

✓ STEP 1: Introduction and Lesson Objectives (5 mins)

◆ Lesson Introduction:

Public enterprises are organizations **owned and operated by the government** to provide goods or services to the public. Unlike private businesses that focus on making profits, public enterprises exist primarily to serve the needs of the people — especially in sectors that are too important or risky to leave to private hands (e.g. electricity, water, or rail transport).

These enterprises often operate in industries that are capital-intensive or essential to national interest, and may not be profitable if left solely to private investors.

Example: NNPC (Nigerian National Petroleum Corporation) is responsible for managing Nigeria's oil resources, a vital part of the country's economy and security.

◆ Lesson Objectives:

By the end of the lesson, students should be able to:

1. **Define public enterprise** – Understand what makes an organization a public enterprise.
 2. **State reasons for establishing public enterprises** – Explain the economic and social motives behind their creation.
 3. **Identify characteristics of public enterprises** – Understand the structure and nature of these organizations.
 4. **List examples of public enterprises in Nigeria** – Recognize well-known public enterprises.
 5. **Explain advantages and disadvantages of public enterprises** – Evaluate both the benefits and the challenges of running public enterprises.
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✓ STEP 2: Meaning of Public Enterprise (10 mins)

◆ Definition:

A **public enterprise** is a **business organization that is owned, financed, and managed by the government** at any level — federal, state, or local. These enterprises aim to provide essential goods or services to the general public and are usually not set up to generate profit, but rather to meet national interests and promote development.

◆ **Other Names for Public Enterprises:**

- **Public Corporation** – often used when the organization has been established by a specific law.
 - **Government Parastatal** – a semi-autonomous government agency.
 - **State-Owned Enterprise (SOE)** – a general term used globally to describe government-owned companies.
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◆ **Examples in Nigeria:**

1. **PHCN** – previously handled electricity generation and distribution.
 2. **NNPC** – manages petroleum resources and activities.
 3. **NPA (Nigerian Ports Authority)** – regulates and manages seaports.
 4. **NRC (Nigerian Railway Corporation)** – operates railway transport services.
 5. **NIPOST** – provides postal and courier services nationwide.
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✓ **STEP 3: Reasons for Establishing Public Enterprises (10 mins)**

1. **Provision of Essential Services:**

- Some services like electricity, water, and public transport are vital for every citizen.
- Private companies may avoid such services due to low profitability or high risk.

2. **Control of Monopoly:**

- If a private company is the only provider, it may charge high prices.
- The government steps in to protect the people by offering the same service at a fair price.

3. **National Security:**

- Industries like defense, oil, and nuclear power are too important to be left to private ownership.
- Government control ensures that these are used in the country's best interest.

4. **Employment Creation:**

- Public enterprises employ thousands, helping reduce unemployment.
- Especially important in developing economies where private jobs may be limited.

5. **Revenue Generation:**

- Profitable SOEs like NNPC bring in income for the government.
- This revenue can be used to build schools, roads, and hospitals.

6. **Development of Strategic Industries:**

- Some industries, like steel and railways, are key to economic development.
 - They require huge investments and long-term planning, which the government is better positioned to handle.
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STEP 4: Characteristics of Public Enterprises (10 mins)

1. **Government Ownership and Control:**

- The government owns most or all the shares in the enterprise.
- Final decisions are made by government-appointed boards or ministers.

2. **Public Accountability:**

- Must be accountable to the people.
- Activities are often scrutinized by the National Assembly or Auditor-General.

3. **Service-Oriented:**

- Focus is on meeting public needs, not necessarily making profit.

4. **Financed by Public Funds:**

- Get capital from government budgets or loans guaranteed by the government.
- Revenue shortfalls are sometimes covered with taxpayer money.

5. **Legal Entity:**

- Established through legislation (an Act of Parliament).
- Given specific powers, duties, and legal existence.

6. **Bureaucratic Structure:**

- Operations can be slow due to layers of approval and civil service procedures.
 - Managers may have limited freedom due to strict rules.
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✅ **STEP 5: Advantages of Public Enterprises (10 mins)**

1. **Provision of Essential Goods and Services:**

- Ensures that even poor or rural areas get access to electricity, water, or transport.

2. **Avoidance of Exploitation:**

- Protects consumers from price gouging and poor services from private monopolies.

3. **Employment Opportunities:**

- Provides jobs in both urban and rural areas, contributing to social stability.

4. **Economic Stability:**

- Helps to control inflation, ensure consistent supply of goods, and stabilize the economy.

5. **National Interest:**

- Prevents foreign control of critical sectors like oil, steel, or communication.
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✅ **STEP 6: Disadvantages of Public Enterprises (10 mins)**

1. **Bureaucracy and Red Tape:**

- Too many administrative procedures delay decision-making.
- Reduces the ability to respond quickly to market changes.

2. **Inefficiency:**

- Because profit is not the main goal, there's often no motivation for excellence.
- Leads to waste, overstaffing, or poor service.

3. **Political Interference:**

- Politicians may influence who gets employed or how contracts are awarded.
- Leads to favoritism and corruption.

4. Overdependence on Government:

- Many public enterprises don't generate enough income.
- They depend on government subventions (financial support) to survive.

5. Low Accountability:

- Funds may be misused since there are fewer checks compared to private businesses.
- Some public corporations operate without publishing financial reports.