PRIVATISATION PROGRAMME AND PUBLIC SERVICE DELIVERY IN NIGERIA: A DISCOURSE

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Abstract
Over the years, a subject of debate in public sector management has been the responsibility of government in the provision of services to her citizens. The privatisation discourse brought to the fore, issues of effectiveness and efficiency in public service delivery by government owned agencies and what roles the private sector can play in overcoming the deficiencies (wherever they exist) in service delivery. The new approach has seen the private sector step in, at varying degrees, to mobilise resources towards the provision and delivery of services at different levels. This study seeks to find out the relationship between privatisation and public service delivery in Nigeria, while identifying the synergy inherent in Public-Private Partnership in service delivery. This study adopts the historical research method. Secondary data were obtained to assess the role of privatisation in public service delivery. Amongst other findings, the paper discovers that there is a relationship between privatisation and public service delivery in Nigeria, as privatisation has had various impact on public service delivery. Furthermore, the interplay between the public sector and the private sector in service provision engenders improvement in the standard of living of the populace. The study recommends, among others, that government at various levels in Nigeria, focus on engaging and encouraging robust participation of the private sector in the delivery of services to the public, in order to galvanise development at the different levels. It concludes that the creation of an enabling environment for the private sector to thrive would enhance their efficiency in service delivery.

Keywords: Development, government, national development, Nigeria, policy, private sector, privatisation, privatisation policy, public service delivery, service delivery.

1 INTRODUCTION
Across the world, various approaches and strategies have been adopted by nation-states, towards ensuring the efficient delivery of services to their citizens in a bid to improve the living conditions and lives of their citizens. One of such approaches that have been adopted is the transfer of public enterprises to the private sector, with the aim of ensuring efficiency in service delivery to the populace (Omoleke and Adesopo, 2005). While public enterprises are seen as catalysts for development in a country, an infusion of private participation in managing these public enterprises is becoming widespread, in order to facilitate efficiency of
these enterprises (Tsunabavyo and Orokpo, 2014). Indeed, it is argued that the private sector is rightfully placed to bring about result-oriented transformations and development through their structured approach in carrying out service delivery functions (Gberevbie, Ibiyetan, Abasilim and Excellence-Oluye, 2015).

The increase in the number of public enterprises became noticeable in African countries in the 1970s and 1980s, shortly after attaining independence, with the core objective of ensuring development and growth in the developing countries (Okpe, 2013). This led to the building and siting of industries and various government establishments employing a huge workforce. But then, many national governments in Africa and Nigeria specifically, have reduced or withdrawn from direct public service delivery in varying degrees. This is not unconnected with the prevailing economic problems and the need for economic adjustments in these nations. Okeke, Onuorah, and Okonkwo (2016) opine that the reason for these withdrawals is that the provision of public services and utilities are very expensive, burdensome, rigid and susceptible to abuse. This is because most of the public enterprises rely solely on the government for subsidies and support. Although, the private sector can and should provide some of these services, the problem is that some of these services are unprofitable public goods. In cases where the services are unprofitable, it is only natural that the government takes such service delivery responsibilities, even when the private sector can provide it (Wunch, 1999 and ADR, 2001 in Okojie, 2009).

Though, the government has also been blamed for the failure of the private sector to attain optimal performance, gross inefficiencies and maladministration have greatly plagued the privatised public enterprises, making them far placed from any form of efficiency in service delivery (Tsunabavyo and Orokpo, 2014). This challenge has also led to the resale of some privatised public enterprises to other private investors.

This paper therefore examines the nexus between privatisation programme and public service delivery in Nigeria.

2 LITERATURE REVIEW

2.1 The Concept of Privatisation

Different scholars have come up with divergent views about the origin of the privatisation that is being practiced across the world today. Privatisation is said to be a concept that started with the government of the United Kingdom (Mahmoud, 1992; McLean and McMillan, 2003). This contrasts with the view of Stephen, Omokhudu and Kifordu (2016, p. 14) that privatisation and commercialisation were first practiced “during the golden age of the Han Dynasty in China”, where the manufacturing industries of China’s Mining Dynasty were handed over to private entities to manage. This was followed by the privatisation of British steel industries by the Winston Churchill government of the 1950s; and then the sales of major stakes in a public share offering of Western Germany’s Volkswagen in 1961.

Nhema (2015) defines privatisation as the transfer of public enterprises from public to private. Higgings (2000) elucidates the definition of privatisation summed up by the Florida House of Representatives Committee on Governmental Operations as involving the private sector in the provision of services or facilities that are generally viewed as public sector responsibilities; moving from publicly produced goods and services to those that are privately produced; the transfer of public management, functions or assets and service delivery to the private sector; aimed at mitigating impediments toward the efficiency of public organizations by submitting them to the operations of the private market; making use of the private sector in public management and delivery of public services.

From the perspective of partial ownership and control, Starr (1988) views privatisation as the withdrawal from public aspects of endeavours, the whole from the part. It presupposes that the government does not totally transfer ownership of the public sector to the private sector but withdraws from some aspect of production, while maintaining control through public policy functions. It is not feasible that government would totally pull out from privatised enterprises as they still execute oversight functions on those enterprises.

In Third World Countries, privatisation precludes “diminishing the role of foreign aid bureaucracies and domestic government bureaucracies” (Fried, 1992, p. 325). Although this definition depicts the socioeconomic decadence status of the Third World Countries, in that they still rely on foreign assistance to get going, and therefore privatisation would mean withdrawing from foreign aid but still this definition is somewhat contentious. Contentious because it is affirmed by scholars that privatisation is an economic reform that was sold to developing countries by the international capitalist organisations and international lending agencies to be adopted before they can receive foreign aid interventions. According to Salako (nd),
privatisation is a global economic phenomenon at the moment and is being achieved by the diminishing of
government involvement in direct or indirect service delivery and provision, with an increase in private sector
involvement in delivering public goods. Furthermore, it stated that this is premised on the assumption of the efficiency of the market and the inefficiency of the government.

The interactions between public and private agencies in soliciting involvements in the delivery of public services, is identified by Alford and O'Flynn (2012, p. 6) by the following terms: “contracting, partnering, education, persuasion, incentives, subsidies, ‘hard’ and ‘soft’ regulation, and enhancing service information and convenience”. The different types of privatisation are discussed in the section below.

2.1.2 Types of Privatisation

There are different postulations and descriptions by different scholars about the types of privatisation that exist around the world, and indeed, privatisation takes different forms. It could be in the form of public-private partnerships, liberalisation or commercialisation of public sector activities. This can be done through trading funds, asset sales to an established private organization, and public float after listing on the stock exchange.

Outsourcing

McCarthy and Anagnostou (2004) describe outsourcing as the use of external suppliers to achieve efficiency by contracting out an aspect of their internal operations to an external company. This is similar to the definition by Hira, Ron and Hira (2008), that outsourcing is an agreement whereby one company invites another company to handle parts of an existing job, ranging from manufacturing, security, catering, sales and marketing. This is when a particular service that is usually provided and delivered by public sector workers is contracted to a private firm to execute. Care must be taken to ensure that the particular service being outsourced is really important and the process for monitoring, including measurement for determining that it is being appropriately carried out, is in place. Bierce and Kenerson (2018) identify that core government function may not be outsourced, like the military, police force, tax agency and so on, and that sufficient risk analysis is carried out to ensure that outsourcing is the right step to take to promote efficiency of any section of public service.

Disinvestment/Divestment

This is the sales - in the open market - of shares owned by the government in public sector units (PSUs) and was employed by the Indian government to resuscitate India’s economy in the period of financial crisis, between 1981 and 1991 (Sharma, Sadana and Kaur, 2012). That is, the sales of stock through equity to the public in order to take out government’s direct involvement in managing matters that can be significantly managed by private entities.

Liquidation

Sharma, Sadana and Kaur (2012) identify two types of liquidation as formal and informal. By formal, they posit that it involves closing up a business formally and selling to private persons, while informal involves the suspension of major operations of the organization but retaining its legal entity.

Franchising

This is described by Sharma, Sadana and Kaur (2012) as the process whereby government retains ownership of a public enterprise but grants authority to private individuals to provide services in specified geographical locations. Stating it simply, according to a publication by Public Money (1983), franchising is the freedom given to a franchisee by a franchisor to distribute goods and services within a specified time frame and within the limits of specific terms and conditions as stated by the government of its agents who are the franchisors. Seldon, Gipson and Parker (2008) aver that franchising can be classified by the method of distribution; method of expansion; other business goals – that is, as a means to an end; investment opportunities; its economic impact and its various forms. Franchising gives room for efficiency and productivity by enhancing competition, as franchisees compete among themselves. So the government retains ownership but distributes supply functions to private individuals in specific locations to manage its quality and quantity.

Contracting

This form of privatisation, as identified by Sharma, Sadana and Kaur (2012), is one in which government stays as the owner of the enterprise but contracts some sections of production like construction, procurement, utilities, and so on, to private handlers. The deployment of specialist services from the private
sector to core public sector functions, thereby allowing the market to get involved in supply and productivity functions (Lam, 2003).

Public-Private Partnership

According to Abdullahi and Usman (2013), public private partnership, also called Joint Venture, is the cooperation and collaborative effort between the public sector and private sector to revamp and manage public enterprises in order to provide services that would be of utmost social benefit to the public. The private sector here includes civil society organisations, small businesses, corporations and even nongovernmental organisations. Public-private partnership brings benefits to both the public and private sectors. “On the one hand, these practices assist governments in their desire to reduce budget deficits, pay off debt, and fund schemes designed to attract voters” (Wettenhall, 1998, p. 146 in Lam, 2003). The public sector can also benefit from the experience and techniques of the private sector in the delivery of public service. On the other hand, the private sector can expand their markets and activities to the public sphere. This is viewed as a win-win situation for all the parties involved – that is, both the private and the public sector.

Deregulation

Gberevbie, Ibietan, Abasilim and Excellence-Oluye (2015) define deregulation as the withdrawal of the control of government from direct involvement in the operations of parts of the economy and transferring that aspect of the economy to operators in the private sector in order to ensure efficiency in the utilization of resources towards societal development.

Concession

Sharma, Sadana and Kaur (2012) typify this as leasing and management contracts. They posit that it involves the retention of ownership of a firm by the government, while renting out its management. GCPSE (2015) identifies this form of privatisation as existing usually in monopolies, whereby the private sector receives managerial and financial duties for a period. It further distinguishes leasing from concessioning that, in this wise, the contractor is expected, in some instances, to provide the costs of running the service from revenues (this is lease); while in other instances, the contractor is expected to provide running costs and also contribute towards fixed costs through investment (concession).

2.1.3 Public Service Delivery: Meaning

Public sector and private sector are common terms employed in economics, politics, administration, law and other social sciences. Starr (1988) noted that there is a continuous confusion on what is termed public and what is termed private, as what could be identified as public may have aspects of the private sector in it. It further noted that the concepts are sometimes viewed as direct opposites, while some others view it as intertwined subjects. Flecker, Hermann, Verhoest, Gyes, Vael, Vandekerckhove, Jefferys, Pond, Kilicaslan, Tasiran, Kozek, Radzka, Brandt and Schulten (2009) opine that though public services are viewed in the light of being publicly owned, it is not necessarily the case, as structures of ownership that exist are more disparate, be it public, private or not non-profit organisations.

Alford and O’Flynn (2012, p. 8) define service delivery as, “the production of outputs, which includes the provision of services to government agencies as well as to their clients”. According to Walle and Scott (2009 in Nnaeto, 2017) public service delivery is fundamental and very critical to nation-building as this activity of the public service makes government more real and visible to the citizens. Therefore, public service delivery describes the activities of the public sector in meeting the needs of the people by providing products and services that enhance the living conditions of the people, which cannot be provided by the private sector.

2.1.4 Issues in Privatisation: A Selected Cross-National Discourse

Different scholars and publications project economic and financial implications of privatisation – like saving of costs and efficiency – in their analysis (Ibietan and Joshua, 2015; Hodge, 1999; Domberger et al, 2002; Zullo, 2008 in Wang and Liu, 2017). This inheres in the assumption that privatisation provides a panacea to economic degradation and solve the problems of inefficiency of the public sector in managing public enterprises. On the other hand, Sharma, Sadana and Kaur (2012) disagree with these assumptions, stating that privatisation is more of a concept that expresses expectations of efficiency than actually guaranteeing efficiency and does not actually solve the challenges of the private sector. They further stated that without appropriate government legislation and regulation, privatisation can lead to monopolistic tendencies, hoarding and scarcities. Furthermore, it would widen the gap between the rich and the poor, as economic power would be concentrated in a few, while also increasing regional disparities because the private sector...
will not take ownership of low profit industries. Lam (2003) avers that in Hong Kong for instance, there is a focus on maximization of profit and cost recovery in the delivery of public services, such that the user is now the payer of predominantly every critical service provided (including housing and medicals). This, of course, puts an economic burden and strain on the citizens who are the users and worsens living conditions, especially for the poor, if every service delivered has to be paid for with profit maximization in mind.

Poor mechanisms for ensuring accountability, the eroding of the values of the public sector and poor equity in service were identified as challenges of privatisation by Brewer, 2000; Walker et al, 2011 in Wang and Liu (2017). In China for example, and in some developing countries, decrease in equity led to outsourcing of public services and utilities whose operation costs could not also be maintained by the new private owners and therefore led to insignificant government subsidies to these companies (Wang et al, 2016 in Wang and Lui, 2017). So, even though it is accepted by some sectors that privatisation has actually led to a lot of improvement in the public sector organisations, it is also observed that these achievements have been severely deflated by the loss of value and quality because of a drive for profit and other factors.

2.1.5 Arguments for Privatisation

The World Bank and other funding agencies in the international community allude to the fact that the public sector has significantly failed in the Third World, therefore, focus should be placed on private entrepreneurs and local communities for the delivery of services (Fried, 1992).

Externalization, which according to Alford and O’Flynn (2012) is the transfer of public service roles from public sector organisations to private sector organisations and individuals, gives government an opportunity to concentrate and expand its role on other matters – such as foreign affairs, law making and regulation, defence and so on. This is reiterated by Sharma, Sadana and Kaur (2012) that by privatisation, the state is allowed to concentrate on strategic national issues, while leaving matters of business to professionals in the private sector. By this also, financial costs for running these businesses is greatly saved. This view is premised on the justifications for privatisation given by the Thatcher government of the United Kingdom and summed by McLean and McMillan (2003), as serving to generate lump sums of money to repay debts owed by the government; to destabilize the capacity of trade unions in the public sector; bequeathing commercial authorities to nationalised industries; and relieving the burden of decision making processes required in running public sector organisations.

Sharma, Sadana and Kaur (2012) posit that decision making is more rational with private sector handlers than the public sector officials, having carefully carried out a cost-benefit analysis before making decisions. They also state that privatisation paves the way for competition and competitiveness, which enhances quality in service delivery and reduced costs to the populace, who are the consumers or end users. Furthermore, in order to get value for all monies spent, the private sector is better able to maximize capacity and manpower utilization. The presence of many levels of control in the private sector driven enterprises increases accountability, transparency and eradicates complacency in the discharge of duties.

In the light of public private partnerships, Lam (2003) submits that policy implementation is enhanced by public sector partnerships with private sector actors and non-governmental organisations (NGOs). Efficiency and progress in productivity is thus achieved when the private sector is given access to deliver public services, while the public sector ensures that the standards are maintained. So, the public sector does not go to rest while the private sector takes up the activities of service delivery. This kind of collaborative arrangement also gives room for more cordial relations between the public and private sector.

2.1.6 The Public Sector and Public Service Delivery

Public service delivery is within the ambit of the public sector of any nation which comprises the local authorities, the civil service, as well as bodies that are set up for special purposes by the government with the fundamental responsibility of providing and delivering services to the people (Olowu, 2002). The study further added that the private sector may not be able to deliver at all or to deliver services to those who cannot afford the market prices of the product. These services are such that enhance the living standards and conditions of the citizenry and include health care facilities, pipe-borne water, security, infrastructure. According to Gambari (2008), the civil service is the main instrument and institution of public service delivery. He further stated that the civil service traditionally performs three functions, which are, supporting the policy making function of government at the federal, state and local governments; facilitating or regulating the private sector; and providing managerial leadership for operating public sector enterprises. This was reiterated by Marshall and Murtala (2015) that the delivery of public services, which includes provision of all public utilities, implementing government programmes and serving the populace are functions of the public
sector.

“The public service is pivotal to the existence of a state, as no state has been able to advance beyond its public service” (Nchuchuwe, Adejuwon, Okewale and Aliu 2015:42). This means a nation will develop to the limits of the development of its public service. Sharma, et al (2012) identifies the role of bureaucracy as functioning to galvanise economic growth and nation building, enthronement of democracy and democratic values, effectively regulating and unifying the polity, ensuring continuity in policy, agents of political socialisation and major catalysts for social change and transformation.

2.1.7 Privatisation: An Alternative to Government?

One core objective of government is to ensure that services are delivered to the people equitably, justly, fairly and timely. When this is done efficiently, good governance may be said to exist, as it entails the ability to deliver goods and services to different interests by ensuring that all agencies responsible for providing and delivering those services in the political system are doing so, to improve the living conditions of the citizens, as well as those in the lowest rungs of the society. Despite these roles of government, Sharma, Sadana and Kaur (2012:156) argue that “the business of government is not to run a business”. That is to say, the government has no business in business. Furthermore, most public enterprises are run and managed by person who have no idea on what it takes and lack the will to manage such enterprises, whereas the private sector have professionals who are driven by the need to ensure excellence and efficiency in management.

Okeke, Onuorah and Okonkwo (2016) highlight some of the challenges that public enterprises have to grapple with in Nigeria to include: unnecessary political interference, poor management of the enterprise, instability in the political terrain, control by government, lackadaisical attitude towards work by public officials, poor financial management, corruption and lack of funds. Given these challenges, the private sector seems to have the solutions to the endemic problems that plague the public sector but Flecker, et al (2009) opine that these private sector interventions also require regulations in liberalised and privatised public service markets, in order to adequately invest in greater efficiency and higher quality service delivery. So, the efficiency of the privatised public organisations is not automatic and guaranteed if appropriate measures and checks are not in place. In providing these checks, consumers should not be left out, as they should be empowered to monitor and ensure influence the different aspects of quality in the delivery of public services (Flecker, et al 2009; Mahmoud, 1992).

In all, GCPSE (2015) finds no conclusive proof that any particular ownership model – private sector, public sector or a combination of both – is more effective or productive than the other because the effectiveness and efficiency of any of these models is essentially dependent on the kind of service that is being provided or delivered and the nature of the environment – in terms of policy, legislation and market forces.

Eliassen and From (2017) state that critical and complex issues to ponder upon are what exactly constitutes the kind of public services that should be transferred to private bodies and to what extent a state can be involved (or less involved) in service provision. This, it further adds, can be answered after considering the legacy of its institutions, demography, culture and belief system, nature of the economy and the structure of its society, as these factors vary from country to country.

3 RESEARCH METHOD

This study combines the use of longitudinal research design and descriptive approach on secondary data gathered. Data used for this study are sourced from scholarly documentations and writings on the subject matter in online publications, academic journals, newspaper publications, books and periodicals. In carrying out this study, data gathered from secondary sources were analysed textually and presented thematically.

4 PRIVatisation Programme and Public Service Delivery in Nigeria

4.1 The Role of Government in Privatisation Programme in Nigeria

In the last three decades, there have been the emergence of reforms in public management, which has seen to transformations – in different degrees – on the roles of government in developing nations. This has been evident in the reduction or increase, as the case may be, in her activities or interventions in the provision and delivery of public services, while also acknowledging that organisations in the private sector are able to provide same services (Alford and O’Flynn, 2012). The public services being delivered include utilities like electricity, waste management, water, gas, transport, security and even employment, among others.

According to Zayyad (nd in Igbuzor, 2003), two forms of privatisation embarked upon by the Nigerian government are the full privatisation and the partial privatisation. Some government agencies that have been
actively involved in the privatisation process – Bureau of Public Enterprises, National Council on Privatisation and the Technical Committee on Privatisation and Commercialisation – are presented below:

**Bureau of Public Enterprise (BPE)**

According to the National Council on Privatisation (2004), the Bureau of Public Enterprises (BPE), which is the secretariat of the National Council on Privatisation, has the Vice President of the Federal Republic of Nigeria as its Chairman and is vested with the duty of getting public enterprises ready for privatisation. This was set up as the government agency that would implement the privatisation policy, having being legitimately empowered to do so by the Public Enterprises (Privatisation and Commercialisation) Act 1999 as amended by the Public Enterprises (Privatisation) Act 2000.

**Technical Committee on Privatisation and Commercialisation (TCPC)**

The Technical Committee on Privatisation and Commercialisation was an eleven member body made up of members from the public and private sector. The committee came up with the following methods of privatisation for Nigeria’s public enterprises: Public offer for the sale of shares of affected enterprises through the Nigerian Stock exchange; private placement of shares of affected enterprises; sale of assets where the affected enterprises cannot be sold; Management Buy Out (MBO); and Deferred Public Offer.

**Service Delivery Performance of Privatised Enterprises in Nigeria**

In Nigeria, from power to prints, maritime, aviation, telecommunication, media, mines and steel, manufacturing and so on, the privatisation programme has had its bearing on major sectors of the Nigerian economy. Some of the privatised enterprises have had different performance ratings in service delivery. The Bureau of Public Enterprises (BPE) stated that since the privatisation programme took full course in Nigeria in 2004, only 37% of the 142 public enterprises so far privatised were not performing and that there would be a review of non-performing privatised enterprises (Olawoyin, 2018). According to Donald (2018), the electricity power sector privatisation initiated in August 2013 was shrouded in mess and sham as a result of the “dubious associated performance agreements” signed on the basis of political connections. The electricity power sector has therefore performed abysmally because from its conception, it was not meant to work.

Service delivery in the Nigerian Ports Authority since concessioning has recorded major leaps in efficiency. According to Eniola, Njoku, Oluwatosin and Okoko (2014), total vessel turnaround time has significantly increased and there are less cases of missing cargo or port congestion, while customers are satisfied with the services provided by the private terminal operators.

**5 RECOMMENDATIONS AND CONCLUSION**

The importance of the implementation of the privatisation programme to service delivery in Nigeria cannot be overemphasised. The private sector is poised and equipped to deliver services effectively and efficiently, if given the leeway to do so. It behoves the Federal Government of Nigeria to provide favourable conditions that would enable these private sector operators to thrive and carry out their functions as expected. By reducing the cost of production; availability of electric power; accessibility of credit facilities and funding; reduction of political interference and politicising the processes, removal of multiple taxation outlets; maintaining policy agreements; eliminating policy somersaults; curtailing intimidation of private sector workers in privatised enterprises by government officials; providing public enlightenment for citizens and beneficiaries of services; an efficient feedback mechanism to measure performance of privatised enterprises cum service delivery; and a proper balance between a maximised profit motive and a service delivery orientation of the privatised enterprise will go a long way in bringing to reality the benefits of efficient provision of services that the privatisation programme has to offer.

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