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DEVELOPMENT ADMINISTRATION AND THE CHALLENGES OF PRIVATIZATION PROGRAMME IN NIGERIA

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ABSTRACT

Development administration was adopted by Nigerian government right from independence in 1960. However privatization programme was adopted in the country in the 1980s to promote competition, effectiveness, job creation, and revenue generation. The policy has challenged the existing practice of development administration as a system of action. This study, therefore, attempted to assess the relevance of development administration in Nigeria. It was revealed and concluded that development administration is still relevant in Nigeria only the method of operation may change.

KEYWORDS: *Public enterprise, Competition, Liberalization, Deregulation, Privatization, Market.*

1. INTRODUCTION

Development administration is interesting for public management as a field in its own right, and also as the system of administration to change dramatically over the 1980s and the 1990s. First impression tempts one to believe that the future of the field in any developing country is not very bright. The shrinking of government through privatization occurs through a process of economic theory feeding into policy-making. The privatization policy may be a general test case for the practice of development administration.

Development administration using the mechanism of public enterprise has long been an important part of public sector in most countries of the world. However, by the early 1980 the popularity of the instrument of the public enterprises was in decline allied to some general questioning of the economic role of government. Privatization was adopted by many developing countries in the 1980s following the apparent success of the programme in the United Kingdom. By 1987, fifty-seven developing countries had commenced programs of privatization (Ramamurti, 1991). While privatization was under way in many developing countries it was difficult for the private sector to overcome its issues of insufficient capital or expertise.

Some important questions about public enterprise are whether or not governments should be involved in enterprise at all, and the circumstances in which government participation should be continued or discontinued. After the election of the Thatcher government in the United Kingdom in 1979, there was an intense debate over the question of privatization, and the 1980s saw an extensive and continuing programme of sale of public enterprises. The debate did not stop there and the apparent success of the United Kingdom programme was followed by other countries, who saw privatization as a way of concentrating on core activities and a handy means of raising revenue (Hughes, 1998). Privatization of public enterprise has become a worldwide policy, beginning first, in the developed countries and later in the developing countries (Anyebe, 2015). By 1992 some 7000 enterprise had been privatized worldwide, some 2000 in developing countries (World Bank, 1995).

In Nigeria, the first major attempt made at examining the economy in terms of ownership of public enterprises was the setting up of the Presidential Commission on Parastatals in 1981 (Bala, 1993). The Commission lamented in its report that the state involvement in the economy has been characterized by low returns, negative profits, absence of cost-effectiveness and lack of proper financial records. It therefore, recommended an increase in the role of the private sector, especially in the non-sensitive and non-security related enterprises. Privatization of public enterprises thus, became compelling as a means of rationalizing public spending, stimulating private sector participation in the domestic economy, and curtailing large scale corruption and inefficiency in the public sector. In spite, of this genuine concern over the issue of privatization and commercialization, it was only in 1988 that government took a serious decision to scale down its involvement in the running of the economy by Decree No. 25.

The objectives of the privatization and commercialization programmes are:

i. To send a clear message to the local and international community that a new transparent Nigeria is now open for business.
ii. To restructure and rationalize the public sector in order to substantially reduce the dominance of unproductive government investment in the sector.
iii. To change the orientation of the public enterprises engaged in economic activities towards a new horizon of performance improvement, viability and overall efficiency.
iv. To raise funds for financing socially-oriented programmes such as poverty eradication, health, education and infrastructure.
v. To ensure positive return on public sector investment in commercialized enterprises, through more efficient private sector oriented management.
vi. To check the present absolute dependence on the treasury for funding by otherwise commercially oriented parastatals and so, encourage their approach to the Nigerian and international capital market to meet their funding needs.
vii. To initiate the process of gradual cession to the private sector public enterprises which are better operated by the sector.
viii. To create jobs, acquire new knowledge, skills and technology and expose Nigeria to international competition (Privatization Hand Book, 2004).

This paper therefore, attempts to assess the extent to which the privatization and commercialization programme has challenged development administration and whether the principles still remains relevant in Nigeria.

2. METHOD OF DATA COLLECTION

The data employed in this study were obtained mainly from the following sources:

i. Privatisation Hand Book, 2004 Edition, a Publication of Bureau of public Enterprise
ii. Daily Trust, December 27, 2010: Available at: www.dailytrust.com,
iii. Daily Trust, October 28, 2008: Available at: www.dailytrust.com
iv. Daily Trust, December 27, 2014: Available at: www.dailytrust.com
v. UNDP Guidelines on privatization, 1991
vi. Privatization Digest, 2007
vii. Relevant textbooks

3. OVERVIEW OF DEVELOPMENT ADMINISTRATION

The evolution of the modern civil service in Nigeria can be traced generally to close of the Second World War. Specific landmark events in the evolution started with the Lyttleton constitution of 1954 which was a response to the independence movement, and forces of regionalism and ethnicity. By this time, the need for the establishment of regional governments and consequently, regional civil services was recognized and accepted. This period also marked the beginning of the process of dismantling the colonial civil service in Nigeria, which hitherto, as in all other British colonies then, was composed of two broad classes: the senior service, covering all posts reserved for the European and the junior service, embracing all posts to which Nigerians were appointed (Abdulsalami, 1990).

Gorsuch report of 1954 recommended the division of the service into four broad classes corresponding to the general educational standards of the time. These were the sub-clerical and manipulative, clerical and technical, executive and higher technical and the administrative and professional classes. The system was claimed to have been modeled on the civil that existed in Britain.

During the period of decolonization, however, the public service began to undergo some significant changes both in its complexity and in the responsibility assigned to it. In 1948 for example, there was a general directive from the colonial office in London to the colonial governments instructing them to expand the tasks of government to include reforms of local governments as a means of mobilizing the local human and material resource for socio-economic and political development. Along with this development, there was the expansion of the bureaucracy and establishment of public corporations.

The post-independence era witnessed the expansion and contraction in the size of public bureaucracies in Nigeria which were in response to political as well as economic factors. Whereas the colonial administration had concentrated on the limited objectives of maintaining law and order, the attainment of independence compelled the government to embark on broad socio-economic development objectives - requiring expansion of existing bureaucracies, and the creation of new agencies.

Among the key political and economic factors that have had far reaching effects on the civil service are:

(i) the attainment of independence, which brought in its wake, high expectations on the part of the citizens for accelerated improvement in their economic and social conditions;

(ii) the creation of more states (four in 1963, twelve in 1967, nineteen in 1976, twenty-one in 1987, thirty in 1991 and thirty six in 1996 respectively) necessitating the establishment of independent services for the new states. The Federal Capital Territory of Abuja, the new seat of the federal government (functional since December 1991 though designated as such in 1976), has an autonomous status. This has brought about a phenomenal increase in the size and number of the civil service;

(iii) The phenomenal increase in oil revenue beginning in 1972, which has enabled government to embark on a wide array of "development" projects and programmes in various fields with this in turn necessitating the expansion of existing bureaucracies, and the creation of new bureaucratic agencies to administer the projects;

(iv) Military rule - for nearly three out of the four decades since independence, this country has been ruled by the military. The fact that officially, Nigeria continued to operate a federal system of government notwithstanding, the military style of administration has led to federal dominance vis-a-vis the state and local governments.

The size of the federal civil service, for example, grew from less than 30,000 at independence in 1960 to 45,154 in 1970, leaping to 98,877 in 1974 and to 213,802 in 1988, and peaking in 1990 to 273,392; in the mid:1998 the civil service was about 200,000 strong (Otobo, 2002:298). The contraction in the civil service is traceable to the mass dismissals or purges of the civil servants in 1975/76 and 1984/85.

Being a vital national institution, public service must be systematically organized to enhance the effective execution of policies and programmes of government. However, the phenomenal growth in the size and responsibilities of the Nigerian public service and in particular, the realities of the social, economic and political situation within which it operates have made the institution become embroiled in many serious problems such as red tapes, rigidity, corruption, nepotism, ineffectiveness and inefficiency, and incessant conflicts between cadres (Anyebe, 2001:33). These challenges have made the service a subject of many inquiries by government, all in an attempt to improve it. Such inquiries include Tudor Davis Commission, 1945; Gorsuch Commission, 1954; Hewn Committee, 1959; Morgan Commission, 1963; Elwood Grading Team, 1966; Adebo Salaries/ Wages Commission, 1971; Udoji Commission, 1974; Dotun Philips Reform, 1988; and the Ayida Panel, 1994.

In terms of internal structure, the civil service, until recently, does not differ fundamentally from that left behind by the British colonial administration in Nigeria. Thus, as the Udoji Public Service Review Commission found out in 1974, the Nigerian Civil Service was patterned on the British model and remained basically "a class and closed" system. The classes are the sub-clerical and manipulative, clerical and technical, executive and higher technical, and administrative and professional classes. According to the Commission Report each class is further divided into many cadres. For example, the professional cadre includes the following cadres: engineering, architecture, education, law, agriculture, accountancy, etc. The engineering cadre is further divided into civil mechanical, electrical, agricultural, hydrological, marine, etc. Each cadre in the civil service has from four to eight grades or promotion levels and each defined by specific rules and regulations. The result is a multiplicity of cadres and salary scales.

The Civil Service met in 1974 by the Udoji Commission was almost a caste like system, status conscious and breeding class conflict. Particularly pervasive was the perennial tension between administrators and political heads of ministries (ministers or commissioners or between administrators and professionals).

The career structure is closed because it has no adequate provision for the admission of outsiders (no matter how qualified and experienced the persons may be) into the higher grades of the hierarchy. Such a career and closed system does not provide enough incentives for changes, modernization or the achievement of excellence and can lead to inbreeding and obsolescence. Obsolescence affects not only the structure but also organization and management.

Because of the superior status, greater opportunity for advance, and other privileges enjoyed by the administrative cadre, they became objects of envy, complaints and resentment by other cadres, particularly the professionals. The relationship between administrative cadre and others in the Nigerian Civil Service before 1974 was as close to that in the Indian Civil Service as depicted by Arora in 1974 (Arora, 1974). The resulting grudges and grievances as expressed by the professionals in the Nigerian Civil Service were well documented by Udoji in his Commission Report in 1974.

The Udoji solution to this state of affairs was the introduction of a unified grade structure, which would place all jobs of substantially equal difficulty and complexity in the same grade and the same salary scale. A unified grade structure is expected to offer opportunities for vertical, and lateral mobility within the service, where the lowest employee would have an opportunity to rise to the top of the ladder, provided he or she has what it takes to get there.

The Udoji Commission met a civil service ridden with corruption and it made the following indictment that we live in a society in which corruption is generally believed to be, and no doubt is widespread... it is unrealistic...for Nigeria to say that government will eliminate corruption completely from its public service, but it must make it one of its prime objectives to control corruption... (Udoji Report, 1974).

Other innovations include the replacement of the confidential reporting system by the open system of reporting, and the introduction of a new code of conduct for all public officers. A major goal of the Udoji reform was to introduce modern management style, techniques and culture to the Nigerian civil service. In retrospect, this goal was not really achieved but it held out an ideal, if ever fulfilled, would offer the prospect of a significant change in the Nigerian civil service.

To a great extent and in many ways, the civil service reform announced by the President in his 1988 Budget Speech was a reiteration of the ideas proposed by the Udoji Commission (1974). Thus, the salient features of this reform include the following:

(i) The minister (or the commissioner in the state) became a member of the administrative class of the ministry, to the extent that he was both the chief executive (i.e. the administrative and political head) as well as the accounting officer of the ministry.

(ii) The position of the permanent secretary then designated director-general was politicized, as he would hold office at the pleasure of the president (or the state governor) and would retire with the government, which appointed him, unless an incoming administration decided to re-appoint him. He was to act as the deputy to the minister (commissioner), and the latter would exercise his powers in full consultation with him.

(iii) The civil service was “professionalized” in the sense that:

- (a) posting of officers from one ministry to another would cease;
- (b) each officer whether administrator or specialist would make his career entirely in the ministry or department of his choice;
- (c) with respect to recruitment, appropriate pre-entry qualifications would be uniformly applied;
- (d) the principle of federal character would guide entry into grade levels 07 to 10 while experience guides entry into higher grade levels.

(iv) In addition to its operational departments, each ministry had the following departments: the department of personnel management; the department of finance and supplies, and the department of planning, research and statistics.

(v) each ministry assumed the following internal structure:

Unit	Headship
Department	Director-GL 17
Division	Deputy Director, GL 16
Branches	Asst. Director, GL 15
Section	Chief X Officer, GL 14

(vi) Administrative officers, who until then had been generalists were to specialize in one area of management e.g. personnel planning, budgeting, finance, research, statistics, etc. and were to bear functional titles (e.g. planning officer, personnel officer, etc) (1988 Reforms).

The successful implementation of the reforms would mean the end of class system in the Nigerian civil service, and particularly the end of the concept of generalist administrative cadre in the service and all that it stands for. The structural changes enunciated in these reforms were expected to do away with the established civil service system, derived from the British colonial model characterised by a class and closed career service. The 1988 Reforms took a tough stance on accountability by saying that the accountability of an officer shall not cease by virtue of his leaving office as he could be called at any time, after leaving office to account for his tenure. This sounds like a pious homily as we are yet to see any positive results.

The criticisms that trailed the discarded 1988 reforms were enormous (Anyebe, 2001). This criticism, among other things led to the setting up of the Ayida Panel in 1994 to review the existing system. The 1994 Ayida Panel whose recommendations the government began to implement incrementally in 1997 reversed most of the changes introduced by the 1988 reforms. For example, the dropping of the director-general title and the restoration of the old order. The Panel also addressed the issues of federal character and bureaucratic corruption. Since most of the civil service reforms have been initiated by military regimes, it has followed that the structure and system of management at both federal and state levels that have evolved over the four decades have enjoyed a degree of uniformity. In other words, the organisational structure at the federal was usually duplicated at the state level with minor modifications.

In spite of all these well-meaning efforts, the Nigerian public service was far from being ideal. It was largely tradition-bound, somewhat ponderous and showed signs of deterioration and several undesirable characteristics, of which the following were the most prominent: over-centralization, incessant conflicts between cadres, little emphasis on results and concrete performance, a counterproductive separation of authority from responsibility at the topmost hierarchy, dangerously low staff morale and productivity, inappropriate staff development practices (Adegoroye, 2006:41) This has called for the on-going reform in the public service which is targeted at addressing the dwindling public service values, ageing workforce, inadequate succession planning, inappropriate organizational structure, poor culture of innovation, inconsistent planning methodology, non-productive work operations and systems, absence of professional management of human resources, non-conducive working conditions, and incompetent and discouraging leadership.

In the course of the reforms, workers were right-sized, a process where, because of structural review and the establishment of manning levels and skills requirements of an organization, the organization ensures staff deployment based on right mix of skills in numbers to engender professional efficiency. Down-sizing was also undertaken, a situation in which the number of employees in an organization is reduced to a desired point based on cost saving, space utilization and manpower efficiency. Lastly, severance which entails removing staff from an organization based on predetermined considerations, guidelines and paying them off before the normal due date of retirement was embarked upon. The categories of officers in core civil service and parastatals and agencies affected by the severance include officers improperly appointed, those with cases of serious misconduct, those medically unfit, staff in jobs that have been outsourced, monetized or abolished e.g. cleaners, drivers, cooks, security men, messengers, lift attendants, officers that have been redundant due to the scrapping of their organizations and departments; officers without entry qualifications for their jobs and staff adjudged inefficient or have unsatisfactory character, among others.

Some posers naturally arise from this arrangement:

- there are challenges of managing the 'non-core' and monetized services through contractual arrangement such as outsourcing? For example, with the drive to outsource jobs on GLO1-O6, how can an institution allow someone over whom it does not have full control to go into offices and clean them?

a voluntary approach to staff reductions may offer severance pay to encourage redundant workers to quit, thus overcoming their resistance to downsizing, restructuring, and privatization. But in a situation where it is the skilled, effective and efficient workers that are indicating interest to quit, how does an organisation manage it? It is also doubtful if the severance pay package really helps to relocate these workers to any productive activity.

Public enterprises pose particular management problems even compared to the rest of the public sector, most noticeably the control and accountability of government organisations aiming to make money (Hughes, 1998).

Public enterprises (PEs), therefore, were the first target of those aiming to reduce the size of the public sector in the 1980s. Even though major public enterprises still exist in Western countries as well as developing countries there seems little doubt that the idea of government-owned organisations selling goods and services to the public has passed its heyday. The public enterprise sector was a large part of most Western economies, with the notable exception of the United States, but its activities formed only a minor part of political discourse. The sector has since become a focus of political controversy, with its very existence now in question. Whether or not governments should retain enterprises and the circumstances and methods for disposing of them are certainly the main issues at present. One of the key and quite unresolvable, political questions concerns the allowable limit of government activity. Matters of ideology about the overall role of government have become bound up with the ownership of public enterprise (Hughes, 1998). As public enterprises operate at the boundary of public and private sectors in mixed economies, arguments about them are often about the role of government itself.

In view of the relative backwardness of the developing countries, it was reasoned that the western developmental approaches and concepts of public administration may not appropriate for them. It was therefore decided that a technocratic bureaucracy following rational-legal principles as set out by Max Weber would be all that was needed to overcome tribal authority and superstition, combined with the application of technical expertise to agriculture and industries. Thus, government became the dominant player on the economic scene, controlling the commanding heights of the economy. It became the prime agent of socio-economic development, providing infrastructure, and producing goods and services, often provided through the mechanism of public enterprise. This led to a rapid development of the public enterprise sector and by the early 1980s a huge sector was firmly established in most of the countries. For example, Tanzania's 400 state-owned enterprises accounted for 38% of gross fixed capital formation, and a similar level in Ethiopia (Jorgensen, 1990:62). From the late 1960s, the public enterprise sector in Zambia constituted about 80% of all economic activity with the private sector accounting for the remaining 20% (Kaunga, 1993). The sector was structured with one enterprise, ZIMCO, a holding company, controlling the other enterprises and with the government in turn, particularly the Zambian president controlling ZIMCO. This meant the government, particularly the president, could control the overwhelming proportion of the economic activity, as well as political activity (Hughes, 1998).

Nigeria had an estimated 50 public enterprises at independence and about 200 by 1970.When the country embarked upon an economic reform Programme in 1987, the number had risen to about 1,500. The factors that account for the phenomenal increase include the evolution of the federal administrative structure (from three units in the1950s to four in 1963, twelve in 1967, nineteen in 1976, twenty one in 1987, thirty in 1991, and thirty six in 1996), the oil windfall, and successive governments' commitment to making public enterprises as an instrument of state economic intervention in the 1970s. The extent of control was such that by 1987 the estimated, 50 public enterprises (PEs) at independence which had risen to about 1,500 spanned such sectors as telecommunications, electricity, petroleum, fertilizer, machine tools, gas, solid minerals, steel and aluminum, media, hospitality industry, banks and insurance companies, transportation including aviation, paper mills, cement, sugar companies, agro-allied industries, trucks and motor vehicle assembly plants, river basin development authorities etcetera. It is estimated that successive Nigeria governments have invested up to ₦800 billion in public enterprises (Anyebe, 2012). The sector attracted the majority of government capital expenditure, with more than 80% in 1980 and it accounted for more than one-third of the modern sector employment (Layele, 2002).

There were therefore, justifications for this large-scale use of public enterprise to accelerate the rate of development by the new nations. The exigencies of national sovereignty, national independence and national pride made the governments of these countries foreclose the option of opening up their economies to competition, given the chronic shortage of capital and capital markets. Private ownership under this circumstance would necessarily mean foreign ownership. The justification can also be traced to the management of the consequences of World War 1, especially the economic crisis of the 1930s. The experience of the great depression had, apart from other things, one major effect. The faith in laissez-faire state, a fence sitting state not actively intervening in the economic life to control the functioning of the market, was shaken. One lesson learnt was that economic development could not be left wholly to the private enterprise based on the free market and the state had a role to play in it. The spread of Keynesian interventionist ideas further promoted a rapid development of the public enterprise sector. United Kingdom and France exhibited high levels of statism in the 1950s and 1960s and perhaps, the developing countries thought that by emulating administration apparently successful in the countries of the former colonial powers they could imitate their economic success. Finally, the emergence of the CAG and the interest shown by its members in the new nations and their administrative systems contributed to the growth of this concept.

Much of the reliance on public enterprise was misplaced and the results were not what had been hoped for. Instead of serving as an agent of national development, many public enterprises served only the interests of their managers and workers. In 1991, public enterprises accounted for 23 % of employment in Africa and only 3 % in Asia, while the poorer the country the larger the relative size of the sector (Tuner and Hulme, 1997:176). Even if it could be argued that infrastructure needed to be provided through public hands, there seemed little justification for government ownership of jute factories in Bangladesh, mines in Africa or national airlines almost everywhere.

In general, the strategy failed as the World Bank argues:

> In a few countries things have indeed worked out more or less as the technocrats expected. But in many countries outcomes were very different. Governments embarked on fanciful schemes. Private investors lacking in confidence in public policies or in the steadfastness of leaders held back. Development fettered and poverty endured (Anyebe, 2003:70-71)

The quantifiable return on the large volume of investment in the public enterprise sector in Nigeria, for example, was not seen as satisfactory in the light of the realities of the country's economy in the 1980s. Almost all the enterprises operated at sub-optimal levels. There were huge losses in many cases, and these losses were charged against public treasury.

According to Obasanjo:

> It is conservatively estimated that the nation may have lost about $800 million due to unreliable power supply by National Electric Power Authority and another $440 million through inadequate and inefficient fuel distribution. And the figures like this do not even tell the whole story. They cannot for example, capture the scope of human suffering and even loss of lives caused by shortage of petroleum products. That is not to mention the frustration and debilitation of the informal sector where business centres, repair workshops, hair dressing salons etcetera depend on steady supply of electricity to function (Anyebe, 2012:144).

In some of these organizations, cases of large-scale mega corruption were rampant. Permanent officials colluded with political executives to engage in corrupt practices. For example, in 2014 it was alleged by the Governor of the Central Bank of Nigeria (CBN Governor) that out of $67 billion worth of crude oil shipped by the NNPC between January 2012 and July 2013 only $47 billion was recorded by the CBN, leaving $20 billion unaccounted for. He also revealed that between the same period, the NNPC failed to remit a whopping $49.8 billion of oil proceeds to the federation account.

After a series of verbal outbursts which generated a lot of controversies among industry operators including labours, organized private sector operators and financial experts the CBN governor appeared before the legislature and quoted another figure ($12 billion) – to the consternation of many Nigerians (leadership , Friday December 2014). For this singular act the CBN governor (who later became the Emir of Kano), was placed on indefinite suspension and a forensic audit was ordered. What the Government and the NNPC later said was that it was only $10.8 billion that was unaccounted for, which is still a huge sum of money. According to Imimole etal (2014) the Academic Staff Union of Universities' protracted strike of 2013 could have been averted if this amount was released to them.

Merit-based recruitment and promotion were usually replaced by appointments and promotions based on patronage and clientelism and other forms of favouritism which in most cases involve corrupt practices. Following the end of the cold war and a global turning away from statist and socialist ideas, Nigeria, like other sub-Saharan African (SSA) countries started to adopt principles of free markets and participation in the world trade system. As part of these changes and under the direct encouragement of international financial institutions such as the World Bank and the International Monetary Fund (IMF), Nigeria started adopting principles of market liberalization, including scaling down the public sector and restructuring to conform to the principles of the new approach to the management of public affairs.

Privatization was one of the reforms undertaken to overcome defective capital structure, excessive bureaucratic control, inappropriate technology, incompetence, mismanagement and monumental corruption. This, it was hoped, would enable government to concentrate resources on its core functions.

4. PRIVATIZATION AND COMMERCIALIZATION PROGRAMME

The word 'privatization' can mean many things. In other words it has been subjected to a plethora of definitions. As the name suggests, it can mean returning publicly-owned assets to the private sector, usually where control of an activity is passed from the public sector to the private sector by means of an issue of share (Ohashi and Roth, 1980). This view is to narrow. It makes more sense to see privatization as the reduction of government involvement in general: as a reduction in production, but also a reduction in provision, subsidies or regulation, or indeed any combination of the four instruments.

Steel and Heald (1984) argue that privatization can be carried out through: charging; contracting-out; denationalization and load shedding or liberalization. The United Nations Development Programme (UNDP) Guideline on privatization (1991) defines the concept as the marketization of public sector activity, that is, the subjection of macro-economic decision making to market forces. Section 14 of Nigerian Government Privatization and Commercialization Decree No. 25 of July 1988 defines privatization as the transfer of government owned shareholding in designated enterprises to private shareholders comprising individuals and corporate bodies. Ezeani (2004:24) defines privatization as a deliberate government policy of stimulating economic growth and efficiency by reducing state interference and broadening the scope of private sector through one or all of the following strategies; transfer of state owned asset to private through the sale of shares, private control as management of the state owned assets, encouraging private sector involvement in public activity and shifting decision making to agents operation in accordance with market indicators. Kayode (1986) sees privatization, as a process by the public sector towards the pursuit of efficiency and effectiveness in attainment of objectives with dominance of financial consideration through the adoption of management styles that reward good and penalize poor performance. The privatization and liberalization Act of (1989) and the Bureau of Public Enterprises (BPE) Act of (1993) define privatization as the relinquishment of part of the equity and other interest held by the Federal Government or any of its agencies in enterprises whether wholly or partly owned by the Government. An even broader view is that of Jackson and Price (1994) who argues that the menu of activities which make up a definition of privatization includes: deregulation; opening up state monopolies to greater completion; contracting out; the private provision of public services; joint capital projects using public and private finance; and reducing subsidies or introducing user charges.

From these definitions, three things emerge. First, for privatization to take place there must exist public enterprises, which need to convert into private enterprises. Second, there should be reasons that private ownership, control or management would be better than public ownership. Finally, privatization should be based on the fact that there are problems with public ownership of enterprises, and privatization is part and parcel of the reform agenda to turn around these enterprises so that they can deliver goods and services more efficiently and effectively.

In Nigeria, privatization arose as government tried to restructure the national economy and reduce the financial dependence of State Owned Enterprises (SOEs) on the national treasury as well as promote efficiency and effectiveness in service delivery of these enterprises. Apart from the huge financial drain on government resources due to the financial obligations incurred by federal government on public enterprises, it became imperative for the government to sell off its interests because the enterprises had not lived up to expectation. Furthermore, there was no real commitment on the part of public enterprise management to monitor the performance and smooth operations of public enterprises. Coupled with their monopolistic nature, they prevent the entry of other firms thereby stifling competition (Bala, 2004:16). The implementation of an IMF programme for debt relief was however, one of the main reasons why Nigeria commenced the privatization programme in 1988.

5. EXPECTED BENEFITS OF PRIVATIZATION AND COMMERCIALIZATION PROGRAMME

Privatization is not an end in itself, but is a key tool for improving the efficient allocation of resources, for mobilizing investment and stimulating development. It is expected to have the following benefits in Nigeria:

- Dismantle monopolies and arrogant nature service.
- Reduce corruption and parasitic mentality.

- Infuse capital and modernize technology in the country's industries.
- Strengthen capital market.
- Attract foreign investment and positive image profile.
- Attract capital flight back to Nigeria.
- Create more employment opportunities as a result of expansion.
- Resolve massive and perennial pension fund gaps.
- Broaden ownership base and create popular capitalism to generate funds for investment and positive image profile.
- Reduce debt burden and fiscal deficits.
- Promote efficiency, transparency and better management.
- Allow the government to focus on deprived social sectors like education, health, water, sanitation and rural infrastructure (Privatization Hand Book, 2004).

Admittedly, the economic impact of privatization is unquestionably desirable. The current move towards economic liberalization, competition and privatization is partly informed by gross failure of public enterprises to live up to expectation. In the case of Nigeria, it is clear that the government cannot afford to spend or subsidize a few public enterprises with resources equal to more than twice the nation's capital expenditure budget. However, it was reported in a study by Anyio (2014) that:

> Due to high tariff charged by new telecommunication outfits occasioned by counter moves among the operators and inter-operation fights which do not allow calls to other networks and if they do the costs are exorbitant. The quality of service is a reflection of the poor investment infrastructure and network rollout, prevailing interconnection speed which is still unattainable among the telecommunication outfits.

MTEL between 2001 and 2002 was plagued by connection problems and the inability to reach cross networks agreement with the two largest Nigerian mobile concerns, V Mobile (formerly ECONET Wireless) and MTN who wanted exorbitant amounts of money from MTEL for each call carried from an MTEL caller to one of their subscribers MTEL since then has had difficulties even with the network rollout expansion contract by Motorola and Ericson since 2001 and even though other networks (MTN to be specific) couldn't offer the desired quality of service to Nigerians they made sure they scuttled MTEL's efforts to deliver (a customer who was an interviewee, 2014). As observed in the theoretical framework and from interview, this problem constitutes one of the major hindrances to MTEL/INTEL keeping pace with the reforms.

One argument in favour of privatization is the problem of monopolies, where public enterprises have operated an inefficient monopoly lacking clear policy direction and offering very poor quality services to the public. In this regard, Nigerian Telecommunication sector was deregulated to stimulate competitiveness and efficiency in service delivery. This competitive environment was expected to improve the quality of services being provided. In addition, it is expected to lead to a reduction in the prices of service as new and innovative ways are expected to be introduced in this sector. This approach gave rise to more than four global system of Mobile Telecommunication (GSM) providers competing among themselves which should lead to reduction in the tariff rates charged.

This proactive approach by the government, has led to a rapid growth and development in the sector. Prior to the auction of GSM licenses in 2001, NITEL had a capacity of 700,000 fixed lines with about 420,000 subscribers connected. There were about 22,000 lines developed by private telephone operators (PTOs) then (Anyebe, 2012). By the first quarter of 2007, the GSM operators were estimated to have a combined total of over 30 million subscribers which had increased to over 120 million by 2014, spread all over the cities and some villages in the country. Stimulating competition is an attractive part of the privatization programme. In theory, competition provides powerful incentive to both produce and price efficiently. When faced with competition, private enterprises that do not operate in accordance to consumer demand, or who over price their products, will lose customers. Any failure to match the performance of competitors will soon become apparent in the form of loss of market share and deteriorating financial performance. Companies should know that consumers are after better and cheaper services. In Nigeria, it appears that a public monopoly has been converted to a private one in the telecommunication sector because price has stabilized at a high level(a customer,2014). Also, there were complaints from subscribers about poor service delivery by telecom operators as evidenced by call dropped, call diversion, network busy, etcetera.

Many companies sold to private investors under the government privatization programme have collapsed while others are tottering. Some of the companies that are still surviving may close shop soon due to unfavourable business climate in the country. The Bureau of Public Enterprises charged with privatization of public-owned companies had by 2010 raked in ₦510 billion after selling off government stake in 145 firms (Anyebe, 2012).

One benefit of privatization to Nigerian economy is the expected transfer of technical and managerial know-how, and the improvement in the skills level of its local labour force. With the takeover of public enterprises, especially by experienced local and foreign entrepreneurs, one of the first things embarked upon should be the massive training and re skilling of local *staff* to improve their performance and bring them up to international standards. There should be an outstanding multiplier *effect* to the local economy when you have increased labour productivity through a more dynamic labour/work force that is technically competent. This should help to integrate the Nigerian economy into main stream of the World economy. Privatization is as well expected to assist in restructuring the public sector in a way that will *affect* a new synergy between a smaller and more efficient government and a revitalized, efficient, and service-oriented private sector. This is still a dream in Nigeria (Staff who was an interviewee, 2014).

One other aspect of the benefits of privatization worth considering relates to the flow of financial resources from the private sector to develop the economy at large. With privatization, the private sector should become the engine of growth. In order for private entrepreneurs to achieve their objectives (which is to make a profit), they undertake huge investment to aid the future growth of their companies and hence the economy. This also remains on paper in Nigeria (Staff who was an interviewee, 2014). Privatization in Nigeria should lead to openness and transparency in government business. It should also reduce corruption as the opportunity for embezzlement is reduced. But there are still allegations of lack of transparency and shady deals. For instance, Arabian Amlak for Investment Limited (AAIL), a willing buyer, sued BPE in 2014 for selecting NATCOM consortium as the preferred bidder for NITEL and its subsidiary Mobile Telecommunications Limited (MTEL). AAIL was challenging government's preference for NATCOM's $252 million offer which it claimed was comparatively less than the $919, 999, 999.00 it offered (Adugbo, Daily Trust, Friday, December 5, 2014: 3).

Employment creation has been one of the basic objectives of privatization and commercialization programme in Nigeria. Unfortunately, more job losses have been experienced by labour in many privatized public enterprises including the telecommunication sector. The sector has been ridden with crises for the inability to pay its workers. Its service delivery remains poor. The story was also bad for the partially commercialized Power Holding Company of Nigeria (PHCN) where over $16 billion was sunk to reactivate it but there was still intractable problem in the power sector as evidenced by epileptic power supply (Anyebe, 2012). However, the privatised Benue Cement and Sokoto Cement are doing fairly well. Similarly, the reversal of the sale of the refinery in Kaduna (now a public enterprise) led to the production up to about 70% capacity. So the problem here is more of attitude than that the public bureaucracy is inherently inefficient.

Empirical evidence and research findings have revealed that privatized companies in the steel sector that used to employ up to 20,000 workers now have less than 4,000 after privatization (Daily Trust, Monday December 27, 2010). Similarly, the Daily Times Plc. which was acquired by the Folio Communication Ltd in July 2004 has been out of production. Folio Communications Limited which formally took over as core investor of the News Paper on 3rd September 2004 was only able to pay workers salary for that month and subsequently embarked on a retrenchment exercise, just as it ceased publishing the paper. The core investor could only publish Business Times an *off-shoot* of the Times but the publication was stopped on the 17th March 2005 (Anyebe, 2008:77). The Electricity Metre Company of Nigeria, Zaria that was sold to Dantata Investments Ltd in December 2002 is also grounded. Research also revealed that only recently the company sacked about 90% of its workforce while carrying skeletal operations. The Peugeot Automobile of Nigeria (PAN), which was sold in July 2004 to the Kaduna State Investment Limited, sacked 226 workers, even as the company groans under harsh business environment (Daily Trust, Monday December 27, 2010). This was explained by the Head of Corporate Social Resources of PAN when he said that the staff were sacked in view of the current economic situation of the company.

The Federal Superphosphate Fertilizer Company Limited in Kaduna has stopped production. The Fertilizer Plant was acquired by Heiko Consortium in September 2005. The company has not been able to pay workers' salaries for months. The Nigeria Paper Mill, Jebba, which was liquidated in June 2006, is not producing, though it was claimed that it has resumed partial operation after a long recess. The mill was acquired by the IMNL Ltd. In the same vein, the Ajaokuta Steel Complex, which was sold (60% concession) to an Indian company, Global Infrastructure Nigeria Ltd, on May 17, 2007 has since been returned to the Federal Government while its labour force of 6,000 has been reduced to 1,000. The Nigeria Sugar Company, Bacita, Kwara state, sold in 2005 to Joseph Dam & Sons has stopped production. But in contrast, the Savannah Sugar Company in Adamawa state acquired by the Dangote Industries Limited is producing. The Zuma Steel Rolling Mill in Jos and the Osogbo Steel Rolling Mill has been grounded. Both of them were privatized in November 2005. But the spokesman for the BPE, Chukwuma Nwakoh said privatized companies are functioning “save for one or two”. He also said all other companies that have not been privatized are “either due for commercialization or privatization”. The BPE is yet to make public the report of the post-privatization evaluation exercise it has conducted. An official at the Bureau declared that the report was not for “public consumption”. The source however, added that the BPE is concerned about the state of the companies and the “unanticipated job losses”. Other steel companies sold under Obasanjo government were the Ajaokuta Steel Company (concessioned), the Nigerian Iron Ore Company, Itakpe in Kogo state, Delta Steel Company, Ovwian Aladja, and the Katsina Rolling Mill. Of these, only the Kaduna Rolling Mill is functioning well, while the Delta Steel Company is operating at around 10% capacity. Reacting, President Senior Staff Association of Communications, Transport and Corporation (SSACTAC) NITEL branch, Comrade E.Y Kazzah, described the entire privatization exercise as a failure. He said it has not translated in the creation of more jobs and that most of the companies privatized are not functioning, the privatization policy has failed. Government needs to revise it (Daily Trust, Monday December 27, 2010:5).

It has been observed that in 1987, the TCPC offered 1,486,772,063 shares to Nigerians from all spectrums of life. The privatization programme was expected to transfer this share ownership in the former public enterprises equitably. As at 1993, over 800,000 shareholders were created, almost twice as many as there were in 1988 when privatization and commercialization commenced (Privatization Digest 2007). One wonders if there was equity in the distribution of these shares, because research has shown that the distribution was skewed towards a particular region (Daily Trust, January 18, 2010).

Okigbo (1986), in Baiye, (2003) maintained that unemployment initially was viewed by the ruling class as a normal feature of the economic structure. Graduate unemployment created by the same economic crisis is now being given attention because of its threat to political stability. In respect of mass unemployment, it seems government has placed its faith on the organized private sector for curbing the situation (this is not really working). The ruling class also expected the economy to expand massively and become self-sustaining to, at least solve some of these problems by the year 2000 (such massive expansions are yet to be witnessed).

Development administration which is a technocratic bureaucracy following rational-legal principles as set out by Max Weber was thought to be all that was needed to overcome tribal authority and superstition, and then accelerate the rate of development in the developing countries. However, it was rather patronizing, as Turner and Hulme (1997:12) argue:

> It was a form of social engineering imported from the West and embodying faith in the application of rational scientific principles and the efficiency of the Keynesian Welfare economics. In its early days at least, it reflected the naïve optimism and ethnocentricity of modernization theory, that there were straightforward technical solutions for underdevelopment and the West possessed them.

It was true that the motivations of the practitioners of development administration were high but there were problems as Dwived and Henderson (1990:13-14) argue:

> Development administration was supposed to be based on professionally oriented, technically competent, politically and ideologically neutral bureaucratic machinery. The ostensible output was modernization-induced and predictable social change following western perceptions preceded by institution- building and modernization of indigenous bureaucratic machinery to undertake developmental tasks...But what was missing from the expected picture-perfect imitation in the Third World was the necessary set of conditions for bringing about a number of social, economic, cultural and political changes. These included an expanding economic base, a tax base, professionally trained manpower, political legitimacy, cultural secularization, universalism, a relatively open society and a strong political superstructure capable of governing.

In general, the strategy failed as the World Bank argues:

> In a few countries things have indeed worked out more or less as the technocrats expected. But in many countries outcomes were very different. Governments embarked on fanciful schemes. Private investors lacking in confidence in public policies or in the steadfastness of leaders held back. Development fettered and poverty endured.

Development administration is interesting for public management as a topic in its own right, and also as the model of administration to change dramatically over the 1980s and 1990s. First impression tempts one to believe that the future of development administration in any advanced or developing country is not very bright. The shrinking of government through privatization occurs through a process of economic theory into policy-making.

The privatization policy may be a general test case for the practice of development administration. However, the advanced countries of the West still make a sizeable expenditure on old-age security unemployment benefits, health, education, and other social services. Provision of all these requires planning. The developing countries generally, incur similar expenditures.

There appears to be an assumption that merely because neo-classical economic theory prescribed a minimal role for the state, all that was needed for economic development was to cut the public sector. It appeared that another orthodoxy-simple reduction of state activity-was to replace the previous orthodoxy of development administration. In the final analysis, the performance of privatization programme in Nigeria is a mixed bag of limited success and continuing challenges.

This shift to state minimisation has not worked as intended even as the World Bank, one of the institutions whose prescriptions had led to this impasse, for which it must share some blame, could argue:

> As often happens with such radical shifts in perspective, countries sometimes tended to overshoot the mark. Efforts to rebalance government spending and borrowing were uncoordinated, and the good was as often cut as the bad. To meet their interest obligation, countries mired in debt squeezed critically important programmes in education, health, and infrastructure as often as-or more than-they cut low priority programmes, bloated civil service rolls, and money losing enterprises (World Bank Report, 1997:24).

6. CONCLUSION

It was simple but simplistic to say that government just needed to be cut. What was more important was that government be made efficient, facilitative and appropriate to its circumstances rather than merely small. For privatization programme to excel in Nigeria, a foundation of law is required for markets to work. This includes establishment of property rights, protection of property rights from criminals and a fair and reasonable judiciary. Markets can only work if there is enforcement of contracts through the legal system. Some certainty is needed in economic policy to encourage investment, the absence of which makes it hard for any country to engage in any meaningful growth. This is what a proper business climate entails. The situation in Nigeria reflects lack of all these conditions. In the final analysis, we can submit that development administration will continue to be relevant in the public sector though the method of operation may change.

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