

PUBLIC ENTERPRISES AND THE CHALLENGES OF NATIONAL ECONOMIC DEVELOPMENT IN NIGERIA

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ABSTRACT

Globally, public enterprises are established to act as the pivot to propel economic and social development in areas of need. While the intention is the same in Nigeria, most public enterprises in the country are bedevilled by myriads of problems which constrain their ability to deliver on their core mandate. This has necessitated the need to critically evaluate public enterprises and the challenges of national economic development in Nigeria. A theoretical approach was adopted to explain the idea of public enterprises, economic development, the challenges bedevilling the sector and possible solutions as a result. It was concluded that the inability of public enterprises to deliver in the areas of their core mandate has negatively impacted on the economic development of the nation, leading to the clamour by the public for the transfer of these enterprises to the private sector for management. To this end, it was considered plausible to advocate for a well-monitored and structured public-private partnership to help government-owned businesses thrive and achieve their original purpose for being set up.

Keywords: Public Enterprises, Economic Development, Public-Private Partnership

Introduction

Public businesses are developed all over the world to serve as the catalyst for economic and social development in regions where it is most needed. According to Ademolekun (2002), public businesses are entities that arise as a result of the government operating as an entrepreneur. According to Maiwada (2018), a public enterprise is an entity that is established as a corporate body and as part of the government machinery for the purpose of pursuing an entrepreneurial goal. In a nutshell, public enterprises are mostly government-owned businesses that are tasked with delivering services that benefit the public. Universities, the Nigerian Railway Corporation, the Federal Radio Corporation, and the Nigeria Television Authority (NTA) are examples of public companies in Nigeria. Because each of these organisations was founded by the government, the scope of its operations and property ownership are subject to government oversight (Mukhtar, 2018). The implication is that the government takes on the role of the entrepreneur by investing in commercial initiatives for social and economic purposes.

However, most Nigerian public organisations are beset by a slew of issues that limit their capacity to fulfil their fundamental goal. Nigerian public companies have failed to provide residents with public goods such as law and order, security, economic infrastructure, and fundamental welfare, according to Giovanni (2007, as cited in Okeke et al., 2016). Due to continual meddling by government workers and political appointees, they appear to act as venues for patronage and the advancement of political aims.

Furthermore, state enterprises in Nigeria have been dubbed "drain pipes" for the country's resources since a significant amount of human and material resources have been put in them with no corresponding financial returns. Despite their declining income profile, the government has continued to subsidise these businesses in order to keep them afloat and fulfil their social welfare obligations to the country (Obasanjo, 1999). The failure of public businesses to execute on their fundamental purpose has had a detrimental influence on the nation's economic development, prompting public demand for the transfer of these enterprises to the private sector for administration (Okeke et al., 2016).

Nigeria might be considered a "divinely favoured" country since it is endowed with many and plentiful natural, mineral, and human resources sufficient to provide its residents with a comfortable lifestyle. A variety of economic reform programmes have also been conducted in the nation, with direct and indirect effects on boosting economic development, but the country has been beset by a slew of difficulties that have rendered self-sufficiency and progress a mirage (Olabiya & Olowookere, 2021). This study will conceptually examine public enterprises and the problems of national economic growth in Nigeria based on this assumption.

Understanding Public Enterprises

An organisation that is set both as a corporate entity and as part of the governmental machinery for entrepreneurial or entrepreneurial-like aims is known as a public enterprise. They are organisations that arose as a result of the government operating as an entrepreneur (Obikeze & Anthony 2004). The characteristics of public businesses are similar to those of a group of people acting as one. As a result, the business is recognised as a legal entity with the authority to carry out specific actions and duties. It is defined as a legislatively formed corporate organisation with defined powers and functions that operates autonomously and has explicit authority over a certain region or kind of business activity (Ekhaton, 2002).

Three ramifications of public enterprise as part of the government machinery are discussed here. First, a public enterprise is an instrument of public policy because of its tight relationship with the government, and its principal duty is to support governmental aims and programmes. As a result, it is inherently under government authority. Second, by definition, a public firm handles public resources, particularly public money, necessitating attention to procedures for ensuring accountability. Third, combining financial and economic goals with social and political goals makes it difficult to come up with a suitable performance measuring tool (Obikeze & Anthony, 2004).

Classification of Public Enterprises

Public firms may be divided into three categories, according to Laleye (2002) and Muktar (2018): industrial or commercial enterprises, social service enterprises, and economic enterprises. The main purpose of industrial or commercial businesses is to make a profit for themselves and the government. Textile industry, the Nigerian Port Authority, Nigerian Railway Corporations, and others are examples. They are self-sufficient and do not require government assistance. They should be able to generate finances independently and be prepared to send the money to the government as "independence revenue." Social service businesses are designed to meet society's social needs. Their primary goal is to offer a necessary service to the public rather than to generate a profit. The Water Board, the Federal Medical Centre, and the N.T.A., for example, all rely on government funding to stay afloat. The Agricultural Commodities Board, for example, is an economic enterprise that deals with commodities. They are also regulatory in nature and help to govern the price of goods. They also plan and manage manufacturing as well as market distribution. Regulatory authority and licencing authorities are two terms used to describe them. Export promotion councils, for example, might be classified as part of this economic business.

Rational For Public Enterprises

Obikeze and Anthony (2004) revealed that there are many reasons for the establishment of public enterprises, which include:

- i. The desire to use the public enterprise as an instrument of effective plan implementation in a context where it appears futile to devise a development plan for the private sector.
- ii. The need to secure economic independence.
- iii. The urgent desire to assure government control over "strategic" sectors of the economy (e.g. central banking, broadcasting, iron and steel, roads, shipping, etc.).
- iv. The need to separate some activities from the civil service and allow more autonomy in their running.
- v. The perceived need to provide employment for the citizens in context where the private sector offers very limited employment opportunities.
- vi. The need to ensure state control of key profitable enterprises with a view to generating revenues that will add to available national capital for financing development programmes and projects.
- vii. The desire of some socialist-orientated regimes to use state control of key profitable enterprises to pursue the objectives of preventing the concentration of wealth or of the means of production and exchange in the hands of few individuals or of a group (i.e. promoting equitable distribution of wealth).

Challenges of Public Enterprises

According to available information, public service performance in nearly all tiers of government in Nigeria has remained terrible, resulting in the current condition of economic underdevelopment. Part of the difficulties, according to Olabiyi and Olowookere (2021), might be due to the high prevalence of corruption and a variety of other reasons. Political interference, political instability, poor management, government controls, over-protection by government, poor attitude at work, poor funding, monopoly, absence of competitive environment, financial mismanagement, distorted pricing policy, and inappropriate investments are some of the factors that have led to the abysmal functioning of public enterprises in Nigeria, according to Okeke et al. (2016), Anike, Okafor and Udejinta (2017), and Muktar (2018).

Public Enterprises and Economic Development

For the purpose of promoting socioeconomic growth and protecting the Nigerian economy from foreign exploitation, public firms were established in the country. This explains why it received a larger part of the national budget (Adeyemo, 2008). Public enterprise is the most suitable institution for the government to fulfil this most important purpose. There has been a lot of discussion in the economic literature on how public-sector companies have helped to propel the United States to economic supremacy and technological growth over the past few decades (Dewett, 1997).

By minimising regional inequalities and encouraging balanced development across the country, the public sector can play a crucial role in achieving the national aim of economic growth while also ensuring social fairness. Rapid socioeconomic development of the economy necessitates establishment of public sector firms in all nations. The importance of the public sector has been widely acknowledged in countries across the world (Mishra, 1997). Nigerian sector enterprises play a significant role in fulfilling various social obligations, such as creating jobs for the masses, providing basic infrastructure and public utilities, protecting consumers from being exploitation, and so on, as well as promoting backward regions of the country and achieving a balanced regional development in Nigeria (Sundarapandian & Vidya, 2011).

Managing Public Enterprises Effectively

According to Abdullahi and Usman (2014), collaborating with corporations, small companies, nongovernmental organisations (NGOs), and civil society organisations to deliver socially useful goods and services is a successful method of managing public enterprises. Public-private partnerships are the official name for this type of engagement (PPP). Concessions, build-operate-transfer (BOT) agreements, joint ventures, informal and voluntary collaboration, and other forms of cooperation between public and private sector firms are all examples of this type of cooperation. Nongovernmental organisations (NGOs) can provide social services with help from public-private partnerships. These partnerships can be held by domestic or international corporations as well as community groups, cooperatives, private voluntary associations, and other nongovernmental organisations (NGOs).

They further suggested that in order to be effective, governments must take the following actions to manage public – private partnerships.

- i. Clearly identify goals and objective of public private partnerships and embody them in an official set of laws.
- ii. Develop strategic management plan for PPPs.

- iii. Create an effective PPPs agency.
- iv. Select appropriate methods of PPPs.
- v. Develop clear and transparent PPPs procedure.
- vi. Apply appropriate assessment and valuation methods.
- vii. Create effective financial structures for private sector participation.
- viii. Establish an effective system of government supervision and regulation especially for natural monopolies.
- ix. Help strengthen private sector management capacity.
- x. Create employment protection measures for current government employees in organization that will go to PPPs.

Conclusion and Implications

According to Abdullahi and Usman (2014), collaborating with corporations, small companies, nongovernmental organisations (NGOs), and civil society organisations to deliver socially useful goods and services is a successful method of managing public enterprises. Public-private partnerships are the official name for this type of engagement (PPP). Concessions, build-operate-transfer (BOT) agreements, joint ventures, informal and voluntary collaboration, and other forms of cooperation between public and private sector firms are all examples of this type of cooperation. Nongovernmental organisations (NGOs) can provide social services with help from public-private partnerships. These partnerships can be held by domestic or international corporations as well as community groups, cooperatives, private voluntary associations, and other nongovernmental organisations (NGO). An analysis of Nigeria's economic progress and the problems faced by the country's public companies is presented in this study. Government-owned businesses have been found to be the driving force behind economic and social growth where it is most needed. The majority of Nigerian public companies, however, are plagued by a plethora of issues that limit their capacity to carry out the fundamental purpose. People are calling for the privatisation of public firms because of the bad impact it is having on the country's economic development. Public enterprises are not able to execute on their fundamental purpose because of this. Political interference, political instability, poor management, government controls, distorted pricing policies, inappropriate investment decisions, poor infrastructure, excessive bureaucratic control or intervention, crippling complacency, etc. were identified as some of the obstacles to the success of public enterprises. Public-private partnerships (PPPs) have been shown to be a successful method of managing public enterprises, according to the study.

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