DIRECT LABOUR UNITS AS PUBLIC ENTERPRISES: A Model for Improved Performance in the Construction Industry

By

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BEING

A THESIS SUBMITTED TO THE POSTGRADUATE SCHOOL, AHMADU BELLO UNIVERSITY, ZARIA, IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF A DEGREE OF MASTERS OF SCIENCE IN. CONSTRUCTION MANAGEMENT, IN THE DEPARTMENT OF BUILDING, FACULTY OF ENVIRONMENTAL DESIGN, AHMADU BELLO UNIVERSITY, ZARIA.

AUGUST, 1989.

DECLARATION

I hereby declare that this thesis has been prepared by me and that it is a record of my research work.

That, to the best of my knowledge, it has neither been undertaken nor presented in any previous application for a higher degree.

All quotations are indicated and the sources of information are specifically acknowledged by means of reference.

Signed: _____
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AUGUST, 1989.

CERTIFICATION

This thesis entitled DIRECT LABOUR UNITS AS PUBLIC ENTERPRISES : A Model for Improved Performance in the Construction Industry by MUSA ADAMU MACHINA meets the regulations governing the award of the degree of Master of Science (Construction Management) of Ahmadu Bello University, and is approved for its contribution to knowledge and literary presentation.

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DEDICATION

The thesis is dedicated to the memory of my late father, ALHAJI ADAMU ZANGOMA, who inspite of his tremendous effort to see to the educational up-bringing of his children could not live long to reap the fruits of his labour. May the Almighty ALLAH grant him an eternal peace. Amin.

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ABSTRACT

The improvement of the performance of any set of organisations invariably entails, among others:

(i) Investigation of the problems militating against their performance, and

(ii) Offering appropriate solutions.

Investigation has indicated that most problems in Direct Labour Organisations revolve around the problem of lack of 'autonomy' to operate effectively. Public enterprises, on the other hand, are conceived and established as organisations that should exist outside the civil service so that they could operate with greater degree of freedom. This and other concepts behind the establishment of public enterprises are, therefore, matched with Direct Labour implementation. Investigation conducted has confirmed the worthiness of transforming direct labour organisations into public enterprises.

Based on research findings, it is proposed that direct labour companies are to be established from the existing Direct Labour Organisations In each State. These companies are expected to engage in the execution of both public and private projects.

Since State Governments may not be buoyant enough (in this austere period) to effectively finance Direct Labour companies, it is proposed that the companies be allowed and supported to participate in the Nigerian Capital Market, where they could borrow large sums of money to meet their long-term financial commitments.

Apart from financing construction projects, the State governments are expected to be disengaged from all financial responsibilities to Direct Labour companies. The companies on the other hand, should be allowed to charge a reasonable 'overhead' cost on every project undertaken. This will help them to meet both short- and long-term financial obligations.

The Nigerian Capital Market could, however, be partly relieved of its functions to Direct Labour companies (by the state governments) after (about) three years of inception of the companies. This is to allow the government to enjoy portions of the interest to be paid to the Capital Market. It is also recommended that, shares be sold to the public at a later stage, so as to involve them in the affairs of the companies as against their being left 'on the sidelines'.

TABLE OF CONTENTS

Chapter		Page
	Title page	i
	Declaration	ii
	Certification	iii
	Dedication	iv
	Acknowledgements	v
	Abstract	vi
	Table of Contents	viii
	List of Tables	xiii
	List of Figures	xiv
	List of Plates	xv
	List of Appendices	xvi
1	INTRODUCTION	1
1.1	General Introduction	1
1.2	Need for the Study	5
1.3	Aim and Objectives	5
1.4	Scope and Limitations	6
1.5	Methodology	7
1.5.1	Research Investigation	7
1.5.2	Research Presentation	8
2.	LITERATURE REVIEW	9
2.1	Direct Labour System	9
2.1.1	Requirements for effective performance	9
	* Objectives	10
	* Critical Resources	10
	* Distinctive Construction Competencies	11

Page

*Competitive Advantage 12

2.1.2 Other Management Approaches 13

2.1.3 The Direct Labour System in Nigeria 14

2.1.4 Establishment of Direct Labour Organisations . 15

2.1.5 Benefits from Direct Labour Implementation ... 17

*Cost Saving 17

*Elimination of middlemen 18

*Generation of Employment 18

*Promotion of Professional Competencies..... 18

*Quality 18

*Minimising Fraud and Corruption 19

*Project Motive 19

* Other Areas 19

2.1.6 Achievement of Direct Labour System 21

2.2 Public Enterprises in Nigeria 22

2.2.1 Public Enterprises (General) 23

2.2.2 The Concept of Public Enterprises 24

2.2.3 Classification of Public Enterprises 28

2.2.4 Public Enterprises and Supervisory Agencies .. 30

2.2.5 Individual Directors of Public Enterprises 32

*Definition 32

*Qualification 32

2.2.6 Board of Directors of Public Enterprises 33

*Function 33

*Basis of Appointment 34

3 DATA COLLECTION AND ANALYSIS 36

3.1 Data Collection Methods 36

3.2 Direct Labour Organisations 36

		Page
3.2.1	Borno State	36
3.2.2	Plateau State	38
3.2.3	Kaduna State	39
3.2.4	Bauchi State	41
3.3	Distribution and Collection of Questionnaires	42
3.3.1	Questionnaires A and B	42
3.3.2	Questionnaires C and D	43
3.4	Analysis of Data on Problems of Direct Labour Management	43
3.4.1	Administrative Factor	43
3.4.2	Bureaucracy in Project management	48
	*Observation	49
3.4.3	Expertise	50
	*Observation	52
3.4.4	Funding	52
	*Observation	54
3.4.5	Plant and Machinery	56
	*Observation	57
3.4.6	Procurement of Projects	59
	*Observation	61
3.4.7	Procurement of Materials	63
	*Observation	64
3.4.8	Supervision	65
3.4.9	Civil Service Rules and Regulations	69
3.4.10	Wages	70
	*Observation	70
3.4.11	General Observation	70
3.5	Suggested Solutions to Direct Labour Problems	72

		Page
3.5.1	Review and Analysis of Major Problems ...	72
	*Autonomy	73
	*Securing Construction Projects and Subsequent delivery	74
	* Capital	74
3.5.2	Analysis of views sampled from professionals and learned scholars	76
	*Observation	80
3.5.3	Analysis of Views Sampled from employees of Public Enterprises	80
	*Observation	84
3.6	Validity of Transforming Direct Labour Organisations into Public Enterprises	85
4	DIRECT LABOUR ORGANISATIONS AS PUBLIC ENTERPRISES	87
4.1	Establishment at the States Level	87
4.1.1	Kaduna State	87
4.1.2	Bauchi State	89
4.1.3	Plateau State	90
4.1.4	Borno State	90
4.2	Establishment at the Federal and Local Governments' Levels	91
4.3	Direct Labour Laws and Procurement of Projects.	92
4.3.1	Legislation of Direct Labour System at the Federal level	92
4.3.2	Legislation of Direct Labour System at state and local governments' levels	94
4.4	Organisational structure	97
4.5	Sources of finance	99
4.5.1	The Nigerian Money Market	100
4.5.2	The Nigerian Capital Market	100

		Page
4.6	Funding of Direct Labour Projects	101
4.7	Plant and Machinery	102
4.8	Employment and Development of Expertise .	103
4.9	Material Procurement and Subcontract ..	104
4.10	Financial Burden	106
4.11	Direct Labour Estimates	106
4.12	Working Rules	107
4.13	Salary Structure and Conditions of service.	108
4.13.1	Remunerations	108
4.13.2	Allowances and Incentives	108
4.14	Financial Reports	109
4.15	Board of Directors	109
4.16	Partial Disengagement of Nigerian Capital Market	111
4.17	Top-Management Problems in Nigerian Public Enterprises and Strategies in Direct Labour Companies	112
4.17.1	Problems	112
4.17.2	Strategies in Direct Labour Companies	113
	*The role of the Government	113
	*Management	115
5.	CONCLUSION AND RECOMMENDATIONS	116
	REFERENCES 121	

LIST OF TABLES

Table		Page
1.1	Projected Capital Formation on Building and Construction in Four of Nigerian National Development Plans	2
3.1	Distribution and Collection of Questionnaires A and B	42
3.2	Distribution and Collection of Questionnaires C and D	43
3.3	Administrative Factors in Direct Labour Problems	45
3.4	Flimsy Copies of some Official Letters in a Direct Labour Organisation	47
3.5	Problems of Bureaucracy and red-tapism in Project management	49
3.6	Problems of Expertise in Direct Labour Management	51
3.7	Problems of Funding in Direct Labour Management	54
3.8	Problems of Plant and Machinery in Direct Labour Management	57
3.9	Problems in Securing Projects for Direct Labour Execution	61
3.10	Problems of Materials Procurement in Direct Labour Management	64
3.11	Permanent Employees and their Wages in Direct Labour Organisations	71
3.12	Responses on the Success and Autonomy of Direct Labour Organisations	76

LIST OF FIGURES

		Page
FIGURE I :	Organisational Chart for Direct Labour Companies	98

LIST OF PLATES

		Page
Plate I :	A multi-million Naira Direct Labour project, abandoned due to lack of funds	55
Plate II (a & b) :	Abandoned Construction Equipment in Direct Labour Yards	58
Plate III :	Three-and-half million Naira Construction of Simple Public Buildings given out to Contractors (on contract) inspite of the Existence of Federal, State and Local Government Direct Labour Units (and departments) in the locality	62

LIST OF APPENDICES

		Page
Appendix I :	List of reported cases of misappropriations in the Construction Industry.....	125
Appendix II :	Questionnaire A	127
Appendix III :	Questionnaire B	135
Appendix IV :	Questionnaire C	142
Appendix V :	Questionnaire D	146
Appendix VI :	Distribution and Collection of Questionnaires A and B in each Direct Labour Unit (and departments)..	149
Appendix VII :	An initial proposal for the operations of a Direct Labour Organisation	151
Appendix VIII : (a,b andc)	Flimsy Copies of request letters written by the management of a Direct Labour organisation to parent body.....	155
Appendix IX : (a and b)	Flimsy copies of letters written by the management of a Direct Labour organisation to encourage (and appeal to) public administrators to patronize the organisation.....	158

Chapter 1

INTRODUCTION

1.1 General Introduction

In any nation the construction industry is without doubt, a major indicator of the prosperity of the nation, both in economic and social terms. It plays a very important role in the economy of a nation.

In Nigeria, the construction industry has always been occupying an important position in the structure of the economy. The significance of the industry could be seen from it's contribution to capital formation, gross domestic products and employment in the five successive National Development Plans of the country. For instance, the capital formations on Building and Construction as projected in four of the Development Plans are as shown in table 1.1.

The data in the table illustrate the importance and sensitivity of the Construction Industry in relation to the economy of the nation.

The history of the construction industry in Nigeria dates back to the thirties (1930s) when the very few modern construction activities in the country were handled by the Public Works Department (P.W.D.) and the Royal Army Engineers which was later transformed into the 'Nigeria Army Engineers'. In the fourties (1940s), a few Italian and British construction companies started to operate the construction industry in the country (Olowo-Okere, 1985).

The country's independence in 1960 brought with it an upward trend in the activities of the industry. This is because:

Table 1.1 : Capital Formations on Building and Construction

National Development Plan	Year	Projected Percentage (%) of Capital Formation on Building and Construction.
SECOND	1971	53
	1972	57
	1973	60
	1974	67
	1975	68
THIRD	1976	66
	1977	65
	1978	65
	1979	67
	1980	68
FOURTH	1981	65
	1982	60
	1983	58
	1984	54
	1985	52
FIFTH	1986	55
	1987	58
	1988	57
	1989	57
	1990	56

SOURCES: (i) Nigerian National Development Plans.

(ii) Wahab (1987).

(i) There were greater demand for Education and modern health services, and also

(ii) The general citizenry have began to enjoy the comfort of modern living provided by modern housing, infrastructure and other services.

The situation in the construction industry (from independence to the late sixties) was that, most construction organisations were over-stressed with construction work - loads.

During the oil boom of the seventies and the subsequent second republic, the construction industry in Nigeria witnessed an overwelming involvement of the indigenous business community. The periods also witnessed greater incursion by construction companies from all parts of the world into the construction market. With the entry of foreign construction companies and the emergence of untrained and inexperienced indigenous contractors, the situation in the industry became compounded. During that period, projects were poorly planned and poorly executed, cost of projects were deliberately inflated and, variations and claims were unnecessarily made. Infact, the situation degenerated into massive project abondonements, terminations, reviews and re-awards. The list of reported cases in appendix I is a clear testimony to the situation.

The operators of the contract system of projects execution, which has been the dominant system of construction since the early days, bear the entire blame for this pathetic situation of the construction industry in Nigeria. The system has been miscontrued and consequently, misapplied and abused by its operators. Judging from professional point of view, the greatest problem associated with contract system in Nigeria is that, the contractor tend to

unnecessarily maximise his profit through many unlawful means which include corrupt influences and inadherence to design specifications.

Grievances against the devastating situation of the construction industry reached it's peak with the emergence of the military regime in December, 1983. The regime brought with it renewed calls to check the situation in the industry. In line with these calls, the DIRECT LABOUR SYSTEM of project execution, hitherto used for small maintenance jobs, assumed greater importance within the context of the Nigerian construction industry. The idea of 'Direct Labour' received further boost with the advent of another set of military rulers emanating from the August, 1985 Coup D'etat. The period from December, 1983 to date witnessed unnumbered proliferations of Direct Labour units (and departments) all over the country.

For efficient achievement of the objectives of direct labour implementation, professionals and learned scholars alike opined making Direct Labour organisations autonomous from their parent bodies. Advocators to this effect include Husseini (1986), Gaila (1985), Bukar (1986) and Dawaki (1986). But then, none of the advocators was able to establish a framework on 'how' Direct Labour organisations, as subsidiary departments under various parent - bodies, could possibly be made autonomous. It is against this background that this 'research work' is undertaken.

1.2 Need for the Study

At this point in time, Nigeria is experiencing grave economic problems and the government is advocating prudent management of its scarce resources. The Direct Labour system, as a contribution from the construction industry, is seen as an approach towards that direction. Another fundamental concept of Direct Labour implementation is to curtail some of the excesses inherent in mismanagement, misuse and abuse of the contract system by its operators in Nigeria. With these, it is evidently clear that the Direct Labour method of construction-project execution is perfectly in tune with the present national ethic towards a self-reliant economy. Currently, the major concern in Direct Labour implementation is 'effective' application and performance of the system. It is this concern that developed the parameter which defines the 'need for the study'.

1.3 Aim and Objectives

The principal aim of this 'research work' is to explore areas of improvement in the present implementation of Direct Labour system so that projects are delivered on schedule, within budget and to required quality as well as specifications. It is against this background that the general requirements for the effective performance of construction organisations (both public and private) and the fundamental benefits of Direct Labour system are reviewed. In addition, the present trend of operation of the system is evaluated against these requirements and benefits.

The main objectives of the 'research work' are:

(i) To investigate **hindrances** loopholes and defects in the present implementation of Direct Labour system.

(ii) To explore the possibilities of making Direct Labour Organisations to operate as public enterprises for improved performance.

(iii) To design a framework for effective performance of Direct Labour Organisations, either as public enterprises or otherwise.

1.4 Scope and Limitation

The intensive nationwide recognition accorded to Direct Labour System makes it a vast field of research. It is not physically feasible to cover every state of the Federation, more especially in **this austere** period. Investigations in this 'research work' were therefore, constrained to focus on Borno, Bauchi, Plateau and Kaduna States. This is purely on economic basis.

Direct Labour approach to **construction** management is implemented by the Federal, State and Local Governments. It is also used by institutions, parastatals and other public organisations. This 'research work' accords more regards to Direct Labour mode of project execution by Federal and State Ministries, Local Government Works Departments and State direct-labour boards.

Finally, this 'research work' is not intended to make comparative analysis between Contract and Direct Labour modes of project implementation, neither is it designed to develop a new system of construction in Nigeria.

1.5 Methodology

1.5.1 Research Investigation

Three main patterns of investigation were used in this research work, viz:-

(a) Oral Interviews:

Oral interviews with Direct Labour Chief Executives, staff on the payroll of Direct Labour Organisations, learned scholars, public administrators, employees of public enterprises and professionals.

(b) Questionnaires:

Four separate questionnaires designed to investigate Direct Labour problems in relation to socio-economic and political factors and to sample other views from:

(i) Direct Labour Chief Executives, using Questionnaire A (See appendix II).

(ii) Other employees of Direct Labour units and departments, using Questionnaire B (See appendix III).

(iii) Professionals and learned scholars, using Questionnaire C (See appendix IV).

(iv) Employees of public enterprises, using Questionnaire D (See appendix V).

The first two questionnaires (i.e. A and B) were designed basically to investigate problems in Direct Labour Management. The last two questionnaires (C and D) were designed specifically to sample views on the autonomy of Direct Labour Organisations as public enterprises.

(c) Existing Documents:

Existing documents in Direct Labour Organisations. These documents include flimsy files, project designs and pay-sheets on wages.

1.5.2 Research Presentation

The first chapter is a general introduction to the research work. The second chapter deals with literature review on both Direct Labour System and Public enterprises in Nigeria.

The third chapter is divided into two principal parts. The first part (section 3.4) is basically centred on problems and loopholes in Direct Labour Management. It analyses informations obtained from the first two questionnaires as well as other means of investigation. The second part of the chapter (section 3.5) focuses on research analysis of the overall views and results obtained from all the four questionnaires as well as other means of investigation. It is designed to draw a conclusion on the worthiness or unworthiness of transforming Direct Labour organisations into public enterprises.

Chapter four is a framework for the effective performance of Direct Labour Organisations based on the conclusion in chapter three.

Finally, chapter five gives the overall conclusion and recommendations of the work.

Chapter 2

LITERATURE REVIEW

2.1 Direct Labour System

Since the research work seeks to find ways of improving the performance of direct labour organisations, review of the fundamental requirements for creating effective network of resources management (in Nigerian Construction Organisations) will go a long way in laying foundation for meaningful strategies. It is against this background that the requirements for developing efficient construction organisations are included in this section.

2.1.1 Requirements for Effective Performance

In Nigeria, the current trend in the construction industry is toward construction organisations supplying the total constructed project to the client, or the owner department. This involves the acceptance of the responsibility of planning, managing and co-ordinating all the component parts for the attainment of the project. The construction organisation delivers the project as a complete package to the owner by the application of management approach to planning, contracting, quality assurance and construction. To this end, the construction organisation seeks to create an effective network of resource management for the execution of projects. The survival and growth of the organisation depend to a large extent, on this network of resource management. The more effective the network the more certain the performance of the organisation.

Against this background, construction organisations either government - or privately - owned, need to be established within the core of certain requirements that dictate the effective formation of efficient network of resource management.

These requirements serve as a platform over which an organisation frames all strategies for effective performance, and they are:

Objectives: To develop an efficient construction organisation, either private or public, there must be clarity about organisational goals. People must know precisely what you are up to. These goals are normally accepted by all and used as a basis for making decisions and guiding action. They should serve as important guide post that influences individual behaviour and operation of the organisation.

Objectives of an organisation may be defined as its primary goal, aim, purpose, mission, or reason for being. The strategies of an organisation are based on its goals and therefore, there must be an overall goal (or mission) in an organisation. The objectives of a construction organisation among many others may include financial performance, growth in market share and employee security (Takum, 1987). Other objectives may reflect the differences of project organisations and variations in the constructed products. A construction organisation seeks to build a reputation for quality, schedule and budget performance. As another possible objectives, managers may seek to develop the capability of the organisation to complete certain types of projects because of satisfaction they obtain from these projects (Teichol, 1986).

Critical Resources: People and techniques are the critical resources in construction. People bring the experience, knowledge and skills necessary to perform the work. Expertise and skills of critical personnel are necessary to perform any task that comforms to the practice of the industry (Takum, 1987).

Takum (1987) defined construction technology as the "state-of-the-art in construction methods, construction processes, construction equipment and construction materials". For specialized construction activities, the organisation's technology, which it may consider proprietary, is the major resources. As indicated in the definition, technology is not only 'hardware', in fact the special methods and processes used to complete work operations, or the 'software', may be very much important. Software portrays quality assurance, certification licenses and other authorizations which indicates special capabilities to perform certain work operations.

In any construction organisation that execute projects either by contract system or direct labour system, there may be need to invest in specialized construction equipment to maintain a ready capability to perform specific operations. In this case, the critical resources is the ability to make this investment (Takum, 1987). Other important hardware resources for construction include equipment and tools which are designed and fabricated by the organisation to complete a specialized operation.

Financially related resources, such as working capital, insurance, and bonding capacity are also important to construction organisations. Cash reserve allow the organisation to finance portions of its jobs and invest in new technology. Bonding capacity, insurance, and other financial resources indicate the breadth of possible operations by the organisation. With changing markets and increasing concerns for liability, these resoruces are more critical in Nigeria markets today (Rotimi, 1985).

Distinctive Construction Competencies: A construction organisation develops unique capabilities, also termed 'critical success factor' (Teichol, 1986), to perform specific operations.

The many actions to accomplish this include; gaining experience on specialized types of projects; investing in developing a specialized skill within the organisation or acquiring unique resources; putting together an unusual capability to offer differing services; or representing the owner's interest in an unusual way, such as with early construction involvement. Other examples of distinctive competencies developed by construction organisation include; Developing Specialized technologies which improve productivity for a construction operation and are applicable to many projects; and developing unique capability for construction engineering, such as developing unique method of bridge construction (Takum, 1987).

Many other types of distinctive competencies are possible in construction. Through gaining specialized experience, investment in 'tool making' within the organisation, and other farsighted actions by management, an organisation can develop a capability to offer products or services which are not available from competitors.

Competitive Advantages: The application of a distinctive competence produces a competitive advantage. Therefore, any of the competencies and resources which one organisation possesses and most of its competitors do not can provide an advantage in competition for projects where that competence can help in meeting the owner's objectives.

In design and construction markets, project management, design, and construction capabilities provide competitive advantage over competitor organisations. The project management competitive advantage requires the capability to plan, organise and direct a large project. Many construction organisations, particularly public construction organisations, lack experienced personnel and functional capabilities necessary to accomplish this major task.

Distinctive competencies in this situation signify both the breadth of capabilities and services offered and depth of expertise in specific functional areas such as project control, engineering and design, materials management, and construction management.

Many types of experience and capabilities also provide important competitive advantages in construction organisations. For example, in fixed - price work, distinctive competencies may enable the organisation to apply a construction technology which completes the work at a lower cost and therefore, gains a price advantage. On negotiated projects, clients may seek certain capabilities which have proven important in successfully completing past projects in evaluating the proposals from construction organisations. Therefore, unusual capabilities to execute such projects would give competitive advantage over competitor - contractors.

2.1.2 Other Management Approaches in Developing Efficient Construction Organisation

Co-operation and personnel commitment are important ingredients in developing an efficient construction organisation. Personnel commitment as an integral part of achieving organisational objectives is not the exclusive responsibility of the leader alone. All members are to be co-operative in order to help the organisation achieve its expectation. When members are co-operative, they would not wait for the leader to notice a problem with either method, service, co-ordinatio or suppliers. They would feel responsible for the unit's success and take initiatives when they see a problem (Musaku, 1988). At meetings where deliberations take place, the concern should be to find solutions to problems, rather than personal dominance or individual point-scoring over others.

Employment in an efficient construction organisation should be based on qualification rather than sociality of sex, class or religion,

and promotions should be tied-down to the competence of an individual rather than seniority or loyality to the organisation.

Regarding mediocre performance, people should be informed of their poor performance, and they should be helped to improve. Demotions and dismissals should always be justified.

Furthermore, to develop an efficient construction organisation, there must be avenue for free flow of information among staff as well as between staff and the leader. Though such sharing increases the probability of open conflicts, in most cases it is conflict regarding work related issues (Musaku, 1988). Genuine disagreement should be acknowledged. Similarly, the leader should encourage members to be open with each other, not with the aim of putting one subordinate against another but in order to reveal tasks disagreement so that they can be solved. Staff should also be allowed to work in teams. In this case, outstanding performances are encouraged to set even higher standards (Musaku, 1988).

Finally, high value should be placed on diversity in approach to problems but cohesion is produced by commitment to a common goal toward which all must work. Different view points about how goal could be achieved will surface and various approaches are encouraged. Conformity in thought and style should also be discouraged.

2.1.3 The Direct Labour System in Nigeria

The direct labour system of project execution in the public sector, can be described as a system whereby government uses its own resources and expertise to execute its projects (Ayemi and Edema 1988).

It is a system of project execution in which technical civil servants are allowed to involve themselves (fully) in the physical execution of government projects. This mode of project implementation is not new in Nigeria as it has always been used for small maintenance jobs like filling of pot holes of roads in towns, repairs of broken down machinery, vehicle etc. Direct labour system was also common practice during colonial rule (Husseini, 1985). What is currently new about direct labour implementation in Nigeria is the emphasis and call for the use of the system in the execution of government capital projects such as roads and buildings, consultancy services and other major capital projects which had hitherto been wholly executed through the contract system. The great attention and increasing concern accorded the direct labour system by governments and people from all works of life is also entirely new to the implementation of the system in Nigeria. The enthusism and pander shown by governments, agencies and parastatals for the adoption as well as progression of direct labour system as a means of breaking our excessive reliance on contract system is definitely another new trend in the implementation of the system. What is yet alien to implementation of direct labour system is the intensity with which it is being used in Nigeria now-adays. Furthermore, the recent calls and yearnings by learned scholars and professionals alike for the entire abolition of the contract system is still a new dimension in the implementation of direct labour system in Nigeria.

2.1.4 Establishment of Direct Labour Organisations

For sometime past, direct labour system has assumed another importance within the context of the Nigerian construction industry. With the advent of the military rulers (emanating from both the December 1983 and August 1985 Coup-d'etats) came sets of military

officers who had given this slogan a great attention. A new wave is sweeping through the Nigerian construction industry. Suffice to say that our civilization has come a long way into its present socio-economic state. A journey which began through the self-sufficient primitive era transversing to the highly monetize period of oil boom, of different tendering methods, has all of a sudden come down to a depressed and austere state - a state of severe adjustment in every aspect of economic undertakings and indeed, a state of complete self-involvement in project implementations.

The recognition of direct labour system as a means of project implementation in Nigeria followed a recommendation in Lagos by the National Council of Works at its 13th annual conference in September, 1984. In the conference, the Council recommended the establishment of direct labour units and departments at both Federal and State Levels. The recommendation has been accorded overwhelming recognition nationwide. There were proliferations of direct labour units and departments all over the country. Direct labour organisations were established in virtually all states of the Federation, Kaduna, Borno and Kano States being in the pioneer list. At the Federal level, in addition to intensification and modification of its maintenances culture, the Federal Ministry of Works and Housing has embarked on direct labour approach to execution of capital projects. Institutions, parastatals and other government agencies, both state and Federal, were not left out of direct labour system. The recognition of direct labour policy in Nigeria was further glorified by the involvement of some local government areas in direct execution of capital projects through direct labour system.

The use of direct labour on government projects at Federal, State and Local Governments' levels is now well established nationwide.

For reasons of cost, time, quality, training etc., it is being used increasingly with very impressive results. In fact, the situation has now led to renewed calls for the elmimination of contract system at all levels of the government (Dawaki, 1987). Direct labour system is therefore, considered a threat to the contract system nowadays.

2.1.5 Benefits from Direct Labour Implementation

All the three tiers of government (i.e. Federal, State and Local) with their parastatals, institutions and other agencies must have seen the wisdom of executing projects by direct labour. Thus, they established units and departments to achieve the desired goals of getting value for money in addition to their traditional functions of carrying out technical and contract administrations. As already pointed out, direct labour system of project implementation is neither a new concept nor a new philosophy in Nigeria. What is new is the emphasis on it, and the current belief of the present leadership that it has merit and can gainfully complement the contract system.

Bukar (1986) identified four major advantages with which the direct labour system could broadly be seen, and they are :

(i) Cost Saving,

(ii) Elimination of middlemen,

(iii) Generation of Employment, and

(iv) Promotion of professional competency. These direct labour advantages can be explained as follows:

Cost Saving: Here, civil servants are required to purchase materials directly from manufacturers or suppliers and execute the project by themselves. This eliminates the cost of labour to be paid to contractors, inflation of prices and other attendant cost.

Elimination of Middlemen: This refers to contractors who supply equipment and materials. These contractors are known to deliberately increase cost to maximize their profits at the expense of the government. If an uneducated contractor can employ hands to execute government job and make profit, trained and experienced civil servants should be able to execute the same job with greater efficiency.

Generation of Employment: This is achieved through recruitment of additional hands to execute projects. In addition, Ministries and parastatals are service organisations rather than profit-making organisations in contrast with private construction firms. Therefore, one finds more people employed in direct labour projects than contracts, where few staff are employed to save money (Sarki, 1987).

Promotion of Professional Competencies: Civil servants, by physically executing projects gain more experience and proficiency. Because of the past over dependant on the contract system, engineers and other technical staff have not had the opportunity to put into practical use the theoretical knowledge acquired in the Universities and other institutions. With direct labour approach however, all professionals could come out quite through and confident of themselves.

It is evident that there are alot of benefits to be derived from the direct labour approach to project execution. If properly organised, well controlled and effectively supervised, direct labour method of project execution has additional benefits in the following areas:

Quality: Project execution by direct labour ensures a high quality finish. Since there is no profit motive, specifications will be followed to the latter without cutting corners to maximise profit.

For example, consider a typical road construction project. In direct labour, it is normally possible to give more time for natural consolidation of both the base and sub-base, which is an essential requirement in high quality road construction. On the other hand, the contractor in the contract system is always eager to complete his work and vacate the site for another work, thereby time for natural consolidation is not given. The only achievement is the artificial compaction normally done by mechanical plant . In addition, since designers and executors belong to the same organisation in direct labour system, it will be easier to co-ordinate, control and maintain discipline.

Minimising Fraud and Corruption: Direct labour system either totally eliminates or at least minimises fraud and corruption. Since the project designers and executors belong to the same organisation working hand in hand, it is easy to detect fraud and deal with it accordingly. If the leadership is committed and not corrupt, there will be no room for exploitation of situations for personal gains and hence, betrayal of public trust.

Project Motive: The direct labour system of construction management is project oriented in contrast with the contract system. In the contract system, project execution is of secondary consideration because the contractor accordingly seeks ways of influencing the client in order to maximise his profit. Hence, in a contract document, provisions are made for variation clauses, escalation clauses etc. which not only seek to protect the profit of the contractor but also seek to increase the contract sum (Dawaki, 1987).

Other Areas: Other benefits of the direct labour approach to construction implementation could be explained as follows:

(i) In direct labour system, the very professionals who have been carrying out technical administration now organise and do the job thereby reducing the cost of labour.

(ii) Executing project by direct labour saves time and minimises cases of abandoned projects with their consequent astronomical escalation in contractual claims. Depending on the availability of funds, such projects can be completed with despatch with value for money.

(iii) Direct labour system allows the government to proceed with its works at its own pace. In essence, execution of projects may stop when funds are not available and recommence when funds are made available without legal complication resulting in tussles which sometimes take years to resolve and hence delaying the project by as many years. In addition, there is no contractual disagreement between client and contractor due to fluctuation or SFEM rate which is quite common with contracts nowadays.

(iv) With direct labour, government is able to react more quickly to difficulties arising from design errors and can carry out modification to its design in the course of constructior without having to resort to legal tussle normally required when dealing with independent contractors and consultants.

(v) Since performance ability of the personnel required to execute a project is known to the government, and it is at the same time in control of the stock of materials, project cost is better predetermined with greater accuracy (Dawaki, 1987).

(vi) Direct labour system is a good training ground for new entrants like young engineers, architects, builders, quantity

surveyors, e.t.c. because they develop their skill for maximum utilisation in the same system later. It will be a major trainer of undergraduates in the Universities, the Polytechnics and other relevant institutions of higher learning.

2.1.6 Achievement of Direct Labour System

The use of direct labour system is now well established nationwide. It is being used increasingly with impressive results. At the Federal Level, direct labour system has brought about tremendous changes in both maintenance culture and execution approach. The Federal Ministry of Works and Housing has, as at January, 1989, maintained 2,076 kilometres of Federal roads through direct labour throughout the country (Anonymous, 1989). On capital projects, the direct labour approach to project management claimed responsibility for the completion of various highway projects, beautification of headquarters' buildings, completion of government quarters, and reactivation of street lightening on some Federal roads especially within Lagos metropolis (Anonymous, 1989).

The achievement of direct labour system is very much commendable at the states level. In addition to intensification of construction maintenance through direct labour, one finds direct labour units and/or departments in every state, established in ministries, institutions, parastatals and/or other agencies, or purposely established to undertake execution of construction projects for the entire state where feasible and available resources permit. Projects so far implemented through direct labour approach include sports-centres, industrial buildings, office and residential buildings (ranging from simple to multi-storey buildings), construction of road networks and bridges, establishment of agricultural farms, rural and urban electricity projects, beautification of state capitals e.t.c. (Mshelbwala, 1987).

In addition, the Directorate of Food, Roads and Rural Infrastructure (DFFRI) intensively advocated the use of direct labour system for the construction of its rural feeder roads. There were laudable achievements to that effect especially in those states of the Federation that have fully adopted the concept of direct labour system (Alabi, 1988).

The situation is equally commendable at the local government's level. The success of direct labour is apparently obvious at the local government areas. This is because there is cheaper labour as well as less bureaucratic impact on direct labour machinery at the local government's level. Commitment, collectivism and built in checks and balances amongst the operators of the system is another factor towards the success of direct labour system at the local government's level. Direct labour execution has become a common activity in most local government areas as every aspect of economic undertakings, which were hitherto done through the contract system, are now accomplished through direct labour approach. These undertakings include maintenance of road networks and buildings, maintenance of vehicles, construction of capital projects, beautification of local government headquarters, purchases, e.t.c. Anonymous (1988) reported that, the one million naira (N1 million) Federal grant disbursed to each local government area in the Federation by the (Federal) Government were mostly utilized on capital projects which were executed through direct labour approach.

2.2 Public Enterprises in Nigeria

As vividly potrayed by the title, this research work inevitably entails among others, a clear review of the concept behind the establishment of public enterprises in Nigeria.

Composition of top management in public enterprises also forms an integral part of the research. This section of the chapter seeks to accomplish these and other aspects of the research work.

2.2.1 Public Enterprises (General)

Both the Presidential Commission on Parastatals, 1981 and the Public Service Review Commission Main Report, 1984 described public enterprises to encompass "all Corporations, Authorities, Boards , Councils and Limited Liability Companies in which government has full or majority interest". Zayyad (1986) drove the point home when he said "strictly speaking, public enterprises are business organisations set up by an Act of Parliament, a decree, or other legal instrument".

In clearing ground for the transformation of direct labour organisations into public enterprises, this research work inclined to support the seemingly eligible view of Abdulkadir (1987) who aptly defined public enterprise as "an organisation operating (or supposed to be operating) on commercial principles (and) wholly or partly owned by a public authority". The definition went on: "A public enterprise may be an original creation of the government or result from the nationalization of a privately - owned concern. A public enterprise may be charged with the provision of goods and/or social services made to operate on purely commercial basis or a combination of both".

In this apt definition by Abdulkadir (1987), it would be seen that the two acid tests of a public enterprise are ownership - which must be wholly or partly owned by a public authority - and objective - which must be profit oriented. It is, remarkable, however that in these days of streamlined budgetting, and diminished government resources, the number of public institutions that have entered the category of public enterprises have tremendously grown.

Among the later-day members of the group are bodies like Teaching Hospitals, National Electricity Power Authority (N.E.P.A.), Nigerian Airways, Nigerian Ports Authority (N.P.A), Nigerian Airports Authority (N.A.A.), the Universities, the Breweries, the Housing Authorities e.t.c.

Most importantly, according to Kofi (1988), a public enterprise is either a creation of statute **e.g.** The Ahmadu Bello University Law, The Ahmadu Bello University Teaching Hospital Act, The Nigerian Airports Authority Decree of 1974, The Borno State Housing Corporation Edict 1977, The Bauchi State Urban Development Board Edict 1979, The Kaduna State Housing Authority Edict 1977, The Plateau State Housing Corporation Edict 1977 and so on.

On the other hand, other public enterprises are limited liability companies set up under the companies Decree of 1968. Some of them like trading companies derive their statutory existence from the decree. Some, however, like banks and insurance companies derive their statutory existence not only from the decree but also from other operative statute like the Banking Decree or the Insurance Act (Falae, 1985).

Public enterprieses are established by both Federal and State Governments and they vary widely in terms of their functions, types of organisation and nature of operations.

2.2.2 The Concept of Public Enterprises

Intervention by government in economic activities is a vast movement of world-wide dimension.

In developing countries of Africa, Asia and Latin America, such intervention has become a necessity as the only practical means of achieving rapid economic development in a situation of scarce private investment capital. According to Chandler (1969), "defence and strategic considerations" have been paramount in the creation of public enterprises in the industrialised western countries, while "ideological consideration" provides the main inspiration in socialist countries. Here in Nigeria, Government Policy was clearly spelt out in the Second National Development Plan 1970/74 document thus:

> Over the last three decades, statutory corporations and state-owned companies have become an increasing tool of public intervention in the development process. Their primary purpose is to stimulate and accelerate national economic development under conditions of capital scarcity and structural defects in private business organisations. There are also basic considerations arising from the danger of leaving vital sectors of the national economy to the whims of the private sector often under the direct and remote control of foreign large scale industrial combines. Public enterprises are thus crucial in Nigeria's quest for true national economic development and self-reliance.

This policy position was reflected in the fundamental law of the country when the 1979 Constitution of the Federal Republic of Nigeria adopted the mixed economy model for Nigeria. Thus, enterprises are established to provide essential services which either the private sector is not likely to provide or the government does not wish to leave in the hands of the private sector.

Another important element in the decision to create an enterprise is the need to give the institution a greater degree of freedom of action than is applicable to traditional government ministries or departments.

This is in consonance with the original intention of government in transforming some erstwhile government departments, like the Nigerian Railway, into statutory corporations. For example, during the debate on the Nigerian Railway Corporation Bill in the House of Representatives in 1955, the Honourable Minister of Transport and Works (House of Representative Debate: April, 1955, p.865) said:

> The country is in fact growing up, and we must be prepared to change our methods to suit the times. The Nigerian Railway, of course, plays a major part in all these economic developments, and the time has come when we should free it from the close departmental controls under which it has so far operated if it is to respond to new demands being placed upon it. I think I can do no better than quote from a reply to a question in this House given by the then Vice-President of the party which now follows the leader of the opposition. In August, 1952, the late Chief Bode Thomas stated:
>
> "It is the Government's view that a public utility of this kind is better operated on quasi-commercial lines by a statutory corporation than by a Government Department. The rigidity of control and the established formalism which are proper and necessary in the operation of a government department are not suited to a public utility which should not only provide the service required by the public but should do so on sound financial lines".
> This, in my view, sets out Government's case very clearly.

It is crystal clear from the foregoing policy statement that public enterprises were conceived and established as organisations that should exist outside the civil service so that they could operate with greater degree of freedom and flexibility. Thus, public enterprises are established to discharge functions and attain objectives more readily achievable outside the civil service structure and procedure.

The business operated by public enterprises cannot be run by traditional government departments or ministries for lack of adequate manpower and due to inhibittion of official government rules and

regulations. Public enterprises are therefore expected or supposed to be freer in their operations and better equipped in staff and skill to handle the business for which they are created (Olisa, 1980).

Thus conceived, public enterprises are expected to:

(i) achieve a higher degree of efficiency and productivity than would be possible if the business were shouldered by government departments;

(ii) operate with freedom of initiatives, prompt decisions, flexible policies and methods, all of which are impaired under direct governmental management;

(iii) run their business as efficiently as private enterprises and thus achieve similar results in the form of maximum productivity and, sometimes profit.

Public enterprises are therefore, born with ideals as great as the expectations which sorround them - ideal of guaranteed maximum autonomy as the basis for maximum productivity and maximum profit.

Other purposes for which public enterprises were created include ensuring dependable supply of strategic goods and services; creation of employment for citizens; earning of revenue for the government; distribution of economic and social development; promotion of political integration and stability through distribution of projects; and promotion of national self-reliance and ultimate economic independence (Zayyad, 1980).

An important characteristic with public enterprises is that, they are charged with the promotion of public interest.

This means that in fixing their prices and formulating their policies, public enterprises have to take the public interest into account. The government ensures that prices fixed reflect the overall interest of the economy.

Furthermore, most public enterprises have monopoly power. This means that they can fix the prices of their services and do not have to operate on the basis of competitive prices determined in the free market (Chikelu, 1980). The government ensures that this monopoly is not used to exploit the consumer.

On finance, public enterprises have four main sources of finance as follows:

(i) Current Revenue from sales of Services.

(ii) Government Grants.

(iii) Loans e.g. from the capital market.

2.2.3 Classification of Public Enterprises

Various approaches have been adopted to classify public enterprises in Nigeria. Blunt (1964) identified four groups while Kayode (1986) acknowledged three types. In their seperate identifications, Zayyad (1986) had three forms of public enterprises and Abdulkadir (1987) had two broad categories. The 1971 wages and Salaries Review Commission classified public enterprises into four broad categories. The difference in classification need not concern us in this work.

The classification given by Abdulkadir (1987) is easier, though not necessarily neater but it is enough and perhaps better for our purpose in this work. Abdulkadir (1987) acknowledged the following two broad groups of public enterprises in Nigeria:

1. Limited Liability Companies
2. Public Corporations.

By limited liability companies, Abdulkadir (1987) refers to all those public organisations whose statutory existence were derived from the Companies Decree of 1968; and by public corporations he refers to all other public organisations whose statutory existence were derived from enabling laws other than the Companies Decree of 1968.

Public corporations would therefore, include such examples as the National Electricity Power Authority (N.E.P.A.), the Nigerian Railway Corporation (N.R.C.), the Nigeria Mining Corporation, the Nigerian National Petroleum Corporation (N.N.P.C.), the Nigerian Coal Corporation, the Nigerian Ports Authority (N.P.A.), the Nigerian Steel Authority, Federal and State Radio Corporations, the Nigerian Television Authority, Parastatals, Federal and State Housing Authorities the Universities, the Teaching Hospitals and so on.

Thus, as could be seen from the examples, a public corporation may be welfare, regulatory, service or, industrial and commercial agency.

Government - owned Limited Liability Companies would include such examples as Federal- and State - owned Breweries, Cement

Companies, Flour Mills, Oil Mills, Nigerian National Shipping Line, Nigerian Industrial Development Bank, Nigerian Airways (Olisa, 1980), West African Distilling Company and so on. One peculiarity of Limited Liability companies is that they may float shares which are purchased by the public although the government owns controlling interest by possessing most of the shares. Another peculiarity is that these companies formulate and operate (within governmental limitations) articles of association as well as observe the provision of the companies Decree 1968. In these ways limited liability companies resemble private enterprises more than public corporations.

2.2.4 Public Enterprises and Supervisory Agencies

Public enterprises, in contrast to private corporations or companies, are establishments of the State, with the governments of the day as entrepreneurs or controlling sharesholders, they in turn perform these roles in the name of the entire citizenery who ultimately, if ideally, the owners of the business operated by the enterprises. Private Corporations (or companies)are simply business organisations formed and legalised by individuals or groups of them, the enterprises operating specified business for profit accruable to the persons or groups who formed the corporations (or companies). Because the public enterprise is created by the state and owned by the state it is subjected to a wide range of state regulations and controls which the private enterprise is not subjected. Government regulations and controls over an enterprise's affairs are effected and wielded by the government ministry which oversees the activities of the particular enterprise (Onosode, 1980).

The formal relationships between public enterprises and Government Agencies charged with supervisory responsibility over them is derived from the provisions of the laws establishing them. In exercise of power vested in the supervisory agencies or in implication of the provisions of those laws, administrative guidelines may be issued to regulate the relationship. It is therefore of the utmost importance that the relevant provisions of the laws and guidelines be stated in very clear terms and properly understood by officials on both sides - the public enterprise and the supervisory agencies - whose duty is to translate government policies into practice. The boundary between exercise of control over policies by supervisory agency and interference with day-to-day management need to be delineated and kept constantly in view. The presidential commission on parastatals, 1981 has also pointed out that, the rule that government, through the supervisory agencies, should exercise control over the policies of public enterprises, if not clearly defined and grasped, could be a "veritable tool for interfering with nearly all aspects of management".

The 1968 Government White Paper titled "The policy of the Federal Military Government on statutory Corporations and State-owned Companies" stated that public enterprises are "entitled to and are granted a measure of independence subject to government's right as sole or majority shareholder to determine the scope and general thrust of their activities to ensure that they conform with its policies and programmes". The extent to which officials of the supervising agencies adhere to the letter and spirit of this rule would have a direct impact on the relationship between public enterprises and supervising agencies.

2.2.5 Individual Directors of Public Enterprises

Definition: The companies Decree of 1968, an epitome of all statutes on public enterprises in Nigeria,tersely stated that "Directors" include "any person occupying the position of director by whatever name called". Thus they are all Directors whether called Chairman, Managing Director, Executive Director, Alternate Director, Special Director, Associate Director or Part-Time Director. This implies that, whether a Board member is for a public corporation or limited liability company, such Board member is a "Director" within the definition of the companies Decree of 1968.

Qualification: The companies Decree 1968 prescribed no qualification for being a Director. However, proven insolvent or fraudulent persons are prohibited from being enterprise Directors (Zayyad, 1986).

Furthermore, unlike in Switzerland where the Swiss Corporation in its article 707 provides that "that Board of Directors of a Company shall composed of one or more members, all of whom must be stockholders of the company", the companies Decree 1968 does not require any share qualification for Directors in Nigeria (Zayyad, 1986

As a general rule, however, no person above the age of 70 may be appointed as a Director of a public enterprise or a private company which is a subsidiary of a public enterprise unless his appointment was made or approved, by the enterprise in general meeting in the case of Limited Liability Company, or by the government in the case of Public Corporations (Abdulkadir, 1987).

2.2.6 Board of Directors

The Board of Directors or the top management (Adegbite, 1985) could be defined, for the purpose of this work, as a duly constituted highest policy making organ of an enterprise. It is composed of all the directors of an enterprise including the Chief Executive Officer (C.E.O.) and other Executive Directors (or Senior Managers) reporting directly to the Chief Executive Officer.

Functions: It is generally recognised that the top management in an enterprise plays a crucial role in policy formulation and strategic decision making, especially in those areas concerning the profitability and future health of the organisation. In order to fully discharge their onerous responsibilities, the board of directors must, in addition to their statutory and legal obligations perform a number of managerial functions. These managerial functions of the board are aptly summarised by parker (1970) as follows:

> To establish the longer term objectives of the enterprise and basic strategies for their attainment;
>
> To define the specific policies (finance, personnel, marketing, and the like) to be followed in implementing the enterprise's strategies;
>
> To decide the organisation structure of the enterprise's management and to appoint individuals to fill key positions in it;
>
> To develop management planning, information and control systems appropriate to the organisation structure of the enterprise and to use these systems effectively to ensure control by the board at all times over the results produced by the Executive Management; and
>
> To take decision on such matters as the Articles of Association may reserve to the board (e.g. payment of dividends, disposal of corporate assets, appointment to the board) or that the board in its own discretion decides not to delegate (e.g. capital projects above a certain amount, diversification into a new business).

The Board of Directors is vitally important in assessing the overall performance of an enterprise over time since the members are ultimately responsible, to borrow from the words of Chandler (1969), for the determination of the basic long term goals and objectives of the enterprise and the adoption of courses of action and allocation of resources for carrying out these goals.

Basis for Appointment: Generally, appointment to Boards of Public Enterprises had been particularly selective and highly competitive.

As pointed out earlier, there are no special qualifications for appointment as Directors. However, Tukur (1984), then Minister of Commerce and Industry, pointed out in an address to Directors of Companies, Parastatals and Corporations under his Ministry that appointments of the various Directors was a clear testimony to the fact that the Directors were " men (and women) of proven integrity and ability".

A later day successor in office, Musa (1986), then Federal Minister of Industry in a similar address to the Boards of Nigerian Industrial Development Bank (NIDB) and Nigerian Bank of Commerce and Industry (NBCI), described the appointments of the Directors as "eloquent testimony of the confidence reposed by the Federal Government" in the newly appointed Directors.

On the role expected of the Boards, Tukur (1984) reminded the Directors that they had been appointed "to supervise and provide policy guidance for the management of Government - controlled

enterprises". He described the appointments not only as "Challenges" but also "as a call to national service". Musa (1986) similarly advised Directors not to work "at cross purposes" not only with Corporate objectives of their establishments but also with the objectives of the Federal Government.

It is clear from above that Directors were appointed:

(i) on the basis of their respective antecedent and integrity; and

(ii) to foster Corporate and Federal Government objectives laid out for their various companies or parastatals.

Chapter 3

DATA COLLECTION AND ANALYSIS

3.1 Data Collection Methods

The three methods of data collection considered in this research work are:

(a) Oral interviews : Oral interviews were conducted with the following categories of people:

(i) Chief Executives of direct labour organisations.

(ii) Other Staff on the payroll of direct labour organisations.

(iii) Public Administrators.

(iv) Learned Scholars.

(v) Professionals, and

(vi) Employees of Public Enterprises.

(b) Questionnaires : Questionnaires were also used to sample views from the categories of people mentioned (above).

(c) Existing documents : Some data were obtained from existing documents in direct labour organisations. These documents include flimsy files, proejct designs, bill of quantities and pay sheets.

3.2 Direct Labour Organisations

Investigation conducted in respect of establishment and setting of direct labour (d.l.) organisations in each of the four states under consideration has revealed the following:

3.2.1 Borno State

At the Federal level, the Federal Ministry of Works and Housing in Maiduguri has created two direct labour (d.l.) units.

One of the units is charged with the responsibility of Building and related works, while the other is charged with the responsibility of civil engineering works. Both units became fully functional in January, 1985.

Direct labour implementation has received considerable encouragement at the state level. Two direct labour departments were created from the State Ministry of Works and Housing in December, 1985. One of the departments was charged with the responsibility of executing Building projects, and the other is responsible for executing road projects, hence the naming of the departments, Project Engineer (Building) and Project Engineer (Roads) respectively. The Project Engineer (Building) was created from the Building Division of the Ministry while, the Project Engineer (Roads) from the Civil Engineering Division. Both departments were located outside the State Secretariat. Each department has been specifically charged to undertake the execution of government projects through direct labour approach whenever it is judged feasible. Direct labour execution of construction projects outside Maiduguri metropolis is undertaken by liaisoning with the AREA OFFICES of the Ministry at Gashua, Geidam, Bama, Biu, Gwoza, Kukawa, Potiskum and Buni-Yadi.

The Building Division of the State Ministry of Works and Housing has also created direct labour units in Ministries of Education and Health. These units were charged with the responsibility of executing Building projects by direct labour and, to liaise with the AREA OFFICES for execution of projects outside Maiduguri metropolis.

Through an oral interview, the Director General incharge of Local Government Affairs (in the Governor's Office) has revealed that, all the local Government Councils in the State were directed to undertake execution of construction projects through direct labour method (within the availability of necessary resources).

The works department of the Maiduguri metropolitan Council has three direct labour sections as follows:

(i) Building

(ii) Civil Engineering

(iii) Water Services.

Other Local Government Areas visited are Nguru, Damaturu, Kaga, Biu and Bama. The works department of each of these local government areas has two direct labour sections charged with Building construction and Civil Engineering works, respectively.

3.2.2 Plateau State

At the Federal level, the Federal Ministry of Works and Housing in Jos established two direct labour units in January, 1985 to execute Civil Engineeering (Highways) and Building projects.

At the State level, the Building Division of the State Ministry of Works and Transport has established a direct labour department outside the State Secretariat to undertake the execution of Building projects. Whereas the Civil Engineering Division of the Ministry, on the other hand, created a unit within the division for the purpose of executing Civil Engineering projects through direct labour.

These direct labour units of the Ministry cover the entire state by liaisoning with the seven DIVISIONAL OFFICES of the Ministry at Lafia, Shandam, Jos, Panshin, Keffi, Nasarawa and Langtan. The State Ministry of Works and Transport has been involved in direct labour execution of capital projects since January, 1986.

Information obtained from the department of local government affairs of the Governor's Office (in Jos) confirmed that the Works Department of each local government area is involved in the direct execution of capital projects as early as February, 1986. The works department of the Jos metropolitan council has been transformed into a direct labour department, known as the Jos Metropolitan Development Board (J.M.D.B.). The application of direct labour system in J.M.D.B. came into full swing in December, 1985, when the State Government took over the management of the board for the purpose of developing Jos Metropolis. The JMDB is financed by the State Government through the department of parastatals in the Military Governor's Office, whilst the State Ministry of Works and Transport bears the responsibility of parent Ministry. Other Local Government Areas visited are Bassa, Barkin-Ladi and Mangu.

3.2.3 Kaduna State

The Federal Ministry of Works and Housing in Kaduna has two direct labour units, namely, Highways and Public Buildings, established in February, 1988.

At the State Ministry of Works and Transport, two direct labour units were created within the Ministry in February, 1986.

These units were specifically designated to embark on direct construction of Building and Civil Engineering projects in the State. These responsibilities are accomplished by direct liaison with the DIVISIONAL OFFICES of the Ministry in every local government area in the State.

It is further gathered (from the Governor's Office in Kaduna) that, all local government areas in the State undertake the execution of construction projects by direct labour. Local Government Areas visited are Kaduna, Zaria and Saminaka. The Works Department of each of these Local Government Areas have two direct labour sections. One of the sections undertakes Building Construction and the other Civil Engineering Works. The utilization of direct labour system for the execution of capital projects in Kaduna, Zaria and Saminaka Local Government Areas came into full effect in December, 1985.

The Kaduna State Urban Planning and Development Authority (KASUPDA) is a direct labour department (board) established specifically to undertake direct labour construction and Urban Planning in Kaduna State. Although KASUPDA was established in 1972, the utilization of direct labour system for the construction of Building, Road and Drainage structures came into full swing in July, 1985. Whilst the State Government discharges its financial responsibilities (to KASUPDA) through the department of parastatals in the Military Governor's Office, the State Ministry of Works and Transport bears the responsibility of parent Ministry to the Board. With headquarters at Kaduna, KASUPDA has zonal and Area Offices as follows:

Zonal Offices: (i) Zaria

(ii) Kafanchan

Area Offices: (i) Ikara

(ii) Zonkwa

(iii) Saminaka

(iv) Kachia

3.2.4 Bauchi State

The Federal Ministry of Works and Housing in Bauchi has two direct labour units, established in December, 1984. The two units undertake Civil Engineering and Building Constructions through direct labour method (respectively).

At the State Ministry of Works and Housing, the only three AREA OFFICES of the Ministry at Bauchi, Gombe and Azare were transformed into direct labour departments in January, 1986. Professional staff of the Ministry were deployed into these departments to undertake direct labour execution of Building and Civil Engineering projects throughout the State.

Bauchi State Urban Utilities Board (BSUUB) is another direct labour department (board) established by the State Government in 1986 for the execution of Building, Road and Drainage projects through direct labour system. It also undertakes water and electricity distribution to urban areas by direct labour method. BSUUB accomplishes these responsibilities through its ZONAL OFFICES at Bauchi, Gombe and Azare. The State Government discharges its financial responsibilities (to the board) through the department of parastatals in the Military Governor's Office. The State Ministry of Works and Housing on the other hand, acts as parents Ministry to the Board.

An oral interview with an executive officer in the department of local government affairs (in the Military Governor's Office) revealed that, the works departments of all the local government areas in the State undertake direct labour execution of capital projects. Local Government Areas visited are Bauchi, Katagum (Azare) and Toro.

3.3 Distribution and Collection of Questionnaires

The research work has four separate questionnaires as follows:

(i) Questionnaire A: It was designed to sample Views from Chief Executives of Direct Labour (D.L.) units and departments (given as Appendix II).

(ii) Questionnaire B: Designed to sample views from site (or project) officers in direct labour (D.L.) units and departments (given as Appendix III).

(iii) Questionnaire C: It was designed to sample views from professionals and learned scholars (given as Appendix IV).

(iv) Questionnaire D: Designed to sample views from employees of public enterprises (given as Appendix V).

3.3.1 Questionnaires A and B

The distribution and collection of Questionnaires A and B were as shown in table 3.1

Table 3.1 : Distribution and Collection of Questionnaires A and B

Questionnaire	No. Issue Out	No. Collected Back
Questionnaire A	38	28
Questionnaire B	86	39

The distribution and collection of the two questionnaires in each direct labour organisation are shown in Appendix VI.

3.3.2 Questionnaires C and D

Questionnaires C and D were distributed and collected in the manner shown below (Table 3.2)

Table 3.2 : Distribution and Collection of Questionnaires C and D.

Questionnaire	No. Issue Out	No. Collected Back
Questionnaire C	35	21
Questionnaire D	50	25

3.4 Analysis of Data on Problems of Direct Labour Management

No construction system is entirely perfect in both design and executions. They all have problems in either deign or executions, or in both. Direct labour system is no exception.

Against this background, investigation into the problems of Direct Labour Management is carried out and results obtained are classified into the following areas:

3.4.1 Administrative Factors

Questionnaire A is partly set to investigate if there were initial plans (or modus operandi) in direct labour (D.L.) units and departments for the effective achievement of direct labour objectives. As shown in table 3.3, all respondents testified the existence of such proposals for their respective units and departments.

In fact, opportunities were granted in Borno and Bauchi States to glance over some of these proposals for the purpose of this research work (only), as they were considered to be official documents. Most articles in these proposals were designed to set operational strategies in sensitive areas of direct labour implementation. These areas include among others, the following:

(i) Management of Direct Labour Activities.

(ii) Material Procurement.

(iii) Staffing (and incentives)

(iv) Equipment, Plant and Tools.

(v) Funding of projects by Client Ministries and Departments.

(iv) Provision of Working Capital.

(vii) Government Loans and Grants.

An initial proposal for one of the direct labour deaprtments is reproduced as appendix VII.

The most pathetic revealation with regards to these proposals in present-day management of Direct Labour system is that, ninety five percent (95%) of respondents to questionnaire A could not hide their dissatisfaction with non-adherence to these initial proposals in their organisation/units. They were of the views that the partern of operation of their respective organisation are not in strict adherence to initial plans. The remaining five percent (5%), constituting those who indicated strict adherence of Direct Labour operations to initial plans, were all from Local Government Works Departments.

Table 3.3 : Administrative Factors in Direct Labour Problems

Investigation	Response in favour of Investigation
1. Direct Labour organisations with initial proposals (or plans) Reference Question: A3	All direct labour units and departments.
2. Percentage (%) of Chief Executives that identified mode of operations of their units and departments as NOT in strict adherence to initial Plan. Reference question:A4	95%
3. Direct labour units and departments that consult parent bodies for organisation problems Reference Question:A13	All direct labour units and departments
4. Percentage (%) of direct labour units and departments that do not receive frequent attention from parent bodies. Reference Question : A14	95%
5. Consideration of Black-mail by contractors and their agents in and outside government, as one of the major problems in direct labour implementation. Reference Question : A30	All Chief Executives have indicated their affirmation.

Disparity between planned and actual performance in direct labour units (and departments) is attributed to many factors. There were almost similar views from the Chief executives of the three direct labour boards in Jos, Kaduna and Bauchi. Their reasons were centred on persistent change in leadership and consequently, change in priority areas. In addition to change in leadership, respondents from other direct labour units (and departments) were of the views that, non-challant attitude of government functionaries in parent bodies (Ministries) is another major reason for this disparity. This views was particularly expressed in direct labour units (and departments) under State and Federal Ministries of Works and Housing. It is contended that public administrators (in parent bodies) are always reluctant in attending to departmental problems of direct labour units and departments. These departmental problems range from posting of staff and disbursement of Authority-to-Inquire-Expenditure (A.I.E.) to office accommodation. In fact, these problems were clearly potrayed in the flimy files of most direct labour organisations. Table 3.4 shows the title and response on some of these letters in the flimsy file of one of the direct labour departments in the area of research. The content of three of these letters are reproduced as appendix viii (a, b and c).

This situation in direct labour units and departments is exactly a reflection of what Usman (1983) earlier identified as reasons for Nigeria's technological bankcrupcy when he said:

> With the best intention in the world and with even a clear programme to bring about technological development, if the foundation of a government's power are contractors, consultants and such other species of Nigeria's dependent bourgeosie; that government cannot breakout of our present technological bankcrupcy, it may make rhetorical noises about doing so but it will ultimately fail.

Table 3.4 : Flimsy Copies of Official Letters in a Direct Labour Organisation

	TIME TITLE	DATE	PAGE NUMBER (FLIMSY FILE)	PERIOD AFTER ESTABLISHMENT OF THE DIRECT LABOUR UNIT	REMARK
1.	Request for fund and permission to repair and use abondoned vehicles.	14 April, 1986	21	4 months	No response from appropriate authorities
2.	Electrical Installation to direct labour office buidling.	15 April, 1986	29	4 months	No response from appropriate authorities
3.	A.I.E. for special maintenance	5 May, 1986	38	5 months	Request for A.I.E. for vehicle maintenance: No response.
4.	Office extention, furniture and renovation	17 June, 1986	63	6 months	No Response
5.	Project vehicle No. 3060D	13 December, 1986	136	12 months	The only lorry broke down: No response.
6.	Posting of Technical Staff (Quantity Surveyor)	30 May, 1987	336	17 months	The only Quantity Surveyor transferred without replacement.
7.	Request for the purchase of tipper	10 December 1987	385	24 months	No Response

Source: Project Engineer (Building), Maiduguri.

The above quotation reveals the fact that Nigerian technological bankcrupcy is largely attributed to contractors and their collaborators including, of course, administrator collaborators. This clearly implies that all proposals and policies are bound to be crippled, at least by the collaborating administrators provided that such strategies are to the detriment of their benefactor contractors. The overwhelming responses in favour of questions A13, A14, A26 and A30 (questionnaire A) as shown in table 3.3 are clear testimonies to this intellectual assertion (in the quotation).

3.4.2 Bureaucracy in Project Management (table 3.5)

The nature of red-tapism reported by Chief Executives is directly associated with the tight bureaucratic procedure deployed by parent bodies (Ministries) in dealing with direct labour units and departments as earlier discussed.

At the lower level, the problem is that of Government's characteristic bureaucracy and red-tapism. Four instance, about ninety percent (90%) of site officers undertake minor purchases (on site) from both financial imprest and direct financial request for such purchases at the main office. It is understood that minor purchases on site can conveniently be effected by site officers from financial imprest. The problem of bureaucracy arises when purchases are to be made through direct request at the main office. The site officer is to write memos to his headquarters before purchases are made. The approval of such memos sometimes take longer period than necessary.

The devastating problem of bureaucracy is compounded by the fact that maintenance of plant , machinery and other vehicles attached to ninety one percent (91%) of site officers (contacted) are done by their respective main offices. Most site officers seem to compare the situation with that of the contractors. It is viewed that whereas a contractor (on site) can react appropriately to situation as occasion demands, a civil servant (Engineer) on the field cannot do so. For example, while a contractor can readily purchase machine spare parts to get his work going, the civil servant Engineer may have to write memos to his headquarters and approval be made before purchases are done.

Table 3.5 : Problems of Bureaucary and Red-Tapism

	Investigation	Response
1.	Percentage (%) of Chief Executives that considered public service bureaucracy as one of the major constraints in effective direct labour implementation. Reference Question : A26	90%
2.	Percentage (%) of site officers that undertake minor purchases either from financial imprest or by direct financial request at the main office. Reference Question : B3	90.5%
3.	Percentage (%) of site officers that testified maintenance of equipment by main office. Reference Question: B9	91%

Observation: Tight government bureaucratic procedure as found in Ministries and other government departments is not ideal for effective operations on construction sites.

This is because delay in the provision of construction resources affects both cost and completion time of construction projects.

3.4.3 Expertise (table 3.6)

As the responses indicated, the problem of expertise to execute government Building and Civil Engineering projects is more pronounced in works departments of Local Government Areas. In these departments, ninety five percent (95%) of respondents agreed with the fact that there were dearths of skilled manpower needed for the execution of sophisticated projects in their departments. In fact, most bigger projects at the local government level were contracted out due to lack of expertise to execute such projects by direct labour. It is not therefore, surprising that most local government areas visited do place limit on cost and sophistication of projects to be executed by direct labour.

The problem of expertise is also evident at both State and Federal levels. Dearths of skilled manpower were confirmed in all the three direct labour boards at Jos, Kaduna and Bauchi despite the privilege accorded to them in recent years to employ highly skilled manpower through advertisements and autonomous interviews. Reasons were based on the fact that the boards were not provided with enough funds to enjoy the privilege.

At the States and Federal Ministries of Works and Housing, ninety percent (90%) of Chief Executives of Building (direct labour) units and departments indicated the scarcity of highly-skilled expertise to execute high technologically demanding projects.

This perhaps explains why eighty-eight percent (88%) of Building (direct labour) departments in states and Federal Ministries of Works and Housing observe sophistication limit on the type of projects to be executed by direct labour. No case of inadequacy in expertise to execute direct labour projects is reported in Civil Engineering (Direct Labour) organisations under States and Federal Ministries of Works and Housing.

Table 3.6 : Problems of Expertise in Direct Labour Management

	Investigation	Response in favour of Investigation
1.	Dearth of highly skilled expertise to execute high technologically demanding projects. Reference Question : A8	(i) 95% of local government works departments. (ii) All the 3 direct labour boards at Jos, Kaduna and Bauchi. (iii) 90% of building (direct labour) units and departments in states and Federal Ministries of Works Housing.
2.	Observation of limit on cost of projects. Reference Question : A6	(i) 95% of local government works departments. (ii) 50% of building (direct labour) units and departments under States and Federal Ministries of Works and Housing
3.	Observation of sophistication limit on projects. Reference Question: A7	(i) 95% of local government works departments. (ii) 88% of building (direct labour) units and departments under States and federal Ministries of Works and Housing.
4.	Entire technical manpower initially employed by and transfered from parent body. Reference Question : A15	All direct labour units and departments.

Observation: Skilled manpower is of utmost importance in any construction organisation, be it private or public. The deficiency in expertise reported in local government works departments, the three direct labour boards and, building (direct labour) units and departments under States and Federal Ministries of Works Housing, connotes absence of critical resources required for the execution of specialized construction projects.

3.4.4 Funding (table 3.7)

Untimely and inadequate funding of projects is one of the major problems militating against direct labour implementation. A response of ninety percent (90%) in favour of problems of funds is obtained from both Chief Executives and site officers. It is understood that funds are only rarely obtained by direct labour units (and departments) to execute construction projects because, the means of disbursement of funds may be planned and agreed between direct labour organisations and client ministries (and departments) but most client bodies habitually dishonour such agreement to the detriment of the projects. Rising cost of materials and delay in completion time were some of the problems encountered through untimely and inadequate funding of projects. This perhaps explains why majority of Chief Executives and site officers responded positively to the fact that planned completion time and cost are not strictly adhered to in direct labour projects (table 3.7). Response has further indicated that ninety five percent (95%) of site officers have, at one time or the other, been forced to abandone construction projects due to lack of funds. Plate I shows a multi-million naira direct labour project, abandoned due to lack of funds.

A direct labour organisation can successfully monitor both completion time and cost of projects if it has working capital at its disposal. This working capital will be used to finance portions of projects before funds from client bodies are made available. Ninety two percent (92%) of Chief Executives consulted indicated the non-availability of such cash reserve. The remaining eight percent (8%) indicated the availability of such funds, but most of them were of the opinion that the funds are not normally enough to undertake the execution of any substantial portions of projects. This is because such funds are normally part of the usual departmental subvention (A.I.E.) issued periodically to government departments for the purpose of office maintenance.

The problem of funds is further compounded by the use of both departmental subvention (A.I.E.) and project funds for the maintenance of plant , machinery and office vehicles. Ninety eight percent (98%) of Chief Executives (contacted) testified to that effect. Most Chief Executives complained of exhausting their departmental subvention (A.I.E.) on office maintenance and, since no profit and overtime allowances are made in direct labour estimates, some plants and office vehicles are abandoned due to inadequate 'finance' from project funds to repair them.

Table 3.7 : Problems of Funding in Direct Labour Management

	Investigation	Response in Favour of Investigation
1.	Funds from client Ministries and departments are NOT always readily obtained. Reference Question : A19&B6	90% of all respondents testified.
2.	Non-availability of Cash reserve to finance portions of projects. Reference Question : A20	92% of Chief Executives Testified.
3.	Non-availability of Cash reserve to invest in new equipment. Reference Question: A21	All direct labour units and departments.
4.	Planned completion time and cost are not strictly adhered to in direct labour projects. Reference Questions: A32&B7	(i) 95% of Chief Executives (ii) 80% of site officers.
5.	Utilization of project funds and parts of office A.I.E. for the maintenance of plant, machinery and other office vehicles. Reference Question: A23	98% of Chief Executives.
6.	Percentage (%) of site officers that have been forced to stop work at one time or the other, due to lack funds. Reference Question B18	95%

Observation: Timely and adequate funding forms the backbone for a successful delivery of construction project of the right quality at the right time. The successful delivery of construction projects in direct labour units (and departments)is hampered by untimely and inadequate funding.

PLATE I: A multi-million Naira Direct - Labour Project, abandoned due to lack of funds.

3.4.5 Plant and Machinery: (table 3.8)

Although the nature of problems on plant and machinery differ from one direct labour organisation to another, the Chief Executives of the following direct labour units (and departments) have testified the paucity of plant and machinery to execute direct labour projects in their organisations.

(i) All the three direct labour boards at Jos, Kaduna and Bauchi.

(ii) All Local Government Works Departments.

(iii) All building (direct labour) units and departments under States and Federal Ministries of Works and Housing.

(iv) All Civil Engineering (direct Labour) units under Federal Ministries of Works and Housing.

The investigation has further revealed that, there were sufficient plant and machinery (to undertake execution of projects by direct labour) in all civil engineering (direct labour) units and departments under States Ministries of Works and Housing. It is also confirmed that most of these equipment were from the former Public Works Department (P.W.D.), whose assets were shared among States Ministries of Works and Housing. Nevertheless, fifty percent (50%) of site officers from these direct labour organisations have testified hiring construction equipment from outside either due to breakdown of existing ones or to enhance construction progress.

A common problem that was expressed by Chief Executives of all direct labour units and departments is inadequacy of funds to repair and maintain existing plant , machinery and office vehicles. This problem have in fact, led to abandonement of many equipment in most direct labour yards, examples of which are

shown in plate II (a and b).

Table 3.8 : Problems of Plants and Machinery in Direct Labour Management

	Investigation	Response in favour of Investigation
1.	Availability of sufficient Plant and Machinery for project execution by direct labour. Reference Question: A22	Civil Engineering (direct labour) units and department of states Ministries of Works, Housing and Transport ONLY.
2.	Hire of Plant and Machinery from outside to perform vital direct labour functions. Reference Question: B10	(i) 85% of site officers from direct labour units and departments other than Civil Engineering (direct labour) organisations of States Ministries of Works, Housing and Transports. (ii) 50% of site officers from Civil Engineering (direct Labour) units and departments of States Ministries of Works, Housing and Transports.
3.	Engagement of sub-contractors on some portions of direct labour jobs. Reference Questions: A29&B5	(i) Buidling (direct labour) units and departments under States and Federal Ministries of Works and Housing. (ii) Local Government Works Departments. (iii) B.S.U.U.B. (iv) J.M.D.B.
4.	Inadequate funds to repair and maintain existing plant, machinery and other vehicles.	All direct labour units and departments.

Observation: It is evident that most direct labour units (and departments) are facing the problem of scarcity of necessary equipment to undertake the execution of projects by direct labour.



(a)



(b)

PLATE II: Abandoned construction equipment in Direct Labour Yards.

This problem is aggravated by lack of funds to repair and maintain existing plant, machinery and other vehicles.

A construction organisation can develop distinctive construction competencies in the availability of necessary construction equipment. Development of distinctive construction competencies in direct labour units and departments is hampered by scarcity of necessary equipment as well as lack of funds to repair and maintain existing ones.

3.4.6 Procurement of Projects

Investigation has confirmed that, only the three direct labour boards at Jos, Kaduna and Bauchi were established by enabling laws. All other direct labour units (and departments) were not established by any enabling laws. This implies that our executive policy-making organs have not given any formal recognition to the existence of some direct labour organisations in the country.

Another disappointing revealation is the fact that, there is no formally established and defined procedure through which direct labour units and departments could secure government projects. Respondents in all direct labour organisations have indicated that there is no law whatsoever which makes it mandatory for Ministries, Parastatals and other government agencies to consult direct labour organisations for execution of construction projects by direct labour system. Managements of direct labour units and departments were therefore, left with the responsibilities of enlightening the public, especially public administrators on the functions, activities and significance of direct labour system.

As sampled from direct labour units and departments, most Chief Executives use written letters, personal contacts and work already executed, to encourage (and appeal to) public administrators to patronize their organisations. Two of such letters are reproduced as Appendix IX (a and b). Public administrators on the other hand, take advantage of the situation to nominate suppliers and subcontractors for their projects. This approach have a devastating effect on both quality and cost of direct labour projects as most of these nominated suppliers and subcontractors are incompetent and invulnerable to price negotiation.

Furthermore, Chief Executives of all direct labour units (and departments) have indicated that their organisations do compete with contractors in securing government projects. It is infact pathetic that, even in the midst of numerous problems, direct labour units and departments have to compete with contractors in securing projects. It is not therefore, surprising that all site officers (contacted) confirmed the presence of competing contractors in their respective localities, executing government projects that could have been handled by Direct Labour Units (and Departments). This perhaps, partly explains why ninety five percent (95%) of site officers indicated that they have, at one time or the other, stayed idle due to lack of (direct labour) projects to execute. In addition, sixty percent (60%) of site officers investigated have indicated that they were not contented with the level of project responsibilities given to them. Majority of these respondents are senior officers.

Plate III shows a three-and-half million naira (N3.5 million) construction project given out to contractors in the midst of Federal, State and Local Government direct labour units and departments.

The project is mainly classrooms and bedrooms and, thereofre, entails no technical sophistication than provision of mixers, average-skilled manpower and simple implements, which can readily be provided by any direct labour unit (or department).

Table 3.9 : Problems in Securing Projects for Direct Labour Execution

	Investigation	Response in Favour of Investigation
1.	Direct labour units and departments established by enabling laws. Reference Question: A9	Only the three direct labour boards at Kaduna, Bauchi and Jos.
2.	States (or localities) within which Ministries, Parastatals and other Government Agencies are obligated by law to consult with direct labour units and departments (on matters of project execution by direct labour). Reference Question: A10 & B17	None
3.	Direct Labour units and departments that compete with contractors in securing government projects. Reference Question: A12	All direct labour units and departments
4.	Presence of contractors executing government projects that could have been handled by direct labour units and departments. Reference Question: B16	All site officers contacted have testified to that effect.
5.	Percentage (%) of site officers that have, at one time or the other, stayed idle due to lack of direct labour project to execute. Reference Question: B19	95%
6.	Percentage (%) of site officers that were not contented by the level of project responsibilities given to them. Reference Question: B23	60%

Observation: Going by the problems discussed so far, direct labour organisations could not be said to have any competitive advantage over private construction organisations in securing government projects.



(a)



(b)

PLATE II: Abandoned construction equipment in Direct Labour Yards.

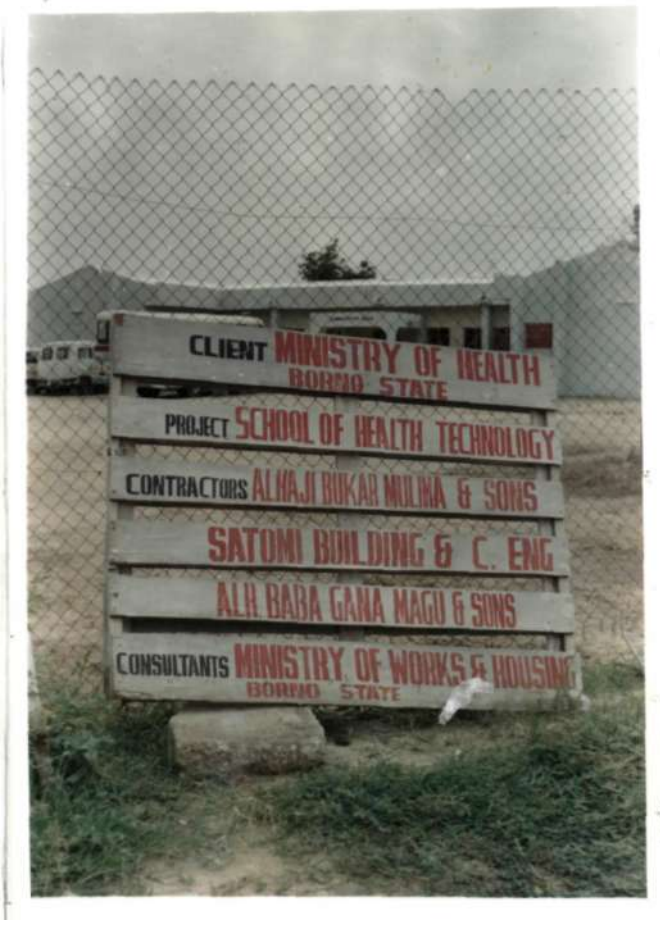


PLATE III: Three - and - half million Naira construction of simple public - buildings given out to contractors (on contract) inspite of the existence of Federal, State and Local Government Direct Labour Units (and departments) in the locality.

Furthermore, it is evident that our governments are not fully concerned toward direct labour system. The present national ethic for prudent management of the country's meagre resources entails governments' full commitment in all cost-saving devices like the direct labour system.

3.4.7 Procurement of Materials

Seventy five percent (75%) of Chief Executives of direct labour units (and departments) contacted indicated the procurement of construction materials through suppliers only. The remaining twenty five percent (25%) indicated the procurement of such materials through both suppliers and, bulk purchase from manufacturers and wholesalers. The bulk purchase of construction materials (at minimal prices) from manufacturers and wholesalers definately saves cost of projects, which is one of the set objectives of direct labour system. The problem of cost escalation arises when materials are to be procured through private procurers (suppliers). Suppliers deliberately inflate cost of materials for their selfish interest at the expense of direct labour projects. Delay in the provision of construction materials is another problem experienced with suppliers.

At the site officers' level, eighty percent (80%) of respondents confirmed the procurement of materials from combination of the following:

(i) Suppliers

(ii) Central Store (Bulk Purchase)

(iii) Direct financial request for the purchase of every material at the main office and procurement directly from retailers.

Financial request for the purchase of materials and immediate procurement from retailers has its own effects on both supervision and cost of direct labour projects. The level of supervision on site is bound to reduce once a supervisor leaves his site on procurement mission, unless he has a reliably competent assistant. The cost of the procured materials on the other hand, is prone to inflation by both the supervisor himself and his collaborating retailer.

The remaining twenty per cent (20%) of site officers indicated procurement of construction materials through suppliers only. Most of these site officers are from Federal Ministries of Works and Housing and the three direct labour boards.

Table 3.10 : Problems of Materials Procurement in Direct Labour Managemen

	Investigation	Response
1.	Percentage (%) of Chief Executives that procure construction materials through suppliers only. Reference Question : A28 (a)	75%
2.	Percentage (%) of Chief Executives that procure construction material through both suppliers and bulk purchase. Reference Question : A28 (b)	25%
3.	Percentage (%) of site officers that procure construction materials through combination of the following: (i) Suppliers (ii) Central Store (Buld Purchase). (iii) Direct financial request for the purchase of every material at the main office. Reference Question: B4	80%
4.	Percentage (%) of site officers that procure construction materials through suppliers only Reference Question: B4	20%

Observation: Elimination of middlemen, delivery of quality projects and minimizing corruptions are some of the set objectives of direct labour

implementation in the public sector. Ironically, the direct engagement of suppliers and site officers in the procurement of construction materials negates, in one way or the other, these set objectives.

3.4.8 Supervision

The informations obtained with regards to supervision of direct labour ojects can be explained in the following manner:

(i) Response from site officers have indicated that ninety eight percent (98%) of them were employed into their respective direct labour units and departments through the public service procedure. These site officers were initially employed by parent Ministries and departments. In the parent bodies, because of overdependent on contract system, they were not exposed to physical execution and supervision of capital projects. Most of them lack the experience to physically manage the construction of capital projects. Reference Question : B31.

(ii) The ninety eight percent (98%) response by Chief Executives of direct labour units and departments on lack of sufficient privilege to discipline or dismiss any staff without necessarily going through public service bureacracy is also another obstacle toward effective supervision of direct labour projects. Because of the tidious disciplinary procedure in the civil service, managers are always reluctant to effect disciplinary actions on subordinates. This is in contrast to private construction organisations where disciplinary actions are exercised with little or no bureaucracy. Reference Question: A17.

(iii) Responses have indicated that only the three direct labour boards at Jos, Kaduna and Bauchi have sufficient autonomy to provide training benefits directly to their staff. By this approach, management can understand and provide the appropriate training needs to its staff. Reference Question: A18.

(iv) All site officers contacted have indicated that they have not undergone any professional academic training since they joined the direct labour implementation. However, lack of training at this stage of direct labour implementation can not be used to evaluate the level of supervision on direct labour projects. This is because the 4-year period of direct labour implementation in the four states covered, may not be enough for managements to settle down and provide any meaningful academic training to employees. This notwithstanding, there is an urgent need to provide training benefits to direct labour staff as responses have shown that bigger projects (in most direct labour organisations) were managed by low calibre of staff who could not even explain the planning and control techniques they adopt for constructions. Reference Question: B15.

(v) There was thirty percent (30%) response from site officers to the effect that they supervise construction projects without site assistants. Most of these site officers are from Building (direct labour) departments in Borno and Plateau States. Management of construction projects without site technical assistant will affect the intensity and, therefore, quality of supervision provided. Reference Question: B13

(vi) All respondents have confirmed that the salary structure and conditions of service in their respective organisations are the same with that of government ministries. On a similar investigation, all Chief Executives have indicated that their organisations operate under the dictate of civil service rules and regulations. These, in essence, imply that direct labour units (and departments) are part and parcel of the civil service and therefore, they should share and reflect whatever quality the civil service is attributed for.

Boliya (1986), Ademolekun (1985), Bamisaye (1985) and Oluseyi (1985) were of the view that, the public purpose for which the civil service was created is associated with many social vices such as corruption, dishonesty, lack of dedication to duty e.t.c., the sum total of which had made the terms inefficiency and ineffectiveness household words refered to the civil service nowadays. Vulnerability of direct labour staff to these vices is further aggravated by the disparity in salary structure and conditions of service in their organisations and that of private construction organisations. The lower level of remuneration found in the public sector fosters indifferent attitude to work. Reference Questions; A27, B32 and A25.

(vii) Response has shown that sixty percent (60%) of site officers were not involved in the decision making process of direct labour organisations. Eventhough most of these staff belong to the lower cadre, all site officers should be given access to decision making in their respective organisations since they are allowed to manage construction projects. Site officers should be fully involved in the decision making process of their organisations because, any decision taken will affect their projects either directly or indirectly.

Reference Question: B28.

(viii) Forty percent (40%) of site officers contacted have indicated that the organisational structure of their departments does not inspire them to become head of the organisation one day. Investigation has confirmed that, most of these project officers are technical officers and works superintendents who are graduates of technical schools and polytechnics. It is unfortunate that the organisational structure of most government departments tend to reserve the post of 'head of the organisation' to University degree holders only.

Our governments should note that, the highest (Politically) attainable ambition of an individual in an organisation is to become head of the organisation one day. Motivation of an individual towards that direction will inculcate spirit of loyality and therefore, of good performance in him. Reference Question: B30.

(ix) Responses have indicated that sixty percent (60%) of site officers were satisfied with the effectiveness of their respective organisational structures, especially with regards to the type of constructions performed. The remaining forty percent (40%), representing those who indicated dissatisfaction, were mostly technical officers and Works Superintendents who did not see any prospect (to become head of the organisation) in their organisational structures and also, denied the opportunity to contribute meaningfully in decision making processes. Reference Question: B29.

(x) Investigation has shown that eighty percent (80%) of site officers do get directives from superior officers to appoint particular suppliers or sub-contractors. The remaining twenty percent (20%), representing those who negated the claim, were mostly senior officers.

To establish good working relationship, project officers should be fully involved in the appointment of competent and familiar sub-contractors (or suppliers). This will avoid breakdown in relationship between site agents and sub-contractors (or suppliers). Reference Question: B34.

(xi) Eighty percent (80%) of site officers contacted have indicated that, administrative influences from main office and parent Ministry

(or department) do hamper effective operations in direct labour sites. The remaining twenty percent (20%) who negated the claim, were mostly of the opinion that such administrative influences are very common with government (subsidiary) departments and therefore, they do not consider it as constraint toward effective performance. Reference Question: B20.

3.4.9 Civil Service Rules and Regulations

Investigative inspections have confirmed that the civil service rules and regulations in Kaduna, Plateau, Bauchi and Borno States were designed without due considerations to direct labour implementation. Most sections in these rules do not favour direct labour operations, more especially those sections that deal with overtime, transport, travelling and distrubance allowances. For example, section 821 entitled "overtime" in the Borno State Civil Service Rules reads:

821 - Officers in the following categories do not qualify for payment of overtime fees:

(i) all superscale officers and officers whose post are graded in grade levels 08 and 09.

(ii) all officers whose post are graded in grade level 07 other than those who, by the nature of their work, are regarded as qualified for overtime payment. Overtime shall NOT be paid to work superintendents, e.t.c., or foreman whose duties are generally of a purely supervisory nature,

(iii) all clerical and other office workers.

The same rule on overtime is expressed in the civil service rules of the other three states.

Even though about fifty five percent of site officers have indicated that the working period in their sites are not in conformity with civil service rules, it was reliably gathered that this non-conformity is not officially approved and therefore, allowances in respect of such unofficial working periods are always paid from direct labour project funds. Reference Question: B21.

Furthermore, the incentives in the form of overtime allowances indicated by forty percent (40%) of site officers contacted, are all paid from direct labour project funds since they are not officially approved incentives. Reference Question: B26.

3.4.10 Wages

The Chief Executives of all direct labour units and departments have confirmed that, wages on permanent employees in their respective organisations are paid from government coffers. Some of the Chief Executives were able to indicate the total number of permanent employees in their organisations as well as total (average) amount payable to them as wages every year. Table 3.11 shows some of these data.

Observation: The payment of wages and other allowances to permanent employees of a direct labour organisation over a period of time, erases (or substantially reduces) the total amount to be saved on direct labour projects over the same period.

3.4.11 General Observation

The foregoing revealation is an insight into the eminent danger in direct labour implementation. It is evidently clear that direct labour system is bound to be another failure unless purposeful and decisive steps are instituted to forestall its problems.

Table 3.11 : Permanent Employees and Wages in Direct Labour Units and Departments.

	Name of Direct Labour Unit or Department.	Total Number of Permanent Employees.	Amount payabl as Wages Per Annum .
1.	J.M.D.B.	113	N450,000.00
2.	Project Engineer (Roads) , Maiduguri.	200	N900,000.00
3.	K.A.S.U.P.D.A.	200	N792,000.00
4.	Direct Labour Unit (Building) M.O.W. & T, Kaduna .	15	N62,000.00
5.	Works Department, Kaga Local Government, Borno State .	109	N229,000.00
6.	Works Department, Damaturu Local Government, Borno State .	120	N133,000.00
7.	Project Engineer (Building), Maiduguri .	50	N165,000.00
8.	Direct Labour Unit (Building) M.O.W. & T., Jos.	20	N70,000.00
9.	Work Department, Mangu local Government, Plateau State .	85	N89,000.00
10.	Works Department, Katagum Local Government, Azare, Bauchi State.	100	N110,000.00
11.	Works Department, Zaria Local Government, Kaduna State.	130	N125,000.00

Investigation has confirmed that no one problem of direct labour system is peculiar to a particular locality. Some problems are experienced by direct labour units (and departments) that undertake the same type of constructions. Other problems are found in direct labour organisations established under the same level of government, while others are general problems.

Nevertheless, all direct labour problems are within the ambit of total (or partial) solution. Solutions to direct labour problems must, therefore, be provided collectively to all localities in order to forestall the occurrence of any problem where it was not found before. It is against this background that, a general solution is sought in the succeeding section.

3.5 Suggested Solutions to Direct Labour Problems

3.5.1 Review and Analysis of Major Problems

Despite the constraints in the implementation of direct labour system, success of the system is reported in almost all direct labour units and departments. Ninety percent (90%) of respondents at both Chief Executives' and site officers' levels testified successful implementation of the system since inception to date (table 3.12). This success in direct labour implementation was largely attributed to dedication on the part of the entire technical staff of direct labour units (and departments) who perceived the idea of direct labour system as a challenge to display professional assiduity over their counterparts in the private sector. The remaining ten percent (10%) constitute the proportion of respondents who indicated that direct labour system has many problems and therefore, can not be said to be successful.

It is the opinion of most respondents that, direct labour implementation could have been much more successful if serious steps were being taken to curb some of its major problems. Thus, in their effort to suggest means of overcoming some of these problems, majority of respondents recommended virtually similar strategies which were largely focused on three main areas as follows:

(i) Autonomy

(ii) Defined means of securing construction projects (from public organisations) and their subsequent delivery.

(iii) Provision of Capital.

Autonomy: All Chief Executives contacted have indicated that direct labour organisations do not have sufficient autonomy to operate effectively (table 3.12). In fact, even the Chief Executives of the three direct labour boards at Jos, Kaduna and Bauchi were of the opinion that the enabling edicts establishing *their respective organisations did not provide sufficient autonomy* for ideal direct labour implementation. It is understood that the enabling edict establishing these boards have arogated excessive power on both the Commissioner of Works and the Permanent Secretary in charge of parastatals (in the governor's office). The edicts have given these government functionaries excessive control over the professional staff of the boards. The Edicts have also created room for direct interference from these functionaries in every activity of the boards.

The provision of autonomy to direct labour organisations will go a long way in providing lasting solution to many problems of direct labour implementation. For example, most respondents were of the view that the problems of direct labour system generate from among others, the following:

(i) lack of commitment from governments,

(ii) persistent interference from government functionaires, and

(iii) administrative bureaucracy and red-tapism.

The provision of full legal autonomy to direct labour implementation invariably legalises government's commitment toward the system. Secondly, persistent interference from government functionaries could be remedied through legal means (as part of the legal autonomy). Thirdly, administrative bureaucracy and red-tapism are bound to be minimised since direct labour units (and departments) will be detached from their parent bodies.

Defined Means of Securing Construction Projects and their Subsequent Delivery: This suggestion is aimed at curtailing the difficulties experienced by direct labour Chief Executives in securing government projects. It is also aimed at defining means of project funding by client Ministries and Departments.

It is revealed that direct labour units (and departments) have to compete with contractors in securing government projects (sub-section 3.4.6). Although such competition is very common in the construction business, direct labour units and departments are ill-equipped to gain any competitive advantage over private construction organisations. There is also the need to establish means of adequate and timely funding of direct labour projects by client bodies. This is to forestall cost escalation and late delivery of direct labour projects.

Capital: This refers to the provision of capital for investment in equipment and also for financing projects before funds from client bodies are made available. The provision of capital would allow autonomous direct labour organisation to employ the level of expertise appropriate to its functions, and also to develop distinctive construction competencies for the effective delivery of direct labour projects.

The provision of full legal autonomy to direct labour units (and departments) would prepare a platform for successful implementation of the other two suggestions (i.e. procurement and funding of direct labour proejcts, and provision of capital). Thus, legal autonomy to direct labour units (and departments) could be followed by another legal instrument to define both procurement and delivery of direct labour projects. In addition, if properly established and organised, autonomous direct labour organisations may be allowed to participate in the capital market, where they could borrow large sums of money in order to solve their ever pressing problem of capital.

It is clear (from the above) that, the provision of full organisational autonomy to direct labour organisations is of utmost importance for the effective achievement of the objectives of direct labour implementation. This brings us to the idea of public enterprises. Investigation carried out has indicated overwhelming endorsement from Chief Executives of direct labour units and departments. All Chief Executives seemed to have favoured the idea of granting direct labour units (and departments) sufficient autonomy to operate as public enterprises (table 3.12). Considering this immense support from Chief Executives of direct labour organisations, questionnaires C and D were issued out to sample views from outside the core of implementation of direct labour system. The two questionnaires were set to sample views as follows:

(i) Questionnaire C: from professionals and learned scholars.

(ii) Questionnaire D: from employees of public enterprises.

Table 3.12 : Responses on the Success and Autonomy of Direct Labour Organisations

	Investigation	Response
1.	Percentage (%) of respondents that testified success of direct labour system since inception to date. Reference Questions: A42 and B37	90%
2.	Percentage (%) of Chief Executives that indicated, that direct labour units (and departments) do not have sufficient autonomy for ideal implementation of direct labour system. Reference Questions: A40	100%
3.	Percentage (%) of Chief Executives that endorsed the idea of transforming direct labour units and departments into public enterprises. Reference Question: A41	100%

3.5.2 Analysis of Views Sampled from Professionals and Learned Scholars

Sampled views from this category of respondents are classified into the following areas:

(i) Execution of Personal Proejcts.

Ninety percent (90%) of professionals and learned scholars contacted testified that, they would execute their (own) personal projects by direct labour system if the necessary construction resources are available. This is an indication that even people from outside the core of implementation of direct labour system have seen the wisdom in executing construction projects by direct labour. Since direct labour system, if ideally implemented, is a cost-saving device, this unprecedented support for its implementation is not unconnected with the hardship experienced in the present economic situation.

The remaining ten percent (10%) response, constituting those who testified execution of personal projects by contract system rather than by direct labour, were mainly from the business community including contractors.

(ii) Nigerian Socio-Economic Stage and Direct Labour Implementation

Seventy five percent (75%) of respondents were of the view that the overwhelming recognition accorded to direct labour implementation in Nigeria is quite in order. It is viewed that, direct labour implementation is quite suitable for our present stage of development, especially with the present global economic recession. The remaining twenty five percent (25%) were those who believed that it is premature, at our present socio-economic stage, to accord such overwhelming recognition to direct labour implementation. Most views from this group of respondents were centred on the belief that, direct labour implementation is only ideal for a developed economy.

(iii) Government Construction Resources and Direct Labour Implementation

Ninety percent (90%) of respondents indicated that, Nigeria has the required resources at all levels of government to execute construction projects by direct labour. Most of these respondents were of the view that, these resources were inadvertently wasted away due to lack of commitment by our governments. Five percent (5%) of the respondents believed that only the State Governments have the necessary resources to embark on direct labour implementation. The remaining five percent (5%), who believed that only the local governments have the necessary resources, were local government employees.

(iv) The Contract System

Eighty five percent (85%) of respondents did not see any prospect in the total abolition of the contract system especially in the type of economy we are operating, the mixed economy. The remaining fifteen percent (15%) were those who indicated that governments can survive without the contract system. They believed that, this may be practicalised through the employment of all the necessary construction resources that could be used for direct labour implementation.

(v) Registration of Contractors.

Ninety five percent (95%) of respondents indicated that, there is need for cancellation of registration of all contractors and careful identification and authorisation of the competent (and reliable) ones among them. They viewed that, this will sift out the 'bad-eggs' among Nigerian contractors.

(vi) Legislation of Direct Labour System

There was ninety percent (90%) response with regards to effecting legal instrument (by our governments) to execute construction projects through direct laour system except where the resources required for such projects could not be readily realised. They testified that, such a law will be quite in order as this will justified government's commitment toward direct labour system. It is further viewed that, the action will result in more effective utilisation of resources within government establishments, promotes labour development, and curb the present attitude to embark on projects for the purpose of personal benefits and not for the urgency of the projects.

In a similar investigation conducted in direct labour organisations, ninety percent of respondents indicated their support for the enaction (or promulgation) of legal instrument that will compel Ministries, Parastatals and other government agencies to consult direct labour units (and departments) on all matters of construction.

(vii) Transformation of Direct Labour Organisations into Public Enterprises

Eighty percent of respondents endorsed the transformation of direct labour organisations into public enterprises. Views from most of this category of respondents were centred on the fact that, such transformation would provide direct labour organisations with greater degree of freedom of operation and therefore, organisational objectives can be effectively achieved.

The remaining twenty percent (20%) of respondents who declined to support the idea were of the view that, the performances of Nigerian public enterprises are not satisfactory and therefore, transformation of direct labour organisations into public enterprises is a gloom. Nevertheless, majority of them have indicated that direct labour units (and departments) could be effectively operated as public enterprises if new reforms can be instituted into their operations. The suggested new reforms were similar to the recommendations given by the other respondents when they were asked to comment on direct labour organisations as public enterprises and privatisation of public enterprises in Nigeria (see Questionnaire C, questions C11 and C12).

Recommended reforms in this era of seeming privatisation of public enterprises include, total commitment from the government, support to participate in the capital market and, provision of right to secure both public and private construction projects.

Observation: The level of success in direct labour implementation, as reported by majority of Chief Executives of direct labour organisations indicates fruitful future prospect for the implementation of direct labour system. Any effort to remedy the problems of direct labour operations, therefore, fortifies the future propsect of the construction industry. To this end, government's commitment towards direct labour system need to be defined and established.

The provision of full legal autonomy to direct labour units and departments, as well as provision of legal instrument to define their functions, would establish government commitment towards direct labour system. Majority of respondents, both those physically intimate with the operations of direct labour system and those outside the core of its operations, have recommended the transformation of direct labour organisations into public enterprises. It is apparent that direct labour organisations could perform better if transformed into public enterprises.

3.5.3 Analysis of Views Sampled from Employees of Public Enterprises

Sampled views from employees of public enterprises are classified into the following areas:

(i) The Use of Direct Labour System in the Public Sector

All employees of public enterprises contacted have indicated their approval for the use of direct labour system in the public sector.

They were of the view that direct labour system of project execution should be given more emphasis (in the public sector) than the contract system. Majority of them apparently related their views to the past conspiracy between contractors and their collaborating public administrators. It is also viewed that the construction industry has been left, through the use of the contract system, in the hands of the private business community (contractors) for too long. Because they are profit oriented, most of these contractors resort to unlawful means to maximise their profits to the detriment of public interest.

(ii) The Use of Direct Labour System in Public Enterprises

All employees of public enterprises contacted have indicated that, construction projects in their respective organisations are executed through direct labour system whenever it is judged feasible.

(iii) Performance of Public Enterprises

All employees of public enterprises contacted have indicated their satisfaction with the overall performance of their respective organisations. Most of them were of the view that, given the present economic predicament, the overall performance of their organisations are satisfactory in contrast to private organisations, some of which were forced to wind-up.

(iv) Remunerations in Public Enterprises

All respondents have indicated satisfaction with the general level of remunerations offered in their respective organisations in contrast to that offered in government ministries and departments.

(v) Incentives in Public Enterprises.

Seventy percent (70%) of respondents testified the offer of incentives in their respective organisations. These incentives include free medical services, kilometre allowances, overtime allowances, bonuses, housing allowances, in-service courses and other welfare services. Organisations in which such incentives are offered include N.E.P.A., Premier Commercial Bank, Bank of the North, New Nigerian Newspapers Company, Maiduguri Monday Market Company Limited, Institutions, Jos International Breweries, Maiduguri Neital shoe factory, Radio Corporations, Nigerian Coal Corporations e.t.c. It is clear that majority of these public enterprises are limited liability companies.

The remaining thirty percent (30%) did not indicate any incentive.

(vi) Wages of Permanent Employees in Public Enterprises

Public enterprises in which Permanent employees are paid from sources other than government subsidy constitute sixty percent (60%). Investigation has shown that these enterprises are limited liability companies and other corporations in which revenues are generated. The remaining forty percent (40%) constitute those public enterprises in which Permanent remunerations are paid from government subsidies.

(vii) Salary Structure and Conditions of Service in Public Enterprises

Sixty percent (60%) of respondents indicated that, the salary structure and conditions of service in their organisations are different from those of government ministries. Public enterprises in this category are all limited liability companies.

The remaining forty percent (40%) indicated that, the salary structure and conditions of service in their organisations are the same with those of government ministries. Enterprises in this category are all public corporations. Most respondents in this category have however indicated that, it is not appropriate for the salary structure and conditions of service in their organisations to be the same with those of government ministries.

(viii) Bureaucratic Procedure in Public Enterprises

Seventy percent (70%) of respondents indicated that, bureaucratic procedure in their respective organisations is less tight than in government ministries. The remaining thirty percent (30%) indicated that the procedure is the same with that of government ministries. Public enterprises in this category include Banks and N.E.P.A., whose activities cover the whole of the nation with headequaters at one of the state capitals.

(ix) Transformation of Direct Labour Organisations into Public Enterprises

Ninety percent (90%) of employees of public enterprises (contacted) indicated their optimism that, if direct labour

organisations are transformed into public enterprises, the problems of bureaucratic bottlenecks and red-tapism will be minimised. The remaining ten percent (10%) were of the view that, no matter what is done, direct labour organisations would not be free from these problems. Ironically, majority of these respondents were those who indicated that the bureaucratic procedures in their organisations are the same with that of government ministries.

(x) Success of Direct Labour Organisations as Public Enterprises

Eighty five percent(85%) of respodents were optimistic that direct labour system as a method of project implementation (in Nigerian public sector) can still be successful if direct labour organisations are transformed into public enterprises. This optimism is based on the sound premise that autonomous government organisations perform better than subsidiary departments. The remaining fifteen percent (15%) were pesimistic on the performance of direct labour organisations as public enterprises. Through oral interviews however, most of them have supported the introduction of new reforms (sub-section 3.5.2) into the operations of direct labour organisations as public enterprises.

Observation: The majority responses in (i), (ii), (iii), (iv), (viii), (ix) and (x) above connote successful direct labour implementation if direct labour units and departments are transformed into public enterprises.

Responses in (v), (vi) and (vii) indicate the necessity of transforming direct labour units (and departments) into limited liability companies for effective achievement of direct labour objectives. This will allow autonomous direct labour organisations to generate revenue from which financial functions (such as payment of permanent employees, incentives and other remunerations) could be undertaken. As earlier revealed in sub-section 3.4.10, permanent remunerations and allowances in direct labour units and departments are all obtained from the government coffers and therefore, generation of revenue for these purposes will free autonomous direct labour organisations from total dependence on the government.

It is clear, however, that the transformation of direct labour organisations into limited liability companies must be effected together with the introduction of new reforms. This is to allow ideal direct labour implementation and therefore, effective achievement of direct labour objectives. These reforms are dealt with in the succeeding chapter.

3.6 Validity of Transforming Direct Labour Organisations into Public Enterprises.

First and foremost, public enterprises are established under the basic consideration arising from the danger of leaving vital sectors of the national economy to the whims of the private sector. Thus, public enterprises are established to provide essential services which either the private sector is not likely to provide or the government does not wish to leave in the hands of the private sector.

In the past, business in the Nigerian construction industry has been dominated by the private sector through the operation of the contract system. The confused situation in the industry, before the introduction of direct labour system for the execution of capital projects, was an aftermath of misapplication of the contract system by its operators. This misapplication itself is a clear testimony to the 'inability' of the private sector to deliver the construction industry in Nigeria. The direct labour system of project execution on the other hand, is used by governments (at all levels) as a major tool of intervention into the unfortunate predicament of the industry.

Another major element in the decision to create public enterprises is the need to give the institution a greater degree of freedom of action than is applicable to traditional government ministries and departments. Therefore, direct labour units (and departments) are to be conceived and established as organisations that should exist outside the civil service so that they could operate with greater degree of freedom and flexibility. Thus, direct labour organisations are to be transformed into public enterprises (Limited Liability Companies) to discharge functions and attain objectives more readily achieveable outside the civil service structure and procedure.

Other concepts behind the creation of public enterprises (as earlier discussed) can similarly be applied to test the validity of transforming direct labour organisations into public enterprises.

Chapter 4

DIRECT LABOUR ORGANISATIONS AS PUBLIC ENTERPRISES : A PROPOSAL

4.0 Direct Labour Organisations as Public Enterprises.

It is understood that the transformation of direct labour (D.L.) organisations into Limited Liability Companies, and introduction of new reforms, will go a long way in providing near lasting solutions to many problems inherent in direct labour implementation (see section 3.5). This chapter therefore, gives a proposal on the transformation of direct labour organisations into direct labour companies.

4.1 Establishment at the States Level

At the states level, it is hereby proposed that direct labour (limited liability) companies be established (in every state). Proposals in respect of initial establishment of those companies in each of the four states considered for the research work are discussed below. Similar patterns are expected to be used in all other states.

4.1.1 Kaduna State

It is hereby proposed that the Kaduna State Urban Planning and Development Authority (KASUPDA) be overhauled to enable the Urban Planning Division to be detached from it. Whilst the Urban Planning Division is to be upgraded into a board, the development (i.e. the engineering) division of the authority should be transformed into a direct labour

limited liability company. This direct labour (D.L.) company may be called Kaduna State Development Company Limited (KDCL). KDCL is to be established under an Edict which may be referred to as Development Company Edict. The proposed Kaduna State Development Company Limited (KDCL) is to undertake the construction of Building and Civil Engineering projects by direct labour system throughout the State. The present zonal and Area offices of KASUPDA should be dissolved and four new Zonal offices answerable directly to the Chief Executive of KDCL(may)be created. The four zonal offices would enable effective coverage of the entire state.

The presence of competing organisations in a locality dictates to a large extent the performance of a construction organisation. If management is aware that its chances of securing construction projects is threatened by the presence of competing organisations, it will try and make its mode of project delivery more efficient and effective. Competition among construction organisations fosters efficient technical and managerial approach to construction implementation. To this end, a competing organisation is to be created by transforming the two direct labour units of the State Ministry of Works and Transport into a single Limited Liability Company which may be called Kaduna State Engineering Construction Agency Limited (KECAL). To be established under a separate Edict, KECAL is also expected to undertake the construction of Building and Civil Engineering projects by direct labour throughout the state. The divisional offices of the state ministry of works and transport in each of the local government areas (in the state) could be used as zonal offices for the company.

Both the Kaduna State Development Company Limited (KDCL) and the Kaduna State Engineering Construction Agency Limited (KECAL) are expected to derive their statutory existence not only from their respective enabling Edicts but also from the company Decree of 1968.

4.1.2 Bauchi State

The Building and Civil Engineering Division of the Bauchi State Urban Utilities Board (BSUUB) should be overhauled and transformed into Limited Liability Company. All other detached divisions could be streamlined to form a board. The new Limited Liability Company may be called Bauchi State Development Company Limited (BADCL). BADCL is to be established under an Edict that may be referred to as Development Company Edict. The Bauchi State Development Company Limited (BADCL) would be expected to derive its full statutory existence from both the Development Company Edict and the Company Decree of 1968. The three zonal offices of BSUUB at Bauchi, Gombe and Azare could be used as Zonal offices for the Company.

The three direct labour departments of the State Ministry of Works and Housing at Bauchi, Gombe and Azare should be transformed into a single Limited Liability Company with headquarters at Bauchi and three zonal offices at Gombe, Azare and, any other convenient major town. The zonal offices would allow effective converage of the entire state. This second company may be called Bauchi State Engineering Construction Agency Limited (BASECAL).

It is to be established under an Edict that may be referred to as Engineering Agency Edict. BASECAL is also expected to derive its full statutory existence from both the Engineering Agency Edict and the company Decree of 1968.

4.1.3 Plateau State

The Jos Metropolitan Development Board (JMDB) should be accorded the full status of a Limited Liability Company whose function is to undertake the construction of Building and Civil Engieering projects by direct labour system throughout Plateau State. It may be referred to as Plateau State Development Company Limited (PDCL) with Building and Civil Engineering Constituting two of its divisions. PDCL is to be established under the umbrella of an enabling Edict and the Comapny Decree of 1968. The Jos Local Government Council would be expected to establish a new direct labour department as its works department.

A competing organisation should be established by transforming the Building (direct labour) department and the Civil Engineering (direct labour) unit of the State Ministry of Works and Transport into a single Limited Liability Company. This company may be referred to as Plateau State Engineering Construction Agency Limited (PECAL). PECAL is also expected to undertake Building and Civil Engineering Construction through direct labour System in the State.

4.1.4 Borno State

It is hereby proposed that two direct labour (limited liability) companies be created from the State Ministry of Works and Housing on dissolution of the existing direct labour departments of the Ministry.

One of the comapnies(may)be referred to as Borno State Development Company Limited (BODCL) while, the other(may)be called Borno State Engineering Construction Agency Limited (BSECAL). The two competing companies are to be charged with the responsibilities of executing Building and Civil Engineering projects through direct labour system in the State. Both companies would be expected to be established by the State Government under separate Edicts. The statutory existence of each direct labour company is to be based on both its enabling Edict and the Company Decree of 1968.

4.2 Establishment at the Federal and Local Governments' Levels

It is hereby proposed that the establishment of direct labour companies be controlled and restricted to the states level only. This is to avoid unnecessary proliferations of mushroom direct labour companies all over a state at all levels of government . However, it is hereby further suggested that direct labour units (and departments) in the following organisations be allowed to retain their original function and status.

(i) Federal Ministries of Works and Housing

(ii) Local Government Works Departments.

(iii) Institutions of higher learning

(iv) Government Parastatals and Enterprises.

This implies that direct labour units in all Ministries and government departments other than those mentioned (above) are to be dissolved.

4.3 Direct Labour Laws and Procurement of Proejcts

4.3.1 Legislation of Direct Labour System at the Federal Level

The Federal government is expected to be committed to the implementation of direct labour system in the country. One major way of indicating this commitment is through the promulgation of a decree on direct labour system. This decree may be referred to as Direct Labour Decree. The Direct Labour Decree should aim at making direct labour implementation a major institution in the country. In this way, more emphasis would be accorded to the use of the system in the public sector.

Against this background, it is hereby suggested that the decree should focus on such areas as:

(a) Direct labour system at states level: That every state government be given the authority to enact laws on direct labour system appropriate to its governmental and societal set-ups.

(b) Establishment of Direct Labour Organisations: That the state governments be allowed to establish any number (and types) of direct labour companies appropriate to their respective governmental capabilities. The consents of both the Federal Ministry of Works and Housing, and the Federal Ministry of Finance should be sought before the establishment of any direct labour company.

(c) Execution of Federal projects: That all Federal construction projects are to be executed through direct labour system except if the resources required for such projects can not

be readily realised. Any direct labour unit (in an organisation) that could not readily realise the necessary resources to execute a project by direct labour should seek the services of either the direct labour units in the Federal Ministry of Works and Housing or any State-owned direct labour company in its vicinity. A project can only be contracted out if both do not have the necessary resources to execute it.

(d) Re-registration of Contractors: That the Federal Government should cancel registration of all contractors at all levels of government. An independent committee comprising legal practitioners, construction professionals, learned scholars, accountants and other competent professionals, is to be created at all levels of government to re-register contractors who are certified to be bonafide and reliably competent. The Federal Government is expected to formulate a'yard-stick' for this purpose. Such 'yard-stick' should include, among others:

(i) Number and level of competent expertise at the contractor's disposal.

(ii) Proven non-involvement in any contractual misdeed in the past.

(iii) Financial strength.

(iv) Type, number and capabilities of equipment at the contractor's disposal.

Re-registered contractors would be expected to handle only those government projects which cannot be executed by direct labour.

(e) Registration of New Contractors: That autonomous bodies should be established at both the Federal and States levels for the purpose of registration of new contractors. These bodies are to certify the validity of any new contractor for registration. The body at the Federal level is to prove contractors who are willing to handle Federal construction projects, and that at the state level to certify state and local government contractors.

To avoid monopoly at the different levels of government, a contractor should only be allowed to register or re-register as Federal, State or Local Governmentcontractor.

4.3.2 Legislation of Direct Labour System at State and Local Governments' Levels

Every State Government is expected to legislate direct labour activities at both the State and Local Government Levels. It is hereby proposed that direct labour Edict be enacted in each State. All direct labour Edicts are suggested to cover such areas as:

(a) Direct Labour Policy: The Edict should declare direct labour system as a policy and therefore, a binding institution on all concerned.

(b) Government Projects: Every state or local government is to henceforth use direct labour system in the execution of all government projects unless the resources required for such projects can not be readily realised.

(c) Direct Labour Activities: Direct labour activities in a state, especially at the state and local government levels, are to be under the full control of the state government. Direct labour policy in every state will be subject to review occasionally as situation demands.

(d) Direct Labour Companies and Procurement of Projects: In addition to their respective enabling laws, the establishment of direct labour companies should be fully recognised in the direct labour Edicts. The direct labour Edicts should specifically declare direct labour limited liability companies as the only ultimate resort for the purpose of direct labour execution of government projects. This means, all government projects are expected to be executed through direct labour system unless certified by all direct labour companies (in a state) to be given out on contract basis. If the direct labour unit in an organisation do not have the resources to carry out immediate execution of a project, such a unit is expected to seek the services of a direct labour company to be selected through competitive bidding. The organisation can give out projects on contract basis only after full consent and permission is sought from all direct labour companies in the state.

(e) Certification of Projects: The creation of a unit, for immediate scrutiny and certification of construction projects, should be made compulsory in all direct labour companies. This will ensure immediate certification of projects on whether (or not) they can be executed by a company.

(f) Selection for Direct Labour Projects: Direct labour companies are expected to bid on direct labour projects. This means, selection of any direct labour company for the purpose of project execution should be made through competitive bidding. This will ensure efficient performance of direct labour companies since they know that their chances of selection in any future bidding session is jeopardised if they do not perform well.

(g) Patronage: Any public organisation that insist on constantly patronizing a particular direct labour company should do so on merits (of the company). Such identified merits should be made known to all other direct labour companies in the locality.

Managements of direct labour companies should be granted the priviledge to petition, to the government, any public organisation that infringes this or any other direct labour law.

(h) Functions of the State Ministry of Works and Housing: The functions of the State Ministry of Works and Housing should be stated in no uncertain terms in each direct labour Edict. The Ministry will be allowed to retain its original functions except the role of contract administration, which is to be taken over by direct labour companies. In essence, all Ministries, Parastatals and other Government Agencies in which design and/or execution of construction projects were hitherto done by liaisoning with the Ministry of Works and Housing, are expected to deal with the same Ministry except in matters of physical execution and funding of construction

projects. The Ministry of Works and Housing is also expected to undertake the maintenance of state-owned construction projects throughout the State.

4.4 Organisational Structure

The proposed organisational chart for direct labour companies is shown in figure I. As shown in the figure, there are units in every direct labour company each of which is to be headed by a personnel who will be reporting directly to the Chief Executive (i.e the Gernal Manager) of the company. These units are:

(i) Zonal Offices
(ii) Internal Audit Unit
(iii) Public Relation Unit
(iv) Research Unit
(v) Quarry and Asphalt Plant
(vi) Central Stores

The arrangement would enable the General Manager to become up-to-date with these units as well as the various main-divisions of the company. This will allow effective co-ordination of activities in the company.

It is hereby proposed that, units in the main divisions as well as the Zonal Offices of each direct labour company should include among others, the following:

Civil Engineering Division

(i) Survey Unit
(ii) Layout and Design Unit
(iii) Construction Unit.

Building Division

(i) Quantity Surveying Unit
(ii) Design Unit
(iii) Electrical Unit
(iv) Construction Unit

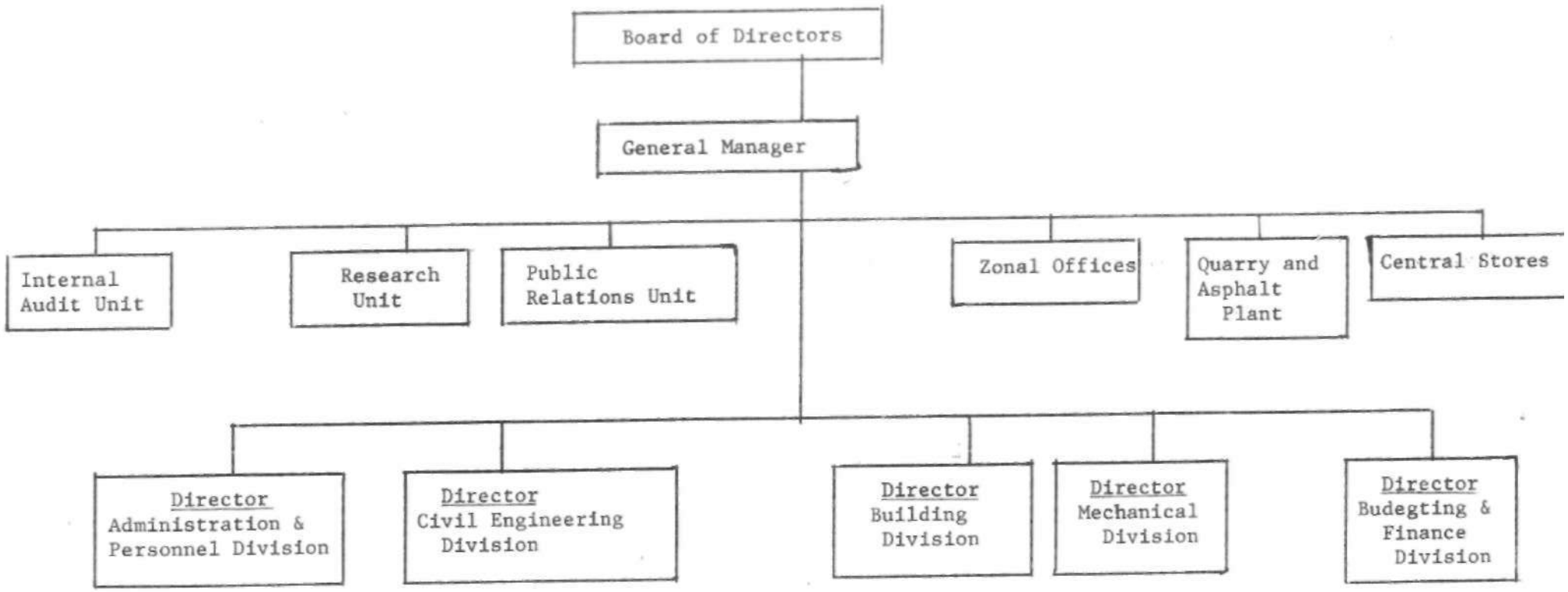


Figure I : Organisation Chart

for the proposed Direct Labour Companies

Mechanical Division

(i) Plant and Machinery Unit

(ii) Vehicles Unit

(iii) Maintenance Unit

(iv) Stores

Budgeting and Finance Division

(i) Accounting Unit

(ii) Marketing Unit

(iii) Capital and Budgeting Unit

Administration and Personnel Division

(i) Administrative Staff.

Zonal Offices

(i) Building and Electrical Unit

(ii) Civil Engineering Unit

(iii) Mechanical Unit

(iv) Administration

(v) Stores.

4.5 Sources of Finance

It is hereby proposed that all direct labour companies be allowed and supported to participate in the Nigerian Capital and Money markets. The enabling Edicts should grant direct labour companies the mandate to fully participate in these markets. This would enable limited liability (direct labour) companies to engage in the collection and issuance of both short and long term finances.

The Nigerian Money and Capital Markets can briefly be described, for the purpose of this research work, as follows:

4.5.1 The Nigerian Money Market

The Money Market is a market that deals with the commodity called Money. The Nigerian Money Market (part of the entire Nigerian Financial System) provides the means of short term finance. It is a market that makes it possible for those who are short of funds and need to borrow for short term purposes, to borrow from it. Equally, those who have excess or surplus funds and wish to lend or invest these funds for short term periods also do so in the money market.

4.5.2 The Nigerian Capital Market

A Capital Market is an organised market that provides facilities for long term investment and finance. Those who need funds and want to borrow on long term basis go to the Capital Market; likewise those with surplus funds and wish to lend them for long periods, invest or lend these funds to the capital market.

The benefit of participation in the Nigerian Capital and Money markets is two-fold. First, loans from the markets are expected to be utilized judiciously in meeting both short and long term financial commitments. These include among others; funding of projects before funds from client bodies are made available, investment in new equipment, payment of permanent and casual employees, payment of allowances, and other commitments which constitute the backbone of direct labour problems. Secondly, management of direct labour companies will be more 'finance conscious' since they are duty bound to settle all organisational liabilities.

On the whole, managements of direct labour companies have two onerous and interelated tasks ahead of them, viz:

(i) The task of solving organisational problems by the judicious use of loans, and

(ii) the task of repayment of these loans as well as their accrued interest.

Direct labour companies need to be fully supported for participation in the Nigerian Capital and Money Markets. The respective State Governments are expected to stand as guarantors to them in both markets.

Investigation have revealed that there are 'investment and property' companies, owned by each of the four states under consideration. Investment and property companies are independent broker - companies established for the purpose of promoting industrial and investment base of a state. State Governments could therefore make use of these companies as a medium between direct labour companies and the two markets. Alternatively, other recognised financial and development institutions like the New Nigerian Development Company (NNDC) and Nigerian Industrial Development Company (NIDC) could effectively be used to provide such medium.

4.6 Funding of Direct Labour Projects

Both the direct labour Edict and the enabling Edict establishing a direct labour company are required to cover the following areas of funding of direct labour projects.

(i) Direct labour companies should have standard printed documents for entering into agreement with client organisations. Each document is to be made for a specified function. Every agreement would be signed by the Chief Executives of both the direct labour company and the client organisation and, once signed, it becomes a binding document on all concerned.

(ii) Cost escalation and delay in completion time are some of the major problems experienced through inadequate and untimely funding of projects. A client body may be unable to meet its financial commitment towards direct labour project(s). It could, in such a situation, enter into agreement with a direct labour company for immediate dispensation of the project(s). The direct labour company would be expected to complete the project(s) and charge interest on the amount spent. The client body should be made legally bound to honour such financial agreements.

(iii) The need for a new project may become urgent in an organisation and the organisation may be unable to raise funds to finance the project immediately. Similarly, the client organisation could enter into agreement with a direct labour company, so that the latter undertakes the entire funding and execution of the project. The direct labour company will be expected to charge interest on the amount expended in executing the project. The client organisation will be legally bound to honour such agreements.

4.7 Plant and Machinery

Plant and machinery constitute one of the major ingredients for the development of construction competency in an organisation. In order to enhance comparison of performances, it is hereby suggested that all plant , machinery and vehicles in mother organisations be merged together and divided equally between the two direct labour companies in every state. For example, in Kaduna State, all plant and machinery under the Engineering Division of KASUPDA and that of the State Ministry of Works and Housing are to be merged together and

divided equally between KDCL and KECAL. This will enable both companies to start at the same level in terms of plant and machinery.

The purchases of new plant , machinery and vehicles could be undertaken after management of each company have studied the number, type and capabilities of the ones inherited from mother organisations. Procurement of equipment will constitute one of the major areas in which loans obtained from the capital market is to be utilized. Purchases are expected to be done through direct order from manufacturers and/or wholesalers. Both the mechanical division and, Budgeting and Finance Division of direct labour companies are expected to be fully vigilant in keeping trail of working life of all plants, machinery and vehicles. Each equipment is expected to have a separate accounts (or record) for the entry of incurred expenses and generated revenues.

4.8 Employment and Development of Expertise

The suggested areas of strategies to be adopted on the employment and development of expertisein direct labour companies are as follows:

(i) Direct labour companies should not be allowed to employ expertise for a minimum period of fourteen months from inception. This period will be used by management to study and pin-point all areas of construction in which experienced expertise are required and therefore, could be employed. The period will also enable management to monitor and understand immediate training needs of its existing staff.

(ii) The enabling Edicts of direct labour companies and the direct labour Edict (in every state) should make it compulsory for all contractors who are given construction contracts which could not be undertaken by direct labour companies, to also

engage some direct labour staff in the execution of such projects. Every direct labour company will be required to nominate at least a staff on all such projects. This will enable the companies to develop practical competencies in areas of deficiency. Although the contractors may not be paid for the services rendered, the law should accord them the right to discipline any attached staff.

(iii) Direct labour companies should be allowed to enter into agreement with multi-national construction companies on practical engagement of staff. By this agreement, direct labour companies will be expected to nominate direct labour staff for practical training in multi-national companies for a specified period of time.

4.9 Material Procurement and Sub-Contract

One of the major set objectives of direct labour system is to save cost in the execution of construction projects. The employment of the services of suppliers and sub-contractors diverts greater part of the money supposed to be saved on direct labour projects into private hands and consequently, this set objectives is ironically negated. It is, therefore, hereby suggested that:

(i) Both the direct labour Edict and the enabling Edicts establishing direct labour companies (in every state) should strongly discourage the engagement of suppliers in the procurement of construction and other materials. All materials are to be purchased in bulk directly from manufacturers and/or wholesalers. Manufacturers and wholesalers of construction materials who wish to transact

business with direct labour companies will be required to register with the companies. This is to enhance mutual business relationship between direct labour companies and their business contacts.

(ii) Every government-owned enterprise that manufacture construction materials should be obligated by law to allocate certain portion of its productions to direct labour companies.

(iii) Every direct labour company is to operate a system of central store, under the strict control of both the Quantity Surveying and Marketing Units of the Engineering and Finance Divisions respectively. Materials will be purchased and stored by the Marketing Unit under strict supervision of the Quantity Surveying Unit. Conversely, the entire materials to be used for a project are to be estimated and requested for by the Quantity Surveying Unit under strict supervision of the Marketing Unit. The Marketing Unit is expected to be made up of marketing professionals and quantity surveyors.

(iv) The direct labour Edict and the enabling Edicts establishing direct labour companies (in every state) are to discourage the engagement of sub-cotnractors except on specialist jobs. All sub-contract (specialist) jobs in a direct labour company must be deliberated upon by the management team of the company. The management of every direct labour company should strive to develop its own expertise on all specialist jobs, especially on those jobs that occur frequently.

4.10 Financial Burden

Investigation has shown that remunerations on permanent employees in all direct labour units (and departments) are paid from the government coffers. It was also revealed that direct labour organisations spend large sums of money on remunerations per annum. The amount spent on employees per annum, in each direct labour organisation, will run into millions of naira if all allowances and other incentives offered to permanent employees are added to their remunerations. These payments constitute quite a burden on the government.

Against this background, it is hereby proposed that all remunerations, allowances and other incentives, which were hitherto shouldered by the government, are to be paid from the accounts of direct labour companies. Each company will be responsible for all such payments from its own coffers and the government is not, therefore, expected to shoulder any more of such financial burden.

4.11 Direct Labour Estimates

Investigation have revealed that, the contract costing systems adopted on government projects are very much similar in all the four states under consideration. First, the entire estimate of the project will be given, and then a percentage of that estimate is added as profit and overhead cost to arrive at the total contract cost of the project. The percentage considered as profit and overhead cost to contractors ranges from fifteen percent (15%) to thirty percent (30%) depending on the type, nature and cost of the project but the same pattern of application is adopted in all the four states. It is understood however, that smaller projects are allowed greater percentages than complex and bigger projects.

Against this background, it is hereby proposed that ten percent (10%) of the estimated cost of every project, regardless of type, nature and cost, be allowed as direct labour overhead cost to direct labour companies. This allowable percentage will be subject to review from time to time as situation demands. The direct labour Edict (in every state) is expected to declare the 'State Executive Council' as the ONLY recognised body to legislate overhead percentages on direct labour projects. All deliberations on overhead percentages are to be done after due consultations with the boards of directors of direct labour companies in the State.

Managements of direct labour companies are expected to make use of the direct labour overhead cost as well as application of prudent management of construction resources in meeting both short and long term financial commitments of their respective organisations.

4.12 Working Rules

Direct Labour companies are expected to be granted with working rules which are compatible to their functions. These working rules should be designed to suit direct labour operations as well as the working conditions of direct labour companies. It should aim at loosening bureaucratic procedures in direct labour implementation. Working rules in direct labour companies should also make it possible for superior officers to effect disciplinary action on subordinates with little or no bureaucracy. Directors of direct labour companies should be granted the privilege to dismiss any disobedient staff if it is deemed necessary.

Alternatively, the civil service rules may be used as working rules for direct labour companies by delecting and/or amending all those portions which affect direct labour activities as well as

working conditions of direct labour companies.

4.13 Salary Structure and Conditions of Service

The salary structure and conditions of service of direct labour companies should be better than that of the civil service, and expected to compete with that of the private sector since, direct labour companies will be established to be as efficient as private construction organisations. The salary structure and conditions of service of direct labour companies should be designed under the supervision of the Federal Ministry of Labour and Productivity, which oversees the entire labour market of the country.

4.13.1 Remunerations

Remunerations to permanent employees, which will be paid from generated revenues, are expected to be very attractive and subject to review from time to time as the case may be. Another suggestion with regards to remunerations is that, the government may be allowed to shoulder remunerations on permanent employees of direct labour companies for a maximum period of nine months from incpetion. This is to allow managements of direct companies to settle down for the task ahead.

4.13.2 Allowances and Incentives

The types and nature of allowances and incentives to be offered in direct labour companies should be comparable to that offered in private construction organisations. These should include Housing allowances, overtime allowances, disturbance allowances, transport and travelling allowances, bonuses, medical services, canteens and other welfare amenities. Government houses occupied by staff transferred to direct labour companies are to be converted as assets to the companies.

4.14 Financial Reports

Legislation on direct labour system should obligate the Budgeting and Finance Division of each direct labour company to prepare and report financial statements at the end of every financial year. This will provide a precise picture of the annual financial position of every direct labour company for use by creditors, business contacts, the government, investors, financial analyst and the public.

4.15 Board of Directors

Members of Board of Directors of each direct labour company may constitute the following:

(i) The Chairman of the Company.

(ii) The General Manager of the Company.

(iii) All Executive Directors in the Company.

(iv) The State Commissioner for Works and Housing.

(v) Permanent Secretary (now Director General) in the State Ministry of Works and Housing.

(vi) The Federal Controller of Works Services in the Federal Ministry of Works and Housing of the State (or his Representative).

(vii) The State Commissioner of Finance and/or the State Accountant General.

(viii) The Permanent Secretary (now Director General) incharge of Parastatals in the Governor's Office.

(ix) The Permanent Secretary (now Director General) incharge of Local Government Affairs in the Governor's Office.

(x) The General Manager, State Investment and Property Company.

(xi) Representative(s) of the Nigerian Capital and Money Markets.

(xii) A representative of the Federal Ministry of Finance.

(xiii) Representative(s) of Federal Parastatals.

The following are some criteria to be adopted in the appointment of the Chairman, General Manager and Executive Directors in each direct labour company.

The Chairman:

The Chairman must be a personality of proven integrity and non-indebtedness. He must be a retired public servant who have reached the position of the Head of service, Secretary to Government, Federal Permanent Secretary or any other similar post deemed appropriate in the public service.

The General Manager:

The General Manager should be a civil servant of proven integrity and non-indebtedness. He must be a registered professional in the field of construction (and management) and, must have attained the position of permanent secretary or any other similar post deemed appropriate in the civil service.

The Executive Directors:

The Company 'Executive Directors' should also be civil servants of proven integrity and non-indebtedness. They must be professionals in their respective fields and, each must have attained the position

of Chief (now Director) or any other similar post deemed appropriate in the civil service.

4.16 Partial Disengagement of the Nigerian Capital Market

The Nigerian Capital Market, which would be the source of long-term finance for direct labour companies, may be partly relieved of its functions after (about) three years of inception of the companies. The three-year period is to be used by the government to evaluate the standard of performance of all direct labour companies, so that areas of correction (or otherwise) could be pin-pointed. The period would also allow managements of direct labour companies to develop some elements of experience in the application of laws on direct labour system. The State Government and the private business community can then be allowed to participate in financing direct labour companies so that they could enjoy portions of the interest paid to the Nigerian Capital Market by the companies. This means that portions of the loans from the Nigerian Capital Market are to be repayed by the State Government and the private investors. By this arrangement, the accrued interest which is supposed to be paid to the Capital Market on the repayed amount will automatically go to the government and the private business community. Hence, the private business community could see itself as partner to the implementation of direct labour system, as opposed to its being left 'on the sidelines'.

At the end of the proposed period, long term loans in direct labour companies are hereby suggested to be shared in the following proportions:

(i) The Nigerian Capital Market: The Capital Market is to be allowed fifteen percent (15%) of the total long term loans in each direct labour company. This means that, the Capital Market will have a fifteen percent share (only) in existing long term loans and also in the provision of new ones.

(ii) The private Investors: The private business community is to be allowed fifteen percent (15%) of the total loans in every direct labour company. This also implies that, the private business community is to be given fifteen percent share in both existing and new long term loans.

(iii) The Government: The State Government is expected to take the remaining seventy percent (70%) of the total loans to each direct labour company. It also means that, seventy percent (70%) of both existing and new long term loans in direct labour companies are to be owned by the government.

4.17 Top Management Problems in Nigerian Public Enterprises and Strategies in Direct Labour Companies

4.17.1 Problems

There has been a near complete erosion of the autonomy of public enterprises in Nigeria as permanent secretaries dominate the affairs of the government. The operational system, in respect of public enterprises in Nigeria, has given permanent secretaries the additional responsibility of directly, or indirectly, over-seeing the day-to-day functions of public enterprises within their ministrial schedule (Olisa, 1980), a role which is strictly that of the enterprises' Chief Executives.

(v) to make new regulations aimed at enhancing efficient performance of the companies as well as to ensure accountability of officers.

In this set up, the Commissioner of Works and Housing should have the responsibility of monitoring, on behalf of the government, the activities of the companies. He will also ensure that the companies keep within the general policy guidelines enunciated by the government. By this arrangement, the supervisory role hitherto played by the Permanent Secretary (on public enterprises) is to be taken over by the Commissioner in direct labour implementation. But then the Commissioner will also allow powers of day-to-day management to the companies. To do otherwise is to stifle initiatives in the companies.

To facilitate the Commissioners job, a direct link has to be established with the Chairman of each direct labour company, with whom he has to hold regular consultations where he will be briefed on the going-on in the company. Both the Permanent Secretary and the General Manager (i.e. the Chief Executive) should be in attendance at such consultative meetings. They will be present at the meeting as aids to the Commissioner and the Chairman, respectively. In this way, both of them will see themselves as partners in the process as opposed to the present master-subordinate relationship in Nigerian public enterprises. Also in the process, both will give the Commissioner advice from the point of view of government policy and company goals(and objectives)respectively.

Chapter 5

CONCLUSION AND RECOMMENDATION

5.0 Conclusion and Recommendation

It is understood that the implementation of direct labour system in Nigeria is associated with many problems which, if left unchecked, are bound to cripple its success. In order to check these problems, it is proposed that direct labour (limited liability) companies be established in every state of the Federation. These companies are expected to be financed by the Nigerian Capital Market. They would also be expected to charge a reasonable 'overhead' cost on every project undertaken in order to meet both short - and long - term financial obligations.

The study has also revealed that, fraud and lack of dedication to duty are common social vices associated with the public service nowadays (see sub-section 3.3.8). Since Direct Labour Companies are expected to be part and parcel of the public service, a Cynic will definately question their successes within the core of the system.

The success of any organisation, be it public or private, depends to a large extent on personnel commitment. The personnel in an organisation must be committed towards common and defined goals. Lack of such commitment is largely attributed to the failure of most public organisations.

Despite the fact that employment of personnel into Direct Labour Companies will be based purely on personal merit which includes proven interity and dedication to duty, the contention in this research work is that, the proposed Direct Labour companies are bound to succeed. This contention is based on the sound premise that there will be commitment of personnel to common and defined goals in Direct Labour Companies. These goals are:

(i) To repay all acquired loans and other liabilities, and

(ii) To prove that the companies can perform as efficiently as

private construction organisations, or even better than private construction organisations.

These are the two major goals of Direct Labour Companies. Managements of Direct Labour Companies are duty bound to see to the achievement of these goals. Any Direct Labour Company that fails to achieve either of these goals would automatically be liquidated. The law is therefore expected to make it clear that, in the event of liquidation of any Direct Labour Company, the personnel in that Company would automatically lose their jobs.

Against this background, the need to make some recommendations for the effective achievement of these two major goals cannot be overemphasised. Recommndations are based on the following areas:

(a) Participation in Private Projects:

After about two years of inception, Direct labour companies should be allowed to participate in the construction of private projects at reduced overhead percentages. The proposed 2-year period is to allow managements of direct labour companies to settle down for the tasks ahead of them. The period would also enable managements to create public awareness as to the existence and activities of the companies.

Apart from increased volume of work, participation in private projects would enable direct labour companies to generate substantial revenue. In addition, the morale of Direct Labour staff would be enhanced if they know that their area of coverage is not restricted to government projects alone.

(b) Hire of Plant and Machinery:

It is hereby recommended that, plant and machinery in Direct Labour Companies be used in the execution of private jobs on hire basis.

APPENDIX I

LIST OF SOME REPORTED CASES OF MISAPPROPRIATIONS IN THE CONSTRUCTION INDUSTRY

1. STATE GOVERNOR GOT NO.8 MILLION KICK-BACK ON CONTRACT. (National Concord : 25 June 1984. Back page).

2. CONTRACT GIVEN OUT FOUR TIMES (National Concord : 19 October, 1984 Back page).

3. N10 MILLION CONTRACT INFLATED TO N86 MILLION. (National Concord 20 May, 1985. Back page).

4. CONFLICTING CLAIMS OVER CONTRACT AWARDS AT ABU (Sunday New Nigeria : 3 February, 1985. Front page).

5. STATE WATER BOARD INFLATED TWO DAM PROEJCTS BY N12 MILLION (Nigerian Standard : 19 November, 1984. Front page).

6. THREE PROJECTS KEPT IN THE COOLER (Nigerian Herald : 5 April, 1984. page 9).

7. HOSPITAL PROJECT NEED N40 MILLION MORE (Nigerian Tribune.8 June 1985. Front page).

8. N39.5 MILLION FALSE CLAIMS MADE BY CONTRACTORS AND CONSULTANTS. (Nigerian Tribune : 28 May, 1985. Back page).

9. N1.2 MILLION ALLEGED KICK-BACK. (Nigerian Herald. 13 June, 1984. Front page).

10. N25 MILLION PROJECT ABANDONED (National Concord : 21 July, 1983. Front page).

11. N139 MILLION WATER PROJECT ABANDONED. (National Concord: 26 December, 1984. Back page).

12. N164,500 CONTRACT PAYMENT VOUCHERS MISSING (Nigerian Standard: 25 October, 1984. Back page).

13. N11 MILLION PAID BEFORE PROJECT WAS HALTED. (Nigerian Observer. 5 September, 1985. Back page).

14. N4 MILLION NACB HOUSING SCHEME TO COST MORE (Sunday New Nigerian, 16 June, 1985. Front page).

15. AUDIT REPORT INDICT LOCAL GOVERNMENT'S MODE OF CONTRACT PAYMENT (Nigerian Standard. 17 November, 1984, page 8).

16. STATE GOVERNOR GAVE N2 MILLION CONTRACT VERBALLY (National Concord. 20 February, 1984. Front page).

A6. (a) Do you have specific cost limit on the type of projects your organisation executes? (_) Yes (_) No.

(b) If your answer to (a) above is yes, what is the cost limited N.....

A7. Would you say that there is Sophistication limit in the nature of projects your organisation executes? (_) Yes (_) No.

A8. Government departments do suffer from dearth of highly skilled expertise required for the contruction of high technologically demanding projects. Would you say that this statement is equally applicable to your organisation? (_) Yes (_) No.

A9. The highest policy-making body in a society (or country) may deliberate to put the establishment of a public organisation in to law. Would you say that your organisation has full backing from such a law (edict, decree or other law(s))? (_) Yes (_) No.

A10. Ministrires, parastatals and other government agencies may be obliged by an enacted (or promulgated) law to consult with direct labour organisations on all matters of construction. Would you say that such agencies in your vicinity are also obligated to consult your organisation on all matters regarding the type of construction your organisation proferms? (_) Yes (_) No.

All. If your answer to question 10 is No.

(a) How do you perceive the idea of enacting (or promulgating) *such a legal instrument ?*

(i) The idea is quite in order ( )

(ii) The idea is not quite in order ( )

(iii) The idea is not in order ( )

(b) What methods do you employ in enlightening and encouraging public administrators to patronize your organisation? .....

.....

.....

A12. Would you say that your organisation do compete (in some instances) with contractors in securing government project?

( ) Yes. ( ) No.

A13. Do you normally consult your parent ministry for organisational problems? ( ) Yes ( ) No.

A14. How readily does your parent ministry solve your organisational problems?

(i) More often than not ( )

(ii) Every so often ( )

(iii) Rarely ( )

(iv) Not at all ( )

A15. What method does your organisation employ in recruiting technically skilled manpower?

(i) Through advertisement and autonomous interview ( )

(ii) From parent Ministry (i.e. employment through public service) ( )

(iii) Other means (Specify) ..... ( )

A16. Would you say that the manpower expertise at your disposal is sufficient for the number and nature of projects presently handled by your organisation? ( ) Yes ( ) No.

A17. Do you have sufficient privilege to discipline or dismiss a staff without necessarily going through public service bureaucracy? (_) Yes (_) No.

A18. Would you say that your organisation has sufficient autonomy to provide training benefits to its staff?

(_) Yes (_) No.

A19. What would you say with regards to securing funds to execute projects?

(i) Funds are readily obtained from client ministries/departments (_)

(ii) Funds from client ministries/departments are readily obtained only in some cases. (_)

(iii) Funds are not readily obtained from client ministries/departments (_)

A20. Do you have cash reserve at your disposal to Finance portions of jobs before funds from client departments are made available? (_) Yes (_) No.

A21. Do you have cash reserve to invest in new equipment, or to fabricate equipment in your organisation?

(_) Yes (_) No.

A22. Would you say that the plant and machinery at your disposal, are enough for the execution of the type of projects your organisation handles? (_) Yes (_) No.

A23. Kindly explain your sources of finance for the maintenance of plant , machinery and office vehicles.

.....

.....

.....

APPENDIX II (Cont'd)

A24. How do you finance site officers to undertake minor purchases on site? .....

.....

A25. Do you operate under civil service rules and regulations?

( ) Yes ( ) No.

A26. Would you consider public service bureaucracy as one constraint in the effective performance of your organisation?

( ) Yes ( ) No.

A27. Would you say that the salary structure and conditions of service in your organisation are different from that of the civil service? ( ) Yes ( ) No.

A28. (a) Do you employ the services of suppliers in the procurement of construction materials? ( ) Yes ( ) No.

(b) Would you say that your organisation carry bulk purchase of construction materials from manufactures and wholesalers? ( ) Yes ( ) No.

A29. (a) The engagement of subcontractors is sometimes inevitable in construction process. Do you employ the services of subcontractors? ( ) Yes ( ) No.

(b) If your answer to (a) is yes, what in your opinion are the major reasons for the employment of such services?

.....

.....

.....

A30. Do you see blackmail by contractors and their agents in and outside government as one of the major problems in effective implementation of direct labour policy?

( ) Yes ( ) No.

A31. (a) Would you say that the accounting system in your organisation is designed specifically for the type of operations it performs? ( ) Yes ( ) No.

(b) Would you say that the accounting procedure in your organisation is fraud-free? ( ) Yes ( ) No

A32. Would you say that cost of projects are effectively monitored right from inception to completion in your organisation?

( ) Yes ( ) No.

A33. What are the major planning and control techniques adopted in your organisation? .....

.....

.....

A34. There may be other direct labour ORGANISATIONS in your locality. If there are, what relationship does your establishment have with these organisations?

Name of direct labour Organisation	Relationship

A35 There may be direct labour UNITS in ministries, parastatals and other government agencies in your locality. Kindly indicate relationship of your establishment with some of these Units.

Name of Unit	Relationship

B5. The engagement of subcontractors is sometimes inevitable in construction process. Do you employ the services of *sub-contractors on some portions of jobs handled by you?*

(i) Always ( )

(ii) Only when it is necessary ( )

(iii) Only when directed to do so ( )

(iv) Not at all. ( )

B6. Would you say that funds are always made available (with readiness) to your organisation/unit to execute projects?

(i) Always with readiness (as planned) ( )

(ii) Not always ( )

B7. Would you say that planned completion time and cost are strictly adhered to in your projects? ( ) Yes ( ) No.

B8. What techniques of planning and control do you adopt for projects? .....

.....

B9. Regular maintenance of equipment such as plant , machinery and vehicles enhances effective performance on construction site. How do you effect maintenance of equipment attached to your site?

(i) from financial imprest at my disposal ( )

(ii) the main office is responsible for maintenance of equipment ( )

(iii) through the services of contractors ( )

(iv) Combination of above ( )

(v) Other (please specify) .....

.....

B10. Have you ever hired plant or machinery for this or any other direct labour project in your organisation/unit?

(_) Yes (_) No.

B11. *If your answer to question 10 is yes, kindly indicate some* of the plant hired and what actually compelled you to effect each hire as below.

Type of plant hired	Type of job performed	Reason

B12. Do you employ the services of casual-labour in project execution? (_) Yes (_) No.

B13. How many officers with technical background are presently working with you? .....

.....

B14. Do you have enough privilege to discipline any officer attached to your site without necessarily going through public service bureaucracy? (_) Yes (_) No.

B15. Have you undergone any professional academic training since *you joined this direct labour organisation/unit?* (_) Yes (_) No.

B16. Would you say that there are some contractors in your locality presently executing the type of government projects your organisation/unit is supposed to have handled? (_) Yes (_) No

B17. (a) Would you say that Ministries, parastatals and other government agencies in your locality are bound by law to consult direct labour organisations/units on matters of construction? (_) Yes (_) No.

APPENDIX III (Cont'd.)

(b) If your answer to (a) is No, the non-availability of legal instrument to that effect actually means working side by side with contractor-competitors. Would you say that there is need for such a law? (_) Yes (_) No.

B18. Work on site may be forced to stop due to lack of funds. Have you ever experienced such a hitch with this or any other direct labour project? (_) Yes (_) No.

B19. Have you ever stayed idle without a project of your own to execute? (_) Yes (_) No.

B20. Would you say that administrative influences do hamper effective operations on your sites? (_) Yes (_) No.

B21. What would you say with regards to site activities and civil service rules and regulations?

(i) site activities (i.e. working days, working period, overtime e.t.c.) are in compliance with civil service rules and regulations (_)

(ii) site activities (i.e. working days, working period, overtime e.t.c.) are NOT in compliance with civil service rules and regulations. (_)

B22. Kindly indicate working period on site as below.

Day	Time activities start on site	Break(if any)		Time activities stop on site	Over-time in hours (if any)
		Start	End		
Mon					
Tues					
Wed					
Thurs					
Fri					
Sat					
Sun					

B23. Do you feel contented by the level of project responsibilities given to you? (_) Yes (_) No.

B24. Do you feel contented by the level of financial responsibilities given to you? (_) Yes (_) No.

B25. Who is responsible for the payment of overtime and casual-labour on Site? .....

.....

B26. (a) Do you receive any incentives from your organisation?

(_) Yes (_) No

(b) If your answer to (a) is yes, kindly indicate the nature of such incentives .....

.....

(c) Do you feel induced (or encouraged) by the level of incentives offered? (_) Yes (_) No.

B27. What would you say with regards to accounting system in your organisation?

(i) Virtually same with the system in ministries and other government departments (_)

(ii) Specifically designed for the mode of operations this organisation/unit performs. (_)

B28. The management team in an organisation may be seen as the highest decision-making organ of the organisation. As a site officer, do you belong to the management team of your organisation/unit. (_) Yes (_) No.

B29. Would you say that the organisational structure of your organisation/unit is effective with regards to the type of operations it performs? (_) Yes (_) No.

APPENDIX III (Cont'd.)

B30. Considering the organisational structure of your organisation, do you feel inspired to become head of the organisation/unit one day? ( ) Yes ( ) No.

B31. Were you employed in to your organisation/unit through the public service procedure? ( ) Yes ( ) No.

B32. Would you say that your organisation/unit's salary structure and conditions of service are different from that of the civil service? ( ) Yes ( ) No.

B33. Kindly mention some of the projects wholly or partially executed with your technical ability.

Name of Project	Description	Final Cost

B34. Do you sometimes get directives from superior officers to appoint particular suppliers or subcontractors?

( ) Yes ( ) No.

B35. The physical execution of construction projects promotes professional competency. What would you say with regards to this statement since you joined the direct labour crusade?

(i) Level of professional competency have immensely enhanced ( )

(ii) Nothing to write home about ( )

APPENDIX III (Cont'd.)

B36. What in your opinion are the major problems in direct labour implementation? You may kindly suggest ways of overcoming such problems .....

.....

.....

.....

B37. What would you say with regards to success or failure of direct labour system particular in your organisation/unit since inception to date? .....

.....

.....

.....

APPENDIX IV

QUESTIONNAIRE C

TO PROFESSIONALS AND LEARNED SCHOLARS

PROFESSION .....

C1. Direct labour and contract systems are the two major construction systems in the Nigerian construction industry today. Briefly, direct labour can be described as a system whereby projects are executed through direct utilization of one's (own) resources while, contract system is that in which such projects are executed through hired agents or contractors. Would you say that Nigeria has the required resources to embark on direct labour implementation?

(i) At Federal Level only ( )

(ii) At States level only ( )

(iii) At Local Government Level only ( )

(iv) At (i) and (ii) only ( )

(v) At (ii) and (iii) only ( )

(vi) At (i) and (iii) only ( )

(vii) At all levels ( )

(viii) Not at all ( )

C2. If you personally have the necessary construction resources (i.e. Manpower, Materials, Plant etc) at your disposal, would you execute projects by direct labour? ( ) Yes ( ) No.

C3. Even in the economy we are operating (the mixed economy) there were calls and yearnings for the total abolition of the contract system. Would you say that the total abolition of contract system in this country will do us any good?

( ) Yes ( ) No.

D10. Some major problems confronting direct labour implementation in Nigeria are bureaucratic bottle-necks, red-tapism and internal politics inherent in government ministries. If direct labour organisations are transformed into public enterprises, what would you say with regards to these problems.

(i) The problems will be minimised ( )

(ii) There will be no difference ( )

D11. If direct labour organisations are transformed into public enterprises, would you say that Direct Labour system as a method of project implementation (in Nigerian public sector) can still be successful? ( ) Yes ( ) No.

D12. Kindly Sketch the Organisational Sttructure of your establishment.

APPENDIX VII

AN INITIAL PROPOSAL FOR THE OPERATIONS OF A DIRECT LABOUR ORGANISATION

Establishment of Direct Labour Unit (Building)

Please refer to your ESt/10/MOW/365 of 19th December, 1985 which conveyed the approval for appointing me to take charge of the Direct Labour Unit of Government Building projects of the Ministry and find herewith my tentative proposal for the scheme.

2. Preamble and Assumptions

It is sincerely hoped and believed that the main driving force behind the establishment of the Direct Labour Unit by the Ministry is the current government emphasis on the use of direct labour as against the employment of Contractors in the construction of Building projects. The emphasis is clearly articulated in the 1986 budgets of both the Federal and Borno State Military Governments and the wisdom and raison d'etre of the scheme need not be re-stated. At the end of the day however, the main objective of executing a project at a cheaper price and of a higher quality by direct labour can never be over-emphasised.

It is therefore hereby asumed that except where the Direct Labour Unit is handicapped by lack of appropriate plant and Machinery, all Building Projects will eventually be handled by the Unit. This approach to the project execution which will commence with the Ministry of Works and Housing Projects in the first instance will eventually encompass all Government Projects in the State.

3. Management of the Direct Labour Unit

For the effective and efficient running of the Direct Labour Unit, the unit needs to be accommodated in a suitable yard outside the Secretariat.

It is understood that the project Engineer (Civil Engineering) will soon occupy the Yard of the Area Engineer (Rural) which is moving out to Kukawa. It is therefore recommended that the Direct Labour Unit occupies the present office of the Project Engineer. The head of the Direct Labour unit who is to be called Project Manager is to be responsible directly to the Permanent Secretary, Ministry of Works and Housing. This will ensure the smooth operation of the unit and eliminate undue re-tapism which has in the past been partly responsible for the failure of the direct labour operation. Staff will be motivated to put in their maximum effort. Specifically it is recommended that the staff of the unit should be given financial incentives by way of bonus payments on specific projects which are completed within pre-determined targets. To ensure cost effectiveness and to avoid price escalation of building materials due to known difficulties at the Sub-Treausry, it is also hereby proposed that the Direct Labour unit should operate a self accounting system. This will ensure the procurement of Building materials at most competitive prices as against the present practice of going through middlemen whose only "expertise" is their ability to surmount the labrinthine obstacles in getting their payment vouchers cleared at the Sub-Treasury.

4. Staffing of the Direct Labour Unit

The unit should commence operations on projects in Maiduguri in the first instance where monitoring and control will be easy and later to graudally engulf other parts of the State. It is therefore expected that the Unit will take off with a core and skeletal staff of about 40 people. A tentative list based on my personal knowledge of the staff/operatives in various departments of the Ministry of Works and Housing is attached as appendix "A". The staff strength will then expand gradually depending on number of jobs at hand and also experience gained.

5. Funding

As indicated in paragraph 3 above, the Direct Labour unit should be as free as possible from too much administrative control so that it can operate effectively and efficiently. This is to say that strict accountability and value for money should be sought at all times. The unit should therefore operate on refundable grants from Government. For initial take-off however, it it hereby requested that the basic equipments, plants and tools be provided or purchased for the Direct Labour Unit. The list of the items are enumerated in appendix "B". In addition to the provision of the items which is refundable is hereby requested.

(Appendix "B")

Proposed Direct Labour Unit
Skeletal/Core Equipment, Plants, Tools

1.	1 No. Fiant Bed lorry at N49,000.00	N49,000.00
2.	1 No. Tractor/Trailler At N19,000.00	19,000.00
3.	1 No. Peugeot Pick-up at N16,000.00	16,000.00
4.	1 No. Concrete Mixer at N7,000.00	7,000.00
5.	1 No. Peugeot Saloon at N18,000.00	18,000.00
6.	1 No. Dumper at N6,000.00	6,000.00
7.	1 No. Dumpy level at N4,000.00	4,000.00
8.	1 No. Extension Ladder at N250.00	250.00
9.	20 Nos. Headpans at N10.00	200.00
10.	10 Nos. Wheel Barrows at N180.00	1,800.00
11.	15 Nos. Various sizes of shovel at N25	375.00
12.	10 Nos. Diggers at N20.00	200.00
13.	2 Nos. 30m measuring tapes at N25.00	50.00
14.	1 No. 15m measuring tapes at N15.00	15.00
15.	5 Nos. Rakes at N20.00	100.00
16.	1 No. set of dices at N400.00	400.00
17.	1 No. vice at N250.00	250.00
18.	3 sets of shifting spanners at N20.00	60.00

c/f

19.	2 Nos. players at 10.00	20.00
20.	2 Nos. screw drivers at N8.00	16.00
21.	Allow N2,000.00 for the purchase of basic office furniture and stationery	N20,000.00
	Grand Total:	N142,736.00

FLIMSY COPY OF A REQUEST LETTER WRITTEN BY THE MANAGEMENT OF A DIRECT LABOUR ORGANISATION TO PARENT BODY

Request for Funds and Permission to Repaire and Use Abdandoned Vehicles

Please refer to above subject matter and the establishment of the Project Engineer (Building) Office.

2. You may also wish to recall that whereas there are quite a number of projects being executed by my office, there is only one serviceable peugeot pick-up and a fiat bed lorry viz: BOSG 4537 and BOSG 4118 allocated to this office that can convey officers and men to the various sites. I would also like to inform you that there are at least seven (7) officers who are under normal circumstances entitled to enjoy car advance facilities but due to the current state of the economy have not been able to acquire any means of transport to enhance their efficiency and effectiveness at the job.

3. It is in the light of the above pressing problem that I would like to request for permission and necessary funds in order to repair and put to use two grounded and abandoned vehicles littered in my yard. The said abandoned vehicles and their estimated cost of re-activation are as follows:

	MAKE	No.	ESTIMATED COST OF REPAIRS
(a)	Peugeot Pick-up	BOSG 4473	N2,853.70
(b)	Volswagen(Beetle)	BO 1201 MB	2,150.00
			N5,003.70

4. Above is submitted for your kind consideration and approval.

Thank you

APPENDIX VIII (b)

FLIMSY COPY OF A REQUEST LETTER WRITTEN BY THE MANAGEMENT OF A DIRECT LABOUR ORGANISATION TO PARENT BODY

Posting of Technical Staff
(Quantity Surveyor)

I would like to refer you to the above subject matter and your BLD/1359/Vol.1/162 dated 11th March, 1987.

2. I would also like to draw your attention to the following projects which we are handling here currently:

	Name of Project	Cost
a)	Stores and office block for Printing Press	N600,000.00
b)	34 No. Houses for Ministry of Land and Survey	621,000.00
c)	Revenue office complex and Ministry of Finance	261,000.00
d)	8 No. Red brick house	248,000.00
e)	Joint Patrol Project for SMG's office	100,000.00
f)	Pin industry complex for Ministry of Trade	330,000.00

The above list is in addition to projects which are at finishing touches like the Sports Centre and also those in the pipeline. The purpose of enumerating above projects is to underscore the absolute need for a quantity surveyor to be attached here. Amazingly however, your letter of 11th March 1987 tends to be little the importance of a quantity surveyor because you have simply taken away Mr. Sini B. Kwagbe, the only quantity surveyor attached to this office without a replacement. This action has been a source of official concern for me because the execution of the projects I am handling definitely requires the services of a quantity surveyor.

In the light of above explanation therefore, I regret my inability to release the officer in question to report to the Town Engineer.

Thank you.

FLIMSY COPY OF A LETTER WRITTEN BY THE MANAGEMENT OF A DIRECT LABOUR ORGANISATION TO ENCOURAGE (AND APPEAL TO) A PUBLIC ADMINISTRATOR TO PATRONIZE THE ORGANISATION

Quotation for Renovation Works at College Premises - Maiduguri

Please refer to the above subject matter and the circular by the Permanent Secretary Ministry of Works and Housing early this year notifying you of the establishment of this unit.

2. This is to inform you that the said unit is now fully established and operational. Since our inception in Jaunary, 1986, we have been fully involved in the facelift exercise (beautification) given to the Maiduguri Metropolis. In addition to the beautification exercise which in itself is quite remarkable in size and complexity, we have already completed the following projects:-

(a) an office extension at the Civil Service Commission Maiduguri valued at about N99,847.00

(b) an office extension at the V.I.O's Office Maiduguri valued at about N60,000.00.

(c) renovation of primary school valued at about N39,978.00.

(d) two rooms Boys quarter valued at about N9,500.00.

3. Also we are at the moment constructing;

(a) Fencing work at the Molai Road Yard of Ministry of Works and Housing. This project valued at about N10,000.00. has now reached 30%

(b) Fencing of V.I.O. and Licences Office valued at about N50,000.00 which is now at the stage of 45% completion.

(c) Construction of Pin Industry for Ministry of Commence and Industry at the total value of N89,875.00 now at 50% completion.

4. I am by this letter therefore re-introducing my office to your goodself and the services that we can render to you throughout Borno State.

FLIMSY COPY OF A LETTER WRITTEN BY THE MANAGEMENT OF A DIRECT LABOUR ORGANISATION TO ENCOURAGE A PUBLIC ADMINISTRATOR TO PATRONIZE THE ORGANISATION

Contract No. 2/86: Renovation of Maduganari Primary School, Maiduguri

Please refer to the above contract which you have kindly awarded to my organisation.

2. I hereby apply for 50% mobilization fees (which amounts to N8,460.00) to enable us purchase vital materials. I once more thank you sincerely for patronising our organisation and pledge our commitment.

Thank you.