Post Office thus enjoyed the monopoly of carrying letters all over the kingdom. The institutionalisation of a public enterprise was born by this action.

The emergence of public enterprises took root in the socialist philosophy as against capitalism. It is also a developmental strategy. Public enterprises' choice as a developmental strategy led to a series of organisations under the control and management of government organisations. Examples are: the Rail transport in India, South Wales in Austria and Nigeria in 1898. Another is the Tennessee Valley Authority in America.

### **3.3 Justification for Public Enterprises**

You may have thought of the question: 'Why does a nation need public enterprises'? Ezeani (2006) explained some of the justification for public enterprises, which you will find useful.

1. The paucity of indigenous private sector that can undertake to provide certain infrastructural facilities, particularly, in services

requiring heavy financial investment such as railways, electricity, ports and harbour, airways.

2. Establishment of public enterprises by the state enables it to pursue objectives relating to social equity which the market would ignore, notable among which is preventing “the concentration of wealth or the means of production, and exchange in the hands of few individuals, or of a group” (Quoted in Adamolekun, 1983:48). Others are provision of employment and ensuring that a great majority of the citizens have access to essential goods and services at an affordable price.
3. Paucity and sometimes lack of private incentives to engage in promising economic ventures due to factors such as uncertainty about the size of local markets, unreliable sources of supply, and the absence of technology and skilled labour (Obadan, 2006:6).
4. The need to ensure government control over “strategic” sectors of the economy such as central banking, broadcasting, iron and steel, international air transport, shipping, etc. (Adamolekun, 2002:35).
5. State control of key profitable enterprises enables it to generate revenues that will add to available national capital for financing development programs and projects.
6. State ownership of some enterprises is seen as a means of employment creation in a situation where the private sector of the economic offers very limited employment opportunities.
7. Public enterprise is seen as a veritable instrument of national plan implementation, especially, in a context where the private sector appears weak.

### **3.4 Criteria for Identifying Public Enterprises**

The many nomenclatures of public enterprises make it necessary to specify the criteria with which public enterprises could be identified. These criteria include (Tokunboh, 1990):

- the ownership element – national, state or local government must be a full or part owner and must be able to exercise control on the management of a public enterprise. Government usually has 51 percent of the shares in a public enterprise
- public interest need element – public enterprises are organisations set up in public interest and need; not all public enterprises are expected to breakeven; others, such as airports, are sometimes to open up a state or region for development
- the field of activity is another criteria – a public enterprise should be an organization of an economic nature, for example, industry, tourism, agriculture, trade, transport and educational services

- the concept of return on investment – public enterprises should involve capital investment and the use of working capital on which a return is expected or at least the organisation should breakeven
- the concept of marketing – public enterprises should have products for sale (goods and services) for sale at a price
- the concept of commercial accounting – public enterprises should be able to present their accounts in form of balance sheet or profit and loss accounts
- the concept of legal entity – a public enterprise could be sued and could sue. It is a legal entity.

### 3.4.1 Classification of Public Enterprises based on Functions and Objectives

Regardless of their legal status, public enterprises can be classified into the following groups on the basis of their functions and general objectives:

- (a) *Service Organisations*: these are created to deliver services to the public, for example, health, education, sports, training and other public utilities where profits are not expected to be made.
- (b) *Infrastructural Organisations*: these are created to provide basic inputs to the development process. Examples of these are: banks, insurance companies, marketing boards, communication and transportation. Whether or not any of these organisations should make profits are explicitly stated in the statutes setting them up.
- (c) *Industrial and Commercial Organisations*: that are expected to earn surplus either for re-investment or as a source of revenue for the government. Examples are Ajaokuta Steel Rolling Mill, Jebba Paper Mills, the now defunct Cement factories; Solid minerals exploitation such as Jos Mining Corporation and Nigeria National Petroleum Corporation (NNPC).
- (d) *Promotional Enterprises*: these are created to promote development projects in disadvantaged regions, such as the defunct OMPADEC or its successor the Niger Delta Development Commission (NDDC).

## 4.0 CONCLUSION

The concept of public enterprises is an old one which has not yet outlived its usefulness. Despite the clamour for privatisation and a private sector led growth, the collapse of big private institutions in America and Europe is pointing to the need for state intervention in economic activities. However, public enterprises performance needs to

be monitored to ensure that the principles of total quality management, efficiency and effectiveness are adhered to.

## 5.0 SUMMARY

In this unit, you have learnt about the concept of public enterprises as a national development strategy. Public enterprises can be defined as those enterprises in which the government has majority ownership and/or management. You also learnt that public enterprises started in Britain around 1516. The rationale for having public enterprises include the paucity of indigenous private sector organisations that go into investments requiring huge finances and the need to ensure government control of strategic sectors like defence, among others. The classification of public enterprises based on their functions and objectives was also discussed

## 6.0 TUTOR-MARKED ASSIGNMENT

- i. Why does a government need public enterprises?
- ii. What are the characteristics of a public enterprise?
- iii. Why do we need a definition of public enterprises?

## 7.0 REFERENCES/FURTHER READING

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## **UNIT 2      MANAGEMENT OF PUBLIC ENTERPRISES**

### **CONTENTS**

- 1.0    Introduction
- 2.0    Objectives
- 3.0    Main Content
  - 3.1    History of State Enterprises in Nigeria
  - 3.2    Forms of Public Enterprises in Nigeria
  - 3.3    Financing Public Enterprises
  - 3.4    Control and Accountability in Public Enterprises
  - 3.5    Problems of Public Enterprises in Nigeria
- 4.0    Conclusion
- 5.0    Summary
- 6.0    Tutor-Marked Assignment
- 7.0    References/Further Reading

### **1.0    INTRODUCTION**

Management is the utilisation of resources to achieve organisational goals efficiently, economically and effectively. Efficiency has to do with the management of output and input 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 organisational structure, control and accountability procedures as well as performance measures. All these are discussed in this unit.

### **2.0    OBJECTIVES**

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

- sketch the organisational structure of public enterprises
- list the sources of finance of public enterprises
- explain the control functions of the key actors in the evaluation of public enterprises performance
- state 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 organisations. 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 such that the General Manager then was a member of the Legislative Council (Tokunboh, 1990).

In 1949, the structure of 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 strike by 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 indigenisation 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 Privatisation and Commercialisation disclosed 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 categorised 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.

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). The relationship among these key actors in running the public service had been the subject of many boards of enquiry. In view of the importance of a healthy relationship to the smooth running of a public enterprise (PE), the next unit is on the relationship between the board members and the chief executive of a PE in managing the affairs of the PE.

### **SELF-ASSESSMENT EXERCISE**

- i. Describe briefly the origin of public enterprises in Nigeria.
- ii. Describe three forms of public enterprises in Nigeria.
- iii. Describe the three top levels in the organisation structure of a public enterprise.

### **3.3 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 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).

### **3.5 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) Capitalisation 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 are 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 organisation 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.

#### **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.

#### **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 organisation 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.

#### **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 are Consumer

Associations, Economic and Financial Crimes Commission and Independent Corrupt Practices and Related 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

- i. Parliamentary questions;
- ii. Discussions;
- iii. Debates on outstanding issues; and
- iv. 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 or the House consisting of not more than 40 members, who are saddled with the responsibility of examining the accounts of government organisations showing the appropriation of the sums granted by the parliament 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 either chamber 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 Related Offences Commission.

### **3.6 Problems of Public Enterprises in Sub-Saharan Africa (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 optimisation 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 Capitalisation**

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 outlined the organisational structure of public enterprises; and 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**

- i. Explain the sources of fund for public enterprises in Nigeria.
- ii. How can public enterprises be held accountable for their performance?
- iii. What are the problems of public enterprises in Nigeria?

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## **UNIT 3      RELATIONSHIP BETWEEN BOARD MEMBERS AND CHIEF EXECUTIVES OF PUBLIC ENTERPRISES**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Types of Boards
  - 3.2 Functions of the Board and Chief Executives
  - 3.3 Organisation Structure of Public Enterprises
  - 3.4 Problems between Board members and Chief Executives
  - 3.5 Recommendations on Improved Relationship between the Chief Executives and the Board
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

Earlier, you read about the structure of public enterprises (PEs) in Nigeria. However, the behavioural aspects of the structure were not discussed. This unit is therefore devoted to an in-depth discussion of the relationship between board members and chief executives of PEs in Nigeria. The relationship has been a source of major concern to successive governments that between 1960 and 1981, such that eight (8) Board of enquires were set up to investigate this aspect of PEs. In this unit, you will learn about the type of boards, functions of board and chief executives. Problems between board members and chief executive and recommendations on improving the relationship between the chief executive and the board will be discussed.

### **2.0 OBJECTIVES**

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

- categorise the types of boards
- describe the relationship problems between board members and chief executives of public enterprises
- identify strategies for improved relationship between board members and chief executives.

### 3.0 MAIN CONTENT

The principal actors in PEs in Nigeria are: the government (running the PEs in trust for the people) as shareholders; the board of directors/ council; including the chairman) and the management team headed by the chief executive. The relationship between the last two groups is the focus of this unit. The three principal actors represent various levels of decision making and therefore complement each other. Just like a system, if one part is not performing well it affects the other parts adversely. Hence for optimal performance of the PEs, the principal actors need to work in harmony with honesty of purpose.

#### 3.1 Types of Boards

Public enterprises can have two types of boards which are:

1. The policy board; and
2. The executive/ functional board.

A board of PE is a body of men and women officially constituted for its supervision. The management of a PE is entrusted to these men and women. As you may be aware, in Nigeria, the boards of PEs are appointed by the government of the day and can be dissolved at the will of the government. It is not uncommon to hear an announcement on the radio on the dissolution of all boards of PEs or a particular PE.

A policy board consists of full time or part time members, none of whom is responsible for specialised functions and is not the chief executive. Kumar and Kashyap (1994) opine that unlike the private enterprise, the board of a PE represents the interest of the state and thus, the powers that are assigned to the board under the statutes differ.

A functional board is one which consists of full time members in charge of particular departments of the PE. They are involved in the day to day running of such a department or division.

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 organisation 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.

In most cases a hybrid of policy and functional/ executive board prevails. The Adefarasin Commission, having regard to the evidence before it, had cause to seriously criticise the board and the chairman of the Nigeria Railway Corporation who increasingly assumed executive powers even though it was just a policy board that was meant principally to lay down broad policy guidelines. The commission was of the view that experience had shown that a policy board is not very satisfactory when applied to commercial or industrial undertaking because it is not easy to decide where a policy begins and stops in the management of an undertaking such as the Nigerian Railway Corporation. For example, both the management and the board of the NRC were engaged in policy making as could be seen from Sections 8 and 10 of the Act setting up the corporation. The commission concluded that policy is the highest function in management and it is a misconception to regard the board as not being concerned with or the taking part in management (Administrative Staff College of Nigeria 1983).

### **3.2 Functions of Public Enterprises' Boards and Chief Executives**

The board of a public enterprise plays a key role in its management. Government appoints from within and outside the government circles the board of directors of a public enterprise. Its primary responsibilities include the formulation of policies and priorities within the framework of broad government policies and priorities (Adamolekun, 2004).

With regards to this, a government working paper made the following recommendations on the directorial and managerial responsibilities of the board and the chief executives (Adamolekun 2004):

- (i) those to be appointed as board members, in addition to being free from danger of political influence, should be sufficiently knowledgeable and experienced as to be more interested in the long –term policy of the corporation especially in formulating the economic, financial, operational and administrative plans and programmes of the corporation based on the directives of the minister.
- (ii) subject to the policy guidelines by the board, the chief executive must be given a free hand in harnessing the entire human and

material resources placed at his disposal in order to produce desired results. In other words, the board should focus on the affairs of the corporation through the chief executive. The board should not interfere with the methods of operation or with how the resources are deployed to obtain results.

Commenting on the role of the board of directors, the Udoji commission of 1975 recommended that the functions should consist of (Federal Government of Nigeria 1975).

- a) Formulating policy for interpreting strategy and broad objectives set for enterprise by government;
- b) Developing tactical plans and specific objectives to effect strategy (a) above;
- c) Approving budgets;
- d) Appointing senior management including the general manager, (to be appointed by the board with concurrence of commissioner)
- e) Monitoring progress towards goal achievement;
- f) Directing and guiding management on matters of priority concern

“Hostile relationship almost exists between board and management, leading to frequent disruption in these establishments”, Udoji reported.

While the board of directors has the primary function of enunciating policy within the broad framework of the government’s total plan, it is the responsibility of management to translate the policy into meaningful programmes and projects. Although the various instruments setting up the public enterprises provide for various levels of decision making where functions, powers, boundaries and limitations are fairly clearly set out, incessant frictions have nevertheless persisted. The question therefore arises as to what causes the incessant friction between the two groups of functionaries namely: the board and the management if their respective responsibilities, functions, powers and limitations are so unambiguously spelt out.

### **3.3 Organisation 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).

## **The Board of Directors**

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

- i. formulation of policies and priorities within the framework of broad government policies and priorities (Adamolekun, 2004);
- ii. 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.

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 or equivalent 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) states, "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.

### 3.4 Problems between Board Members and Chief Executives

Virtually all government commissions of inquiry from 1960 to date have had cause to comment at length on the relationships between board chairmen and chief executives of parastatals. Some of these commissions were (Administrative Staff College of Nigeria 1983):

- i. *Elias Commission of Inquiry (1960)*, which investigated the administrative, economic and industrial relations of the Nigerian Railway Corporation (NRC);
- ii. *Ani's Working Party (1966)*, which examined the management of public sector enterprises;
- iii. *Bello Commission of Inquiry (June 1967)*, that probed the affairs of the Electricity Corporation of Nigeria (ECN, now NEPA);
- iv. *Beckley Commission of Inquiry (1967)*, which looked into the affairs of Nigeria Ports Authority (NPA);
- v. *Adefarasin Commission of Inquiry (1967)* which, looked into the affairs of Nigeria Railway Corporation (NRC)
- vi. *Adebo Commission (1970)* among others, probed the cost of living in Nigeria;
- vii. *Udoji Commission (1972)* which examined the management of the Nigeria Public Service including the parastatals;
- viii. *Onosode Commission (1981)* which examined the organisation, structure and management of public enterprises (Administrative Staff College of Nigeria 1989).

Each of the key actors in PEs management has contributed to the friction between board members and the chief executive in one way or the other. This section will discuss the problems with each key actor(s).

#### Board Chairmen and Members

The following are some of the problems relating to board chairman and members:

- (i) that in the appointment of all chairman and members of board, it would appear that political considerations were the over-riding factors and the due regard was not given to professional expertise, experience, qualification, integrity, commitment and interest in the affairs of the organisation.
- (ii) arising from (i) above, board members tend to be more interested in using their organisations in feathering their political nests, i.e.,



as instruments to recoup their political expenses, rather than real interest of the organisation. They generally do not see themselves as being accountable for the corporate success of the parastatal or state-owned company. The lack of fusion in the interest and objective of both the board and management has resulted in a lack of corporate focus which inevitably has culminated in incessant conflicts between board chairmen and executives.

- (iii) the goal achievement of the goals of parastatals is impaired partly because the average new breed politician, probably due to Nigeria's thirteen year of military interregnum, is largely inexperienced in government financial regulations and other rules and regulations of the public service. They were not given any orientation in the presidential system of government. The end result of this is that these political appointees, under the cloak of achieving results, flagrantly breach laid down government rules, regulations and procedures.
- (iv) the board chairman and members are hardly content with determining policy but often hustle to be involved in the day-today management of the organisation. Some board chairmen have been known to give instructions directly to operational staff (officers) without reference to the chief executives, the meddlesomeness coupled with a violation of known administrative procedures, have been major sources of conflict when resisted by the chief executives.
- (v) inspite of extant regulations, some board members persistently pressurise, and even worse still, sometimes blackmail chief executives, to provide them with amenities such as motors cars and permanent allocations of guest houses with complements of cooks and gardeners, and drivers. However, some chief executives are not lacking in courage of conviction and have been known to have resisted political pressures and blackmail, though at a price.
- (vi) some Board members who lack integrity and perceive their board appointments as opportunities to make money, often ask chief executives to do "unethical" things. In this regard, a chief executive compared the politicians of today with his predecessor of the First Republic. While the latter always thought of the consequences thereafter, the present politician hardly consults on such matters and is, ironically, scared stiff of possible future probes. Who would want the chief executive to bear the brunt of the responsibility and this is a source of friction.
- (vii) since the exclusion of public officials from membership of the Boards of parastatals, the chief executive have remained the only solitary voices in drawing attention to, and advocating compliance with, laid down government rules and regulations aimed at ensuring public accountability.

- (viii) the problems of insensitivity to public accountability and normal administrative procedures, have been aggravated by the appointment of non-career technocrats who themselves may not be conversant with these procedures, as chief executives of parastatals.
- (ix) contrary to expectation, the role of the chief executive has been made more harrowed by the posture and action of some ministers in relation to the management of some of the parastatals. In this regard, it has been alleged that where there has been conflict of values between the board and management, the minister invariably teamed up with the board against the chief executive at the expense of the organisation. We were informed of an instance where a minister was alleged to have not only incited board members against a chief executive, but arm-twisted the chief executive to obtain benefits such as cars and guest house to which he was not entitled.
- (x) although it has been stipulated that the meetings of board should be few and far between, some chairmen have, due to lack of conceptual clarity of their roles converted their part-time appointments to permanent ones as demonstrated by the frequency and duration of their visits. Their presence has, among others, created the problem of the two-boss model whereby staffs see two authorities in the place of one. This may create a conflict between the chief executive and the management staff especially those of them who are sycophantic and intend to exploit the situation to pursue their vaulting ambition.
- (xi) many of the board chairmen, under the pretext of serving the corporation, make use of the available facilities in running their own private interest or businesses. A management resentment of this act of impropriety may result in conflict.
- (xii) there is a school of thought among board chairmen that believe they are the repository of corporate power and authority in the organisation and that whatever powers the chief executive possesses, is held for and on behalf of the board. The implication of this in practice is that the board chairman and/or his fellow board members could withdraw or exercise the powers of the Chief Executive with regard to the day-to-day administration of the organisation's human and other resources (Administrative Staff College of Nigeria 1983)

### **Chief Executives of Parastatals**

The chief executives have also been accused of acts that are detrimental to the health of their organisations.

Some of the chief executives use their power in the area of appointments, deployment, promotion and staff discipline arbitrarily in utter disregard of the dysfunctional effects of such personnel practices on the motivation and productivity of their staff. In an era where the functionality of participative management and attendant delegation is recognised, some chief executives alone:

- i. deploy staff without consulting their key officials
- ii. sign letters of offers of appointment to successful candidates
- iii. begrudge and sometimes deny staff their entitlements even when such entitlements have received necessary approval
- iv. exercise disciplinary powers without reference to existing regulations
- v. display arbitrariness in respect of promotion
- vi. sit on petitions addressed to the board by senior members of staff.

### **Financial Transactions and Contracts**

The problems of insensitivity to public accountability and normal administrative procedures, have been aggravated by the appointment of non-career technocrats who themselves may not be conversant with the procedures, as chief executives of parastatals. Some chief executives, by flagrant acts of abuse of office and financial irresponsibility, ensure non-performance of their organisations. Such acts include diversion of public funds to private use, collusion with contractors after collecting mobilisation fees: commissioning feasibility studies for projects that the organisation could not prosecute; sponsorship or ownership of firms that seek contracts in organisations which they head. On top of these abuses and shortcomings are:

- i. deliberate defiance of board's directives and calculated manipulation of the chief executives private desires as against corporate interest
- ii. unpreparedness or unwillingness to perform their statutory functions
- iii. administrative/managerial immaturity or inexperience and ineptitude in spite of academic attainment resulting in inability to grapple with the major problems and issues confronting the organisation
- iv. inability to interact and communicate effectively with staff, and some are rigid, aloof, withdrawn and inaccessible
- v. lack of respect for officially sanctioned channels of communication and indulgence in inveterate habit of bypassing heads of departments to give assignment to officers under them, a practice which chief executives loathe and resent on the part of board chairmen in relation to the operational management.

## SELF-ASSESSMENT EXERCISE

- i. What are the differences between a policy board and an executive board?
- ii. Describe the role of board members according to the Udoji Commission of 1975?
- iii. Discuss the role of the secretary to the board of a parastatal.

### 3.5 Recommendations to Improve the Performance of the Board

The following are the recommendations to improve the performance of the boards of parastatals:

1. board members should have a clear idea of their responsibilities and authority, as well as the objectives of the organisation
2. board members should be trained in the principles of managing public enterprises
3. Size of the board should be related to the functions of the organisation. However, a board of 6 – 9 qualified members of integrity is recommended
4. required qualifications of board members should be spelt out and enforced
5. 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 renewal.
7. use of board committees or subsidiary boards is recommended for faster decision making.

### Calibre and Composition of Board Members

The Adefarasin commission also deliberated on the calibre and composition of board members and resolved that members should be carefully selected on the basis of the following criteria (Administrative Staff College of Nigeria, 1983):

- i. must be non-partisan and be completely dissociated from politics and political control
- ii. must have talent and broad outlook. They should be men of enterprise and of proven business success in area such as transportation, finance, business organisation, trade unionism, and chamber of commerce; they could also be eminent citizens and top management of the organisation

Government therefore decided that:

- a reasonable degree of security of appointment should be assured them in order to avoid their being removed at the whims and caprices of politicians. The government was fully satisfied that this policy would remove one of the root causes of the defects in the existing system and would also enable members to perform their duties conscientiously.
- appointment of board members should no longer be based on political consideration. In fact, partisan political activities should be one of the disqualifications for membership, while emphasis should be given to the ability, experience and specialised knowledge of candidates.
- the appointing authority should maintain some measure of continuity by re-appointing members of outstanding ability.

The relationship between chairman and chief executives of parastatals could be improved as follows:

- i. the chairman of the board of a corporation should serve as a part time and not as a full-time functionary of the corporation
- ii. the present remuneration and other conditions of service of the chairman should be modified by government to reflect the part-time nature of his services to the organisation.
- iii. new policy directives governing the relationship which should exist between the minister and the parastatals under his supervisors should be issued and widely published, and government should insist on strict compliance by all concerned
- iv. each board should be of such a size as to ensure that a quorum is readily formed, discussions within the board room are effective and there is adequate representation of essential interests and experiences
- v. the board of directors of all parastatal should be made up of executive and non executive directors in a ratio which should not exceed 40-60
- vi. executive directors should comprise the chief executive and one or more of the heads of divisions/departments of a parastatal. Outsiders who are qualified should be eligible for appointment as executive directors
- vii. in order to ensure continuity, effectiveness and stability in the board of directors of a parastatal, the tenure of office of directors should be staggered so that they do not all leave the board at the same time
- viii. supervising ministries should prepare detailed guidelines for the chairmen and directors of the boards, especially with regard to what constitutes day-to-day management. Copies of these

guidelines should be made available to all directors on their first appointment

- ix. a chief executive who feels that the board of directors has misdirected itself on a given policy issue, should be free, on giving due notice to the board, to refer the matter to the minister responsible for the parastatal.

#### **4.0 CONCLUSION**

It is obvious from the fore-going analysis that the roles of the board chairman and chief executive are complementary and demand maturity, mutual understanding, commitment and ability to communicate effectively. It would also appear that the dichotomy between policy formulation and policy implementation would not be in the longer term interest of the organisation. Both the board chairmen and the chief executives have invaluable roles to play in contract procedures, personnel management and corporate planning. Only persons of proven competence and managerial experience who have in addition demonstrated the ability to effectively work with people and have track record of success should be appointed.

#### **5.0 SUMMARY**

This unit discussed the relationship between boards and executives of public enterprises focusing on the types of boards, functions, problems and recommendations on how to improve the performance of such boards.

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## **UNIT 4      COMMERCIALISATION OF PUBLIC ENTERPRISES**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Definition of Commercialisation
  - 3.2 Necessity for Commercialisation of Public Enterprises
  - 3.3 Modalities for Commercialisation of Public Enterprises
    - 3.3.1 Performance Contract
    - 3.3.2 Corporatisation
    - 3.3.3 Strategic Alliance
    - 3.3.4 Management Contract
    - 3.3.5 Leasing
    - 3.3.6 Contracting out Services
    - 3.3.7 Joint Ventures
    - 3.3.8 Concession
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

The major reason for establishing public enterprises is to enhance natural development through the provision of goods and services at agreed prices. They are, therefore, expected to yield some revenue and not run at a loss. However, public enterprises in Sub-Saharan Africa and in Nigeria in particular, suffer from gross mismanagement and inefficiency in the utilisation of resources, especially financial resources. They also suffer from corruption and nepotism (World Bank, 1991). Ogunidipe (1986) reports that between 1975 and 1985, government capital investments in public enterprises totalled about N23 billion. During the period, government also gave subsidies of N11.5 billion to various state enterprises. These are funds that could have been diverted to other government projects. The conclusion of scholars in the field of public enterprises management is that their performance is below average (Obadan, 2000; Adamolekun, 1983; and Sanusi, 2001). In order to stem the tide of inefficiency of public enterprises, some developed and developing countries embarked on reforms of public enterprises. This reform was kick started by Britain, which embarked on a comprehensive privatisation programme. New Zealand also embarked on both Privatisation and Commercialisation programmes (Ezeani, 2006).



This unit is on commercialisation of public enterprises. The discussion in this unit dwells on the definition of commercialisation, the necessity for commercialisation and the modalities for commercialisation of public enterprises.

## **2.0 OBJECTIVES**

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

- define commercialisation
- discuss the necessity for commercialisation of public enterprises
- list the modalities for commercialisation of public enterprises
- explain the usefulness of the modalities for commercialisation of public enterprises.

## **3.0 MAIN CONTENT**

### **3.1 Definition of Commercialisation**

Zayyad (2011) defines commercialisation as the reorganisation of enterprises, wholly and partially owned by the government, in which such commercialised enterprises shall operate as profit-making commercial ventures without subvention from the government. Zayyad (2011) further explained that the main thrusts of the Nigerian Commercialisation programme are to:

- provide enhanced operational autonomy to a public enterprise;
- evolve a more results-oriented and accountable management, based on performance contracts;
- strengthen financial/accounting controls at the enterprise level;
- upgrade the management information system of the affected enterprises;
- ensure financial solvency of the public enterprises through effective cost recovery, cost control and prudent financial management;
- remove bureaucratic bottlenecks and political interference through clear role definitions between the supervising ministry, the board of directors and the management of public enterprises.

By the Privatisation and Commercialisation Decree of 1999 (Federal Government of Nigeria, 1999), commercialised enterprises were classified as fully commercialised or partially commercialised. All commercialised enterprises have the power to operate as purely commercial enterprises and may be subjected to the general regulatory power of the Federal Government. They can:

- (a) fix rates, prices and charges for goods and services provided;
- (b) have capital assets;
- (c) borrow money and issue debenture stocks;
- (d) sue and be sued in their corporate name.

Wholly commercialised enterprises are expected to be self sufficient in both its recurrent and capital expenditure. It implies that such enterprises should be able to pay the salaries of their staff without government subvention. It is expected that where the enterprises cannot generate the level of resources needed for capital development, they should be able to raise such funds from the capital market (Zayyad, 2011).

Partially commercialised enterprises are equally expected to operate like the fully commercialised ones in terms of efficient management. However, because of the public interest, nature of their goods and services, their charges are controlled by government. This limitation implies that government will provide subsidies and subvention for the running of the enterprises.

Examples of fully commercialised enterprises are (Federal Government of Nigeria, 1999):

1. Nigerian National Petroleum Corporation
2. Tafawa Balewa Square Management Committee
3. Nigerian Ports Authority
4. Federal Mortgage Bank of Nigeria
5. Nigerian Industrial Development Bank Limited (now Bank of Industry)
6. Nigerian Bank for Commerce and Industry Limited
7. Federal Mortgage Finance Company Limited
8. Federal Housing Authority
9. Nigerian Social Insurance Trust Fund.

The partially commercialised enterprises are:

1. Nigerian Railway Corporation
2. Cross River Basin Development Authority
3. Hadejia – Jama'are River Basin Development Authority
4. Niger River Basin Development Authority
5. Federal Radio Corporation of Nigeria
6. Nigerian Television Authority
7. News Agency of Nigeria
8. Nigerian Postal Services.

### 3.2 Necessity for Commercialisation of Public Enterprises

The dismal performance of public enterprises in Sub Saharan Africa, led to their being commercialised. In section 3.1, you have learnt about the differences between fully and partially commercialised enterprises. The following constitute the major reasons for commercialising public enterprises:

1. many public enterprises (e.g Power Holding Company of Nigeria) operated without due consideration given to financial costs or returns. For example, Rweyewanu (1975) states that from 1960 – 1965, the Nigerian Railway Corporation alone had 13 inquiries into its activities. In 1965, it had a deficit of N7 million
2. privatisation has not yet changed substantially the balance between public sector organisations and the private sector in many countries in Sub Saharan Africa (Sava 1971)
3. restricting public enterprises and making them efficient and effective are the most important requirements for national development
4. public enterprises are still very important and need to be managed effectively because they are still responsible for providing services that cannot be produced by the private sector, particularly infrastructure.

#### SELF-ASSESSMENT EXERCISE

- i. List five fully commercialised public enterprises.
- ii. List five partially commercialised public enterprises.
- iii. Define commercialisation.

### 3.3 Modalities for Commercialisation of Public Enterprises

For efficiency and effectiveness, public enterprises should operate with wider application of commercial principles and the broader use of competition. The deregulation of the Nigerian economy, for example, has enhanced the need for public enterprises to achieve their objectives. The New Public Management introduced the concept of Public-Private Partnership. Many of the modalities for commercialisation of public enterprises in sub Saharan Africa are based on partnership with the private sector or private sector oriented management principles. The modalities discussed in this section are (Meshasha, 1997):

1. Performance contract
2. Corporatisation
3. Strategic alliance
4. Management contract
5. Leasing
6. Contracting out services
7. Joint ventures, and
8. Concession.

### **3.3.1 Performance Contract**

Performance contracts are negotiated agreements between the government as the owner and the public manager as an agent. Performance contract define explicit commercial goals and non-commercial goals. The main purpose is to increase accountability of managers as well as the responsibility and obligations of the government.

Elements of Performance Contract include:

- policies and parameters
- performance indicators (quantitative and qualitative)
- the power of the managers
- reward (good performance be rewarded, poor performance be penalised)
- finance and investment plan.

Incentives for contractor are:

- increased managerial autonomy
- rewards for the manager and workers in exchange for fulfilling agreed targets
- non-pecuniary benefits such as broadcasting award ceremonies or special press coverage—NAFDAC and Professor Dora Akunyili.

### **3.3.2 Corporatisation**

Corporatisation refers to the transformation of a public enterprise or government agency into a legal entity subject to company law, including formal separation of ownership and management responsibilities e.g. through a board of directors (World Bank, 1994). Government continues to set the basic goals and regulates the affairs of agency's conduct to ensure adequate return on investment.

Advantages of corporatisation are:

1. it insulates public enterprises from many government constraints, interventions and pressures
2. there is managerial autonomy, prices can be set at levels that ensure financial viability, strength and incentives. Examples of success stories are Austria and Italy in late 1980s as well as Ghana. In Ghana the state transport corporation had 67% reduced cost and 92 – 111 percent increase in revenue (World Bank, 1994).

### **3.3.3 Strategic Alliance**

This refers to a sustained cooperation between a well-run, mature company and a less experienced or poorly performing company. An example you are familiar with is the alliance between the defunct Nigeria Airways with Virgin Atlantic.

### **3.3.4 Management Contract**

Management contract is an arrangement whereby a private contractor assumes responsibility for a full range of operations and management of SOE with full authority to make decisions pertaining to management and operations of the public enterprise. Management contract is an agreement between the government and a private party to operate and manage a public enterprise for a fee (success fee or fixed fee). An example is the Murtala Mohammed Local Airport.

Criteria to be met in the contractual agreement are:

1. management of the enterprise is transferred to the contractor;
2. the prerogatives and duties of the two parties are stipulated in a binding contract;
3. contractor items include:
  - performance indicators
  - targets
  - structure of compensation
  - responsibilities for investments
  - conflict resolution mechanism.

Examples of this type of arrangement are found in Tanzania, Malawi, Uganda, Gambia, Kenya, and Gabon among others.

### **3.3.5 Leasing**

Leasing involves a private contractor paying the public owner for exclusive right to operate facilities for specified period and bearing full commercial risks. It requires government to commit itself to tariffs that cover at least operating and maintenance costs plus incentives to the operator to minimise costs and make some profit. Examples are shops at the airport terminals.

Advantages of leasing are:

- it relieves the state of shouldering firm's operating and investment costs;
- it generates a stable income and thereby increase public revenue;
- it encourages competition between different potential lessees;
- it retains public ownership over assets whose value increase with the improvement in management and in the financial results;
- it avoids the main problems encountered in implementation of privatisation programmes, and lack of financial resources to purchase SOEs.

### **3.3.6 Contracting out Services**

This is an arrangement whereby specific operation and activities are contracted to the private sector, usually for limited period with possibilities of renewal. The public authority sets the performance standards, evaluates bidders, supervises the contractor and pays an agreed fee for services, which may be based on a lump sum, unit costs or other basis. This system is used in ticketing, cleaning, food catering, collection of municipal solid wastes, road maintenance, water supply etc. Examples abound in Nigeria, Senegal and West African countries.

### **3.3.7 Joint Ventures**

This involves minority private participation; as a means of introducing external capital and know-how. Example of this is the Hungarian Company that has joint ventures with Air France and Czecho-Slovak airline.

### **3.3.8 Concession**

In this form, the government retains ultimate ownership of either the physical assets or the right to supply, but grants exploitation rights to the concessionaire (Shaw et. al. 1996). This means, the private operator (concessionaire) manages the public facility, operates it at his/her own

commercial risk and accepts investment obligations, concerning the new facility or to expand or rehabilitate an existing facility.

Elements of concession are:

1. Size of the package
2. Duration
3. Service specifications
4. Tariff authority
5. Payment terms
6. Award criteria
7. Re-negotiation terms
8. Performance assurance
9. Investment planning (level and minimum amount)
10. Exclusivity (access to facility)
11. Rights to construct, operate; provide services for a specified period.

#### **4.0 CONCLUSION**

The concept of public enterprises as a developmental strategy cannot be overruled. However, the management of these enterprises in sub Saharan Africa and in Nigeria in particular leaves much to be desired. The success of public enterprises in Nigeria is a function of the will of government. Without the political will, non-performing public enterprises like the Power Holding Company of Nigeria will continue to maintain the status quo. Political will is required to hold public enterprises accountable for performing or non-performing, reward, and punish the chief executives as appropriate. Without clear cut performance measures as well as reward and punishment system, public enterprises in Sub-Saharan Africa will continue to underperform.

#### **5.0 SUMMARY**

In this unit, you have been exposed to the concept of commercialisation of public enterprises. You now know that there are two forms of commercialisation which are *full* and *partial* commercialisation. You have also learnt of the reasons for the commercialisation of public enterprises, among which are poor performance of these enterprises and the fact that privatisation has not yet changed the balance between state and private sector in many developing countries. Finally, this unit discussed eight modalities for commercialisation of public enterprises including performance contract, strategic alliance, management contract and concession etc.

## 6.0 TUTOR-MARKED ASSIGNMENT

- i. Explain the use of performance contract as a modality for commercialised enterprises.
- ii. Can public-private sector participation enhance public enterprises performance? Discuss.

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## **UNIT 5      PRIVATISATION OF PUBLIC ENTERPRISES**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Concept of Privatisation of Public Enterprises
    - 3.1.1 Definition of Privatisation
    - 3.1.2 Arguments in favour of Privatisation
    - 3.1.3 Arguments against Privatisation
    - 3.1.4 Objectives of Privatisation
  - 3.2 Functions of the Bureau of Public Enterprises (BPE) in Nigeria
  - 3.3 Functions of the Council on Privatisation in Nigeria
  - 3.4 Forms of Privatisation
  - 3.5 Problems of Privatisation in Nigeria
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

All over the world, the public service has not been known for its capacity to create wealth. Attempts at using public enterprises as a development strategy has been dismal. The public enterprises became the drain pipes for government budget (Anya, 2008). A major reason for this poor performance was government's involvement in businesses that are best tackled by the private sector such as hotels, textiles, and cement production. Not only did the public enterprises perform poorly, but the funds allocated to them reduced the budget for the provision of infrastructure, security, as well as maintenance of law and order.

Anya (2008) points out that privatisation as a tool of economic management came to the front burner when Chile became the first country to turn public assets/businesses to private operators in early 1970s. Since then, over 140 countries both developed and developing have embraced privatisation as a route to economic growth and prosperity.

This unit dwells on the concept of privatisation of public enterprises, the structure for public enterprises, privatisation management in Nigeria, the forms of privatisation and macroeconomic reforms for privatisation.

## **2.0 OBJECTIVES**

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

- define privatisation
- list the factors that led to the emergence of privatisation
- state the modalities for privatisation
- explain the problems of privatisation in Nigeria.

## **3.0 MAIN CONTENT**

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

The repealed Privatisation and Commercialisation Act of 1988 and the Bureau for Public Enterprises Act of 1993 (Federal Government of Nigeria, 1993) defined privatisation as the relinquishment of part or all of the equity shares/interests held by the government or any of its agencies, in enterprises whether wholly or partially owned by the government. It refers to the transfer of ownership of or functions (management, operations, financing) previously performed exclusively by government or public authorities to the private sector.

The Bureau for Public Enterprises Act set up the Bureau for Public Enterprises to implement the privatisation programme in Nigeria. In 1999, the Federal Government promulgated the Public Enterprises (Privatisation and Commercialisation) Act, which created the National Council on Privatisation chaired by the then Vice President, Alhaji Atiku Abubakar.

Commercialisation on the other hand, means the reorganisation of enterprises, wholly or partly owned by the government in which such commercialised enterprises shall operate as profit-making commercial ventures and without subventions from the government. Enterprises means any corporation, board, company or parastatal established by or under any enactment in which the government or any of its departments, ministries, or agencies has ownership or equity inherent and shall include a partnership, joint venture or any other form of business arrangement or organization.

#### **3.1.1 Definition of Privatisation**

As earlier stated in section 3.1, privatization is defined as the relinquishment of part or all of the equity shares/interests held by the government or any of its agencies, in enterprises whether wholly or partially owned by the government. It refers to the transfer of ownership of or functions (management, operations, financing) previously

performed exclusively by government or public authorities to the private sector.

### **3.1.2 Arguments in favour of Privatisation**

The arguments in favour of privatisation are:

1. it installs appropriate pricing regime, which implies that a consumer will pay full cost of goods and services thereby eliminating under pricing
2. it enhances competition thereby assuming highest quality, lowest prices and introduction of new technology
3. it ensures consumer satisfaction. It enhances individual liberty and freedom of choice
4. it opens up innovative thinking, enhances seizing new opportunities and coming up with new service delivery system and new technology
5. it reduces public sector's borrowing requirements, less load on public treasury
6. it promotes macroeconomic, sectoral and enterprise level efficiency:
  - from improved competition
  - improved domestic market
  - new technology
  - innovation
  - new management methods.
7. it is a good political instrument in the sense that it reduces political meddlesomeness. Reform programme is irreversible by future government
8. it reduces opportunity for corruption/misuse of government property
9. it encourages broader capital ownership thereby promoting people's capitalism.

### **3.1.3 Arguments against Privatisation**

On the other hand, the arguments against privatisation are as follows:

1. Price Hike – It will lead to price hikes/rising prices. There is the fear that the private sector will exploit consumers where there is monopoly or oligopoly.
2. Creating Poverty – It is perceived that privatisation will hurt the poor and the vulnerable workforce, while benefiting the rich, the powerful and the privileged thereby perpetuating poverty.

3. Breaking of Trade Unions – Workers dismissed as a result of privatisation have difficulty finding jobs. With less people in employment, the power of trade unions is weakened.
4. Foreign Domination – It may lead to loss of control of the economy through foreign domination.
5. It may lead to replacement of public monopoly by private monopoly.
6. Aids Corruption – It aids corruption through negative effect on the distribution of wealth.
7. Injustice – It is believed that the politicians and bureaucrats that caused the enterprises to perform poorly are also asked to carry out the reform.
8. Privatisation is seen as an imposition by foreign capital agencies like the IMF and World Bank. It is seen as a way of exploiting developing countries. Workers felt threatened by loss of jobs.
9. State governments buy federal public enterprises. For example, federal government shares in NAL Bank were sold to Kano State. This is an aberration, since privatisation means transfer of ownership of business enterprises from public to the private sector. Later, Kano State transferred the shares to Dantata Investment, thereby making Dantata the single largest shareholder in the NAL Bank. In November 2001, Ogun, Bauchi and Akwa Ibom State governments belonged to the Investors International London Limited that won the bid for 51 percent (majority) share in NITEL.
10. The implementation of privatisation in Nigeria was highly politicised. The Bureau of Public Enterprises (BPE) is always at loggerhead with the Ministers of the ministries supervising public enterprises to be privatised. The directors of BPE were going frequently for hearings at the National Assembly. Politicians and officials who enjoy powers of patronage are maintaining strong resistance to the sale of some public enterprises.
11. There is no adequate provision for checks and balances as the National Council on Privatisation is accountable only to the President.
12. Privatisation proceeds do not seem to be well utilised. They are used to finance yearly budget rather than being used to offset debts owed by the government (Ayodele Thompson, [www.ipga.niger.org](http://www.ipga.niger.org)).
13. Privatisation is being portrayed as a cure – all for the ills of an ailing economy like Nigeria's, but this did not happen. Privatisation can only be successful if it is well managed. The current argument is that it is “the rulers and the institutions that make for poverty or prosperity” (Heritage Report in Ayodele 2011).

14. Public enterprises should stay. All they require is good management and less political interference.

### **3.1.4 Objectives of Privatisation**

The objectives of privatisation are usually formulated by policy makers. Some relate to economic gains, while others emphasise socio-political gains. Some objectives are, however, not stated. The objectives of privatisation have been summarised as follows (Obadan, 2000:21-22 in Ezeani, 2006):

- (a) improving economic efficiencies (productive, allocative and X-efficiencies produced by the enterprises) against the background of poor economic performance of public enterprises. Improved efficiency is to be reflected in lower product prices and improved product quality
- (b) reducing fiscal deficits through increased tax revenues on enterprise output, reduction in central government transfers to the enterprise sector and receipts from privatisation sales
- (c) reducing government interference in the economy and shifting of the balance between public and private sectors, as well as developing the private sector and promoting market forces in the economy. This is a more ideological and controversial objective as it rests on the idea that the role of the state should be diminished (Cook and Kirkpatrick, 1998)
- (d) broadening ownership of businesses through wider shares and assets ownership, thus creating popular capitalism and fostering economic equity
- (e) generating new investments, including foreign investments
- (f) developing the capital market and deepening the financial system
- (g) enabling public enterprises to access markets, capital and technology, and expose them to market discipline
- (h) reducing the administrative burden of government; and
- (i) providing the opportunity to introduce competition. African countries have, however, generally not been citing the encouragement of competition as a specific objective of privatisation, although it may be inferred from the objectives of private sector development and increased economic efficiency.

### **3.2 Functions of the Bureau of Public Enterprises (BPE) in Nigeria**

Part III of the Public Enterprises (Privatisation and Commercialisation) Decree No. 28 of 1999 (Federal Government of Nigeria, 1999) enumerated the functions of the Bureau of Public Enterprises. It states that the Bureau shall be a body corporate with perpetual succession and

a common seal and may sue and be sued in its corporate name. The functions of the bureau with respect to privatisation are to:

- (a) implement the council's policy on privatisation;
- (b) prepare public enterprises approved by the council for privatisation;
- (c) advise the council on further public enterprises that may be privatised;
- (d) advise the council on the capital restructuring needs of the public enterprises to be privatised;
- (e) carry out all activities required for the successful issue of shares and sale of assets of the public enterprises to be privatised;
- (f) make recommendations to the council on the appointment of consultants, advisers, investment bankers, issuing houses, stock brokers, solicitors, trustees, accountants and other professionals required for the purposes of privatisation;
- (g) advise the council on the allotment pattern for the sale of the shares of the public enterprises set out for privatisation;
- (h) oversee the actual sale of shares of the public enterprises to be privatised, by the issuing houses, in accordance with the guidelines approved, from time to time, by the council;
- (i) ensure the success of the privatisation exercise taking into account the need for balance and meaningful participation by Nigerians and foreigners in accordance with the relevant laws of Nigeria; and
- (j) perform such functions with respect to privatisation as the council, may from time to time, assign to it.

### **3.3 Functions of the Council on Privatisation in Nigeria**

During the first phase of the privatisation exercise, which spanned from July 1988 to June 1993, the following programmes were executed:

- 1. 36 enterprises privatised by public offer.
- 2. 4 enterprises were privatised on deferred public offer method.
- 3. 8 enterprises were privatised via private placement method.
- 4. 1 enterprise was privatised through management buy out method (MBO).
- 5. sale of non-water assets of about 18 River Basin Development Authorities (Anyia, 2008).

88 public enterprises were either fully or partially privatised. The programme created a large body of shareholders. As a result, the market capitalisation of the Nigerian Stock Exchange (NSE) through which the shares were sold grew from N8.9 billion in 1987 before privatization to N65.5 billion in 1994. By 2000, it stood at N428.9 billion.

As at the end of 2000, there were about 590 public enterprises listed out of which 160 were involved in economic activities, which produce goods and services. About N1, 100 billion was spent by the Federal Government of Nigeria (FGN) to establish these public enterprises between 1973 and 1999. Unfortunately, their rate of return is less than 0.5 percent while employing about 420,000 workers (<http://www.bpeng.org/faq.pc.htm>).

The functions and powers of the council are to:

- a. determine the political, economic and social objectives of privatisation and commercialisation of public enterprises;
- b. approve policies on privatisation and commercialisation;
- c. approve guidelines and criteria for valuation of public enterprises for privatisation and choice of strategic investors;
- d. approve public enterprises to be privatised or commercialised;
- e. approve the legal and regulatory framework for the public enterprises to be privatised;
- f. determine whether the shares of a listed public enterprise should be by public or private issue or otherwise and advise the government of the federation accordingly;
- g. determine the time and when a public enterprise is to be privatised;
- h. approve the prices for shares or asserts of the public enterprise to be offered for sale;
- i. review, from time to time, the socio-economic effects of the programme of privatisation and commercialisation and decide on appropriate remedies;
- j. approve the appointment of privatisation advisers and consultants and their remuneration;
- k. appoint as and when necessary committees comprising persons from private and public sectors with requisite technical competence to advise on the privatisation or commercialisation of specific public enterprises.

### **SELF-ASSESSMENT EXERCISE**

- i. Define privatisation.
- ii. Explain the objectives of privatisation.
- iii. Present three arguments in favour and three arguments against privatisation.

### **3.4 Forms of Privatisation**

You would recall that there are two types of commercialisation. Similarly, there are many forms of privatisation. Savas (1989) suggests a

number of forms of privatisation. This unit discusses a modified version of the Savas (1989) suggestion. Three forms of privatisation that are common in Africa are:

- Privatisation by *divestment*
- Privatisation by *delegation*
- Privatisation by *displacement*.

**Table 5.1: Shows the three forms of privatisation**

Strategies (Forms) of Privatisation	Modalities
1. Privatisation by Sale	Private placement Public sale Management buy-out Employee buy-out Users or customers buy-out
2. Privatisation by Donation	Donation to employees Donation to users or customers Donation to the public
3. Privatisation by Liquidation	
4. Privatisation by Delegation	Delegation by authority Delegation by financial
5. Privatisation by Displacement	Contract Franchise Grant
	Withdrawal Deregulation

Source: Modified Savas (1989)

### **Delegation by Franchise**

Franchising is another method of privatisation. Under a franchise, government awards a private organisation the right (often the exclusive right) to sell a service or a product to the public. The private firm usually pays the government a fee, usually on annual scheme.

The second form is lease arrangement, in which tangible government-owned property is used by a private renter to engage in a commercial enterprise (Savas, 1989). Leasing involves a private contractor paying the public owner for exclusive right to operate facilities for specified period, and bearing full commercial risks. Under a lease contract, a private firm operates and maintains the State-Owned Enterprise (SOE) as its own commercial risk, with income directly derived from tariffs (Kerf and Smith, 1996). Thus, leasing requires the government to commit to tariffs that cover at least operating and maintenance costs,



and give the operator incentives to ensure tariffs are collected and operating costs are minimised.

### **Delegation by Grant**

Awarding grants could also make delegation. In this form of delegation, instead of government itself carrying out an activity, it arranges for a private entity to do the work and provide a subsidy. Customary grants are given for mass transit, low-income housing, maritime shipping, agriculture and research activities.

### **Delegation by Voucher**

Another model of delegation is issuing vouchers to eligible recipients of formerly state-run services. Vouchers are used for food, housing, education, health, daycare, and transportation. Recipients use their vouchers to purchase these services in the marketplace where they have to pay the difference if their purchase exceeds the value of the vouchers they received. If one compares grants with vouchers, grants are meant to subsidise producers, whereas vouchers subsidise eligible consumers.

### **Privatisation by Displacement**

In addition to delegation and divestment, privatisation can proceed by displacement. As opposed to the first two methods we have seen in the foregoing discussion, displacement is somewhat more passive process that leads to government being displaced more or less gradually by the private sector – a withering away of the state.

### **Displacement by Withdrawal**

Government can deliberately pullout or withdraws its activities simply by shutting down a failing enterprise, or it can accommodate private sector expansion into that field. And, it restricts and even shrinks the size and resources of the state-owned enterprises thereby retarding their growth tacitly encouraging the private sector to grow and outpace their public counterparts.

### **Displacement by Deregulation**

This modality is sometimes referred to as de-monopolisation. It enables the private sector to enter the sectors previously restricted for public domain or State-Owned Enterprises (SOEs), for example, postal service, and telecommunication, agricultural and marketing boards.

## Problems of Privatisation in Nigeria

Adeyemo (2005) reports some of the problems of privatisation in Nigeria. One of this is the uncooperative attitude of some government officials. Obadan (2000) argues that supervising ministries misconceived the programme as a way to reduce their power over the public enterprises. They therefore covertly oppose the policy arrangements. Secondly, the managers and staff of the organisations to be privatised are against the reform as it would undermine their position.

## 4.0 CONCLUSION

Privatisation is a strategy aimed at reducing the draining of government revenue through non-performing public enterprises. The strategy has indeed paved way for more intensively private sector participation in the economy. A case in point is the development of mobile telephone operators in Nigeria as a result of government's intention to sell the Nigeria International Telecommunications Limited (NITEL). So far, privatisation has resulted in available services even though the prices of goods and services have not drastically reduced. For instance, cement is available but the price is higher than before privatisation. For privatisation to be counted as effective, goods and services should be available at affordable prices.

## 5.0 SUMMARY

This unit discussed privatisation of public enterprises in the sub-Saharan Africa in general and Nigeria in particular. It listed the factors that led to the emergence of privatisation; enumerated the modalities for privatisation; listed and discussed the different types of privatisation as well as explained the problems of privatisation in Nigeria.

## 6.0 TUTOR-MARKED ASSIGNMENT

- i. Explain the functions of the Council on Privatisation.
- ii. Describe the modalities for privatisation by divestment and privatisation by delegation.
- iii. Discuss the problems of privatisation in Nigeria.

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## **MODULE 3      RECORDS MANAGEMENT IN THE PUBLIC SERVICE**

Unit 1	Introduction to Records Management
Unit 2	Organisation and Management of the Registry
Unit 3	Classification and Indexing of Records
Unit 4	Archiving

### **UNIT 1      INTRODUCTION TO RECORDS MANAGEMENT**

#### **CONTENTS**

1.0	Introduction
2.0	Objectives
3.0	Main Content
3.1	Management Information System
3.1.1	Distinguish between Data, Information and Data base
3.1.2	Uses of Information
3.2	Overview of Records Management
3.2.1	Conceptual Clarification
3.2.2	Types of Records
3.2.3	Purpose of Records
3.2.4	Life span of Current Records
3.2.5	Challenges facing Records Manager
3.3	Keys to Good Records Management
4.0	Conclusion
5.0	Summary
6.0	Tutor-Marked Assignment
7.0	References/Further Reading

#### **1.0      INTRODUCTION**

The last two modules were on the overview of the Nigerian public service and public enterprises management. Both the larger public service and the public enterprises require information from past records to perform. The role of the public service as the link between one government and another includes acting as the repository of records. The advisory role of the public service cannot be achieved without access to data and information, the only source of this is the records kept from year to year. Accurate and timely information based on facts and figures is an asset to public servant. Obsolete, incorrect and untimely information affect adversely decision making and input into policy

formulation. This unit takes you through the key issues in the management of information and records in the Nigerian public Service

## **2.0 OBJECTIVES**

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

- distinguish between data and information
- list the requirements of good information
- explain the life span of records
- state the challenges of the records manager
- discuss the information processing system.

## **3.0 MAIN CONTENT**

### **3.1 Management Information System (MIS)**

You should know that information is increasingly being recognised as a critical resource in the efficient and effective management of organisations. It is the backbone of any organisation whether it is service oriented, profit-oriented, growth-directed or survival-inclined. This makes information indispensable in the Nigerian Public service. It also makes information a vital resource which must be properly harnessed, managed and controlled. It should therefore be obvious to you now, that organisations require one form of Management Information System (MIS) or the other. The form, type and variety of MIS required by an organisation will however be dictated by the environment the organisation operates in.

#### **3.1.1 Distinguish between Data, Information and Database**

In order to have a deeper understanding of Management Information System, you need to understand the terms – data, information and data base.

- (i) **Data:** Data are uncoordinated body of facts collected directly or indirectly in carrying out operational activity. Thus, data are the ‘raw materials’ from which information, as finished goods, is produced.
- (ii) **Information:** Information on the other hand is “data” that have been subjected to analysis and validation to perform a purpose. Information is also regarded as data processed into meaningful and perceivable form for use by managers, in decision –making. Data therefore serve as the raw material for information. Data go through several operations before usable information for decision –making can be obtained. The process of converting data into

usable, or just any sort of information, is known as the “data processing system” which involves data input- data processing- information - feedback

- (iii) **Data base:** This is a unified collection of data that are utilised by the various information systems. It is designed to check paper work explosion and to enhance inter –departmental coordination and cooperation. The data base is, as such, regarded as the foundation on which to build a management information system. The database (or data bank) may be either manual, using files, file cabinet etc., or computer – based using magnetic disk, magnetic tapes, punch cards, visual display units (VDU). A database in computer sense, is composed of three important and interrelated elements; file, records and fields. A file is a collection of records; a record is a collection of field; a field is made up of a number of items, e.g. personal attributes such as surname, first name, address, telephone number, salary, etc. A collection of files on the other hand may form a library and the libraries used by an organisation are known as its data bank (Kanter, 1982). A number of different kinds of databases can be identified, viz: suppliers’ database, customer database, project control database, and bibliographic database, among others (Whitehead 1939).

### 3.1.2 Uses of Information

From your experience over the years, you would have realized that information is indispensable to planning and controlling organisational operations effectively. It is necessary for fast, economic and efficient decision making. Specifically, information is used for:

- planning the future direction of the organisation;
- organising operational activities and resource mix required to perform activities;
- directing the labour force;
- making various decisions, relating to:
  - appointment;
  - promotion;
  - transfer;
  - discipline;
  - resources acquisitions and allocation;
  - determine the prices of goods and services rendered by the organisation;
- coordinating and controlling organisational activities; and
- provision of incentive schemes and welfare programmes.

## SELF-ASSESSMENT EXERCISE

- i. Without data there is no information. Discuss.
- ii. Differentiate between data and information.

## 3.2 Overview of Records Management

### 3.2.1 Conceptual Clarification

Records contain information and data from which decisions are made. *The Concise Oxford Dictionary* (1970) defines a record as “a register set down for remembrance or reference and which has been put in writing or other legible shape”. Records can also be defined as the history upon which present action is based in an effort to determine the future. Considering these two definitions, a record can be defined as the systematic and conscious setting or writing down of important events or facts, either for remembrance, or for future reference, or both.

To be of value, records must contain correct information in the proper form and be available to those who need them. Records managers should develop and create a system and procedure for creating and maintaining the records necessary for the successful operation of an organisation. In the public service, records are kept in the registry. The management of the registry was discussed earlier. Records management cannot be left to chance, in view of its functions, which are to:

- develop programmes for efficiently managing records and information;
- see that records essential for successful operation of organisations are created;
- ensure that no more records than necessary are created or retained;
- determine the appropriate mix of records media (paper, microform, computer or optical disk) and developing efficient systems for records storage and retrieval;
- refine systems for communicating and distributing data/information;
- plan the availability and organising records and information;
- develop and implement records retention schedules so that vital and archival records will be identified and appropriately protected;
- evaluate, and implement the storage of paper records (both active and non-active), computer assisted retrieval, micro-copying systems, facsimile or other distribution systems, optical disks;

and system/procedure, to facilitate economic and timely flow of concise, accurate records and information.

### 3.2.2 Types of Records

Based on the discussion so far, it is therefore observed that every socio-human organisation is obliged to generate, accumulate and maintain a complete and up to date set of records on its diverse operational activities. The nature, type, and structure of such record will, however, be contingent upon its objectives, its peculiar needs, and the nature of its productive tasks and transactional activities. It is in this regard that it has been contended that an organisation deserves the type of records it has. That is, the type of records in the petroleum industry will vary from those of the manufacturing industry, or the engineering company.

Similarly, the records of the food processing company will be different from those of the shipping or aviation sectors. Therefore, there could be no generalised prescription as to the type of records an organisation could have. Nonetheless, for the purpose of this discussion, and for a better insight into the topic, the following type of records, among others, can be identified:

- (a) Personal Records;
- (b) Fiscal/Financial Records;
- (c) Legal Record;
- (d) Administrative Record;
- (e) Historical or Archival Records;
- (f) Policy Records
- (g) Engineering Records;
- (h) Training Records;
- (i) Others – like maintenance records, project records and so on.

It must also be borne in mind that records within a company will also vary from one department to the other; reflecting the peculiarities of their transactions and operations. This peculiarity and diversity will, nonetheless, be in conformity with the corporate information systems. By way of illustration Dobler *et al* (1995) identified the following as part of the records of a typical purchasing (Stores and Supplies) department are the following.

- Purchasing Orders (for L.P.O)
- Delivery notes
- Invoice
- Issue note – Store Issue Voucher (SIV)
- Costing Allocation Sheet
- Quality Control Document



- Stock Records
- Way Bills
- Tools Records; and
- Goods Received Note (GRN) etc.

### **3.2.3 Purpose of Records**

Records, as the written memory of management, are kept for a wide variety of reasons, depending on the objectives, functions and the changing environment of the organisation. The bigger an organisation and the more complex and diversified its activities, the greater the need for written records to supplement the human memory in the organisation. Records lend a helping hand in quickly making necessary data readily available for processing and analysis on request. Besides this, records provide a systematic and complete picture of the daily transactions in the organisation. Generally, records:

- (a) serve as the written memory of managers in the organisation – a basis upon which present actions are based in an effort to determine the future;
- (b) serve as the store-house for the much needed factual data about organisational policies, procedures, performance and productivity status;
- (c) provide facts and figures as a background for long range planning and management control;
- (d) furnish information on the human resources of the organisation in terms of their capability and productive profiles, training and development needs;
- (e) provide factual data as a basis for decision making in the effective management of the organisation;
- (f) generate day-to-day transactions for inputs into the results of the organisation;
- (g) serve as the database upon which the information system of the organisation is built.

### **3.2.4 Life Span of Records**

The life span of records involves a number of phases. The five phases through which a record might progress are:-

1. Creation
2. Active use
3. Transfer to inactive storage
4. Retention in active storage whilst needed for administrative or legal purpose;
5. Eventual disposal or placement in a permanent archive.

It is estimated that approximately 75% of total records costs are incurred during creation. Filing, storage, retrieval, distribution, and handing while the document is active, typically accounts for 10%. Removal from active files, wasting, or transfer to archival storage another 15%.

### **3.2.5 Current Challenges Facing Records and Information Managers**

The management of information continues to be a formidable task; but the potential for projects is very real and any efficiency savings can be distributed to users. Contemporary records and information managers must:

- accept the need to keep selling the concept of comprehensive information resources Management to line managers and their staff;
- structure and ensure an organisation – wide approach to records and information management;
- recognise that the major variable in the work setting will be the work force- not facilities or hardware/software;
- appreciate that success depends upon committed, skilled staff and solutions to many problems will be found in appropriate education and training;
- recognise the need to co-ordinate and manage the various technologies (communications, data processing. Micrographics, reprographic, word processing, etc.) into a total programme; efficiency and cost saving is difficult if different technologies under the direction of individual managers are left to go their own ways;
- consider people and their needs first – and then complement their efforts with technological assistance.

### **3.3 Keys to Good Records Management**

For any organisation to have a good records management system there is the need to have:

1. clear definition of user's needs
2. systems designed to meet needs. This should be sufficiently flexible to adopt to change in needs
3. information and co-operating users
4. constant communication between users and registries
5. identification of redundant records
6. constant monitoring of techniques.

You as a successful records manager should:

1. be an intelligent and determined planner;
2. update yourself with the various information processing technologies;
3. have comprehensive knowledge about the organisation;
4. be able to manage change;
5. be able to persuade senior managers to keep good records;
6. have analytical abilities.

#### **4.0 CONCLUSION**

The life wire of an organisation is information. But information cannot be derived without adequate, timely and correct data. Since data have to be recorded in one form or the other, records management becomes imperative for all organisations. The continuous nature of the public service makes records keeping an indispensable tool. Present and future administrations depend on historical records. Public servants are very much aware of leaving a good record of service as they can be called back to account for their actions years after they have left office. Without adequate records this would not be possible. Political, economic and social activities of governments and public servants are well recorded for posterity and eventualities.

#### **5.0 SUMMARY**

In this unit, you learnt about the relationship between data and information. Records contain information and data which are inputs into decision making. You have also learnt about the registry, where all records are kept. Records are not kept forever, some outlive their usefulness. Such records are not destroyed but archived. You have also learnt about the keys to good records management.

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

- i. Mention the phases in the life span of Records.
- ii. Define in your own words the term 'Records'.
- iii. Explain why record management is indispensable in the Public Service.

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

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## **UNIT 2 ORGANISATION AND MANAGEMENT OF THE REGISTRY**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Functions of a Registry
  - 3.2 Types of Registries
  - 3.3 Staffing of a Registry
  - 3.4 Filing and File System
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assessment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

The main purpose of any registry is to provide a service for its users who are usually operational or administrative staff. The service provided should help users perform their tasks efficiently. For any registry to obtain and maintain a good reputation with its users the registry must work with and seek the co-operation of those users. To maximize co-operation, the registry supervisor must ensure that the service provided on meet the requirement of all users. It should also set up a management information system which will monitor whether standards are met, as agreed on.

### **2.0 OBJECTIVES**

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

- explain the functions of the registry
- list the types of registries
- state the requirements for staffing a registry
- describe the types of filing system.

### **3.0 MAIN CONTENT**

#### **3.1 Functions of the Registry**

The functions of a registry consist of opening, allocating, recording, classifying, indexing, taking custody of files and the filing of all correspondence and other documents in order to facilitate their

identification and location. A registry also supply files on demand and prepares mails for dispatch. The major functions of any registry are as follows:

- (a) delivery to receiving clerk
- (b) opening of letters and checking of enclosures;
- (c) affixing date stamp;
- (d) submission to schedule Officers in Daily Mail folders on suitable files;
- (e) submission of all unopened letters addressed personally to members of secret, or confidential letters to the secret branch;
- (f) registration in correspondence register (where application) and recording of receipt and disposal of items of value, deeds, etc in the valuables book;
- (g) examination of all correspondence for urgent papers, and affixing of appropriate priority labels where necessary;
- (h) quotation of file numbers by reference to index and if none is in existence, the next serial number in the book of numbers will be allocated and entered on the letter after the subject, name if officer with post and department have been entered against the serial number in the book of numbers;
- (i) enclosing of letters in files, paging of letters and other document, if any, and complete cross –referencing;
- (j) marking out of files on Action Sheet and recording them on charge slip for entering on Absent File Cards in the cabinet;
- (k) passing files to /supervisor to check (where applicable); and
- (l) submission of files to schedule officers. With reference to the procedure for opening letters and checking enclosure, any discrepancies in the enclosure to a letter should be reported immediately to the supervisor who, if he is unable to trace the missing enclosure, will inform the originator and request for the original or a copy thereof. A report to the schedule Officer concerned should be made early. (Federal Government of Nigeria 1999).

### 3.2 Types of Registries

There are two types of registries: (Federal Government of Nigeria 1999).

- (a) **Centralised registry:** in which the entire load of paper work of a ministry or department is processed-through a single registry in one location under the control of either an executive officer or an assistant executive officer.

**Advantages**

- (i) This structure results in centralised control and centralised activity;
- (ii) It reduces cost in office space and manpower;
- (iii) It allows economy in the storage and retrieval of information.

**Disadvantages**

- (i) It tends to be impersonal;
- (ii) Not sufficiently fast where specialised work is required;
- (iii) Delays are caused by calling clerical staff off their works;
- (iv) Increase messengerial service will be required to take finished files to various schedule officers;
- (v) Possibility of increase in noise;
- (vi) Possibility of various schedule officers needing one file at one and at the same time increase delay.

(b) **Decentralised registry:** in this type of registry the same process of work is carried out by different registries in one ministry/department, but each attached to a particular section dealing with different jobs.

**Advantages**

- (i) The greatest advantage in this type of registry system is its nearness to the schedule officer and the promptitude with which files are obtained;
- (ii) Saving in senior staff requirements since depending on the size and magnitude of work in the decentralised registry, all the registry functions may be done by comparatively more junior staff.
- (iii) Speed in dealing with mails;
- (iv) Speed in locating files.

**Disadvantages**

- (i) Increase cost on office space and manpower;
- (ii) Information is stored in dispersed “pocket” within the ministry/department.
- (c) **Factors to be taken into account when deciding the type of registry service:**
  - (i) Size of department and how its staff and functions are located or distributed;

- (ii) Degree of participation or contacts between divisions/sections/units in the general set up of the organisation;
- (iii) Comparative cost of the two types of registry service;
- (iv) Method of classification of papers and its suitability for the requirements of the organisation;
- (v) Accuracy with which previous papers are found in relation to current papers. Source: (Federal Republic of Nigeria, 1999).

### SELF-ASSESSMENT EXERCISE

- i. List at least 10 functions of the registry.
- ii. Discuss the disadvantages of the centralised and decentralised registry.

### 3.3 Staffing of a Registry

The duties attached to each process in the registry vary as warranted by the volume of work. We have already discussed in the various registry functions and each of these functions depending on the volume of work should be manned by specific clerk trained for that particular routine job in the Registry.

#### **The registry should have the following staff:**

*The Supervisor:* Generally every registry should have a supervisor. The grade of this supervisor depends on the volume of correspondence and size of that registry, in a big ministry/department where about one hundred mails are received in a day; an officer of the rank of Assistant Executive Officer should normally be responsible for the mail registry and mail circulation. He also scrutinises the letters or all incoming mails and affixes priority classification where necessary, he checks all outgoing files for correct filling enclosure, cross-referencing and checks and ensures that the file is sent to the correct schedule officer. He investigates into delays in filing of letters, maintenance of discipline and over-all supervision of both registry work and personnel. He can delegate any of these to his immediate subordinate officer.

*Receiving Clerk:* The supervisor should be assisted by a receiving clerk. The rank of this clerk will depend again on the volume of work he handles. Generally he should be above a Senior Clerical Officer in rank but in the small registries, a Clerical Assistant can cover this type of job. He checks enclosures to incoming correspondence. He maintains the valuable register (valuable register means a register where legal documents, postal orders or money documents of importance are registered).



*An Index Clerk:* The work of an index clerk is very important in the registry. As indicated in the function of indexing in the previous chapter, the Index Clerk holds the key to the registry. He ensures that numbers are fixed to unreferenced letters. He opens new file after consultation with the supervisor. He classified and indexes new files. Where there are precedents, he also indexes them. He prepares and issues absent file cards and transit cards. He ensures that there is no duplication of files. This he does by properly indexing all subject or personal files which he has opened. He ensures that the indexes under his control are in correct sequence.

*Tracer:* A Tracer is generally a clerical assistant or a newly recruited clerical officer. His duty is to trace movement of files with the aids of absent file cards and change slip where they are kept but where morning lists are taken or transit registers maintained for movement of files, he uses the documents in locating the movement of files. This class of staff is responsible for ensuring that files are properly filed back in their proper order into the respective files racks.

*Enclosure Clerk:* The Enclosure Clerk ensures that the tracers produce the files which he required for outstanding mails. He punch-holds and files mails. While punch-holding, he ensures that no records are obliterated. He page-numbers and cross-references all enclosures and ensures that document which do not form a permanent part of the file are placed in an enclosure envelope at bank cover. He affixes an appropriate document are enclosure. He locates files requests to the registry and sends to the supervisor or schedule officer, using his tracers.

*Dispatch Clerk:* He checks the enclosure to each letter for issue and ensures that all materials connected with a letter are in order before dispatch. He pages the file copy of the letter where this has not been done and cross-references backwards and forwards. He has to ensure that the file copy agrees in all respect with the original. He ensures that the letter is dated. He ensures that letters are dispatched to the addresses in the correct envelope. Where the envelope is not typed he has to addresses it manually.

*Review Clerk:* This officer should be an experienced clerk, not below the rank of Senior Clerical Officer since his duties consist of ensuring that action has been completed by the dispatch clerk and that no outstanding action has been left in the file unnoticed. He/she should ensure that necessary disposal instruction has been given by the schedule officer and carried out. Finally, he should ensure that no action is outstanding in the file before sending back to the rack, he is responsible for “P.A” and “B.U” etc, since the junior clerk passes his works to him.

*Transit Clerk:* The main purpose of this schedule is to monitor movement of files. Therefore, he records movement of files on absent file-cards or where transit registers are used ensures that the movement of files is so recorded. Where morning lists are used he ensures that morning lists are taken. He ensures that the files are kept neat by removing pins, clips or notes attached to the file and places all loose documents in an enclosure envelope at the back cover of file. He opens new volumes of files when necessary and replaces tattered files with new file covers. He keeps records of “B.U.” and put “P.A” files away into the rack.

### **3.4 Filing and File System**

Filing is the basis of record keeping. It means the enclosure of letters and other vital documents in a folder to preserve them for future reference. A file is made up of letter received and dispatched, minutes, instruction, rulings, report, etc. The essence of a file is that it should contain all the relevant matters relating to one subject-matter only, so that when the file is taken up for future reference, the whole story is there.

*Papers and other vital documents,-e.g. plans, maps certificates, etc.* which are in the file mainly for easy of reference, should never be left loose in the file. Such documents should be kept in an envelope gummed at the back cover of the file

#### **Types of Filing System**

There are many types of filling system which includes – the book system, the split system, the flat system, the box system but the main ones in use in government offices are the book and split systems.

*The book file system:* - This is the method whereby letters and minutes are enclosed from the left-hand side, face to cover, in chronological order and are numbered in the same fashion as a book. The first page is the oldest paper in the file and each page of the file on which there is a written material is numbered.

*The split file system:* This is the method of filing whereby all minutes are put on the left-hand side of the file and separately numbered, while letters, both incoming and outgoing, are placed on the right-hand side and numbered consecutive from the bottom to the top.

*Flat file system:* This is a method whereby papers are filled face up and from the right cover of the file jacket. Papers are secured by two punch holes passed through pliable metal prong and fastener which are part of

the file jacket. The file paging is from bottom up. The difference between this system of filing and the split system is that the minutes and letters are all filed on the same side with the papers lying flat on the file. If the file cover is not originally provided with fastening devices, tag can be improvised but, two holes must be punched to ensure that papers lie flat on the covers. The steel ends of the tag prevent the papers from slipping off. The disadvantage of this filing device is that the steel fasteners often get rusty and therefore stain and destroy the papers in the file.

*Box file system:* As the name implies, this system uses a thick paper box provided with metal spring clip. Only documents such as land deeds and certificates are filed in this box. The contents are not perforated and filled as in the other system but are secured with the spring clip. The ones that are needed urgently are kept on top. These types of files are used mainly in deed registries and land offices. Unlike the other systems, the files are not moved about. (Federal Republic of Nigeria 1999)

#### **4.0 CONCLUSION**

The registry is well known to anybody that has to deal with public service organisations because that is where all letters are received. The effectiveness or ineffectiveness of the registry therefore affects the entire organisation and their customers. Issues of missing letters and inappropriate records lead to delays in the treatment of official matters. Adequate documentation of in-coming and outgoing mails enhances the control and acceptability functions of public service organisations.

#### **5.0 SUMMARY**

In this unit, you have learnt about the functions of the registry which are mainly receipt and opening of mails, sorting of mails, recording, tracing of files and dispatch of mails, among others. The unit also discussed the centralised and decentralised types of registry and their functions were also discussed. Filing is a means of keeping records in the public service. The unit covered filing and filing system.

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

- i. Who is the most important registry staff and why?
- ii. Discuss the various types of filing system.

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## **UNIT 3      CLASSIFICATION AND INDEXING OF RECORDS**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Conceptual Clarification
  - 3.2 Qualitative and Quantitative Classification
  - 3.3 Indexing
    - 3.3.1 General Principle of Indexing
    - 3.3.2 Types of Indexing
  - 3.4 Equipment for Storage/Retrieval of Data
    - 3.4.1 Selection of Record Equipment
    - 3.4.2 Types of Records Equipment
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

In the last unit, you learnt about the registry and the filing system: In this unit you will learn about the Classification of files. Classification is commonly used in statistics to describe a process in which the amount of numerical information available is actually reduced to enable analysis to be readily carried out. Classification in this case refers to groups of files under well defined subject headings.

### **2.0 OBJECTIVES**

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

- define the term ‘classification of records’
- describe qualitative and quantitative classification
- mention the principles of indexing
- list the types of indexing
- itemise the types of record keeping equipment.

### **3.0 MAIN CONTENT**

#### **3.1 Conceptual Clarification**

Classification is the systematic identification and arrangement of records into categories according to logically structured conventions, methods, and procedural rules. The system must support and be compatible with the organisation's or the application's classification scheme. The system must automatically assign appropriate classification to records and files at the point of creation and capture.

Mails in the public service can be classified into the following categories:

- 1) Top Secret: these are mails generally dealing with State Security, Diplomatic and other very important matters. The unauthorised disclosure of which would cause damage to the government
- 2) Secret: these are mails dealing with top policy matters which Heads of MDAs consider in the interest of the service should be limited in its circulation. Some of these files cannot be handled by officers below the level of a Senior Clerical Officer.
- 3) Confidential letters: these are mails generally dealing with personnel matters. Such matters are: promotion and related issues. Confidential Personal files are kept in confidential registries.
- 4) Restricted mails: these are letters that are not exposed to the generality of the office as open correspondence. The contents are usually of concern to particular section or groups of people (Federal Government of Nigeria 1999).

#### **3.2 Qualitative and Quantitative Classification**

A proper classification scheme required that the population of objects be formally divided into at least two classes. The process of dividing objects into at least two classes is called 'classification'. If the initial dichotomy is continued to another stage, four sub-classes are created. Each time the process is repeated the total number of ultimate sub-classes is doubled. With a manifold classification scheme, the number of ultimate sub-classes is tripled if quadrupled class is divided into three or four classes.

The usefulness of this basis of evaluation often lies in using the process in reverse. An enormously complex problem can sometimes be tackled by dividing it into more manageable units, and the number of complex aspects rapidly decreases each time the total pattern of complexity is

divided into two, three or four. Classification is thus an elementary method of restricting the possible value or positions of an item into a range whose limits can be picked at will. Classification in several steps can be continued until an item is sufficiently restricted in numerical value or position.

The benefits of a good classification scheme are:

- 1) providing linkages between individual records
- 2) ensuring records are named in a consistent manner over time;
- 3) assisting in the retrieval of all records related to a particular activity
- 4) determining appropriate retention periods for records
- 5) determining security protection appropriate for sets of records
- 6) allocating user permissions for access to or action on particular groups of records
- 7) distributing responsibility for management of particular sets of records (Bantin 2011).

### **SELF-ASSESSMENT EXERCISE**

- i. Explain the types of mails that are received in the public service.
- ii. What are the benefits of a good classification system to a public service organisation?
- iii. Without data there is no information. Discuss
- iv. Differentiate between data and information.

### **3.3 Indexing**

In the last section you learnt about classification system which places records of a similar subject or category together. The action of classification is the process of determining the subject or category to which a record belongs. A related concept is that of indexing. An index, on the other hand, is a physical list which reflects a memory pattern to help us locate things no matter how or where placed or filed. In other words, its purpose is to help users locate a specific file without reading through the whole classification system. The process of indexing is the action of determining the words or terms under which a record is to be cross referenced. The purpose of an index is to facilitate the location or any particular record in a system. An index is a list of files titles of subjects showing the number file dealing with each subject.

Even in a small office some sort of index to files is necessary and in a larger office dealing with a mass of correspondence, it is vital. The ease with which the correct file can be identified depends on the efficiency of

the index system of the office. There are many type of index generally maintained.

These include:

- i. *Alphabetical index*: where each document or folder is filed/indexed according to the first letter of the surname in order to their alphabets.
- ii. *Numerical index*: where each document of folder is filed/indexed serially according to its numerical order.
- iii. *Geographical index*: where the papers or files are divided according to their locations and indexed accordingly.
- iv. *Subject index*: where the documents are arranged in accordance with the subject-matter.
- v. *Chronological index*: where the documents are filed/indexed in order of their date( Federal Government of Nigeria, 1999)

### 3.3.1 General Principles of Indexing

Indexing exists only for the sake of retrieval and it is, of course, reasonable to view the performance of indexing systems in that framework. These are two basic failures that could signify a deficient index. The first is the failure to discover information that is relevant to the purposes of the user. The second is the finding of information, pointed out by the index that is not relevant to the user's purpose. Either type of failure can occur for a number of reasons, foremost among which is the variety of language which can be used to express concepts. This is compounded by the impossibility of an indexer anticipating all conceivable points of view that a user might have at some future time.

Regardless of the type and format of an index, there are some general guidelines which should be followed. The user's retrieval requirements must be recognised as specifically as possible. The development of classification system may have led the record manager to obtain such a detailed understanding of a particular organisation or function that the knowledge level of the user is neglected. Cross-references should be developed to show the appropriate file number, or to provide the user with a "see" references pointing out the correct file heading (Administrative Staff College of Nigeria, 2005).

The indexer should constantly bear in mind the possibility of the existence of synonyms from which such references should be made. It must be remembered that some potential users will perhaps glance at the index to see if the subject covered include any interest to them, and insertion of synonyms will be beneficial. Any system of indexing can be presumed to lead to some amount of irrelevant information, and the user



himself must finally judge the usefulness of what is retrieved and screen out material which does not serve his purpose.

Generally, an index consists of an ordered set of words and phrases called headings, the ordering principle usually being alphabetic. Sub-headings may be listed in alphabetical order under main headings, and cross references from one heading to another may be present. Next, each heading or sub-heading is associated with a code of the location of file record related in some way (for example, by subject) to that heading. This association is essential if the index is to serve as a guide to the location of files (Administrative Staff College of Nigeria, 2005).

### 3.3.2 Types of Indexing

**Listing:** - The simplest kind of index to compile is a list of words or phrases. The list may be contents page, a sequential or chronological list, or an alphabetical arrangement. Useful for one or two drawers of files, this index becomes cumbersome to use as the volume of file grows.

**Chain indexing:** Chain indexing ensures that each subject or concept is linked to its direct relations by checking its position in the hierarchy of the subject, and making certain that this links in the “chain” are indexed. By linking a subject in a hierarchy, users will find their topic or entry under more than one specific subject they have in mind.

**Co-ordinate indexing:** - In the early 1950s, Dr. Mortimer Taube and his associates developed the uniterm system of coordinate indexing. In the uniterm system, each document, or item, is numbered as it is received. Words are extracted from the text and are used without change for index terms. These terms constitute the “uniterms”. If a manual system is being used, a separate card is made for each uniterm. Automated systems will be based on programs which accommodates each uniterms in specified fields (Administrative staff college of Nigeria, 2005).

One system that has been successfully used is known as KWIC (Keyword in Context) indexing. In this type of indexing, a computer automatically lists a file by every word in the file title. The remaining words in the title are left surrounding the “keyword” to provide a meaningful context. Its success depends entirely on the degree of accuracy with which the file title conveys the subject approach of the materials being indexed. Care must be taken to make the file headings accurate and specific. It may be necessary for essential keywords to be chosen from an authority guide so that each word conveys only one meaning as far as the user is concerned.

### **3.4 Records Equipment for Storage/Retrieval**

In the last section, you learnt about indexing of files to enhance easy storage and retrieval. This section is on the equipment for storing files. Records equipment refers to the equipment used for the storage and retrieval of records. Record storage refers to the equipment used to file records during their useful lifetime in an organisation. At any given time, the organisation must decide as to which records should be retained in the organisations file and for how long such records should be retained. Having decided which records are to be retained, a systematic record storage system should be developed so that records can be safely stored and properly maintained (Federal Government of Nigeria 1999).

Retrieval of records refers to the removal of records from storage for use. Records storage and retrieval equipment comprise a large investment for any organisation in terms of cost of developing and maintaining such records system.

#### **3.4.1 Selection of Record Equipment**

The choice of equipment for record keeping will certainly have an effect on the efficiency of a records system. However, equipment by itself cannot make a good record system although when suitable equipment is provided it can contribute very largely to overall efficiency.

Before deciding on the type of equipment, an organisation should consider the following:

- (a) the number and size of the records involved
- (b) the cost of the equipment
- (c) the space requirement
- (d) the frequency of reference
- (e) the degree of protection required
- (f) prevention of theft or fraud
- (g) appearance of the equipment
- (h) quality of workmanship, to ensure long life and trouble-free use.

These factors are interrelated in the selection of appropriate record storage equipment, personnel and maintenance.

### 3.4.2 Types of Records Equipment

This section gives you information on six types of equipment, which are:

#### **File drawer cabinets**

This is also known as Vertical filing cabinets. These are steel – constructed cabinets usually fitted with two to six-drawers. The most efficient model is the five drawer type, which provides easy access to records because of its floor height. This enables office personnel to use the equipment without ladders and stepstools.

#### **Advantages of file drawer cabinets**

- a. easy speed with which records can be stored. Records are merely dropped into their appropriate folders in the drawer without the need to remove the folders from their positions in the drawer;
- b. it is suited for correspondence that is stored according to any three main filing classification system: alphabetic, numeric or alphanumeric.

#### **Open-shelf or lateral units**

Open-shelf files or lateral – file units consist of records stored in file cabinets or shelves that are not entirely close or protected as are traditional file – drawer cabinets. This exposed records for easy reference. Open shelf lateral unit may contain a drop-lid type, door to protect records from dust and fire hazards when not in use.

#### **Advantages**

- a. Occupy approximately 50% less floor space than traditional file drawer cabinets, therefore are less expensive than in terms of maintenance cost of space.
- b. It can be expanded by stacking up to eight additional vertical tiers of storage units on top of an existing unit.
- c. It is very compact and provides for lateral or sideways arrangement. The smaller amount of floor space means that records personnel do not have to move around as much, thus minimising fatigue.
- d. Easy access to records is provided because all records are visible. With colour-coded file folders in use, greater accuracy in storage and retrieval of records are possible.

**Disadvantages**

- a. Individual file folders must be removed from shelves for referencing or when records need to be placed in folders.
- b. Depending on the height of the shelves units, ladders or footstools are required to reach the higher shelves.
- c. Suited for organisations where records are frequently referenced most effective in storing information as medical records in hospitals credit documents, catalogs and brochures and other data where customer numbers, case number etc are used.

**Suspension – folder system**

When manila folders are stored vertically in a drawer, there is a tendency for them to slip down, and slide about. This can cause disorderly appearance and difficulty of finding a file that has slipped to the bottom of the drawer. To overcome this difficulty the principle of suspension filing was introduced. In this system, special suspension file-drawer cabinets are created. Each folder has extended metal hooks on the sides of the steel frame for support.

**Advantages**

- a) Because each folder is supported by a steel frame, all records stand upright, and folders do not sag to the bottom of the drawer or shelves as they tend to do in standard file drawer cabinet equipment.
- b) It withstands higher frequency of use because folders are made of sturdier materials than those of most regular file folders.
- c) The straps on the folders are made of heavy plastic so they can be handled more frequently without frequent replacing.
- d) Best suited for records that are used frequently by many people.

**Disadvantages**

- a) It takes too much space, and the installation of suspension filing often means that as much as 25% more space is needed for the same number of files.
- b) It is an expensive system. But because of its popularity the extra cost is usually over looked.

**File folders**

File folders are also equipment for the storage of records. Individual file folders are used to store records dealing with one correspondence or customer, one subject matter or topic depending on the filing

classification system in use. A separate folder is created when five or more pieces of correspondence have been accumulated on a subject matter or customer. This however varies, depending on the procedure of the organisation.

### **Suspension files**

Suspension files consist of large wall units of open shelving or cabinets on which large documents such as maps and photographs can be hung on hooks or clips from along the length of the shelf.

## **4.0 CONCLUSION**

Record keeping is a means not an end. The end result is the ability to retrieve the records when they are needed without compromising the quality of the data and information. The safety of the records depends on the quality of the protection given by the storage facility or equipment. Public service organisations should endeavour to use storage equipment that will ensure the safety and easy retrieval of kept records. In conclusion, one has to bear in mind that selecting and purchasing proper records equipment should be based on specific needs. The type of equipment needed to store records should be based on the type of protection required, the cost of the equipment and the frequency with which the equipment will be used.

## **5.0 SUMMARY**

This section focuses on the storage and retrieval of storage equipment which are essential components of records management. Retrieval of records refers to the removal of records from storage for use. There are many factors that should be considered in the selection of storage equipment. Some of these factors were discussed in this unit. Five types of record equipment were discussed. These are: file drawer cabinets, open shelf or lateral units, suspension-folder system, file folders, suspension files.

## **6.0 TUTOR-MARKED ASSIGNMENT**

- i. Differentiate between Classification and Indexing.
- ii. List three storage equipment and discuss their advantages and disadvantages.
- iii. What are the major considerations in selecting records equipment?
- iv. Discuss the type of storage equipment you have in your organisation.

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## **UNIT 4     ARCHIVING**

### **CONTENTS**

- 1.0    Introduction
- 2.0    Objectives
- 3.0    Main Content
  - 3.1    Managing Physical Records
  - 3.2    The Role of Archives in Records Management
  - 3.3    Functions of Archives
- 4.0    Conclusion
- 5.0    Summary
- 6.0    Tutor-Marked Assignment
- 7.0    References/Further Reading

### **1.0    INTRODUCTION**

An archive is that agency/office that is responsible for recordkeeping. Records are therefore, transferred to this agency for safekeeping by all government organisations.

Records transfer however, is the physical movement of records from the registry to the records center/archive. It is also the transfer of records from high cost office space to low cost, high-density storage space. In general, records may be transferred at any time, even though some specific transfer methods have been developed. The main goals of the archives are, “to acquire, preserve and disseminate information”. The type of records so acquired preserved and released to searchers are records basically at the third and final stage of their life-cycle that is, the dormant stage.

### **2.0    OBJECTIVES**

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

- list items that constitute records
- state the characteristics of archives
- describe the functions of archives.

### **3.0    MAIN CONTENT**

#### **3.1    Managing Physical Records**

Records consist of correspondences, forms, maps, plans and other documents, books, photographs, films, sound recordings, paper and

magnetic tapes, computer cards and any other document materials regardless of their physical form or characteristics which:

- are made or received by any organisation in the course of any transaction
- are preserved or appropriate for preservation by that organization or its legitimate successor; and
- contain evidence of its functions, policies, decisions, operations or other activities or other information of value.

Wikipedia the free encyclopedia (2011), discusses extensively the management of physical records as follows:

Records must be identified and authenticated. This involves filling and retrieval. Identifying records is necessary when documents are presented as legal records. For example, forensic experts may need to examine a document or artifact to determine that it is not a forgery, and that any damage, alteration or missing content is documented. Some items may be subjected to a microscope, x-ray, radiocarbon dating or chemical analysis.

Records must be stored in such a way that they are accessible and safeguarded against environmental damage. Vital records may need to be stored in a disaster –resistant safe or vault to protect against fire, flood, earthquakes and conflict. Tracking the record while it is away from the normal storage area is referred to as *circulation*. Often this is handled by simple written recording procedures. However, many modern records management use a computerised system to track movement of the records.

Disposal of records does not always mean destruction of the records. It could include the transfer to a historical archive or museum. Final destruction of records ought to be authorised by law, statute, and regulation or operating procedure. An inventory of the records disposed of should be maintained including certification that they have been destroyed.

### **3.2 The Role of Archives in Records Management**

In short, records include all transactions of any organisation from within and without in an organisation. They are kept for future reference, maintenance of the agency's history, and ensuring continuity in the agency's activities. Archives are accumulation of records produced by an individual or organisation in the course of their routine or daily activities. They are produced to accomplish certain purposes not related to those which gave them birth. Archives are accumulated as a result of



administrative action and had therefore been set apart for permanent preservation because they are adjudged to possess certain lasting qualities.

### **Characteristics of Archives**

- a) Archives are not a collection such as books in the library or historical manuscripts in an historical research institute.
- b) Archives are original sources of information which are unique in character because they are not obtainable in more than a few copies and are often found only in single copies so that when archives are destroyed, they are often irreplaceable and lost forever.
- c) Archives or records are letters, reports, diaries, map photographs, plans film, tape, recordings and the like. They are of different forms, sizes or composition loose or bound. They had been arranged by the creating agencies in various ways numerical, alphabetical depending on the filling system used.
- d) Archives lack such physical attributes as title, authorship and imprint which could allow them to be classified as books and are therefore arranged only according to their own essential requirements and nature.
- e) Above all, archives could mean a place where public records are kept and the records so kept which are what had been listed above (Administrative Staff College of Nigeria, 2005).

From the foregoing it is a truism that 'All archives are records but not all records are archives'. Archives and records are complementary to each other. It is when records have matured and adjudged worthy of preservation that they are sent to the archives. In other words, it is not possible to keep all the records generated or received by an agency.

### **SELF-ASSESSMENT EXERCISE**

- i. Discuss five characteristics of archives.
- ii. List the characteristics of records.

### **3.3 Functions and Structure of an Archive**

Like all administrative service, archives are run under the supervision of appropriate bodies or officers in the administrative structure of their employing authority, and there must be some specific governing or controlling body in whose hands is the determination of policy, scope of activities and finance. It is of major concern to the archive that this controlling body should be properly advised and that it should have the

resources, within the overall administrative structure to allow the archives service to operate effectively.

In Nigeria, the National Archive is supervised by the Ministry of Information and National Orientation and directly under the minister's office. In order to provide proper specialist services, the Archivist must be able to negotiate directly with departmental heads and chief executives in matters concerning the management of their records. The Archivist should also rank as a departmental head, where this term means that he controls one of the distinct units in an organisation. Figure 4.1 is on an ideal structure of an archive office.

Objectives	Programmes	Service Divisions
Identification and control of all relevant materials	Internal surveys Records Management Field Work External Surveys Liaison	Records section, Field Section
Intake of material	Transfer systems Deposit	Repository Services
Ordering, Preservation of materials	Reception arrangements, Storage, Repair	Technical Section
Retrieval of information from materials.	Description Display	Reposition/search room services

**Fig. 4.1: Outline of an ideal Structure of Archive Office (Administrative Staff College of Nigeria, 2005).**

## 4.0 CONCLUSION

You should by now realise that as a general rule no file should be destroyed simply because it has fallen into disuse. Old files that are not currently in use in the public service may be needed by academicians, commissions of enquires and historians. These types of files should be sent to the archive. This role of archives implies that the decision about which files should remain in circulation and which ones should be sent to the archives should be made by experienced and skilled managers and archivists.

## 5.0 SUMMARY

In this unit, you have learnt about issues in the management of records which include, identifying records, storing records and disposal of records. You have been informed that disposal of records does not mean

destruction of documents. It means the transfer of documents to an archive. The role of archives in records management was discussed. The main goals of archives are to acquire, preserve and disseminate information. The structure of an archive could include: records section unit, repository service unit, and technical section unit.

## 6.0 TUTOR-MARKED ASSIGNMENT

- i. Discuss the roles of archives in records management.
- ii. All archives are records but not all archives are records. Discuss.
- iii. Itemise the objectives of an archive.

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## **MODULE 4      MOTIVATIONAL TECHNIQUES IN THE PUBLIC SERVICE**

Unit 1	Concept of Motivation
Unit 2	Maslow's and Alderfer's Hierarchy of Needs
Unit 3	Frederick Herzberg's Motivation and Hygiene Factors
Unit 4	Douglas McGregor's Theory X and Theory Y
Unit 5	Adams Equity Theory on Job Motivation
Unit 6	Motivation Factors in the Nigerian Public Service

### **UNIT 1      CONCEPT OF MOTIVATION**

#### **CONTENTS**

1.0	Introduction
2.0	Objectives
3.0	Main Content
3.1	Conceptual Clarification
3.2	Relationship between Motivation and Job Performance
3.3	What motivates Workers
3.3.1	Intrinsic Motivation
3.3.2	Extrinsic Motivation
4.0	Summary
5.0	Conclusion
6.0	Tutor-Marked Assignment
7.0	References/Further Reading

#### **1.0      INTRODUCTION**

In Module 1, you have learnt a lot about the public service and the need to have a responsive public service that aims to satisfy the citizenry. In order to ensure that public servants perform their assigned duties and tasks according to laid down standards, they have to be motivated. The job of a chief executive is to get things done through delegation of duties to employees. To do this the chief executive should be able to motivate employees in the Nigerian public service. Both intrinsic and extrinsic motivation techniques are used. Salary is a major factor in the Nigerian public service as well as leadership styles of superior officers. The concepts of intrinsic and extrinsic motivation are discussed in this unit.

#### **2.0      OBJECTIVES**

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

- define motivation

- explain the relationship between motivation and job performance
- specify what motivates workers
- relate the contributions of Frederick Taylor and Elton Mayo to motivation of public servants.

### **3.0 MAIN CONTENT**

#### **3.1 Conceptual Clarification**

Motivation is the driving force by which humans achieve their goals. Motivation is said to be intrinsic or extrinsic. According to various theories, motivation may be rooted in a basic need to minimise physical pain and maximise pleasure, or it may include specific needs such as eating, resting, or a desired object, goal, state of being, idea, or it may be attributed to less-apparent reasons such as altruism, selfishness, morality, or avoiding mortality.

Yalokwu (2002) reports that motivation is derived from the Latin word “movere” which means “to move”. A motive is an inner state that energises, activates or moves). Hence, According to various theories, motivation may be rooted in a basic need to minimise physical pain and maximise pleasure or it may include specific needs such as eating and resting, or a desired goal. Mathis and Jackson (2006), define motivation as an emotion or desire operating on a person’s will and causing that person to act.

Motivation refers to behaviour instigated by needs and directed towards a goal. When an individual is motivated, it means he is in need, biologically, socially or both. A student wishing to obtain an M.Sc degree needs to be motivated to set out and complete the course work. The individual attempts to satisfy the need to achieve the M.Sc degree. The individual’s level of aspiration is closely connected with his pattern of acquired motives.

Robbins (1998) defines motivation as the willingness to exert high levels of effort towards organisational goals, conditioned by effort to satisfy some individual needs.

There is an old saying: you can take a horse to the water but you cannot force it to drink. It will drink only if it’s thirsty – so with people. They will do what they want to do or otherwise motivated to do. Whether it is to excel on the workshop floor or in the ‘ivory tower’ they must be motivated or driven to it, either by themselves or through external stimulus. Motivation is, inducing others in a specific way towards goals specifically stated by the motivator.

### 3.2 The Relationship between Motivation and Job Performance

A reward, tangible or intangible, is presented after the occurrence of an action (i.e. behavior) with the intent to cause the behaviour to occur again. This is done by associating positive meaning to the behavior. Studies show that if the person receives the reward immediately, the effect is greater, and decreases as duration lengthens. Repetitive action-reward combination can cause the action to become a habit.

Motivation comes from two sources: oneself, and other people. These two sources are called intrinsic motivation and extrinsic motivation, respectively. A reinforcer is any stimulus change following a response that increases the future frequency or magnitude of that response. Positive reinforcement is demonstrated by an increase in the future frequency or magnitude of a response. Negative reinforcement involves stimulus change consisting of the removal of an aversive following a response.

Incentive theory in psychology treats motivation and behavior of the individual as they are influenced by beliefs, such as engaging in activities that are expected to be profitable. Incentive theory is promoted by behavioural psychologists, especially by Skinner in his philosophy of Radical behaviourism, which means that a person's action always have social ramifications: and if actions are positively received people are more likely to act in this manner (Skinner, 1953).

Incentive theory distinguishes itself from other motivation theories, such as drive theory, in the direction of the motivation. In terms of behaviourism, *incentive theory* involves positive reinforcement: the stimulus has been conditioned to make the person happier. For instance, a person knows that eating food, drinking water, or gaining social capital will make them happier. As opposed to the drive theory, which involves negative reinforcement: a stimulus has been associated with the removal of the punishment for example, a person has come to know that if they eat when hungry, it will eliminate that negative feeling of hunger, or if they drink when thirsty, it will eliminate that negative feeling of thirst.

The job of a manager in the workplace is to get things through employees. To do this the manager should be able to motivate employee. But that's easier said than done. In spite of enormous research, basic as well as applied, the subject of motivation is not clearly understood and more often than *poorly practised*. To understand motivation one must understand human nature itself. And there lies the problem. Human nature can be very simple, yet very complex too. An understanding and

appreciation of this is a prerequisite to effective employee motivation in the workplace and therefore effective management and leadership. Performance is considered to be a function of ability and motivation, thus:

**Job performance =f (ability) (motivation)**

Ability in turn depends on education, experience and training; and its improvement is a slow and long process. On the other hand motivation can be improved quickly. There are many options and an uninitiated manager may not even know where to start. As a guideline, there are broadly seven strategies for motivation.

- Positive reinforcement/high expectations
- Effective discipline and punishment
- Treating people fairly
- Satisfying employees needs
- Setting work related goals
- Restructuring jobs
- Base rewards on job performance

These six strategies will vary from workplace to workplace; and manager to manager.

**SELF-ASSESSMENT EXERCISE**

- i. Relate the seven strategies of motivation to an organisation of your choice.
- ii. In your words, explain the motivation concept. "Performance is a function of ability and motivation"

**3.3 What Motivates Workers?**

In one of the most elaborate studies on employee motivation, involving 31,000 men and 13,000 women, the Minneapolis Gas Company sought to determine what their potential employee desire most from a job. This study was carried out during a 20-year period from 1945 to 1965 and was quite revealing. The ratings for various factors differed only slightly between men and women, but both groups considered security as the highest rated factor. The next three factors were:

- advancement
- type of work
- company – proud to work for



Surprisingly, factors such as pay, benefits and working conditions were given a low rating by both groups. So after all, and contrary to common belief, money is not the prime motivator. (This should not however be regarded as a signal to reward employees poorly or unfairly.) Workers in any organisation need something to keep them working. Most times the salary of the employee is enough to keep him or her working for an organisation. An employee must be motivated to work for a company or organisation. If no motivation is present in an employee, then that employee's quality of work or all work in general will deteriorate (Wikipedia, the free encyclopedia 2011).

Motivation according to Ormrod 2003, can ():

1. direct behaviour toward particular goals
2. lead to increase effort and energy
3. increase initiation of, and persistence in, activities
4. enhance cognitive processing
5. determine what consequences are reinforcing
6. lead to improved performance.

Generally, motivation is conceptualised as either *intrinsic* or *extrinsic*. Classically, these categories are regarded as distinct (Alexander et al, 2000). Today, these concepts are less likely to be used as distinct categories, but instead as two idea types that define a continuum (Vallerand, 1993).

### **3.3.1 Intrinsic Motivation**

Intrinsic motivation refers to motivation that is driven by an interest or enjoyment in the task itself, and exists within the individual rather than relying on any external pressure. Intrinsic motivation has been studied by social and educational psychologists since the early 1970s. Students who are intrinsically motivated are more likely to engage in the task willingly as well increase their capabilities. For example as a student you are likely to be intrinsically motivated if you:

- attribute your educational results to factors under your own control, believe you have the skill that will allow you to be effective agents in reaching desired goals (i.e. the results are not determined by luck),
- are interested in mastering a topic, rather than just note-learning to achieve good grades.

### **3.3.2 Extrinsic Motivation**

Extrinsic motivation refers to the performance of an activity in order to attain an outcome. Extrinsic motivation comes from outside of the individual. Common extrinsic motivations are rewards like money and grades, coercion and threat of punishment. Competition is an extrinsic factor because it encourages the performer to win and beat others, not to enjoy the intrinsic reward of the activity. A crowd cheering on the individual and trophies are also extrinsic incentives.

Social psychological research has indicated that extrinsic rewards can lead to over justification and a subsequent reduction in intrinsic motivation received. Self-determination theory proposes that extrinsic motivation can be internalised. In one study demonstrating this effect, children who expected to be (and were) rewarded with a ribbon and a gold star for drawing pictures spent less time playing with the drawing material in subsequent observations than children who were assigned to an unexpected reward condition.

## **4.0 CONCLUSION**

Motivation is an important concept in the public service. The relationship between motivation and job performance confirms this statement. Chief executives of public organisations need to study their organisational environment and employees in order to identify the motivating factors. You have read that both intrinsic and extrinsic variables motivate. Any manager with subordinates should be able to know when to apply either one or both of the motivation variables.

## **5.0 SUMMARY**

The job of the chief executive manager in an organisation is to get things done through people among other resources. This unit gives the various definitions of motivation, which can be summarised as behaviour instigated by needs and directed towards a goal. There is also an established relationship between motivation and job performance and job performance. Employees can be motivated by both intrinsic and extrinsic factors. Intrinsic motivation refers to motivation that is driven by an interest or enjoyment in the task itself. Extrinsic motivation comes from outside of an individual. It is a truism that motivation alone may not be sufficient to propel an employee to perform optimally. Another important variable you should know about is ability of the individual employee.

## **6.0 TUTOR-MARKED ASSIGNMENT**

- i. Explain how motivation affects job performance.
- ii. Relate the characteristics of motivation to the motivation of employees in an organisation.
- iii. Discuss the concepts of intrinsic and extrinsic motivation.

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## **UNIT 2 MASLOW'S AND ALDERFER'S HIERARCHY OF NEEDS**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Maslow's Hierarchy of Needs
  - 3.2 Maslow's Self-Actualising Characteristics
  - 3.3 ERG Theory of Alderfer
    - 3.3.1 Similarities to Maslow's Needs Hierarchy
    - 3.3.2 Differences between Alderfer and Maslow
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

In the last unit, you learnt about the concept of motivation. There is no way you can learn about motivation without some motivation theories. Four of these theories that focus on what motivates employees are discussed. The first is Abraham Maslow's Hierarchy of Needs Theory. Abraham Maslow developed the Hierarchy of Needs model in 1940-50s USA, and this theory remains valid today, for understanding human motivation, management training, and personal development. Indeed, Maslow's ideas surrounding the Hierarchy of Needs which concerns the responsibility of employers to provide a workplace environment that encourages and enables employees to fulfill their own unique potential (self-actualisation) are today more relevant than ever.

### **2.0 OBJECTIVES**

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

- outline the hierarchy of Needs
- mention the characteristics of a self-actualised person
- describe Alderfer's ERG theory
- relate Maslow's theory to Alderfer's theory.

### 3.0 MAIN CONTENT

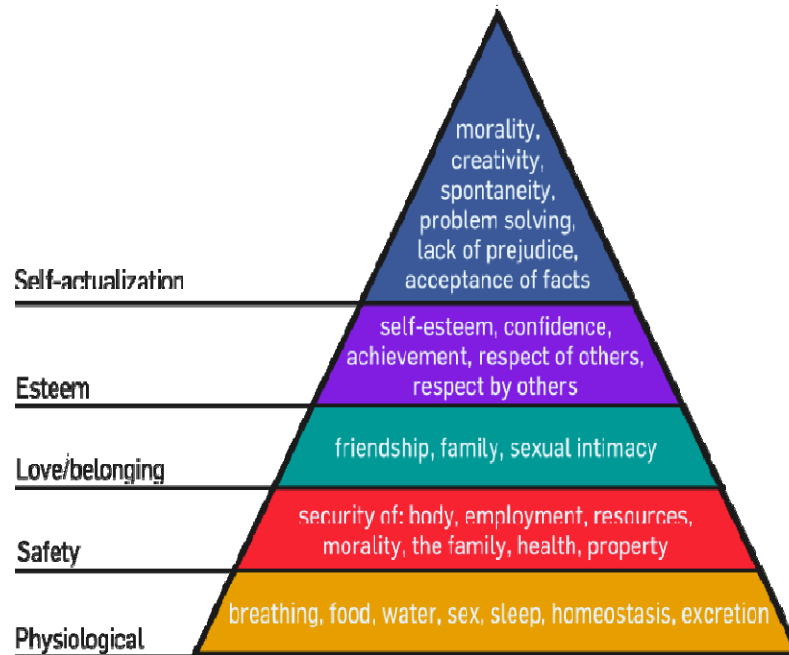
#### 3.1 Maslow's Hierarchy of Needs

Each of us is motivated by needs. Our most basic needs are inborn, having evolved over tens of thousands of years. Abraham Maslow's Hierarchy of Needs helps to explain how these needs motivate us all. Maslow's Hierarchy of Needs states that we must satisfy each need in turn, starting with the first, which deals with the most obvious needs for survival itself. Only when the lower order needs of physical and emotional well-being are satisfied are we concerned with the higher order needs of influence and personal development.

Conversely, if the things that satisfy our lower order needs are swept away, we are no longer concerned about the maintenance of our higher order needs. Maslow's original Hierarchy of Needs model was developed between 1943 and 1954, and first widely published in *Motivation and Personality* in 1954. At this time the Hierarchy of Needs model comprised five needs. This original version remains for most people the definitive Hierarchy of Needs. (Maslow1943). These needs are:

1. **Biological and Physiological needs** - air, food, drink, shelter, warmth, sex, sleep, etc.
2. **Safety needs** - protection from elements, security, order, law, limits, stability, etc.
3. **Belongingness and Love needs** - work group, family, affection, relationships, etc.
4. **Esteem needs** - self-esteem, achievement, mastery, independence, status, dominance, prestige, managerial responsibility, etc.
5. **Self-Actualisation needs** - realising personal potential, self-fulfillment, seeking personal growth and peak experiences.

Maslow's hierarchy of needs theory is depicted in Figure 2.1.



**Fig. 2.1: Maslow's Hierarchy of Needs**

Source: Wikipedia the free encyclopedia(2011).[http://en.wikipedia.org/wiki/file.maslowo/o27s\\_Hierarchy\\_of\\_Needs\\_org..](http://en.wikipedia.org/wiki/file.maslowo/o27s_Hierarchy_of_Needs_org..)

### 3.2 Maslow's Self-Actualising Characteristics

The fifth need in the Maslow's theory is often unclear to students of management. To rectify this problem, the following characteristics of Maslow's self actualising needs will help you know how to motivate employees:

1. keen sense of reality - awareness of real situations - objective judgement, rather than subjective.
2. seeing problems in terms of challenges and situations requiring solutions, rather than seeing problems as personal complaints or excuses
3. need for privacy and being comfortable being alone
4. reliance on own experiences and judgement - independent - not reliant on culture and environment to form opinions and views
5. not being susceptible to social pressures - non-conformist
6. democratic, fair and non-discriminating - embracing and enjoying all cultures, races and individual styles
7. socially compassionate - possessing humility
8. accepting others as they are and not trying to change people
9. comfortable with oneself - despite any unconventional tendencies

10. a few close intimate friends rather than many surface relationships
11. creative, inventive and original (Maslow 1953).

Like any simple model, Maslow's theory is not a fully responsive system - it's a guide which requires some interpretation and thought. Under certain circumstances, a person striving to satisfy their needs at level 3 - belongingness, seems able to self-actualise - level 5 by selflessly helping others and at the same time begins to satisfy their own needs for belongingness and self-esteem. Such examples demonstrate the need for careful interpretation and application of the Maslow model. The Hierarchy of Needs is not a catch-all, but it does remain a wonderfully useful framework for analysing and trying to understand the subtleties - as well as the broader aspects - of human behaviour and growth.

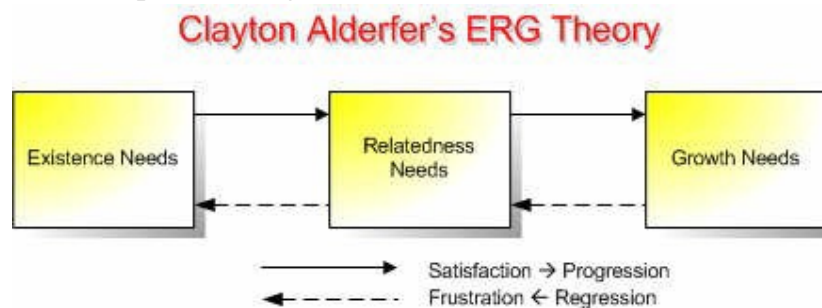
### SELF-ASSESSMENT EXERCISE

- i. Without looking into your course material, draw the triangle of Hierarchy of Needs.
- ii. Pick some employees that you know and write which one is on each of the hierarchy of needs.

### 3.3 ERG Theory of Motivation

In 1969, Clayton Alderfer's revision of Abraham Maslow's Hierarchy of Needs, called the **ERG Theory** appeared in Psychological Review in an article titled "An Empirical Test of a New Theory of Human Need." Alderfer's contribution to organisational behaviour was dubbed the ERG theory (Existence, Relatedness, and Growth), and was created to align Maslow's motivation theory more closely with empirical research (Alderfer 1972).

This is depicted in Figure 2.2.



**Fig.2.2: Clayton Alderfer's ERG Theory**

Source: (Envision software 2011)

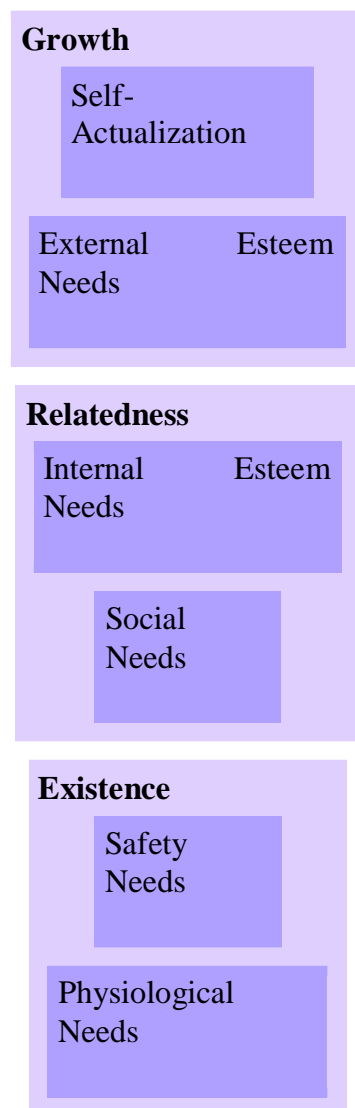
#### 3.3.1 Similarities to Maslow's Needs Hierarchy

After the original formulation of Maslow's Hierarchy of Needs,

studies had shown that the middle levels of Maslow's hierarchy overlap. Alderfer addressed this issue by reducing the number of levels to three. The letters *ERG* represent these three levels of needs:

- **Existence** refers to our concern with basic material existence motivators.
- **Relatedness** refers to the motivation we have for maintaining interpersonal relationships.
- **Growth** refers to an intrinsic desire for personal development.

Like Maslow's model, the ERG motivation is hierarchical, and creates a pyramid or triangle appearance. Existence needs motivate at a more fundamental level than relatedness needs, which, in turn supercedes growth needs. Figure 2.3. shows this;



**Fig.2.3: Alderfer's ERG theory details**



Source: (Envision software (2011).

### 3.3.2 Differences between Alderfer and Maslow's theories

You should have seen from Figure 2.3, that there are subtle differences between Maslow and Alderfer's theories. Beyond simply reducing the distinction between overlapping needs, the ERG theory improves upon the following shortcomings of Maslow's Needs Hierarchy:

- Alderfer's ERG theory demonstrates that more than one need may motivate at the same time. A lower motivator need not be substantially satisfied before one can move onto higher motivators.
- The ERG theory also accounts for differences in need preferences between cultures better than Maslow's Need Hierarchy; the order of needs can be different for different people. This flexibility accounts for a wider range of observed behaviors. For example, it can explain the "starving artist" who may place growth needs above those of existence.
- The ERG theory acknowledges that if a higher-order need is frustrated, an individual may regress to increase the satisfaction of a lower-order need which appears easier to satisfy. This is known as the *frustration-regression principle*.

Unlike with Maslow's theory, managers need to understand that each employee operates with the need to satisfy several motivators simultaneously. Based upon the ERG theory, leadership which focuses on exclusively one need at a time will not motivate his/her people effectively.

Furthermore, the frustration-regression principle has additional impact on motivation in the workplace. As an example, if employees are not provided opportunities to grow, an employee might regress to fulfilling relatedness needs, socialising with co-workers more. Or, the inability of the environment or situation to satisfy a need for social interaction might increase the desire for more money or better working conditions. If leadership recognises these conditions soon enough in the process, they can take steps to satisfy those needs which are frustrated until such time that the worker can again pursue growth.

## **4.0 CONCLUSION**

Maslow is obviously the most famous for his Hierarchy of Needs theory, rightly so, because it is a wonderfully simple and elegant model for understanding so many aspects of human motivation, especially in the workplace. The simplicity of the model however tends to limit appreciation of Maslow's vision and humanity, which still today are remarkably penetrating and sensitive. Maslow's work and ideas extend far beyond the Hierarchy of Needs.

Maslow's concept of self-actualisation relates directly to the present day challenges and opportunities for employers and organisations - to provide real meaning, purpose and true personal development for their employees. Alderfer's theory provided an improvement in the area of simultaneous motivators. Employees may regress to fulfilling relatedness needs where there is no opportunity to grow.

## **5.0 SUMMARY**

In this unit, you have learned about one of the most popular theories of motivation that could be used to explain motivation in the public service. Maslow's hierarchy of needs has five levels which are biological and psychological needs, esteem needs, safety needs, belongingness and love needs, esteem needs and self-actualisation. Maslow posits that a lower need has to be satisfied before a higher need. Alderfer realised Maslow's theories may motivate at the same time. These theories form the basis of some public service motivation packages.

## **6.0 TUTOR-MARKED ASSIGNMENT**

- i. Compare and contrast Maslow and Alderfer's theories of motivation.
- ii. Which one of the theories is applicable to the public service and why?

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## **UNIT 3      FREDERICK HERZBERG'S MOTIVATION AND HYGIENE FACTORS**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Herzberg's Main Theory and its Significance
  - 3.2 Relationship between Herzberg's and Maslow Theories
  - 3.3 To What Extent is Money a Motivation?
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

In the previous unit you learnt about Maslow's hierarchy of needs. In this unit, you will learn about Frederick Herzberg (1923-2000), clinical psychologist and pioneer of 'job enrichment', is regarded as one of the great original thinkers in management and motivational theory. Herzberg's survey work, originally on 200 Pittsburgh engineers and accountants remains a fundamentally important reference in motivational study. While the study involved only 200 people, Herzberg's considerable preparatory investigations, and the design of the research itself, enabled Herzberg and his colleagues to gather and analyse an extremely sophisticated level of data (Herzberg et al, 1959). Their work concluded that employees are motivated by intrinsic motivation variables such as achievement. However, people will strive to achieve 'hygiene' needs but are not motivated to perform by them.

### **2.0 OBJECTIVES**

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

- explain the two – factor theory of Herzberg
- list the hygiene variables of Herzberg's theory
- enumerate the (motivators) of Herzberg's theory
- relate Herzberg's theory to the Nigerian public service.

### **3.0 MAIN CONTENT**

#### **3.1 Herzberg's Main Theory and its Significance**

Herzberg was the first to show that satisfaction and dissatisfaction at work nearly always arose from different factors, and were not simply opposing reactions to the same factors, as had always previously been believed. In 1959 Herzberg wrote the following useful little phrase, which helps explain this fundamental part of his theory, which states that the factors which motivate people at work are different to and not simply the opposite of the factors which cause dissatisfaction: "We can expand ... by stating that the job satisfiers deal with the factors involved in doing the job, whereas the job dissatisfiers deal with the factors which define the job context" (Herzberg *et al* 1959).

According to Herzberg, man has two sets of needs; one as an animal to avoid pain, and two as a human being to grow psychologically. He illustrated this also through Biblical example: Adam after his expulsion from Eden having the need for food, warmth, shelter, safety, etc., - the 'hygiene' needs; and Abraham, capable of achieving great things through self-development - the 'motivational' needs (Herzberg *et al* 1959).

#### **3.2 Relationship between Herzberg and Maslow's Theories**

Herzberg's ideas relate strongly to modern ethical management and social responsibility, and very directly to the Psychological Contract. Psychological contract refers to unwritten expectations of employees from employers and vice-versa. This is remarkable. Herzberg's ideas were developed several decades before proper consideration and description of these more recent and important organisational perspective.

Many decades ago Herzberg, like Maslow, understood well and attempted to teach the ethical management principles that many leaders today, typically in businesses and organisations that lack humanity, still struggle to grasp. In this respect Herzberg's concepts are just as relevant now as when he first suggested them, except that the implications of responsibility, fairness, justice and compassion in business are now global. Although Herzberg is most noted for his famous 'hygiene' and motivational factors theory, he was essentially concerned with people's well-being at work (Herzberg *et al* 1959).

Herzberg's research proved that people will strive to achieve 'hygiene' needs because they are unhappy without them, but once satisfied the effect soon wears off - satisfaction is temporary. Then as now, poorly managed organisations fail to understand that people are not 'motivated'

by addressing 'hygiene' needs. People are only truly motivated by enabling them to reach for and satisfy the factors that Herzberg identified as real motivators, such as achievement, advancement, development, etc., which represent far deeper level of meaning and fulfillment.

Examples of Herzberg's 'hygiene' needs (or maintenance factors) in the workplace are:

- policy
- relationship with supervisor
- work conditions
- salary
- company car
- status
- security
- relationship with subordinates
- personal life

Herzberg's research identified that true motivators were other completely different factors, notably:

- achievement
- recognition
- work itself
- responsibility
- advancement

### **SELF-ASSESSMENT EXERCISE**

- i. To what extent are the hygiene needs relevant to the Nigerian public service?
- ii. To what extent do the 'motivators' - motivate public servants in Nigeria?

### **3.3 To What Extent is Money a Motivation?**

At this point, you may be wondering whether it is true that money/salary does not motivate. This question commonly arises when considering Herzberg's research and theories, so it's appropriate to include it here.

Herzberg addressed money particularly (referring specifically to 'salary' in his study and analysis). Herzberg acknowledged the complexity of the salary issue (money, earnings, etc), and concluded that money is not a motivator in the way that the primary motivators are, such as achievement and recognition.

Herzberg said about 'salary':

"It [salary] appears as frequently in the high sequences ['sequences' refers to events causing high or low attitude feelings recalled by interviewees in the study] as it does in the low sequences... however... we find that in the lows [events leading to dissatisfaction], salary is found almost three times as often in the long-range as in the short-range attitude changes..." (There was no such bias towards the more important long-range feelings in the high attitude events.)(Herzberg et al 1959)  
And Herzberg concluded about salary (i.e., money, earnings, etc):  
"Viewed within the context of the sequences of events, salary as a factor belongs more in the group that defines the job situation and is primarily a dissatisfier."

Many people argue nevertheless that money is a primary motivator. For most people money is not a motivator - despite what they might think and say. For all people there are bigger more sustaining motivators than money. Surveys and research studies repeatedly show that other factors motivate more than money. For instance, a survey by Development Dimensions International published in the UK Times newspaper in 2004 interviewed 1,000 staff from companies employing more than 500 workers, and found many to be bored, lacking commitment and looking for a new job. Pay actually came fifth in the reasons people gave for leaving their jobs (Wikipedia 2011).

The main reasons were lack of stimulus jobs and no opportunity for advancement - classic Herzberg motivators - 43% left for better promotion chances, 28% for more challenging work; 23% for a more exciting place to work; and 21% and more varied work.

Lots of other evidence is found in life, wherever you care to look. Consider what happens when people win big lottery prize winners. While many of course give up their 'daily grind' jobs, some do not. They wisely recognise that their work is part of their purpose and life-balance. Others who give up their jobs do so to buy or start and run their own businesses. They are pursuing their dream to achieve something special for them, whatever that might be. And whatever it means to them, the motivation is not to make money, otherwise why don't they just keep hold of what they've got? Why risk it on a project that will involve lots of effort and personal commitment? Of course the reason they invest in a new business venture is that pursuing this sort of plan is where the real motivators are found - achievement, responsibility, advancement, etc - not money.

The people who are always the most unhappy are those who focus on spending their money. The lottery prize-winners who give up work and pursue material and lifestyle pleasures soon find that life becomes empty

and meaningless. Money, and spending it, is not enough to sustain the human spirit. We exist for more.

Money is certainly important, and a personal driver, if you lack enough for a decent civilized existence, or you are striving for a house or a holiday, but beyond this, money is not for the vast majority of people a sustainable motivator in itself.

#### **4.0 CONCLUSION**

Herzberg's theory has been found to be relevant to workplace motivation. The original study has produced more replications than any other research in the history of industrial and organizational psychology. So far there has not been of any serious challenge to Herzberg's theory, Herzberg's central theory is very relevant to modern understanding of employer/employee relationships, mutual understanding and alignment within the psychological contract.

#### **5.0 SUMMARY**

In this unit you have learnt about Herzberg's two-factor theory known as motivator and hygiene theory. Herzberg's theory was the first to show that satisfaction and dissatisfaction at work always arose from different factors. He also concluded that money/ salary is not a motivator. His ideas are related to the theory of psychological contract which refers to unwritten expectations of employees from employees and vice versa.

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

- i. Relate Maslow's hierarchy of needs to Herzberg's two-factor theory.
- ii. To what extent does salary motivate employee? Discuss.

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

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## **UNIT 4 DOUGLAS MCGREGOR'S THEORY X AND Y**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Theory X Assumptions
  - 3.2 Theory Y Assumptions
  - 3.3 Characteristics of Theory X Manager
  - 3.4 Characteristics of Theory Y Manager
- 4.0 Summary
- 5.0 Conclusion
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

The last two theories of motivation discussed in the previous units are employee oriented. In this unit, you will be studying McGregor's theory that is leader oriented. It is focused more on how managers/ leaders motivate different types of subordinates to perform. McGregor's Theory X and Y is a set of assumptions managers make about human behaviour. McGregor (1960) specifically refers to the theoretical assumptions of managers about their employees. The first set of assumptions, (Theory X) concerns managers who see their employees as lazy and requiring coercion and control before they perform. The second set of assumption (Theory Y) sees employees as liking work and will not be forced before they perform their duties. The relationship of these assumptions with motivation is the leadership style that managers with such beliefs exhibit in motivating their employees.

### **2.0 OBJECTIVES**

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

- list the characteristics of Theory X managers
- itemise the characteristics of Theory Y managers
- identify which management style is appropriate in motivating the two types of employees.

### **3.0 MAIN CONTENT**

#### **3.1 Theory X Assumptions**

McGregor's ideas suggest that there are two fundamental approaches to managing people. Many managers tend towards Theory X, and generally get poor results. Enlightened managers use Theory Y, which produces better performance and results, and allows people to grow and develop. The assumptions of Theory X managers are:

- the average person dislikes work and will avoid it he/she can
- therefore most people must be forced with the threat of punishment to work towards organisational objectives
- the average person prefers to be directed; to avoid responsibility; is relatively unambitious, and wants security above all else.

#### **3.1 Theory Y Assumptions**

The assumptions of the Theory Y managers are:

- effort at work is as natural as work and play
- people will apply self-control and self-direction in the pursuit of organisational objectives, without external control or the threat of punishment
- commitment to objectives is a function of rewards associated with their achievement
- people usually accept and often seek responsibility
- the capacity to use a high degree of imagination, ingenuity and creativity in solving organisational problems is widely, not narrowly, distributed in the population
- in industry the intellectual potential of the average person is only partly utilised.

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

- i. List the assumptions of the Theory X manager.
- ii. List the assumptions of the Theory Y manager.

#### **3.2 Characteristics of the Theory X Manager**

Perhaps the most noticeable aspects of McGregor's XY Theory - and the easiest to illustrate - are found in the behaviours of autocratic managers and organisations which use autocratic management styles.

What are the characteristics of a Theory X manager? Typically are some the following:

1. results-driven and deadline-driven, to the exclusion of everything else
2. intolerant
3. issues deadlines and ultimatums
4. distant and detached
5. aloof and arrogant
6. elitist
7. short tempered
8. shouts
9. issues instructions, directions, edicts
10. issues threats to make people follow instructions
11. demands, never asks

A leader espousing a Theory X orientation believes that subordinates require an autocratic leadership style. Theory X leaders believe that subordinates prefer to escape work and responsibility, and that management must use reward, coercive and legitimate power (authority) to get them to accomplish organisational objectives. Employees are seen as lacking ambition and seeking the security of a leader-directive environment. Theory X managers view their role as supervisory and as evaluating the work activities of uninspired subordinates (Ikemefuna 2006).

### **3.4 Characteristics of the Theory Y Manager**

At the other end of the leadership scale are the democratic leaders, called Theory Y managers by McGregor. These managers use people-centred or employee-oriented style of leadership. Theory Y leaders view work as a rewarding experience for all employees. People are seen as reaching out to management for increased responsibility and productivity. Democratic leaders encourage their employees to participate in the decision making process. Emphasis is shifted from punishment to reward. Communications flow openly both from the leader to the follower and from the follower to the leader. This type of leader tries to create a favourable environment for employees so that they can achieve the goals of the particular work unit (Ikemefuna 2006).

## **4.0 CONCLUSION**

Theory X and Theory Y are still referred to commonly in the field of management and motivation, and whilst more recent studies have questioned the rigidity of the model, McGregor's X-Y Theory remains a valid basic principle from which to develop positive management style

and techniques. McGregor's X-Y Theory remains central to organisational development, and to improving organisational culture. McGregor's X-Y theory is a salutary and simple reminder of the natural rules for managing people, which under the pressure of day-to-day business are all too easily forgotten.

## **5.0 SUMMARY**

The unit discusses McGregor's Theory X and Y. Theory X and Theory Y are attitudes or pre dispositions towards people/employees. The theory states that the type of leadership behaviour exhibited by a manager is a function of his/her assumptions about employee behaviour. However, in real life, there is a mixed bag. For example, a manager may have Theory X assumption about human behaviour, but may be confronted with employees who require the participative style of leadership. The manager's job in the public service is to create conditions for employees to put their best in the performance of their jobs.

## **6.0 TUTOR-MARKED ASSIGNMENT**

Explain the leadership style that is commensurate with Theory X and Theory Y assumptions about human nature.

## **7.0 REFERENCES/FURTHER READING**

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## **UNIT 5     ADAM'S     EQUITY     THEORY     ON JOB MOTIVATION**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 The Equity Concept
  - 3.2 The Adams Equity Theory
  - 3.3 The Individual-Organisational Exchange Relationship
- 4.0 Summary
- 5.0 Conclusion
- 6.0 Tutor -Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

Earlier, you learnt about motivation from the managers' point of view. In this unit, you will learn about motivation from the managers' behaviour. The Adams equity theory is a process theory of motivation. John Stacey Adams, a workplace and behavioural psychologist, put forward his equity theory on job motivation in 1963. There are similarities with Charles Handy's extension and interpretation of previous simpler theories of Maslow, Herzberg and other pioneers of workplace psychology. The theory acknowledges that subtle and variable factors affecting each individual's assessment and perception of their relationship with their work, and thereby their employer.

The Adams' equity theory model therefore extends beyond the individual self, and incorporates influence and comparison of other people's situations - for example colleagues and friends - in forming a comparative view and awareness of equity, which commonly manifests as a sense of what is fair.

### **2.0 OBJECTIVES**

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

- explain the equality theory
- relate this theory to happenings in the Nigeria public service
- describe inputs and outputs as they relate to the Equity Theory.

### **3.0 MAIN CONTENT**

#### **3.1 The Equity Concept**

When people feel fairly or advantageously treated they are more likely to be motivated; when they feel unfairly treated they are highly prone to feelings of disaffection and demotivation. The way that people measure this sense of fairness is at the heart of equity theory.

Equity, and is not dependent on the extent to which a person believes reward exceeds effort, nor even necessarily on the belief that reward exceeds effort at all. Rather, equity, and the sense of fairness which commonly underpins motivation, is dependent on the comparison a person makes between his or her reward/investment ratio with the ratio enjoyed (or suffered) by others considered to be in a similar situation.

#### **3.2 Adam's Equity Theory**

Adams called personal efforts and rewards and other similar 'give and take' issues at work respectively 'inputs' and 'outputs'. Inputs are logically what we give or put into our work. Outputs are everything we take out in return. These terms help emphasise that what people put into their work includes many factors besides working hours, and that what people receive from their work includes many things aside from money. Adams used the term 'referent' others to describe the reference points or people with whom we compare our own situation, which is the pivotal part of the theory. Adams equity theory goes beyond - and is quite different from merely assessing effort and reward. Equity theory adds a crucial additional perspective of comparison with 'referent' others (people we consider in a similar situation).

Equity theory thus helps explain why pay and conditions alone do not determine motivation. In terms of how the theory applies to work and management, we each seek a fair balance between what we put into our job and what we get out of it. But how do we decide what is a fair balance? The answer lies in equity theory. Importantly we arrive at our measure of fairness - equity - by comparing our balance of effort and reward, and other factors of give and take - the ratio of input and output - with the balance or ratio enjoyed by other people, whom we deem to be relevant reference points or examples ('referent' others). Crucially this means that equity does not depend on our input-to-output ratio alone - it depends on our comparison between our ratio and the ratio of others (Adams 1963).

We form perceptions of what constitutes a fair ratio (a balance or trade) of inputs and outputs by comparing our own situation with other 'referents' (reference points or examples) in the market place as we see

it. In practice this helps to explain why people are so strongly affected by the situations (and views and gossip) of colleagues, friends, partners etc., in establishing their own personal sense of fairness or equity in their work situations.

Adams equity theory is therefore a far more complex and sophisticated motivational model than merely assessing effort (inputs) and reward (outputs). The actual sense of equity or fairness (or inequity or unfairness) within equity theory is arrived at only after incorporating a comparison between our own input and output ratio with the input and output ratios that we see or believe to be experienced or enjoyed by others in similar situations. This comparative aspect of equity theory provides a far more fluid and dynamic appreciation of motivation than typically arises in motivational theories and models based on individual circumstance alone.

For example, equity theory explains why people can be happy and motivated by their situation one day, and yet with no change to their terms and working conditions can be made very unhappy and demotivated, if they learn for example that a colleague (or worse an entire group) is enjoying a better reward-to-effort ratio. It also explains why giving one person a promotion or pay-raise can have a demotivating effect on others.

Note also, importantly, that what matters is the ratio, not the amount of effort or reward per se. This explains for example why and how full-time employees will compare their situations and input-to-output ratios with part-time colleagues, who very probably earn less, however it is the ratio of input-to-output - reward-to-effort - which counts, and if the part-timer is perceived to enjoy a more advantageous ratio, then so this will have a negative effect on the full-timers sense of equity, and with it, their personal motivation.

### **SELF-ASSESSMENT EXERCISE**

- i. In what ways is Adams Theory of Equity relevant to the Nigerian public service?
- ii. Explain the equity theory.

### **3.3 The Individual – Organisational Exchange Relationship**

Adams points out those two primary components, inputs and outcomes, are involved in the employee-employer exchange. An employee's inputs, for which he/she expects a just return, include education/training, skill, creativity, seniority, age personality trait, effort expended, and personal appearance. On the outcome side of the exchange, the

organization provides such things as pay/bonuses, fringe benefits, challenging assignments, job security, promotions, status symbols, and participation in important decisions (Adams 1963).

**Table 5.1: Equity-Output relationship**

Inputs	Equity	Outputs
Inputs are typically: effort, loyalty, hard work, commitment, skill, ability, adaptability, flexibility, tolerance, determination, heart and soul, enthusiasm, trust in our boss and superiors, support of colleagues and subordinates, personal sacrifice, etc.	People need to feel that there is a fair balance between inputs and outputs. Crucially fairness is measured by comparing one's own balance or ratio between inputs and outputs with the ratio enjoyed or endured by relevant ('referent') others.	Outputs are typically all financial rewards - pay salary, expenses, perks benefits, pension arrangements, bonus and commission - plus intangibles - recognition reputation, praise and thanks, interest responsibility, stimulus travel, training development, sense of achievement and advancement, promotion etc.

**Source: (Adams 1963)**

If we feel that inputs are fairly rewarded by outputs (the fairness benchmark being subjectively perceived from market norms and other comparable references) then generally we are happier in our work and more motivated to continue inputting at the same level. If we feel that our ratio of inputs to outputs is less beneficial than the ratio enjoyed by referent others, then we become demotivated in relation to our job and employer. People respond to a feeling of inequity in different ways.

Generally the extent of demotivation is proportional to the perceived disparity with other people or inequity, but for some people just the smallest indication of negative disparity between their situation and other people's is enough to cause massive disappointment and a feeling of considerable injustice, resulting in demotivation, or worse, open hostility.

Some people reduce effort and application and become inwardly disgruntled, or outwardly difficult, recalcitrant or even disruptive. Other people seek to improve the outputs by making claims or demands for more reward, or seeking an alternative job.



## 4.0 CONCLUSION

Understanding equity theory helps managers and policy-makers to appreciate that while improving one person's terms and conditions can resolve an individual's demands; if the change is perceived by other people to upset the equity of their own situations then the solution can easily generate far more problems than it attempted to fix. Equity theory reminds us that people see themselves and crucially the way they are treated in terms of their surrounding environment, team, system, etc - not in isolation - and so they must be managed and treated accordingly.

## 5.0 SUMMARY

Adams equity theory is a model of motivation that explains how people strive for fairness and justice in social exchange. It explains the process and not the content of motivation. Equity theory explains how an individual's motivation is influenced by feelings of inequity or a lack of justice. There could be equity as well as, negative and positive inequity.

## 6.0 TUTOR-MARKED ASSIGNMENT

- i. Does pay and conditions alone determine motivation? Relate this to the equity theory.
- ii. Explain the moderating effect of equity in the input-output relationship in organisation.

## 7.0 REFERENCES/FURTHER READING

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## **UNIT 6      MOTIVATING FACTORS IN THE NIGERIAN PUBLIC SERVICE**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Extrinsic Motivation Variables
    - 3.1.1 Salaries and Allowances.
    - 3.1.2 Staff Welfare (Medical and Leave)
    - 3.1.3 Training and Development
  - 3.2 Intrinsic Motivation Variables
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor -Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

The previous units are on the process theories of motivation that focus on what motivates employees on the job. The existing motivation factors in the Nigerian public service are presented using basically the two-factor model of Herzberg et al, (1959). These broad classifications into intrinsic and extrinsic motivation help to conceptualise the motivation variables in the public service based on the conditions of service.

### **2.0 OBJECTIVES**

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

- explain the extrinsic motivation variables in the Nigerian Public Service
- describe the intrinsic motivation variables in the Nigerian Public Service
- explain the relationship between the motivation theories discussed earlier and the existing motivation factors in the Nigerian public service.

### **3.0 MAIN CONTENT**

#### **3.1 Extrinsic Motivation Variables**

You would recall that motivation is defined as the willingness to exert high levels of effort towards organisational goals, conditioned by effort and to satisfy some individual needs. You have also learnt about

extrinsic motivation which is based on the tangible conditions of service. The Nigerian public service conditions of service issued to staff on assumption of duty contains a number of extrinsic motivation variables. To be discussed in this unit are: salaries and allowances, training and development, welfare packages and leave as well as leadership factors.

### **3.1.1 Salaries and Allowances**

#### **Salaries**

Salaries are the compensation paid by an employer for the services rendered by employees. It is a right and not a privilege. On first appointment, salary shall be paid from the date of assumption of duty. An officer on transfer from other government agencies or parastatals to the federal civil service shall start earning the salary attached to his new office from the day he assumes duty.

#### **Salary on Promotion**

- (a) If an officer is promoted to a salary scale that does not overlap his old salary, he will be placed at the minimum point of the new scale.
- (b) If his salary in the former post is higher than the minimum point of his new salary scale, he will be placed at the next point higher than his former salary.

#### **Increment (PSR 04203-040208)**

Incremental date of an officer appointed or promoted to a post is the anniversary of the date he/she starts to draw the full salary of such appointment or the date of promotion, advance to the first day of the month concerned.

#### **Allowances**

##### **Job-Related Allowance**

Job-Related Allowances include: duty tour allowance; acting allowance; overtime allowance; estacode; teaching allowance; warm clothing allowance; non-accident bonus; Shift duty allowance; call duty allowance; hazard allowance; responsibility allowance and kilometre allowance, etc.

##### **(i) Duty Tour Allowance (PSR 130106)**

This allowance is granted to officers on official tours to enable them pay for their lodging and feeding expenses. The applicable rates are

reflected in Chapter 20 of the PSR. The allowance is paid only in respect of approved official tours by the appropriate authority. In addition to this allowance, transport/air ticket and cost of local running should be paid.

**(ii) Responsibility Allowance (PSR 130116)**

This allowance is paid to Chief Confidential Secretaries who serve the President, Vice President, Chief Justice of Nigeria, The Secretary to the Government of the Federation and Head of civil Service of the Federation at the rate of N6, 000 p.a. and those who serve other Public Officers including Permanent Secretaries at the rate of N5, 000 p.a.

**Acting Allowance (PSR 13032)**

It is paid from the date of commencement of acting appointment end when it terminates. No allowance shall be paid if the period of acting does not exceed 14 days.

**Rates of Acting Allowance – 130129**

An officer appointed to act in a higher post shall be entitled to 100% allowance if he has served for more than two years in his substantive grade. He shall be entitled to 50% allowance if he has served for only 1 year in his substantive grade.

**Overtime Allowance (PSR 130117)**

Overtime is the time spent performing official duties outside normal hours of work. This allowance is paid to officers of GL 01 – 13 who actually do overtime. Overtime is calculated in half-hours. The general allowances include meal subsidy, utility allowance; entertainment allowance; domestic allowance; transport allowance; and resettlement allowance rent.

**SELF-ASSESSMENT EXERCISE**

- i. Define salary.
- ii. List the job-related allowances available in the Nigerian public service.

**3.1.2 Staff Welfare (Medical and Leave)**

Staff welfare deals with issues, other than basic salaries and job related allowances, which can motivate workers to give their best to their jobs. Some of such issues covered in this part are – medical and dental

procedures; occupation of government quarters; leave and female public servants.

### **Medical and Dental Procedure (PSR 070101 to 070306)**

The Federal Government now operates with Health Service Providers (HCP). Government medical facilities are provided free of charge to all servants and their families. It is still the case in spite of the requirement to pay one third of the price for drugs.

**PSR 020304** A staff or a member of his family compelled to avail himself of the services of a private medical practitioner may be refunded the expenses incurred at the rate considered fair and reasonable by the Permanent Secretary, Federal Ministry of Health.

### **Medical Treatment Overseas (PSR 070206)**

- (a) Approval for journeys outside Nigeria for medical treatment will only be given by the office of the Head of the Civil Service of the Federation on the recommendation of the Permanent Secretary, Ministry of Health. Where an officer is treated as an outpatient, he will be entitled to estacode allowance at the appropriate rate.
- (b) **Medical Check-up**  
Officers on GL. 16 and above are entitled to medical check up locally once a year; while officers on GL 12 to GL 15 are entitled to medical check-up locally once in two years. Expenses incurred in respect of medical check-up shall be settled by each ministry.
- (c) **Conditions For Spouse Accompanying Ailing Officers**  
When approval is granted to a spouse to accompany an ailing officer, the commitment of the Federal Government shall be limited to return air-tickets for the two of them and the payment of estacode allowance at the appropriate rate to only one of them.

### **Sick Leave Rules (PSR 070314 – 070317)**

- (a) The maximum aggregate sick leave an officer not hospitalised can take is six weeks or 42 days within a year.
- (b) An officer hospitalised may be allowed three months sick leave on the certificate of a government medical officer. After that period, arrangement must be made for him to be examined by a medical board so as to ascertain whether he should be invalidated from the service or allowed further paid sick leave (**PSR 070318**).

## **Death PSR 070401**

When a pensionable officer dies in service, government shall provide the following:

- preparation of the body for embalmment, where necessary;
- settlement of mortuary bills;
- provision of coffin or casket (where necessary) at the approved rate;
- notification of the death of serving pensionable officers and retired officers in the directorate cadre shall be done at government expense.

### **3.2.2 Training and Development**

An officer who is permitted to attend a course of instruction is eligible for the benefit set out in this section provided that he/she has signed an agreement to refund to government all expenses connected therewith if he:

- (a) does not obtain a certificate of satisfactory attendance at the course, or
- (b) does not return to Nigeria; or
- (c) undertakes any other course of instruction without the specific approval of the government, or
- (d) resigns from service within a period of three years of his completing such a course.

120302 – A senior officer sent overseas on a course of instruction will be eligible for free air passage for himself/herself only; but were the duration of the course of instruction is not less than nine months, his/her spouse may accompany him/her at government expense.

120303 – Special rates of allowance, etc. are prescribed from time for certain courses of instruction, and they apply to all officers attending the course in question.

120304 – Officers who with the prior approval of government attend course of instruction (other than one to which Rue 120303 applies) are entitled to be paid the difference between their normal estacode allowance and the allowance/facilities offered by the donor country where the latter is lower than the official estacode allowance and lower than the official estacode.

### 3.3 Intrinsic Motivation Variables

Intrinsic motivation variables are not well documented in the Nigerian public service rules and conditions of service. This reason is not farfetched. It is only an individual that knows the aspects of the job that motivates him or her. The idea of intrinsic motivation you would recall, was proposed by Herzberg et al (1959) , who found that majority of satisfying incidents such as advancement, responsibility, and achievement were related to job performance. In an unpublished Ph.D work, Fagbemi (1990) found that 8% of the variation in self-rated performance in the Nigerian public service was due to self-actualising intrinsic motivation. A significant relationship was also found between *timeliness and challenging duties*.

### 4.0 CONCLUSION

An important component of performance management is the reward system. To a large extent the reward system motivates employees to perform. This informs the importance of commensurate salaries and allowances for public officers. Nigeria has witnessed a lot of disruption in the work of public servants due to industrial action on inappropriate salaries and allowances. The welfare of officers is also paramount in employee relations in an organization. Public officers can only discharge their duties effectively when they are of sound mind and body.

### 5.0 SUMMARY

This unit is on the public service rules guiding salaries and allowances, as well as staff welfare. It is important to remember that salary is the compensation paid by an employer for the services rendered by employees. This is a right and not a privilege. Increments are given, subject to good performance on the anniversary of the date an officer starts working. There are many allowances that an officer is entitled to in the course of government business. Among these are: duty tour allowance, responsibility allowance and acting allowance. Many of the fringe benefits in the Nigerian public service have been monetised. In terms of health care, the Federal Government now operates subsidised health care services with health service provider. Approvals for overseas medical treatment will only be given by the Head of Civil Service of the Federation on the recommendation of the Permanent Secretary, Ministry of Health.

## **6.0 TUTOR-MARKED ASSIGNMENT**

- i. Discuss the various job-related allowances available in the Nigerian public service.
- ii. What conditions guide medical treatment overseas for public servants?
- iii. What are the expectations from MDAs if a pensionable officer dies in service?

## **7.0 REFERENCES/FURTHER READING**

Federal Republic of Nigeria (2008). *Public Service Rules*. Abuja: Office of Head of Civil Service of the Federation.

Herzberg, F. (1968). "One more time: How do you motivate employees?" *Harvard Business Review*. (January – February).

Herzberg, F. *et al.* (1959). *The Motivation to Work*. New York: John Wiley and Sons.