

# CONTEMPORARY ISSUES IN PUBLIC ADMINISTRATION AND GOVERNANCE: THE NIGERIAN EXPERIENCE

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## CHAPTER THREE

### THE NEW PUBLIC MANAGEMENT SYSTEM FOR NIGERIA: PROBLEMS AND PROSPECTS

By

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#### Introduction

Management is assumed to be all about plans and actions, while administration is concerned with framing policies and setting objectives, providing the resources and organising the men towards the attainment of set goals for human advancement in the society. The manager manages the processes in an organization which lead to the realisation of profits for its shareholders, whereas administrators are responsible for the strategizing, directing and coordinating how public interests could be well achieved for the benefit of the general public in the most cost-effective manner.

Management is a term prevalent in the private sector while administration belongs to the public sector; yet the two concepts refer to the same role performance with different contextual outcome. While management pursues private interests, administration is aimed at generating public good. Thus, they are complementary rather than exclusive of each other.

Public Administration is the bridge through which the central/national/federal/regional government transmits its functions (to preserve order, defend the state against external enemies, manage the economy to everyone's advantage, redistribute income and resources, provide collective public goods and establish justice). The organizational structure which the policies and programmes pass through is the 'black box' (the conversional mechanism which translates government pronouncements into action-plans). They are the Ministries, Departments and Agencies (MDAs) which are structurally and functionally organized and headed by political heads known as Secretary, Minister or Commissioner in different climes. They are to superintend and ensure that the programmes and policies of the central/federal or State government are executed in accordance with the ideology of the political party in power. This is to ensure that service delivery is in accordance with the terms of the mandate obtained at the polls. Departments of Government are yet another outlet sometimes referred to as Parastatals. They are owned or controlled wholly or partly by the government, and are meant to discharge services at government rate. A board led by a Chairman or Chief Executive Officer (CEO) often supervises them. Example of a government department or parastatal is the Department of Petroleum Resources (DPR), a subsidiary of the Nigerian National Petroleum Corporation (NNPC) or Federal Road Maintenance Agency (FERMA), both of which relate to the Petroleum Ministry and Federal Ministry of Works, respectively. Departments and Agencies are meant to avoid the strict bureaucracy of the Ministries in the delivery of services to the

public. According to Wikipedia online dictionary (2017), 'a government or State agency, is often an appointed commission, is a permanent or semi-permanent organization in the machinery of government that is responsible for the oversight and administration of specific functions such as an intelligence agency. They could be established by legislation emanating from the parliament or by executive order of the President'. Examples are: Ministries (Education, Works, Health), Departments (DPR, DSS, etc) and Agencies (NAFDAC, NCAA). These constitute the linkage mechanism among the executive, legislative and judicial arms of the government of any State and the larger society of people. It is these organizations which serve as the 'black-box' in the David Easton's 'System theory'. They convert government policies, decisions, presidential orders and preferences into manifest actions in the society in terms of service delivery. This is the situation in all governance climes.

It is important to note that the internal operational guidelines of the Ministries, Departments and Agencies are conducted in accordance with Maximilian Weber's six-point operational code. These are: (i) MDAs must have formal hierarchical structure with graded authority on each hierarchical level. This creates the 'boss/subordinate' 'syndrome' and clear line of responsibility and authority. It creates a centralized decision-making system. (ii) Rules of Administration-the conduct of bureaucratic business is done according to specific rules, which must be adhered to. It inadvertently does not give room for initiative application. (iii) The system is operated by functional specialty and it is divided into functional bureau with each specialising in the performance of specific duty. Example is the account unit, procurement, personnel management units respectively. The operators of the units are specialist in the functional area of the units in which they operate. (iv) Impersonality in service delivery -it is a cardinal principle of bureaucracy. This is because they are meant to serve the public. It is only then that everyone who comes before the bureaucracy can be assured access to the services delivered by any of the MDAs. This remains the code of conduct for every public organization. (v) Employment based on technical qualifications-All those engaged in the bureaucracy must be technically qualified for the job which they are engaged to perform. In addition, employees must be engaged based on merit after a test or examination attesting to their expertise and capability. (vi) Separation of official and personal property- All bureaucrats are to separate their personal property from official property in order to allow the commonwealth to be used for the generality of the people. This is to avoid converting commonwealth to personal property, thereby denying the generality of the people the benefit of the commonwealth.

#### Rationale for public enterprise

The Government has several reasons for the creation of the Departments and Agencies. The urge for faster development- after the great depression of the 1930s, is one of such rationale. This is because free-market economy, which was the dominant economic ideology, did not possess the mechanisms required to recover from depression on its own. John Maynard Keynes (1936) canvassed for government intervention and spending in the economy, in order to stimulate full employment,

interest and money. The essence of the Keynesian postulations is that the State possesses enormous resources which should be invested to generate aggregate demand in the economy after employment in the industrial outfits created by the state. The investment made by the state/government in the economy would eventually come back to the national treasury in the form of enhanced tax revenue, collected from increasingly profitable businesses and rising number of well paid employees as the recovery widens and the economy grows (Sodaro, 2008: 355). Public Enterprise, by virtue of its relationship with government, is an instrument of public policy. Its primary mission is in connection with governmental objectives and programs, and it is, therefore, naturally under governmental control. It mostly manages resources especially public money. This means that attention must be paid to mechanisms for enforcing accountability (Laleye, 2002 cited in Frank, 2015:67). The civil service emerged as a 'closed organization' and became highly bureaucratic because of its systematic approach to avoid duplication. This slowed its processes. The urgency with which third world and African states wanted to meet up with development in the global system made the creation of the body, which would combine the characteristics of both private and public enterprises, imperative. It was hoped that it would be flexible, efficient and quick in leading to Development Administration of African States (Frank, 2015: 67). In order to achieve faster development through this mechanism, State Owned Enterprises (SOEs) became a development fad in Nigeria and the third world. These strategies of development became inadequate in the twenty first century, hence the agitation for the adoption of a new one.

Another critical *raison d'être* for the use of State Owned Enterprises as a strategy for development was the success of the European Recovery Plan, also known as the 'Marshall Plan' to restore Europe which was ravaged by the second World War. Development Administration became a fad following the successes of the ERP with its management approach to restore the economy of Europe.

The increasing inability of the existing administrative system to fast track development in the 21<sup>st</sup> century has led to the agitation for the application of the New Public Management System. The main focus of the New Public Management system for service delivery rests on administrative principles with emphasis on:

- i) A strong financial control, value for money and increasing efficiency;
- ii) A command and control mode of functioning, identifying and setting targets and continuous monitoring of performance, handing over the power to the senior management;
- iii) Introducing audits at both financial and professional levels using protocols to ameliorate professional behaviour;
- iv) Greater customer orientation and responsiveness and increasing the scope of roles played by non-public sector providers;
- v) Deregulating the labour market, replacing collective agreements with individual rewards packages at senior levels combined with short-term contract;
- vi) Discouraging the self-regulating power of the professionals and handing over the power from individuals to the management;

- vii) Encouraging more entrepreneurial management than bureaucracy with high retrospective accountability requirements upwards;
- viii) Introducing new forms of corporate governance, board model of functioning and concentrating the power to the strategic core of the organization (Hood and Jackson 1991 cited in Frank, 2017). The partial application of these principles under 'privatization and commercialization' in the past, under the military president, did not translate into effective service delivery. The application of this style of administration in Nigeria is fraught with challenges rather than prospects.

### The problem

The problem addressed in this chapter concerns the fact that the present bureaucratic structure of public administration applicable in Nigeria has become dysfunctional and increasingly unable to deliver services to the society. This is visible because the rate of development in Nigeria is so low as indicated by the Human Development Indicators (HDI). Unemployment is on the increase. Nigeria's unemployment rate rose for the seventh straight quarter to 13.9 percent in the third quarter of 2016 (NBS, 2016). The data from the National Bureau of Statistics for 2017 on unemployment is about 18.56 percent of the employable population. Poverty is burgeoning in the sixth largest crude oil producer in the world. Inequality is terribly widening and the country is increasingly unable to move towards self-reliance. Nigeria has about 10.5 million out of school children, even greater than any country coming out war situation before the Northeast crises. It is anyone's guess that this must have been doubled now by the actions of insurgents.

The principal issues which constitute the problem of the bureaucratic structure of public administration are that (i) bureaucracy is all about following the rules rather than the results. This is because for every decision about to be taken, guideline, standard and procedures must be adhered to, often times; the problem to be addressed escalates out of proportion. (ii) The repetitive nature of the role performance in bureaucracy often causes low morale of the public servants who perform same roles day-in-day out. (iii) The principle of strict application of rules does not provide room for manoeuvring because suggestions for new initiative have to pass through chains of command before approval is obtained. (iv) Red-tapism destroys initiatives, wastes time, and enables the problem slip away from being solved. The totality of these in Nigeria is that it becomes a driver of underdevelopment rather than development. This background gave rise to the agitation for the application of the New Management system in the MDAs in Nigeria rather than a continuation with the old system.

The main crux of the problem is that the administrative system of the civil service, which was derived to satisfy the traditional requirements of government activities, is not adequate for the requirements of industrial and commercial enterprises. They were not set up to serve the needs of business; hence, flexibility and economic efficiency were not built-into its procedures of accounting and pre-audit

systems to prevent mistakes in government. It wants the expeditious decisions of business (Frank, 2015:71) world, to be brought into the management of public affairs.

This lack of flexibility, strict application of procedure, rules and the consequent redtapism have raised the demand for the application of the New Public Management (NPM) approach, which is businesslike, to Public Administration in Nigeria and to many other countries of the 3<sup>rd</sup> world.

The second most critical aspect of this chapter is how to introduce the New Public Management approach in Public Administration in Nigeria given the long-standing administrative cultures of inefficiency in service delivery, which had existed.

The New Public Management essentially seeks the application of a private sector-oriented management system in the Public Administration context in Nigeria. The main themes of the New Public Management system include: (i) the conduct of Public Administration in a business-like manner dictated by profit consideration, in the public-sector domain. Effective service delivery the indicator of performance. In this context, therefore, customer satisfaction would mean public satisfaction with services rendered. Customer or client contentment in the private sector would mean citizens' satisfaction. Transfer of services to contracting agencies, some of which are to be rendered by the local, urban and federal governments, would enhance the effectiveness of service delivery.

The focus of New Public Management within the model of service delivery requires financial independence to service providers, value for money, increased efficiency, setting performance targets, use of corporate governance (boards) and continuous monitoring and evaluation. The public servants at local, state and federal government levels would be known as Public Managers with incentive-based motivation (pay-for-performance). The expediency is that these public managers would have greater discretion in the execution of set tasks in the best way possible rather than rely on one defined procedure, as is the case with the old Maximilian Weber's principles. The root of the problem, therefore, is simply; what are the prospects and the anticipated problems of transiting from the operational Weberian model of Public Administration to the New Management model, which is the prevalent system of managing business concerns with profit motive and customer satisfaction as the critical driving force?

Drawn from the above are the following questions: (i) Is every aspect of public service amendable to business management principles? (ii) What would be the indicators for the citizen's satisfaction on the use of good road, hospital, schools and all social services? (iii) What is the model for quantifying and tracking social impact in order to establish customer's satisfaction? This is because outcomes are not as easily quantified as outputs. The private sector or the New Management system has robust measurement procedure; how can this be adapted to the public sector in Nigeria?

The general objectives of this chapter were to examine the feasibility of introducing the private sector businesslike model of New Management System to Public Administration in Nigeria. Its specific objectives included: (i) To attempt to apply business models to the public sector. (ii) To attempt to quantify every service rendered by the state and measure same in Naira and Kobo or in Dollar and Cent? (iii)

To develop a yardstick to be used to match output to satisfaction of the public (iv) To initiate, how to control the contractors in the age of Prebendalism and Patrimony? (v) To halt politicians from awarding contract to themselves through their cronies, allocate funds, abandon jobs, yet pay for jobs not executed (vi) To evolve ways of ensuring that workers are paid their wages and salary and end the no salary syndrome. Consequently, this would guarantee that the public managers would be paid in the age of the New Public Management system. The analysis, herein, would be tied to these objectives.

### **The Study Orientation**

This chapter examined the desirability of jettisoning the predominant Maximilian Weber's system and adopting the private sector driven Public Management System for the public sector in Nigeria. The study elected to be descriptive in its orientation. The descriptive orientation of investigation consists of three major components of inquiry viz: observation, consisting of knowledge and information obtained as data by the researcher from his personal reflexion and experience, which must have precipitated the study. The detailed case study (an in-depth investigation into the development and characteristics of a phenomenon over a period) of the subject matter. This consisted of the processes and practices of Public Administration based on the Weberian norms and the New Public Management system. Survey is the means of obtaining specific data concerning the attitudes, beliefs, values and preferences from respondents or the target population (sample) on the feasibility of adopting and applying the new public management system derived from the private sector for public administration in Nigeria. Secondary data were obtained from existing sources covering the broad ranges of these components.

### **Data Presentation**

(i) Decision-Making in the Public Administration system of Nigeria radiates from the philosophy of the governing political party and the governing elites. This is managed through the political heads of the MDAs and supervised through the hierarchy to the end. The political party from where the policy emerged is eager to deliver services on its terms to earn it a re-election. This would make it almost impossible to transfer the policy, programme or projects management to a Public Manager on contract basis to execute as required by the New Public Management practices.

ii) Public Choice /Public good- Public goods and general benefits should not be treated as if they were private goods, which could be provided under competitive market. Public goods are different; they are not subject to exchange, at market price, and cannot be used as an appropriate measure of user's preferences (Galbraith, 1958 cited in Frank, 2015: 44). How can road network be provided on cost-benefit –basis? It certainly has to be on Cost-Effectiveness to the general public basis.

iii) It was revealed that one component of Public Administration, which lends itself so well to New Public Management model is the Agency constituent. All agencies of the government, particularly the regulatory agencies such as National Agency for Food, Drugs Administration and Control (NAFDAC), Nigeria Civil Aviation Authority (NCAA),

Nigeria Electric Regulatory Agency (NERA), Standard Organization of Nigeria (SON), Federal Road Safety Commission (FRSC), and Nigerian Maritime Safety Administration (NIMASA), etc., could be contracted out to New Public Management Agencies on treaties. These are agencies, in which all the characteristics of New Public Management could apply rather than to the Ministry's functions component of Public Administration. Put differently, the civil service functions are the core of Public Administration. These functions cannot be assigned to public managers. It appears that the role of the Ministry of works could be contracted out to, say Julius Berger etc., which could deliver its outputs. There is therefore hardly any one Ministry, whose operations could be managed within the context of New Public Management by Public Managers as would be illustrated subsequently.

iv) Through observations it was noted that Arik Air Nigeria Limited, a commercial airline, is managed based on the New Public Management model. The State had provided the enabling environment for the operation of private Airlines, where profit is the 'built-in motivation' and the output is customer satisfaction. It had been observed lately, that Arik Air Nigeria limited, conveyed its passengers from London Heathrow Airport to Lagos, but left behind the passengers' luggages. It had not been able to meet its financial obligations to Aviation fuel companies; yet no passenger flies on credit terms. Airfares have been on the rise and changes daily. Where is the place of New Public Management in eliciting effectiveness and efficiency in service delivery, when it is wholly private in ownership? In other words, what would the New Public Management system do differently in this circumstance?

What is true of Arik Air Nigeria limited is true of Aero Air Nigeria limited and many others in that line of business. This line of business is almost 100 per cent deregulated. Where is the 'businesslike' and customer satisfaction' indicator which is the flagship of New Public Management.

v) Privatized State-Owned Enterprises- All over the world, the public service as a matter of experience, has not been known for their capacity to create wealth. It became a national policy imperative therefore to discharge the public sector from those areas where the private sector has comparative advantage to perform, while letting the state concern itself with the provision of 'infrastructure, security and the enabling environment' for business to thrive through enhanced wealth creation. Privatization as a tool for economic management came to the front burner when Chile became the first country to turn public assets/businesses to private operators in the early 1970s. Since then, over 140 countries (both developed and developing) have embraced privatization as a route to economic growth and prosperity. Critical aims are to free enterprises from control by rigid and bureaucratic structure and make the management of such structure more flexible in their investment strategies. Venezuela termed it '*capitalism*', Brazilian called it '*flexibilisation*'. It releases more investible funds to be injected into the economy. The overall objectives of the exercise in Nigeria were: (i) to improve on the operational efficiency and reliability of public enterprises; (ii) to minimise their dependence on the national treasury for the funding of their operations; (iii) to roll back the frontiers of state capitalism and emphasize private sector initiative as the engine of growth; (iv) to encourage shared ownership of

Nigerian citizens in productive investments hitherto owned wholly or partially by the Nigerian government and, in the process, to broaden and deepen the Nigerian market (Anya, 2000). It is instructive to note that these objectives are yet to be achieved in less than ten percent of the privatized enterprises in Nigeria, yet their management had come under the New Public Management system. The Bureau of Public Enterprises (BPE), the government agency charged with the conversion of former State-owned Enterprises to private entrepreneurs, recently averred that less than 10 per cent of the companies are performing contrary to the expectations of everyone. This indicates the failure of the New Public Management paradigm in Nigeria.

### Problems and prospects

Problems: Let us address the challenges confronting and that would continue to confront the application of the New Public Management system in Nigeria seriatim:

i) Leadership - Lack of leadership that is committed to the objectives of privatization and the application of New Public Management approach as outlined in the preceding section of this chapter. In Chile, particularly where it began, Brazil, and in Britain, the concept of 'small government' became a slogan of the late Margaret Thatcher and Ronald Regan in America. It was built into the strategic vision and the techniques for the realisation of the vision were outlined. These countries succeeded in releasing the resources trapped in SOEs and reinvested it in expanding the frontiers of private services rendered in lieu of the government. The truth is that Nigeria embarked on it, because it was pushed by the International Monetary Fund (IMF) and it was a recipe of the 'Washington Consensus' to make progress in the economy, the idea was not owned up. Nigeria's privatization has failed and would continue to fail, for one reason lack of leadership.

ii) Corruption - The tendency to misappropriate resources meant to provide public goods for selfish ends. In short, it is, 'arrested development' that would have taken place, if the resources were used correctly. The Nigerian anti-graft agency (EFCC) is replete with cases of corruption involving the President, Presidential staffers, National Assembly members, Governors and local government chairpersons, etc., all of who have arrested development in Nigeria, in one way or the other. In a 'prebendal state' such as Nigeria, NPM becomes a high-risk concept, since it would aid and abet further prebendalism. The general public would be discounted in service delivery.

iii) It is important to state that many of the staff in the SOEs were not recruited through the merit system, hence several of them were and are not to drive the system. When these enterprises are privatized and set to be run on NPM, many of these staff would be inherited through trade union agitations. These inherited staffers have 'inherited culture of inefficiency' so much that training would take time to change their mindset. This challenges the speed with which privatized firms proceed under NPM and gather momentum of productivity. It is instructive to note that where most of the old staffers must have been laid off, it has not produced any result as in the Power Holding Company of Nigeria (PHCN).

iv) Manageriability - It appears there is a dearth of business managers in the system, so much that many of the privatized enterprises have been asking the same

government which divested its holdings in these enterprises to grant it fiscal assistance after liberalising operational conditions for them. This is true of all the new firms in the power sector, which sprang from the privatization of former PHCN and other sectors.

These are some of the obvious challenges confronting the application of NPM in Nigeria's Public Sector.

v) The New Public Management frowned at the Weberian model which created the career service system in the civil/public service, thereby making it difficult to dismiss unproductive, inefficient and ineffective personnel. It got staff promoted after certain years of remaining on the same rank, rather than basing it on productivity measurement, and the growing nature of the bureaucracy, even when there are less activities to be performed, the cost of administration increased without output, endemic corruption (Frank, 2017). Any attempt to change from this would be resisted by the civil/public servants through their unions. Its political dimension would not allow its feasibility. Because many unqualified civil/public servants would be adversely affected, there would be stiff resistance.

### The Prospects

Earlier, allusion had been made to the fact that of all the components of Public Administration comprising of Ministries, Departments and Agencies of government, it is the Agencies that have the potentiality for adopting NPM system and not the Ministries and Departments of government. This is because Agencies of the government are often specialized outfits, set up to deal with issues or deliver services, which are of non-permanent nature. The occasional problems which arise could be contracted out and handled on the platform of NPM. Public functions such as refuse disposal, road construction, National Food and Drug Administration and Control (NAFDAC), Nigeria Civil Aviation Authority (NCAA), Nigeria Electricity Regulatory Agency (NERA), Standards Organization of Nigeria (SON), Federal Road Safety Commission (FRSC), Nigeria Maritime Administration and Safety Agency (NIMASA) etc., could be contracted and managed under NPM.

When a leader emerges in Nigeria who has an economic agenda, which could be actualized using NPM, then there would be a significant opportunity for the introduction of NPM in the Ministries, where most policies and strategies for their realization are drawn. This is because it is not possible to entrust the drawing of policies and strategies of a particular programme initiated by the government to a professional management agency. It is impolitic.

### Conclusion

In the course of the discourse in the chapter, we had illustrated that Nigeria's public administration radiates from the Executive arm of the government where the intentions of the government are initiated. This is complemented by both the Legislature and the Judiciary before the Ministries, Departments and Agencies (MDAs) of the government implement the policies. The government has to do this to satisfy the yearning of the electorates who voted for it. The strategies to put these policies

into operation are designed by the MDAs. However, the effectiveness of the system is hampered by the long termed single way approach, excessive rules and methods, its favourable disposition when it ought to be impersonal, its accountability to political boss instead of to the public, its extensive bureaucracy, its lack of merit orientation in recruitment, lack of leadership and large-scale corruption. It is these problems, which have made the system unable to deliver services to the Nigerian populace as effectively as possible.

The frustration with the system has led to the quests for the application of the private sector led New Public Management (NPM) approach in the Public Administration of Nigeria. This is nevertheless fraught with considerable challenges some of which have been discussed herein. The prospects for the application of NPM do exist but very minimal in the Nigerian context. A significant application of the approach would require a change in the administrative culture of Nigeria, which is replete with the culture of ineffectiveness caused mainly by the absence of leadership, the political will and the knowledge base of NPM. NPM should be initiated indigenously rather than endogenously by either the IMF or the World Bank. It is only then that the techniques for its realization and the political will to enforce its application would have been obtained.

This would consist of sensitization in order to prepare the populace to accept the change to NPM. At the same time, it must propagate the benefits inherent in the new system which the former cannot provide. These are the approaches to dealing with the challenges of the present system of public administration and prepare the path for the change to New Public Management system.

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